

FORD OTOMOTİV SANAYİ A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
FINANCIAL STATEMENTS AT 31 DECEMBER 2008
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT
(ORIGINALLY ISSUED IN TURKISH)**

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH**

INDEPENDENT AUDITOR'S REPORT

1. We have audited the accompanying financial statements of Ford Otomotiv Sanayi A.Ş. (the "Company") which comprise the balance sheet as at 31 December 2008 and the statement of 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

2. The Company 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.

Auditor's Responsibility

3. 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 judgement, 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

4. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Ford Otomotiv Sanayi A.Ş. as of 31 December 2008, and of 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 (See Note 2).

5. Additional paragraph for convenience translation into English:

The Financial Reporting Standards accepted by CMB as described in Note 2 to the accompanying financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January - 31 December 2005 and the presentation of basic financial statements and the notes to them. Accordingly, the accompanying financial statements are not intended to present the financial position, the financial performance and the cash flows of the Company in accordance with IFRS.

6. Without qualifying our opinion, we also draw your attention to the following matter:

As explained in Note 2 to the financial statements, Euro amounts shown in the accompanying financial statements have been included solely for the convenience of the reader of the financial statements and are translated from New Turkish lira, as a matter of arithmetic computation only, at the official Euro bid rates announced by the Central Bank of Turkey at 31 December 2008. Euro amounts do not form a part of the financial statements prepared in accordance with the financial reporting standards issued by the Capital Markets Board and such translations should not be construed as a representation that the New Turkish lira amounts have been or could be converted into Euro at this or any other rate.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

Beste Gücümen, SMMM
Partner

Istanbul, 20 February 2009

FORD OTOMOTİV SANAYİ A.Ş.

FINANCIAL STATEMENTS AT 31 DECEMBER 2008

CONTENTS	PAGE
BALANCE SHEETS.....	1-2
STATEMENTS OF INCOME	3
STATEMENTS OF CHANGES IN EQUITY	4
STATEMENTS OF CASH FLOWS	5
NOTES TO THE FINANCIAL STATEMENTS	6-58
NOTE 1 ORGANISATION AND NATURE OF OPERATIONS.....	6
NOTE 2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS	6-19
NOTE 3 SEGMENT REPORTING.....	19
NOTE 4 CASH AND CASH EQUIVALENTS.....	19
NOTE 5 FINANCIAL ASSETS	20
NOTE 6 FINANCIAL LIABILITIES.....	20-21
NOTE 7 TRADE RECEIVABLES AND PAYABLES.....	21-25
NOTE 8 OTHER RECEIVABLES AND PAYABLES.....	26
NOTE 9 INVENTORIES	26
NOTE 10 PROPERTY, PLANT AND EQUIPMENT	27-29
NOTE 11 INTANGIBLE ASSETS	30-31
NOTE 12 GOVERNMENT GRANTS	31
NOTE 13 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES.....	31
NOTE 14 COMMITMENTS	32
NOTE 15 EMPLOYEE BENEFITS	32-33
NOTE 16 OTHER ASSETS AND LIABILITIES	33
NOTE 17 EQUITY.....	34-36
NOTE 18 SALES AND COST OF SALES.....	37
NOTE 19 RESEARCH AND DEVELOPMENT EXPENSES, SALES AND MARKETING EXPENSES GENERAL ADMINISTRATIVE EXPENSES.....	38
NOTE 20 EXPENSES BY NATURE.....	39
NOTE 21 OTHER INCOME/EXPENSE.....	39
NOTE 22 FINANCIAL INCOME.....	40
NOTE 23 FINANCIAL EXPENSE.....	40
NOTE 24 TAX ASSETS AND LIABILITIES	40-45
NOTE 25 EARNINGS PER SHARE	45
NOTE 26 TRANSACTIONS AND BALANCES WITH RELATED PARTIES	46-52
NOTE 27 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT	53-57
NOTE 28 SUBSEQUENT EVENTS.....	58
NOTE 29 DISCLOSURE OF OTHER MATTERS.....	58

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

FORD OTOMOTİV SANAYİ A.Ş.

BALANCE SHEETS AT 31 DECEMBER 2008 AND 2007

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

	Notes	2008 EURO*	31 December 2008	31 December 2007
ASSETS				
Current assets		654,563,917	1,401,290,434	1,633,374,539
Cash and cash equivalents	4	122,747,017	262,776,815	360,121,747
Trade receivables				
- Due from related parties	26	100,282,870	214,685,569	329,568,385
- Other trade receivables	7	110,427,911	236,404,071	408,552,654
Other receivables				
- Due from related parties	26	-	-	77,375,290
- Other receivables	8	2,159,094	4,622,188	1,674,550
Inventories	9	272,805,618	584,022,268	373,422,349
Other current assets	16	46,141,407	98,779,523	82,659,564
Non-current assets		609,984,739	1,305,855,328	1,404,502,192
Trade receivables	7	50,338	107,764	40,694
Financial assets	5	561,530	1,202,123	2,826,043
Property, plant and equipment	10	577,403,000	1,236,104,341	1,307,753,327
Intangible assets	11	31,969,871	68,441,100	93,882,128
Total assets		1,264,548,656	2,707,145,762	3,037,876,731

(*) Euro amounts presented above are translated from New Turkish lira for convenience purposes only, at the official New Turkish lira ("YTL") exchange rate announced by the Central Bank of Turkey at 31 December 2008 and therefore do not form a part of these financial statements prepared in accordance with the financial reporting standards accepted by the Capital Markets Board ("CMB").

The financial statements were approved for issue by the Board of Directors on 20 February 2009 and signed on behalf of the Board of Directors by Oğuz Toprakoğlu, Assistant General Manager - Financial Affairs (CFO) and Tuncay Selçuk Assistant General Manager - Finance.

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

FORD OTOMOTİV SANAYİ A.Ş.

BALANCE SHEETS AT 31 DECEMBER 2008 AND 2007

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

	Notes	2008 EURO*	31 December 2008	31 December 2007
LIABILITIES				
Current liabilities		297,540,692	636,975,114	958,610,052
Financial liabilities	6	71,120,061	152,253,828	116,624,888
Trade payables				
- Due to related parties	26	20,071,424	42,968,905	86,808,017
- Other trade payables	7	75,020,201	160,603,246	461,531,338
Other payables				
- Due to related parties	26	1,251,723	2,679,688	3,673,602
- Other payables	8	40,680,105	87,087,968	95,759,545
Current income tax payable	24	53,646,507	114,846,442	119,500,848
Provisions	13	35,750,671	76,535,037	74,711,814
Non-current liabilities		167,418,809	358,410,186	363,449,075
Financial liabilities	6	106,564,075	228,132,371	299,387,123
Provision for employee benefits	15	11,481,862	24,580,371	23,797,859
Deferred tax liabilities	24	49,372,872	105,697,444	40,264,093
Equity	17	799,589,155	1,711,760,462	1,715,817,604
Capital and reserves attributable to the equity holders of the Company		799,589,155	1,711,760,462	1,715,817,604
Share capital		163,915,359	350,910,000	350,910,000
Adjustment to share capital		13,041,986	27,920,283	27,920,283
Share premium		3,854	8,252	8,252
Revaluation funds		47,165	100,970	1,724,890
Restricted reserves		123,632,292	264,672,010	222,562,810
Retained earnings		295,190,895	631,944,669	628,449,248
Net income for the year		203,757,604	436,204,278	484,242,121
Total equity and liabilities		1,264,548,656	2,707,145,762	3,037,876,731

(*) Euro amounts presented above are translated from New Turkish lira for convenience purposes only, at the official New Turkish lira exchange rate announced by the Central Bank of Turkey at 31 December 2008 and therefore do not form a part of these financial statements prepared in accordance with the financial reporting standards issued by the CMB.

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.

**STATEMENTS OF INCOME
FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007**

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

	Notes	2008 EURO*	31 December 2008	31 December 2007
Operating revenue				
Sales	18	3,273,013,662	7,006,867,647	7,230,630,088
Cost of sales	18	(2,798,288,432)	(5,990,575,875)	(6,195,844,622)
Gross profit		474,725,230	1,016,291,772	1,034,785,466
Sales and marketing expenses	19	(109,605,532)	(234,643,522)	(244,658,470)
General administrative expenses	19	(32,969,739)	(70,581,618)	(83,785,950)
Research and development expenses	19	(52,374,574)	(112,123,487)	(58,466,439)
Other income	21	15,410,237	32,990,235	45,017,284
Other expenses	21	(9,057,605)	(19,390,522)	(2,841,692)
Operating profit		286,128,017	612,542,858	690,050,199
Financial income	22	76,109,926	162,936,129	69,171,270
Financial expenses	23	(74,268,926)	(158,994,916)	(102,329,759)
Income before tax from continuing operations		287,969,017	616,484,071	656,891,710
Income tax from continuing operations		(84,211,413)	(180,279,793)	(172,649,589)
- Taxes on income	24	(53,646,507)	(114,846,442)	(119,500,848)
- Deferred tax expense	24	(30,564,906)	(65,433,351)	(53,148,741)
Net income for the year		203,757,604	436,204,278	484,242,121
Earnings per share with a nominal value of YKr 1	25		1.24	1.38

(*) Euro amounts presented above are translated from New Turkish lira for convenience purposes only, at the official New Turkish lira exchange rate announced by the Central Bank of Turkey at 31 December 2008 and therefore do not form a part of these financial statements prepared in accordance with the financial reporting standards accepted by the CMB.

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.

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007**

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

	Share capital	Adjustment to share capital	Share premium	Revaluation fund	Cash flow hedge reserve	Restricted reserves	Retained earnings	Net income	Total equity
Balance at 1 January 2007	350,910,000	27,920,283	8,252	9,400,935	(9,630,622)	168,441,410	583,512,248	500,850,350	1,631,412,856
Transfers	-	-	-	-	-	54,121,400	446,728,950	(500,850,350)	-
Dividends paid	-	-	-	-	-	-	(401,791,950)	-	(401,791,950)
Disposals and fair value decrease of financial assets	-	-	-	(7,676,045)	-	-	-	-	(7,676,045)
Net income for the year	-	-	-	-	-	-	-	484,242,121	484,242,121
Cash flow hedge reserve	-	-	-	-	9,630,622	-	-	-	9,630,622
Addition to reserve	-	-	-	-	20,761	-	-	-	20,761
Charge to the statement of income	-	-	-	-	9,609,861	-	-	-	9,609,861
Balance at 31 December 2007	350,910,000	27,920,283	8,252	1,724,890	-	222,562,810	628,449,248	484,242,121	1,715,817,604
Balance at 1 January 2008	350,910,000	27,920,283	8,252	1,724,890	-	222,562,810	628,449,248	484,242,121	1,715,817,604
Transfers	-	-	-	-	-	42,109,200	442,132,921	484,242,121	-
Dividends paid	-	-	-	-	-	-	(438,637,500)	-	(438,637,500)
Disposals and fair value decrease of financial assets	-	-	-	(1,623,920)	-	-	-	-	(1,623,920)
Net income for the year	-	-	-	-	-	-	-	436,204,278	436,204,278
Balance at 31 December 2008	350,910,000	27,920,283	8,252	100,970	-	264,672,010	631,944,669	436,204,278	1,711,760,462

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.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007**

(Amounts expressed in New Turkish lira (YTL) unless otherwise indicated.)

	Notes	2008 EURO*	31 December 2008	31 December 2007
Cash flows from operating activities:				
Net income for the year		203,757,604	436,204,278	484,242,121
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	10	63,514,129	135,971,047	121,745,251
Amortisation	11	12,178,394	26,071,506	36,020,831
Provision for employee benefits	15	3,857,855	8,258,897	4,707,690
Warranty expense provision	13	49,775,429	106,559,238	118,135,007
Taxation	24	84,211,413	180,279,793	172,649,589
Interest income	22	(13,522,898)	(28,949,819)	(7,273,358)
Interest expense	23	10,019,780	21,450,344	20,619,654
Foreign exchange loss/(gain)		40,403,492	86,495,796	(38,763,273)
Disposals from cash flow hedge reserve	23	-	-	9,630,622
Provision expenses		1,317,692	2,820,916	4,869,249
Loss on sale of property, plant and equipment-net	21	697,576	1,493,370	123,176
Dividend income	21	(82,095)	(175,749)	(175,749)
Net gain on sale of financial assets	21	-	-	(8,364,981)
Operating profit before changes in operating assets and liabilities		456,128,371	976,479,617	918,165,829
Decrease/(increase) in accounts receivable		134,076,700	287,031,399	(86,388,456)
Increase in inventories		(99,114,081)	(212,183,424)	(381,611)
Decrease in other current assets		27,236,403	58,307,693	8,815,405
Increase in other non-current assets		(31,329)	(67,070)	(28,903)
(Decrease)/increase in accounts payable		(161,045,966)	(344,767,204)	63,495,344
(Decrease)/increase in other current liabilities		(5,092,910)	(10,902,902)	22,331,558
Income tax paid		(55,820,650)	(119,500,848)	(100,661,663)
Warranty expenses paid	13	(48,923,774)	(104,736,015)	(103,190,029)
Employee benefits paid	15	(3,492,332)	(7,476,385)	(4,694,275)
Net cash generated from operating activities		243,920,432	522,184,861	717,463,199
Cash flows used in investing activities:				
Purchase of property, plant and equipment	10	(32,259,530)	(69,061,202)	(139,137,673)
Purchase of intangible assets	11	(294,506)	(630,478)	(21,282,711)
Proceeds from sale of property, plant and equipment		1,516,149	3,245,771	3,155,268
Interest received		13,577,110	29,065,877	7,062,923
Dividends received	21	82,095	175,749	175,749
Net cash used in investing activities		(17,378,682)	(37,204,283)	(150,026,444)
Cash flows from financing activities:				
Interest paid		(10,135,952)	(21,699,046)	(18,095,721)
Proceeds from borrowings		-	-	351,498,000
Repayments of borrowings		(56,928,675)	(121,872,906)	(350,841,798)
Dividends paid		(204,894,198)	(438,637,500)	(401,791,950)
Net cash used in financing activities		(271,958,825)	(582,209,452)	(419,231,469)
Net (decrease)/increase in cash and cash equivalents		(45,417,075)	(97,228,874)	148,205,286
Cash and cash equivalents at beginning of the year	4	168,017,327	359,691,494	211,486,208
Cash and cash equivalents at end of the year	4	122,600,252	262,462,620	359,691,494

(*) Euro amounts presented above are translated from New Turkish lira for convenience purposes only, at the official New Turkish lira exchange rate announced by the Central Bank of Turkey at 31 December 2008 and therefore do not form a part of these financial statements prepared in accordance with financial reporting standards accepted by CMB.

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 STATEMENTS AT 31 DECEMBER 2008 AND 2007

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Ford Otomotiv Sanayi A.Ş. (the "Company") is incorporated and domiciled in Turkey and manufactures and sells motor vehicles and parts, primarily commercial vehicles, imports and sells passenger cars. 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 new generation Transit vehicles (minibuses, pick-ups and vans) are manufactured at the plant opened in 2001 in Kocaeli. Ford Cargo trucks and their engines are manufactured in Eskişehir.

In 2008, the Company had a total of 9,260 employees on average, composed of 1,493 white-collar and 7,767 blue-collar workers. The Company had a total of 8,164 employees composed of 1,507 white-collar and 6,657 blue-collar workers as of 31 December 2008 (31 December 2007: on average a total of 8,865 employees, composed of 1,363 white-collar and 7,502 blue-collar workers. As of 31 December 2007: total of 9,521 employees consisting of 1,447 white-collar and 8,074 blue-collar workers.)

The registered office address of the Company is as follows: Fatih Mah. Hasan Basri Cad. Köymenkent 34885 Samandıra Kartal, Istanbul.

NOTE 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 1 January 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 17 March 2005, the CMB announced that, effective from 1 January 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 1 January 2005.

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

FORD OTOMOTİV SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENTS AT 31 DECEMBER 2008 AND 2007

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1.1 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 Communiqué XI, No: 29 and related promulgations to this Communiqué as accepted by the CMB, 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 17 April 2008 and 9 January 2009, including the compulsory disclosures. Accordingly, necessary reclassifications have been made in the comparative financial statements (Note 2.2.1).

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 31 December 2008 has been provided with the comparative financial information of 31 December 2007 and the statement of income, the statement of changes in equity and the statement of cash flows for the year ended 31 December 2008 have been provided with the comparative financial information, for the year ended 31 December 2007.

Financial statements of the Company prepared for the year ended 31 December 2008 and 2007 have been prepared in accordance with the CMB's Communiqué XI, No: 29 "Principles of Financial Reporting in Capital Markets" ("the Communiqué") dated 9 April 2008. The balance sheet as at 31 December 2008 and the statement of income, statement of changes in equity and statement of cash flows for the year then ended have been restated in order to conform to the presentation of the current period financial statements prepared within the framework of Communiqué. The effects of changes as a result of these restatements are as follows:

- i) "Advances received" amounting to YTL8,850,071 at 31 December 2007 has been reclassified to "Other payables" (Note 8).
- ii) Warranty expense provision amounting to YTL74,711,814, classified under "Other liabilities" at 31 December 2007 has been reclassified to "Provisions" (Note 13) and Other liabilities amounting to YTL86,909,474 has been reclassified to "Other payables" (Note 8).

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

FORD OTOMOTİV SANAYİ A.Ş.

**NOTES TO FINANCIAL STATEMENTS
AT 31 DECEMBER 2008 AND 2007**

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2.1 Comparatives and adjustment of prior periods' financial statements (Continued)

- iii) "Inflation adjustment to equity" amounting to YTL27,920,283 classified under "Inflation adjustment to shareholder's equity" at 31 December 2007 has been reclassified to "Adjustment to share capital", and the remaining YTL428,301,244 adjustment to share capital has been reclassified to "Retained earnings" (Note 17).
- iv) Prior years' income amounting to YTL20,670,398 classified under "Retained earnings" at 31 December 2007 has been reclassified to special reserve under "Restricted reserves" (Note 17).
- v) "Extraordinary reserves" amounting to YTL50,929,339 at 31 December 2007 has been reclassified to "Retained earnings" (Note 17).

2.2.2 Standards, amendments and interpretations to existing standards

a) Interpretations effective in 2008 but not relevant to the Company's financial statements

- IFRIC 11, "IFRS 2 - Group and treasury share transactions" (effective from 1 March 2007).
- IFRIC 12, "Service concession arrangements" (effective from 1 January 2008).
- IFRIC 13, "Customer loyalty programmes" (effective from 1 July 2008).
- IFRIC 14, "IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction" (effective from 1 January 2008).
- IFRIC 16, "Hedges of a net investment in a foreign operation" (effective from 1 October 2008).

b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

- i) The following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2009
 - IAS 23, (Amendment), "Borrowing costs"
 - IFRS 8, "Operating segments"
 - IAS 32, "Financial instruments: Presentation" Puttable financial instruments and obligations arising on liquidation
 - IAS 1, "Presentation of financial statements"
 - IAS 39, "Financial instruments: Recognition and measurement"
 - IFRS 1, (Amendment), "First-time adoption of International Financial Reporting Standards"
 - IFRS 2, (Amendment), "Share-based payment"
 - IFRIC 15, "Agreements for construction of real estates"
 - IAS 40, (Amendment), "Investment property"
 - IAS 31, (Amendment), "Interests in joint ventures"
 - IAS 28, (Amendment), "Investments in associates"
- ii) The following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 July 2009
 - IAS 27 (Revised), "Consolidated and separate financial statements"
 - IFRS 3 (Revised), "Business combinations"
 - IFRS 5 (Amendment), "Non-current assets held-for-sale and discontinued operations"

The Company management expects that the standards, amendments and interpretations to existing standards given above will not have material effect on the financial statements.

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

FORD OTOMOTİV SANAYİ A.Ş.

**NOTES TO FINANCIAL STATEMENTS
AT 31 DECEMBER 2008 AND 2007**

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies

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

2.3.1 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).

2.3.2 Trade receivables and valuation allowance

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

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).

2.3.3 Credit finance income/charges

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

2.3.4 Inventories

Inventories are valued at the lower of cost or net realisable 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 realisable 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 included in the cost of finished goods and are recognised as an expense in other expense (Note 9).

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

FORD OTOMOTİV SANAYİ A.Ş.

**NOTES TO FINANCIAL STATEMENTS
AT 31 DECEMBER 2008 AND 2007**

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3.5 Trade payables

Trade payables are recognised at initial cost and subsequently measured at amortised cost using effective interest rate method (Note 7).

2.3.6 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	10-12.5 years
Motor vehicles	9 years

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

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the asset's net selling price or value in use.

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 capitalised if they result in an enlargement or substantial improvement of the respective asset (Note 10).

2.3.7 Intangible assets

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

Intangible assets are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over a period not exceeding five years. Where an indication of impairment exists, the carrying amount of any intangible asset is assessed and written down immediately to its recoverable amount. The recoverable amount is considered to be the higher of asset's net selling price or value in use. Development costs, comprising of engineering design incurred for the production of new commercial vehicles, are capitalised as discussed in Note 2.3.22 (Note 11).

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

FORD OTOMOTİV SANAYİ A.Ş.

**NOTES TO FINANCIAL STATEMENTS
AT 31 DECEMBER 2008 AND 2007**

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3.8 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 recognised 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 recognised 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.

2.3.9 Loans

Loans originated by the Company by providing money directly to a borrower, other than those that are originated with the intent to be sold immediately or in the short-term, are classified as loans originated by the Company. All loans are recognised when cash is advanced to the borrower and measured at amortised cost.

When the loan is provided by the Company by providing money directly to a bank, the loan is secured with marketable securities, Turkish government bonds and treasury bills, acquired under reverse repurchase agreements with banks with a predetermined sale price at fixed future dates and is stated at amortised cost. The accrued interest represents the apportionment to the current period of the difference between future sale prices and the amount provided by the Company. Such originated loans where original maturity at the time the money is directly transferred to the bank is less than three months, are considered and classified as cash equivalents for the purposes of cash flow statements.

Loans originated by the Company that have a fixed maturity are measured at amortised cost using the effective interest rate method.

A provision for loan impairment 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 loan at inception.

2.3.10 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.

Equity securities, whose fair values can be reliably estimated, are carried at fair value. All other equity securities classified as available-for-sale are carried at cost after the deduction for any impairment if the Company is not able to make an estimate of the fair values that are sufficiently reliable for certain unlisted equity securities, due to the high variability in the range of reasonable estimates and various outcome probabilities to assess the usefulness of a single estimate. The unrealised gains and losses arising from changes in the fair value of available-for-sale securities are recognised in equity (Note 5).

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

FORD OTOMOTİV SANAYİ A.Ş.

**NOTES TO FINANCIAL STATEMENTS
AT 31 DECEMBER 2008 AND 2007**

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3.11 Embedded derivatives

Derivative instruments embedded in purchase or sales contracts that require payments denominated in (i) a currency other than the currency of the primary economic environment in which any substantial party to that contract operates or (ii) the currency other than the currency in which the price of the related good or service that is acquired or delivered is routinely denominated in international commerce, are treated as embedded foreign currency forward contracts. Material gains and losses from embedded derivatives in the contracts, which will be realised in future periods, are recognised in the statement of income. The Company does not utilise any embedded derivative instruments, as of 31 December 2008.

2.3.12 Share capital and dividends

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

2.3.13 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 utilised or deferred tax liabilities will be settled, are used to determine deferred income tax.

Deferred tax liabilities are recognised for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised. Carrying values of deferred tax assets are decreased to the extent necessary, if future taxable profits are not expected to be available to utilise 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).

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

FORD OTOMOTİV SANAYİ A.Ş.

**NOTES TO FINANCIAL STATEMENTS
AT 31 DECEMBER 2008 AND 2007**

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3.14 Revenue recognition

Revenue comprises the invoiced value for the sale of goods and services. Revenue from the sale of goods is recognised 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 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. Interest income is recognised 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 recognised as interest income on accrual basis (Note 18).

2.3.15 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 YTL at the 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 recognised in the statement of income (Notes 22, 23 and 27).

2.3.16 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 regularly in 14 days. 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.

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

FORD OTOMOTİV SANAYİ A.Ş.

**NOTES TO FINANCIAL STATEMENTS
AT 31 DECEMBER 2008 AND 2007**

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

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 three weeks cash outflows to manage the liquidity risk. The Company maintains a credit commitment amounting to Euro70 million and factoring agreement amounting to YTL140 million in case a requirement for use arises. The Company has not utilised any of those commitments as of 31 December 2008.

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.

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 minimise the balance sheet foreign exchange exposure (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.

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

FORD OTOMOTİV SANAYİ A.Ş.

**NOTES TO FINANCIAL STATEMENTS
AT 31 DECEMBER 2008 AND 2007**

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Capital risk management (Continued)

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.

	31 December 2008	31 December 2007
Total debt	380,386,199	416,012,011
Total equity	1,711,760,462	1,715,817,604
Debt/Total equity ratio	0.22	0.24

2.3.17 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.

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. However, judgement 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 realise 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.

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

FORD OTOMOTİV SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENTS AT 31 DECEMBER 2008 AND 2007

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3.18 Accounting for derivative financial instruments and hedging activities

Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently re-measured at their fair value. The method of recognising the resulting gain or loss is dependent on the nature of the item being hedged. On the date a derivative contract is entered into, the Company designates certain derivatives as either (1) a hedge of the fair value of a recognised asset or liability (fair value hedge) or (2) a hedge of a forecasted transaction or of a firm commitment (cash flow hedge).

Changes in the fair value of derivatives that are designated as being and qualify as cash flow hedges and that are highly effective, are recognised in equity as cash flow hedge reserve. Where the forecasted transaction or firm commitment results in the recognition of an asset or of a liability, the gains and losses previously booked under equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts booked under equity are transferred to the statement of income and classified as revenue or expense in the period in which the hedged firm commitment or forecasted transaction affects the statement of income.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting under IAS 39, "Financial Instruments" any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the committed or forecasted transaction ultimately is recognised in the statement of income. However, if a committed or forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the statement of income.

Management believes that there is an effective cash flow hedge between the foreign currency denominated payables (a non-derivative hedging instrument) with regard to engineering expenses and anticipated future sales (hedged item) of the light commercial vehicle ("V227 or Transit Connect"). The hedge relationship has been considered effective since its inception, when the business principles for V227 between the Company and Ford Motor Company were formally discussed and agreed. Hedge relationship was ended at 31 December 2007, and there is no unrealised foreign exchange losses on foreign currency denominated engineering payables. Accordingly, no financial loss was realised from cash flow hedge as at and for the year ended 31 December 2008 (31 December 2007: YTL9,630,622).

2.3.19 Borrowings and borrowing costs

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the statement of income over the period of the borrowings (Note 6).

2.3.20 Provision for employee benefits

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, completion of one year of service of the employees, employees' being calling up for military service or the death of employees calculated in accordance with the Turkish Labour Law (Note 15).

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

FORD OTOMOTİV SANAYİ A.Ş.

**NOTES TO FINANCIAL STATEMENTS
AT 31 DECEMBER 2008 AND 2007**

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3.21 Provisions

Provisions are recognised 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.

2.3.22 Research and development expenses

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and only if the cost can be measured reliably. Other development expenditures are recognised as expense as incurred. Development costs previously recognised as expense are not recognised as an asset in a subsequent period. Development costs that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over five years (Note 11).

2.3.23 Variable marketing provision

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

2.3.24 Warranty provision expenses

Warranty expenses are recognised on an accrual basis for amounts estimated based on prior periods' realisation (Note 13).

2.3.25 Related parties

For the purpose of these financial statements, shareholders, key management personnel and board members, in each case together with their families and companies controlled by/or affiliated with them, and associated companies are considered and referred to as related parties . Key management personnel is defined as board members, general manager and assistant general managers (Note 26).

2.3.26 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).

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

FORD OTOMOTİV SANAYİ A.Ş.

**NOTES TO FINANCIAL STATEMENTS
AT 31 DECEMBER 2008 AND 2007**

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3.27 Comparatives

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

2.3.28 Reporting of cash flows

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

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

The cash flows due to investing activities indicate the Group 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 with less than three months to maturity (Note 4).

2.3.29 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.

2.3.30 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).

2.3.31 Significant accounting estimates and decisions

Preparation of financial statements requires the use of estimates and assumptions that may affect the amount of assets and liabilities recognised as of the balance sheet date, contingent assets and liabilities disclosed and the amount of revenue and expenses reported. Although, these estimates and assumptions rely on the Company management's best knowledge about current events and transactions, actual outcomes may vary from those estimates and assumptions.

2.3.32 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 recognised in the current period; the effect of changes in accounting estimates affecting current and future periods is recognised in the current and future periods.

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

FORD OTOMOTİV SANAYİ A.Ş.

**NOTES TO FINANCIAL STATEMENTS
AT 31 DECEMBER 2008 AND 2007**

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3.33 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 authorised 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 28).

NOTE 3 - SEGMENT REPORTING

The Company management has decided to use business segments for primary segment reporting considering that the risks and returns of the Company are affected by the developments in the automotive industry rather than differences in geographical regions. Management believes that the Company is operating under one business segment as the scope of business for the Company is the production, import and sale of motor vehicles and spare parts and as there is no significant difference in terms of risk and return between these activities. Nature of products, nature of production processes, type of customers methods used to distribute the products are similar. Information regarding primary segment has already been presented as full in these financial statements since there is one business segment.

As all Company assets are located in Turkey, the carrying values of assets within this segment as well as the costs of the related assets, which both need to be disclosed within the secondary segment reporting framework, have not been disclosed separately.

NOTE 4 - CASH AND CASH EQUIVALENTS

	31 December 2008	31 December 2007
Banks - foreign currency time deposits	240,728,690	193,555,866
Banks - YTL demand deposits	8,296,872	8,341,991
Banks - foreign currency demand deposits	8,220,024	34,396,424
Banks - YTL time deposits	5,531,229	123,127,466
Cheques received	-	700,000
	262,776,815	360,121,747

The maturity period of time deposits is up to three months. The weighted average interest rate for Euro denominated time deposits is 4.93% (31 December 2007: 4.56%). The weighted average interest rate for USD denominated time deposits is 3.25% (31 December 2007: None). The weighted average interest rate for the YTL time deposits is 15.61% (31 December 2007: 18.33%).

The details for cash and cash equivalents presented in the cash flow statement as of 31 December 2008 and 2007 is as follows:

	31 December 2008	31 December 2007	31 December 2006
Cash and banks	262,776,815	360,121,747	211,706,027
Less: Interest accruals	(314,195)	(430,253)	(219,819)
	262,462,620	359,691,494	211,486,208

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

FORD OTOMOTİV SANAYİ A.Ş.

**NOTES TO FINANCIAL STATEMENTS
AT 31 DECEMBER 2008 AND 2007**

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 5 - FINANCIAL ASSETS

	31 December 2008		31 December 2007	
	Shareholding percentage %	Amount	Shareholding percentage %	Amount
Available-for-sale financial assets:				
Otokar Otobüs Karoseri Sanayi A.Ş. (*)	0.59	1,202,123	0.59	2,826,043
		1,202,123		2,826,043

(*) The Company's shareholding in Otokar Otobüs Karoseri Sanayi A.Ş. has been stated at market value at 31 December 2008 and 2007 which is assumed to approximate its fair value.

NOTE 6 - FINANCIAL LIABILITIES

	31 December 2008		31 December 2007	
	Effective interest rate %	YTL amount	Effective interest rate %	YTL amount
Short-term portion of long-term borrowings:				
- Euro	5.60	147,957,546	5.38	108,019,674
- USD	3.63	4,296,282	5.69	8,605,214
		152,253,828		116,624,888
Long-term borrowings:				
- Euro	4.91	228,132,371	4.93	296,128,538
- USD	-	-	5.81	3,258,585
		228,132,371		299,387,123

The redemption schedules of long-term bank borrowings as of 31 December 2008 and 2007 are as follows:

Payment period	31 December 2008		31 December 2007		
	Euro denominated	Total	USD denominated	Euro denominated	Total
2009	-	-	3,258,585	113,882,664	117,141,249
2010	81,960,830	81,960,830	-	65,475,248	65,475,248
2011	49,835,541	49,835,541	-	39,811,633	39,811,633
2012	36,977,454	36,977,454	-	29,539,818	29,539,818
2013	36,977,454	36,977,454	-	29,539,818	29,539,818
2014	22,381,092	22,381,092	-	17,879,357	17,879,357
	228,132,371	228,132,371	3,258,585	296,128,538	299,387,123

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

FORD OTOMOTİV SANAYİ A.Ş.

**NOTES TO FINANCIAL STATEMENTS
AT 31 DECEMBER 2008 AND 2007**

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 6 - FINANCIAL LIABILITIES (Continued)

The letters of bank guarantee given to financial institutions in connection with the long-term bank borrowings amount to YTL267,344,698 (31 December 2007: YTL243,420,014).

The borrowings with floating interest rates amount to YTL372,515,134 as of 31 December 2008 (31 December 2007: YTL404,534,277).

The exposure of the borrowings to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

	31 December 2008	31 December 2007
Year		
Up to 6 months	374,919,892	404,533,796
1-5 years	-	5,763,206
	374,919,892	410,297,002

The carrying values of borrowings approximate to their fair values as the effect of the discounting of borrowings is not material.

NOTE 7 - TRADE RECEIVABLES AND PAYABLES

	31 December 2008	31 December 2007
Short-term trade receivables		
Trade receivables	234,410,028	407,069,662
Doubtful receivables	3,517,060	-
Cheques and notes receivable	2,118,591	3,326,936
Less: Unearned credit finance income	(124,548)	(1,843,944)
	239,921,131	408,552,654
Less: Provision for doubtful receivables	(3,517,060)	-
	236,404,071	408,552,654

The average due date of the Company's trade receivables is one month (31 December 2007: one month) and discounted with 0.6% monthly effective interest rate (31 December 2007: 0.9%).

Export sales are largely 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.

The Company has no significant overdue receivables as of 31 December 2008 and 2007.

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

FORD OTOMOTİV SANAYİ A.Ş.

**NOTES TO FINANCIAL STATEMENTS
AT 31 DECEMBER 2008 AND 2007**

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

	31 December 2008	31 December 2007
Long-term trade receivables:		
Deposits and guarantees given	107,764	40,694
	107,764	40,694

	31 December 2008	31 December 2007
Trade payables:		
Trade payables	160,661,889	462,580,407
Less: Unearned credit finance charges	(58,643)	(1,049,069)
	160,603,246	461,531,338

The turnover of the Company's trade payables is 45 days (31 December 2007: 45 days) and discounted with 0.6% (31 December 2008 : 0.9%) monthly effective interest rate.

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

FORD OTOMOTİV SANAYİ A.Ş.

**NOTES TO FINANCIAL STATEMENTS
AT 31 DECEMBER 2008 AND 2007**

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

The maximum exposure of the Company to credit risk as of 31 December 2008 and 2007 is as follows:

31 December 2008	<u>Trade receivables</u>		<u>Other receivables</u>		Bank deposit
	Related party	Other	Related party	Other	
The maximum of credit risk exposed at the reporting date	214,685,569	239,921,131	-	4,622,188	262,776,815
- Credit risk covered by guarantees	60,000,000	139,576,295	-	-	-
Net carrying value of overdue and unimpaired financial assets	210,150,040	222,901,977	-	4,622,188	262,776,815
Net carrying value of overdue but unimpaired assets	4,535,529	13,502,094	-	-	-
- Amount of risk covered by guarantees	-	8,664,259	-	-	-
Net carrying value of impaired assets	-	3,517,060	-	-	-
- Overdue (gross carrying value)	-	3,517,060	-	-	-
- Provision for impairment (-)	-	(3,517,060)	-	-	-
- Amount of risk covered by guarantees	-	353,064	-	-	-

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

FORD OTOMOTİV SANAYİ A.Ş.

**NOTES TO FINANCIAL STATEMENTS
AT 31 DECEMBER 2008 AND 2007**

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

31 December 2007	Trade receivables		Other receivables		Bank deposit
	Related party	Other	Related party	Other	
The maximum of credit risk exposed at the reporting date	329,568,385	408,552,654	77,375,290	1,674,550	360,121,747
- Credit risk covered by guarantees	60,000,000	330,272,765	-	-	-
Net carrying value of overdue and unimpaired financial assets	322,993,941	405,538,385	77,375,290	1,674,550	360,121,747
Net carrying value of overdue but unimpaired assets	6,574,444	3,014,269	-	-	-
<i>- The amount of risk covered by guarantees</i>	-	100,000	-	-	-

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

FORD OTOMOTİV SANAYİ A.Ş.

**NOTES TO FINANCIAL STATEMENTS
AT 31 DECEMBER 2008 AND 2007**

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

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

31 December 2008	Trade receivables	
	Related parties	Other parties
1-30 days overdue	2,618,983	4,265,205
1-3 months overdue	467,514	8,177,858
3-12 months overdue	1,449,031	1,059,031
	4,535,528	13,502,094
Risk covered by guarantees	-	8,664,259

31 December 2007	Trade receivables	
	Related parties	Other parties
1-30 days overdue	4,080,121	127,889
1-3 months overdue	2,097,742	522,797
3-12 months overdue	396,580	2,363,583
	6,574,443	3,014,269
Risk covered by guarantees	-	100,000

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

FORD OTOMOTİV SANAYİ A.Ş.

**NOTES TO FINANCIAL STATEMENTS
AT 31 DECEMBER 2008 AND 2007**

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 8 - OTHER RECEIVABLES AND PAYABLES

	31 December 2008	31 December 2007
Other receivables:		
Prepaid taxes and funds	3,825,971	757,646
Receivables from personnel	455,174	524,106
Other miscellaneous receivables	341,043	392,798
	4,622,188	1,674,550

	31 December 2008	31 December 2007
Other liabilities:		
Payables to engineering companies	20,200,690	9,333,025
Taxes, withholdings and duties payable	19,784,062	25,567,711
Payables to personnel	19,744,016	12,126,023
Variable marketing provision	16,076,342	22,745,025
Expense accruals	9,162,176	15,565,757
Advances received from customers	971,721	8,850,071
Other short-term liabilities	1,148,961	1,571,933
	87,087,968	95,759,545

Variable marketing provision is primarily composed of expense accruals related to the inventories at dealers at the balance sheet date (Note 2.3.23).

NOTE 9 - INVENTORIES

	31 December 2008	31 December 2007
Raw materials	221,866,418	189,895,085
Finished goods	147,281,310	37,531,276
Inventory in transit	75,409,275	87,073,193
Imported vehicles	92,762,562	18,514,988
Spare parts	49,791,823	41,913,422
	587,111,388	374,927,964
Less: Provision for impairment of finished goods and spare parts	(3,089,120)	(1,505,615)
	584,022,268	373,422,349

The allocation of fixed production overheads to the costs of conversion is based on the normal capacity of the production facilities. Idle time expenses recognised in other expense amount to YTL11,080,081 due to cease of production during the year (Note 21) .

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

FORD OTOMOTİV SANAYİ A.Ş.

**NOTES TO FINANCIAL STATEMENTS
AT 31 DECEMBER 2008 AND 2007**

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

	Land	Land improvements	Buildings	Machinery and equipment	Moulds	Furniture and fixtures	Motor vehicles	Advances and construction in progress	Total
31 December 2007									
Cost	12,009,181	86,803,496	367,501,677	1,380,462,467	538,531,876	68,179,284	9,527,111	16,372,512	2,479,387,604
Accumulated depreciation	-	(19,065,312)	(87,894,081)	(603,720,038)	(410,244,195)	(49,146,445)	(1,564,206)	-	(1,171,634,277)
Net book value	12,009,181	67,738,184	279,607,596	776,742,429	128,287,681	19,032,839	7,962,905	16,372,512	1,307,753,327
For the year ended 31 December 2008									
Opening net book value	12,009,181	67,738,184	279,607,596	776,742,429	128,287,681	19,032,839	7,962,905	16,372,512	1,307,753,327
Additions	-	113,448	-	8,173,721	11,093,530	6,672,317	2,994,838	40,013,348	69,061,202
Transfers	-	78,014	985,744	20,245,629	16,126,268	-	-	(37,435,655)	-
Disposals	-	-	-	(22,242,830)	(240,472)	(7,899,168)	(3,459,430)	-	(33,841,900)
Depreciation charge	-	(2,789,709)	(11,479,491)	(72,870,157)	(44,304,062)	(3,544,630)	(982,998)	-	(135,971,047)
Disposals from accumulated depreciation	-	-	-	20,086,496	223,371	7,687,667	1,105,225	-	29,102,759
Closing net book value	12,009,181	65,139,937	269,113,849	730,135,288	111,186,316	21,949,025	7,620,540	18,950,205	1,236,104,341
31 December 2008									
Cost	12,009,181	86,994,958	368,487,421	1,386,638,987	565,511,202	66,952,433	9,062,519	18,950,205	2,514,606,906
Accumulated depreciation	-	(21,855,021)	(99,373,572)	(656,503,699)	(454,324,886)	(45,003,408)	(1,441,979)	-	(1,278,502,565)
Net book value	12,009,181	65,139,937	269,113,849	730,135,288	111,186,316	21,949,025	7,620,540	18,950,205	1,236,104,341

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

FORD OTOMOTİV SANAYİ A.Ş.

**NOTES TO FINANCIAL STATEMENTS
AT 31 DECEMBER 2008 AND 2007**

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land	Land improvements	Buildings	Machinery and equipment	Moulds	Furniture and fixtures	Motor vehicles	Advances and construction in progress	Total
31 December 2006									
Cost	11,917,784	83,756,245	365,416,615	1,218,417,015	504,159,061	62,543,615	8,735,287	93,845,675	2,348,791,297
Accumulated depreciation	-	(16,362,932)	(76,472,361)	(543,307,382)	(372,275,553)	(45,098,300)	(1,635,420)	-	(1,055,151,948)
Net book value	11,917,784	67,393,313	288,944,254	675,109,633	131,883,508	17,445,315	7,099,867	93,845,675	1,293,639,349
For the year ended 31 December 2007									
Opening net book value	11,917,784	67,393,313	288,944,254	675,109,633	131,883,508	17,445,315	7,099,867	93,845,675	1,293,639,349
Additions	91,397	11,953	-	25,849,339	-	7,133,085	3,285,229	102,766,670	139,137,673
Transfers	-	3,035,298	2,085,062	139,904,702	34,903,285	311,486	-	(180,239,833)	-
Disposals	-	-	-	(3,708,589)	(530,470)	(1,808,902)	(2,493,405)	-	(8,541,366)
Depreciation charge	-	(2,702,380)	(11,421,720)	(63,761,007)	(38,499,112)	(4,521,313)	(839,719)	-	(121,745,251)
Disposals from accumulated depreciation	-	-	-	3,348,351	530,470	473,168	910,933	-	5,262,922
Closing net book value	12,009,181	67,738,184	279,607,596	776,742,429	128,287,681	19,032,839	7,962,905	16,372,512	1,307,753,327
31 December 2007									
Cost	12,009,181	86,803,496	367,501,677	1,380,462,467	538,531,876	68,179,284	9,527,111	16,372,512	2,479,387,604
Accumulated depreciation	-	(19,065,312)	(87,894,081)	(603,720,038)	(410,244,195)	(49,146,445)	(1,564,206)	-	(1,171,634,277)
Net book value	12,009,181	67,738,184	279,607,596	776,742,429	128,287,681	19,032,839	7,962,905	16,372,512	1,307,753,327

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

FORD OTOMOTİV SANAYİ A.Ş.

**NOTES TO FINANCIAL STATEMENTS
AT 31 DECEMBER 2008 AND 2007**

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT (Continued)

The carrying amounts of fully depreciated property, plant and equipment still in use are as follows:

	31 December 2008	31 December 2007
Moulds and models	169,225,927	169,480,253
Machinery and equipment	87,103,780	95,223,759
Furniture and fixtures	30,906,779	37,258,514
Buildings	5,529,499	5,529,499
Motor vehicles	330,618	444,210
Land improvements	237,300	237,300
	293,333,903	308,173,535

The allocation of depreciation expense as of 31 December 2008 and 2007 is as follows:

	31 December 2008	31 December 2007
Cost of production	130,254,604	115,990,381
Research and development expenses	2,629,782	1,256,258
General administrative expenses	1,649,905	2,871,570
Sales and marketing expenses (Note 19)	1,436,756	1,627,042
Current year depreciation charge	135,971,047	121,745,251

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

FORD OTOMOTİV SANAYİ A.Ş.

**NOTES TO FINANCIAL STATEMENTS
AT 31 DECEMBER 2008 AND 2007**

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 11 - INTANGIBLE ASSETS

	Rights	Development costs	Other	Total
31 December 2007				
Cost	17,851,154	421,719,418	1,492,326	441,062,898
Accumulated amortisation	(14,592,701)	(331,855,885)	(732,184)	(347,180,770)
Net book value	3,258,453	89,863,533	760,142	93,882,128
For the year ended at 31 December 2008				
Opening net book value	3,258,453	89,863,533	760,142	93,882,128
Additions	530,854	-	99,624	630,478
Amortisation charge for the year	(1,248,139)	(24,667,101)	(156,266)	(26,071,506)
Closing net book value	2,541,168	65,196,432	703,500	68,441,100
31 December 2008				
Cost	18,382,008	421,719,418	1,591,950	441,693,376
Accumulated amortisation	(15,840,840)	(356,522,986)	(888,450)	(373,252,276)
Net book value	2,541,168	65,196,432	703,500	68,441,100
31 December 2006				
Cost	17,060,225	402,000,662	719,300	419,780,187
Accumulated amortisation	(13,359,440)	(297,081,199)	(719,300)	(311,159,939)
Net book value	3,700,785	104,919,463	-	108,620,248
For the year ended at 31 December 2007				
Opening net book value	3,700,785	104,919,463	-	108,620,248
Additions	790,929	19,718,756	773,026	21,282,711
Amortisation charge for the year	(1,233,261)	(34,774,686)	(12,884)	(36,020,831)
Closing net book value	3,258,453	89,863,533	760,142	93,882,128
31 December 2007				
Cost	17,851,154	421,719,418	1,492,326	441,062,898
Accumulated amortisation	(14,592,701)	(331,855,885)	(732,184)	(347,180,770)
Net book value	3,258,453	89,863,533	760,142	93,882,128

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

FORD OTOMOTİV SANAYİ A.Ş.

**NOTES TO FINANCIAL STATEMENTS
AT 31 DECEMBER 2008 AND 2007**

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 11 - INTANGIBLE ASSETS (Continued)

Development expenses classified under intangible assets are mainly comprised of Transit and Cargo Truck Engine projects.

The amortization charge from development costs amounting to YTL24,667,101 (31 December 2007: YTL34,774,686) has been accounted under cost of goods sold. The amortization charge for rights amounting to YTL1,248,139 (31 December 2007: YTL1,233,261) has been accounted under general administrative expenses. The amortization charge for other amounting to YTL156,266 (31 December 2007 : YTL12,884) has been accounted under research and development expenses.

NOTE 12 - GOVERNMENT GRANTS

The research and development support received from Tübitak in 2008, amounting to YTL9,048,255 (31 December 2007: YTL19,569,495) has been classified under other income (Note 21).

NOTE 13 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

The Company is obliged to provide two 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.

	31 December 2008	31 December 2007
Warranty expense provision	76,535,037	74,711,814
	76,535,037	74,711,814

Movements in the warranty expense provision during the year are as follows:

	2008	2007
Balance at 1 January	74,711,814	59,766,836
Paid during the year	(104,736,015)	(103,190,029)
Additions during the year (Note 19)	106,559,238	118,135,007
31 December	76,535,037	74,711,814

	31 December 2008	31 December 2007
Letters of guarantee given to banks	267,344,698	243,420,014
Letters of guarantee given to customs	28,175,730	25,454,175
Letter of guarantees	332,629	458,505
	295,853,057	269,332,694

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

FORD OTOMOTİV SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENTS AT 31 DECEMBER 2008 AND 2007

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 14 - COMMITMENTS

The Commitments given for the bank credits to the related banks by the Company are summarized below:

- a) The Company entered into a credit agreement with Akbank T.A.Ş. ("Akbank") in 2003. According to the terms of this agreement, the Company is required to ensure that its export proceeds up to an amount equal to Euro200,000,000 for each calendar year, except for last year, be received in a deposit account in Akbank. With the other credit agreements entered with Akbank in 2007, the Company is required to ensure that its export proceeds up to an amount equal to Euro69,000,000 for the year 2008 be received into a deposit account in Akbank. The Company fulfilled its export commitments with Akbank in 2008 as of 31 December 2008.
- b) Regarding the credit agreements made with HSBC Bank A.Ş. ("HSBC") with a value: of Euro50,000,000 and Garanti Bankası A.Ş. ("Garanti Bankası") with a value of Euro20,000,000 in 2007, the Company is required to ensure that its export proceeds up to an amount equal to Euro100,000,000 via HSBC and Euro50,000,000 via Garanti Bankası for the year 2008 be received into deposit accounts in these banks. The Company fulfilled its export commitments with HSBC and Garanti Bankası in 2008 as of 31 December 2008.
- c) Regarding the other credit agreements made by the Company in 2007, the Company is required to ensure that its export proceeds up to an amount equal to Euro20,000,000 via Garanti Bankası, Euro25,000,000 via İş Bankası A.Ş. and Euro20,000,000 via Ziraat Bankası A.Ş. be received into deposit accounts for the year 2008 in these banks. The Company fulfilled all its export commitments in 2008 as of 31 December 2008.

NOTE 15 - EMPLOYEE BENEFITS

Provision for employee benefits

	31 December 2008	31 December 2007
Provision for employee benefits	24,580,371	23,797,859
	24,580,371	23,797,859

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).

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

FORD OTOMOTİV SANAYİ A.Ş.

**NOTES TO FINANCIAL STATEMENTS
AT 31 DECEMBER 2008 AND 2007**

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 15 - EMPLOYEE BENEFITS (Continued)

The amount payable consists of one month's salary limited to a maximum of YTL2,173.18 for each year of service as of 31 December 2008 (31 December 2007: YTL2,030.19).

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:

	31 December 2008	31 December 2007
Discount rate (%)	6.26	5.71
Turnover rate to estimate the probability of retirement (%)	6	6

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 YTL2,260.05 which is effective from 1 January 2009 (1 January 2008: YTL2,087.92) has been taken into consideration in the calculations.

Movements in the provision for employee benefits during the year are as follows:

	2008	2007
1 January	23,797,859	23,784,444
Paid during the year	(7,476,385)	(4,694,275)
Additions during the year	8,258,897	4,707,690
31 December	24,580,371	23,797,859

NOTE 16 - OTHER CURRENT ASSETS AND LIABILITIES

Other current assets:

	31 December 2008	31 December 2007
Value Added Tax ("VAT") carried forward	67,499,026	43,260,692
VAT to be deductible	25,009,221	32,753,436
Other	6,271,276	6,645,436
	98,779,523	82,659,564

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

FORD OTOMOTİV SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENTS AT 31 DECEMBER 2008 AND 2007

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 17 - EQUITY

The composition of the Company's paid-in capital at 31 December 2008 and 2007 is as follows:

	31 December 2008	Shareholding percentage (%)	31 December 2007	Shareholding percentage (%)
Koç Holding A.Ş.	134,953,357	38.46	132,160,187	37.66
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
Koç Allianz Sigorta T.A.Ş. (*)	-	-	2,793,170	0.80
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	

(*) At 25 June 2008 Koç Allianz Sigorta A.Ş. sold 279,317,052 unit of Ford Otomotiv Sanayi A.Ş. shares, which represents 0.80% of the Company's capital with a nominal value of YTL2,793,170, to Koç Holding A.Ş..

Adjustment to share capital represents the restatement effect of cash and cash equivalent contributions to share capital measured in accordance with the CMB Financial Reporting Standards.

There are 35,091,000,000 unit of shares (31 December 2007: 35,091,000,000 unit) with a nominal value of YKr1 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 13 June 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 YTL20,670,398 related to this exemption in its tax financial statements (31 December 2007: YTL20,670,398).

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

FORD OTOMOTİV SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENTS AT 31 DECEMBER 2008 AND 2007

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 17 - EQUITY (Continued)

In accordance with CMB Financial Reporting Standards, the Company classified the abovementioned amounts under "Restricted reserves". The amount of Restricted reserves is YTL264,672,010 as of 31 December 2008 (31 December 2007: YTL222,562,810).

The accumulated deficit amounts arising from the first application of inflation adjustment, were considered to be deductible when computing the distributable profit which was in line with the CMB's profit distribution regulations until 1 January 2008. The accumulated deficit was first being offset from net income and retained earnings, and the remaining amount of deficit from extraordinary reserves, legal reserves and adjustment to share capital.

In accordance with the CMB regulations effective until 1 January 2008, "Capital, Share Premiums, Legal Reserves, Special Reserves and Extraordinary Reserves" were recorded at their statutory carrying amounts and the inflation adjustment differences related to such accounts were recorded under "inflation adjustment differences" at the initial application of inflation accounting. "Equity Inflation Adjustment Differences" could have been utilised in issuing bonus shares and offsetting accumulated losses; carrying amount of extraordinary reserves could have been utilised in issuing bonus shares, cash dividend distribution and offsetting accumulated losses.

In accordance with the Communiqué No:XI-29 and related announcements of CMB, effective from 1 January 2008, "Share Capital", "Restricted Reserves" and "Share Premiums" shall be carried at their statutory amounts. 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 utilised 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.

In accordance with the decision of Capital Markets Board on 8 February 2008 No. 4/138, the minimum profit distribution ratio shall be applied as 20% (31 December 2007: 20%) in relation to publicly listed "companies"/"corporations" as of 1 January 2008. Accordingly, based on the decision taken in general assemblies of the companies, distribution can be made in cash or non-cash by bonus shares or a combination of both as partially in cash and non-cash. In the event that the initial dividend to be determined is less than 5% of paid-in/issued capital, it is also allowed to retain the relevant amount within the Company instead of distribution. However, for those companies which are going to distribute dividends over the profits generated from 2007 operations and which increased their share capitals without distributing dividends in the previous year and thus have allocated their shares as "new" and "old" shares, it is enforced to make the distribution of initial dividends in cash.

Based on the CMB Decree 7/242, dated 25 February 2005, if the amount of profit distributions calculated in accordance with the net distributable profit requirements of the CMB does not exceed the statutory net distributable profit, the total amount of distributable profit should be distributed. If it exceeds the statutory net distributable profit, the total amount of the statutory net distributable profit should be distributed. It is stated that dividend distributions should not be made if there is a loss in either the financial statements prepared in accordance with CMB regulations or in the statutory financial statements.

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

FORD OTOMOTİV SANAYİ A.Ş.

**NOTES TO FINANCIAL STATEMENTS
AT 31 DECEMBER 2008 AND 2007**

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 17 - EQUITY (Continued)

In accordance with Communiqué No: XI-29, the equity schedules at 31 December 2008 and 2007 are as follows:

	31 December 2008	31 December 2007
Share capital	350,910,000	350,910,000
Adjustment to share capital	27,920,283	27,920,283
Share premium	8,252	8,252
Financial assets fair value reserve	100,970	1,724,890
Restricted reserves	264,672,010	222,562,810
- Legal reserves	244,001,610	201,892,410
- Special reserves	20,670,400	20,670,400
Retained earnings	631,944,669	628,449,248
- Inflation adjustment to equity	428,301,244	428,301,244
- Extraordinary reserves	54,424,760	50,929,339
- Retained earnings	149,218,665	149,218,665
Net income for the year	436,204,278	484,242,121
Total equity	1,711,760,462	1,715,817,604

At 31 December 2008 and 2007, the restated amounts and the equity restatement differences of the aforementioned nominal values are as follows:

31 December 2008:	Historical values	Restated amounts	Equity restatement differences
Share capital	350,910,000	378,830,283	27,920,283
Legal reserves	244,001,610	302,754,214	58,752,604
Extraordinary reserves	54,424,760	423,569,776	369,145,016
Share premium	8,252	361,733	353,481
Special reserves	20,670,400	20,720,543	50,143
	670,015,022	1,126,236,549	456,221,527

31 December 2007:	Historical values	Restated amounts	Equity restatement differences
Share capital	350,910,000	378,830,283	27,920,283
Legal reserves	201,892,410	260,645,014	58,752,604
Extraordinary reserves	50,929,339	420,074,355	369,145,016
Share premium	8,252	361,733	353,481
Special reserves	20,670,400	20,720,543	50,143
	624,410,401	1,080,631,928	456,221,527

Inflation adjustment difference in Equity could have been utilised in issuing bonus shares and offsetting accumulated losses; the carrying amount of extraordinary reserves could have been utilised in issuing bonus shares, cash dividend distribution and offsetting accumulated losses.

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

FORD OTOMOTİV SANAYİ A.Ş.

**NOTES TO FINANCIAL STATEMENTS
AT 31 DECEMBER 2008 AND 2007**

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 18 - SALES AND COST OF SALES

	31 December 2008	31 December 2007
Domestic sales	2,346,514,392	3,304,979,418
Export sales	4,820,720,836	4,480,062,276
Other sales	117,799,272	42,171,829
Less: Discounts	(278,166,853)	(596,583,435)
	7,006,867,647	7,230,630,088

Sales in unit:

	31 December 2008			31 December 2007		
	Domestic sales	Export sales	Total sales	Domestic sales	Export sales	Total sales
Transit	25,279	150,842	176,121	34,915	134,631	169,546
Transit Connect	19,252	64,604	83,856	27,979	85,324	113,303
Passenger vehicles	24,860	819	25,679	32,032	378	32,410
Cargo	2,823	2,595	5,418	4,339	2,007	6,346
Ranger	1,985	30	2,015	2,164	2	2,166
Fiesta Van	993	45	1,038	1,271	53	1,324
	75,192	218,935	294,127	102,700	222,395	325,095

Summaries of cost of production as of 31 December 2008 and 2007 is as follows;

	31 December 2008	31 December 2007
Raw material cost	(4,639,384,466)	(4,665,057,646)
Production overhead costs	(467,886,822)	(480,349,996)
Depreciation and amortisation expenses	(153,769,652)	(151,640,772)
Change in finished goods inventory	106,664,081	(32,752,222)
Total cost of production	(5,154,376,859)	(5,329,800,636)
Cost of trade goods sold	(836,199,016)	(866,043,986)
Cost of sales	(5,990,575,875)	(6,195,844,622)

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

FORD OTOMOTİV SANAYİ A.Ş.

**NOTES TO FINANCIAL STATEMENTS
AT 31 DECEMBER 2008 AND 2007**

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 20 - EXPENSES BY NATURE

The classification of expenses by nature for the years ended at 31 December 2008 and 2007 is as follows;

	31 December 2008	31 December 2007
Direct material cost	(4,639,384,466)	(4,665,057,646)
Cost of trade goods sold	(836,199,016)	(866,043,986)
Personnel expenses	(343,286,582)	(324,163,305)
Other operational expenses	(311,156,817)	(288,988,646)
Other overheads	(223,671,202)	(248,354,034)
Depreciation and amortisation expenses	(160,890,500)	(157,395,642)
Financial expenses	(158,994,916)	(102,329,759)
Other expenses	(19,390,522)	(2,841,692)
Change in finished goods inventory	106,664,081	(32,752,222)
Total expenses	(6,586,309,940)	(6,687,926,932)

NOTE 21 - OTHER INCOME/EXPENSES

	31 December 2008	31 December 2007
Other income and gains:		
Price difference for spare parts and insurance recovery	9,548,783	7,024,135
Premiums for research and development support (Note 12)	9,048,255	19,569,495
Commission income	3,501,087	-
Rent income	2,215,213	2,274,338
Insurance claim recoveries	1,819,558	1,371,219
Licence fees obtained	900,313	-
Income from the sale of property, plant and equipment	691,948	502,928
Dividend income	175,749	175,749
Income from the sale of financial assets	-	8,364,981
Other	5,089,329	5,734,439
	32,990,235	45,017,284

	31 December 2008	31 December 2007
Other expenses and losses:		
Idle time expenses (Note 9)	(11,080,081)	-
Provision for doubtful receivables	(3,517,060)	-
Loss on sale of property, plant and equipment	(2,185,318)	(626,104)
Claim charges for import materials	(794,141)	(1,430,851)
Prior period price differences	(243,698)	(289,969)
Other	(1,570,224)	(494,768)
	(19,390,522)	(2,841,692)

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

FORD OTOMOTİV SANAYİ A.Ş.

**NOTES TO FINANCIAL STATEMENTS
AT 31 DECEMBER 2008 AND 2007**

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 22 - FINANCIAL INCOME

	31 December 2008	31 December 2007
Foreign exchange gains	96,299,407	41,984,215
Finance income from credit sales	37,686,903	19,913,697
Interest income	28,949,819	7,273,358
	162,936,129	69,171,270

NOTE 23 - FINANCIAL EXPENSES

	31 December 2008	31 December 2007
Foreign exchange losses	(91,391,616)	(52,869,126)
Finance charges on credit purchases	(44,182,322)	(12,796,429)
Interest expenses	(21,450,344)	(20,619,654)
Financial expense related to cash flow hedge reserve	-	(9,630,622)
Other financial expenses	(1,970,634)	(6,413,928)
	(158,994,916)	(102,329,759)

NOTE 24 - TAX ASSETS AND LIABILITIES

Corporate Tax Law was amended by the Law No, 5520 dated 13 June 2006. Law No. 5520 came into force as of 21 June 2006, but many of the provisions came into force effective from 1 January 2006. Accordingly, the corporation tax rate for the fiscal year 2008 is 20% (31 December 2007: 20%). Corporation 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 (except withholding tax at the rate of 19.8% on the investment incentive allowance utilised within the scope of the Income Tax Law Transitional Article 61).

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.

Corporations are required to pay advance corporation 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.

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

FORD OTOMOTİV SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENTS AT 31 DECEMBER 2008 AND 2007

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

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 1 January 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 returns within the 25th of the fourth month following the close of the financial year to which they relate.

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 investment allowance, which has been applied for many years and calculated as 40% of property plant and equipment acquisitions exceeding a certain amount, was annulled with the Law No. 5479 dated 30 March 2006. However, in accordance with the temporary Law No. 69 added to the Income Tax Law, corporate and income taxpayers can offset the investment allowance amounts present as of 31 December 2005, which could not be offset against taxable income in 2005 and:

- (a) investments to be made after 1 January 2006 in the scope of the certificate regarding the investments that began in the scope of additional articles 1, 2, 3, 4, 5 and 6 of Income Tax Law No: 193 before it was repealed with the Law No. 4842 dated 9 April 2003, and
- (b) investment allowance amounts to be calculated in accordance with legislation effective at 31 December 2005 related to investments which exhibit a technical and economic and integrity and which were started prior to 1 January 2006 in the scope of Income Tax Law repealed 19th article, only against the income related to the years 2006, 2007 and 2008, in accordance with the legislation at 31 December 2005 (including provisions related to tax rates).

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

FORD OTOMOTİV SANAYİ A.Ş.

**NOTES TO FINANCIAL STATEMENTS
AT 31 DECEMBER 2008 AND 2007**

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 24 - TAX ASSETS AND LIABILITIES(Continued)

The Company reviewed 2006, 2007 and 2008 profit estimations, and decided to use the investment allowance subject to an allowance withholding of 19.8%, in the calculation of corporate tax related to these years.

Accordingly, earnings of the abovementioned nature, which are in the trade profit/loss figures, have been taken into account in calculation of corporate tax.

The taxation on income for the years ended 31 December 2008 and 2007 is as follows:

	31 December 2008	31 December 2007
Current year corporate tax	114,846,442	119,500,848
Deferred tax	65,433,351	53,148,741
	180,279,793	172,649,589

Calculation of the tax expense reconciliation using the current year tax expense in the statement of income as at 31 December 2008 and 2007 and for the years then ended and current tax ratio based on income before tax is as follows:

	31 December 2008	31 December 2007
Income before tax :	616,484,071	659,891,710
Current year tax expense calculated with the investment allowance withholding tax of 19.8%	(122,063,846)	(130,658,559)
Investment allowance utilised during the year	(68,466,732)	(54,519,310)
Effective tax rate differences used for temporary differences	1,106,134	2,306,415
Other	9,144,651	10,221,865
	(180,279,793)	(172,649,589)

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 CMB Financial Reporting Standards and financial statements prepared for tax purposes.

The Company preferred to use the investment allowance for the years 2006, 2007 and 2008 and applied 30% tax rate for calculating deferred tax assets and liabilities. The Company applied 20% tax rate to the temporary differences that will be recovered or settled after the balance sheet date.

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

FORD OTOMOTİV SANAYİ A.Ş.

**NOTES TO FINANCIAL STATEMENTS
AT 31 DECEMBER 2008 AND 2007**

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 24 - TAX ASSETS AND LIABILITIES(Continued)

The breakdown of cumulative temporary differences and the resulting deferred tax assets and liabilities provided at 31 December 2008 and 2007 using the current enacted tax rates is as follows;

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	31 December 2008	31 December 2007	31 December 2008	31 December 2007
Deferred tax assets:				
Provision for employee benefits	24,580,371	23,797,859	4,916,074	4,759,572
Unutilized investment incentive allowance earned	-	671,242,471	-	68,466,732
Warranty expense provision	76,535,037	74,711,814	15,307,007	14,942,363
Unearned credit finance income - net	95,988	1,259,995	19,197	377,998
Provision for impairment in inventory	(3,904,114)	(1,707,301)	780,823	512,190
Expense accruals	51,351,512	43,620,336	10,270,302	9,588,121
			31,293,403	98,646,976
Deferred tax liabilities:				
Difference between the financial statements prepared in accordance with CMB Financial Reporting Standards and tax financial statements:				
- tangible fixed assets	620,918,714	594,095,487	(124,183,743)	(118,819,097)
- intangible fixed assets	57,086,340	78,800,968	(11,417,268)	(17,966,621)
Income accruals	6,949,183	9,938,247	(1,389,836)	(2,125,351)
			(136,990,847)	(138,911,069)
Net deferred tax liabilities			(105,697,444)	(40,264,093)

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

FORD OTOMOTİV SANAYİ A.Ş.

**NOTES TO FINANCIAL STATEMENTS
AT 31 DECEMBER 2008 AND 2007**

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 24 - TAX ASSETS AND LIABILITIES(Continued)

Deferred tax movements are as follows:

	1 January 2008	Charged/(credited) to profit and loss	31 December 2008
Deferred income tax liabilities:			
Difference between the financial statements prepared in accordance with CMB Financial Reporting Standards and tax financial statements	(136,785,718)	1,184,707	(135,601,011)
Income accruals	(2,125,351)	735,515	(1,389,836)
Deferred income tax assets:			
Unutilized investment incentive allowance earned	68,466,732	(68,466,732)	-
Warranty expense provision	14,942,363	364,644	15,307,007
Expense accruals	9,588,121	682,181	10,270,302
Provision for employee benefits	4,759,572	156,502	4,916,074
Inventories	512,190	268,633	780,823
Unearned credit finance income - net	377,998	(358,801)	19,197
Net deferred tax liabilities	(40,264,093)	(65,433,351)	(105,697,444)

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

FORD OTOMOTİV SANAYİ A.Ş.

**NOTES TO FINANCIAL STATEMENTS
AT 31 DECEMBER 2008 AND 2007**

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 24 - TAX ASSETS AND LIABILITIES(Continued)

	1 January 2007	Charged/(credited) to profit and loss	31 December 2007
Deferred income tax liabilities:			
Difference between the financial statements prepared in accordance with CMB Financial Reporting Standards and tax financial statements	(126,760,311)	(10,025,407)	(136,785,718)
Income accruals	(5,986,243)	3,860,892	(2,125,351)
Deferred income tax assets:			
Unutilized investment incentive allowance earned	122,986,042	(54,519,310)	68,466,732
Warranty expense provision	11,953,367	2,988,996	14,942,363
Expense accruals	5,562,414	4,025,707	9,588,121
Provision for employee benefits	4,756,889	2,683	4,759,572
Inventories	372,342	139,848	512,190
Unearned credit finance income - net	148	377,850	377,998
Net deferred tax asset/(liabilities)	12,884,648	(53,148,741)	(40,264,093)

Provisions for short-term liabilities:

	31 December 2008	31 December 2007
Current year corporate tax	114,846,442	119,500,848
	114,846,442	119,500,848

NOTE 25 - EARNINGS PER SHARE

	31 December 2008	31 December 2007
Net income for the year (YTL)	436,204,278	484,242,121
Weighted average number of shares with nominal value of YKr 1 each	35,091,000,000	35,091,000,000
Earnings per share with nominal value of YKr 1 each	YKr 1.24	YKr 1.38

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

FORD OTOMOTİV SANAYİ A.Ş.

**NOTES TO FINANCIAL STATEMENTS
AT 31 DECEMBER 2008 AND 2007**

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 26 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Due to and due from related parties as of the year-end dates and transactions with related parties during the year are given below:

a) Due from related parties:

i) Trade receivables from related parties

31 December 2008 31 December 2007

Due from shareholders:

Ford Motor Company and its subsidiaries	144,720,870	210,998,767
	144,720,870	210,998,767

Due from related parties:

Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	69,718,327	118,877,093
Other	283,730	227,681
	70,002,057	119,104,774
Less: Unearned credit finance income	(37,358)	(535,156)
	214,685,569	329,568,385

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 14 days and are collected regularly.

ii) Other receivables from related parties

31 December 2008 31 December 2007

Due from shareholders:

Koç Holding A.Ş. (*)	-	79,264,053
Less: Unearned credit finance income	-	(1,888,763)
	-	77,375,290

(*) The Company sold 1.31% of its shares in Koç Finansal Hizmetler A.Ş. to Koç Holding A.Ş. in December 2006. The receivable amount resulting from the sale of the shares is collected on 3 July 2008.

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

FORD OTOMOTİV SANAYİ A.Ş.

**NOTES TO FINANCIAL STATEMENTS
AT 31 DECEMBER 2008 AND 2007**

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 26 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES(Continued)

b) Due to related parties:

i) Trade payables to related parties

	31 December 2008	31 December 2007
Trade payables to shareholders:		
Ford Motor Company and its subsidiaries	25,264,047	59,932,555
	25,264,047	59,932,555
Due to related parties:		
Zer Merkezi Hizmetler ve Ticaret A.Ş. (*)	10,329,158	13,842,276
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	1,543,997	1,114,292
Setur Servis Turistik A.Ş.	1,415,284	392,606
Koçtaş Yapı Marketleri Sanayi ve Ticaret A.Ş.	973,716	1,692,593
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	886,155	177,628
Opet Petrolcülük A.Ş.	580,489	1,252,372
Ram Sigorta Aracılık Hizmetleri A.Ş.,	462,580	649,609
Promena Elektronik A.Ş.	423,401	307,635
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	280,445	438,039
Koç.net Haberleşme Teknoloji ve İletişim Hizmetleri A.Ş.	270,585	223,711
AKPA Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	200,171	685,564
Palmira Turizm Ticaret A.Ş.	142,126	2,633,870
Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş.	97,142	87,896
V.K.V. Amerikan Hastanesi	96,359	167,749
Otokar Otobüs Karoseri Sanayi A.Ş.	4,988	6,245
Otomotiv Lastikleri Tevzi A.Ş. (**)	3,084	6,709
Tofaş Türk Otomobil Fabrikası A.Ş.	1,495	-
Türk Traktör ve Zirve Makineleri A.Ş.	675	-
Aygaz A.Ş.	283	46,157
Migros Türk A.Ş. (****)	-	2,491,587
Arçelik A.Ş.	-	691,956
Sanal Merkez A.Ş. (***)	-	17,654
Koç Üniversitesi	-	9,410
Setair Hava Taşımacılığı A.Ş.	-	8,980
Otoyol A.Ş. (*****)	-	960
	17,712,133	26,945,498
Less: Unearned credit finance charges	(7,275)	(70,036)
	42,968,905	86,808,017

(*) The legal name of Beko Ticaret A.Ş. was changed to Zer Merkezi Hizmetler ve Ticaret A.Ş. as of March 2007.

(**) Koç Holding A.Ş. sold its shares in Otomotiv Lastikleri Tevzi A.Ş. in July 2008.

(***) Koç Holding A.Ş. sold its shares Sanal Merkez A.Ş. in July 2008.

(****) Koç Holding A.Ş. sold its shares Migros Türk Ticaret A.Ş. in June 2008.

(*****) Koç Holding decided to liquidate Otoyol A.Ş. at the Extraordinary General Assembly dated 5 September 2008.

Due to Ford Motor Company mainly comprise vehicle and material stocks in transit, license fees and engineering expenses for the projects.

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

FORD OTOMOTİV SANAYİ A.Ş.

**NOTES TO FINANCIAL STATEMENTS
AT 31 DECEMBER 2008 AND 2007**

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 26 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES(Continued)

ii) Other payables to related parties:

	31 December 2008	31 December 2007
Koç Holding A.Ş.	1,970,709	1,565,158
Yapı ve Kredi Bankası A.Ş.	708,979	1,016,350
Koç Tüketici Finansmanı A.Ş.	-	822,456
Koç Allianz Sigorta T.A.Ş. (*)	-	269,638
	2,679,688	3,673,602

(*) Koç Holding A.Ş. sold its shares in Koç Allianz Sigorta A.Ş. in June 2008, therefore payables to Koç Allianz are not considered as payables to related parties.

c) Sales to related parties:

	31 December 2008	31 December 2007
Ford Motor Company	4,655,963,424	4,345,084,061
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	499,162,297	793,072,796
Other	10,944,712	20,029,625
	5,166,070,433	5,158,186,482
Less: Financial income from credit sales	(7,760,497)	(3,967,323)
	5,158,309,936	5,154,219,159

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

FORD OTOMOTİV SANAYİ A.Ş.

**NOTES TO FINANCIAL STATEMENTS
AT 31 DECEMBER 2008 AND 2007**

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 26 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES(Continued)

d) Major material, service and fixed asset purchases:

	1 January - 31 December 2008			
	<u>Materials</u>	<u>Services</u>	<u>Fixed assets</u>	<u>Total</u>
Domestic purchases:				
Zer Merkezi Hizmetler ve Ticaret A.Ş.	-	49,538,745	8,258	49,547,003
Opet Petrolcülük A.Ş.	13,057,418	-	-	13,057,418
Ram Sigorta Aracılık Hizmetleri A.Ş.	-	8,699,442	-	8,699,442
Setur Servis Turistik A.Ş.	-	8,664,856	-	8,664,856
Koçtaş Yapı Marketleri Sanayi ve Ticaret A.Ş.	8,213,680	-	3,391	8,217,071
AKPA Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	7,970,931	-	-	7,970,931
Palmira Turizm Ticaret A.Ş.	-	6,916,417	-	6,916,417
Koç Holding A.Ş.	35,156	6,277,798	-	6,312,954
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	2,361,407	-	2,959,911	5,321,318
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	-	2,406,585	2,061,572	4,468,157
Promena Elektronik Ticaret A.Ş.	-	1,631,371	-	1,631,371
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	-	759,257	-	759,257
Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş.	514,386	-	-	514,386
Koç.net Haberleşme Teknoloji ve İletişim Hizmetleri A.Ş.	192,409	298,178	7,998	498,585
V.K.V. Amerikan Hastanesi		332,116		332,116
Aygaz A.Ş.	273,633	-	-	273,633
Koç Üniversitesi	-	110,248	-	110,248
Sanal Merkez Ticaret A.Ş.	-	72,935	-	72,935
Setair Hava Taşımacılığı ve Hizmetleri A.Ş.	-	64,949	-	64,949
Tofaş Türk Otomobil Fabrikası A.Ş.	59,566	-	-	59,566
Otokar Otobüs Karoseri Sanayi A.Ş.	51,239	-	-	51,239
Migros Türk Ticaret A.Ş.	-	43,174	-	43,174
Otomotiv Lastikleri Tevzii A.Ş.	21,005	-	-	21,005
Arçelik A.Ş.	19,968	-	-	19,968
Grundig Elektronik A.Ş. (*)	2,260	-	-	2,260
Otoyol Sanayi A.Ş.	302	-	-	302
Beldeyama Motorlu Vasıtalar Sanayi ve Ticaret A.Ş.	74	-	-	74
	32,773,434	85,816,071	5,041,130	123,630,635
Less: Unearned credit finance charges	(2,576,717)	-	-	(2,576,717)
	30,196,717	85,816,071	5,041,130	121,053,918

(*) The legal name of Beko Elektronik A.Ş. has been changed as Grundig Elektronik A.Ş. as of 3 April 2008.

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

FORD OTOMOTİV SANAYİ A.Ş.

**NOTES TO FINANCIAL STATEMENTS
AT 31 DECEMBER 2008 AND 2007**

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 26 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES(Continued)

	1 January - 31 December 2007			
	<u>Materials</u>	<u>Services</u>	<u>Fixed assets</u>	<u>Total</u>
Domestic purchases:				
Zer Merkezi Hizmetler ve Ticaret A.Ş.	-	33,568,987	-	33,568,987
Palmira Turizm Ticaret A.Ş.	-	12,478,519	-	12,478,519
AKPA Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	7,847,130	-	2,500	7,849,630
Ram Sigorta Aracılık Hizmetleri A.Ş.	-	7,228,730	-	7,228,730
Opet Petrolcülük A.Ş.	6,343,117	-	-	6,343,117
Koçtaş Yapı Marketleri Sanayi ve Ticaret A.Ş.	5,824,050	-	22,944	5,846,994
Koç Holding A.Ş.	-	5,821,740	-	5,821,740
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	2,983,878	-	1,511,767	4,495,645
Migros Türk Ticaret A.Ş.	-	4,120,128	-	4,120,128
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	-	733,482	2,373,666	3,107,148
Setur Servis Turistik A.Ş.	-	2,875,950	-	2,875,950
Tamı Pazarlama ve İletişim Hizmetleri A.Ş.	-	976,885	-	976,885
Koç.net Haberleşme Teknoloji ve İletişim Hizmetleri A.Ş.	-	556,204	166,979	723,183
Arçelik A.Ş.	595,347	-	30,992	626,339
Promena Elektronik Ticaret A.Ş.	-	625,588	-	625,588
Ark İnşaat A.Ş.	-	-	460,312	460,312
Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş.	449,056	-	-	449,056
V.K.V. Amerikan Hastanesi	-	433,962	-	433,962
Birleşik Oksijen Sanayi A.Ş.	368,800	-	-	368,800
Ram Dış Ticaret A.Ş.	232,137	-	-	232,137
Setair Hava Taşımacılığı ve Hizmetleri A.Ş.	-	176,607	-	176,607
Sanal Merkez Ticaret A.Ş.	-	154,418	-	154,418
Koç Üniversitesi	-	116,799	-	116,799
Aygaz A.Ş.	110,980	-	-	110,980
Otokar Otobüs Karoseri Sanayi A.Ş.	106,146	-	-	106,146
Beko Elektronik A.Ş.	89,600	-	-	89,600
Otomotiv Lastikleri Tevzii A.Ş.	77,139	-	-	77,139
Tofaş Türk Otomobil Fabrikası A.Ş.	64,665	-	-	64,665
Birleşik Motor Sanayi ve Ticaret A.Ş.	-	950	-	950
Otoyol Sanayi A.Ş.	814	-	-	814
	25,092,859	69,868,949	4,569,160	99,530,968
Less: Unearned credit finance charges	(2,825,289)	-	-	(2,825,289)
	22,267,570	69,868,949	4,569,160	96,705,679

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

FORD OTOMOTİV SANAYİ A.Ş.

**NOTES TO FINANCIAL STATEMENTS
AT 31 DECEMBER 2008 AND 2007**

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 26 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES(Continued)

Import purchases:	31 December 2008	31 December 2007
Ford Motor Company	2,889,866,075	2,888,292,366

e) Licence fees paid to Ford Motor Company and included in cost of sales:

31 December 2008	31 December 2007
39,834,834	54,452,406

f) Donations to foundations related to Koç Group, included in general administrative expenses:

31 December 2008	31 December 2007
6,065,617	12,236,980

g) The details of deposits to related banks :

Deposits to related banks:	31 December 2008	31 December 2007
Yapı ve Kredi Bankası A.Ş.		
- Foreign currency time deposits	74,949,350	115,848,411
- Foreign currency demand deposits	7,696,631	31,817,238
- YTL demand deposits	5,308,527	563,417
- YTL time deposits	1,028,518	21,724,200
	88,983,026	169,953,266

h) Commission expenses:

	31 December 2008	31 December 2007
Yapı ve Kredi Bankası A.Ş.	13,417,081	7,248,867
Koç Tüketici Finansmanı A.Ş.	951,876	16,260,727
	14,368,957	23,509,594

Commissions paid to Koç Tüketici Finansmanı A.Ş. and Yapı ve Kredi Bankası A.Ş. are accounted for as sales discounts.

i) Interest income:

	31 December 2008	31 December 2007
Yapı ve Kredi Bankası A.Ş.	8,682,049	2,203,081

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

FORD OTOMOTİV SANAYİ A.Ş.

**NOTES TO FINANCIAL STATEMENTS
AT 31 DECEMBER 2008 AND 2007**

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 26 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES(Continued)

j) Dividend income:

	31 December 2008	31 December 2007
Otokar Otobüs Karoseri Sanayi A.Ş.	175,749	175,749
	175,749	175,749

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 YTL8,645,517 in 2008 (31 December 2007: YTL8,995,428).

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

FORD OTOMOTİV SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENTS AT 31 DECEMBER 2008 AND 2007

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 27 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The table below summarises the Company's exposure to foreign currency exchange rate risk at 31 December 2008 and 2007. The Company's foreign currency denominated assets and liabilities have been presented below in carrying amounts, categorised by currency.

31 December 2008

	USD		Euro		Other	
	Original currency	YTL	Original currency	YTL	YTL	Total
Assets:						
Cash and cash equivalents (Note 4)	6,277,640	9,493,675	111,723,997	239,178,732	276,307	248,948,714
Trade receivables	5,071,670	7,669,887	80,166,796	171,621,077	1,361,549	180,652,513
Other receivables	21,844	33,034	195,109	417,689	97,805	548,528
Inventories	256,556	387,989	9,256,219	19,815,713	1,411,396	21,615,098
Other current assets	-	-	354,014	757,873	-	757,873
	11,627,710	17,584,585	201,696,135	431,791,084	3,147,057	452,522,726
Liabilities:						
Short-term portion of long-term borrowings (Note 6)	(2,840,893)	(4,296,282)	(69,113,203)	(147,957,546)	-	(152,253,828)
Trade payables	(7,695,631)	(11,638,103)	(22,402,506)	(47,959,285)	(3,138,331)	(62,735,719)
Other current liabilities	(273,371)	(413,419)	(1,553,159)	(3,325,002)	(249,286)	(3,987,707)
Long-term borrowings (Note 6)	-	-	(106,564,075)	(228,132,371)	-	(228,132,371)
	(10,809,895)	(16,347,804)	(199,632,943)	(427,374,204)	(3,387,617)	(447,109,625)
Net foreign currency position	817,815	1,236,781	2,063,192	4,416,880	(240,560)	5,413,101

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

FORD OTOMOTİV SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENTS AT 31 DECEMBER 2008 AND 2007

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 27 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

31 December 2007

	USD Original currency	YTL	Euro Original currency	YTL	Other YTL	Total
Assets:						
Cash and cash equivalents (Note 4)	5,507,890	6,415,040	129,478,483	221,434,101	103,149	227,952,290
Trade receivables	12,594,451	14,668,757	120,465,877	206,020,743	3,372,909	224,062,409
Other receivables	66,477,382	77,426,207	320,771	548,583	-	77,974,790
Inventories	312,863	364,391	25,959,894	44,396,610	365,436	45,126,437
Other current assets	-	-	569,552	974,048	-	974,048
	84,892,586	98,874,395	276,794,577	473,374,085	3,841,494	576,089,974
Liabilities:						
Short-term portion of long-term borrowings (Note 6)	(7,388,352)	(8,605,214)	(63,162,013)	(108,019,674)	-	(116,624,888)
Trade payables	(17,075,404)	(19,887,723)	(42,657,806)	(72,953,380)	(2,312,418)	(95,153,521)
Other payables	(145,146)	(169,052)	(8,262,280)	(14,130,152)	(301,080)	(14,600,284)
Long-term borrowings (Note 6)	(2,797,789)	(3,258,585)	(173,154,332)	(296,128,538)	-	(299,387,123)
	(27,406,691)	(31,920,574)	(287,236,431)	(491,231,744)	(2,613,498)	(525,765,816)
Net foreign currency position	57,485,895	66,953,821	(10,441,854)	(17,857,659)	1,227,996	50,324,158

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH
FORD OTOMOTİV SANAYİ A.Ş.**

**NOTES TO FINANCIAL STATEMENTS
AT 31 DECEMBER 2008 AND 2007**

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

**NOTE 27 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)**

Foreign exchange risk

The Company is exposed to foreign exchange risk arising primarily against to Euro and partly against respect to USD.

31 December 2008	Gain/Loss	
	Appreciation in foreign currency	Depreciation in foreign currency
Change in USD against YTL by 10%		
USD net asset/(liabilities)	123,678	(123,678)
USD net hedged amount	-	-
US Dollar net gain/(loss)	123,678	(123,678)
Change in Euro against YTL by 10%		
Euro net asset/(liabilities)	441,688	(441,688)
Euro net hedged amount	-	-
Euro net gain/(loss)	441,688	(441,688)
Change in other foreign currency against YTL by 10%		
Other foreign currency denominated net asset/(liabilities)	(24,056)	24,056
Other foreign currency denominated hedged amount	-	-
Other foreign currency denominated net gain/(loss)	(24,056)	24,056
31 December 2007	Gain/Loss	
	Appreciation in foreign currency	Depreciation in foreign currency
Change in USD against YTL by 10%		
USD net asset/(liabilities)	6,695,382	(6,695,382)
USD net hedged amount	-	-
US dollar net gain/(loss)	6,695,382	(6,695,382)
Change in Euro against YTL by 10%		
Euro net asset/(liabilities)	(1,785,766)	1,785,766
Euro net hedged amount	-	-
Euro net gain/(loss)	(1,785,766)	1,785,766
Change in other foreign currency against YTL by 10%		
Other foreign currency denominated net asset/(liabilities)	122,800	(122,800)
Other foreign currency denominated net hedged amount	-	-
Other foreign currency denominated net gain/(loss)	122,800	(122,800)

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH
FORD OTOMOTİV SANAYİ A.Ş.**

**NOTES TO FINANCIAL STATEMENTS
AT 31 DECEMBER 2008 AND 2007**

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

**NOTE 27 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)**

Foreign exchange risk (Continued)

The comparative amounts for total export and import amounts as at 31 December 2008 and 2007 and for the years then ended are as follows;

	31 December 2008	31 December 2007
Total export amount	4,820,720,836	4,480,062,276
Total import amount	3,417,503,766	3,615,802,081

The Company's net assets are exposed to foreign exchange risk which arises from export sales. The Company manages its foreign currency position to minimise 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:

	31 December 2008	31 December 2007
Fixed interest rate financial instruments		
Financial assets		
- Designated as fair value through profit or loss (*)	246,259,919	316,683,332
Financial liabilities	2,404,758	5,763,206
Floating interest rate financial instruments		
Financial liabilities	372,515,134	404,533,796

(*) 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 YTL and foreign currency.

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 YTL1,957,947 at December 2008 (31 December 2007: YTL1,103,378 lower/higher), due to higher/lower interest expense.

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

FORD OTOMOTİV SANAYİ A.Ş.

**NOTES TO FINANCIAL STATEMENTS
AT 31 DECEMBER 2008 AND 2007**

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 27 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Liquidity Risk

The table below shows the liquidity risk arising from financial liabilities of the Company:

31 December 2008	Carrying value	Total contractual cash outflow	Up to 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years
Non-derivative financial instruments						
Financial liabilities	380,386,199	414,898,908	26,483,163	137,175,294	251,240,451	-
Trade payables						
- Related party	42,968,905	42,968,905	42,968,905	-	-	-
- Other	160,603,246	160,603,246	160,603,246	-	-	-
Other liabilities						
- Related party	2,679,688	2,679,688	2,679,688	-	-	-
- Other	87,087,968	87,087,968	87,087,968	-	-	-
31 December 2007	Carrying value	Total contractual cash outflow	Up to 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years
Non-derivative financial instruments						
Financial liabilities	416,012,011	460,066,548	21,604,487	108,612,404	311,503,315	18,346,342
Trade payables						
- Related party	86,808,017	86,808,017	86,808,017	-	-	-
- Other	461,531,338	461,531,338	461,531,338	-	-	-
Other liabilities						
- Related party	3,673,602	3,673,602	3,673,602	-	-	-
- Other	95,759,545	95,759,545	95,759,545	-	-	-

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

FORD OTOMOTİV SANAYİ A.Ş.

**NOTES TO FINANCIAL STATEMENTS
AT 31 DECEMBER 2008 AND 2007**

(Amounts expressed in New Turkish lira ("YTL") unless otherwise indicated.)

NOTE 28 - SUBSEQUENT EVENTS

- i) In accordance with the Article 1 of the Law numbered 5083 concerning the "Currency of the Republic of Turkey" and according to the Decision of The Council of Ministers dated 4 April 2007 and No: 2007/11963, the prefix "New" used in the "New Turkish lira" and the "New Kurus" will be removed as of January 1, 2009. When the prior currency, New Turkish lira ("YTL"), values are converted into TL and Kr, one YTL (YTL1) and one YKr (YKr1) shall be equivalent to one TL (TL1) and one Kr (Kr1).

All references made to New Turkish lira or lira in laws, other legislation, administrative transactions, court decisions, legal transactions, negotiable instruments and other documents that produce legal effects as well as payment and exchange instruments shall be considered to have been made to TL at the conversion rate indicated above. Consequently, effective from 1 January 2009, the TL replaces the YTL as a unit of account in keeping and presenting of books, accounts and financial statements.

- ii) The Company, as sub borrower, will utilise USD20 million and Euro25 million of loan obtained by Koç Holding. Koç Holding obtained loans from international financial institutions on 13 January 2009 amounting to USD320 million and Euro339 million.

NOTE 29 - DISCLOSURE OF OTHER MATTERS

The Company ceased production in Kocaeli and İnönü plants for several weeks during January and February 2009 due to the decrease in demand both in the domestic and export markets following the adverse developments in the global markets.

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.

.....