

FORD OTOSAN



Turkey's best-selling automotive brand for 10 consecutive years



OUR SAD LOSS

1957-2012

We are deeply saddened by the passing of our General Manager **Mr. Nuri Otay**, who made outstanding contributions to Ford Otosan, Koç Group and the automotive industry over his remarkable 29-year career with the Ford Otosan Family.

We will always fondly remember him.

CONTENTS

INTRODUCTION

- 2 Highlights
- 4 Ford Otosan at a Glance
- 6 Vision, Mission and Values
- 8 Ford Otosan in Brief

FROM THE MANAGEMENT

- 10 Chairman's Statement
- 14 Board of Directors
- 18 Portrait: Nuri K. Otay
- 20 Executive Management
- 23 ONE FORD Plan

FORD OTOSAN IN 2011

- 24 2011 Highlights
- 26 Awards and Achievements
- 28 Turkish Automotive Industry and Ford Otosan
- 30 Exports
- 31 Production
- 32 Products
- 36 Plants
- 38 Investor Relations
- 40 Risk Management
- 41 Investments
- 42 R&D

SUSTAINABILITY

- 46 Human Resources
- 50 Occupational Health & Safety
- 51 Quality
- 52 Environment
- 56 Corporate Social Responsibility

REPORTS & FINANCIAL STATEMENTS

- 59 Agenda of the Annual Shareholders Meeting
- 60 Proposed Revisions in the Articles of Incorporation
- 64 Board of Directors' Report
- 69 Dividend Distribution Proposal
- 70 Corporate Governance Principles Compliance Report
- 74 Auditor's Report
- 77 Independent Auditor's Report
- 78 Financial Statements

LEGAL DISCLAIMER

The Board of Directors' Report, Auditor's Report, Financial Statements and Independent Auditors' Report on the operations and financials of the year 2011, presented with this Annual Report ("Report") are prepared in accordance with the legal requirements for Ford Otosan A.Ş. (Company) Ordinary General Assembly which will be held on March 20, 2012, Tuesday at 16:00 at the Divan Istanbul Elmadağ Hotel located at Asker Ocağı Caddesi No. 1, 34367 Şişli İstanbul. The Report is prepared only for informational purposes and is not intended to underlie any investment decision. Forward looking statements and estimated figures in this Report reflect the Company management's views with respect to certain future events and differences may arise depending on the variables and assumptions. Accordingly, neither the Company nor members of the Board of Directors, its advisors or employees shall be liable for any direct, indirect or consequential loss or damage suffered by a third party as a result of relying on any statement in or omission from this Report or in any other information or communication in connection with the Report.

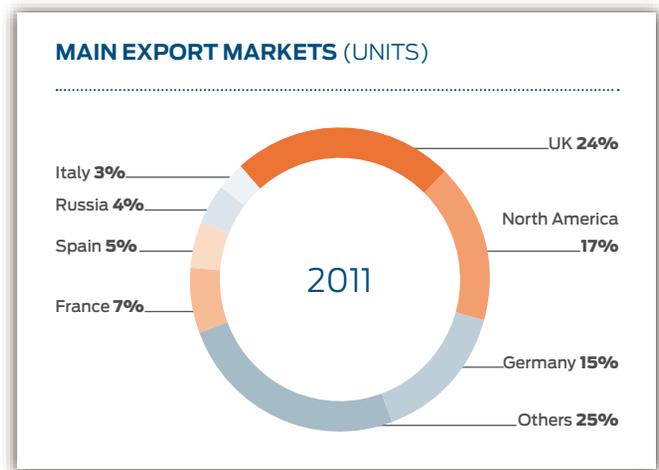
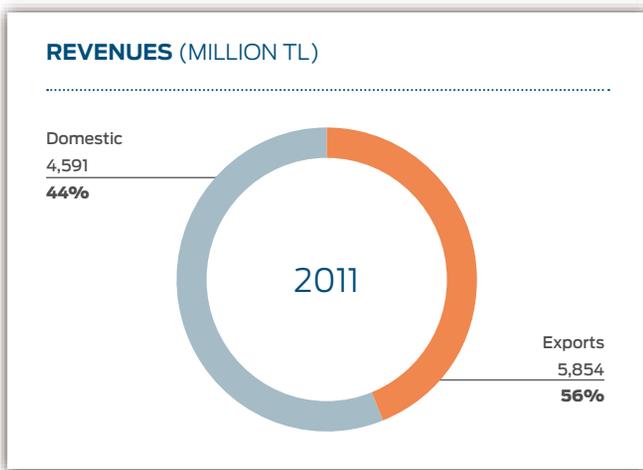
All information contained in this Report was believed to be accurate at the time of writing. The Company does not accept any responsibility for any spelling or printing mistakes made during content development and publishing stages.

HIGHLIGHTS

Turkey's best-selling automotive brand for 10 consecutive years

HIGHLIGHTS

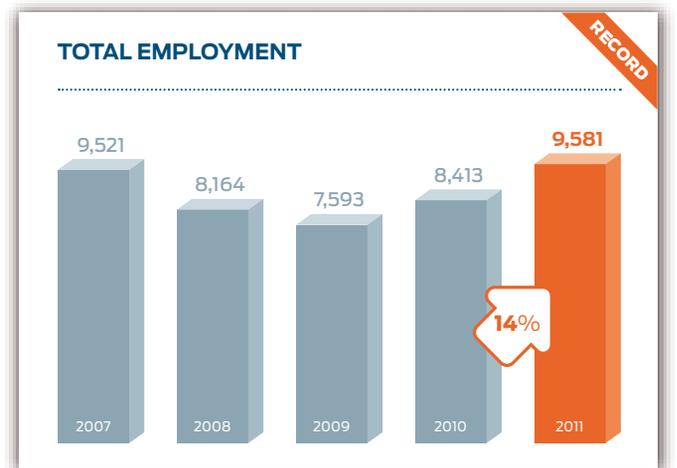
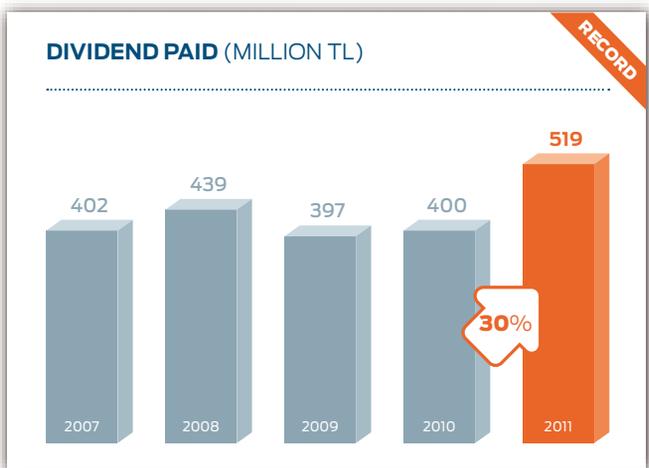
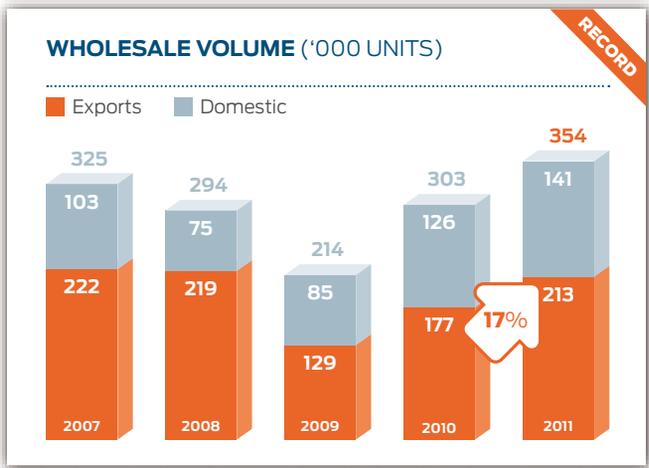
	2011	2010	2009	2008	2007
Revenues - Net (Million TL)	10,445	7,649	5,574	7,007	7,231
Export Revenues (Million Euro)	2,503	2,001	1,456	2,511	2,497
Operating Profit (Million TL)	729	610	389	613	690
Operating Margin (%)	7.0	8.0	7.0	8.7	9.5
Profit Before Tax (Million TL)	800	619	409	616	657
Net Income (Million TL)	662	505	333	436	484
Financial Debt (Million TL)	877	528	388	380	416
Capex (Million Euro)	162	42	34	37	78
Return on Equity (%)	35	29	20	26	29
Financial Debt/Equity (%)	0.46	0.30	0.24	0.22	0.24
Dividends Paid (Million TL)	519	400	397	439	402
Year-End Market Cap. (Billion USD)	2.8	3.0	2.1	1.0	3.7



FORD OTOSAN MARKET SHARES

Segment	Turkish Automotive Industry (000)	Ford Otosan Sales (000)	Market Share (%)	Ranking
Passenger Car	594	59	9.9	# 2
Light Commercial Vehicle	169	38	22.4	# 2
Medium Commercial Vehicle	102	37	35.8	# 1
Heavy Commercial Vehicle	42	8	22.8	# 2
Total	907	142	15.6	# 1

2011: A Record Year for Ford Otosan



FORD OTOSAN AT A GLANCE - 2011



354,000 units
wholesale volume



142,000 units
domestic sales volume



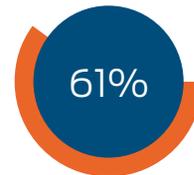
Top-selling automotive
brand in **63 cities**



**Turkey's best-selling
automotive brand for the
10th consecutive year**



Ford's highest commercial vehicle
market share in Europe with **29.3%**



61% of Turkey's commercial
vehicle exports



Export leader in Turkish automotive with
USD 3.5 billion revenue



31% increase in export
revenues in USD terms

Net exporter in the last
5 years with **USD 2.3 billion**



10% of Turkey's
total exports to the US



296,000
units production



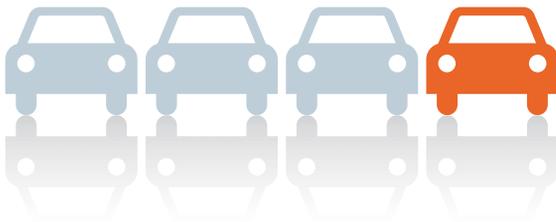
90%
capacity utilization rate



54% of Turkey's commercial
vehicle production



All-time high dividend payment of
TL 519 million



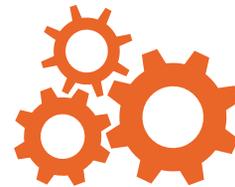
Turkey: **4th** biggest Ford market in Europe



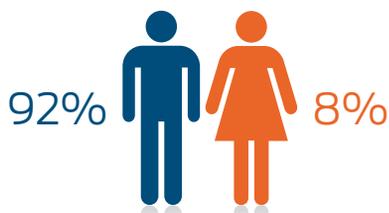
Ford's highest market share in Europe
with **15.6%**



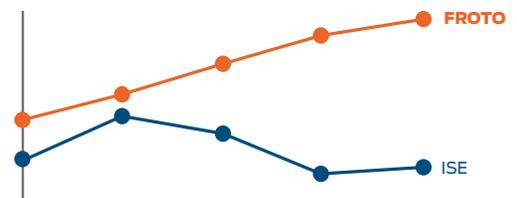
Investment plan exceeding
USD 1 billion (2011-2014)



Largest R&D center in Turkish automotive
with **1,024 engineers**



All-time high employment with
9,581 personnel



30% increase
in share price

VISION, MISSION AND VALUES



Rahmi M. Koç says;

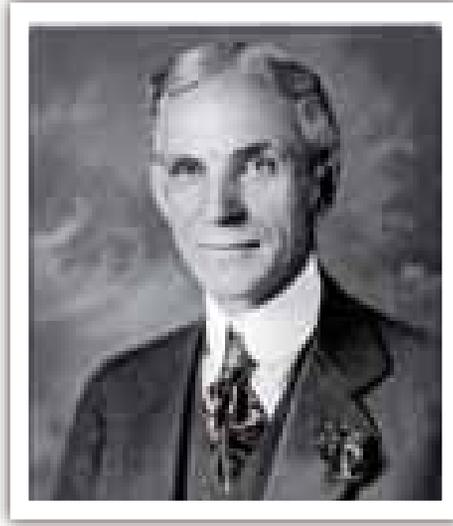
“Strong shareholder structure is among the topmost strengths of Ford Otosan. We have ties with Ford Motor Company built on trust, harmony and friendship. This reliable partnership has been maintained for three generations.”

VISION

To become Turkey’s customer-focused, leader company in automotive products and services.

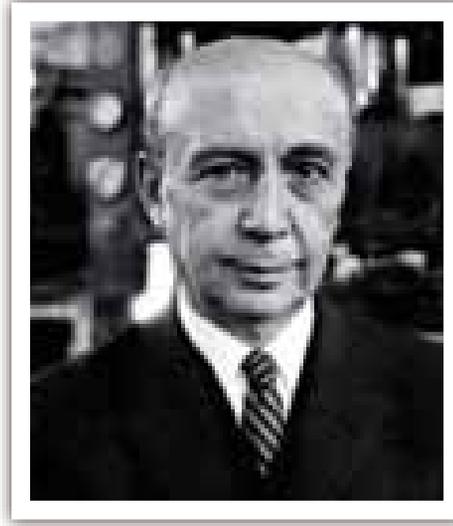
MISSION

To be Turkey’s leading automotive company with optimal automotive products and services to fit customer needs and expectations and to be the commercial vehicle center of Ford of Europe.



Henry Ford says;

“Coming together is a beginning.
Keeping together is progress.
Working together is success.”



Vehbi Koç says;

“We shall do our utmost to
strengthen our economy.
As our economy prospers,
so will democracy and our
standing in the world.”

OUR VALUES

Our Employees: Source of our strength.

Our goal is to increase competence and happiness of our employees by providing development opportunities. Ensuring employee involvement in all areas of accomplished “Team Work” is the principle.

Products and Services: The end results of our efforts.

As our products and services are admired by our customers, so are we.

Profits: The ultimate measure of how efficiently we meet customer demand.

Our goal is to make profit to ensure the necessary resources for improvement of the products and services.

FORD OTOSAN IN BRIEF

With its production, sales and R&D strength, Ford Otosan is one of the brightest stars in Ford's global network.

Turkey's Largest Parts Distribution Center

25,000 m²

As the largest parts distribution center in Turkey, with its 25,000 square meter warehouse, Ford Otosan Parts Distribution Center is home to the Company's spare parts, marketing, sales and after-sales operations. The warehouse is the fourth largest among Ford's Parts Distribution Centers in Europe.

Total Production Capacity

330,000 units

Ford Otosan has a total production capacity of 330,000 commercial vehicles and 66,000 engines, with the Kocaeli Plant manufacturing Transit and Transit Connect and the İnönü Plant producing Cargo trucks, engines and power trains.

Leading Player of the Turkish Automotive Industry

Established in 1959 as Otosan A.Ş., Ford Otosan laid the foundations of the Turkish automotive industry. Today, Ford Otosan is a publicly traded company that operates under the equal partnership of Ford Motor Company and Koç Holding A.Ş.

The Company's vast experience spanning more than 50 years, solid fundamentals and highly reputable shareholders form the foundation of Ford Otosan's corporate culture.

With products appropriate for every customer profile, from the smallest passenger cars to heavy commercial vehicles, including both manufactured and imported vehicles, Ford Otosan offers the most extensive product range in the Turkish automotive industry.

A strong product portfolio that includes numerous models and versions enables the Company to meet the expectations of a diverse customer base, while providing the highest quality sales and after-sales services.

Efficient Production and Superior Logistics

Ford Otosan has a total production capacity of 330,000 commercial vehicles and 66,000 engines, with the Kocaeli Plant manufacturing Transit and Transit Connect and the İnönü Plant producing Cargo trucks, engines and power trains. Ford Otosan's Kocaeli and İnönü Plants are among the "Best Manufacturing Plants" of all Ford factories worldwide.

Kocaeli Plant's proximity to the suppliers and having its own port facilities lay at the foundation of Ford Otosan's superior logistics. These competitive advantages combined with low cost, flexible and efficient production capabilities allow the Company to undertake a large scale export program.

Turkey's First Vehicle Export to the USA, Homeland of Automotive

As one of the largest exporters of the Turkish automotive industry, Ford Otosan has been a main contributor to the Turkish economy for many years. On May 22, 2009, setting another milestone for the industry, the Company began exporting the Transit Connect, developed by Turkish engineers and manufactured at the Kocaeli Plant, to the USA, homeland of the automotive industry. In 2011, when the domestic market set new sales records, Ford Otosan became the industry leader for the 10th consecutive year, and further strengthened its market position.



Customer-Focused Innovative Service Network

Backed by well-established business relationships and long-standing cooperation with its dealers, Ford Otosan is represented across Turkey by strong names that have embraced and contributed to this business cooperation. The Company provides maintenance, servicing and repairs through its customer-focused and innovative sales and after-sales network of 116 authorized dealers and 158 service centers that span the whole country.

As the largest parts distribution center in Turkey, with its 25,000 square meter warehouse, Ford Otosan Parts Distribution Center is home to the Company's parts operations, marketing, sales and after-sales services. The warehouse is the fourth largest among Ford's Parts Distribution Centers in Europe.

Technology for Sustainable Competitiveness

Ford Otosan laid the foundations of its strong R&D culture in 1975, when the first private sector R&D activities started in Turkey. Today, the Company proudly operates the largest R&D center in the industry.

The Technology Center was established at TÜBİTAK Gebze Teknopark in September 2007 for the sustainability of Ford Otosan's increasing success in domestic and export markets by developing new products and cutting edge technology. As a result, Ford Otosan has been integrated with Ford of Europe in the product development phase.

All-time High Employment

As of December 31, 2011, Ford Otosan had 9,581 employees working at four locations: Kocaeli and İnönü Plants, Istanbul Kartal Parts Distribution Center and the Technology Center at Gebze Teknopark.

"Go Further"

Ford Otosan will continue to create increasing value for its shareholders, customers, business partners and employees by maintaining its leadership in Turkish automotive, capitalizing on its superior production capabilities, human resources, R&D capacity, strong distribution and logistics network, wide product range and customer-focused innovative sales and after-sales services.

Ford Otosan entered 2012 with Ford's global brand promise "Go Further", and makes a promise to always go further to deliver great products, a strong business and a better world for its employees and customers.

CHAIRMAN'S STATEMENT

2011 was a year in which Ford Otosan set new records in many areas.

Dear Shareholders, business partners and employees,

Although we leave behind a very successful year for the Turkish automotive industry and Ford Otosan alike, highlighted with all-time high figures and new records set in many areas, we feel a deep sorrow and shock at our unexpected loss. On February 6, 2012, our General Manager Mr. Nuri Otay passed away, aged 55, due to a sudden heart attack.

We are deeply grieving the loss of such an esteemed man who was so dedicated to and passionate about his family, his job, his company, his employees and the automotive industry. As a man filled with spirit and brimming with determination, Mr. Otay left indelible impressions and lasting memories with all of us. He became one of top executives in the automotive industry as a hard-working young man who won the hearts and admiration of many people. During his tenure, his invaluable contributions helped the Company to break records in sales, production, employment, product development, market leadership, exports and many other areas. He served as an exemplary leader for the Ford Otosan team. I extend my heartfelt sympathy to his family, and to us all. May God bless his soul.

Automotive industry in 2011

2011 was a challenging year as the economy took two different paths in Turkey. In the first half of the year, the economy displayed strong growth in the run up to the general elections, while there was a slowdown in the second half.

The outstanding performance of the economy in the first six months of the year exceeded all expectations and Turkey attained one of the highest growth rates in the world. Unemployment rate declined, industrial production and capacity utilization rate increased while interest rates dropped to all-time low levels. The favorable economic dynamics boosted demand, especially in the automotive industry and sales volume expectations rose to over 1 million vehicles. However, the risk perception caused by the growing current account deficit posed a challenge to the national economy and the financial markets.

In an effort to cool down the economy, the Turkish government, after gaining strength from the general elections held mid-year, continued to maintain the tight monetary policy adopted at the beginning of the year, pushing the cost of financing and interest rates up and slowing down credit growth. Furthermore, the sovereign debt crisis in the Eurozone increased the country risks, leading to a capital outflow from emerging countries, significantly depreciating the Turkish Lira against the US Dollar and Euro. As a result of the rising cost of imports, the inflation rate increased above forecasts.

In the last quarter of the year, the Special Consumption Tax (SCT) in the automotive sector was increased as part of the plan to reduce the high current account deficit. Especially the SCT rise in the light commercial vehicle segment was an unwelcome surprise for the industry. Despite the slowdown in the industry in the second half of the year, the sales volume for the full year grew 15% over 2010 and reached 907,000 units, recording an all-time high. The strong domestic market demand pushed production up by 9% to 1,189 million units. Exports grew by a mere 5% to 791,000 units due to the negative dynamics hampering growth in the international markets. Nevertheless, automotive industry was Turkey's leading exporter in 2011.

Ford Otosan in 2011

2011 will be remembered as a year of records for Ford Otosan.

Turkey's growing automotive market enabled the Company to break a record in domestic sales volume. Prudently balancing inventory levels and product availability, Ford Otosan effectively met market demand and achieved an all-time high domestic sales volume of 141,633 units, becoming the market leader for the 10th consecutive year with 15.6% share. Ford Otosan was also the top-selling brand in commercial vehicles and Transit Connect, manufactured at the Kocaeli Plant, became the best-selling vehicle in its segment.



In 2011, Ford Otosan managed to capture the first or second position in all market segments. With this outstanding performance, Ford Otosan became the best-selling automotive brand in 63 cities in Turkey. We hereby extend our sincere gratitude to our employees, our dealers and our suppliers for their significant contributions in achieving this success.

With its strong market performance, Ford Otosan overtook 39 European countries, including the UK, and achieved the highest Ford market share in Europe. With total retail sales of 141,633 vehicles, Turkey became the fourth biggest Ford market in Europe for the first time.

Export performance

In 2011, the economic outlook of European countries, Turkey's main export markets, continued to deteriorate. The outlook turned negative especially in Southern Europe due to discouraging developments on high sovereign debt levels, widening budget deficits and negative news flow on financial institutions. As a result, Turkey's automotive exports were adversely impacted and export volume growth was limited to 5% in 2011.

Under these challenging circumstances, Ford Otosan successfully managed to increase its exports by 21%, mainly driven by the growing success of Transit Connect in North America and became Turkey's export leader in automotive with USD 3.5 billion export revenues. The Company was Turkey's second largest exporter, following Tüpraş.

The development and export of Transit Connect's taxi version to various metropolitan areas, including New York City, was another important and pride-inspiring achievement, although sales figures are low for the time being. More than half of our exports are to countries that have relatively more economic stability, i.e. the UK, North America and Germany, increasing the resilience of our export revenues. In 2011, we made our first parts exports to Russia and Brazil in an effort to further diversify our export markets.

Wholesale volume and production

In 2011, Ford Otosan broke yet another record with a wholesale volume of 354,329 units, 213,649 of which were shipped to international markets and 140,680 were sold in Turkey.

In line with the growing demand, Ford Otosan increased its production volume by 22% over the previous year to 295,850 vehicles, its highest ever level. Due to the rise in production, the capacity utilization rate increased 16 points over 2010 to 90% while the Company increased to three shifts in many shops.

2011 was also a year when we announced large scale and important investments. We are planning to increase the capacity of our Kocaeli plant to 400,000 units with the production of the new generation Transit and a new light commercial vehicle that we are developing.

CHAIRMAN'S STATEMENT



2011 marked Mr. Rahmi M. Koç's 50th anniversary on Ford Otosan's Board of Directors. In celebration of this important milestone, Stephen Odell, President and CEO of Ford of Europe and John Fleming, Vice President of Ford Motor Company, presented him with an award during the Board of Directors meeting held in London.

Additionally, product investments for tractor-type truck and cooperation with Ford of South America will provide a significant opportunity for expansion of the İnönü Plant in the near future. With planned investments in excess of USD 1 billion, Ford Otosan looks to the future with much confidence and sees ongoing growth ahead. 2012-2014 will be a period of intensive and meticulous work where we will focus on new project implementations.

Ford Otosan places special emphasis on research and development activities for sustainable growth and competitive edge. Intensive R&D and product development are conducted at the Gebze Technology Free Zone and at the Kocaeli Plant R&D Center. Our R&D staff increased from 800 in 2010 to over 1,000 as of 2011 as demanded by the new truck project, the new light commercial vehicle project and our responsibilities in Ford's global product development. Ford Otosan, who is the

pioneer of R&D in Turkish automotive, is now proud to operate the largest R&D center in Turkish automotive.

Due to increased production and rapid growth in R&D, Ford Otosan's workforce totaled 9,581 employees at end-of-year 2011, up 14% from the previous year and the highest year-end figure ever.

Social responsibility awareness

Widely known for its social responsibility initiatives and respect for the environment, Ford Otosan donated 3,319 units of blood to the Turkish Red Crescent in 2011 as part of Koç Group's "For My Country" project. Vehbi Koç Foundation Ford Otosan Cultural Center, opened in early 2011, became a major recreational and cultural center for our employees and the residents of Gölcük alike. İşkur (Turkish Employment Agency) Employer Award, Chairman's Leadership Award for Diversity (CLAD) and Şehabettin Bilgisu Environment Award, which the

Company was awarded for the fifth time, are to mention but a few accolades Ford Otosan has won in 2011.

Financial results

Owing to the successful performance of 2011 in the domestic and international markets, where Ford Otosan achieved record breaking levels in production, domestic sales, wholesale volume, exports and other areas, revenues increased by 37%, to an all-time high level of TL 10,445 million. Profit before tax increased 29% year on year to TL 800 million, while net profit for the period rose 31% to TL 662 million. Thanks to the strong balance sheet and improved cash flow, maximum dividend distribution policy was maintained in 2011 and TL 519 million was distributed to our shareholders, marking the highest level ever. We expect to maintain our dividend policy in the upcoming years.



For the 50th anniversary celebration of Mr. Rahmi M. Koç as a member of the Board, Ford Otosan employees presented him with works of art created over eight months by shaping metal sheeting with their tools.

We, the Ford Otosan Family, express our deepest gratitude to Mr. Rahmi M. Koç for his invaluable contributions of 50 years on our Board and in making our Company the leader of the Turkish automotive industry.

2012 outlook

Following the record-breaking performance of 2011, we expect the domestic automotive demand to slow down in line with the government's growth target and the market to contract by 5% as a result of the rising interest rates and continued measures to cool down the economy. Our forecast is based on the assumption that global markets will not be hit by a major financial crisis.

With most European countries facing sovereign debt issues and budget deficits, recovery in the Eurozone in 2012 is a remote possibility and markets are expected to contract over 2011. On the other hand, there is a positive growth expectation for North America, Germany and the UK, Ford Otosan's major export markets. The rapidly rising demand for automotive products in North America presents a favorable environment for Transit Connect exports. As a result, we expect our 2012 exports to remain flat vis-à-vis 2011.

As Ford Otosan enters a year of high expenditures related to new product launches and project implementations, cost cutting measures and efficiency gains will be our foremost priorities.

Dear shareholders, business partners and employees,

Established in 1959 with the visionary launch of our founder Vehbi Koç, Ford Otosan leaves behind half a century filled with great achievements. The pride inspiring know-how, ambition, mutual trust and professional commitment attained today by Ford Otosan in the Turkish automotive industry serves as the solid foundation for our strong future performance.

We hereby extend our deepest gratitude to our founders, business partners, our former and current employees, the Turkish Metal Union, our suppliers, our dealers and to all our customers for their significant contributions in making Ford Otosan one of the largest and most successful industrial corporations in Turkey.

Rahmi M. Koç
Chairman

BOARD OF DIRECTORS



Rahmi M. Koç
Chairman

Koç Holding A.Ş. Honorary Chairman

Rahmi M. Koç is a graduate of Johns Hopkins University Business Administration. He joined Koç Group in 1958 at Otokoç and held various senior positions at Koç Holding. In 1980 he was appointed as Chairman of the Management Committee and was the Chairman of Koç Holding Board of Directors from 1984 to 2003. Rahmi M. Koç has been a member of Ford Otosan Board of Directors since 1961. He was the President of the International Chamber of Commerce from 1995 to 1996. In addition to his current role as Koç Holding Honorary Chairman, Rahmi M. Koç also serves as Vice Chairman of the Board of Trustees of Vehbi Koç Foundation, Chairman of the Board of trustees of Koç University, Founder and Chairman of the Board of Directors of Rahmi M. Koç Museum and Cultural Foundation, Chairman of the Board of Directors of Vehbi Koç Foundation American Hospital, Honorary Chairman and Founder of TURMEPA (Turkish Marine and Environment Protection Association), Honorary President of the High Advisory Council of Turkish Industrialists' and Businessmen's Association, Member of TISK Advisory Board, Honorary Member of the Foreign Policy Association, Honorary Member of the NY Metropolitan Museum Board of Trustees and Founder Member of Global Relations Forum.



Stephen T. Odell
Vice Chairman

President and CEO, Ford of Europe

Stephen T. Odell joined Ford UK in 1980 as an intern and served in various managerial positions in UK and USA before being appointed as Vice President of Marketing and Sales to Jaguar North America in 1997. In 2002, Odell became President of Mazda Europe and in May 2003, he became a senior executive manager responsible for marketing, sales and customer relations at Mazda Motor Corporation Japan. Between 2005 and 2008 he served as Vice President - Marketing, Sales and After-sales at Ford of Europe. Between October 2008 and August 2010, Odell was Vice Chairman at Ford Motor Company and Chairman and CEO of Volvo Car Corporation. Stephen Odell was appointed Vice Chairman of Ford Motor Company, as well as President and CEO of Ford of Europe on August 2, 2010. He joined Ford Otosan's Board of Directors on October 14, 2010.



Bülent Bulgurlu
Member

Koç Holding A.Ş. Board Member

Bülent Bulgurlu is a graduate of Ankara Engineering and Architectural Faculty and holds a Ph.D. from Norwegian University of Science and Technology (NTNU). He started his career in 1972 as a Construction Engineer at Elliot Strømme A/S in Oslo. Bulgurlu joined Garanti İnşaat in 1977 as Construction Engineer and worked as Planning and Construction Manager, Site Coordination and Construction Manager, Assistant General Manager and General Manager. He joined Koç Holding in 1996 and worked as President of Tourism and Services Group, President of Tourism and Construction Group and President of Consumer Durables and Construction Group. He was CEO of Koç Holding from May 2007 to April 2010. He joined Ford Otosan's Board of Directors on 27 March 2007.



Ali Y. Koç
Member and Audit Committee Member
Koç Holding A.Ş. Board Member

Ali Y. Koç is a graduate of Rice University in Business Administration and holds an MBA degree from Harvard Business School. He attended the American Express Bank Management Trainee program from 1990 to 1991 and worked as an analyst at Morgan Stanley Investment Bank between 1992-1994. He held various senior positions at Koç Holding including New Business Development Coordinator and President of Information Technology Group between 1997-2006. Ali Y. Koç was the President of Corporate Communications and Information Technology Group at Koç Holding between 2006-2010. He became a Member of Koç Holding Board of Directors in 2008. He joined Ford Otosan's Board of Directors in 1997.



Ali İhsan İlkbahar
Member

Ali İhsan İlkbahar is a graduate of Istanbul Technical University Mechanical Engineering. He started working as a Manufacturing Engineer at Otosan in 1964 and spent his whole professional life at Ford Otosan. İlkbahar served as the General Manager of the Company from 1986 until his retirement in 2000. During his time at Ford Otosan, he was actively involved in the establishment of the Otosan Engine Plant in Eskişehir-İnönü in 1980 and manufacturing projects at the Kocaeli Plant. He served as Chairman of the Board of Directors of Automotive Manufacturers' Association for 15 consecutive years, from 1989 until February 2004. He joined Ford Otosan's Board of Directors in 1991.



Osman Turgay Durak
Member
Koç Holding A.Ş. Board Member and CEO

Osman Turgay Durak completed his undergraduate and graduate degrees at Northwestern University Mechanical Engineering and started his career at Otosan as Application Engineer in 1976. He continued working as Product Development and Design Engineer until 1979, when he became İnönü Project Leader. He was appointed as Project Coordination Manager in 1982 and Project Coordination Department Head in 1984. He became AGM - Marketing in 1986 and AGM - Purchasing in 1987. After his appointment as Deputy General Manager in 2000, Durak became Ford Otosan's General Manager and Board Member in 2002. He served as the President of Koç Holding Automotive Group from 2007 to 2009. Durak was appointed Deputy CEO of Koç Holding in May 2009 and became CEO and Board Member in April 2010. He served as the Chairman of the Board of Directors of Automotive Manufacturers' Association for 6 years between 2004 and 2010.

BOARD OF DIRECTORS



John Fleming
Member

Production and Industrial Relations Vice President, Ford Motor Company

John Fleming is a graduate of North East London Polytechnic, Department of Manufacturing Engineering and holds an Honorary PhD from the John Moores University in Liverpool. He joined Ford Motor Company in 1967 at the Company's Halewood plant, where he was involved in the manufacturing processes for Ford Escort. John Fleming was appointed as Production Manager of the plant's paint facility in 1984 and became General Manufacturing Manager of Halewood Operations in 1991. After several assignments, he served as Director of Global Manufacturing Engineering and New Model Programs, and as Executive Director of the Ford Stamping Business Unit in USA. Fleming became Vice President - Manufacturing at Ford of Europe, responsible for all manufacturing facilities and operations and President at Ford of Europe. He joined Ford Otosan's Board of Directors in 2002.



Stuart John Rowley
Member and Audit Committee Member
CFO, Ford of Europe

Stuart John Rowley graduated from University of Leeds, Department of Engineering. He joined Ford UK in 1990 as financial analyst after completing his MBA at Manchester Business School. Before being appointed as Finance Director to Ford Motor Company Philippines in 1998, he held various managerial positions in the UK and USA. Rowley served as Vice President - Finance at Ford of Australia from 2000 to July 2004. He worked as CFO and Senior Vice President at Volvo Car Corporation Gothenburg starting from March 2005. On August 2, 2010 Stuart John Rowley was appointed CFO to Ford of Europe. He joined Ford Otosan's Board of Directors on October 14, 2010.



Paul R. T. Randle
Member
Commercial Vehicle Line Director,
Ford of Europe

Paul R. T. Randle graduated with an honours degree in Engineering from Coventry University, UK in 1986 and gained a Master of Science in Engineering Management. He joined Ford Motor Company as a NVH engineer in 1991. He worked in various engineering and development managerial positions on both Ford and Lincoln carlines, before being appointed Chief Engineer of the Ford Mustang in 2003. In 2008, he became Divisional General Manager in Research and Development at Mazda Motor Corporation Japan, ultimately being appointed Executive Officer in 2010. On April 1, 2011, he was appointed Vehicle Line Director, Global Commercial Vehicles and returned to the UK, being responsible for all Ford's Commercial Vehicles worldwide. He joined the Ford Otosan Board of Directors on April 8, 2011.



Michael R. Flewitt
 Member
 Director of Manufacturing, Ford of Europe

Michael R. Flewitt graduated with a Higher National Diploma in Manufacturing and Mechanical Engineering in 1987 and completed his post graduate of "Management Studies" in 1992 and "Project Management" in 1996 at Salford University. He started his working life as a trainee at Ford Motor Company Halewood Assembly Plant in 1983 and then held a variety of positions in Manufacturing. Moving on to work as Production Director at Rolls Royce Motor Cars in 1995 and progressing his career in 1998 as Management Director at AutoNova AB/Volvo Sweden, Flewitt became Production and Operations Group Director at TWR Group Limited in 2000. Returning to Ford Motor Company in 2003, he started working as Production Quality Director, responsible for all European Manufacturing Operations. He was appointed as the Deputy General Manager at Ford Otosan and worked as General Manager from 2007 to May 2010. He was then assigned as Production Director at Ford of Europe. He joined Ford Otosan's Board of Directors in June 2005.



Grant E. Belanger
 Member
 Deputy General Manager

Grant E. Belanger graduated from University of Arizona, Business-Personnel Administration Department and completed his MBA degree in Syracuse University. He started his professional life in Ford Motor Company in 1985. For 14 years, he has held various purchasing-related assignments in the USA. In 1999, he was appointed as The Americas MP&L Director. Until 2005, he has held various executive positions in MP&L functions. In 2005, he was appointed as Ford South America Operations Director of Operations and Quality. Belanger worked as Global Manufacturing Business Office Executive Director from 2008 to June 2011. He was assigned as the Deputy General Manager at Ford Otosan and joined the Board of Directors in July 2011.



OUR SAD LOSS
 1957-2012

Following the passing of our General Manager and Board Member **Nuri K. Otay** on February 6, 2012, Mr. Haydar Yenigün was assigned for the remaining term as a Board Member representing B Group shareholders.

PORTRAIT: NURI K. OTAY

An excellent leader, a warm personality



1957- 2012

Nuri Otay had many accomplishments throughout his life. He pioneered many firsts during his career that started at Ford Otosan in 1983 and was well-known for his warm and friendly personality.

Nuri Otay was born in 1957 and graduated from Boğaziçi University Mechanical Engineering, after Istanbul Boys' High School. He was fascinated by the automotive industry since his childhood and started his career in 1983 at Ford Otosan. His first assignment was the engagement of the automation system of the Electrophoresis Paint Plant project. In the following years, he served as Foreign Purchases Department Manager and Istanbul Plant Manager. As the first Plant

Manager of the Kocaeli Plant, established in 2000, he witnessed the growth of a global production facility. He then assumed responsibility in Ford Motor Company and became Director of the Cologne Production Plant where Ford of Europe is headquartered. Otay was announced Ford Otosan Deputy General Manager in 2009 and appointed General Manager in March 2010.

Nuri Otay's tenure at Ford Otosan was scene to many firsts and successes. In addition to his outstanding professional performance, Otay was well-known for his warm and friendly personality. He impressed the ones around him with his warm approach and was an inspiration with his positive energy. Nuri Otay passed away at the age of 55 after a heart attack. We will remember him with our deepest gratitude and affection.

His name is written in letters of gold in Ford Otosan's history



Kocaeli Plant Opening

Nuri Otay was the first Plant Manager of Ford Otosan Kocaeli Plant which was opened in 2001 with a ceremony attended by Prime Minister Mesut Yılmaz and Koç Holding Honorary Chairman and Ford Otosan Chairman Rahmi M. Koç. Ford Transit was the first vehicle manufactured at the Kocaeli Plant and won the European "Commercial Vehicle of the Year" award.



6 Millionth Transit Produced

The 6 millionth unit of the commercial vehicle Transit, manufactured by Ford for 45 years in Turkey and for 47 years worldwide, rolled off the production line under the management of Nuri Otay in 2010. A ceremony was held at the Kocaeli Plant to mark this important milestone.



50th Anniversary Gala

Ford Otosan, pioneer of the Turkish automotive industry, founded by Vehbi Koç, and grown under the collaboration of Ford and Koç families celebrated its 50th anniversary in 2010 at an exquisite reception at the Four Seasons Bosphorus Hotel. The event was hosted by Koç Holding Honorary Chairman and Ford Otosan Chairman Rahmi M. Koç and was attended by Bill Ford and his family.



Transit Connect Taxi en route to USA

Transit Connect Taxis, manufactured at the Kocaeli Plant, began to service in the USA in 2011. Nuri Otay, in reference to the New York City Taxi, said "The success of Transit Connect, developed by Turkish engineers and workers, in the highly competitive US market is Turkey's pride".



Euro 205 Million Investment for a New Light Commercial Vehicle

Following USD 630 million investment announcement for the new generation Transit, Ford Otosan revealed Euro 205 million investment plan concerning the development of a new light commercial vehicle.



Turkey's Best-selling Automotive Brand for 10 Consecutive Years

Ford Otosan set many records in 2011 and became the best-selling automotive brand in Turkey for the 10th consecutive year. Retail sales reached an all-time high level of 141,633 units, pushing Ford Otosan's market share to 15.6%. Nuri Otay shared the Company's 2011 results and 2012 forecasts at a press conference.

EXECUTIVE MANAGEMENT



Haydar Yenigün
General Manager and Board Member

Haydar Yenigün graduated from Yıldız Technical University in Mechanical Engineering and joined Ford Otosan as Method Engineer in 1987. He became Project Engineer in 1996 and Project Leader in 1998. He worked as Body Shop Area Manager between 1999 and 2007. Yenigün served as Kocaeli Plant Manager from 2007 to 2012. He was assigned as General Manager and Member of Board of Directors replacing late Nuri Kamil Otay, effective from February 15, 2012.



Grant E. Belanger
Deputy General Manager and Board Member

Grant E. Belanger graduated from University of Arizona, Business-Personnel Administration Department and completed his MBA degree in Syracuse University. He started his professional life in Ford Motor Company in 1985. For 14 years, he has held various purchasing-related assignments in the USA. In 1999, he was appointed as The Americas MP&L Director. Until 2005, he has held various executive positions in MP&L functions. In 2005, he was appointed as Ford South America Operations Director of Operations and Quality. Belanger worked as Global Manufacturing Business Office Executive Director from 2008 to June 2011. He was assigned as the Deputy General Manager at Ford Otosan and joined the Board of Directors in July 2011.



Oğuz Toprakoğlu
Assistant General Manager - Finance and Accounting (CFO)

Oğuz Toprakoğlu graduated from Boğaziçi University Department of Economics in 1991 and joined Ford Otosan as Finance Specialist. He became Inventory Planning and Control Specialist in 1993. He was appointed as Commercial Accounting Team Leader in 1995 and Financial Control Manager in 1998. In 2000, he became Budget and Financial Analysis Manager. He worked at Ford of Europe organization as Finance Manager from 2002 to 2004. In 2004, he became Deputy CFO at Ford Otosan. He is Finance and Accounting Assistant General Manager (CFO) since 2004.



Aykut Özüner
Assistant General Manager - Marketing, Sales and After Sales

Aykut Özüner graduated from Boğaziçi University Department of Mechanical Engineering in 1991 and completed his MBA at the same university in 1995. He joined Ford Otosan as Marketing Strategies Manager in 1993. He became Car Product Manager and Marketing Manager in 1997 and Sales Manager in 2000. Özüner worked in the Sales Planning and Product Management divisions at Ford of Europe in 2001. He became Director of Marketing and Customer Relations in 2002 and served as Assistant General Manager - Marketing and Sales between 2004 and 2010. He is Marketing, Sales and After Sales Assistant General Manager since 2010.



Ernur Mutlu
Assistant General Manager - Product Development

Ernur Mutlu graduated from Middle East Technical University Mechanical Engineering Department and earned his M. Sc. in Mechanical Engineering from Boğaziçi University. He joined Ford Otosan as Product Development Engineer in 1980. He then became Project Engineer in 1983, Product Development Team Leader in 1984, Product Development Manager in 1986 and Light Commercial Vehicle Product Development Manager in 2000. He was appointed as Product Development Director in 2007. He is Product Development Assistant General Manager since 2008.



Ahmet Kinay
Assistant General Manager - Cargo Business Unit

Ahmet Kinay graduated from Middle East Technical University Mechanical Engineering Department and joined Ford Otosan as Project Engineer in 1982. In 1987, after serving as Internal Purchasing Supervisor, he became Internal Purchasing Manager. Kinay worked as Sales Director between 1997 and 2000 and was appointed as Assistant General Manager - Purchasing in 2000. He is Cargo Business Unit Assistant General Manager since 2010.



Cengiz Kabatepe
Assistant General Manager - Purchasing

Cengiz Kabatepe graduated from Yıldız Technical University Mechanical Engineering Department and completed his MBA at İstanbul University. He joined Ford Otosan as an engineer intern in 1975. He became Method Engineer in 1982 and Production Planning and Control Team Leader in 1984. He served as Kocaeli Plant Production Planning Manager from 1986 to 1997 and then became External Purchasing Manager. He was appointed as Assistant General Manager - Material Planning and Logistics in 2000. He is Purchasing Assistant General Manager since 2010.



Taylan Avcı
Assistant General Manager - New Projects

Taylan Avcı graduated from The University of Birmingham (UK) in Mechanical Engineering and earned a Masters degree from Loughborough University of Technology (UK) in Design Engineering. He joined Ford Otosan as Application Engineer in 1981. He became Method Engineer in 1982, Quality Control Team Leader in 1984, Quality Control Manager in 1986, Planning Manager in 1987, Marketing Manager in 1991, Investment Manager in 1993 and External Marketing Coordinator in 1994. After working as Vehicle Sales Planning and Order Coordinator in 1995, he served as Assistant Plant Manager between 1997 and 1998. He was assigned as Project Manager - General Coordination in 1998 and Project Director in 1999. He is New Projects Assistant General Manager since 2002.

EXECUTIVE MANAGEMENT



Ahmet C. Şatıroğlu
Assistant General Manager -
Total Quality

After graduating from Istanbul Technical University in Aircraft Engineering in 1976, Ahmet C. Şatıroğlu joined Ford Otosan as Project Engineer in 1980. He served as Quality Assurance Team Leader at İnönü Plant from 1981 to 1986 when he became Quality Assurance Manager. After becoming Deputy Plant Manager at İnönü Plant in 1991, he served as İnönü Plant Manager between 1992 and 2000. He was assigned as Service and Spare Parts Assistant General Manager in 2000. He is Total Quality Assistant General Manager since 2010.



Mehmet Candan Günel
Assistant General Manager -
Kocaeli Plant Manager

Mehmet Candan Günel graduated from Middle East Technical University, Mechanical Engineering Department in 1977. He began his career at Anadolu Cam San. A.Ş. in 1978 and joined Ford Otosan as Method Engineer in 1982. He became Assembly Shop Team Leader in 1986 and Assembly Shop Area Manager in 1998. Between 2004 and 2008 he worked as Production Group Manager and Production and Planning Group Manager, respectively. He was assigned as Production and Planning Director in 2008 and Deputy Plant Manager at Kocaeli Plant in 2010. He is Kocaeli Plant Manager since February 2012.



Mustafa Menkü
Assistant General Manager -
İnönü Plant Manager

Mustafa Menkü graduated from Middle East Technical University, Mechanical Engineering Department in 1993 and earned his MBA degree from Koç University. He joined Ford Otosan as Method Engineer in 1995. He became Powertrain Engineering Team Leader in 1996, Quality Systems and Audit Team Leader in 1999 and Truck Area Manager in 2000. He was assigned to JMC, a Ford company, as the Director responsible for Production and New Project Launches in 2006, working in China until 2008-end. He returned as Deputy Plant Manager - İnönü Plant in 2009. He is İnönü Plant Manager since September 2009.



Güven Özyurt
Assistant General Manager - Material Planning and Logistics

Güven Özyurt graduated from Istanbul Technical University in Mechanical Engineering in 1989 and earned his MBA degree from İstanbul University in 1990. He joined Ford Otosan as Method Engineer the same year. He became Project Engineer in 1997 and Project Team Leader in 1998. He was appointed as Material Planning and Logistics Manager in 2000. He is Material Planning and Logistics Assistant General Manager since 2010.



Nursel Ölmez Ateş
Director - Human Resources and Corporate Communications

Nursel Ölmez Ateş graduated from Istanbul University Industrial Engineering Department and began her career at Migros Türk A.Ş. as Method Organization and Planning Specialist. She worked as a manager in R&D, Planning and Project Management departments. In 1999, at Migros she was the Project Leader of SAP's HR module which is among SAP's best practice implementations. In 2003 she was appointed as HR Director to Ramenka - Ramstore, Migros' international operations and continued her career as HR and Administrative Affairs Assistant General Manager. During her 5 year tenure, she lead the implementation and conduct of HR systems. In 2008, she returned to Koçtaş and then joined Ford Otosan as Human Resources and Corporate Communications Director.

ONE FORD PLAN



Go Further

QUALITY

SAFE

GREEN

SMART



Represents our Company's culture and what makes us different from the other auto manufacturers.

It is our global brand promise for providing customers with great products,

Building a stronger business,

A better world.

2011 HIGHLIGHTS

In 2011, Ford Otosan achieved all-time high figures and broke records in production, sales volume, market leadership and employment among other areas.



Ford Otosan established the Vehbi Koç Foundation Culture and Recreation Center

Established to provide a facility for the social, cultural and artistic development of employees and the local community, the VKV Culture and Recreation Center stages a wide range of activities, including classical music, jazz, traditional and world music concerts, dance and theatrical performances, children's plays and art exhibitions, free of charge.



In 2011, 175,000th Ford Cargo rolled off the production line.



Ford Otosan's exports to the American continent reached 44,000 units in 2011, up 70% over 2010. Exports to America reached 100,000 vehicles in 2.5 years.



Ford Transit became "Commercial Vehicle of the Year" in the UK.

Ford Otosan introduced 1.6 liter EcoBoost engine

Combining efficiency, high performance and green technology, EcoBoost is the best example of a powerful engine that has low emissions and high fuel economy.



Ford Transit Connect Taxi on the Streets of New York

Used as taxis in several US cities, including Boston, Chicago, Las Vegas, Los Angeles, Orlando and San Francisco, Ford Transit Connect hit the streets of New York City as "Today's Taxi." In 2011, Ford Otosan exported 800 Taxis to America, 400 of which were for New York City.



Delivery of a fleet of 1,100 Ford Transit and Transit Connect vehicles to the PTT (Turkish Post) stands out as Ford Otosan's largest single fleet sale.

In line with the Global Cargo growth strategy, a project was initiated to expand the product range and increase the number of export destinations to 65.



Turkish Rally Championship

Castrol Ford Team Türkiye won the 2011 Turkish Rally Championship, Pilots and Teams Championship at the sixth stage of the Championship, one run to the end. Additionally, in 2011, Pilot Yağız Avcı and Co-Pilot Bahadır Gücenmez became the first Turkish team who won Boğaziçi Rally, Turkey's oldest motorsports event, after 12 years.



Designed in line with the "One Ford" strategy and global production plans, the new Ford Focus was produced in three continents using 80% common parts. Launched in more than 120 countries, Focus is Ford's first truly global product.



Ford Otosan exported its 1.5 millionth vehicle, a Ford Transit dispatched to Brazil.

AWARDS AND ACHIEVEMENTS

In 2011, Ford Otosan was named as the most admired company in the Turkish automotive industry.

FEBRUARY 2011



Ford Otosan received İŞKUR's (Turkish Employment Agency) award for companies that emphasize social responsibility and pre-employment training.



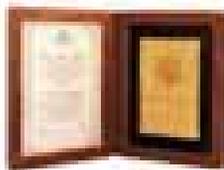
MARCH 2011



Ford Otosan won the award of Turkish Ministry of Labor and Social Security for maintenance applications in assembly and press workshops.



Ford Otosan ranked first in the automotive industry in "Turkey's most admired companies" survey conducted by Capital magazine.



Ford Otosan received the OSD (Automotive Manufacturers Association) award for generating exports over Euro 2 billion.

JUNE 2011

Further to the Bureau Veritas audits conducted in May at four different locations, Ford Otosan obtained ISO 14064 Assurance Certification, given only to outstanding companies.

Bureau Veritas granted Ford Otosan certification in quality management, customer satisfaction and handling of customer complaints.

AUGUST 2011



Ford Otosan received an award in the Special Award Category with the "First Woman Dent Repair Technician" project of the Body Shop Area Management aiming to increase the number of female employees in the Body Production Division. The award was granted within the scope of "CLAD 2011, Chairman's Leadership Award for Diversity" sponsored by Ford Motor Company.



Ford Otosan received the product development award by the Engine Development Directorate of Ford of Europe for its achievements in control software, developed for the twin-turbo diesel engine.



Ford Otosan received the Third Place for "Large-Scale Corporations Sustainable Environment-Friendly Application," awarded by the Istanbul Chamber of Industry, for its Waste Sludge Water Treatment Project; the Adnan Şener Special Award for its Ecotorq Project; and the Corporate Social Responsibility Jury's Special Award with its Social Responsibility Project on Raising Environmental Awareness.

OCTOBER 2011



Ford Otosan received the "Logistics Prize" in the corporate category at the Transport Logistics Fair.

JANUARY 2012



Ford Otosan received awards in four categories, sponsored by the Automotive Distributors' Association:

"Best-Selling Light Commercial Vehicle Brand"

"Best-Selling Light Commercial Vehicle Model" with Ford Transit Connect

"Best-Selling Car and Light Commercial Vehicle Brand"

"Newspaper Ad of the Year" with our Rally advertisement.



Ford Otosan won the Şahabettin Bilgisu Environment Award for the fifth time, from Kocaeli Chamber of Industry for its sustainable environmental investments and its contributions to the environment and society.

NOVEMBER 2011



The new Ford Focus campaign received the top prize in the best display application category of the Avea Grand Interactive Awards.



Ford Otosan was awarded with "Automobile Entrepreneur of the Year" award by Young Entrepreneurs Group of Middle East Technical University.

Ford Otosan won awards in six categories, including Global Winner - Excellence in Safety Culture and Standards Award in the "President's Health and Safety Awards" (PHSA), organized by Ford Group since 1999, a highly prestigious award in the area of occupational health and safety.

TURKISH AUTOMOTIVE INDUSTRY AND FORD OTOSAN

Ford Otosan maintained its market leadership for the 10th consecutive year with 142,000 units domestic retail sales.

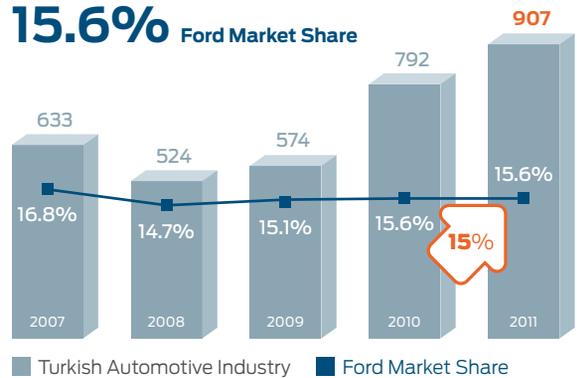
Ford Otosan Retail Volume

141,633 units

Turkish automotive industry displayed a very strong performance especially in the first half of 2011 due to the increase in consumer confidence, strong economic growth and a low base year. Despite the contraction that prevailed after August in line with the expectations, domestic market sales reached their highest level in history with 906,544 units. At the backdrop of a record-high domestic market, Ford Otosan sold a record 141,633 units and became the top-selling automotive brand for the 10th consecutive year with 15.6% market share.

TURKISH AUTOMOTIVE INDUSTRY ('000 UNITS)

15.6% Ford Market Share

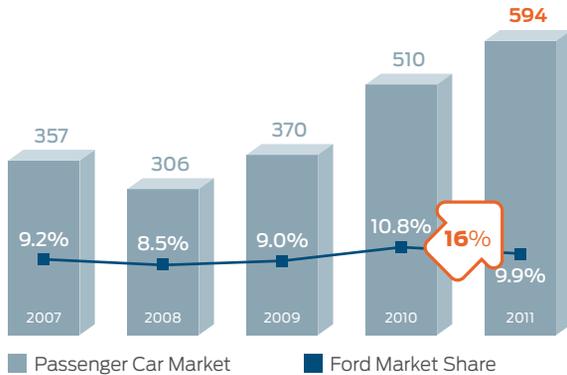


MARKET SHARE EVOLUTION



PASSENGER CARS ('000 UNITS)

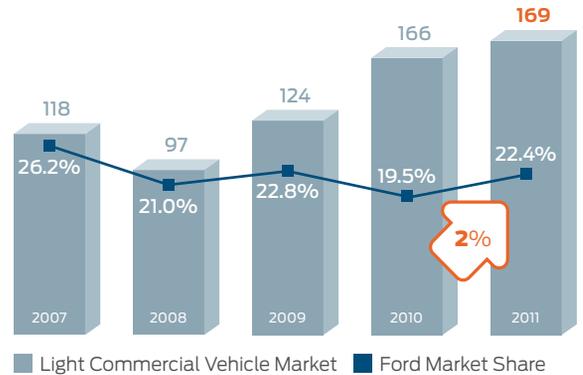
9.9% Ford Market Share



With new product launches and effective marketing campaigns implemented in 2011, Ford Otosan captured a 9.9% market share and became the second most preferred brand in the passenger car market that grew by 16% during the year.

LIGHT COMMERCIAL VEHICLES ('000 UNITS)

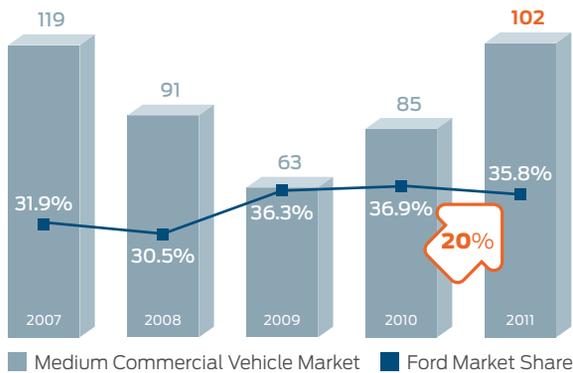
22.4% Ford Market Share



The light commercial vehicle segment grew by 2% in 2011, where Ford Otosan achieved a 22.4% market share with Transit Connect and closed the year in second place. Transit Connect was the best-selling model in this segment with 37,883 units sold.

MEDIUM COMMERCIAL VEHICLES ('000 UNITS)

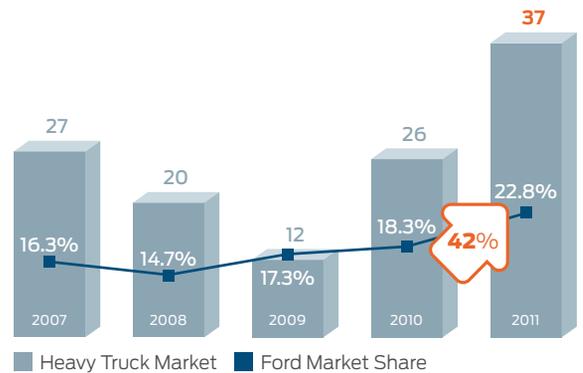
35.8% Ford Market Share



The medium commercial vehicle market grew by 20% in 2011. Ford Otosan was once again the undisputable market leader with 35.8% share. Ford Transit continued its 46-year success, selling more than the next three brands combined.

HEAVY TRUCK ('000 UNITS)

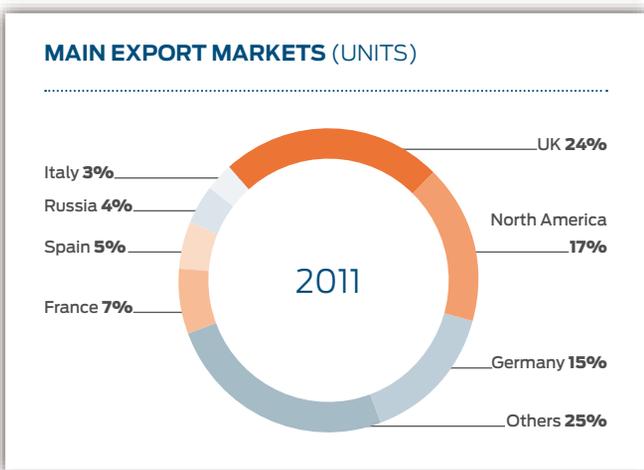
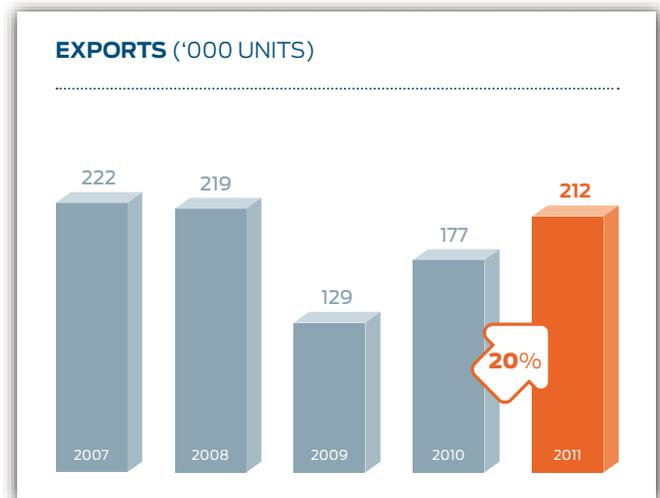
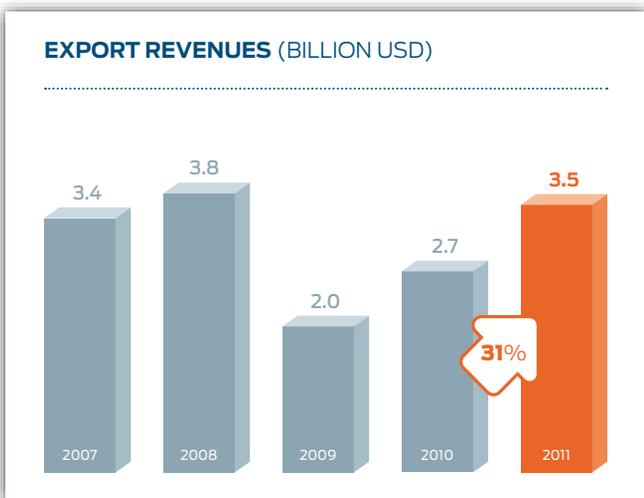
22.8% Ford Market Share



The heavy truck segment grew by 42% in 2011. Ford Cargo achieved 22.8% market share with its road trucks and its strong products in tractor and construction series.

EXPORTS

Ford Otosan was the export leader of Turkish automotive in 2011 with USD 3.5 billion export revenues. The Company started exports to South America and Russia during the year in line with its strategy to diversify its export markets.



USD 2.3 billion

Ford Otosan is a net exporter of USD 2.3 billion over the last five years.

70 countries on 5 continents

Ford Otosan is the biggest exporter of Turkish automotive industry, sending vehicles and parts to 70 countries on 5 continents.

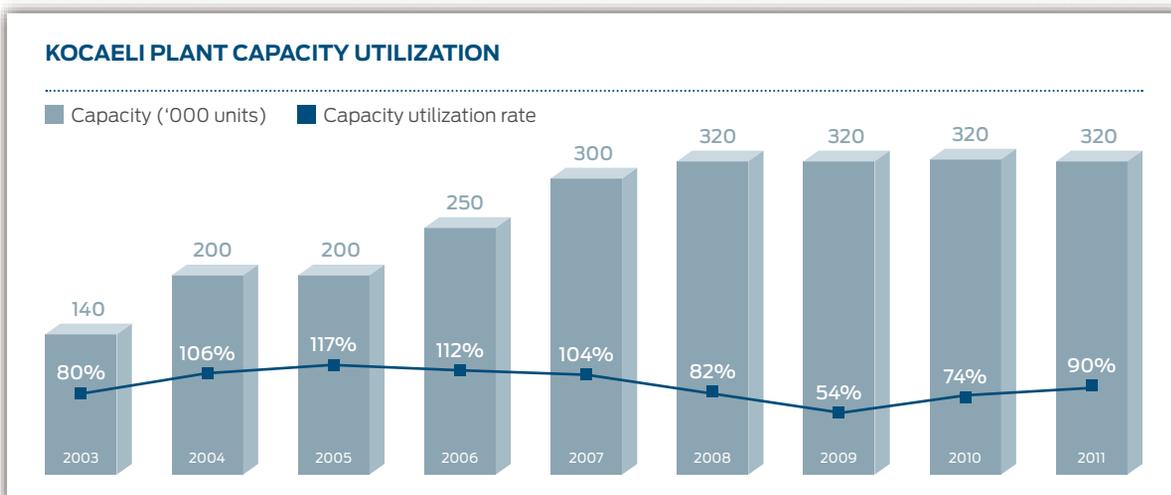
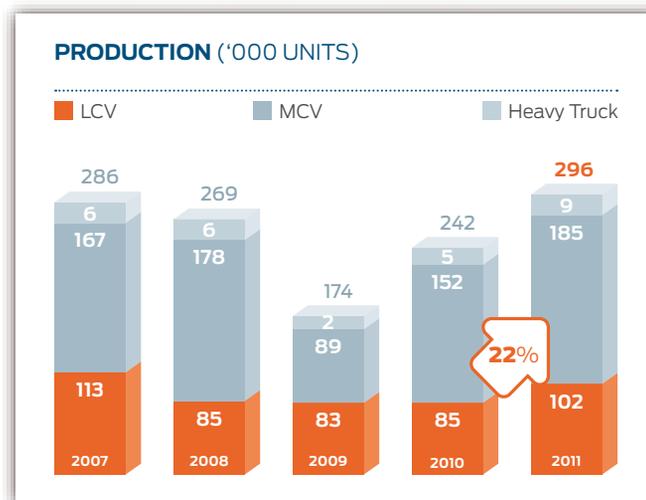
61%

Ford Otosan generates 61% of Turkey's commercial vehicle exports.

PRODUCTION

The robust demand in the domestic and international markets pushed Ford Otosan’s production up by 22% to a record 295,850 units.

Ford Otosan increased its production by 22% in 2011 to meet the robust demand in the domestic and export markets, attaining a record 295,850 units. Kocaeli Plant manufactured 185,000 Transit and 102,000 Transit Connect vehicles, while İnönü Plant produced 9,000 Cargo trucks. As production increased, the capacity utilization rate rose by 16 points to 90%. Ford Otosan moved to three-shifts in many of its shops.



PRODUCTS

Ford Otosan offers the most extensive product range in the Turkish automotive industry with products that appeal to every customer profile, from the smallest passenger car to heavy commercial vehicles.

COMMERCIAL VEHICLES

FORD TRANSIT

The #1 choice of customers...

As the longest-running model in the product range of Ford of Europe, Transit has been the first choice of customers owing to its endurance, comfort and compliance with customer expectations. Increasing its market share every year and continuously reinforcing its position, Transit maintained its leadership in 2011 with 35.8% market share. With its New Global Duratorq engine, manufactured at the İnönü Plant and launched at the Comvex Commercial Vehicles Fair held in late November at Tüyap Exhibition Center, Transit offers solutions to meet every business need. It continues to be the first choice of customers due to its reliability, adaptability to all road and weather conditions, up to 17% more fuel efficiency and its ability to meet every customer need.



FORD TRANSIT CONNECT

Leader in its class...

Introduced in 2002, Transit Connect is the leader of its class owing to its endurance, robustness, superior hardware and comfort. Connect is on the verge of breaking a record with the number of awards it has received. After winning the "Truck of the Year" award in the USA in 2010, which it had previously received in Europe, Transit Connect received the best-selling light commercial vehicle award in Turkey according to 2011 year-end data of the Turkish Automotive Distributors' Association.



FORD CARGO

Most reliable business partner...

Ford Cargo construction truck, transport truck and tractor series continued to carry the heaviest load in their segment, while reinforcing their market position by consistently meeting customer demands for performance and quality at low operating costs. In 2011, Ford Cargo completed the new product range of construction series and Midilli transport truck was named "Best Logistics Truck of the Year." With new model launches and a stronger product range, Ford Cargo increased its market share, for the third consecutive year, to 22.8% and placed second in its segment.



FORD RANGER

Drivability and comfort...

Ford Ranger offers handling, drivability and comfort both in the city and in challenging off-road conditions and stands out in the segment with its robustness and endurance. The powerful Wildtrak series, equipped with a supreme 156PS 3lt. engine, is suitable both for business purposes and off-road conditions.



PRODUCTS

PASSENGER CARS



FORD FIESTA

Innovative and user-friendly features...

With its meticulously detailed exterior and interior design, Ford Fiesta has won the Red Dot Design Award, one of the world's most prestigious design awards. Ending 2011 as the segment leader, as in the prior year, Ford Fiesta has been further improved, as of the 2012 model year, to offer an even smoother driving experience with its innovative and user-friendly technology features.



FORD KUGA

Superior handling performance...

Ford Kuga stands out with its design and sophisticated equipment. Its PowerShift automatic gearbox combines the sporty feel of a manual gearbox with the comfort of an automatic, and its smart 4X4 drive system gives the vehicle superior handling performance on motorways and in off-road conditions alike. Ford Kuga is among the least fuel consuming vehicles in its segment.



FORD S-MAX

Highly functional and comfortable...

Ford S-Max stands out among other cars in its segment owing to a design that blends the dynamism of a passenger car with the functional interior space of a minivan. Following a renewal in 2010, S-Max fully responds to customers' needs with a kinetic design reflecting its sporty character, highly functional and comfortable seven-passenger seating, highly advanced equipment and smart technologies.



FORD GALAXY

Best family car...

Ford Galaxy blends first class drivability with vast inner space and high comfort, owing to an exterior appearance shaped by kinetic design, advanced technology, and premium interior design. Its superior equipment, security and first class comfort make Ford Galaxy the best family vehicle to appear on the road.



FORD MONDEO

“True Beauty Comes from Within”

Ford Mondeo demands attention with its stylish, dynamic and sporty design. Mondeo was renewed at the end of 2010 and features a striking exterior design and superior engine and gearbox options, including the fuel-efficient 1.6 l TDCi engine with low carbon emission, reflecting its motto “True Beauty Comes from Within.”



FORD FOCUS

Functional interior design...

Having assumed the title, “Passenger Car of the Year” in 1999 upon its launch on both sides of the Atlantic, Ford Focus has become one of the most preferred passenger cars worldwide with sales of over 10 million units. The third generation New Ford Focus, representing the latest evolution in Ford’s “Kinetic Design Philosophy” was launched in the second quarter of 2011.



FORD C-MAX

Blend of driving dynamics with functionality...

Introduced in 2003, C-MAX distinguishes itself from competitors in the MAV segment, with its car-like design and its blend of driving dynamics and functionality. Launched at 2010-end with a brand new body design and a seven-seat version, the new C-MAX and Grand C-MAX ended 2011 as segment leader with new smart technology features, including automatic parking and automatic trunk lid.

PLANTS

Ford Otosan carries out its production, distribution and R&D activities at four locations.

FORD OTOSAN KOCAELI PLANT

320,000 units/year

The annual production capacity of Kocaeli Plant, where Transit and Transit Connect are manufactured, is 320,000 units. In 2010, the 6 millionth Transit rolled off the production line. Opened in 2001, Kocaeli Plant has been the Transit's main global production center since 2004, due to the high quality production of Turkish workers and the state-of-the-art manufacturing technology in use at the facility. Kocaeli Plant stands out among global Ford manufacturing facilities with its high quality standards. USD 630 million investment is underway at the Kocaeli Plant for manufacturing the new generation Transit.



FORD OTOSAN İNÖNÜ PLANT

66,000 units/year

Located in Eskişehir, İnönü Plant produces Cargo trucks, engines and powertrains. Its annual production capacity is 66,000 engines, 10,000 trucks, 140,000 powertrains and 45,000 transmissions.



LARGEST PARTS DISTRIBUTION CENTER IN TURKEY

25,000 m²

Ford Otosan Parts Distribution Center is the largest of its kind in Turkey with its 25,000 m² warehouse, and is home to the Company's spare parts, marketing, sales and after sales operations. It ranks as the fourth largest among Ford's Parts Distribution Centers in Europe based on its warehouse capacity.



GEBZE ENGINEERING CENTER

672 engineers

Gebze Technology Center, located in the TÜBİTAK-MAM Technology Free Zone, was established in 2007 for the sustainability of Ford Otosan's increasing success in domestic and export markets by developing new products and cutting edge technology. The Center employs 672 R&D engineers as of 2011-end.



INVESTOR RELATIONS

SHAREHOLDER STRUCTURE AND MAIN SHAREHOLDERS



Koç Holding A.Ş.

Established in 1926, Koç Holding is Turkey's largest industrial and services group in terms of revenues, exports, market capitalization and number of employees. Koç Holding is the only Turkish company on Fortune Global 500 and has leading positions with strong competitive advantages in energy, automotive, consumer durables and finance sectors that offer strong long term growth potential.

www.koc.com.tr



Ford Motor Company

Established in 1903, Ford Motor Company is a global automotive industry leader based in Dearborn, Mich., that manufactures or distributes automobiles across six continents. With about 164,000 employees and about 70 plants worldwide, the Company's automotive brands include Ford and Lincoln. The Company provides financial services through Ford Motor Credit Company.

www.ford.com

2011 Main Indicators

Ford Otosan has been traded on the Istanbul Stock Exchange (ISE) since January 13, 1986 under the ticker symbol FROTO.IS.

Closing Price
TL 15.30

High
TL 15.65

Low
TL 9.50

USD 2.8 billion

Highest market cap in the automotive sector at the ISE

USD 4 million

Average daily trading volume

USD 9 million

The only automotive stock with a net foreign inflow at the ISE in 2011

Source: ISE

2011 Share Performance



Ford Otosan shares increased by 30% in 2011 at the backdrop of a 22% decline in the ISE-100 index.

FOREIGN OWNERSHIP IN FREE FLOAT (%)



The share of foreign investors in Ford Otosan's free float rose by 7 points in 2011 to 73%.

Why Ford Otosan?

- Domestic market leader for 10 consecutive years
- Large-scale export program providing resilience and economies of scale
- New projects to strengthen the product range and expand capacity

Focus on shareholder value

- Attractive and sustainable dividend yield
- Robust stock performance
- Adherence to Corporate Governance Principles
- Separate CEO and Chairman roles
- Executive and Audit Committees

Competitive Advantages

- Strong and committed JV partner support
- Customer-focused and innovative service network
- Superior logistics
- Low cost, flexible and efficient production
- R&D focused growth strategy
- Experienced and qualified labor force

Dividend Policy

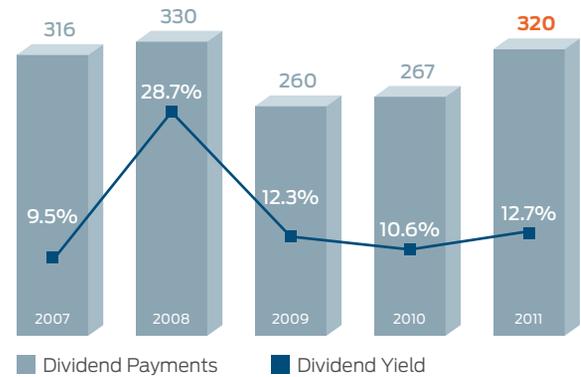
While continuing its investment plan for sustainable growth, Ford Otosan aims to maintain its dividend policy.

There are no privileges in dividend distribution based on shareholder type.

Providing high returns for its shareholders is one of Ford Otosan’s main strategic objectives. To this end, the Company’s dividend distribution policy is defined as “predictable and stable dividend distribution, including in moderate economic stagnation periods, except in large investment and serious economic crisis periods.” Current dividend policy is expected to continue throughout the upcoming investment period.

DIVIDEND PAYMENTS (MILLION USD)

USD 2.2 billion dividend payment (2004-2011)



Ford Otosan distributed USD 2.2 billion in dividends to its shareholders between 2004 and 2011 and is among the highest dividend payers at the ISE with an average yield of 15% over the last five years.

2011 Investor Relations Activities

Ford Otosan Investor Relations department attended 9 conferences in Turkey and abroad and held one-on-one meetings with over 300 investors in 2011. 3 analyst meetings were held with the attendance of senior management in order to share information on the Company’s operations, performance and other developments. 23 material disclosures were issued and published in Turkish and English on the Ford Otosan website.

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RISK MANAGEMENT

The primary goals of Ford Otosan in risk management are to foresee, manage, monitor the potential risks in each area and to prepare action plans for risk and crisis management in advance. The Board of Directors, Audit Committee and Executive Management of the Company are regularly informed about the risks.

Ford Otosan monitors risk in three main categories.

Financial Risks

Credit risk: Direct Debiting System, which is an effective way to guarantee the receivables, is applied to dealer receivables from domestic vehicle sales. In order to monitor spare-parts credit risk, bank guarantee letters received from the dealers are used. The studies for implementing Direct Debiting System for spare parts sales are completed in 2011. Most of the export sales are made to Ford Motor Company and its affiliates with a term of 30 days (will come down to 14 days as of January 1, 2012). Foreign sales that are made to parties other than Ford Motor Company are guaranteed through letter of credit, bank guarantees or advance payment methods.

Liquidity risk: Ford Otosan keeps cash, credit commitment and factoring capacity to maintain 30 days' cash outflow to manage the liquidity risk. Within this context, Euro 70 million credit commitment and TL 140 million factoring agreements are established with financial institutions in case a requirement for use arises. As of December 31, 2011 net financial debt is TL 68 million.

Interest rate risk: The policy dictates balancing the remaining maturities of interest bearing assets and liabilities. Interest bearing assets are directed to short-term financial investments.

Foreign exchange risk: Excess cash is invested in such a way to balance the net foreign currency assets and liabilities and minimize the foreign exchange exposure in the balance sheet. Total export and import amounts are TL 5.9 billion and TL 5.4 billion respectively in 2011.

Capital Risk: Ford Otosan's objectives when managing capital are to safeguard the ability to continue providing maximum returns for shareholders and maintain an optimal capital structure to reduce the cost of capital. The Company monitors the capital on the basis of total financial debt to shareholders' equity ratio which is targeted to stay in 0.25 - 0.60 interval.

Operational Risks

Ford Otosan manages business processes such as quality, efficiency, customer satisfaction, legal issues, information security, pricing according to the predetermined targets and metrics.

Moreover, internal control department analyzes the critical business processes of the Company independently and regularly reports to the internal control unit and Audit Committee.

Another main risk management tool related to operational processes is Business Continuity and Resumption Plan. In this framework, recovery plans after any incident that may interrupt all critical business processes are explained. These plans are reviewed annually and tested through practice. Furthermore, emergency action plans which describe the implementation of necessary steps in cases of explosion or natural disaster are prepared, ensuring operability through regular trainings and tests.

In addition to internal audit operations, Ford Motor Company and Koç Holding monitor company processes through annual audits and report the deficiencies with risk areas to Ford Otosan management.

Strategic Risks

In order to maintain the continuity of business portfolio, Ford Otosan regularly carries out project development studies and submits their results to Board of Directors' periodic evaluation. With the annually updated long term plans, the Company reviews the risks and opportunities related to the business model.

The preparations for "Risk Committee" which shall meet regularly as required by Turkish Commercial Code are continuing.

INVESTMENTS

2011-2014: Ford Otosan's Commercial Vehicle Investment Years

Ford Otosan announced an investment plan of over USD 1 billion for three new projects to be implemented between 2011 and 2014. In 2011, the Company initiated studies to make one of the largest investments ever in the Turkish automotive industry and, to this end, the related capex spending reached TL 377 million. The objective is to increase Kocaeli Plant's production capacity to 400,000 units at the completion of these investments.

NEW GENERATION TRANSIT

Ford Otosan's Kocaeli Plant is the largest manufacturing facility of the Ford Transit model. The Plant will maintain its leading position by increasing its production capacity with the next generation Transit. On October 11, 2010, Ford Otosan's Board of Directors approved Euro 485 million (around TL 950 million) investment for the new generation Transit, representing the largest investment in a specific product in Turkish automotive. The Company received an investment incentive certificate for TL 976 million for the project. In addition, Ford Otosan signed a five year loan agreement with the European Bank for Reconstruction and Development (EBRD) for Euro 150 million to finance the project.



NEW LIGHT COMMERCIAL VEHICLE PROJECT

On April 1, 2011, Ford Otosan's Board of Directors approved a fixed asset procurement of Euro 205 million for a new vehicle in the light commercial vehicle segment that will be produced at the Kocaeli Plant. The Company received an investment incentive certificate for TL 368 million for the vehicle that will be developed entirely by Ford Otosan engineers. Detailed feasibility studies for this project are underway.

FORD CARGO

Ford Otosan plans to implement the Global Cargo growth strategy in three phases. In the first phase, a common cabin started being used for cargo vehicles manufactured in South America. The second phase includes the introduction of common products for which studies are underway. The third phase entails the global product strategy, including the engine. Further to the completion of the project, Ford Otosan will export Global Cargo to 65 countries on three continents, primarily to Eastern Europe, Middle East, Russia, Turkic Republics and North African markets.



R&D

Ford Otosan has the largest R&D center in the Turkish automotive industry with 1,024 engineers and ranks among three largest Ford R&D centers in Europe.

Highest R&D competence in Turkish automotive and the region

Established in 1959, Ford Otosan places great importance on R&D activities to achieve sustainable growth and increase its competitive edge. Today, the Company operates the largest R&D center in the Turkish automotive industry.

ANADOL - FIRST LOCAL PASSENGER CAR, ERK - FIRST LOCAL DIESEL ENGINE

Ford Otosan Product Development division, which initiated the first R&D activities in Turkey in 1961, produced Anadol, the first local passenger car designed by Turkish engineers, in 1966 and Erk, the first local diesel engine, in 1982.

With the first license agreement signed with Ford, the Company received the production license for Anadol and Transit engines together with production and sales licenses for Cargo trucks and Transit models. In 1997, Ford Otosan became an equal shareholder with Ford and developed the Transit Connect model, its first large scale project, followed by Ecotorq, a brand new heavy vehicle engine for the new Cargo truck, in 2003.

Highest level of R&D spending in Turkish automotive in 2011

In 2007, Ford Otosan Engineering Center opened in the TÜBİTAK Free Zone and was registered in 2009 with the Ministry of Industry and Commerce as an R&D Center. The Gebze Engineering Center focuses on R&D activities for development of trucks, engines and power trains while the Kocaeli Gölcük R&D Center conducts studies on development of light commercial vehicles.

Developing projects on vehicles, engines and power trains manufactured by Ford Otosan, the R&D Unit also provides services for Ford Motor Company. The Gebze R&D Center develops new technologies with the help of the synergy created through the collaboration of the industry, university and TÜBİTAK. The Center is equipped with the capacity and infrastructure for end-to-end design, development and testing of a complete vehicle, including its engine.

Largest R&D center in Turkish automotive

MORE THAN 5-FOLD INCREASE IN R&D SPENDING

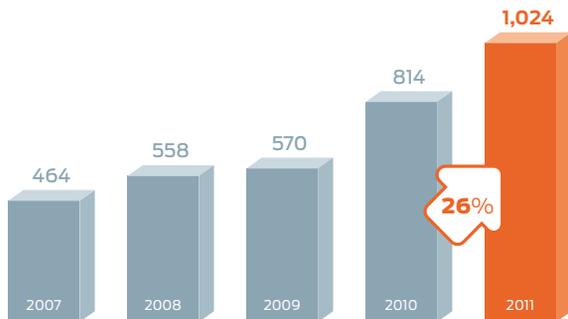
Ford Otosan has increased the number of its R&D staff five-fold and number of innovations more than ten-fold since 2002. The Company's R&D spending has increased by more than 5-fold while the R&D spending /revenue ratio rose 3.5-fold since 2005. As a result, Ford Otosan reached the highest R&D competence in Turkish automotive and the region.

Designing its own vehicles and engines with its 1,024 R&D staff employed at two locations as of year-end 2011, Ford Otosan is among the top three R&D Centers of Ford of Europe. Striving to introduce competitive products for the domestic and export markets, including Europe and North America, the Center also focuses on projects to launch advanced technologies in the medium term.

R&D HIGHLIGHTS

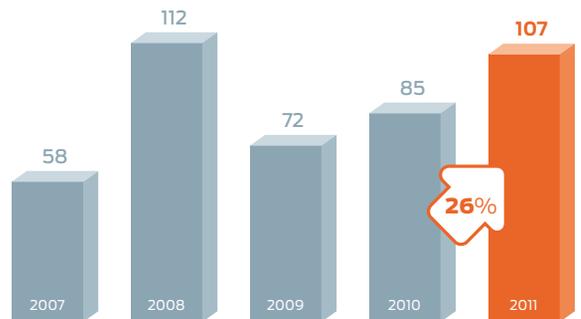
- Ford Otosan is positioned as Ford’s global engineering center in heavy commercial vehicles. The Company currently has core responsibilities in the Ford universe to develop designs for the light commercial vehicle segment.
- The Company focuses on design variations to enhance its competitive advantage and on technology innovations for commercial vehicles.
- In 2011, the responsibilities assumed by Ford Otosan Engine and Power Train Division for Ford Motor Company’s global projects continued to increase.
- As result of new projects taken on, the number of employees working at the Engine and Power Trains Division increased by 50%, to 400 people.
- Ford Otosan Engineering Team conducts product development activities and vehicle applications which will be used in new generation Duratorq engines used for Ford Transit.
- The Company installed engines at Euro V emission levels on Transit Connect vehicles and improved the North America Transit Connect to include electric car and taxi features.
- Ford Otosan has initiated a large-scale project to renew the engine for heavy commercial vehicles, designed by the Company and manufactured at the İnönü Plant, to meet the latest market requirements.
- As a result of analyses conducted on Ford Motor Company’s diesel engines, the requirements for performance, emission, fuel economics and durability testing have increased. The Company has installed new testing units in the Engine Testing and Development Center at Ford Otosan Kocaeli Plant.
- The solutions provided by the Inter-Vehicles Communication Project, implemented jointly by Ford Otosan, Koç System and Fiat Tofaş, will reduce the number of accidents and improve highway safety through inter-vehicle and vehicle-motorway wireless communication. The project is expected to decrease greenhouse gas emissions due to increased traffic efficiency from optimization of travel times.
- The 2006-2008 Ford Otosan Hybrid Electric Car Development Project (with the collaboration of Ford, TÜBİTAK, İTÜ and OTAM) has attained high performance, improved fuel economy and lower emissions, compared to competitors, thanks to a fundamentally different approach to other hybrid vehicle prototypes. As a first in the world, the Project developed a functional and unique prototype that allows testing of all system and control mechanisms of a hybrid vehicle.
- The Hybrid Cargo Project (with the collaboration of Ford, TÜBİTAK and ODTÜ) has assessed four different hybrid systems through a detailed simulation and has completed the prototype vehicle. Performance testing is currently underway.
- The primary objectives of the Fuel Cell Consortium Project (with the collaboration of Ford, Arçelik, Tofaş, TTGV, TÜBİTAK, BOS, Aygaz, Demirdöküm) are to develop fuel cell components through own means and to complete production of a prototype. Under this project, the Pre-Competition Strategic Alliance has been established for the first time in Turkey.

NUMBER OF R&D ENGINEERS



Number of R&D engineers has increased 5-fold since 2002.

R&D SPENDING (TL MILLION)



R&D spending has increased more than 5-fold since 2005.

R&D

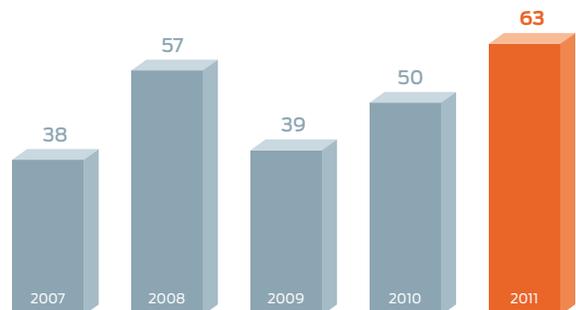
Ford Otosan Engineering Team conducts product development activities and vehicle applications which will be used in new generation Duratorq engines for Ford Transit.



63 PATENT APPLICATIONS IN 2011

Continuing to pursue technological advancements to sustain success in domestic and international markets, Ford Otosan filed 63 patent applications in 2011. An improved performance over previous years, the Company has filed a total of 323 applications, of which 40 were for useful models and 283 for patents.

PATENT APPLICATIONS (UNITS)



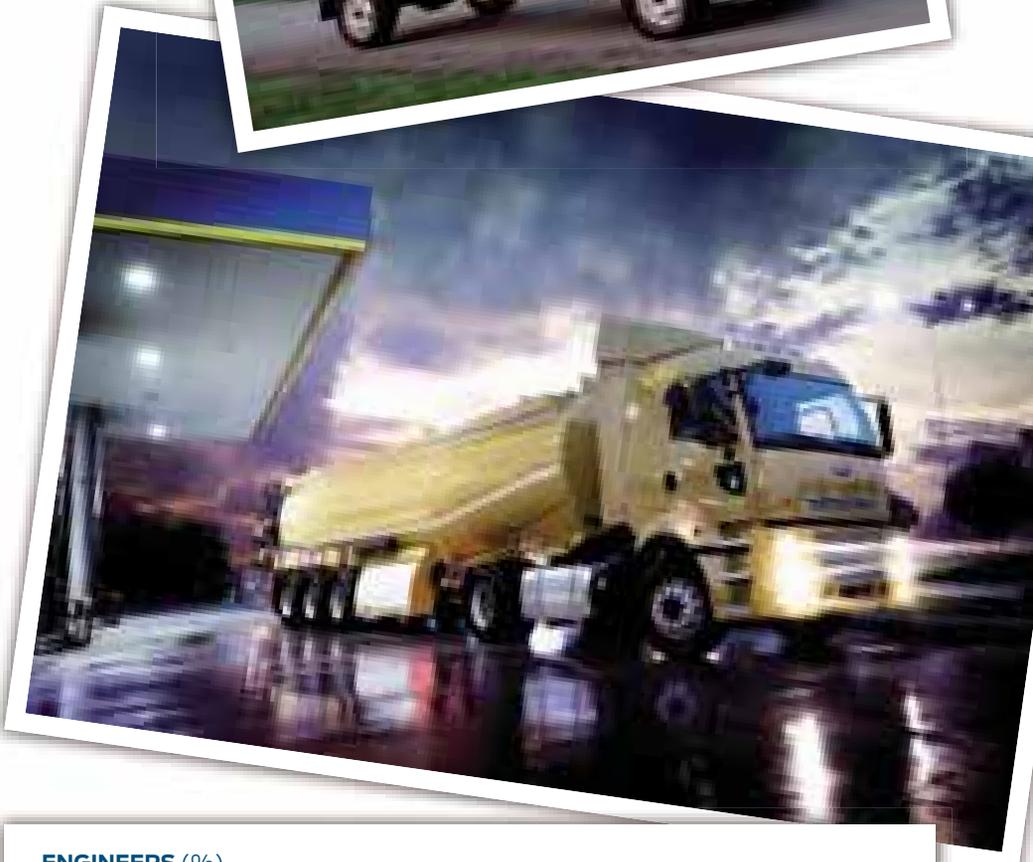
TRACK RECORD STRENGTHENED WITH AWARDS

In 2010, Ford Otosan advanced to the finals in the 9th Annual Technology Awards, sponsored by TÜBİTAK, TTGV and TÜSIAD, for its project: "Development of Transit Connect for USA, Canada and Other Global Markets." For the 10th Technology Awards, with a ceremony held in 2012, Ford Otosan has qualified as a finalist with its new process project.

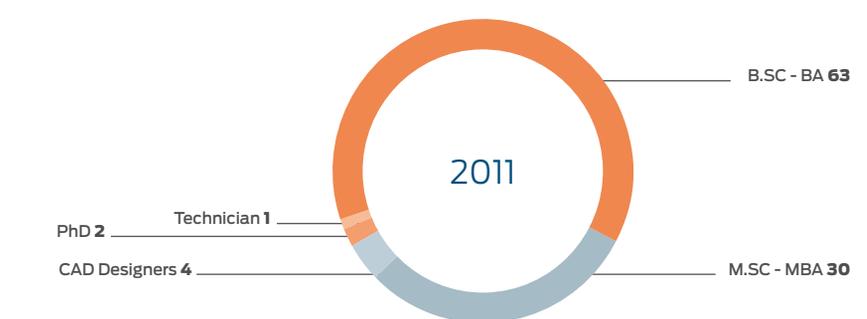
On December 8, 2011, the Euro V emission level version of Ecotorq®, designed and improved by Ford Otosan engineers, received the Adnan Şener Special Prize in the Environmental Friendly Product category of the "ISO 2010 Environment Friendly Product and Application Awards" sponsored by the Istanbul Chamber of Industry.

Ford Otosan received the Ford of Europe Power Train Engineering Award for Engineering Excellence.

Ford Otosan received two awards from the Ford of Europe Engine Development Department for control software developed for the twin turbo diesel engine and for the "Clutch Pedal Effort Simulation".



ENGINEERS (%)



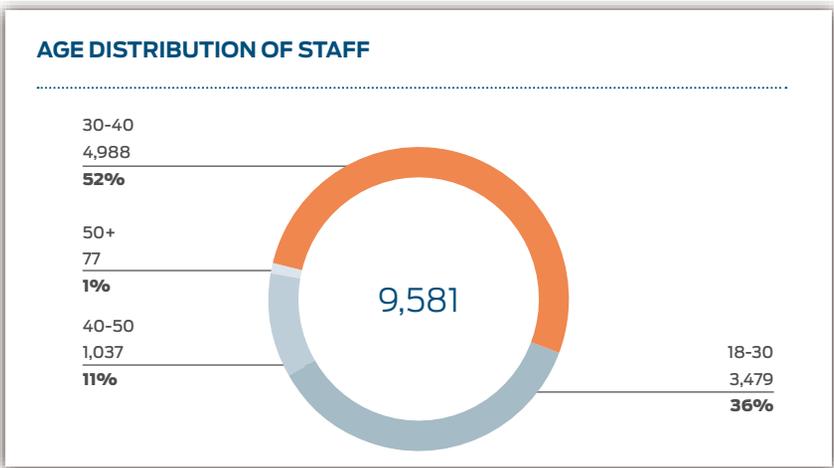
HUMAN RESOURCES

Ford Otosan’s motto is, “Each employee is a talent.”

Ford Otosan’s Human Resources (HR) Department aims to improve the skills of the Company’s employees. To accomplish this objective, the Department blends its vision: “To become the most preferred automotive company by employees in Turkey;” with its mission: “To pioneer people-oriented HR practices keeping loyalty and motivation always at highest level and ensure the continuity of a high performance corporate culture.”

The Department uses priorities and professional road maps, based on an employee’s loyalty, by continuously improving its processes in order to apply HR systems in all units and at all locations at the same quality level.

Maintaining its steadily growing labor force at the highest quality level, Ford Otosan encourages its employees to change for the better based on the principle of the continuous improvement principle by measuring the skills, performance and potential of each employee.



INTEGRATED HR APPLICATIONS

Ford Otosan uses standard evaluation methods, including performance management, 360 Degrees Evaluation, talent management and leadership potential assessment to ensure continuous improvement and growth in a sound manner, based on its philosophy, “Each employee is a talent.”

Talent Management System

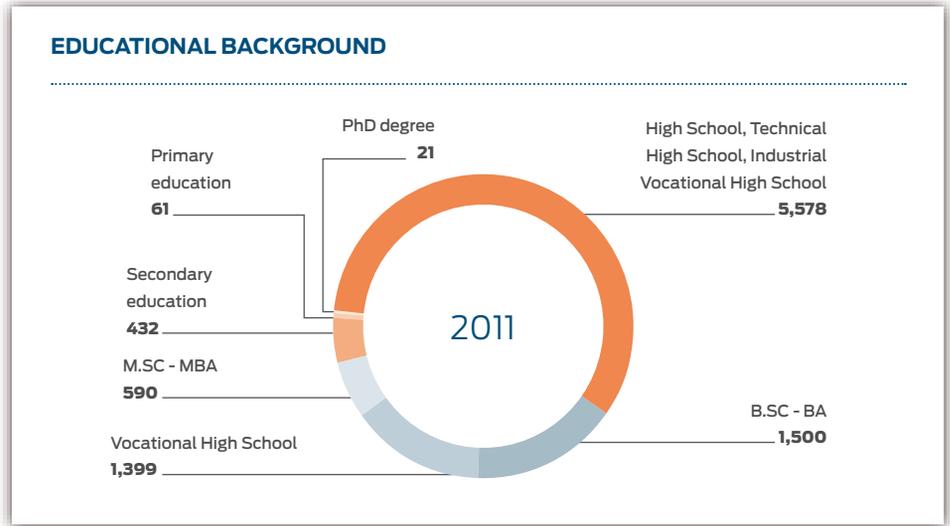
The Ford Otosan Talent Management System is of utmost importance in identifying talented employees who join the Company from a dynamic labor market and to retain them as permanent staff. This important tool helps identify the improvable qualities of each employee and to further improve upon their potential.

All Ford Otosan employees are subject to 360 Degrees Evaluation by their direct manager, peer and subordinate employees, if any, in accordance with Ford Otosan Behavioral Skills Set. This process, administered every year and once a year for all white-collar employees, aims to ensure the most efficient utilization and improvement of the workforce to sustain growth and create a common corporate culture using standard evaluation methods. At improvement planning interviews between manager and employee, feedback is provided to the employee, improvement areas are prioritized based on the employee’s opinions and improvement plans are designed accordingly.

Ford Otosan offers employees the opportunity to understand what behaviors and skills are expected of them. This is accomplished by analyzing the skills required the next level position. Skills job families, defined on roles basis, also allow employees to design their own improvement plans and to prepare themselves for a higher level position.

Training and Development Management

Ford Otosan’s training and improvement policy is designed to raise personal achievement and motivation levels while contributing to corporate development and organizational success. The Company offers high standard improvement means and training opportunities help meet the needs of employees.



Developed to map out improvements for white-collar employees, this process defines primary areas to be improved and prepares improvement plans. The process also considers the requirements of the position, performance targets on that period, skills evaluation, results of performance, potential and other evaluations, manager’s opinions and the employee’s own requests.

Self-Improvement Planning aims to achieve improvement at both the organizational and employee levels. This method identifies the employee’s strengths and improvable qualities for knowledge, skills and behaviors required for the current/future position. It prioritizes improvable qualities in accordance with Company objectives and the requirements of the employee’s current position. Self-Improvement Planning organizes activities applicable for improvement areas, prepares the road map and analyzes the employee’s improvement status after completion of the prescribed activities.

HUMAN RESOURCES PRINCIPLES AND APPROACHES

Skills Management System

All Ford Otosan employees are subject to 360 Degrees Evaluation by their direct manager, peer and subordinate employees, if any, in accordance with Ford Otosan Behavioral Skills Set.

This process, administered every year and once a year for all white-collar employees, aims to ensure the most efficient utilization and improvement of the workforce to sustain growth and create a common corporate culture using standard evaluation methods.

Improvement Planning

Developed to map out improvements for white-collar employees, this process defines primary areas to be improved and prepares improvement plans. The process also considers the requirements of the position, performance targets on that period, skills evaluation, results of performance, potential and other evaluations, manager’s opinions and the employee’s own requests.

HUMAN RESOURCES

Performance Management System

Ford Otosan's Performance Management System aims to achieve perfect performance and manage employees by objectively evaluating their performance within a framework of common standards. The Goal Setting Interview, between manager and employee held at year-beginning, sets performance goals for the employee, and defines and integrates the Company's objectives. Over the course of the year, the employee's achievements are monitored on bi-annual basis and remedial measures are prescribed if needed.

INTRA-COMPANY COMMUNICATION

Internal Communication

The Human Resources and Corporate Communication Department offers Company personnel a variety of platforms where they can inquire about all developments related to Ford Otosan, follow the achievements of the Company and share their opinions.

Open Door Meetings

Open Door Meetings are held midyear and at year's end at all business locations with attendance of senior management and all employees at the relevant location.

Leadership Meetings

Leadership Meetings are held at the end of each quarter to share Ford Otosan's financial position, Turkey's political and economic conditions, current developments related to HR applications, the Company's strategic plans and targets.

Intranet Portal

The Intranet Portal includes information on the Company's financial developments, investments, changes in the organization, appointments and social activities.

Management also uses email to inform employees on important company-related issues.

"Aramızda" Magazine

The monthly "Aramızda" magazine publishes current news, all improvements realized by employees and marketing activities to all employees.

Internal Communication Activities

Ford Otosan organizes social activities for the participation of all staff members during the year. In addition, employees and their families enjoy traditional events including concerts, break-the-fast meals. In 2011, the Company held break-the-fast meals which were attended by 3,500 employees, two ceremonial feasts attended by 200 employees and 1,500 family members and two concerts with a total audience of 4,000 people.



EMPLOYEES BY GENDER





SOCIAL BENEFITS PROVIDED TO EMPLOYEES

Social Benefits

Ford Otosan extends a wide range of social benefits to employees including fuel allowance, educational assistance, child allowance, marriage payment, recruitment bonus, holiday money, death benefit and maternity benefit under the coverage of the "Collective Labor Contract".

Koç Holding Pension & Assistance Foundation

Koç provides additional social benefits and support to employees and extends financial support at their retirement.

RELATIONS WITH THE LABOR UNION

Ford Otosan and the Turkish Metals Union carry out collective bargaining covering all hourly paid personnel employed at the Company. The negotiation process between the Company and the Union takes place through industrial relations coordination meetings to maintain positive relations preserving labor harmony. Ford Otosan places great importance on developing and maintaining a consistent, sound and constructive dialogue with the Union in compliance with local legislation as well as with EU legislation and the UN Global Compact.

In November 2010, Ford Otosan signed a two-year collective labor agreement, effective from September 1, 2010, with blue-collar personnel through the Metal Industrialists Union. A representative from the Company has been appointed to manage the relations with the Union personnel, in addition to union representatives who are appointed in accordance with the Collective Labor Agreement.

OCCUPATIONAL HEALTH & SAFETY

Ford Otosan places great importance on the occupational safety of employees, contractors, visitors and auxiliary industry companies. To this end, the Company applies risk-preventive systems and rules.

Occupational Health and Safety Policy

Ford Otosan strives to create a safe and healthy work environment by satisfying all statutory and organizational requirements related to occupational health and safety at its businesses. The Company makes continuous improvement efforts to eliminate all risks which pose a threat to the security of life and property, including illness, physical injury and fire. In this context, Company management and employees act in concert. Ford Otosan believes in cooperation and joint participation of management and employees in order to attain its goal to safeguard personnel against losses due to occupational accidents. Prevention of accidents and losses is a direct and joint responsibility of management and employees.

Production and support services departments abide by this policy for design, operation and maintenance of all plants and equipment. All employees take great efforts and care to comply with this policy. Ford Otosan identifies and defines the occupational health and safety risks involved in its operations. The Company develops and reviews its objectives and schedules related to these risks.

This policy, adopted and implemented by Ford Otosan, is distributed to all employees and all parties working for the Company. It is also accessible to third parties.

Risk Assessment Process

Every step of the production lines is subject to risk analysis, performed by active operators; Evaluations also take place with the participation of and approval of expert staff including safety engineer/technician, process engineer, environmental engineer and ergonomics officer. Risk analysis is based on the review of physical, chemical, ergonomic and hygienic risk potential involved in the course of operations and on taking the relevant measures to prevent such risks. Risk analysis is also performed for activities off the production line. Risk analysis is re-performed upon any change in processes and/or layout, acquisition of a new equipment and adoption of a new system and after any occupational accident. In addition to taking place at the occurrence of any event, risk analysis must be reviewed once a year.

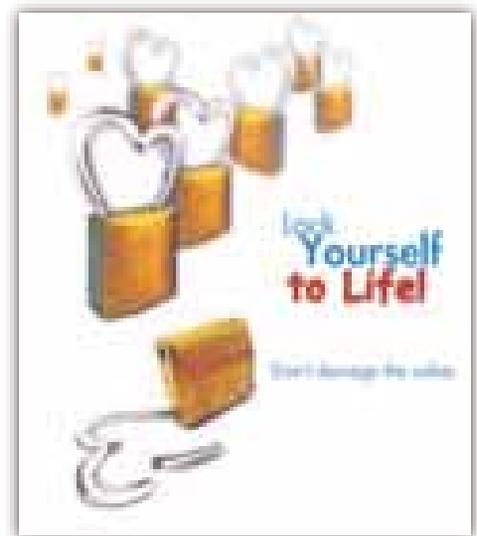
Health Center

Employees enjoy an annual health examination at Health Centers which are accessible every day during work hours at all locations. Additionally, the Health Centers respond to emergency cases, address numerous health issues such as studies on disabled employees and organize training sessions on relevant topics.

In 2011, the Company established three outpatient clinics to handle diet and nutritional habits, headaches and foot health.

Ford Otosan Search & Rescue Team (FOKE)

The FOKE Team, staffed by employee volunteers, was established in 1999 at the time of the Gölçük earthquake. In 2011, the Team increased its membership and refreshed its training sessions. FOKE provides volunteer support to search and rescue efforts in the event of natural disasters. Recently, the Team's volunteers participated in rescue efforts in the aftermath of the Van earthquake. With its 81 members, FOKE continues regular training activities to maintain its capacity for search and rescue at natural disasters and in emergencies.



QUALITY

Ford Otosan's primary task is to consistently develop its products and services to meet consumers' requirements and expectations.

Quality is Ford Otosan's most distinguishing feature in the current intensely competitive environment.

FORD OTOSAN'S QUALITY POLICY

Customer satisfaction is Ford Otosan's number one job. Quality comes first...

Ford Otosan conducts its operations by providing excellent product and service quality to deliver customer satisfaction.

Customers stand at the heart of business.

Conducting its business while always keeping customers at the forefront and offering better quality products and services compared to its competitors, Ford Otosan ultimately ensures customer confidence in and loyalty to the Company.

Continuous improvement underlies Ford Otosan's achievements.

Ford Otosan conducts its operations with the philosophy of aiming to be excellent in all activities. To strive for perfection in product value, reliability and actuality as well as in human relations, competitiveness and profitability, improvement efforts must become a way of life. To this end, management sets the Company's targets in quality and makes sure that all personnel are informed about these goals. Additionally, management reviews the quality targets on a regular basis and identifies areas for improvement.

Teamwork is a way of life for Ford Otosan.

Ford Otosan is like a family that embraces members who trust and respect each other. The Company strives to create a positive work environment free from prejudice and based on mutual communication to ensure that the employees understand, trust and support each other.

Authorized dealers and suppliers are Ford Otosan's business partners.

Ford Otosan strives to provide mutual benefits in its relations with authorized dealers, suppliers and other business partners in order to develop and grow together.

Trustworthiness is a must.

Ford Otosan conducts business in a respectable manner, contributing to the society and fostering a trustworthy reputation.

The ISO 9001 Total Quality Management System serves as guide for Ford Otosan leading to sustainable improvement in quality and customer satisfaction.

Basic philosophies of the ISO 9001 Standard comprise customer orientation, process approach and sustainable improvement.

Ford Otosan differentiates itself with its quality management.

Along with all employees, Ford Otosan aims that every action and decision taken and each product and service offered should increase customer satisfaction. To this end, on June 6, 2011 the Company received ISO 10002:2004 Quality Management Certification and ISO 14064 Comprehensive Assurance Certification.

Rules of Excellent Total Quality

Adopted by Ford Otosan management, the philosophy of Total Quality is best expressed as, "Whatever we do must be the last word."

Ford Otosan aims to be perfect in its basic tasks, values and implementation of its corporate philosophy.

In order to bring customer satisfaction to perfection, quality of products and services should be the number one priority.

Quality level is set by the "customer".

The best way to reach excellent Total Quality is to take measures to prevent the problem, instead of solving the problem.

The individual efforts of all Ford Otosan employees, suppliers and dealers each make up a part of customer-oriented products or services.

To achieve Excellent Total Quality;

It is necessary to review, improve and develop all production, business and supporting processes on a continuous basis.

Employees are required to innovate, to organize in order to implement their innovations.

Ford Otosan conducts its operations with the philosophy, "We all are customers of others and every customer deserves the best."

ENVIRONMENT

Ford Otosan believes that the environment is a valuable treasure to be protected in the best manner for future generations.

ENVIRONMENT POLICY

- Meet or exceed the relevant environmental regulatory requirements,
- Strive for continual improvement in its environmental management system,
- Minimize waste, prevent pollution at its source and reduce adverse impacts on the environment,
- Protect the environment and spread environmental awareness to our community, country and the world,
- Maintain processes to define and reduce environmental risks and emergencies,
- Comply with Health & Safety regulation to prevent adverse impacts on the environment,
- Raise the environmental awareness of the staff and contractors through training.

In 2011, Ford Otosan conducted 4,200 training hours to raise environmental awareness among personnel and 5,300 training hours in promoting environmental awareness among the Company's contractors.

ENVIRONMENTAL MANAGEMENT SYSTEM

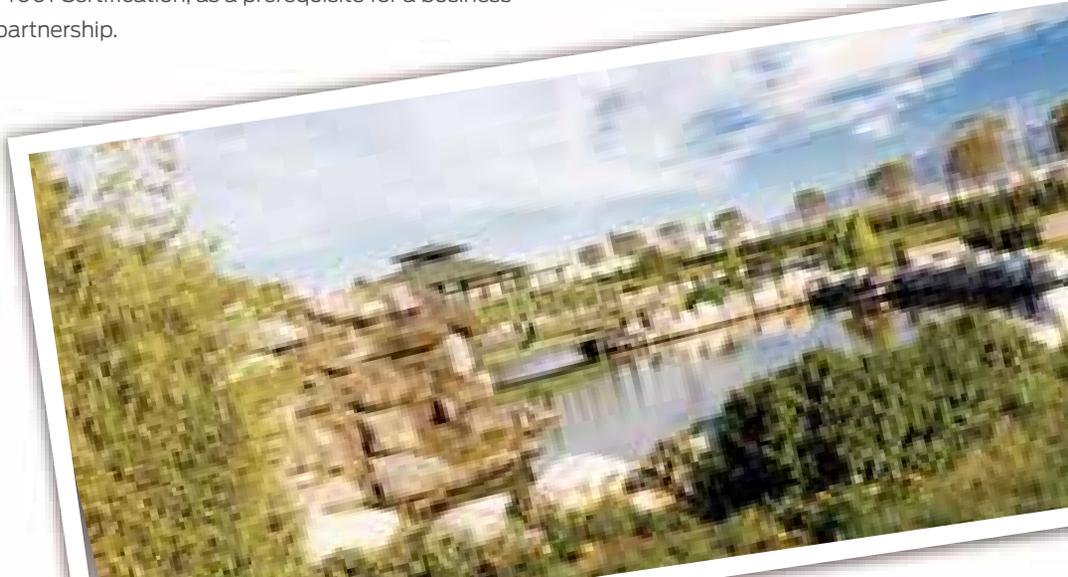
Ford Otosan's Environmental Management System (EMS) covers all activities related to manufacturing processes, products, services and other business activities. Ford Otosan initially received ISO 14001 Environmental Management System Certification in 1998.

The Company aims for continuous improvement in its EMS which has been integrated with the quality and health & safety management systems implemented at the Company.

To date, Ford Otosan's Kocaeli and İnönü Plants have passed all environmental inspections with zero non-conformity.

The main drivers of the Company's environmental initiatives are respecting the environment and raising environmental awareness among Ford Otosan personnel.

In order to promote environmental awareness, the Company requires its suppliers to obtain ISO 14001 Certification, as a prerequisite for a business partnership.





AIR EMISSIONS

Having embraced sustainable development as a guiding corporate principle, Ford Otosan has used state-of-the-art and the most environment friendly technologies in its processes since the Kocaeli Plant was in its project phase. One of the best illustrations of this is the use of water-based paint in the painting process. Water-based paints are used at the Kocaeli Plant to reduce volatile organic compounds (VOC). Ford Otosan is the first company among Ford's European plants to use water-based paint applications for primer coats, and in the Turkish automotive industry for both primer and base coats. As a result, the Company has minimized solvent emissions.

In addition, incinerators have been placed at the exits of paint ovens to further reduce VOC emissions. This has resulted in both a decrease in emissions, and an increase in energy conservation through the recycling of the energy produced in furnaces.

The Company also uses natural gas as fuel for heating and processing purposes, minimizing combustion-related emissions. Periodic air control measurements at the plants show that the Company's emission figures are well below legal limits.

Additionally, the Company has opted for gases with low ozone depletion potential in fire extinguishers and coolers, and has avoided those gases whose use is restricted or controlled.



ENVIRONMENT

ENERGY

Each Ford Otosan plant has an Energy Committee, which monitors energy conservation efforts. At its periodic meetings, the Energy Committee determines which measures can be taken to decrease energy consumption in plants and/or processes, and develops relevant projects.

Direct and indirect greenhouse gas emissions from energy use and other processes are calculated and verified by an independent institution. In 2011, the Company obtained ISO 14064 Certification covering all its operations.

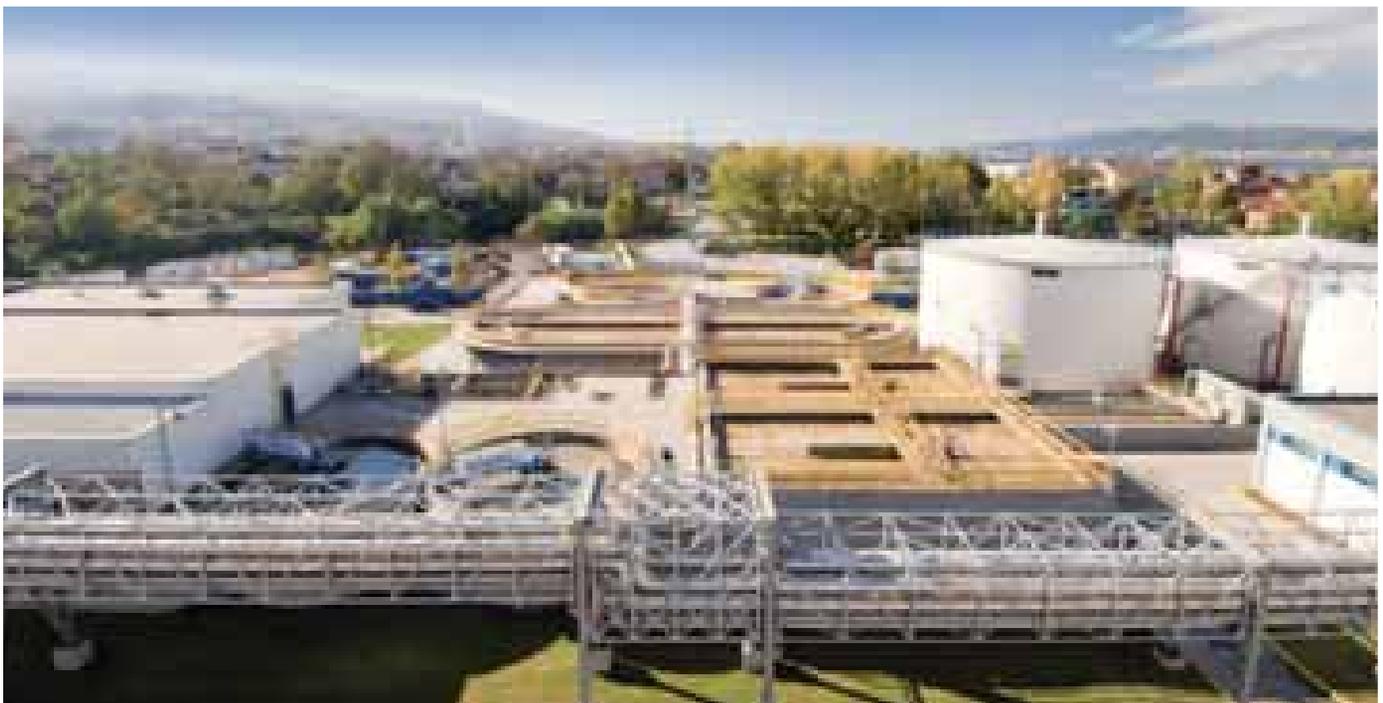
As result of initiatives in 2011, the Company achieved greenhouse gas emission reductions of 2,065 tons of equivalent CO₂ at all plants.

Energy conservation and reduction of greenhouse gas emissions were major considerations during the project phase of the Kocaeli Plant, and the following measures were taken:

- Use of energy saving photocell and reduction systems in the lighting of outside areas,
- Energy conservation through the use of well isolated, automatic doors at the personnel and vehicle entrances,
- Use of spot-weld guns consuming 50% less energy in the body shop,
- A 30% reduction in energy consumption through the energy automation system,
- Re-using the energy produced from the incinerators at the paint furnace exits.

Some of the energy saving initiatives undertaken in plants include:

- Use of waste heat generated at compressors for pre-heating of water where needed,
- Channeling the waste heat generated by the furnace chimney to the boiler water via an economizer for energy recycling, rather than simply releasing it to air,
- Installation of solar panels for water heating systems at the social facilities located in the assembly workshop,
- Use of air curtains at frequently used automatic doors across the factory,
- Decrease in fuel consumption due to a furnace automation system.



PRODUCTS AND MATERIALS

One primary objective in the development and production of Ford Otosan products is to reduce any adverse impacts on the environment, not only at the production stage but also during the life cycle of the product and afterwards. The Company's efforts for this purpose include:

- The recycling ratio of Transit produced at Kocaeli Plant is over 85%.
- The recycling ratio of new Cargo produced at İnönü Plant is above 90%.
- Fire and cooling systems do not contain halon gases, which deplete the ozone layer.
- All Ford service and dealers are informed about the environment in order to reduce any environmental impact during the use of the product.

WASTE WATER TREATMENT AND WATER USE

Ford Otosan production plants have both industrial and domestic waste water treatment facilities, capable of treating all the waste water generated.

The water processed at the treatment facilities are analyzed and controlled both at the plant laboratories and in the laboratories of accredited institutions.

The water used in plants is supplied from wells. Efforts towards protecting and conserving natural resources have resulted in important gains in process water consumption.

WASTE MANAGEMENT

Waste management awareness in Ford Otosan's plants is extensive. All landfill and disposal of wastes are conducted in line with relevant technical and legal standards. The Company's activities especially focus on reducing waste at the source and increasing recycling.

As a result, efforts to reduce hazardous waste have resulted in important savings. One recent project is the establishment of a sludge drying unit at the Kocaeli Factory's waste water treatment plant. This project decreased the amount of treated sludge and increased the calorific value of the waste, allowing it to be used as an alternative fuel.

In 2011, 1,415 tons of hazardous waste was recycled at certified plants.

The positive benefits for the environment were that the amount of waste decreased and the waste was used in a productive manner. Additionally, significant financial savings were generated. The project is the first of its kind among Turkish automotive plants and for Ford of Europe; the initiative is widely recognized as an innovative enterprise. As a result, the project won the first prize in the 2010 Ford Environmental Leadership Award.



CORPORATE SOCIAL RESPONSIBILITY

Ford Otosan endeavors to carry out its share of the responsibility in ensuring that the community in which it lives achieves its sustainable targets.

Providing material and moral support to social responsibility projects that will benefit the society in the fields of culture, art and sports and especially education, health and the environment, Ford Otosan makes efforts to carry out its own share of the responsibility in ensuring that the society in which it lives attains its sustainable targets.



Opening of Ford Cargo Technical Training Center

EDUCATION

Ford Otosan supports educational institutions by providing them with the materials, equipment and funds they require. Some of the donations made during the year have been indicated below:

- Laptop computers” were donated to the Derince Port Branch Directorate of the Kocaeli Police Directorate under the project carried out to improve the quality of their work.
- “Engine, Transmission and Alternator” donations were made in order to equip the theoretical course classroom of the “Orhan Abaloğlu Technical and Industrial Vocational High School”.
- A library was formed in the OİB Technical and Industrial Vocational High School in order to support the school. Also, the OİB Educational Foundation and Ford Otosan actualised the “Rear Window” social responsibility project. Under the project the rear panel glass from Transit Connect commercial vehicles were recovered and the school was provided with funds by



Rear Window

those wishing to buy as donation the panels made of portraits of Atatürk.

- The project of providing aid for clothing and stationary to needy students through cooperation with the Gölcük Directorate of National Education was carried out with the participation of Company employees.
- Bodywork and sheet iron material were provided to the Düzce Technical and Industrial Vocational High School in order to be used in the paint shop. Training programmes on the latest technologies and techniques were provided by Company employees to the paint technologies students of the school.
- A hot water dip device to be used in tests requiring constant hot water was donated to the chemistry laboratory of the 100. Yıl Technical and Industrial Vocational High School.
- The Gloss Device, Rigidity Device, Scales, Grindometer, Prinometer, Şordcup, Conical Torsion Device and Image Device used in the Company's paint laboratory were donated to the Kocaeli University Gölcük Vocational College in order to be used in training.
- Transit Connect bodywork, diesel engines and transmissions were donated to the Gölcük Vocational Training Center in order to be used in training.
- Important social aid was carried out under the “I have a Dream” project that was conducted in cooperation with the

Fatih Sultan Mehmet Primary School in Hakkari Yüksekova and the Club for the Physically Handicapped. A Red Transit vehicle was donated in order to help handicapped sportspeople to hold onto life.

- It is planned that the training center opened under the “Vocational Education: A Crucial Matter for the Nation” project should support the raising of qualified technicians for Ford service centers as well as students. That students of the İnönü Industrial Vocational High School, Ford Otosan's domestic and foreign service centers and subsidiary industry employees are given applied technical education and sales training is targeted. It shall be possible for 24 people to join simultaneously the trainings, the durations of which vary according to the speciality packages.
- An OÇEM classroom was equipped in the Pendik Orhangazi Primary School in order to ensure the highest level in educating autistic students in independent living, social communication, daily life, self-care and social skills. These classes aim to raise enterprising and independent students who have self-respect and self-confidence.

ENVIRONMENT

In order to create awareness in children and to contribute to the protection of the environment in the Environment Week, the story book "The Environmentalist Time Traveller" and presents prepared especially for children were brought to 10 thousand children through Ford Otosan vendors. The project for sharing the awareness towards the environment was found worthy of the ISO jury special prize in 2011.

SOCIAL SPONSORSHIP

- Producing "future safety technologies" for the "Stars of Istanbul", "A Resplendent Future for Children" social responsibility project, Ford Otosan designed a "Ford Star" in keeping with its mission, with a seat belt and a "Safe Driving" inscription. In order to support the target of "not a single child without basic education", it was ensured that the Ford Star, which targets to explain to children the subject of safety, to which Ford Otosan gives great importance at all stages, in a fun way, was donated to the UNICEF Turkey projects.
- The presents collected using the Ford 'C-MAX Wish Car' will make the wish children smile. Ford Otosan has delivered the 700 parcels put in the 'C-MAX Wish Car, its social responsibility project, by sensitive consumers and Ford Otosan employees to the Chairman of the Board of 'Make-A-Wish Turkey'.
- As its sponsor, Ford Otosan supports the İhsaniye Apple festival organised every year in order to contribute to the agricultural development of the region.

I DONATE BLOOD "FOR MY COUNTRY"

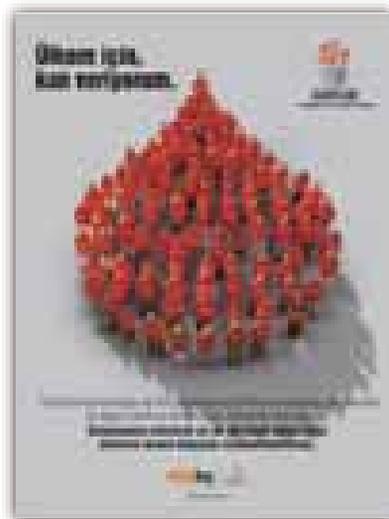
Ford Otosan has donated 3,240 units of blood in 2010 within the scope of Koç Group's "For My Country" project in which the Koç Group cooperates with the Turkish Red Crescent. Having donated 3,319 units of blood during the second phase in 2011, Ford Otosan was the largest donor among the Koç Group.



Stars of Istanbul



Make a Wish



For My Country

AGENDA OF THE ANNUAL SHAREHOLDERS MEETING

PROPOSED REVISIONS IN THE ARTICLES OF INCORPORATION

BOARD OF DIRECTORS' REPORT

DIVIDEND DISTRIBUTION PROPOSAL

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE

AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

FINANCIAL STATEMENTS

AGENDA OF THE ANNUAL SHAREHOLDERS MEETING

AGENDA OF FORD OTOMOTİV SANAYİ A.Ş. ORDINARY GENERAL ASSEMBLY OF SHAREHOLDERS DATED MARCH 20, 2012

1. Opening and election of Chairmanship Panel,
2. Reading and discussion of the Board of Directors' Report, Statutory Auditor's Report and summary report of the Independent Audit Firm Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (a member of Ernst & Young Global Limited) about 2011 activities and accounts, and approval or approval with amendments or refusal of the Board of Directors' proposal of the year 2011 Balance Sheet and Income Statement,
3. Approval of the change made in the membership of the Board of Directors in accordance with the Article 315 of the Turkish Commercial Code,
4. Release of the Members of the Board of Directors and the Statutory Auditors separately for year 2011 activities,
5. Approval or approval with amendments or refusal of the Board of Directors' proposal for profit distribution for the year 2011 and the distribution date,
6. Subject to the requisite approvals have been obtained from the Capital Markets Board and the Ministry of Customs and Commerce; adopting a resolution for the amendments to the Company's Articles of Incorporation in Article 8 with the heading "Board of Directors", in Article 9 with the heading "Duties and Powers of the Board of Directors", in Article 14 with the heading "General Assembly" and also adding a new Article 31 to the Company's Articles of Incorporation with the heading "Compliance to Corporate Governance Principles",

7. Determination of the number and the term of duty of the Members of the Board of Directors and election of the Members base on the determined number,
8. Determination of the number of the Statutory Auditors and their election based on the determined number,
9. As per the Corporate Governance Principles determination of "Remuneration Policy" for Members of the Board of Directors and the senior executives.
10. Determination of the monthly gross fees to be paid to the Members and Independent Members of the Board of Directors and Statutory Auditors,
11. Approval of the decision of the Board of Directors upon proposal of the Audit Committee, regarding the assignment of the independent external audit firm, as per the Communiqué on Standards on Capital Market Independent Audit, issued by the Capital Markets Board,
12. Granting permission to the controlling shareholders, Members of the Board of Directors, senior executives and their spouses and up to second degree blood or affinity relatives, to enter into transactions with the company or its subsidiaries, to compete, to conduct the activities within the fields of business of the Company in their own name or in the name of other persons, and to participate in other companies engaged in the same fields of business, and to do other transactions, pursuant to the Corporate Governance Principles of the Capital Markets Board and Sections 334 and 335 of the Turkish Commercial Code, and also informing the General Assembly regarding the transactions made in this extent.

13. Giving information to the General Assembly regarding the transactions made with related Parties in 2011, in the context of the regulations of the Corporate Governance Principles,
14. Giving information to the General Assembly regarding the Company's "Profit Distribution Policy" for 2012 and the following years, in accordance with the Corporate Governance Principles,
15. Giving information to the General Assembly regarding the Company's "Disclosure Policy", in accordance with the Corporate Governance Principles,
16. Giving information to the General Assembly regarding the donations and contributions made by the Company to the foundations and societies, for social charity purposes in 2011,
17. Authorization of the Chairmanship Panel to sign the meeting minutes of the General Assembly of Shareholders,
18. Wishes.

AGENDA OF GENERAL ASSEMBLIES FOR PRIVILEGED SHAREHOLDERS OF GROUP B AND DATED MARCH 20, 2012

1. Opening and election of Chairmanship Panel,
2. Approval of the Ordinary General Assembly's resolution dated March 20, 2012, relating to the amendments to Articles 8, 9 and 14 of the Company's Articles of Incorporation and adding Article 31 to the Company's Articles of Incorporation,
3. Authorization of the Chairmanship Panel to sign the meeting minutes of the Ordinary General Assembly of Shareholders.

PROPOSED REVISIONS IN THE ARTICLES OF INCORPORATION

CURRENT ARTICLE

Board of Directors

Article 8 -

The Company's business and affairs are to be administered by the Board of Directors which shall consist of 8 members at least to be elected by the General Assembly in accordance with the Turkish Commercial Code. The total number of the members of the Board of Directors shall be even.

Half of the directors shall be elected from among the nominees of Class-B Shareholders, and the other half of the directors shall be elected from among the nominees of Class-C Shareholders. In cases where the provision of Article 315 of the Turkish Commercial Code is required to be implemented, such provision shall be applied.

The Board of Directors meets with the presence of one more than half of the number of its members and takes its decisions with the affirmative vote of simple majority of the members present in the meeting, provided, however, that the affirmative vote of the majority of the present members representing Class-B group and Class-C group are separately obtained.

The Board of Directors may further take its decisions without a meeting, pursuant to the provisions of the second paragraph of Article 330 of the Turkish Commercial Code, provided however that such decisions are taken in unanimity.

The directors shall be elected for a maximum period of three years. A new election shall be held for all the directors at the end of this period. The directors who have completed their service may be re-elected.

The General Assembly may, if it deems necessary, decide at any time to replace members of the Board of Directors. In such case, the provisions of Paragraph 2 of this Article 8, of these Articles of Incorporation shall be implemented.

Duties and Powers of the Board of Directors:

Article 9 -

The rights, obligations, responsibilities and liabilities of the Board of Directors, the conduct of Board meetings, resignation, death or no eligibility of the directors, elections by the Board of Directors for vacancies, remunerations of the directors and other related issues shall be governed by the provisions of the Turkish Commercial Code.

The Board of Directors is authorized to take all decisions except for the issues which specifically require a resolution of the General Assembly of Shareholders pursuant to the Turkish Commercial Code and these Articles of Incorporation. The following transactions also require decisions of the Board of Directors:

1. To make proposals to the General Assembly for the amendments to be made in the Articles of Incorporation of the Company when necessary.
2. To make proposals to the General Assembly for any change in the registered capital of the Company when necessary.
3. To increase the capital up to the registered capital ceiling.
4. To approve annual business plans and product cycle plans for domestic and foreign markets.
5. To approve annual budgets of the Company.
6. To appoint and when necessary dismiss the senior management (General Manager, Senior Assistant General Manager and other Assistant General Managers) of the Company;

The General Manager and two Assistant General Managers shall be elected from among the nominees of the members representing Class-B in the Board of Directors, and the Senior Assistant General Manager and the other two Assistant General Managers shall be elected from the nominees of the members representing Class-C.

Furthermore, the Board of Directors may appoint a number of additional Assistant General Managers if it deems necessary.

The Board of Directors shall further decide remuneration and other fringe benefits of the General Manager, Senior Assistant General Manager and Assistant General Managers.

7. To approve the interim and periodic financial statements and forecasts of the Company.
8. To approve the credits in excess of 2,000,000.- (two million) U.S. Dollars or Turkish lira equivalent, or with a term of more than 6 (six) months, which are not included in the budget previously approved by the Board of Directors.
9. To purchase, sell, scrap, lease or dispose of the tangible or intangible fixed assets of which cost or net book value exceeds

500,000.- (five hundred thousand) U.S. Dollars or Turkish lira equivalent.

10. To approve additional funding to proceed with projects previously approved by the Board of Directors where there is a cost overrun.

11. To decide for the purchase and sell all types of real properties and immovables.

12. To prepare the year-end balance sheets, income statements and activity reports and submit such documents to the auditors and the General Assembly.

13. To enter into, or make amendments in contracts, with the following persons for an amount in excess of 500,000 (five hundred thousand) U.S. Dollars or Turkish lira equivalent, except for the cases listed in the preceding paragraphs 1 to 12:

- with Class-B and C Shareholders,
- with entities where Class-B and C Shareholders directly or indirectly hold 30% or more of the capital of the shares, or
- with real persons who alone, directly or indirectly, hold more than 20% of the Class-B or C Shareholders;

14. To effect the following transactions, extend the term thereof, terminate or cancel them:

- All kinds of capital participations, in any amount,
- And;

* Cash investments other than capital participation (except for routine bank and cash management transactions),

* Lending transactions, which are not in the form of lending business, (except for the advances made to side industries in the course of business, routine bank transactions and routine cash management transactions), in excess of 250.000.- (two hundred and fifty thousand) U.S. Dollars or Turkish Lira equivalent.

15. To enter into trademark, patent, copyright and know-how agreements (except for routine software licenses) and give commitments on non-routine matters with regard to intellectual and industrial property rights.

16. To take decisions as to the establishment of mortgages or similar encumbrances on the Company's immovables or as to removal, including termination thereof.

17. To determine the human resources policy, make substantial and major amendments therein, enter into agreements with the workers' unions or make amendments therein (directly or through union of employers of which the Company is a member) and resolve major labor disagreements and disputes.
18. To effect major modifications in the warranty conditions of the Company products.
19. To make donations to the charity associations or non-profit bearing organizations in a yearly amount in excess of 100,000 United States Dollars or Turkish Lira equivalent.
20. To make dividend distribution proposals to the General Assembly.
21. To request the bankruptcy of the Company or apply for composition.
22. To appoint legal advisors for the Company.
23. To appoint an Independent Audit Company in accordance with the applicable laws.
24. To approve all marketing plans, appoint the dealers, and terminate the dealer contracts.
25. To approve vehicle sales-incentive programs, advertisement and sale improvement programs in excess of 500,000.- (Five Hundred Thousand) U.S. Dollars or Turkish Lira equivalent.
26. To approve the changes, which are to be made to the pricing strategies of vehicles, determined in accordance with the budget.
27. To approve all cost overrun in the annual marketing budget.
28. To enter into employment, recruitment and consulting agreements.
29. To appoint, or extend the term of assignment of dispatches appointed by Class-B or Class-C Shareholders to work in the Company for a term exceeding six months).
30. To approve and discuss the changes in all products.
31. To approve and discuss monthly sales and production programs.
32. To enter into any agreement with a term of more than one year or the amount of which exceeds 250,000.- (Two Hundred

and Fifty Thousand United States Dollars) or Turkish equivalent and which are not included in the above stated Articles and not included in a budget approved by the Board of Directors, or to decide on the payment of claims.

The Board of Directors may establish advisory, coordination and/or similar nature committees consisting of its members and other nonmember persons on those matters as it deem appropriate. The Chairman and members of these committees and principles for reporting, working and holding meetings shall be determined and revised where necessary by the Board of Directors.

Save for those transactions which necessitates a Board of Directors resolution as per the rules of positive law, the Board of Directors may delegate any of its powers to the Executive Committee or other committees, modify and revoke the powers delegated as above.

Any disagreements among the senior members of the Executive Committee or other committees shall be resolved by the Board of Directors.

General Assembly

Article 14 -

The General Assembly holds ordinary or extraordinary meeting. Ordinary meetings are held at least once a year within three months as of the end of every accounting period of the Company. Extraordinary meetings are held in any case and at any time deemed necessary in the course of the Company business, or upon demand of any internal auditor.

Announcements regarding the General Assembly meeting shall be made at least 3 weeks before the meeting date.

Unless a higher quorum is provided for in the Law, the meeting quorum for all meetings of the General Assembly is 60% of the total issued shares of the Company and decisions are taken by the affirmative vote of Shareholders or their proxies representing at least 60% of the total issued shares of the Company. However, in order for the resolutions of the General Assembly to be valid, the affirmative votes of the shareholders representing more than half of the total Class-B shares and more than half of the total Class-C shares are required.

Meeting and decision quorum for the General Assembly of any preferred Class-B and Class-C Group meeting shall be a simple majority of the total shares for each respective group.

At least one of the Directors of the Board, statutory auditors, authorized officers having responsibility in preparation of the financial statements, and officers who has sufficient knowledge to make explanations on matters relating to special agenda items, shall be present during the General Assembly meeting. The chairman of the meeting will inform the General Assembly, the reasons for absenteeism, for those who do not attend the meeting.

PROPOSED ARTICLE

Board of Directors

Article 8 -

The Company's business and affairs are to be administered by the Board of Directors which shall consist of 8 members at least to be elected by the General Assembly in accordance with the Turkish Commercial Code **and the regulations of the Capital Markets Board**. The total number of the members of the Board of Directors shall be even.

The number and qualifications of the independent members of the Board of Directors shall be determined based on the regulations of the Capital Markets Board relating to corporate governance.

Half of the directors shall be elected from among the nominees of Class-B Shareholders, and the other half of the directors shall be elected from among the nominees of Class-C Shareholders. **Provided however that one of them who will be elected among the nominees nominated by Class-B Shareholders and Class-C Shareholders shall meet the qualification of independence defined in the regulations of Capital Markets Board.**

If during the year a Board membership became vacant or an independent member loses its qualification of independence, the substitute member who shall be elected by the Board of Directors in accordance with Turkish Commercial Code and the regulations of the Capital Markets Board must be elected among the nominees of the group of shareholders, whom the vacant membership belongs to.

The fees to be paid to members of the Board shall be determined by the General Assembly. In remuneration of the independent board members share options or payment plans based on Company performance cannot be used.

PROPOSED REVISIONS IN THE ARTICLES OF INCORPORATION

The Board of Directors meets with the presence of one more than half of the number of its members **provided, however, that at least one member, who does not have the qualification of independence, from each Class-B Group and Class-C Group should be present in the meeting. The Board of Directors** takes its decisions with the affirmative vote of simple majority of the members present in the meeting provided, however, that the affirmative vote of the majority of the present members, **who do not have the qualification of independence, from Class-B Group and Class-C Group respectively must be obtained. Provided however that the provisions of Article 31 of these Articles of Incorporation relating to meeting and decision quorum of the Board of Directors are reserved.**

The Board of Directors may further take its decisions without a meeting, pursuant to the provisions of the second paragraph of Article 330 of the Turkish Commercial Code, provided however that such decisions are taken in unanimity.

The directors shall be elected for a maximum period of three years. A new election shall be held for all the directors at the end of this period. The directors who have completed their service may be re-elected.

The General Assembly may, if it deems necessary, decide at any time to replace members of the Board of Directors. In such case, the provisions of Paragraph 2 of this Article 8, of these Articles of Incorporation shall be implemented.

Duties and Powers of the Board of Directors

Article 9 -

For the rights, obligations, responsibilities and liabilities of the Board of Directors, the conduct of Board meetings, resignation, death or non-eligibility of the directors, elections by the Board of Directors for vacancies, remunerations of the directors and other related issues the provisions of the Turkish Commercial Code **and the regulations of the Capital Market Board shall be complied.**

The Board of Directors is authorized to take all decisions except for the issues which specifically require a resolution of the General Assembly of Shareholders pursuant to the Turkish Commercial Code, **regulations of the Capital Markets Board** and these Articles of Incorporation. The following transactions also require decisions of the Board of Directors:

1. To make proposals to the General Assembly for the amendments to be made in the Articles of Incorporation of the Company when necessary.

2. To make proposals to the General Assembly for any change in the registered capital of the Company when necessary.

3. To increase the capital up to the registered capital ceiling.

4. To approve annual business plans and product cycle plans for domestic and foreign markets.

5. To approve annual budgets of the Company.

6. To appoint and when necessary dismiss the senior management (General Manager, Senior Assistant General Manager and other Assistant General Managers) of the Company;

The General Manager and two Assistant General Managers shall be elected from among the nominees of the members representing Class-B in the Board of Directors, and the Senior Assistant General Manager and the other two Assistant General Managers shall be elected from the nominees of the members representing Class-C.

Furthermore, the Board of Directors may appoint a number of additional Assistant General Managers if it deems necessary.

The Board of Directors shall further decide remuneration and other fringe benefits of the General Manager, Senior Assistant General Manager and Assistant General Managers.

7. To approve the interim and periodic financial statements and forecasts of the Company.

8. To approve the credits in excess of 2,000,000.- (two million) U.S. Dollars or Turkish lira equivalent, or with a term of more than 6 (six) months, which are not included in the budget previously approved by the Board of Directors.

9. To purchase, sell, scrap, lease or dispose of the tangible or intangible fixed assets of which cost or net book value exceeds 500,000.- (five hundred thousand) U.S. Dollars or Turkish lira equivalent.

10. To approve additional funding to proceed with projects previously approved by the Board of Directors where there is a cost overrun.

11. To decide for the purchase and sell all types of real properties and immovables.

12. To prepare the year-end balance sheets, income statements and activity reports and submit such documents to the auditors and the General Assembly.

13. To enter into, or make amendments in contracts, with the following persons for an amount in excess of 500,000 (five hundred thousand) U.S. Dollars or Turkish lira equivalent, except for the cases listed in the preceding paragraphs 1 to 12:

- with Class-B and C Shareholders,
- with entities where Class-B and C Shareholders directly or indirectly hold 30% or more of the capital of the shares, or
- with real persons who alone, directly or indirectly, hold more than 20% of the Class-B or C Shareholders;

14. To effect the following transactions, extend the term thereof, terminate or cancel them:

- All kinds of capital participations, in any amount,
- And;

* Cash investments other than capital participation(except for routine bank and cash management transactions),

* Lending transactions, which are not in the form of lending business, (except for the advances made to side industries in the course of business, routine bank transactions and routine cash management transactions), in excess of 250.000.- (two hundred and fifty thousand)U.S. Dollars or Turkish Lira equivalent.

15. To enter into trademark, patent, copyright and know-how agreements (except for routine software licenses) and give commitments on non-routine matters with regard to intellectual and industrial property rights.

16. To take decisions as to the establishment of mortgages or similar encumbrances on the Company's immovables or as to removal, including termination thereof.

17. To determine the human resources policy, make substantial and major amendments therein, enter into agreements with the workers' unions or make amendments therein (directly or through union of employers of which the Company is a member) and resolve major labor disagreements and disputes.

18. To effect major modifications in the warranty conditions of the Company products.

19. To make donations to the charity associations or non-profit bearing organizations in a yearly amount in excess of 100,000 United States Dollars or Turkish Lira equivalent.

20. To make dividend distribution proposals to the General Assembly.

21. To request the bankruptcy of the Company or apply for composition.

22. To appoint legal advisors for the Company.

23. To appoint an Independent Audit Company in accordance with the applicable laws.

24. To approve all marketing plans, appoint the dealers, and terminate the dealer contracts.

25. To approve vehicle sales-incentive programs, advertisement and sale improvement programs in excess of 500,000.- (Five Hundred Thousand) U.S. Dollars or Turkish Lira equivalent.

26. To approve the changes, which are to be made to the pricing strategies of vehicles, determined in accordance with the budget.

27. To approve all cost overrun in the annual marketing budget.

28. To enter into employment, recruitment and consulting agreements

29. To appoint, or extend the term of assignment of dispatches appointed by Class-B or Class-C Shareholders to work in the Company for a term exceeding six months).

30. To approve and discuss the changes in all products.

31. To approve and discuss monthly sales and production programs.

32. To enter into any agreement with a term of more than one year or the amount of which exceeds 250,000.- (Two Hundred and Fifty Thousand United States Dollars) or Turkish equivalent and which are not included in the above stated Articles and not included in a budget approved by the Board of Directors, or to decide on the payment of claims.

33. To issue guarantee, pledge and mortgage in favor of a third person.

The Board of Directors **shall establish necessary committees in accordance with the provisions of the Turkish Commercial Code and the regulations of the Capital Markets Board. The Board of Directors may also** establish advisory, coordination and/or similar nature committees consisting of its members and other non-member persons on those matters as it deem appropriate. The Chairman and members of these committees and principles for reporting, working and holding meetings shall be determined and revised where necessary by the Board of Directors **in accordance with the positive law.**

Save for those transactions which necessitates a Board of Directors resolution as per the rules of positive law, the Board of Directors may delegate any of its powers to the Executive Committee or other committees, modify and revoke the powers delegated as above.

Any disagreements among the senior members of the Executive Committee or other committees shall be resolved by the Board of Directors.

General Assembly

Article 14 -

The General Assembly holds ordinary or extraordinary meeting. Ordinary meetings are held at least once a year within three months as of the end of every accounting period of the Company. Extraordinary meetings are held in any case and at any time deemed necessary in the course of the Company business, or upon demand of any internal auditor.

Announcements regarding the General Assembly meeting shall be made at least 3 weeks before the meeting date **in accordance with the provisions of the Turkish Commercial Code and the regulations of the Capital Markets Board.**

Unless a higher quorum is provided for in the Law, the meeting quorum for all meetings of the General Assembly is 60% of the total issued shares of the Company and decisions are taken by the affirmative vote of Shareholders or their proxies representing at least 60% of the total issued shares of the Company. However, in order for the resolutions of the General Assembly to be valid, the affirmative votes of the shareholders representing more than half of the total Class-B shares and more than half of the total Class-C shares are required. **For voting in the General Assembly the provisions of Article 31 of these Articles of Incorporation is reserved.**

Meeting and decision quorum for the General Assembly of any preferred Class-B and Class-C Group meeting shall be a simple majority of the total shares for each respective group.

At least one of the Directors of the Board, statutory auditors, authorized officers having responsibility in preparation of the financial statements, and officers who has sufficient knowledge to make explanations on matters relating to special agenda items, shall be present during the General Assembly meeting. The chairman of the meeting will inform the General Assembly, the reasons for absenteeism, for those who do not attend the meeting.

Compliance to Corporate Governance Principles:

Article 31 -

The Corporate Governance Principles that are deemed compulsory by the Capital Markets Board shall be complied. The transactions made and the resolutions taken by the Board of Directors that are not in line with the compulsory Corporate Governance Principles shall be deemed null and void and against the Articles of Incorporation.

For transactions that are deemed material for the purposes of application of the Corporate Governance Principles, all kind of related Party transactions of the Company and for transactions of issuance of guarantees, pledges and mortgages in favor of a third person the regulations of the Capital Markets Board relating to corporate governance shall be complied.

BOARD OF DIRECTORS' REPORT

Dear Shareholders,

In presenting the Board of Directors' Report on the operations of Ford Otomotiv Sanayi A.Ş. in 2011, we welcome all of our esteemed shareholders to the 53rd Annual Shareholders Meeting.

Although we leave behind a very successful year for the Turkish automotive industry and Ford Otosan alike, highlighted with all-time high figures and new records set in many areas, we feel a deep sorrow and shock at our unexpected loss. On February 6, 2012, our General Manager Mr. Nuri Otay passed away, aged 55, due to a sudden heart attack.

We are deeply grieving the loss of such an esteemed man who was so dedicated to and passionate about his family, his job, his company, his employees and the automotive industry. As a man filled with spirit and brimming with determination, Mr. Otay left indelible impressions and lasting memories with all of us. He became one of top executives in the automotive industry as a hard-working young man who won the hearts and admiration of many people. During his tenure, his invaluable contributions helped the Company to break records in sales, production, employment, product development, market leadership, export and many other areas; He served as an exemplary leader for the Ford Otosan team. I extend my heartfelt sympathy to his family, and to us all. May God bless his soul.

Automotive Industry in 2011

2011 was a challenging year as the economy took two different paths in Turkey. In first half of the year, the economy was buoyant in the run up to the general elections, while there was a slowdown in the second half.

The outstanding performance of the economy in first six months of the year exceeded all expectations and Turkey attained one of the highest growth rates in the world. Unemployment rate declined, industrial production and capacity utilization rate increased while interest rates dropped to all-time low levels. The favorable economic dynamics boosted demand, especially in the automotive industry and sales volume expectations rose to over 1 million vehicles. However, the risk perception caused by the growing current account deficit posed a challenge to the national economy and the financial markets.

In an effort to cool down the economy, the Turkish government, after gaining strength from the general elections held mid-year, continued to maintain the tight monetary policy adopted at the beginning of the year, pushing the cost of financing and interest rates up and slowing down credit growth. Furthermore, the sovereign debt crisis in the Eurozone increased the country risks, leading to a capital outflow from emerging countries, significantly depreciating the Turkish Lira against the US Dollar and Euro. As a result of the rising costs of imports, the inflation rate increased above forecasts.

In the last quarter of the year, the Special Consumption Tax (SCT) in the automotive sector was increased as part of the plan to reduce the high current account deficit. Especially the SCT rise in the light commercial vehicle segment was an unwelcome surprise for the industry. Despite the slowdown in the industry in the second half of the year, the sales volume for the full year grew 15% over 2010 and reached 906,544 units, recording an all-time high. The strong domestic market demand pushed production up by 9% to 1,189,131 units. Exports grew by a mere 5% to 790,966 units due to the negative dynamics hampering growth in the international markets. Nevertheless, automotive industry was Turkey's leading exporter in 2011.

Ford Otosan in 2011

2011 will be remembered as a year of records for Ford Otosan.

Turkey's growing automotive market enabled the Company to break a record in domestic sales volume. Prudently balancing inventory levels and product availability, Ford Otosan effectively met market demand and achieved an all-time high domestic sales volume of 141,633 units, becoming the market leader for the 10th consecutive year with 15.6% share. Ford Otosan was also the top-selling brand in commercial vehicles and Transit Connect, manufactured at the Kocaeli Plant, became the best-selling vehicle in its segment. In 2011, Ford Otosan managed to capture the first or second position in all market segments. Accordingly, Ford Otosan has come in second in passenger car, light commercial vehicle and truck segments with 9.9%, 22.4% and 22.8% market share, respectively and led the market in medium commercial vehicles with 35.8% share.

With this outstanding performance, Ford Otosan became the best-selling automotive brand in 63 cities in Turkey. We hereby extend our sincere gratitude to our employees our dealers and our suppliers for their significant contributions in achieving this success.

With its strong market performance, Ford Otosan overtook 39 European countries, including the UK, and achieved the highest Ford market share in Europe. With total retail sales of 141,633 vehicles, Turkey became the fourth biggest Ford market in Europe for the first time.

Export Performance

In 2011, the economic outlook of European countries, Turkey's main export markets, continued to deteriorate. The outlook turned negative especially in Southern Europe due to discouraging developments on high sovereign debt levels, widening budget deficits and negative news flow on financial institutions. As a result, Turkey's automotive exports were adversely impacted and export volume growth was limited to 5% in 2011.

Under these challenging circumstances, Ford Otosan successfully managed to increase its exports by 21%, mainly driven by the growing success of Transit Connect in North America and became Turkey's export leader in automotive with USD 3.5 billion export revenues. The Company was Turkey's second largest exporter, following Tüpraş. The development and export of Transit Connect's taxi version to various metropolitan areas, including New York City, was another important and pride-inspiring achievement, although sales figures are low for the time being. More than half of our exports are to countries that have relatively

more economic stability, e.g. the UK, North America and Germany, increasing the resilience of our export revenues. In 2011, we made our first parts exports to Russia and Brazil in an effort to further diversify our export markets.

Wholesale Volume

In 2011, Ford Otosan broke yet another record with a wholesale volume of 354,329 units, 213,649 of which were shipped to international markets and 140,680 were sold in Turkey. Domestic sales volume, export volume and total wholesale volume increased by 12%, 21% and 17%, respectively, over 2010.

Production

In line with the growing demand, Ford Otosan increased its production volume by 22% over the previous year to 295,850 vehicles, its highest ever level. 184,545 units of Transit and 102,066 units of Transit Connect were produced at the Kocaeli Plant, and the number of Cargo trucks manufactured at the İnönü Plant increased by 90%, reaching 9,239 units. Due to the rise in production, the capacity utilization rate increased 16 points over 2010 to 90% while the Company increased to three shifts in many shops.

Investments

2011 was also a year when we announced large scale and important investments. We are planning to increase the capacity of our Kocaeli plant to 400,000 units with the production of the new generation Transit and a new light commercial vehicle that we are developing. Additionally, product investments for tractor-type truck and cooperation with Ford of South America will provide a significant opportunity for expansion of the İnönü Plant in the near future.



With planned investments in excess of USD 1 billion, Ford Otosan looks to the future with much confidence and sees ongoing growth ahead. 2012-2014 will be a period of intensive and meticulous work where we will focus on new project implementations. TL 377 million was spent in 2011 for new projects and maintenance. (2010: TL 85 million).



The Company received two new investment incentives of TL 976,513,444 and TL 367,892,491, a total of TL 1,344,405,935 in December 2010 to be used for new projects. The information related to the use of the incentives is summarized in the footnotes of our Financial Statements.

As of December 31, 2011, the Company has an investment incentive allowance for an amount of TL 294,542,791 to be used in the calculation of the tax base.

BOARD OF DIRECTORS' REPORT

R&D Activities

Ford Otosan places special emphasis on research and development activities for sustainable growth and competitive edge. Intensive R&D and product development are conducted at the Gebze Technology Free Zone and at the Kocaeli Plant R&D Center. Our R&D staff increased from 800 in 2010 to over 1,000 as of 2011 as demanded by the new truck project, the new light commercial vehicle project and our responsibilities in Ford's global product development. Ford Otosan, who is the pioneer of R&D in Turkish automotive, is now proud to operate the largest R&D center in Turkish automotive.

In 2011, The Company spent TL 107 million for R&D expenditures covering the ongoing projects.

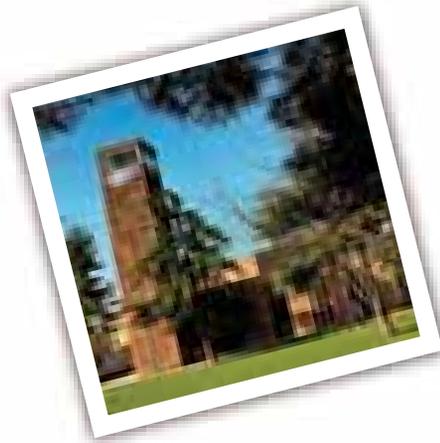
Social Responsibility and Donations

Ford Otosan and its employees contribute to numerous social responsibility projects in the fields of education, health, environment and culture. The largest projects are usually implemented under the leadership of Vehbi Koc Foundation. In 2011, the Company donated a total of TL 16 million to the foundation.

Including the donation to Vehbi Koc Foundation, total donations to tax-exempt foundations and associations in 2011 were TL 18,315,200.

Awards

In the "CLAD 2011, Chairman's Leadership Award for Diversity" organized for the 11th time by Ford Motor Company, Ford Otosan received the Jury's Special Award by bringing in the "First Woman Dent Repair" to the Turkish automotive industry. ISKUR Employer Award and the Şehabettin Bilgisu Environment Award, which the Company won for the fifth time, were among the other awards granted to Ford Otosan.



Changes in Board of Directors

Pursuant to the decision taken on June 3, 2011, Steven Adams and Theodore John Cannis, who resigned from Board membership due to organizational changes were replaced by Paul Robert Thomas Randle and Grant Edward Belanger upon suggestion of the Ford Motor Company, in order to represent C Group shares in the remaining term of the Board of Directors and to be submitted for approval in the next general shareholders' meeting.

In the Board of Directors' Meeting of the Company held on February 15, 2012; Mr. Haydar Yenigün is assigned to the membership of Board of Directors that became vacant upon the passing of Mr. Nuri

Kamil Otay, upon proposal of Koç Holding A.Ş. to represent B Group shares for the remaining term of the Board of Directors, where such assignment will be submitted to the approval of the General Assembly at its next meeting.

Changes in Company Management

Mr. Recep Tuncay Selcuk, who has been acting as Assistant General Manager (Treasury) resigned from his position due to retirement as of January 31, 2011.

Mr. Theodore John Cannis who has been acting as Deputy General Manager of the Company resigned from his position due to assignment to a new role within Ford of Europe organization. Mr. Grant Edward Belanger was assigned as the Deputy General Manager as of June 1, 2011.

Mr. Hasan Kazım Burak Gökçelik who has been acting as Assistant General Manager - Engineering resigned from his position due to appointment to a new role within Ford of Europe organization.

Pursuant to the decision taken on the Board of Directors' meeting; Mr. Haydar Yenigün who has been acting as Assistant General Manager - Kocaeli Plant Manager was assigned as the General Manager as of February 15, 2012 further to the passing of Mr. Nuri Kamil Otay.



Number of Employees and Personnel

Due to increased production and rapid growth in R&D, Ford Otosan employed 2,214 white-collar and 7,367 blue-collar employees, totaling a number of 9,581 personnel as of 2011-end, up 14% from the previous year and the highest year-end total ever (December 31, 2010: 1,778 white-collar and 6,635 blue-collar employees, totaling a number of 8,413 personnel). Blue-collar workers of the Company are under the coverage of the Group Collective Labor Contract signed between Turkish Metal Union and MESS, which will expire on August 31, 2012.

Financial Results

2011 Financial Statements and their explanatory footnotes, audited by the Independent Auditors, have been submitted for your review at the relevant sections of the Annual Report.

Owing to the successful performance of 2011 in the domestic and international markets, where Ford Otosan achieved record breaking levels in production, domestic sales, wholesale volume, exports and other areas, revenues increased by 37%, to an all-time high of TL 10,445 million. Gross profit rose by 22% to TL 1,202 million and the operating profit increased by 20% to TL 729 million. The year-end operating profit margin was 7.0%. Normalized operating margin, excluding the one-off TL 51.6 million Competition Board fine that had a TL 36.6 million impact on

the 2011 income statement, was 7.3%. The impact of the significant devaluation of TL vs. Euro on imported material, cost of year-end marketing campaigns and the burden of the special consumption tax increase on light commercial vehicles that took effect in October, which was not reflected to the end customer, further pressured the profit margins.

Profit before tax increased 29% year on year to TL 800 million. After the deduction of TL 138 million for tax provisions, net profit for the period rose 31% to TL 662 million. Thanks to the strong balance sheet and improved cash flow, maximum dividend distribution policy was maintained in 2011 and TL 519 million was distributed to our shareholders, marking the highest level ever. We expect to maintain our dividend policy in the upcoming years.

In 2011, the Company obtained Euro 228 million of new borrowings and made Euro 124 million of debt repayment. As a result, total financial liabilities increased by Euro 104 million. On the other hand, the Company's cash increased by 40%. According to the balance sheet dated December 31, 2011, the Company holds TL 809 million cash versus TL 877 million financial debt.

The Company is pursuing extremely cautious policies against financial risks. Data related with such risks is closely monitored and the financial metrics set up by the Board of Directors and Audit Committee is kept within the limits. Explanations on risk management policies, the nature of financial risks and levels are detailed in the footnotes to financial statements.

Dividend Policy and Dividend Proposal

In 2011, Ford Otosan maintained its maximum dividend distribution policy due to a strong balance sheet and improving cash flow. This allowed the Company to make a record high dividend distribution of TL 519 million. As a result, Ford Otosan is continued to be placed among the ISE companies with the highest dividend yield.

We aim to continue our policy of predictable and stable dividends this year as well. In this respect, we hereby propose to distribute a dividend of TL 350,910,000, at a ratio of 100% (net 95.0976%) over a basis of gross TL 1 (net=Kr 95.0976) per share with the nominal value of TL 1 and to begin payment on April 2, 2012. Detailed information on the dividend distribution proposal can be found in the Dividend Distribution Proposal enclosed in the annual report.

Independent Auditors

After making extensive research and consulting the Audit Committee, the Board of the Directors has selected Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (A member firm of Ernst & Young Global Limited) as the independent Audit firm for the 2011 financial year. We present this selection to the approval of the General Assembly.

BOARD OF DIRECTORS' REPORT

2012 Outlook

Following the record-breaking performance of 2011, we expect the domestic automotive demand to slow down in line with the government's growth target and the market to contract by 5% as a result of the rising interest rates and continued measures to cool down the economy. Our forecast is based on the assumption that global markets will not be hit by a major financial crisis.

With most European countries facing sovereign debt issues and budget deficits, recovery in the Eurozone in 2012 is a remote possibility and markets are expected to contract over 2011. On the other hand, there is a positive growth expectation for North America, Germany and the UK, Ford Otosan's major export markets. The rapidly rising demand for automotive products in North America presents a favorable environment for Transit Connect exports. As a result, we expect our 2012 exports to remain flat vis-à-vis 2011.

As Ford Otosan enters a year of high expenditures related to new product launches and project implementations, cost cutting measures and efficiency gains will be our foremost priorities.

Dear shareholders,

Established in 1959 with the visionary launch of our founder Vehbi Koç, Ford Otosan leaves behind half a century filled with great achievements. The pride inspiring know-how, ambition, mutual trust and professional commitment attained today by Ford Otosan in the Turkish automotive industry serves as the solid foundation for our strong future performance.

We hereby extend our deepest gratitude to our founders, business partners, our former and current employees, the Turkish Metal Union, our suppliers, our dealers and to all our customers for their significant contributions in making Ford Otosan one of the largest and most successful industrial corporations in Turkey.



Rahmi M. Koç

Ford Otomotiv Sanayi A.Ş.

Chairman

DIVIDEND DISTRIBUTION PROPOSAL

According to our financial statements for the accounting period 01.01.2011 - 31.12.2011 prepared in accordance with the International Financial Accounting Standards within the framework of the Capital Markets Board's Communiqué Serial: XI, No: 29 and audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst & Young Global Limited), a net income of TL 662,088,726 has been generated. Our dividend proposal per Company's dividend policy can be found below. Subject dividend distribution transactions mentioned below will begin on April 2, 2012 according to the General Assembly Resolution.

Ford Otomotiv Sanayi A.Ş. 2011 Dividend Distribution Proposal Table (TL)

1. Paid-in/Issued Capital		350,910,000
2. Total Legal Reserves (According to Tax Book)		370,294,119
If there is dividend privilege in the Articles of Association, information regarding this privilege		-
	According to CMB	According to Tax Book
3. Income for the Period	800,072,719	800,907,737
4. Taxes Payable (-)	(137,983,993)	(168,782,079)
5. Net Income for the Period (=)	662,088,726	632,125,658
6. Retained Losses (-)	-	-
7. First Series of Legal Reserves (-)	0	0
8. DISTRIBUTABLE NET INCOME FOR THE PERIOD (=)	662,088,726	632,125,658
9. Donations within the year (+)	18,315,200	
10. Distributable Net Income for the Period including Donations to Calculate First Dividend	680,403,926	
11. First Dividend to the Shareholders	136,080,785	
- Cash	136,080,785	
- Bonus		
- Total	136,080,785	
12. Dividend Distribution to Shareholder with Privileged Shares	0	
13. Dividend Distribution to Board of Directors, employees etc.	0	
14. Dividend Distribution to Redeemed Shareholders	0	
15. Second Dividend to Shareholders	214,829,215	
16. Second Series of Legal Reserves	33,336,450	
17. Statutory Reserves	0	0
18. Special Reserves	0	0
19. EXTRAORDINARY RESERVES	277,842,276	247,879,208
20. Other Reserves Distributable		
- Retained Earnings		
- Extraordinary Reserves		
- Other Reserves Distributable per Law and Articles of Association		

INFORMATION ABOUT THE RATIO OF DISTRIBUTED DIVIDEND (in terms of privileged-no privileged share)

DIVIDEND INFORMATION PER SHARE	TOTAL DIVIDEND (TL)	DIVIDEND FOR EACH SHARE WITH THE NOMINAL VALUE OF TL 1	
		AMOUNT (TL)	RATIO (%)
GROSS			
A	2,793,170	1,000,000	100.0000
A	69,603,721	1,000,000	100.0000
B	134,516,072	1,000,000	100.0000
C	143,997,037	1,000,000	100.0000
TOTAL	350,910,000		
NET			
A	2,793,170	1,000,000	100.0000
A	66,191,468	0,950976	95.0976
B	134,516,072	1,000,000	100.0000
C	136,937,726	0,950976	95.0976
TOTAL	340,438,436		
THE RATIO OF THE DISTRIBUTED DIVIDEND TO DISTRIBUTABLE NET INCOME FOR THE PERIOD INCLUDING DONATIONS			
DIVIDEND DISTRIBUTED TO SHAREHOLDERS (TL)		THE RATIO OF THE DISTRIBUTED DIVIDEND TO DISTRIBUTABLE NET INCOME FOR THE PERIOD INCLUDING DONATIONS (%)	
350,910,000		51.57	

1) There is no Privileged Share Group in Income.

2) Since TL 236,223,319 of the 2011 net income is subject to investment incentive withholding tax, it was considered as exceptional revenue and thus not included in the calculation of the dividend withholding tax.

3) 0% withholding tax rate is applied to dividend of TL 2,793,170 allocated to Koç Holding A.Ş., 15% withholding tax rate is applied to dividend of TL 6,687,795 allocated to Koç Holding Emekli ve Yardım Sandığı Vakfı and Vehbi Koç Vakfı, 15% withholding tax rate is applied to the remaining dividend of TL 62,915,926 assuming that all the shares belong to individual shareholders within A Group.

4) 0% withholding tax rate has been applied for B Group in calculating the net dividend amount as all the shares belong to legal corporations.

5) 15% withholding tax rate has been applied to the C Group in calculating the net dividend amount as all the shares belong to our foreign based tax payer shareholder, Ford Motor Company.

6) The provision incorporated into Temporary Article 69 of the Income Tax Law no 6009, which limits the investment deduction with 25% of the income, has been annulled by the Constitutional Court with its resolution dated 09.02.2012 and also the execution of such provision has been stayed until publication of the resolution in the Official Gazette. These resolutions have been published at the internet site of the Court on 17.02.2012. The resolution of the Constitutional Court for stay of execution has been published in the Official Gazette on 18.02.2012 numbered 28208 and entered into force. Our profit distribution proposal is prepared with the assumption that all our investment deduction stock will be utilized during the tax calculation in line with the Constitutional Court resolution. The Fiscal Administration has not made any regulation after the resolution of the Constitutional Court hence our net dividend payment and the dividend withholding tax might vary based on the approach of Fiscal Administration.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Ford Otosan has adhered to and implemented the Corporate Governance Principles published by the Capital Markets Board during the period of its operation ending on December 31, 2011, except for the matters stated below.

- Representation of minority shares in the Board of Directors
- Request for special audit by individuals
- Cumulative voting method
- Independent members
- Prohibition regarding competing / dealing with the company
- Corporate Governance Committee

The nature of the matters of non-conformity, the grounds for these and the conflicts of interest they caused have been clarified in the related parts of the report. Necessary studies will be carried out in 2012 for complying with Corporate Governance Principles which have become effective at the end of 2011.

SECTION I - SHAREHOLDERS

1.1 Facilitating the Exercise of Shareholders' Statutory Rights

An Investor Relations Team was established in the company in 2004. This unit reports to CFO, Oğuz Toprakoğlu (otoprako@ford.com.tr /+90262 3156900) and is headed by Investor Relations Manager, Aslı Selçuk (aselcuk@ford.com.tr /+902165647499). Gizem Gençol is the Investor Relations Specialist (ggencol@ford.com.tr /+90262 3156977).

The Investor Relations Team works to ensure that investors and equity analysts are updated on the Company. For achieving this objective, meetings are organized with the concerned parties, investor conferences and road shows are attended and all incoming telephone or e-mail questions are answered. In 2011, the Team attended 9 investor conferences and held one-on-one meetings with over 310 investors and analysts.

Any type of information that may affect the way in which shareholders exercise such rights is presented to shareholders convention in the Company website on a regular basis.

1.2 Shareholders Right to Obtain and Evaluate Information

All of the questions posed during the period regarding participation in the General Shareholders' Meeting, investments, dividend payments and withholding taxes were answered either verbally or in writing.

The "Investor Relations" section in the Company's website (www.fordotosan.com.tr) includes all kind of information and announcements regarding the utilization of rights by shareholders by using electronic tools effectively.

The request for nominating of a private auditor has not been set down in the Articles of Incorporation as an individual right; it has been predicted that the provisions of the Turkish Commercial Code will be implemented. There was no request during the period of operation for the appointment of a private auditor.

1.3 The Right to Participate in the General Shareholders' Meeting

During the calendar year of 2011, two General Shareholders' Meetings were held; one ordinary meeting on March 23rd and one extraordinary meeting on October 25th. Both meetings achieved a participation of on average 84% and convened at sessions that were open to the public. The meetings can be attended by stakeholders and the media. Executive Management and minimum two Board Members are present in the General Shareholders' Meetings.

Invitations to the Shareholders' Meetings have been sent out in accordance with the regulations set by the Turkish Commercial Code and the Capital Markets Board.

As from 21 days before the date of the Shareholders' Meetings; the agenda of the meeting, the power-of-attorney samples,

the Board of Directors' Report, the Auditor's Report, the Independent Auditor's Report, Financial Statements and the Dividend Distribution Proposal are made accessible to all shareholders for examination purposes at the Company's Finance Department and published in the website. In addition, Annual Report including the documents mentioned above and the other information are given out upon request.

There were no demands by the shareholders related to the agenda of the meetings.

Some shareholders who want to ask questions have utilized their rights at the Shareholders' Meetings and satisfactory responses were given to these questions.

There are no provisions in the Articles of Incorporation requiring important resolutions having to be taken at the Shareholders' Meeting related to division, the purchase, sale and lease of significant amounts of assets, etc. Resolutions about merger or split that involve changes in capital and equity structure are taken at the Shareholders' Meeting. Resolutions such as buying or selling substantial amount of assets are taken by the Board of Directors.

The Chairman of the Board and the Members are granted permission at each Annual Ordinary General Shareholders' Meeting in accordance with articles 334 and 335 of the Turkish Commercial Code to undertake business that falls into the business scope of the company on behalf of themselves or of others and to be shareholders in companies that undertake such business. The Members of the Board of Directors are thus allowed to take on other duties, with no restrictions, outside of the company, within the framework of this permission.

Information about donations and support made in the period is provided as a separate agenda item. Care is taken to have invitation announcements published in newspapers with high circulation and to hold

Shareholders' Meetings at central locations that are easily accessible to shareholders.

The Shareholders' Meeting Minutes are published in the website and made available to all shareholders at the Finance Department for examination purposes.

1.4 Voting Rights

There are no privileged voting rights generally. However, according to the provisions of the Articles of Incorporation, following quorum conditions are applied:

- In order for the resolutions of the Shareholders' Meetings to be valid, shareholders representing more than half of B or C group shares must have cast an affirmative vote.
- The principle has been set forth that half of the Members of the Board of Directors must be elected from candidates representing Group B and the other half from candidates representing Group C shares. It has also been set forth in the same way that one of the auditors shall be elected from among candidates representing Group B and the other from among candidates representing Group C shares.
- In addition, it is also required by Article 389 of the Turkish Commercial Code that amendments to the Articles of Incorporation be approved by privileged shareholders of Group B and C at the Shareholders' Meeting.

There are no companies that are reciprocal shareholders.

1.5 Minority Rights

Because of the provisions of the Articles of Incorporation stated above, minority shares cannot be represented at the Board of Directors nor can cumulative voting be applied.

1.6 Dividend Rights

There are no dividend privilege rights in shares.

In the annual reports of the Company presented at the Shareholders' Meetings

in the last years, one of the Company's strategies has been announced as "ensuring a high return for our shareholders." Besides, as it is emphasized in these reports, Ford Otosan's dividend policy is "a predictable and stable dividend payment except during periods of huge investment or periods of severe economic downturns but, on the other hand, within periods of moderate economic recession."

In accordance with this policy, TL 518,995,890 dividend in total was distributed in the calendar year of 2011; TL 301,782,600 was paid on April 1, 2011 and TL 217,213,290 on October 27, 2011.

1.7 Transfer of Shares

Group A shares that are traded in the Stock Exchange may be freely transferred. The transfer of registered shares, which correspond to Group B and C that are held by Koç Group and Ford Motor Company, are subject to certain restrictions stipulated in Article 7 of the Company's Articles of Incorporation for ensuring the successful management and business structure of the Company.

SECTION II - PUBLIC DISCLOSURE AND TRANSPARENCY

2.1 Principles and Means for Public Disclosure

Ford Otomotiv Sanayi A.Ş. is committed to a policy of complete, true, clear, transparent and accurate public disclosure of all material information in a timely manner, in order to keep shareholders and the investing public informed about the Company's operations. In this frame, Company's Corporate Disclosure Policy was published in the website and announced to the public.

Information to be announced is submitted to the public through "Public Disclosure Platform" and Company website.

23 special case disclosures were issued in the calendar year of 2011. All special case disclosures were issued within the time required.

Since the Company's shares are not quoted in foreign stock markets, no special case disclosure has been issued for any stock exchange outside of the ISE.

Principles regarding the announcement of forward looking information are stated in the Corporate Disclosure Policy.

2.2 The Company's Website

The address for access to the Ford Otomotiv Sanayi A.Ş. official website is www.fordotosan.com.tr. The website is available both in Turkish and English.

As explained thoroughly in the Company's Corporate Disclosure Policy; "Corporate Information", "Investor Relations" and "Corporate Governance" sections of the website encompass trade register information, the latest shareholder and management structure, the Company's Articles of Incorporation, annual reports, periodical financial statements and reports, agendas and meeting minutes of the General Shareholders' Meetings, auditors' reports, investor presentations, Corporate Governance principles, standards of corporate conduct, announcements and special case disclosures made by the Company, contact information and all related data.

2.3 Annual Report

The Annual Report is prepared in sufficient detail to ensure complete, true information is presented to the public about Company operations in line with the legal requirements.

SECTION III - STAKEHOLDERS

3.1 Company Policy regarding Stakeholders

Stakeholders are regularly informed by the Company about Company policies, procedures for protection of their rights and matters concerning them.

Employees are informed by management at every opportunity through electronic mail or printed documents. Besides this

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

type of information-sharing, general and departmental open-door meetings are organized for this purpose. Employee union representatives also attend the general meetings at Company offices, offering their views.

Explanations about sharing information with shareholders, investors, dealers, suppliers and other stakeholders have been disclosed in related parts of the report.

3.2 Stakeholders Participation in the Company Management

Some of the activities regarding the participation of stakeholders in management are as follows:

It is discussed and reached a mutual understanding with the labor union before changes are made in working conditions, working environment and employee rights; decisions are taken together.

Dealers' participation in management is achieved through the "Dealers Council," which was formed many years ago. This Council, made up of representatives elected by dealers, meets regularly and develops suggestions concerning Company sales and marketing activities together with management representatives. There is also a Dealers Meeting organized every year with the attendance of all dealers.

Suppliers Meetings are held with the local suppliers of the Company. These meetings, which are attended by almost all of our suppliers, act as a platform where the two sides of the supply chain discuss how to make procedures more effective and productive, basing their comments on the views presented by auxiliary industry companies.

3.3 Company Policy on Human Resources

As in other companies of the Koç Group, the tenet "Our most valuable capital is our human resources" comprises the essence of human resources policies at Ford Otosan. The vision of the Company is set

forth as: "To take its place among the first five companies preferred by employees in Turkey and to create a Ford Otosan culture of happy, loyal personnel."

Our Human Resources Management strategies are; to create high performance culture, to train leaders digesting the latest technology using their social and technical abilities moderately, to develop a learning organization, to form an HR process conducting the evolution, to improve and to perpetuate.

The "Employee Engagement Survey" distributed every year measures employee satisfaction, loyalty and pinpoint areas for development, facilitating taking steps for improvement.

The Company has signed a 2 year agreement in November 2010, effective from September 1st 2010, with blue colored personnel through Turkish Metals Union. Except union representatives who are appointed in accordance with the Collective Labor Agreement, there is no other representative from the company appointed to manage employee relations. This relationship with the union is essentially the job of the Corporate Communication and Human Resources Directorate.

3.4 Relations with Customers and Suppliers

One of the basic strategies of the Company is to achieve perfect customer satisfaction regarding the products and services we market. With this aim, many research studies and numerical measurements are carried out by the Company and other independent sources to achieve product quality as well as perfect sales and after-sales services. In addition, a new program has been exercised to measure dealer satisfaction numerically. In the light of the results of these studies and in consideration of customer demands, our activity plans are mapped out to increase product and service quality and consequently customer satisfaction.

Besides the various units in the Company working on total quality, our Customer Relationship Management (CRM) Department works to answer customer needs and eliminate causes of complaints.

3.5 Ethical Rules and Social Responsibility

The "Ford Otosan Standards of Corporate Conduct", that was originally created in 2002 for the purpose of determining basic ethical principles for the Company and its employees, was revised for increasing the effectiveness. Comprising 18 guidelines, the text of these principles was distributed to and signed by all personnel working at the Company at the time. The same procedure has continued to be carried out for personnel joining the Company after that date. In addition, all employees are issued reminders of the guidelines once a year. With the latest revision, an on-line test is made for employees after confirmation to check the comprehension of the standards.

Being included also in the Company website, Ford Otosan Standards of Corporate Conduct are being updated and reviewed each year.

Ford Otosan has adopted the principle of developing the environment, community and life standards of the people. The Company's environmental policies have been announced in our annual report and website. The Kocaeli and Inönü Plants both have Environmental Impact Assessment Reports. All of Ford Otosan facilities are holders of ISO 14000 certificates. In recent years, new projects have been launched to protect and develop the environment through cooperation with the TEMA Foundation (Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats).

No lawsuits have been filed against the Company during this period for damages to the environment, and no related complaint has been received.

Company's corporate citizenship projects and details are explained separately in the related sections of the Annual Report.

SECTION IV - BOARD OF DIRECTORS

4.1 Fundamental Functions of the Board of Directors

The Board of Directors represents and administers the Company by protecting the long-term interests.

4.2 Principles of Activity of the Board of Directors

The principles of activity of the Board of Directors have been set out in Articles 9, 10 and 11 of the Articles of Incorporation. In summary, according to the Turkish Commercial Code and the provisions of the Articles of Incorporation, the Board of Directors is authorized to take all decisions other than those procedures that are required to be taken at the General Shareholders' Meeting.

4.3 The Structure of the Board of Directors

The list of the Board of Directors is included in the Annual Report. Two of the twelve Board Members (General Manager and Deputy General Manager) are executive members.

There are no independent members in the Board of Directors presently. Appropriate actions to have two independent Board Members shall be evaluated in the 2012 General Shareholders' Meeting.

There is no woman member in the Board of Directors.

4.4 The Meeting Method of the Board of Directors

The Board of Directors meets regularly at least three or four times during the year with the participation of all of its members. At these meetings, all the activities of the Company are reviewed and decisions are taken on important matters. In addition

to these regular meetings, the Board of Directors may meet to take decisions on matters deemed necessary with a simple majority of members or in accordance with Article 330/2 of the Turkish Commercial Code, the Board may take a decision without actually convening.

According to the provisions of the Articles of Incorporation, shareholders representing more than half of B and C group shares must have cast an affirmative vote in the meeting for the resolutions.

In the calendar year of 2011, 23 Board of Directors' resolutions are taken and no circular type BOD resolution has been adopted.

The agendas for the regular meetings are prepared by the Board of Director's Secretarial Office in consideration of previous decisions and decisions that need to be taken on certain matters. Agendas for other meetings define matters which are required by law to be decided upon by the Board.

The Board of Directors Secretarial duty is managed by the Assistant General Manager - Finance (CFO).

Since no member has opposed to decisions taken at the meetings in recent years, no indication of opposition has been made in the minutes and consequently no such report has been made to the auditors.

4.5 Committees Established by the Board of Directors

Audit Committee and Compensation Committee have been formed within the Ford Otosan Board of Directors presently.

Audit Committee, comprising Ali Y. Koç and Stuart J. Rowley, meets before the regular meetings of the Board. It reviews the quarterly financial statements and presents opinion to the Board of Directors. The working principles of the Committee have

been put forth in a written set of procedures. Reviewing and monitoring detailed data about the Company's financial status, risk management, independent audit and internal control mechanisms and presenting all views and decision drafts to the Board of Directors are among the duties of the Audit Committee.

Compensation Committee members are Turgay Durak and Stephen T. Odell. There are no written procedures setting down the Committee's working principles; however, Board of Directors provides necessary resources and support.

Because there are no independent members in the Board of Directors currently, the Committee Members are likewise not independent. Studies for the establishment of Corporate Governance Committee are continuing. The Executive Members of the Board have not taken on duties in the committees.

4.6 Remuneration of the Board of Directors and Executive Management

The remuneration of the Chairman and the Board Members is determined at the General Shareholders' Meeting. The General Manager and Deputy General Manager, who are Members of the Board of Directors, also receive a monthly salary in connection with this duty plus a performance-based premium.

The Company has not lent any amounts to any of the Members of its Board of Directors nor to its executives, nor has it extended credit to them, either directly or through a third party, nor offered any guarantees in their favor such as sureties.

AUDITOR'S REPORT

STATUTORY AUDITOR'S REPORT TO THE GENERAL ASSEMBLY OF FORD OTOMOTİV SANAYİ A.Ş.

The audit results regarding the Company's 2011 calendar year activities are as follows:

1. According to the Turkish Commercial Code and the related regulations, it has been observed that:

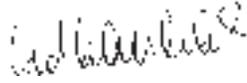
- a. Books and records that are mandatory have been kept properly per legal requirements,
- b. Documents validating the records are kept decently, and
- c. The Board of Directors resolutions were recorded and kept properly according to the related procedures.

2. Consequently, we submit to the approval of the General Assembly the Board of Directors' Report summarizing the Company operations, the financial statements prepared in accordance with the Capital Market regulations, the proposal of the Board of Directors related to the period results and the release of the Board regarding the above. Istanbul, 22.02.2012

Best regards,



MEHMET APAK



ADNAN NAS

(Convenience translation of financial statements and
audit report originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.

**FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011
TOGETHER WITH REPORT OF INDEPENDENT AUDITORS**

Ford Otomotiv Sanayi A.Ş.

Contents

	Page
Independent Auditor's Report	77
Balance Sheet	78-79
Statement of Income	80
Statement of Comprehensive Income	81
Statement of Changes in Equity	82
Statement of Cash Flow	83
Notes to the Financial Statements	84 - 140



Güney Bağımsız Denetim ve
SMMM A.Ş.
Etiler/Beşiktaş Cad. Beşiktaş Plaza
Kat: 11 No: 11/11 Beşiktaş - İstanbul - Türkiye
Tel: +90 212 339 30 00
Fax: +90 212 339 32 11
www.gny.com.tr

Independent auditor's report

To the Board of Directors of
Ford Otomotiv Sanayi A.Ş.:

We have audited the accompanying financial statements of Ford Otomotiv Sanayi A.Ş. (the "Company") which comprise the balance sheet as at December 31, 2011 and the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting standards accepted by the Capital Markets Board. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Independent auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the auditing standards accepted by the Capital Markets Board. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Ford Otomotiv Sanayi A.Ş. as of December 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with the financial reporting standards accepted by the Capital Markets Board.

Additional paragraph for convenience translation to English:

As described in Note 2 to the accompanying financial statements, accounting principles and standards applied in the accompanying financial statements (CMB financial accounting standards) are based on International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board except for the adoption of an earlier date for discontinuation of application of IAS 29 (Financial Reporting in Hyperinflationary Economies). As per CMB financial accounting standards application of inflation accounting was ceased effective as of January 1, 2005, whereas per IFRS it was ceased effective January 1, 2006.

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

Erdem Tecer, SMMM
Partner

February 21, 2012
Istanbul, Turkey.

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.**BALANCE SHEET AS OF DECEMBER 31, 2011**

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

	Notes	December 31, 2011	December 31, 2010
Assets			
Current assets			
		3,089,000,716	2,229,357,158
Cash and cash equivalents	4	808,849,078	520,944,034
Trade receivables			
- Due from related parties	26	877,374,203	673,117,047
- Other trade receivables	7	521,587,032	511,313,401
Other receivables	8	4,346,575	6,401,917
Inventories	9	724,972,219	463,925,506
Other current assets	16	151,871,609	53,655,253
Non-current assets			
		1,332,458,953	1,105,722,882
Trade receivables	7	474,645	342,608
Financial assets	5	3,458,740	3,008,822
Property, plant and equipment	10	1,108,089,000	1,058,400,259
Intangible assets	11	28,777,170	42,299,562
Other non-current assets	16	191,659,398	1,671,631
Total assets			
		4,421,459,669	3,335,080,040

The financial statements were approved for issue by the Board of Directors on February 21, 2012 and signed on behalf of the Board of Directors by Oğuz Toprakoğlu, Assistant General Manager - Chief Financial Officer ("CFO") and Devrim Kılıçoğlu, Finance Director.

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.**BALANCE SHEET AS OF DECEMBER 31, 2011**

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

	Notes	December 31, 2011	December 31, 2010
Liabilities			
Current liabilities		1,730,705,260	1,128,434,076
Financial liabilities	6	226,836,996	231,135,070
Trade payables			
- Due to related parties	26	340,785,262	176,308,452
- Other trade payables	7	900,664,471	508,068,468
Other payables			
- Due to related parties	26	16,468,196	5,695,782
- Other payables	8	150,137,511	117,075,396
Current income tax payable	24	56,963,729	60,498,276
Provisions	13	38,849,095	29,652,632
Non-current liabilities		792,535,926	451,601,933
Financial liabilities	6	650,052,940	297,303,000
Provision for employee benefits	15	55,081,174	44,061,805
Deferred tax liabilities	24	40,304,565	71,166,606
Provisions for liabilities	13	46,672,397	39,070,522
Derivative financial instruments	28	424,850	-
Equity	17	1,898,218,483	1,755,044,031
Equity attributable to the equity holders of the Company	17	1,898,218,483	1,755,044,031
Share capital		350,910,000	350,910,000
Adjustment to share capital		27,920,283	27,920,283
Share premium		8,252	8,252
Value increase funds		2,335,091	1,907,669
Net loss on cash flow hedge		(345,806)	-
Restricted reserves		390,964,519	340,819,480
Retained earnings		464,337,418	528,870,084
Net income for the year		662,088,726	504,608,263
Total equity and liabilities		4,421,459,669	3,335,080,040

The accompanying notes form an integral part of these financial statements

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.**STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2011**

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

	Notes	December 31, 2011	December 31, 2010
Continuing operations			
Sales	18	10,445,022,950	7,649,411,637
Cost of sales	18	(9,243,511,780)	(6,664,536,863)
Gross profit		1,201,511,170	984,874,774
Sales and marketing expenses	19	(255,169,985)	(226,030,795)
General administrative expenses	19	(112,904,465)	(98,543,070)
Research and development expenses	19	(106,886,110)	(84,729,979)
Other operating income	21	49,151,689	36,748,197
Other operating expenses	21	(46,450,461)	(2,102,985)
Operating profit		729,251,838	610,216,142
Financial income	22	286,253,021	115,027,870
Financial expenses	23	(215,432,140)	(106,249,773)
Income before tax from continuing operations		800,072,719	618,994,239
Income tax from continuing operations		(137,983,993)	(114,385,976)
- Taxes on income	24	(168,782,079)	(141,913,739)
- Deferred tax income	24	30,798,086	27,527,763
Net income for the year		662,088,726	504,608,263
Earnings per share with a nominal value of Kr 1	25	1.89	1.44

The accompanying notes form an integral part of these financial statements

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2011

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

	Notes	December 31, 2011	December 31, 2010
Net income for the year		662,088,726	504,608,263
Other comprehensive income			
Change in revaluation funds of financial assets	17	427,422	829,535
Accumulated (loss) / profit from cash flow hedge, net of deferred tax	17	(345,806)	-
Total comprehensive income		662,170,342	505,437,798

The accompanying notes form an integral part of these financial statements

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2011
 (AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

	Share capital	Adjustments to share capital	Share premium	Value increase funds	Net loss on cash flow hedge	Restricted reserves	Retained earnings	Net income	Total equity
Balance at January 1, 2010	350,910,000	27,920,283	8,252	1,078,134	-	302,570,290	633,722,367	333,434,307	1,649,643,633
Transfers	-	-	-	-	-	38,249,190	295,185,117	(333,434,307)	-
Dividends paid	-	-	-	-	-	-	(400,037,400)	-	(400,037,400)
Total comprehensive income	-	-	-	829,535	-	-	-	504,608,263	505,437,798
Balance at December 31, 2010	350,910,000	27,920,283	8,252	1,907,669	-	340,819,480	528,870,084	504,608,263	1,755,044,031
Balance at January 1, 2011	350,910,000	27,920,283	8,252	1,907,669	-	340,819,480	528,870,084	504,608,263	1,755,044,031
Transfers	-	-	-	-	-	50,145,039	454,463,224	(504,608,263)	-
Dividends paid	-	-	-	-	-	-	(518,995,890)	-	(518,995,890)
Total comprehensive income (net off deferred tax)	-	-	-	427,422	(345,806)	-	-	662,088,726	662,170,342
Balance at December 31, 2011	350,910,000	27,920,283	8,252	2,335,091	(345,806)	390,964,519	464,337,418	662,088,726	1,898,218,483

The accompanying notes form an integral part of these financial statements

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2011**

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

	Notes	December 31, 2011	December 31, 2010
Cash flows from operating activities:			
Net income for the year		662,088,726	504,608,263
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	10	125,254,072	156,060,023
Amortization	11	20,625,057	19,124,469
Provision for employee benefits	15	15,483,426	15,772,496
Warranty expense provision	13	70,896,977	86,890,422
Taxation	24	137,983,993	114,385,976
Interest income	22	(48,068,840)	(18,654,206)
Interest expense	23	18,799,809	7,112,253
Foreign exchange loss/ (income) incurred from borrowings		106,350,031	(15,395,034)
Provision (income)/ expenses		(13,288,028)	13,873,631
Loss on sale of fixed asset	21	482,962	494,281
Dividend income	21	(87,874)	(119,509)
Net operating profit before changes in operating assets and liabilities		1,096,520,311	884,153,065
(Increase) in accounts receivable		(214,530,787)	(344,726,864)
Increase in inventories		(259,521,882)	(176,424,754)
(Increase) / decrease in other current assets		(96,161,014)	3,358,404
Increase in accounts payable		557,072,813	254,322,875
Increase in other current liabilities		53,839,636	32,707,080
Income tax paid		(169,057,119)	(111,926,457)
Warranty expenses paid	13	(54,098,639)	(76,205,765)
Employee benefits paid	15	(4,464,057)	(2,653,826)
Net cash generated from operating activities		909,599,262	462,603,758
Cash flows used in investing activities:			
Purchase of property, plant and equipment	10	(180,269,122)	(74,507,269)
Purchase of intangible assets	11	(7,102,665)	(11,365,206)
Proceeds from sale of property, plant and equipment		4,843,347	4,056,980
(Increase) / decrease in other non-current assets		(190,119,804)	519,713
Interest received		46,567,423	18,654,206
Dividends received	21	87,874	119,509
Net cash used in investing activities		(325,992,947)	(62,522,067)
Cash flows from financing activities:			
Interest paid		(16,691,431)	(7,699,732)
Dividends paid	17	(518,995,890)	(400,037,400)
Proceeds from borrowings		515,501,212	430,033,728
Payments of borrowings		(275,507,755)	(273,380,799)
Interest paid		(7,407)	-
Net cash used in financing activities		(295,701,271)	(251,084,203)
Net increase in cash and cash equivalents		287,905,044	148,997,488
Beginning balance of cash and cash equivalents	4	520,944,034	371,946,546
End of the year balance of cash and cash equivalents	4	808,849,078	520,944,034

The accompanying notes form an integral part of these financial statements

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

1. Organization and nature of the operations

Ford Otomotiv Sanayi A.Ş. (the "Company") is incorporated and domiciled in Turkey and manufactures, assembles and sells motor vehicles, primarily commercial vehicles, imports and sells passenger cars and manufactures and imports and sells spare parts of those vehicles. The Company was established in 1959 and presently operates as a joint venture between Ford Motor Company and the Koç Group of Companies. The Company is listed on the Istanbul Stock Exchange, where 17.92% of its shares are currently quoted.

The Company presently has two plants located in Kocaeli and Eskişehir, has a spare part distribution warehouse in Kartal, Istanbul and a branch in Tübitak Marmara Research Centre, Gebze Campus Technological Free Zone ("TEKSEB") established in 2007 for the purpose of conducting research and development and engineering operations. The light commercial vehicle, "Transit Connect", and Transit vehicles (minibuses, pick-ups and vans) are manufactured in Kocaeli. Ford Cargo trucks and their engines are manufactured in Eskişehir.

In 2011, the Company had a total of 9,455 employees on average, composed of 2,016 white-collar and 7,439 blue-collar workers. The Company had a total of 9,581 employees composed of 2,167 white-collar and 7,414 blue-collar workers as of December 31, 2011. (December 31, 2010: The Company had a total of 7,988 employees on average, composed of 1,625 white-collar and 6,363 blue-collar workers. The Company had a total of 8,413 employees composed of 1,778 white-collar and 6,635 blue-collar workers as of period end.)

The registered office address of the Company is Akpınar Mahallesi, Hasan Basri Cad. No: 2 Sancaktepe, İstanbul.

2. Basis of presentation of financial statements

2.1 Basis of presentation

2.1.1 Financial reporting standards

The Capital Markets Board ("CMB") regulated the principles and procedures of preparation, presentation and announcement of financial statements prepared by the entities, with the Communiqué No: XI-29, "Principles of Financial Reporting in Capital Markets" ("the Communiqué"). The Communiqué is effective for the annual periods starting from January 1, 2008 and supersedes the Communiqué No: XI-25, "The Accounting Standards in the Capital Markets". According to the Communiqué, entities shall prepare their financial statements in accordance with International Financial Reporting Standards ("IAS/IFRS") endorsed by the European Union. Until the differences of the IAS/IFRS as endorsed by the European Union from the ones issued by the International Accounting Standards Board ("IASB") are announced by the Turkish Accounting Standards Board ("TASB"), IAS/IFRS issued by the IASB shall be applied. Accordingly, Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS") issued by the TASB, which do not contradict with the aforementioned standards shall be applied.

With the decision taken on March 17, 2005, the CMB announced that, effective from January 1, 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with the financial reporting standards issued by the CMB ("CMB Financial Reporting Standards"). Accordingly, IAS 29, "Financial Reporting in Hyperinflationary Economies", issued by the IASB, has not been applied in the financial statements commencing from January 1, 2005.

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)

(AMOUNTS EXPRESSED IN TURKISH LİRA ("TL") UNLESS OTHERWISE INDICATED.)

2. Financial reporting standards (continued)

As the differences between IAS/IFRS endorsed by the European Union and IAS/IFRS issued by the IASB have not been announced by TASB yet, these financial statements have been prepared within the framework of financial statement communiqué and announcements related with this communiqué in accordance with the CMB Financial Reporting Standards which are based on IAS/IFRS. Financial statements and the related notes to them are presented in accordance with the formats recommended by the CMB, with the announcement dated April 17, 2008 and January 9, 2009, including the compulsory disclosures.

Except for the financial assets carried at fair value and derivative instruments, financial statements prepared on cost basis.

The Company financial statements as of December 31, 2011 and December 31, 2010, have been prepared within the framework of Communiqué XI, No: 29 and related promulgations to this Communiqué as accepted by the CMB, in accordance with the CMB's "Financial Reporting Standards" announced on April 9, 2008, which are based on IAS/IFRS.

Company's functional and presentation currency is accepted as TL.

2.1.2 Going concern

The financial statements of the Company are prepared on the basis of a going concern assumption.

2.1.3 Offsetting

Financial assets and liabilities are offset when there is a legal basis, intention to disclose net amount of related assets and liabilities or the obtaining of an asset follows the settling its of liability.

2.2 Changes in accounting policies

2.2.1 Comparatives and adjustment of prior periods' financial statements

The financial statements of the Company include comparative financial information to enable the determination of the financial position and performance. The balance sheet of the Company at December 31, 2011 has been provided with the comparative financial information of December 31, 2010 and the statement of income, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the period between January 1, 2011 and December 31, 2011 have been provided with the comparative financial information, for the period between January 1, 2010 and December 31, 2010. The balance sheet as at December 31, 2010 has been reclassified in order to conform to the presentation of the current period financial statements. The reclassifications are as follows:

a) Warranty expenses amounting TL 68,723,154 which was presented in "Current Liabilities-Provisions" as of December 31, 2010 financial statements, has been split into "Current Liabilities-Provisions" amounting to TL 29,652,632 and in "Non-current Liabilities-Provisions" amounting to TL 39,070,522 (Note 13).

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

2. Basis of presentation of financial statements (continued)

2.2 Standards, amendments and interpretations to existing standards

a) Changes in accounting policy and disclosures

The accounting policies, which are basis of presentation of financial statements, are consistent with those of the previous financial year except for the new standards and interpretation summarized below. The following new and amended IFRS and IFRIC interpretations are adopted in the periods beginning on January 1, 2011:

The new standards, amendments and interpretations which are effective as at January 1, 2011 are as follows:

- **IFRIC 14 IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction— Prepayments of a Minimum Funding Requirement (Amended)**

The amendment removes an unintended consequence when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognized as a pension asset. The company does not expect to have an impact on the financial position or performance change.

- **IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments**

This interpretation addresses the accounting treatment when there is a renegotiation between the entity and the creditor regarding the terms of a financial liability and the creditor agrees to accept the entity's equity instruments to settle the financial liability fully or partially. IFRIC 19 clarifies such equity instruments are "consideration paid" in accordance with paragraph 41 of IAS 39. As a result, the financial liability is derecognized and the equity instruments issued are treated as consideration paid to extinguish that financial liability. This interpretation does not apply when the creditor is acting in the capacity of a shareholder, in common control transactions or when the issue of equity shares was part of the original terms of the liability. The Company does not expect that this amendment will have an impact on the financial position or performance.

- **IAS 32 Financial Instruments: Presentation - Classifications on Rights Issues (Amended)**

The amendment alters the definition of a financial liability in IAS 32 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The Company does not expect that this amendment will have an impact on the financial position or performance.

- **IAS 24 Related Party Disclosures (Revised)**

Amended standard clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. In addition, the revised standard introduces a partial exemption of general disclosure requirements for transactions with government-related entities. The Company does not expect that this amendment will have an impact on the financial position or performance.

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)

(AMOUNTS EXPRESSED IN TURKISH LİRA ("TL") UNLESS OTHERWISE INDICATED.)

2. Basis of presentation of financial statements (continued)

b) Improvements to IFRS

In May 2010 the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. The Company does not expect that this amendment will have an impact on the financial position or performance. There are separate transitional provisions for each standard. The amendments that are effective as at January 1, 2011 are as follows:

• IFRS 3 Business Combinations

i) Transition requirements for contingent consideration from a business combination that occurred before the effective date of revised IFRS

This improvement clarifies that the amendments to IFRS 7 Financial Instruments: Disclosures, IAS 32 Financial Instruments: Presentation and IAS 39 Financial Instruments: Recognition and Measurement, that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of IFRS 3 (as revised in 2008).

ii) Measurement of non-controlling interests

This improvement limits the scope of the measurement choices (fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets) only to the components of non-controlling interest that are present ownership interests that entitle their holders to a proportionate share of the entity's net assets.

iii) Unreplaced or voluntarily replaced share-based payment awards

This improvement requires an entity (in a business combination) to account for the replacement of the acquiree's share-based payment transactions (whether obliged or voluntarily), i.e., split between consideration paid and post combination expenses

• IFRS 7 Financial Instruments: Disclosures

This improvement gives clarifications of disclosures required by IFRS 7 and emphasizes the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments. Among others, the improvement remove the disclosure requirement of the collateral held as security and other credit enhancements and estimate of their fair value for financial assets that are past due but not impaired and that are individually impaired; and instead include a disclosure requirement of financial effect of collateral held as security and other credit enhancements for all financial assets.

• IAS 1 Presentation of Financial Statements

This amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

• IAS 27 Consolidated and Separate Financial Statements

This improvement clarifies that the consequential amendments from IAS 27 made to IAS 21 "The Effect of Changes in Foreign Exchange Rates", IAS "28 Investments in Associates" and IAS 31 "Interests in Joint Ventures" apply prospectively for annual periods beginning on or after July 1, 2009 or earlier when IAS 27 is applied earlier.

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

2. Basis of presentation of financial statements (continued)

- **IAS 34 Interim Financial Reporting**

This improvement provides guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements on i) the circumstances likely to affect fair values of financial instruments and their classification, ii) transfers of financial instruments between different levels of the fair value hierarchy, iii) changes in classification of financial assets, and iv) changes in contingent liabilities and assets.

- **IFRIC 13 Customer Loyalty Programmes**

This improvement clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.

c) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the financial statements are as follows.

- **IAS 1 Presentation of Financial Statements (Amended) - Presentation of Items of Other Comprehensive Income**

The amendments are effective for annual periods beginning on or after July 1, 2012, but earlier application is permitted. The amendments to IAS 1 change only the grouping of items presented in other comprehensive income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time would be presented separately from items which will never be reclassified. The amendments will be applied retrospectively. This standard has not yet been endorsed by the EU. The Company does not expect that this amendment will have an impact on the financial position or performance.

- **IAS 12 Deferred Taxes: Recovery of Underlying Assets (Amendment)**

The amendments are mandatory for annual periods beginning on or after January 1, 2012, but earlier application is permitted. IAS 12 has been updated to include i) a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale and ii) a requirement that deferred tax on non-depreciable assets, measured using the revaluation model in IAS 16, should always be measured on a sale basis. This standard has not yet been endorsed by the EU. The Company does not expect that this amendment will have an impact on the financial position or performance of the Company.

- **IAS 19 Employee Benefits (Amended)**

Amended standard is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. With very few exceptions retrospective application is required. Numerous changes or clarifications are made under the amended standard. Among there numerous amendments, the most important changes are removing the corridor mechanism and making the distinction between short-term and other long-term employee benefits based on expected timing of settlement rather than employee entitlement. This standard has not yet been endorsed by the EU. The Company does not expect that this amendment will have an impact on the financial position or performance of the Company.

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)

(AMOUNTS EXPRESSED IN TURKISH LİRA ("TL") UNLESS OTHERWISE INDICATED.)

2. Basis of presentation of financial statements (continued)

- **IAS 27 Separate Financial Statements (Amended)**

As a consequential amendment to IFRS 10, the IASB also amended IAS 27, which is now limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. Transitional requirement of this amendment is similar to IFRS 10. This standard has not yet been endorsed by the EU. The Company does not expect that this standard will have any impact on the financial position or performance of the Company.

- **IAS 28 Investments in Associates and Joint Ventures (Amended)**

As a consequential amendment to IFRS 11, the IASB also amended IAS 28, which has been renamed IAS 28 Investments in Associates and Joint Ventures, to describe the application of the equity method to investments in joint ventures in addition to associates. Transitional requirement of this amendment is similar to IFRS 11. This standard has not yet been endorsed by the EU. The Company does not expect that this standard will have any impact on the financial position or performance of the Company.

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

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

- **IFRS 7 Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements (Amended)**

The purpose of this amendment is to allow users of financial statements to improve their understanding of transfer transactions of financial assets (e.g. securitizations), including understanding the possible effects of any risks that may remain with the entity which transferred the assets. The amendment also requires additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. This amendment has not yet been endorsed by the EU. The amendment is effective for annual periods beginning on or after July 1, 2011. Comparative disclosures are not required. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

- **IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities (Amended)**

New disclosures would provide users of financial statements with information that is useful in (a) evaluating the effect or potential effect of netting arrangements on an entity's financial position and (b) analysing and comparing financial statements prepared in accordance with IFRSs and other generally accepted accounting standards. This standard has not yet been endorsed by the EU. The amendments are to be retrospectively applied for annual periods beginning on or after January 1, 2013 and interim periods within those annual periods. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

2. Basis of presentation of financial statements (continued)

· IFRS 9 Financial Instruments - Classification and measurement

As amended in December 2011, the new standard is effective for annual periods beginning on or after January 1, 2015. Phase 1 of this new IFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to IFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. This standard has not yet been endorsed by the EU. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

· IFRS 10 Consolidated Financial Statements

Standard is effective for annual periods beginning on or after January 1, 2013 and are applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities should be also adopted early.

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. A new definition of control is introduced, which is used to determine which entities are consolidated. This is a principle based standard and require preparers of financial statements to exercise significant judgment. This standard has not yet been endorsed by the EU. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

· IFRS 11 Joint Arrangements

Standard is effective for annual periods beginning on or after January 1, 2013 and are applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 10 Consolidated Financial Statements and IFRS 12 Disclosure of Interests in Other Entities should be also adopted early.

The standard describes the accounting for joint ventures and joint operations with joint control. Among other changes introduced, under the new standard, proportionate consolidation is not permitted for joint ventures. This standard has not yet been endorsed by the EU. The Company does not expect that this standard will have a significant impact on the financial position or performance of the Company.

· IFRS 12 Disclosure of Interests in Other Entities

Standard is effective for annual periods beginning on or after January 1, 2013 and are applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 10 Consolidated Financial Statements and IFRS 11 Joint Arrangements should be also adopted early.

IFRS 12 includes all of the disclosures that were previously in IAS 27 Consolidated and Separate Financial Statements related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 Interests in Joint Ventures and IAS 28 Investment in Associates. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. This standard has not yet been endorsed by the EU. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)

(AMOUNTS EXPRESSED IN TURKISH LİRA ("TL") UNLESS OTHERWISE INDICATED.)

2. Basis of presentation of financial statements (continued)

· IFRS 13 Fair Value Measurement

The new Standard provides guidance on how to measure fair value under IFRS but does not change when an entity is required to use fair value. It is a single source of guidance under IFRS for all fair value measurements. The new standard also brings new disclosure requirements for fair value measurements. IFRS 13 is effective for annual periods beginning on or after January 1, 2013 and will be adopted prospectively. Early application is permitted. The new disclosures are only required for periods beginning after IFRS 13 is adopted — that is, comparative disclosures for prior periods are not required. This standard has not yet been endorsed by the EU. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

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

The Interpretation is effective for annual periods beginning on or after January 1, 2013 with earlier application permitted. Entities will be required to apply its requirements for production phase stripping costs incurred from the start of the earliest comparative period presented. The Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

2.3 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents include cash on hand, deposits at banks and highly liquid short-term investments, with maturity periods of less than three months, which has insignificant risk of change in fair value (Note 4)

Trade receivables and allowance for trade receivables

Trade receivables as a result of providing goods or services by the Company directly to a debtor are carried at amortized cost. Short-term receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant.

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.

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)

(AMOUNTS EXPRESSED IN TURKISH LİRA ("TL") UNLESS OTHERWISE INDICATED.)

2. Basis of presentation of financial statements (continued)

A credit risk provision for trade receivables is established if there is objective evidence that the Company will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

If the impairment amount decreases due to an event occurring after the write-down, the release of the provision is credited to other income in the current period.

The Company collects most of the receivables from domestic vehicles sales through the "Direct Debit System" (DDS). Within this system which is also named as Direct Collection System; the contracted banks warrant the collection of the receivables within the limits granted to the dealers. Trade receivables are transferred by the contracted banks to the Company's bank accounts at the due dates (Note 7 and 26).

Credit finance income/charges

Credit finance income/charges represent imputed finance income/charges on credit sales and purchases. Such income/charges are recognized as financial income or expenses over the period of credit sales and purchases, and included under financial income and expenses.

Inventories

Inventories are valued at the lower of cost or net realizable value. The cost of inventories is determined on the moving monthly average basis. Cost elements included in inventories are materials, labour and an appropriate amount of factory overheads and exclude the cost of borrowing. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. The allocation of fixed production overheads to the costs of conversion is based on the normal capacity of the production facilities. Idle time expenses arising from the ceases in production other than planned in the factory's annual production plan are not associated with inventories and are recognized as cost of sales (Note 9).

Trade payables

Trade payables are recognized at initial cost and subsequently measured at amortized cost using effective interest rate method (Notes 7 and 26).

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is provided using the straight-line method based on the estimated useful lives of the assets.

The depreciation periods for property and equipment, which approximate the economic useful lives of assets concerned, are as follows:

Land improvements	30 years
Buildings	30 years
Machinery and equipment	5-25 years
Moulds and models	project life
Furniture and fixtures	5-12.5 years
Motor vehicles	9-15 years

Land is not depreciated as it is deemed to have an indefinite useful life.

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)

(AMOUNTS EXPRESSED IN TURKISH LİRA ("TL") UNLESS OTHERWISE INDICATED.)

2. Basis of presentation of financial statements (continued)

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amounts and are included in other operating income and losses. Repair and maintenance expenses are charged to the statement of income as they are incurred. Repair and maintenance expenditures are capitalized if they result in an enlargement or substantial improvement of the respective asset (Note 10).

Intangible assets

Intangible assets comprise computer software, rights, leasehold improvements and development costs.

Intangible assets are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over a period not exceeding five years. Development costs, comprising of engineering design incurred for the production of new commercial vehicles, are capitalized as discussed in Note 2.3 Research and development expenses (Note 11).

Impairment of long-lived assets

All assets are reviewed for impairment losses including property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. Impairment losses are recognized in the statement of income.

Impairment losses on assets can be reversed, to the extent of previously recorded impairment losses, in cases where increases in the recoverable value of the asset can be associated with events that occur subsequent to the period when the impairment loss was recorded.

Financial investments

Investments intended to be held for an indefinite period of time, and which may be sold in response to a need for liquidity or changes in interest rates are classified as available-for-sale. These are included in non-current assets unless management has the express intention of holding the investments for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets. Management makes the proper classification of such financial instruments at the date they are purchased and monitors this classification regularly.

All financial assets are initially carried at cost including purchasing costs related with investments. The unrealized gains and losses arising from changes in the fair value of available-for-sale securities are recognized in other comprehensive income (Note 5).

Share premium

Share premium represents differences resulting from the sale of the Company's subsidiaries and associates' shares at a price exceeding the face values of those shares or differences between the face values and the fair value of shares issued for acquired companies.

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

2. Basis of presentation of financial statements (continued)

Share capital and dividends

Ordinary shares are classified as equity. Dividends on ordinary shares are recognized in equity in the period in which they are declared. Dividends payable are recognized as an appropriation of profit in the period in which they are declared (Notes 17 and 21).

Taxes on income

Taxes include current period income taxes and deferred taxes. Current year tax liability consists of tax liability on the taxable income calculated according to currently enacted tax rates and to the effective tax legislation as of balance sheet date.

Deferred income tax is provided, using the liability method, for temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Tax bases of assets and liabilities comprise of the amounts that will affect the future period tax charges based on the tax legislation. Currently enacted tax rates, which are expected to be effective during the periods when the deferred tax assets will be utilized or deferred tax liabilities will be settled, are used to determine deferred income tax.

Deferred tax liability is calculated on all taxable temporary differences whereas deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporarily differences can be utilized. Carrying values of deferred tax assets are decreased to the extent necessary, if future taxable profits are not expected to be available to utilize deferred tax assets partially or fully.

Deferred tax assets and deferred tax liabilities related to income taxes levied by the same taxation authority are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities (Note 24).

Revenue recognition

Revenue comprises the invoiced value for the sale of goods and services. Revenue from the sale of goods is recognized when significant risks and rewards of ownership of the goods are transferred to the buyer. For export sales significant risk and rewards are transferred to the buyer on FAS, "Final Assignment to Ship" terms. For domestic vehicle and spare parts sales, significant risk and rewards are transferred to the buyer when goods are delivered and received by the buyer or when the legal title is passed to the buyer. For export service sales, significant risk and rewards are transferred to the buyer when service are given and revenue is determined reasonably. Interest income is recognized on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Company. Net sales represent the invoiced value of goods shipped less sales returns. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognized as interest income on accrual basis (Note 18).

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)

(AMOUNTS EXPRESSED IN TURKISH LİRA ("TL") UNLESS OTHERWISE INDICATED.)

2. Basis of presentation of financial statements (continued)

Foreign currency transactions and balances

Transactions in foreign currencies during the year have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TL at the Central Bank of Turkey (TCB) exchange rates prevailing at the balance sheet dates. Foreign currency exchange gains or losses arising from the settlement of such transactions and from the translation of monetary assets and liabilities are recognized in the statement of income (Notes 22, 23 and 27).

Financial instruments and financial risk management

Credit risk

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. All trade receivables are due mainly from dealers and related parties. The Company has established effective control procedures over its dealers and the credit risk arising from transactions with such dealers is regularly monitored by management and the aggregate risk to any individual counterparty is limited. The Company covered its credit risk from domestic vehicle sales to dealers by setting credit limits for dealers through arranged banks and collects its trade receivables from banks at the due date through the use of Direct Debit System. The use of DDS for receivables from dealers is an effective way to decrease the credit risk.

Collaterals obtained from dealers for the receivables regarding domestic spare part sales is another method in the management of the credit risk (Note 7).

Export sales mainly consist of sales to Ford Motor Company and its subsidiaries. Collection terms and conditions are specified in the business agreements with Ford Motor Company. Receivables from Ford Motor Company are collected in 30 days. Starting from January 1, 2012 receivable due from export vehicle sales have been collected within 14 days maturity. The collection of receivables resulting from export sales to customers other than Ford Motor Company is secured with letter of credit, letter of guarantee or cash payment.

Price risk

The Company is exposed to equity securities price risk because of investments classified on the balance sheet as available-for-sale. The Company limits the available-for-sale financial assets in order to manage the price risk arising from investments in equity securities.

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

The risk of funding current and future debt requirements is managed by having an adequate number of quality loan providers constantly available. The Company management keeps cash, credit commitment and factoring capacity to maintain 30 days cash outflows to manage the liquidity risk. The Company maintains a credit commitment amounting to Euro 70 million and factoring agreement amounting to TL 140 million in case a requirement for use arises.

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

2. Basis of presentation of financial statements (continued)

Interest rate risk

Management uses short-term interest bearing financial assets to manage the maturities of interest bearing assets and liabilities. The Company makes limited use of interest rate swaps, to hedge its floating rate borrowings, if needed.

Funding risk

The ability to fund the existing and prospective debt requirements is managed as necessary by obtaining adequate committed funding lines from high quality lenders.

Foreign exchange risk

The Company is exposed to foreign exchange risk through the impact of rate changes on the translation of foreign currency assets and liabilities into local currency. This risk is monitored by management through Audit Committee and regular Board of Director's meetings.

Excess cash is invested mainly in hard currency to balance the net foreign currency assets and liabilities and in order to minimize the balance sheet foreign exchange exposure. In addition to this, distribution of the amount of the export orientated production and sales in the related months can increase the foreign assets (Note 27).

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital on the basis of the debt to total capital ratio. This ratio is calculated as total debt divided by total capital. Debt is calculated as total short and long term borrowings, whereas total equity is calculated as equity, as shown in the balance sheet. According to the decision of Company Board of Directors, debt to total capital ratio is expected to be between 0.25-0.60.

	December 31, 2011	December 31, 2010
Financial debt	876,889,936	528,438,070
Total equity	1,898,218,483	1,755,044,031
Debt/Total equity ratio	0.46	0.30

Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)

(AMOUNTS EXPRESSED IN TURKISH LİRA ("TL") UNLESS OTHERWISE INDICATED.)

2. Basis of presentation of financial statements (continued)

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value.

Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange. The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practical to estimate fair value:

Monetary assets

The fair values of balances denominated in foreign currencies, which are translated using year-end exchange rates, are considered to approximate their carrying value. The fair values of certain financial assets carried at cost, including cash and amounts due from banks and deposits with banks are considered to approximate their respective carrying values due to their short-term nature. The carrying values of trade receivables along with the related allowances for impairment are estimated to be their fair values due to their short-term nature.

Monetary liabilities

The fair values of monetary liabilities are considered to approximate their respective carrying values due to their short-term nature. Long-term borrowings, which are mainly denominated in foreign currencies, are translated at year-end exchange rates and their fair values approximate their carrying values as floating interest is applied on these loans generally.

Derivative financial instruments and cash flow hedge accounting

The Company has entered into swap transactions in order to manage its interest rate risk. Swap transactions are initially recognized at fair value on the date the derivative contract is entered into and subsequently remeasured at fair value. Swap transactions that are designated as hedging instruments for cash flow hedges are accounted for in accordance with hedge accounting policies under International Financial Reporting Standards.

Fair value of financial instruments

The fair value of financial instruments except in case there is compulsory sales or at liquidation stage that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions (if any); reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

Borrowings and borrowing costs

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortized cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognized in the statement of income over the period of the borrowings (Note 6). When it comes to the assets which take long time to get ready to usage and sales, borrowing costs related to production or construction are integrated to the cost of the asset. The borrowing costs include other costs incurred due to borrowing and the interest.

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)

(AMOUNTS EXPRESSED IN TURKISH LİRA ("TL") UNLESS OTHERWISE INDICATED.)

2. Basis of presentation of financial statements (continued)

Provision for employee benefits

a) Defined benefit plan:

Provision for employee benefits represent the present value of the estimated total reserve of the future probable obligation of the Company arising from the retirement of the employees or reasons except for resignation and behaviors stated in labor law, calculated in accordance with the Turkish Labour Law (Note 15).

b) Defined contribution plan:

The Company has to compensate the Social Security Contribution of the employees. As long as this is compensated, there is no any other obligation for the Company. Social Security Contributions are classified as personnel expenses as of the accrual date (Note 15).

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. If the provision amount decreases, in the case of an event occurring after the provision is accounted for, the related amount is classified as other income in the current period.

Research and development expenses

Research expenditure is recognized as an expense as incurred. Costs, except for listed below are classified as development expenditures and recognized as expense as incurred.

- If the cost related to the products can be defined and only if the cost can be measured reliably,
- If the technological feasibility can be measured.
- If the good will be sold or will be used within the company.
- If there's a potential market or can be proved that it is used within the company.
- If necessary technological, financial and other resources can be provided to complete the project

Other research expenditures are recognized as expense as incurred.

Development costs previously recognized as expense are not recognized as an asset in a subsequent period. Development costs that have been capitalized are amortized from the commencement of the commercial production of the product on a straight-line basis over five years (Note 11).

Variable marketing provision

Variable marketing expenses for dealer stocks are accrued for based on the last approved variable marketing programme (Note 8).

Warranty provision expenses

Warranty expenses are recognized on an accrual basis for amounts estimated based on prior periods' realization. The Company has reclassified warranty reserves to be expected to be realized in one year as current (Note 13).

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)

(AMOUNTS EXPRESSED IN TURKISH LİRA ("TL") UNLESS OTHERWISE INDICATED.)

2. Basis of presentation of financial statements (continued)

2.3.24 Lease

Leasing - Ford as lessor

Operational Leasing

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Related parties

Parties are considered related to the company (will be used as reporting entity in this standard) if;

(a) A person or a close member of that person's family is related to a reporting entity if that person:

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

The Company stated Board Members, General Manager and Assistant General Managers as executive managers (Note 26).

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

2. Basis of presentation of financial statements (continued)

Earnings per share

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

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and the revaluation surplus. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and for each earlier year (Note 25).

Comparatives

Comparative figures that are material have been reclassified to conform to the changes to be consistent in presentation in the current period.

Reporting of cash flows

In the statement of cash flows, cash flows during the period are classified under operating, investing or financing activities.

The cash flows raised from operating activities indicate cash flows due to the Company's operations.

The cash flows due to investing activities indicate the Company cash flows that are used for and obtained from investments (investments in property, plant and equipment and financial investments).

The cash flows due to financing activities indicate the cash obtained from financial arrangements and used in their repayment. Cash and cash equivalents include cash and bank deposits and the investments that are readily convertible into cash and highly liquid assets with less than three months to maturity (Note 4).

Contingent assets and liabilities

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company are not included in the financial statements and treated as contingent assets or liabilities (Note 13).

Significant accounting estimates and decisions

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 year. Actual results could differ from those estimates.

- a) To calculate the employee benefit provision actuarial assumptions relating to turnover ratio, discount rate and salary increase are used. Calculation details are given in Note 15: Employee benefit.

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)

(AMOUNTS EXPRESSED IN TURKISH LİRA ("TL") UNLESS OTHERWISE INDICATED.)

2. Basis of presentation of financial statements (continued)

- b) To determine the impairment of trade receivables factors such as debtor credibility, historical payment performance and debt restructuring is considered (Note: 7).
- c) Discounted inventory price list is used to calculate inventory impairment. Where the sales price cannot be predicted, technical personnel's opinion and inventory waiting time is considered. If expected net realizable value is less than cost, the Company should allocate provisions for inventory impairment (Note: 9).
- d) To calculate the legal case provisions, the possibilities of losing the case and the liabilities that will arise if the case is lost is evaluated by the Company's Legal Counselor and by the Management team taking into account expert opinions. The management determines the amount of the provisions based on the best forecasts.
- e) To calculate the warranty provisions, the Company considers the historical warranty expenses incurred to estimate the possible warranty expense per vehicle. Provision calculations are realistically performed and based on vehicle quantity, warranty period and historical claims (Note 13).

Accounting policies, changes in accounting estimates and errors

Material changes in accounting policies or material errors are corrected, retrospectively; by restating the prior period financial statements. The effect of changes in accounting estimates affecting the current period is recognized in the current period; the effect of changes in accounting estimates affecting current and future periods is recognized in the current and future periods. As of December 31, 2011 there's no significant change in accounting estimates and error.

Subsequent events

Subsequent events and announcements related to net profit or even declared after other selective financial information has been publicly announced; include all events that take place between the balance sheet date and the date when the balance sheet is authorized for issue. In the case that events requiring an adjustment to the financial statements occur subsequent to the balance sheet date, the Company makes the necessary corrections on the financial statements (Note 29).

3. Segment reporting

The Company, which is incorporated and domiciled in Turkey, has primary operation of manufacturing, assembling, importing and selling motor vehicles and spare parts. The Company's operating segments, nature and economic characteristics of products, nature of production processes, classification of customers in terms of risk for their products and services and methods used to distribute their products are similar. Furthermore, the Company structure has been organized to operate in one segment rather than separate business segments. Consequently, the business activities of the Company are considered to be in one operating segment and the operating results, resources to be allocated to the segment and assessment of performance are managed in this respect.

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.**NOTES TO FINANCIAL STATEMENT****FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)**

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

4. Cash and cash equivalents

	December 31, 2011	December 31, 2010
Banks- foreign currency time deposits	409,090,947	174,602,985
Banks - TL time deposits	330,490,311	314,449,138
Banks - TL demand deposits	68,352,296	31,453,727
Banks - foreign currency demand deposits	915,524	438,184
	808,849,078	520,944,034

The maturity period of time deposits is up to three months. The weighted average interest rate for USD denominated time deposits is 5.50% (December 31, 2010: 3.10%). The weighted average interest rate for Euro denominated time deposits is 5.17% (December 31, 2010: 3.62%). The weighted average interest rate for the TL time deposits is 11.64% (December 31, 2010: 8.32%).

5. Financial assets

Available-for-sale financial assets:	December 31, 2011		December 31, 2010	
	Shareholding %	Amount	Shareholding %	Amount
Otokar Otomotiv ve Savunma Sanayi A.Ş. (Otokar) (*)	0.59	3,458,740	0.59	3,008,822
		3,458,740		3,008,822

(*) The Company's shareholding in Otokar was stated at market value at the stock quotes at the Istanbul Stock Exchange at December 31, 2011 and December 31, 2010 which is assumed to approximate its fair value.

6. Financial liabilities

	December 31, 2011		December 31, 2010	
	Effective interest rate %	TL Amount	Effective interest rate %	TL amount
Short term borrowings:				
- Euro	2.29	67,400,004	1.57	29,871,780
- TL (**)	-	101,297(*)	-	8,534,887(*)
		67,501,301		38,406,667

(*) Loans used for short term purposes with no interest paid.

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)

(AMOUNTS EXPRESSED IN TURKISH LİRA ("TL") UNLESS OTHERWISE INDICATED.)

6. Financial liabilities (continued)

Short-term portion of long-term borrowings:

	December 31, 2011		December 31, 2010	
	Effective interest rate %	TL Amount	Effective interest rate %	TL amount
- Euro	3.37	158,983,070	2.63	192,509,525
- USD	2.68	352,625	3.54	218,878
		159,335,695		192,728,403
Total short term borrowings		226,836,996		231,135,070

Long term borrowings:

- Euro	3.53	619,830,540	2.92	266,383,000
- USD	2.68	30,222,400	3.54	30,920,000
		650,052,940		297,303,000

The payment schedules of long-term bank borrowings as of December 31, 2011 and December 31, 2010 are as follows:

Payment period	December 31, 2011			December 31, 2010		
	USD denominated TL	Euro denominated TL	Total TL	USD denominated TL	Euro denominated TL	Total TL
2012	-	-	-	-	98,330,188	98,330,188
2013	30,222,400	222,416,737	252,639,137	30,920,000	99,793,831	130,713,831
2014	-	230,192,464	230,192,464	-	44,840,695	44,840,695
2015	-	131,329,646	131,329,646	-	23,418,286	23,418,286
2016	-	16,121,932	16,121,932	-	-	-
2017	-	5,648,502	5,648,502	-	-	-
2018-2020	-	14,121,259	14,121,259	-	-	-
	30,222,400	619,830,540	650,052,940	30,920,000	266,383,000	297,303,000

The letters of bank guarantee given to financial institutions in connection with the long-term bank borrowings amount to TL 194,893,049 (December 31, 2010: TL 182,205,650) (Note 13).

As of December 31, 2011, borrowings with floating interest rates amount to TL 799,812,178 (December 31, 2010: TL 374,875,644), The exposure of the borrowings to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

	December 31, 2011	December 31, 2010
Period		
Up to 6 months(Note 27)	799,812,178	374,875,644
	799,812,178	374,875,644

The carrying values of borrowings approximate to their fair values as the effect of the discounting are not significant due to the fact that the applicable financing costs are based on floating interest rates.

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.**NOTES TO FINANCIAL STATEMENT****FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)**

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

7. Trade receivables and payables

	December 31, 2011	December 31, 2010
Short term trade receivables:		
Trade receivables	517,917,390	492,605,273
Cheques and notes receivable	7,392,169	20,301,200
Doubtful receivables	3,333,456	3,244,537
Less: Unearned credit finance income	(3,722,527)	(1,593,072)
	524,920,488	514,557,938
Less: Provision for doubtful receivables	(3,333,456)	(3,244,537)
	521,587,032	511,313,401

The average due date of trade receivables is 1 month (December 31, 2010: 1 month) and amortized with 1.05% monthly effective interest rate (December 31, 2010: 0.7%).

Export sales are mainly made to Ford Motor Company (Note 26). The collection of receivables resulting from export sales other than Ford Motor Company is under guarantee with letter of credit, letter of guarantee or cash collection.

	December 31, 2011	December 31, 2010
Long term trade receivables:		
Deposits and guarantees given	474,645	342,608
	474,645	342,608

	December 31, 2011	December 31, 2010
Trade payables:		
Trade payables	906,030,573	510,151,746
Less: Unearned credit finance charges	(5,366,102)	(2,083,278)
	900,664,471	508,068,468

The average turnover days of the Company's trade payables is 60 days (December 31, 2010: 45 days) and amortized with 1.05% monthly effective interest rate (December 31, 2010: 0.7%).

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)

(AMOUNTS EXPRESSED IN TURKISH LİRA ("TL") UNLESS OTHERWISE INDICATED.)

7. Trade receivables and payables (continued)

The maximum exposure of the Company to credit risk as of December 31, 2011 and December 31, 2010 is as follows:

December 31, 2011	Trade receivables		Other receivables		Bank deposits
	Related party	Other	Related party	Other	
The maximum of credit risk exposed at the reporting date (Disclosures 26, 7, 8, 4)	877,374,203	521,587,032	-	4,346,575	808,849,078
- Credit risk covered by guarantees	100,000,000	450,426,632	-	-	-
Net carrying value of not overdue and not impaired financial assets	843,800,456	503,998,613	-	4,346,575	808,849,078
The carrying amount of financial assets whose terms have been renegotiated otherwise be past due or impaired	-	10,392,169	-	-	-
Net carrying value of overdue but not impaired assets	33,573,747	7,196,250	-	-	-
- Amount of risk covered by guarantees	-	632,956	-	-	-
Net carrying value of impaired assets	-	-	-	-	-
- Overdue (gross carrying value)	-	3,333,456	-	-	-
- Provision for impairment (-)	-	(3,333,456)	-	-	-
- Amount of risk covered by guarantees	-	-	-	-	-

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.**NOTES TO FINANCIAL STATEMENT****FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)**

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

7. Trade receivables and payables (continued)

December 31, 2010	Trade receivables		Other receivables		Bank deposits
	Related party	Other	Related party	Other	
The maximum of credit risk exposed at the reporting date	673,117,047	511,313,401	-	6,401,917	520,944,034
- Credit risk covered by guarantees	60,000,000	368,213,956	-	-	-
Net carrying value of not overdue and not impaired financial assets	668,818,739	487,006,047	-	6,401,917	520,944,034
The carrying amount of financial assets whose terms have been renegotiated otherwise be past due or impaired	-	20,241,000	-	-	-
Net carrying value of overdue but not impaired assets	4,298,308	4,066,354	-	-	-
- Amount of risk covered by guarantees	-	2,610,645	-	-	-
Net carrying value of impaired assets	-	-	-	-	-
- Overdue (gross carrying value)	-	3,244,537	-	-	-
- Provision for impairment (-)	-	(3,244,537)	-	-	-
- Amount of risk covered by guarantees	-	-	-	-	-

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)
 (AMOUNTS EXPRESSED IN TURKISH LİRA ("TL") UNLESS OTHERWISE INDICATED.)

7. Trade receivables and payables (continued)

The aging schedule of receivables that are overdue but not impaired is as follows:

December 31, 2011	Trade receivable	
	Related party	Related party
1-30 days overdue	4,130,763	1,339,011
1-3 months overdue	9,219,076	1,375,466
3-12 months overdue	14,867,704	4,419,742
1-5 years overdue	5,356,204	62,031
	33,573,747	7,196,250
Risk covered by guarantees	-	632,956

Company's overdue receivables are related to the long term engineering service bills and spare parts exports to the Ford Motor Company.

December 31, 2010	Trade receivable	
	Related party	Related party
1-30 days overdue	363,204	1,803,871
1-3 months overdue	368,443	1,571,754
3-12 months overdue	2,722,602	560,814
1-5 years overdue	844,059	129,915
	4,298,308	4,066,354
Risk covered by guarantees	-	2,610,645

Movements of the Company's impaired receivables are as follows:

	2011	2010
January 1	3,244,537	3,228,090
Provisions during the year (Note 21)	88,919	16,447
December 31	3,333,456	3,244,537

8. Other receivables and payables

	31 Aralık 2011	31 Aralık 2010
Other receivables:		
Receivables from personnel	59,463	43,978
Other miscellaneous receivables	4,287,112	6,357,939
	4,346,575	6,401,917

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.**NOTES TO FINANCIAL STATEMENT****FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)**

(AMOUNTS EXPRESSED IN TURKISH LİRA ("TL") UNLESS OTHERWISE INDICATED.)

8. Other receivables and payables (continued)

	December 31, 2011	December 31, 2010
Other payables:		
Taxes and funds payable	52,502,458	33,354,481
Payables to personnel and expense provisions	46,680,062	30,503,702
Variable marketing provision	23,118,895	17,305,455
Expense accruals	10,030,288	23,989,741
Other	17,805,808	11,922,017
	150,137,511	117,075,396

Variable marketing provision is primarily composed of discount accruals as of balance sheet date that dealers earned but not invoiced and expense accruals related with vehicles at stocks at balance sheet date (Note 2.3).

9. Inventories

	December 31, 2011	December 31, 2010
Raw materials	298,160,635	208,533,233
Inventory in transit	215,633,497	173,559,089
Finished goods	75,705,380	19,053,230
Spare parts	70,536,820	49,498,277
Imported vehicles	68,560,906	18,431,527
	728,597,238	469,075,356
Less: Provision for impairment of finished goods and spare parts	(3,625,019)	(5,149,850)
	724,972,219	463,925,506

The allocation of fixed production overheads to the costs of conversion is based on the normal capacity of the production facilities.

The Company has accounted for the provision for impairment of inventories as cost of sales:

	December 31, 2011	December 31, 2010
January 1	5,149,850	1,662,067
Net change within the period	(1,524,831)	3,487,783
	3,625,019	5,149,850

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)
 (AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

10. Property, plant and equipment

	Land improvements	Land	Buildings	Machinery & equipments	Models & moulds	Fixtures & furnitures	Vehicles	Construction in progress	Total
December 31, 2010									
Cost	11,874,536	90,395,899	368,744,219	1,429,434,949	618,140,429	76,052,780	10,151,498	24,863,118	2,629,657,428
Accumulated depreciation	-	(27,543,204)	(122,382,395)	(798,258,763)	(570,854,620)	(50,654,418)	(1,563,769)	-	(1,571,257,169)
Net book value	11,874,536	62,852,695	246,361,824	631,176,186	47,285,809	25,398,362	8,587,729	24,863,118	1,058,400,259
For the year ended June 30, 2011									
Opening net book value	11,874,536	62,852,695	246,361,824	631,176,186	47,285,809	25,398,362	8,587,729	24,863,118	1,058,400,259
Additions	-	5,416,993	404,840	34,964,630	11,123,709	11,849,203	3,607,925	112,901,822*	180,269,122
Transfers	-	4,626,292	4,033,576	1,434,531	739,482	28,459	-	(10,862,340)	-
Disposals	-	-	-	(13,152,389)	(909,413)	(1,858,937)	(4,914,543)	-	(20,835,282)
Depreciation charge	-	(2,958,810)	(11,526,446)	(78,435,264)	(27,006,552)	(4,287,086)	(1,039,914)	-	(125,254,072)
Disposals from accumulated depreciation	-	-	-	11,996,795	908,788	1,665,891	937,499	-	15,508,973
Closing net book value	11,874,536	69,937,170	239,273,794	587,984,489	32,141,823	32,795,892	7,178,696	126,902,600	1,108,089,000
December 31, 2011									
Cost	11,874,536	100,439,184	373,182,635	1,452,681,721	629,094,207	86,071,505	8,844,880	126,902,600	2,789,091,268
Accumulated depreciation	-	(30,502,014)	(133,908,841)	(864,697,232)	(596,952,384)	(53,275,613)	(1,666,184)	-	(1,681,002,268)
Net book value	11,874,536	69,937,170	239,273,794	587,984,489	32,141,823	32,795,892	7,178,696	126,902,600	1,108,089,000

(*) The portion of TL 55,139,144 (2010: TL 15,461,024) in the current year additions which are amounting total of TL 112,901,882 (2010: TL 24,281,932) is in nature of tangible fixed asset and related to the new light commercial vehicle factory investment and new generation transit projects. The remaining TL 57,762,678 (2010: TL 8,820,908) is related to engineering investment new light commercial vehicle and various Cargo projects.

Company compared the investment loans in foreign currency to the TL market loan interest and capitalized the borrowing cost amounting to TL 17,287,672 (Note 23).

There are no pledges or mortgages on tangible assets as of December 31, 2011 and 2010.

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)
(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

10. Property, plant and equipment (continued)

	Land improvements	Land	Buildings	Machinery & equipments	Models & moulds	Fixtures & furnitures	Vehicles	Construction in progress	Total
December 31, 2009									
Cost	12,009,181	88,982,583	368,487,421	1,411,433,641	601,068,162	69,091,825	10,295,480	3,395,070	2,564,763,363
Accumulated depreciation	-	(24,674,943)	(110,876,453)	(722,659,783)	(513,151,867)	(47,511,182)	(1,384,861)	-	(1,420,259,089)
Net book value	12,009,181	64,307,640	257,610,968	688,773,858	87,916,295	21,580,643	8,910,619	3,395,070	1,144,504,274
For the year ended December 31, 2010									
Opening net book value	12,009,181	64,307,640	257,610,968	688,773,858	87,916,295	21,580,643	8,910,619	3,395,070	1,144,504,274
Additions	-	1,413,316	222,116	18,948,144	17,670,684	7,480,774	4,490,303	24,281,932	74,507,269
Transfers	-	-	34,682	1,036,539	1,643,011	99,652	-	(2,813,884)	-
Disposals	(134,645)	-	-	(1,983,375)	(2,241,428)	(619,471)	(4,634,285)	-	(9,613,204)
Depreciation charge	-	(2,868,261)	(11,505,942)	(77,244,202)	(59,944,181)	(3,495,690)	(1,001,747)	-	(156,060,023)
Disposals from accumulated depreciation	-	-	-	1,645,222	2,241,428	352,454	822,839	-	5,061,943
Closing net book value	11,874,536	62,852,695	246,361,824	631,176,186	47,285,809	25,398,362	8,587,729	24,863,118	1,058,400,259
December 31, 2010									
Cost	11,874,536	90,395,899	368,744,219	1,429,434,949	618,140,429	76,052,780	10,151,498	24,863,118	2,629,657,428
Accumulated depreciation	-	(27,543,204)	(122,382,395)	(798,258,763)	(570,854,620)	(50,654,418)	(1,563,769)	-	(1,571,257,169)
Net book value	11,874,536	62,852,695	246,361,824	631,176,186	47,285,809	25,398,362	8,587,729	24,863,118	1,058,400,259

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)

(AMOUNTS EXPRESSED IN TURKISH LİRA ("TL") UNLESS OTHERWISE INDICATED.)

10. Property, plant and equipment (continued)

The carrying amounts of fully depreciated property, plant and equipment still in use are as follows:

	December 31, 2011	December 31, 2010
Moulds and models	346,300,236	346,052,054
Machinery and equipment	104,763,970	92,285,713
Furniture and fixtures	25,062,916	26,443,208
Buildings	5,529,499	5,529,499
Land improvements	237,300	237,300
Vehicles	149,976	137,275
	482,043,897	470,685,049

The allocation of depreciation expense as of December 31, 2011 and 2010 is as follows:

	December 31, 2011	December 31, 2010
Cost of production (Note 18)	118,215,871	149,549,190
Research and development expenses (Note 19)	2,287,156	1,984,907
General administrative expenses (Notes 19)	1,847,645	1,751,075
Selling and marketing expenses (Note 19)	1,690,302	1,603,185
Construction in progress	1,213,098	1,171,666
Current year depreciation charge	125,254,072	156,060,023

11. Intangible assets

December 31, 2010	Rights	Development costs	Other	Total
Cost	21,677,670	428,871,269	3,229,041	453,777,980
Accumulated amortization	(17,929,947)	(392,276,771)	(1,271,700)	(411,478,418)
Net book value	3,747,723	36,594,498	1,957,341	42,299,562
For the year ended December 31, 2011				
Opening net book value	3,747,723	36,594,498	1,957,341	42,299,562
Additions	3,598,430	3,376,163	128,072	7,102,665
Amortization charge	(728,765)	(19,391,787)	(504,505)	(20,625,057)
Closing net book value	6,617,388	20,578,874	1,580,908	28,777,170
December 31, 2011				
Cost	25,276,100	432,247,432	3,357,113	460,880,645
Accumulated amortization	(18,658,712)	(411,668,558)	(1,776,205)	(432,103,475)
Net book value	6,617,388	20,578,874	1,580,908	28,777,170

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.**NOTES TO FINANCIAL STATEMENT****FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)**

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

11. Intangible assets (continued)

December 31, 2009	Rights	Development costs	Other	Total
Cost	19,066,880	421,719,418	1,626,476	442,412,774
Accumulated amortization	(16,950,114)	(374,340,280)	(1,063,555)	(392,353,949)
Net book value	2,116,766	47,379,138	562,921	50,058,825
For the period ended December 31, 2010				
Opening net book value	2,116,766	47,379,138	562,921	50,058,825
Additions	2,610,790	7,151,851	1,602,565	11,365,206
Amortization charge	(979,833)	(17,936,491)	(208,145)	(19,124,469)
Closing net book value	3,747,723	36,594,498	1,957,341	42,299,562
December 31, 2010				
Cost	21,677,670	428,871,269	3,229,041	453,777,980
Accumulated amortization	(17,929,947)	(392,276,771)	(1,271,700)	(411,478,418)
Net book value	3,747,723	36,594,498	1,957,341	42,299,562

Development expenses classified under intangible assets are mainly comprised of Transit and Cargo truck projects. Capitalized amount with TL 3,376,163 (2010: TL 7,151,851) in the current year is related to the engineering expenses for Cargo Project. As of December 31, 2011 engineering projects expenses amounting to TL 57,762,678 (2010: TL 8,820,908) are presented under tangible assets - construction in progress.

The allocation of amortization charges relating to December 31, 2011 and 2010 is as follows:

	December 31, 2011	December 31, 2010
Cost of production (Note 18)	19,391,787	17,936,491
Research and development expenses (Note 19)	690,266	281,853
General administrative expenses (Notes 19)	543,004	906,125
Current year amortization charge	20,625,057	19,124,469

12. Government Incentives and grants

The research and development support received from Tübitak as of December 31, 2011 amounting to TL 2,619,410 (December 31, 2010: TL 6,799,454) has been classified under other operating income (Note 21).

The Company received two investment incentives both greater than TL 250 million in last quarter of 2010, under the scope of the Council of Minister's decision with number of 2009/15199 and dated 14/07/2009. Based on this decision, the Company can deduct 30% of its fixed assets expenditures related with new investments, from the tax base, at the time investment is completed and the revenue is started to be earned. Accordingly, as of December 31, 2011, fixed asset expenditures amounting to TL 39,731,476 have been realized and tax advantages amounting to TL 11,919,443 had been created to be used in future periods.

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)

(AMOUNTS EXPRESSED IN TURKISH LİRA ("TL") UNLESS OTHERWISE INDICATED.)

13. Provision, contingent assets and liabilities

The Company provides 2-3 years of warranty for the vehicles sold by dealers for malfunctions described in the sales agreements. Warranty expense provision is estimated by considering vehicles under warranty as of the balance sheet date and warranty claims of vehicles sold in previous years on a model basis.

Provisions:

	December 31, 2011	December 31, 2010
Short term warranty expense provision	38,849,095	29,652,632
Long term warranty expense provision	46,672,397	39,070,522
	85,521,492	68,723,154

Movements in the warranty expense provision during the year are as follows:

	2011	2010
January 1	68,723,154	58,038,497
Paid during the year	(54,098,639)	(76,205,765)
Additions during the year (Note 19)	70,896,977	86,890,422
	85,521,492	68,723,154

Collaterals, pledges and mortgages given by company	December 31, 2011	December 31, 2010
Letters of guarantee given to banks	194,893,049	182,205,650
Letters of guarantee given to customs	24,545,155	20,596,269
Other letter of guarantees given to other parties	13,596,691	13,367,372
	233,034,895	216,169,291

The allocation of collaterals, pledges and mortgages as of December 31, 2011 and 2010 is as follows:

Collaterals, pledges and mortgages given by company	December 31, 2011	December 31, 2010
Total amount of the collaterals/pledges/mortgages given for its own legal entity	233,034,895	216,169,291

Letters of guarantee given	December 31, 2011		December 31, 2010	
	Original currency	TL	Original currency	TL
Euro	89,812,210	219,483,077	98,982,053	202,824,125
TL	13,527,262	13,527,262	13,325,068	13,325,068
USD	13,000	24,556	13,000	20,098
		233,034,895		216,169,291

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)

(AMOUNTS EXPRESSED IN TURKISH LİRA ("TL") UNLESS OTHERWISE INDICATED.)

13. Provision, contingent assets and liabilities (continued)

Other than the collaterals, pledges and mortgages given for corporate itself, there's no collaterals, pledges and mortgages given for 3rd parties.

As of December 31, 2011, total amount of the collaterals, pledges and mortgages obtained by the Company is TL 266,770,273 (December 31, 2010 - TL 189,261,120).

Letters of guarantee taken

	December 31, 2011		December 31, 2010	
	Original currency	TL	Original currency	TL
TL	260,663,503	260,663,503	188,379,520	188,379,520
Euro	2,364,519	5,778,412	306,123	627,277
USD	132,140	249,599	164,504	254,323
GBP	27,000	78,759	-	-
		266,770,273		189,261,120

Tax matters

Fiscal Administration, imposed tax amount related to fuel consumption of export vehicles for the years between 2005 and 2009, amounting to TL 17,837,279 which also includes the Special Consumption Tax, tax penalty and related interest. As a result of consultations with their advisors, the Company filed an appeal lawsuit at the court. The Company won the lawsuit relating to one of them with an amounting of TL 11,982,710. For the remaining amount of TL 5,854,569, the Company made the payment and applied to the Council of State.

14. Commitments

Commitments related with bank loans used by the Company are as follows:

- Regarding the credit agreements made by the Company in 2007 and 2010, the Company is required to ensure that its export proceeds up to an amount equal to, Euro 30,000,000 via İş Bankası A.Ş., Euro 20,000,000 via TC. Ziraat Bankası A.Ş., Euro 60,000,000 via Vakıflar Bankası T.A.O and Euro 89,000,000 via Akbank T.A.Ş. be received into deposit accounts for the year 2011 in these banks. The Company fulfilled these commitments as of December 31, 2011.
- Regarding the credit agreements made by the Company in 2010 which is amounting to Euro 70,000,000 with Garanti Bankası A.Ş. the Company is required to ensure that its export proceeds up to an amount equal to Euro 150,000,000 via Garanti Bankası be received into deposit accounts for the year 2011 in this bank. The Company fulfilled this commitment as of December 31, 2011.
- Regarding the other credit agreements is 4 month term made by the Company in 2011 December which is amounting to Euro 27,580,000 with Türkiye İhracat Kredi Bankası A.Ş. term is 4 month, the Company is required to ensure that its export proceeds up to an amount equal to Euro 28,000,000 via Türkiye İhracat Kredi Bankası A.Ş.

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)

(AMOUNTS EXPRESSED IN TURKISH LİRA ("TL") UNLESS OTHERWISE INDICATED.)

14. Commitments (continued)

Operational lease commitments

Future lease payments under non-cancellable operating lease of the Company is as follows:

Operational lease commitments	December 31, 2011	December 31, 2010
Up to 1 year	1,952,712	1,311,274
Between 1 year to 5 years	3,417,246	3,606,005
	5,369,958	4,917,279

15. Employee benefits

Long-term provisions:

	December 31, 2011	December 31, 2010
Provision for employee benefits	55,081,174	44,061,805
	55,081,174	44,061,805

Provision for employee benefits:

There are no agreements for pension commitments other than the legal requirement as explained below.

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of TL 2,731.85 for each year of service as of December 31, 2011 (December 31, 2010 - TL 2,517.01).

The liability is not funded, as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees.

IFRS requires actuarial valuation methods to be developed to estimate the enterprises' obligation under defined benefit plans, accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	December 31, 2011	December 31, 2010
Discount rate (%)	4.66	4.66
Turnover rate to estimate the probability of retirement (%)	5	5

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)

(AMOUNTS EXPRESSED IN TURKISH LİRA ("TL") UNLESS OTHERWISE INDICATED.)

15. Employee benefits (continued)

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Since the Company calculates the reserve for employee benefits every six months, the maximum amount of TL 2,731.85 which is effective from July 1, 2011 (July 1, 2010 - TL 2,517.01) has been taken into consideration in the calculations.

Movements in the provision for employee benefits during the year are as follows:

	2011	2010
January 1	44,061,805	30,943,135
Interest cost	2,054,263	1,441,950
Actuarial loss	6,269,931	8,834,728
Paid during the year	(4,464,057)	(2,653,826)
Current year service cost	7,159,232	5,495,818
December 31	55,081,174	44,061,805

16. Other current assets

	December 31, 2011	December 31, 2010
Other current assets:		
VAT to be deductible	114,811,622	42,175,402
Amounts to be billed to vendors	11,575,054	2,033,722
Prepaid taxes and withholding	7,585,414	3,052,712
Prepaid expenses	3,093,981	2,482,222
Premiums for research and development support earned	-	677,169
Other	14,805,538	3,234,026
	151,871,609	53,655,253

VAT deductible subject to refund, the ongoing process of refund, are due to the export VAT refund related to November and December.

	December 31, 2011	December 31, 2010
Other non-current assets:		
Advances given for investments (*)	191,659,398	1,671,631
	191,659,398	1,671,631

Investment advances given are related to company's new vehicle investments. TL 62,748,370 is given to domestic vendors as mould advances and TL 128,911,028 is given for the new light commercial vehicle factory investment in Kocaeli plant and assembly line investment advances procured from vendors abroad for the new age Transit projects.

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)

(AMOUNTS EXPRESSED IN TURKISH LİRA ("TL") UNLESS OTHERWISE INDICATED.)

17. Equity

The composition of the Company's paid-in capital at December 31, 2011, 2010 is as follows:

Shareholders	December 31, 2011	Shareholders percentage (%)	December 31, 2010	Shareholders percentage (%)
Koç Holding A.Ş.	134,953,357	38.46	134,953,357	38.46
Vehbi Koç Vakfı	3,428,592	0.98	3,428,592	0.98
Koç Holding Emekli Yardım Sandığı Vakfı	3,259,202	0.93	3,259,202	0.93
Temel Ticaret A.Ş.	2,355,885	0.67	2,355,885	0.67
Total Koç Group	143,997,036	41.04	143,997,036	41.04
Ford Motor Company	143,997,036	41.04	143,997,036	41.04
Other (Publicly held)	62,915,928	17.92	62,915,928	17.92
Total	350,910,000	100.00	350,910,000	100.00
Adjustments to share capital	27,920,283		27,920,283	
Inflation adjusted paid in capital	378,830,283		378,830,283	

Adjustment to share capital represents the restatement effect of cash and cash equivalent contributions to share.

There are 35,091,000,000 unit of shares (December 31, 2010 - 35,091,000,000 unit) with a nominal value of Kr 1 each.

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"), The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in capital, Under the TCC; the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in capital.

In accordance with Corporate Tax Law No, 5520, dated June 13, 2006, Exemption for Sale of Participation Shares and Property, 75% portion of corporations' profits arising from the sale of subsidiary shares which shares that have been carried at least for two years on the balance sheet and the profits from the sale of which are not withdrawn within five years are followed in special reserves. The Company has reserves amounting to TL 20,670,400 TL related to this exemption in its tax financial statements (December 31, 2010 - TL 20,670,400).

In accordance with CMB Financial Reporting Standards, the Company classified the above mentioned amounts under "Restricted reserves", the amount of restricted reserves is TL 390,964,519 as of December 31, 2011 (December 31, 2010 - TL 340,819,480).

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

17. Equity (continued)

In accordance with the Communiqué No:XI-29 and related announcements of CMB, effective from January 1, 2008, "Share Capital", "Restricted Reserves" and "Share Premiums" shall be carried at their statutory amount. The valuation differences shall be classified as follows:

- the difference arising from the "Paid-in Capital" and not been transferred to capital yet, shall be classified under the "Inflation Adjustment to Share Capital";
- the difference due to the inflation adjustment of "Restricted reserves" and "Share premium" and the amount has not been utilized in dividend distribution or capital increase yet, shall be classified under "Retained earnings",

Other equity items shall be carried at the amounts calculated based on CMB Financial Reporting Standards.

Adjustment to share capital has no use other than being transferred to paid-in share capital.

Companies quoted on the Istanbul Stock Exchange, are authorised by the CMB to distribute dividends regarding the clauses below:

In accordance with the Capital Market Board Communiqué IV, No: 27, article 5th, in the listed companies, the first dividend shall not be below 20% of the distributable profit after deducting the accumulated losses. Based on their decisions taken in the ordinary general boards, listed joint-stock companies have their right to distribute dividends in cash, in share certificates, in partial distribution within cash or share certificates while retaining a portion in the partnership.

Based on the CMB decision numbered 7/242 taken on February 25, 2005; distributable profit -calculated upon the regulations of CMB related with the dividend distribution- shall be fully distributed if the amount is adequate to be provided by the distributable profits with respect to the statutory books, otherwise, all of the net distributable amount in the statutory books shall be distributed. No profit distribution shall be made in the case of tax loss is met in either local books or the financial statements prepared in accordance with CMB regulations.

Based on the decision of CMB dated January 27, 2010, it is decided not to determine any minimum dividend payment distribution requirement for publicly held companies.

Inflation adjustments to issued capital and historical amount of extraordinary reserves can be used for in kind capital increase, dividend distribution in cash or the net loss deduction. In case inflation adjustment to issued capital is used as dividend distribution in cash, it is subject to corporation tax.

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)
 (AMOUNTS EXPRESSED IN TURKISH LİRA ("TL") UNLESS OTHERWISE INDICATED.)

17. Equity (continued)

At General Shareholders Meeting dated March 23,2011, the Company decided to pay dividend from the net profit of the year 2010 at 86%, that is, gross Kr 86 (net Kr 75.9683) per TL 1 share, amounting to TL 301,782,600 in total, and the dividend was paid in April 2011. The Company had also decided to pay dividend from the net profit of the year 2010 at 61,9%, that is, gross Kr 61.90 (net Kr 55.5520) per TL 1 share, amounting to TL 217,213,290 in total at the Extraordinary General Shareholders Meeting, held on 25 October 2011 and the dividend was paid in October 2011 (2010: TL 400,037,400).

Reserves, retained earnings and net income for the year ended December 31, 2011 according to CMB and statutory books are as follows:

	According to CMB	According to statutory accounts
Income for the year	800,072,719	800,907,737
Taxes payable (-)	(137,983,993)	(168,782,079)
Net income for the year	662,088,726	632,125,658
Distributable net profit	662,088,726	632,125,658
Donations made during the year (Note 19)	18,315,200	
Distributable net current year income including donations	680,403,926	

In accordance with Communiqué No: XI-29, the equity schedules at December 31, 2011 and 2010 are as follows:

	December 31, 2011	December 31, 2010
Share capital	350,910,000	350,910,000
Adjustment to share capital	27,920,283	27,920,283
Financial assets fair value reserve	8,252	8,252
Share premium	2,335,091	1,907,669
Net loss on cash flow hedge	(345,806)	-
Restricted reserves	390,964,519	340,819,480
- Legal reserves	370,294,119	320,149,080
- Special reserves	20,670,400	20,670,400
Retained earnings	464,337,418	528,870,084
- Inflation adjustment to equity	428,301,244	428,301,244
- Extraordinary reserves	36,036,174	-
- Retained earnings	-	100,568,840
Net income for the period	662,088,726	504,608,263
Total equity	1,898,218,483	1,755,044,031

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)

(AMOUNTS EXPRESSED IN TURKISH LİRA ("TL") UNLESS OTHERWISE INDICATED.)

17. Equity (continued)

Reserves, retained earnings and net income for the year ended December 31, 2011 and 2010 according to statutory books are as follows:

December 31, 2011:	Historical values	Readjusted amounts	Equity Inflation adjustment differences
Share capital	350,910,000	378,830,283	27,920,283
Legal reserves	370,294,119	429,046,723	58,752,604
Extraordinary reserves	36,036,174	405,181,190	369,145,016
Share premium	8,252	361,733	353,481
Special reserves	20,670,400	20,720,543	50,143
	777,918,945	1,234,140,472	456,221,527

December 31, 2010:	Historical values	Readjusted amounts	Equity Inflation adjustment differences
Share capital	350,910,000	378,830,283	27,920,283
Legal reserves	320,149,080	378,901,684	58,752,604
Extraordinary reserves	-	369,145,016	369,145,016
Share premium	8,252	361,733	353,481
Special reserves	20,670,400	20,720,543	50,143
	691,737,732	1,147,959,259	456,221,527

Inflation adjustment difference in equity can be utilized in issuing bonus shares and in offsetting accumulated losses; the carrying amount of extraordinary reserves could have been utilized in issuing bonus shares, cash dividend distribution and offsetting accumulated losses.

Otokar shares which are publicly traded in ISE are valued with their closing price as of December 31, 2011 and December 31, 2010. Fair value difference (positive) amounting to TL 427,422 (December 31, 2010 - TL 829,535) is shown in comprehensive income statement.

The effects of the changes in revaluation fund on other comprehensive income are as follows:

	2011	2010
January 1	1.907.669	1.078.134
Fair value increase/(decrease) of financial assets	427,422	829,535
Fair value increase/(decrease) of financial derivatives	(345,806)	-
December 31	1,989,285	1,907,669

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)

(AMOUNTS EXPRESSED IN TURKISH LİRA ("TL") UNLESS OTHERWISE INDICATED.)

18. Sales and cost of sales

	December 31, 2011	December 31, 2010
Export sales	5,853,930,197	4,105,177,837
Domestic sales	5,088,764,313	3,913,895,507
Other sales	108,924,394	87,844,703
Less: Discounts	(606,595,954)	(457,506,410)
	10,445,022,950	7,649,411,637

Sales units:

	December 31, 2011			December 31, 2010		
	Domestic sales	Export sales	Total sales	Domestic sales	Export sales	Total sales
Transit	35,246	147,766	183,012	29,755	122,935	152,690
Transit Connect	37,445	64,616	102,061	32,615	52,459	85,074
Passenger vehicles	57,946	384	58,330	56,756	890	57,646
Cargo	8,329	824	9,153	4,593	547	5,140
Ranger	1,714	4	1,718	1,849	20	1,869
Fiesta Van	-	55	55	-	77	77
	140,680	213,649	354,329	125,568	176,928	302,496

Summaries of cost of production as of December 31, 2011 and 2010 are as follows:

	December 31, 2011	December 31, 2010
Raw material cost	(6,692,484,964)	(4,473,909,713)
Production overhead costs	(644,304,470)	(496,796,067)
Depreciation and amortization expenses (Note 10 and 11)	(137,607,658)	(167,485,681)
Change in finished goods inventory	60,177,833	(8,393,612)
Total cost of production	(7,414,219,259)	(5,146,585,073)
Cost of trade goods sold	(1,829,292,521)	(1,517,951,790)
Cost of sales	(9,243,511,780)	(6,664,536,863)

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.**NOTES TO FINANCIAL STATEMENT****FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)**

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

19. Research and development expenses, marketing and sales expenses, general administrative expenses

	December 31, 2011	December 31, 2010
Selling and marketing expenses:		
Warranty expenses (Note 13)	(70,896,977)	(86,890,422)
Advertising expenses	(52,994,210)	(38,522,755)
Transportation expenses	(52,721,289)	(38,661,111)
Personnel expenses	(32,129,825)	(24,478,238)
Spare parts transportation and packaging expenses	(14,988,279)	(12,056,420)
Dealer and service development expenses	(9,210,817)	(5,885,906)
Depreciation expense (Note 10)	(1,690,302)	(1,603,185)
Other	(20,538,286)	(17,932,758)
	(255,169,985)	(226,030,795)
General administrative expenses:		
Personnel expenses	(52,132,874)	(38,410,672)
Grants and donations (Note 17)	(18,315,200)	(12,595,086)
Legal consulting and auditing expenses	(11,932,460)	(20,193,575)
New project administrative expenses	(7,361,693)	(3,903,938)
Travel expenses	(3,729,247)	(1,866,691)
Repair, maintenance and energy expenses	(3,522,562)	(3,164,872)
Depreciation and amortization expense (Notes 10 and 11)	(2,390,649)	(2,657,200)
Duties, taxes and levies	(1,720,001)	(1,768,355)
Warranty expenses excluding sales	(1,397,671)	(4,682,459)
Other	(10,402,108)	(9,300,222)
	(112,904,465)	(98,543,070)
Research and development expenses:		
Personnel expenses	(64,819,409)	(52,751,971)
Project costs	(28,707,474)	(18,301,397)
Research and development administrative expenses	(7,985,354)	(9,779,057)
Depreciation and amortization expense (Notes 10 and 11)	(2,977,422)	(2,266,760)
Other	(2,396,451)	(1,630,794)
	(106,886,110)	(84,729,979)

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)
 (AMOUNTS EXPRESSED IN TURKISH LİRA ("TL") UNLESS OTHERWISE INDICATED.)

20. Expenses by nature

The classification of expenses by nature for the years ended at December 31, 2011 and 2010 is as follows:

	December 31, 2011	December 31, 2010
Direct material cost	(6,692,484,964)	(4,473,909,713)
Cost of trade goods sold	(1,829,292,521)	(1,517,951,790)
Personnel expenses	(501,075,874)	(383,169,910)
Other overhead expenses	(310,222,166)	(229,443,135)
Other operational expenses	(300,840,441)	(287,135,818)
Financial expenses	(215,432,140)	(105,600,407)
Depreciation and amortization expenses	(144,666,031)	(174,012,826)
Change in finished goods inventory	60,177,833	(8,393,612)
Other expenses	(51,835,170)	(1,926,888)
Total expenses	(9,985,671,474)	(7,181,544,099)

21. Other operating income/expenses

	December 31, 2011	December 31, 2010
Other operating income and gains:		
Price difference for spare parts and insurance recovery	11,166,945	9,833,702
Commission income	9,975,091	7,343,732
Export expenses refund	7,104,167	-
License fees income	4,705,352	3,369,387
Rent income	3,088,123	2,717,123
Income from the sale of property, plant and equipment	2,801,720	332,605
Premiums for research and development support (Note 12)	2,619,410	6,799,454
Insurance claim recoveries	465,457	2,031,504
Dividend income	87,874	119,509
Other	7,137,550	4,201,181
	49,151,689	36,748,197

	December 31, 2011	December 31, 2010
Other operating expenses and losses:		
Competition Board Penalty (*)	(36,633,529)	-
Adjustments on prior period corporate tax	(3,792,064)	(622,828)
Loss on sale of property, plant and equipment	(3,284,682)	(826,886)
Claim charges for import materials	(1,870,025)	(135,143)
Other	(870,161)	(518,128)
	(46,450,461)	(2,102,985)

(*) As part of an investigation initiated in accordance with the Law on Protection of Competition No.4054, the Competition Board has announced on April 19, 2011 that the Company has been fined with an administrative monetary penalty amounting to TL 68,844,704.73 which might be appealed to the State Council.

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

21. Other operating income/expenses (continued)

Since the Company paid the penalty within 30 days following the notification, the Company had a 25% discount and paid the rest of the penalty which was amounting TL 51,633,529 after the discount. Company management appealed the State Council to cancel the decision. This matter is expected to last 1-3 years on litigation process. In line with the conservatism principle, in its 2010 financial statements, the Company has made a provision, amounting to TL 15,000,000 for the examination initiated by the Competition Board. Accordingly, the impact for 2011 income statement is TL 36,633,529.

22. Financial income

	December 31, 2011	December 31, 2010
Foreign exchange gains	191,298,369	70,530,715
Interest income	48,068,840	18,654,206
Finance income from credit sales	46,885,812	25,842,949
	286,253,021	115,027,870

23. Financial expenses

	December 31, 2011	December 31, 2010
Foreign exchange losses	(149,865,185)	(71,543,072)
Finance charges on credit purchases	(42,060,676)	(19,968,286)
Interest expenses	(18,799,809)	(7,112,253)
Other financial expenses	(4,706,470)	(7,626,162)
	(215,432,140)	(106,249,773)

Company compared the investment loans in foreign currency to the loans in TL in the market and capitalized total amounting to TL 17,287,672 which is foreign exchange loss amounting to TL 13,416,230 and interest amounting to TL 3,871,442 under tangible assets (Note 10).

24. Tax assets and liabilities

Corporate Tax Law was amended by the Law No, 5520 dated June 13, 2006. Law No, 5520 came into force as of 21 June 2006, but many of the provisions came into force effective from January 1, 2006. Accordingly, the corporate tax rate for the fiscal year 2011 is 20% (December 31, 2010 - 20%). Corporate tax is payable at a rate of 20% on the total income of the Company after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, investment allowance, etc) and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax, otherwise, dividends paid are subject to withholding tax at the rate of 15%, an increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)

(AMOUNTS EXPRESSED IN TURKISH LİRA ("TL") UNLESS OTHERWISE INDICATED.)

24. Tax assets and liabilities (continued)

Corporations are required to pay advance corporate tax quarterly at the rate of 20% on their corporate income. Advance tax is payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off other liabilities to the government.

In accordance with Tax Law No, 5024 "Law Related to Changes in Tax Procedural Law, Income Tax Law and Corporate Tax Law" that was published in the official Gazette on 30 December 2003, effective from January 1, 2004, income and corporate taxpayers will apply inflation adjustments to the statutory financial statements.

In accordance with the abovementioned Law's provisions, in order to apply inflation adjustment, the cumulative inflation rate ("WPI") over the last 36 months and 12 months must exceed 100% and 10%, respectively. Inflation adjustment has not been applied as these conditions were not fulfilled after 2005.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax declarations to the Tax Office within the 25th of the fourth month following the close of the financial year.

Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

There are many exemptions in Corporate Tax Law regarding corporations. Those related to the Company are explained below:

Dividend gains from shares in capital of another corporation subject to resident taxpaying (except dividends from investment funds participation certificates and investment trusts shares) are exempt from corporate tax.

The Company amortise in its legal books by capitalizing the R&D expenses made within the scope of the Code no 5746. According to the provisions of the same Code, the Company makes calculation within the framework of the related legislation over the R&D expenses incurred, and utilizes R&D deduction exemption at the rate of 100% for the portion of expenses allowed by the Code. As of December 31, 2011 the Company used R&D deduction of TL 48,013,361 in return for the legal tax.

With the code no 5479 promulgated in the Official Gazette dated April 6, 2006, "Investment Allowance" practice was repealed. With the same Code, it was ensured that investment incentive allowance amounts calculated according to the provisions of the legislation which was in place on December 31, 2005 - including the provisions on tax rate- could only be deducted from the incomes of 2006, 2007 and 2008. As of December 31, 2009, the company had an investment incentive allowance of TL 491,329,522 with regard to the incentives based on the document that the company qualified for in previous periods but did not yet use. However, the Constitutional Court annulled the expression "2006, 2007 and 2008" included within the temporary article 69 of the Income Tax Code which is about investment allowance and this decision became effective upon being promulgated in the Official Gazette dated January 8, 2010. By this way, the time limitation about the investment allowance was also cancelled.

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

24. Tax assets and liabilities (continued)

Thereupon, the Company requested tax ruling from the Finance Authority on the right to use investment allowance in the 2009 Corporate Tax return, whether we could use the right of investment allowance in 2009 Corporate Tax Return. In the responsive decision of the Finance Authority on April 20, 2010, it is stated that annulment decision of the Constitutional Court became effective upon being promulgated in the Official Gazette dated January 8, 2010, the annulment decisions are not retroactive, therefore it is not possible for the company to benefit from the investment incentive allowance within the scope of 2009 Corporate Tax Return. Without prejudice to the litigation right of the company on the investment allowance right resulting from previous period, 2009 Corporate Tax was declared over the rate 20% without using the investment incentive allowance. Then, the Company opened a new case to benefit from the investment incentive relating to the 2009 corporate tax base amount of TL 413,644,919. This litigation is concluded in favor of the Company in the first tax court.

In accordance with by-law numbered 6009 published in the Official Gazette dated 01.08.2010, the Income Tax Law Temporary Article 69 has been amended and accordingly, use of investment incentive exception has been provided and by adding "investment incentive amounts that will be deducted at tax base calculation, is restricted up to the limit of 25% of the related taxable income. Applicable tax rate is used at the taxation of remaining income to this law, Finance Authority limited the investment allowance utilisation to 25% of taxable income.

According to Company's expectation that the appeal process will not be completed in short period of time and considering the profit projections, management has decided to withdraw the case and use investment incentives in 2010 and following periods in accordance with Law No. 6009 above mentioned. As of the reporting date, company has TL 83,036,427 investment allowance to be used in 2012 and following years which subject to investment allowance withholding tax.

However, the provision restricting the investment allowance of 25% of earnings which was added to Income Tax Law's temporary 69th article with Law No: 6009 has been cancelled at Constitutional Court's decision dated 09.02.2012. Provision in force stopped until the day that the decision will be published in the Official Gazette and this decision is announced at the Court's website on 17.02.2012. The decision on suspension of execution of the Constitutional Court, has been published in the Official Gazette numbered 28208 on 18.02.2012. The application will be clarified after Constitutional Court's decision for cancellation published in the Official Gazette.

The Company's net tax liabilities as of December 31, 2011 and December 31, 2010 are as follows:

	December 31, 2011	December 31, 2010
Corporate tax provision	168,782,079	141,913,739
Prepaid tax and funds	(111,818,350)	(81,415,463)
	56,963,729	60,498,276

The taxation on income for the years ended December 31, 2011 and 2010 are as follows:

	December 31, 2011	December 31, 2010
Current year corporate tax	(168,782,079)	(141,913,739)
Deferred tax	30,798,086	27,527,763
	(137,983,993)	(114,385,976)

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)

(AMOUNTS EXPRESSED IN TURKISH LİRA ("TL") UNLESS OTHERWISE INDICATED.)

24. Tax assets and liabilities (continued)

Calculation of the tax expense reconciliation using the current year tax expense in the statement of income as at December 31, 2011 and 2010 and for the years then ended and current tax ratio based on income before tax is as follows:

	December 31, 2011	December 31, 2010
Income before tax:	800,072,719	618,994,239
Current year tax expense	(160,014,544)	(123,798,848)
R&D allowance and free zone profit exemption	10,628,725	6,806,349
Investment incentive exemption	11,919,443	4,526,146
Other temporary differences	(517,617)	(1,919,623)
	(137,983,993)	(114,385,976)

The Company calculates deferred tax assets and liabilities from the temporary differences identified during the evaluation of the differences between the balance sheet prepared under the IFRS and financial statements prepared for tax purposes.

The breakdown of cumulative temporary differences and the resulting deferred tax assets and liabilities provided at December 31, 2011 and 2010 using the current enacted tax rates is as follows:

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	December 31 2011	December 31 2010	December 31 2011	December 31 2010
Deferred tax assets::				
Investment allowance tax asset	122,767,903	15,087,152	12,085,516	4,526,146
Warranty expense provision	85,521,492	68,723,154	17,104,299	13,744,631
Employee benefit provision	55,081,174	44,061,805	11,016,235	8,812,361
Expense accruals	50,209,442	38,499,214	10,041,888	7,699,844
Inventories	3,746,431	142,090	749,286	(28,418)
Difference between financial statements adjusted under IFRS and tax-based financial statements				
- Intangibles	94,512,342	43,257,573	18,902,468	8,651,515
			69,899,692	43,406,079
Deferred tax liabilities:				
Difference between financial statements adjusted under IFRS and tax-based financial statements:				
Tangibles	522,615,725	564,541,487	(104,523,145)	(112,908,297)
Income accruals	28,210,078	8,222,146	(5,642,017)	(1,644,430)
Accrued financial expense	195,474	99,788	(39,095)	(19,958)
			(110,204,257)	(114,572,685)
Net deferred tax liability			(40,304,565)	(71,166,606)

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.**NOTES TO FINANCIAL STATEMENT****FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)**

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

24. Tax assets and liabilities (continued)

Deferred tax movements are as follows:

	January 1, 2011	Charged to profit/(loss)	Charged to comprehensive income statement as profit/(loss)	December 31, 2011
Deferred tax liabilities:				
Temporary difference between financial statements adjusted under IFRS and tax:				
Tangibles	(104,256,782)	18,636,105	-	(85,620,677)
Income accruals	(1,644,430)	(3,975,091)	-	(5,619,521)
Unearned credit finance income - net	(19,958)	(19,137)	-	(39,095)
Increase/decrease on financial assets	-	-	(22,496)	(22,496)
Deferred tax assets:				
Warranty expense provision	13,744,631	3,359,668	-	17,104,299
Investment allowance tax asset	4,526,146	7,559,370	-	12,085,516
Provision for employee benefits	8,812,361	2,203,874	-	11,016,235
Expense accruals	7,699,844	2,255,593	-	9,955,437
Inventories	(28,418)	777,704	-	749,286
Fair value increase/decrease of financial derivatives	-	-	86,451	86,451
Deferred tax liability-net	(71,166,606)	30,798,086	63,955	(40,304,565)

	January 1, 2010	Gain/loss booked in income statement	December 31 2010
Deferred tax liabilities:			
Temporary difference between financial statements adjusted under IFRS and tax:			
Tangibles	(121,941,401)	17,684,619	(104,256,782)
Income accruals	(2,195,091)	550,661	(1,644,430)
Inventories	(780,602)	752,184	(28,418)
Deferred tax assets			
Investment allowance tax asset	-	4,526,146	4,526,146
Warranty expense provision	11,607,699	2,136,932	13,744,631
Expense accruals	8,386,908	(687,064)	7,699,844
Provision for employee benefits	6,188,627	2,623,734	8,812,361
Unearned credit finance income - net	39,491	(59,449)	(19,958)
Deferred tax liability-net	(98,694,369)	27,527,763	(71,166,606)

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)

(AMOUNTS EXPRESSED IN TURKISH LİRA ("TL") UNLESS OTHERWISE INDICATED.)

25. Earnings per share

	December 31, 2011	December 31, 2010
Net income for the year (TL)	662,088,726	504,608,263
Weighted average number of shares with nominal value of Kr 1 each	35,091,000,000	35,091,000,000
Earnings per share with nominal value of Kr 1 each	1.89 Kr	1.44 Kr

26. Transactions and balances with related parties

Related party can be defined according to whether one of the companies has control over the others or has significant effect on its financial and administrative decisions. The Company, is controlled by Koç Holding and Ford Motor Company. In the financial statements, shareholder companies, shareholders and financial fixed assets and other group companies' assets are shown as related parties.

The related party balances at December 31, 2011 and 2010 and the transactions with related parties during the year are as follows:

a) Receivables from related parties:

i) Trade receivable from related parties

	December 31, 2011	December 31, 2010
Due from shareholders:		
Ford Motor Company and its subsidiaries	691,134,250	521,493,615
	691,134,250	521,493,615
Due from group companies:		
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	186,190,661	149,791,151
Other	1,912,344	2,382,089
	188,103,005	152,173,240
Less: Unearned credit finance income	(1,863,052)	(549,808)
	877,374,203	673,117,047

Export sales mainly consist of sales to Ford Motor Company. Payments terms and conditions are specified in the business agreements with Ford Motor Company. Receivables from the Ford Motor Company are due in 30 days and receivables are collected regularly. Receivables from the Ford Motor Company are due in 14 days as of January 1, 2012.

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.**NOTES TO FINANCIAL STATEMENT****FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)**

(AMOUNTS EXPRESSED IN TURKISH LİRA ("TL") UNLESS OTHERWISE INDICATED.)

26. Transactions and balances with related parties (continued)

Per the domestic dealership agreement between Ford Otomotiv Sanayi A.Ş. and Otokoç Otomotiv Ticaret ve Sanayi A.Ş., the Companies have a vehicle and spare parts trade connection. As it is mentioned in Note 7, the Company's maturity of receivables from Otokoç Otomotiv Ticaret ve Sanayi A.Ş is 1 month.

b) Payables to related parties:*i) Trade payables to related parties*

	December 31, 2011	December 31, 2010
Due to Shareholders:		
Ford Motor Company and its subsidiaries	275,655,280	139,117,116
	275,655,280	139,117,116
Due to group companies:		
Zer Merkezi Hizmetler ve Ticaret A.Ş.	28,611,410	12,097,013
Ram Dış Ticaret A.Ş.	17,378,510	9,960,629
Opet Petrolcülük A.Ş.	3,175,831	2,418,803
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	2,934,044	1,398,696
Setur Servis Turistik A.Ş.	2,854,488	1,722,412
Ark İnşaat	2,571,511	-
Aygaz Doğalgaz Toptan Satış A.Ş.	2,513,107	1,967,621
Koçtaş Yapı Marketleri Sanayi ve Ticaret A.Ş.	1,795,311	1,451,153
AKPA Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	1,248,429	1,120,691
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	853,906	329,878
Ram Sigorta Aracılık Hizmetleri A.Ş.	423,819	255,054
Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş.	327,641	149,602
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	254,801	455,155
Otokar Otomotiv ve Savunma Sanayi A.Ş.	197,904	57,308
Promena Elektronik A.Ş.	161,542	233,268
Palmira Turizm Ticaret A.Ş.	86,860	86,786
Koç Üniversitesi	51,095	19,956
Callus Bilgi ve İletişim Hizmetleri A.Ş.	46,937	-
Aygaz A.Ş.	16,596	8,215
Setair Hava Taşımacılığı A.Ş.	13,477	181,797
V.K.V. Amerikan Hastanesi Sağlık Hiz.Tic.A.Ş.	11,951	19,936
Tofaş Türk Otomobil Fabrikası A.Ş.	9,680	30,247
Arçelik A.Ş.	883	10,905
Eltek elektrik Enerjisi İth.İhr.ve Toptan Tic. A.Ş.	-	3,102,699
Koç.Net Haberleşme Teknoloji ve İletişim Hizmetleri A.Ş.(*)	-	271,627
Other	5,200	1,275
	65,544,933	37,350,726
Less: Unearned credit finance charges	(414,951)	(159,390)
	340,785,262	176,308,452

(*) Koç Holding has transferred Koç.Net Haberleşme Teknoloji ve İletişim Hizmetleri A.Ş shares as of November 30, 2011.

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)

(AMOUNTS EXPRESSED IN TURKISH LİRA ("TL") UNLESS OTHERWISE INDICATED.)

26. Transactions and balances with related parties (continued)

ii) Other payables to related parties

	December 31, 2011	December 31, 2010
Yapı ve Kredi Bankası A.Ş.	13,346,087	2,870,871
Koç Holding A.Ş.	2,408,926	2,200,323
Other	713,183	624,588
	16,468,196	5,695,782

c) Sales to related parties:

	December 31, 2011	December 31, 2010
Ford Motor Company (*)	5,641,091,144	4,025,945,622
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.(**)	1,238,782,018	899,645,763
Zer Merkezi Hizmetler ve Ticaret A.Ş.(***)	57,181,225	37,712,541
Other	16,308,098	11,564,116
	6,953,362,485	4,974,868,042
Less: Financial income from credit sales	(16,978,165)	(5,938,513)
	6,936,384,320	4,968,929,529

(*) Company, exports vehicle, spare parts and service to the Ford Motor Company

(**) Company has vehicle and spare parts trade in accordance with domestic dealer agreement with Otokoç Otomotiv Ticaret ve Sanayi A.Ş.

(***) Sales to Zer Merkezi Hizmetler ve Ticaret A.Ş. mainly consists of scrap sales.

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.**NOTES TO FINANCIAL STATEMENT****FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)**

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

26. Transactions and balances with related parties (continued)**d) Major material, service and fixed asset purchases from related parties:**

	January 1 - December 31, 2011			Total
	Material	Service	Fixed assets	
Domestic purchases:				
Zer Merkezi Hizmetler ve Ticaret A.Ş.	10,906,606	120,526,098	82,617	131,515,321
Ram Dış ticaret A.Ş.	56,317,549	-	-	56,317,549
Opet Petrolcülük A.Ş.	17,618,341	-	-	17,618,341
Eltek Elektrik Enerjisi İth. İhr. Ve Toptan A.Ş.	19,544,561	-	-	19,544,561
Ark İnşaat	17,620,604	-	-	17,620,604
Aygaz Doğalgaz Toptan Satış A.Ş.	15,719,823	-	-	15,719,823
AKPA Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	14,915,009	-	-	14,915,009
Setur Servis Turistik A.Ş.	-	12,794,384	-	12,794,384
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	3,341,978	5,904,738	9,246,716
Koçtaş Yapı Marketleri Sanayi ve Ticaret A.Ş.	8,464,226	-	94,816	8,559,042
Ram Sigorta Aracılık Hizmetleri A.Ş.	-	7,778,927	-	7,778,927
Koç Holding A.Ş.	-	7,727,302	-	7,727,302
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	-	2,091,864	1,782,821	3,874,685
Otokar Otomotiv ve Savunma Sanayi A.Ş.	-	1,798,121	85,000	1,883,121
Koç.net Haberleşme Teknoloji ve İletişim Hizmetleri A.Ş.(*)	-	1,418,583	267,374	1,685,957
Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş.	1,603,990	-	-	1,603,990
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	-	1,549,171	-	1,549,171
Callus Bilgi ve İletişim Hizmetleri A.Ş.	-	711,464	-	711,464
Setair Hava Taşımacılığı ve Hizmetleri A.Ş.	-	648,099	-	648,099
Palmira Turizm Ticaret A.Ş.	-	547,331	23,778	571,109
Promena Elektronik Ticaret A.Ş.	-	376,800	-	376,800
Koç Üniversitesi	-	240,613	-	240,613
Aygaz A.Ş.	132,169	-	-	132,169
V.K.V. Amerikan Hastanesi Sağlık Hiz.Tic.A.Ş.	-	113,388	-	113,388
Tofaş Türk Otomobil Fabrikası A.Ş.	-	22,006	-	22,006
Arçelik A.Ş.	16,280	-	-	16,280
Özel Med Amerikan Polikliniği	-	6,610	-	6,610
Bilkom Bilişim Hizmetleri A.Ş.	-	3,368	-	3,368
Türk Traktör A.Ş.	195	-	-	195
	162,859,353	161,696,107	8,241,144	332,796,604
Less: Unearned credit finance charges	(4,405,654)	-	-	(4,405,654)
	158,453,699	161,696,107	8,241,144	328,390,950

(*) Koç Holding has transferred Koç.Net Haberleşme Teknoloji ve İletişim Hizmetleri A.Ş shares as of November 30, 2011.

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.**NOTES TO FINANCIAL STATEMENT****FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)**

(AMOUNTS EXPRESSED IN TURKISH LİRA ("TL") UNLESS OTHERWISE INDICATED.)

26. Transactions and balances with related parties (continued)

	January 1 - December 31, 2010			
	Material	Service	Fixed assets	Total
Domestic purchases:				
Zer Merkezi Hizmetler ve Ticaret A.Ş.	-	66,947,157	28,344	66,975,501
Opet Petrolcülük A.Ş.	17,672,781	-	27	17,672,808
Eltek Elektrik Enerjisi İth. İhr. Ve Toptan A.Ş.	17,019,288	-	-	17,019,288
Ram Dış ticaret A.Ş.	13,820,859	-	-	13,820,859
AKPA Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	11,058,170	-	-	11,058,170
Aygaz Doğalgaz Toptan Satış A.Ş.	10,488,007	-	-	10,488,007
Setur Servis Turistik A.Ş.	-	9,400,418	-	9,400,418
Koç Holding A.Ş.	-	7,228,748	-	7,228,748
Ram Sigorta Aracılık Hizmetleri A.Ş.	-	6,962,537	-	6,962,537
Koçtaş Yapı Marketleri Sanayi ve Ticaret A.Ş.	6,051,714	-	39,336	6,091,050
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	3,016,284	2,882,135	5,898,419
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	-	1,751,864	2,588,954	4,340,818
Arçelik A.Ş.	3,446,054	-	-	3,446,054
Koç.net Haberleşme Teknoloji ve İletişim Hizmetleri A.Ş.	-	1,175,879	57,089	1,232,968
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	-	1,386,217	-	1,386,217
Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş.	1,013,760	-	-	1,013,760
Promena Elektronik Ticaret A.Ş.	-	542,345	-	542,345
Setair Hava Taşımacılığı ve Hizmetleri A.Ş.	-	285,467	-	285,467
V.K.V. Amerikan Hastanesi Sağlık Hiz.Tic.A.Ş.	-	130,981	-	130,981
Aygaz A.Ş.	105,273	-	-	105,273
Palmira Turizm Ticaret A.Ş.	-	94,187	-	94,187
Otokar Otomotiv ve Savunma Sanayi A.Ş.	57,033	-	-	57,033
Bilkom Bilişim Hizmetleri A.Ş.	-	52,802	-	52,802
Tofaş Türk Otomobil Fabrikası A.Ş.	33,161	-	-	33,161
Koç Üniversitesi	-	31,446	-	31,446
Özel Med Amerikan Polikliniği	-	6,027	-	6,027
	80,766,100	99,012,359	5,595,885	185,374,344
Less: Unearned credit finance charges	(1,661,095)	-	-	(1,661,095)
	79,105,005	99,012,359	5,595,885	183,713,249

Purchases from related parties:

	December 31, 2011	December 31, 2010
Ford Motor Company	4,346,121,545	3,233,670,557

e) License fees paid to Ford Motor Company included in cost of sales:

	December 31, 2011	December 31, 2010
	73,047,471	56,081,597

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.**NOTES TO FINANCIAL STATEMENT****FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)**

(AMOUNTS EXPRESSED IN TURKISH LİRA ("TL") UNLESS OTHERWISE INDICATED.)

26. Transactions and balances with related parties (continued)

f) Donations to foundations related to Koç Group, included in general administrative expenses:

	December 31, 2011	December 31, 2010
	16,867,915	12,186,280

g) The details of deposits to related banks and loans obtained from related banks:

Deposit to related banks:	December 31, 2011	December 31, 2010
Yapı ve Kredi Bankası A.Ş.		
- Foreign currency time deposits	133,962,936	41,081,255
- TL time deposits	55,287,918	23,850,836
- TL demand deposits	10,231,042	16,922,380
- Foreign currency demand deposits	667,664	253,923
	200,149,560	82,108,394

The Company obtained the loans from the consortium of Koç Holding and 14 financial institutions and as sub borrower, utilized TL 30,222,400 equivalent of USD 16 million and TL 61,095,000 equivalent of Euro 25 million of the loan obtained by Koç Holding (Note 6).

h) Commission incomes and expenses:

Commission income

	December 31, 2011	December 31, 2010
Yapı ve Kredi Bankası A.Ş.	9,721,269	7,288,904

Commission expense

	December 31, 2011	December 31, 2010
Yapı ve Kredi Bankası A.Ş.	72,685,342	19,304,582
Koç Tüketici Finansmanı A.Ş.	2,267,067	1,360,667
	74,952,409	20,665,249

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)

(AMOUNTS EXPRESSED IN TURKISH LİRA ("TL") UNLESS OTHERWISE INDICATED.)

26. Transactions and balances with related parties (continued)

Commissions paid to Koç Tüketici Finansmanı A.Ş. and Yapı ve Kredi Bankası A.Ş. are accounted for as sales discounts.

i) Interest income:

	December 31, 2011	December 31, 2010
Yapı ve Kredi Bankası A.Ş.	9,507,070	4,720,027

j) Dividend income:

	December 31, 2011	December 31, 2010
Otokar Otomotiv ve Savunma Sanayi A.Ş.	87,874	119,509
	87,874	119,509

k) Compensation of key management personnel:

The Company defined its key management personnel as board of directors' members, general manager and assistant general managers.

Compensation of key management personnel includes salaries, premiums, Social Security Institution employer's contribution, employer's contribution of unemployment insurance and the attendance fees.

The total amount of compensation given to key management personnel of the Company was TL 14,199,305 in 2011 (December 31, 2010 - TL 12,135,261).

27. Financial instruments and financial risk management

The table below summarizes the Company's exposure to foreign currency exchange rate risk at December 31, 2011 and 2010. The Company's foreign currency denominated assets and liabilities have been presented below in carrying amounts, categorized by currency.

December 31, 2011

	TL (Functional currency)	USD	Euro	GBP	CAD	JPY
1. Trade receivables	702,936,616	1,761,115	282,869,344	3,191,736	-	-
2. Cash and cash equivalents	413,784,365	20,051,902	153,814,991	5,842	-	-
3. Other	167,807,854	851,158	67,789,981	(17,992)	28,536	21,890,128
4. Current Assets (1 + 2 + 3)	1,284,528,835	22,664,175	504,474,316	3,179,586	28,536	21,890,128
5. Monetary financial assets	121,280,565	95,575	49,553,987	-	-	-
6. Fixed Assets (5)	121,280,565	95,575	49,553,987	-	-	-
7. Total Assets (4+6)	1,405,809,400	22,759,750	554,028,303	3,179,586	28,536	21,890,128
8. Trade payables	330,624,277	23,038,495	116,295,760	886,928	28,536	21,890,128
9. Financial liabilities	226,735,699	186,683	92,635,680	-	-	-
10. Other financial liabilities	1,721,063	219,936	534,261	-	-	-
11. Short term liabilities (8 + 9 + 10)	559,081,039	23,445,114	209,465,701	886,928	28,536	21,890,128
12. Financial liabilities	650,477,790	16,000,000	253,807,754	-	-	-
13. Long term liabilities (12)	650,477,790	16,000,000	253,807,754	-	-	-
14. Total liabilities (11 + 13)	1,209,558,829	39,445,114	463,273,455	886,928	28,536	21,890,128
15. Net foreign currency / (liabilities) position (7 - 14)	196,250,571	(16,685,364)	90,754,848	2,292,658	-	-
16. Cash and equivalents net foreign currency assets / (liabilities) (1 + 2 + 5 - 8 - 9 - 10 - 12)	28,442,717	(17,536,522)	22,964,867	2,310,650	(28,536)	(21,890,128)

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.**NOTES TO FINANCIAL STATEMENT****FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)**

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

27. Financial instruments and financial risk management (continued)

December 31, 2010

	TL (Functional Currency)	USD	Euro	GBP
1. Trade receivables	523,780,767	3,763,744	262,369,211	14,520
2. Cash and cash equivalents	176,636,027	21,388,959	73,701,751	2,483
3. Other	95,528,429	248,612	48,085,657	75,039
4. Current Assets (1 + 2 + 3)	795,945,223	25,401,315	384,156,619	92,042
5. Monetary financial assets	139,985	96,462	-	-
6. Fixed Assets (5)	139,985	96,462	-	-
7. Total Assets (4+6)	796,085,208	25,497,777	384,156,619	92,042
8. Trade payables	172,074,793	17,181,580	74,029,991	377,644
9. Financial liabilities	222,600,183	150,826	112,575,329	-
10. Other financial liabilities	2,503,844	-	590,412	559,970
11. Short term liabilities (8 + 9 + 10)	397,178,820	17,332,406	187,195,732	937,614
12. Financial liabilities	297,303,000	21,306,505	134,850,157	-
13. Long term liabilities (12)	297,303,000	21,306,505	134,850,157	-
14. Total liabilities (11 + 13)	694,481,820	38,638,911	322,045,889	937,614
15. Net foreign currency / (liabilities) position (7 - 14)	101,603,388	(13,141,134)	62,110,730	(845,572)
16. Cash and equivalents net foreign currency assets / (liabilities) (1 + 2 + 5 - 8 - 9 - 10 - 12)	6,074,959	(13,389,746)	14,025,073	(920,611)

Foreign exchange risk

The Company is exposed to foreign exchange risk arising primarily against to Euro and partly against respect to USD.

December 31, 2011

	Profit/Loss	
	Appreciation in foreign currency / Depreciation in foreign currency	
Change in USD against TL by 10%		
USD net asset/(liabilities)	(3,151,698)	3,151,698
USD net hedged amount	-	-
US Dollar net gain/(loss)	(3,151,698)	3,151,698
Change in Euro against TL by 10%		
Euro net asset/(liabilities)	22,178,670	(22,178,670)
Euro net hedged amount	-	-
Euro net gain/(loss)	22,178,670	(22,178,670)
Change in other foreign currency against TL by 10%		
Other foreign currency denominated net asset/(liabilities)	598,086	(598,086)
Other foreign currency denominated- hedged amount	-	-
Other foreign currency denominated net gain/(loss)	598,086	(598,086)

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)

(AMOUNTS EXPRESSED IN TURKISH LİRA ("TL") UNLESS OTHERWISE INDICATED.)

27. Financial instruments and financial risk management (continued)

December 31, 2010

	Profit/Loss	
	Appreciation in foreign currency / Depreciation in foreign currency	
Change in USD against TL by 10%		
USD net asset/(liabilities)	(1,907,041)	1,907,041
USD net hedged amount	-	-
US Dollar net gain/(loss)	(1,907,041)	1,907,041
Change in Euro against TL by 10%		
Euro net asset/(liabilities)	12,267,420	(12,267,420)
Euro net hedged amount	-	-
Euro net gain/(loss)	12,267,420	(12,267,420)
Change in other foreign currency against TL by 10%		
Other foreign currency denominated net asset/(liabilities)	(201,974)	201,974
Other foreign currency denominated hedged amount	-	-
Other foreign currency denominated net gain/(loss)	(201,974)	201,974

The comparative amounts for total export and import amounts as at December 31, 2011 and 2010 and for the years then ended are as follows;

	December 31, 2011	December 31, 2010
Total export amount	5,853,930,197	4,105,177,837
Total import amount	5,428,691,359	3,764,434,898

The Company's net assets are exposed to foreign exchange risk which arises from export sales. The Company manages its foreign currency position to minimize its foreign exchange risk; currency exposure arising from foreign currency denominated borrowings and trade payables is managed through assets denominated in foreign currency.

Interest rate risk

The Company's interest rate sensitive financial instruments are as follows:

	December 31, 2011	December 31, 2010
Fixed interest rate financial instruments		
Financial assets		
- Designated as fair value through profit or loss (*)	738,079,840	488,198,000
Financial liabilities	73,314,000	143,437,000
Floating interest rate financial instruments		
Financial liabilities (**)	799,812,178	374,875,644

(*) Financial assets designated as fair value through profit or loss consists of fixed interest rate bank deposits with maturity less than three months and denominated in TL and foreign currency

(**) As of December 31, 2011, the Company, signed interest swap agreement in order to mitigate interest risk on cashflow related to the loan amounting to Euro 40,000,000 (TL 97,752,000) with the maturity of December 9, 2015.

If the interest rates of variable interest-bearing USD and Euro denominated borrowings were 100 basis points higher/lower with all other variables held constant, profit before tax for the year would have been lower/higher by TL 1,039,330 at December 31, 2011 (December 31, 2010 - TL 628,209), due to higher/lower interest expense.

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.**NOTES TO FINANCIAL STATEMENT****FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)**

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

27. Financial instruments and financial risk management (continued)

Liquidity risk

The table below shows the liquidity risk arising from financial liabilities of the Company:

December 31,2011	Book value	Total contractual cash outflow	Up to 3 months	Between 3-12 months	Between 1-5 years
Non-derivative financial instruments					
Financial liabilities	876,889,936	928,011,724	16,673,977	236,631,382	674,706,365
Trade payables					
- Related party	340,785,262	341,200,213	341,200,213	-	-
- Other	900,664,471	906,030,573	906,030,573	-	-
Other liabilities					
- Related party	16,468,196	16,468,196	16,468,196	-	-
- Other	150,137,511	150,137,511	150,137,511	-	-
Derivative Financial Liabilities					
Derivative Financial Instruments	424,850	424,850	-	-	424,850
December 31,2010					
	Book value	Total contractual cash outflow	Up to 3 months	Between 3-12 months	Between 1-5 years
Non-derivative financial instruments					
Financial liabilities	528,438,070	555,663,359	59,047,511	183,863,867	312,751,981
Trade payables					
- Related party	176,308,452	176,467,842	176,467,842	-	-
- Other	508,068,468	510,151,746	510,151,746	-	-
Other liabilities					
- Related party	5,695,782	5,695,782	5,695,782	-	-
- Other	117,075,396	117,075,396	117,075,396	-	-
Derivative Financial Liabilities					
Derivative Financial Instruments	-	-	-	-	-

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)

(AMOUNTS EXPRESSED IN TURKISH LİRA ("TL") UNLESS OTHERWISE INDICATED.)

27. Financial instruments and financial risk management (continued)

Fair value hierarchy table

The Company classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows:

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)

Level 2: Other valuation techniques includes direct or indirect observable inputs

Level 3: Valuation techniques does not contains observable market inputs

As of December 31, 2011 and 2010, the Company's assets at fair value and its levels are as follows:

December 31, 2011			
	Level1 (*)	Level 2 (**)	Level 3
Assets at fair value			
Financial investments			
Otokar shares	3,458,740	-	-
Total assets	3,458,740		-
Liabilities at fair value			
Cash flow hedge swap transaction	-	424,850	-
Total Liabilities-	-	424,850	-

(*) Fair value is calculated with market prices in Stock Exchange market at reporting date.

(**) Fair value is calculated from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

December 31, 2010			
	Level 1 (*)	Level 2	Level 3
Assets at fair value			
Otokar shares	3,008,822	-	-
Total Assets	3,008,822	-	-
Liabilities at fair value			
Cash flow hedge swap transaction	-	-	-
Total Liabilities	-	-	-

(*) Fair value is calculated with market prices in Stock Exchange market at reporting date.

(Convenience translation of financial statements originally issued in Turkish)

FORD OTOMOTİV SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

28. Derivative financial instruments

	December 31, 2011	December 31, 2010
Derivative financial instruments:		
Long term financial derivatives	424,850	-
	424,850	-

The Company has obtained a long term loan in foreign currency with floating rate from international market and entered into a long-term swap transaction in order to hedge the interest rate risk by fixing the interest rate.

As of December 31, 2011, the Company has entered into swap transaction for EUR 40,000,000 (equivalent of TL 97,752,000) with the maturity of December 9, 2015 to hedge itself from the risk caused by fluctuations in interest rates. The critical terms of the swap contract such as due date, repayment, and changes in interests are in line with the foreign currency loan agreement subject to the swap transaction as of December 31, 2011. The fair value of the related swap transaction as of December 31, 2011 is amounting to TL 424,850 and presented in "Non-current financial derivatives".

29. Subsequent events

There is no significant subsequent event to be disclosure.

30. Disclosure of other matters

There are no other matters other than stated above, which would materially affect or that would have material effect on the financial statements, required for the purpose of understanding and interpreting the financial statements or on their interpretation and understandability.

FORD OTOSAN

Kartal Parts Distribution Center

Akpınar Mah. Hasan Basri Cad. No:2
34885, Sancaktepe / İstanbul

Kocaeli Plant

Denizevler Mah. Ali Uçar Cad. No:53
41680, Gölcük / Kocaeli

İnönü Plant

Kütahya Yolu Üzeri 26331 İnönü PK:186
Köprübaşı / Eskişehir

Gebze Engineering Center

(TÜBİTAK Technology Free Zone -
Gebze Campus, Gebze / Kocaeli)

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