

(Convenience translation of financial statements originally issued in Turkish)

Ford Otomotiv Sanayi A.Ş.

**Financial statements together with review report of
independent auditors' for the interim period
January 1 - June 30, 2011**

(Convenience translation of financial statements originally issued in Turkish)

Ford Otomotiv Sanayi A.Ş.

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(Convenience translation of report originally issued in Turkish - see additional paragraph below for convenience translation)

**Independent auditors' review report for the
interim period January 1 - June 30, 2011**

To the shareholders of
Ford Otomotiv Sanayi Anonim Şirketi:

Introduction

We have reviewed the accompanying balance sheet of Ford Otomotiv Sanayi A.Ş. ("the Company") as of June 30, 2011 and the related income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the period then ended and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of interim financial statements in accordance with Financial Reporting Standards published by Capital Market Board in Turkey. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

Our review is conducted in accordance with Auditing Standards published by Capital Markets Board of Turkey. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Auditing Standards published by Capital Markets Board of Turkey and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

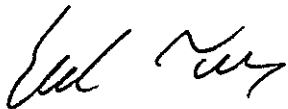
Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements as of June 30, 2011 are not prepared, in all material respects, in accordance with the Financial Reporting Standards published by the Capital Markets Board of Turkey.

Additional paragraph for convenience translation to English:

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

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



Erdem Tecer, SMMM
Sorumlu Ortak, Başdenetçi

August 1, 2011
İstanbul, Türkiye

(Convenience translation of financial statements originally issued in Turkish)

Ford Otomotiv Sanayi A.Ş.

Balance sheet

as of June 30, 2011

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	(Reviewed) June 30, 2011	(Audited) December 31, 2010
Assets			
Current assets		2.886.336.334	2.229.357.158
Cash and cash equivalents	4	816.364.775	520.944.034
Trade receivables			
- Trade receivables from related parties	26	765.681.014	673.117.047
- Other trade receivables	7	500.847.233	511.313.401
Other receivables	8	4.768.369	6.401.917
Inventories	9	709.034.001	463.925.506
Other current assets	16	89.640.942	53.655.253
Non-current assets		1.138.682.419	1.105.722.882
Trade receivables	7	424.514	342.608
Financial Assets	5	5.384.948	3.008.822
Property, plant and equipment	10	1.030.292.890	1.058.400.259
Intangible assets	11	43.485.479	42.299.562
Other non-current assets	16	59.094.588	1.671.631
Total assets		4.025.018.753	3.335.080.040

The financial statements were approved for issue by the Board of Directors on August 1, 2011 and signed on behalf of the Board of Directors by Oğuz Toprakoğlu, Assistant General Manager - Chief Financial Officer ("CFO") and Devrim Kılıçoğlu, Finance Director.

The accompanying notes form an integral part of these financial statements.

(Convenience translation of financial statements originally issued in Turkish)

Ford Otomotiv Sanayi A.Ş.

Balance sheet

as of June 30, 2011

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	(Reviewed) June 30, 2011	(Audited) December 31, 2010
Liabilities			
Current liabilities		1.764.942.314	1.167.504.598
Financial liabilities	6	316.075.907	231.135.070
Trade payables			
- Due to related parties	26	296.995.033	176.308.452
- Other trade payables	7	703.935.354	508.068.468
Other payables			
- Due to related parties	26	3.554.830	5.695.782
- Other payables	8	291.472.348	117.075.396
Current income tax payable	24	69.500.982	60.498.276
Provisions	13	83.407.860	68.723.154
Non - current liabilities		472.970.185	412.531.411
Financial liabilities	6	393.412.655	297.303.000
Provision for employee benefits	15	50.638.215	44.061.805
Deferred tax liabilities	24	28.919.315	71.166.606
Shareholders' equity	17	1.787.106.254	1.755.044.031
Parent company's equity	17	1.787.106.254	1.755.044.031
Share capital		350.910.000	350.910.000
Adjustment to share capital		27.920.283	27.920.283
Share premium		8.252	8.252
Revaluation funds		4.164.989	1.907.669
Restricted reserves		369.243.190	340.819.480
Retained earnings		703.272.037	528.870.084
Net income for the year		331.587.503	504.608.263
Total equity and liabilities		4.025.018.753	3.335.080.040

The accompanying notes form an integral part of these financial statements.

(Convenience translation of financial statements originally issued in Turkish)

Ford Otomotiv Sanayi A.Ş.

**Statement of income
for the period ended June 30, 2011
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

	Notes	(Reviewed) January 1 – June 30, 2011	April 1 – June 30, 2011	(Reviewed) January 1 – June 30, 2010	April 1 – June 30, 2010
Continuing operations					
Net sales	18	4.995.056.576	2.765.427.793	3.278.792.573	1.884.412.852
Cost of sales	18	(4.372.516.132)	(2.442.581.886)	(2.878.934.462)	(1.642.570.373)
Gross profit		622.540.444	322.845.907	399.858.111	241.842.479
Selling, marketing and distribution expense	19	(123.569.157)	(64.788.128)	(87.547.698)	(50.591.407)
General and administrative expense	19	(49.595.103)	(23.545.994)	(38.579.154)	(20.374.203)
Research and development expense	19	(57.927.730)	(31.957.746)	(39.894.290)	(21.749.746)
Other operating income	21	22.028.348	15.179.279	14.671.095	5.291.926
Other operating expense	21	(44.933.597)	(7.792.530)	(1.506.674)	(698.487)
Operating profit		368.543.205	209.940.788	247.001.390	153.720.562
Financial income	22	148.181.730	71.497.400	55.411.563	28.176.685
Financial expenses	23	(111.623.047)	(59.802.023)	(60.800.942)	(31.518.260)
Income before tax from continuing operations		405.101.888	221.636.165	241.612.011	150.378.987
Income tax from continuing operations					
- Taxes on income	24	(73.514.385)	(32.834.190)	(45.303.864)	(25.152.101)
- Deferred tax income/(expense)	24	(115.880.483)	(63.055.315)	(59.259.329)	(36.040.023)
		42.366.098	30.221.125	13.955.465	10.887.922
Net income for the year		331.587.503	188.801.975	196.308.147	125.226.886
Earnings per share with a nominal value of Kr 1	25	0,94	0,54	0,56	0,36

The accompanying notes form an integral part of these financial statements.

(Convenience translation of financial statements originally issued in Turkish)

Ford Otomotiv Sanayi A.Ş.

Statement of comprehensive income
for the period ended June 30, 2011
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

		(Reviewed)		(Reviewed)	
	Notes	January 1 – June 30, 2010	April 1 – June 30, 2010	January 1 – June 30, 2010	April 1 – June 30, 2010
Net income for the period		331.587.503	188.801.975	196.308.147	125.226.886
Other comprehensive income/(expense)					
Fair value change of financial assets	17	2.257.320	1.526.204	112.480	(239.018)
Other comprehensive income /(expense)		2.257.320	1.526.204	112.480	(239.018)
Total comprehensive income		333.844.823	190.328.179	196.420.627	124.987.868

The accompanying notes form an integral part of these financial statements.

(Convenience translation of financial statements originally issued in Turkish)

Ford Otomotiv Sanayi A.Ş.

**Statement of changes in equity
for the period ended June 30, 2011
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

	Paid-in share capital	Inflation adjustments on equity items	Share premium	Value increase funds	Restricted reserves	Retained earnings	Net income	Total equity
Balance at January 1, 2010	350.910.000	27.920.283	8.252	1.078.134	302.570.290	633.722.367	333.434.307	1.649.643.633
Transfers	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	24.212.790	309.221.517	(333.434.307)	(259.673.400)
Comprehensive income	-	-	-	112.480	-	-	196.308.147	196.420.627
Balance at June 30, 2010	350.910.000	27.920.283	8.252	1.190.614	326.783.080	683.270.484	196.308.147	1.586.390.860
Balance at January 1, 2011	350.910.000	27.920.283	8.252	1.907.669	340.819.480	528.870.084	504.608.263	1.755.044.031
Transfers	-	-	-	-	28.423.710	476.184.553	(504.608.263)	-
Dividends paid	-	-	-	-	-	(301.782.600)	-	(301.782.600)
Comprehensive income	-	-	-	2.257.320	-	-	331.587.503	333.844.823
Balance at June 30, 2011	350.910.000	27.920.283	8.252	4.164.989	369.243.190	703.272.037	331.587.503	1.787.106.254

The accompanying notes form an integral part of these financial statements

(Convenience translation of financial statements originally issued in Turkish)

Ford Otomotiv Sanayi A.Ş.

Statement of cash flows

for the period ended June 30, 2011

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Reviewed June 30, 2011	Reviewed June 30, 2010
Cash flows from operating activities:			
Net income for the year		331.587.503	196.308.147
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortisation	10	61.780.978	79.294.054
Depreciation	11	10.335.597	9.456.653
Provision for employee benefits	15	8.904.877	4.968.221
Warranty expense provision	13	41.969.802	35.051.721
Taxation	24	73.514.385	45.303.864
Interest income	22	(22.986.814)	(7.977.218)
Interest expense	23	7.762.256	3.446.777
Foreign exchange loss/(gain)		73.743.384	(33.959.484)
Provision expenses		36.238.236	(988.438)
Loss on sale of property	21	(445.306)	200.159
Dividend income	21	(87.874)	(119.509)
Operating profit before changes in operating assets and liabilities		622.317.024	330.984.947
Decrease/(increase) in accounts receivable		(82.097.799)	28.706.489
(Decrease)/Increase in inventories		(242.986.440)	(180.082.478)
Decrease/(Increase) in other current assets		(34.362.141)	(24.038.563)
Increase in accounts payable		316.553.467	121.639.845
Increase in other current liabilities		130.636.140	88.662.926
Income tax paid		(103.618.208)	(55.989.872)
Warranty expenses paid	13	(27.285.096)	(36.073.530)
Employee benefits paid	15	(2.328.467)	(1.028.324)
Net cash provided by operating activities		576.838.480	272.781.440
Cash flows used in investing activities:			
Purchase of property	10	(35.264.739)	(16.835.541)
Purchase of intangible assets	11	(11.521.514)	(136.406)
Proceeds from sale of property		2.036.437	2.043.263
Increase in other non-current assets		(57.504.863)	(597.092)
Interest received	22	22.986.814	8.371.961
Dividend received	21	87.874	119.509
Net cash used in investing activities		(79.179.991)	(7.034.306)
Cash flows from financing activities:			
Interest paid		(4.289.806)	(4.297.136)
Dividend paid	17	(301.782.600)	(259.673.400)
Proceeds from borrowings		183.348.283	165.115.547
Repayments of borrowings		(79.513.625)	(197.773.927)
Net cash used in financing activities		(202.237.748)	(296.628.916)
Net (decrease)/increase in cash and cash equivalents		295.420.741	(30.881.782)
Cash and cash equivalents at the beginning of the period	4	520.944.034	371.551.803
Cash and cash equivalents at the end of the period	4	816.364.775	340.670.021

The accompanying notes form an integral part of these financial statements.

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement

for the period ended June 30, 2011

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

1. Organization and nature of the operations

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

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

In first half of the year of 2011, the Company had a total of 9.060 employees on average, composed of 1.921 white-collar and 7.139 blue-collar workers. The Company had a total of 9.839 employees composed of 2.008 white-collar and 7.831 blue-collar workers as of June 30, 2011. (December 31, 2010: The Company had a total of 7,988 employees on average, composed of 1,625 white-collar and 6,363 blue-collar workers. The Company had a total of 8.413 employees composed of 1.778 white-collar and 6.635 blue-collar workers as of period end.)

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

2. Basis of presentation of financial statements

2.1 Basis of presentation

2.1.1 Financial reporting standards

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

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

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement

for the period ended June 30, 2011 (continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2. Financial reporting standards (continued)

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

Except for the financial assets carried on fair value, financial statements prepared on cost basis.

The Company financial statements as of June 30, 2011 and December 31, 2010, have been prepared within the framework of Communiqué XI, No: 29 and related promulgations to this Communiqué as accepted by the CMB, in accordance with the CMB's "Financial Reporting Standards" announced on 9 April 2008, which are based on IAS/IFRS.

Going concern

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

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.

Changes in accounting policies

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 June 30, 2011 has been provided with the comparative financial information of December 31, 2010 and the statement of income, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the period between January 1, 2011 and June 30, 2011 have been provided with the comparative financial information, for the period between January 1, 2010 and June 30, 2010. The balance sheet as at June 30, 2010 has been reclassified in order to conform to the presentation of the current period financial statements. The reclassifications are as follows:

- a) Interest accrual amounting to TL 444.419 which was not included in cash flow as of June 30, 2010; have been classified under "Cash and cash equivalents".
- b) Competition Board Penalty amounting to TL 51.633.529, classified under "General administrative expenses" as of March 31, 2011, have been classified to "Other operation income" (Note 24).

Ford Otomotiv Sanayi A.Ş.

**Notes to financial statement
for the period ended June 30, 2011 (continued)**
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2. Basis of presentation of financial statements (continued)

2.2 Standards, amendments and interpretations to existing standards

New and amended standards and interpretations:

The accounting policies adopted in the preparation of the interim (condensed) (consolidated) financial statements as at June 30, 2011 are consistent with those followed in the preparation of the (consolidated) financial statements of the prior year, except for the adoption of new standards and IFRIC interpretations summarized below. The effects of these standards and interpretations on the Company's (Group's) financial position and performance have been disclosed in the related paragraphs.

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

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

This interpretation addresses the accounting treatment when there is a renegotiation between the entity and the creditor regarding the terms of a financial liability and the creditor agrees to accept the entity's equity instruments to settle the financial liability fully or partially. IFRIC 19 clarifies such equity instruments are "consideration paid" in accordance with paragraph 41 of IAS 39. As a result, the financial liability is derecognized and the equity instruments issued are treated as consideration paid to extinguish that financial liability.

IFRIC 14 Prepayments of a Minimum Funding Requirement (Amended)

The purpose of this amendment was to permit entities to recognize as an asset some voluntary prepayments for minimum funding contributions.

IAS 32 Classifications on Rights Issues (Amended)

This amendment relates to the rights issues offered for a fixed amount of foreign currency which were treated as derivative liabilities by the existing standard. The amendment states that if certain criteria are met, these should be classified as equity regardless of the currency in which the exercise price is denominated.

IAS 24 Related Party Disclosures (Revised)

Amended standard clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government-related entities.

IFRS 1 Limited Exemption from Comparative IFRS 7 Disclosures for the first time adopters (Amended)

This amendment exempts first-time adopters of IFRSs from providing the additional disclosures introduced by IFRS 7 on 5 March 2009.

Ford Otomotiv Sanayi A.Ş.

**Notes to financial statement
for the period ended June 30, 2011 (continued)**
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2. Basis of presentation of financial statements (continued)

In May 2010 the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The amendments that are effective as at January 1, 2011 are as follows:

IFRS 1 First-time adoption

This improvement clarifies the treatment of accounting policy changes in the year of adoption after publishing an interim financial report in accordance with IAS 34 Interim Financial Reporting, allows first-time adopters to use an event-driven fair value as deemed cost and expands the scope of 'deemed cost' for property, plant and equipment or intangible assets to include items used subject to rate regulated activities

IFRS 3 Business Combinations

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

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

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

IFRS 7 Financial Instruments: Disclosures

This improvement gives clarifications of disclosures required by IFRS 7 and emphasizes the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments.

IAS 1 Presentation of Financial Statements

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

IAS 27 Consolidated and Separate Financial Statements

This improvement clarifies that the consequential amendments from IAS 27 made to IAS 21 "The Effect of Changes in Foreign Exchange Rates", IAS "28 Investments in Associates" and IAS 31 "Interests in Joint Ventures".

IAS 34 Interim Financial Reporting

This improvement provides guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements.

Ford Otomotiv Sanayi A.Ş.

**Notes to financial statement
for the period ended June 30, 2011 (continued)**
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2. Basis of presentation of financial statements (continued)

IFRIC 13 Customer Loyalty Programmes

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

These new standards, amendments and interpretations did not have a significant effect on the financial position or the performance of the Company (Group).

Standards issued but not yet effective and not early adopted

Up to the date of approval of the interim (condensed) (consolidated) financial statements, certain new standards, interpretations and amendments to existing standards have been published but are not yet effective for the current reporting period and which the Company (Group) has not early adopted, as follows. The Company (Group) will make the necessary changes if not indicated otherwise, which will be affecting the interim (condensed) (consolidated) financial statements and disclosures, after the new standards and interpretations become in effect.

IFRS 9 Financial Instruments – Phase 1 financial instruments, classification and measurement

The new standard is effective for annual periods beginning on or after January 1, 2013. Phase 1 of this new IFRS introduces new requirements for classifying and measuring financial assets. The amendments made to IFRS 9 in October 2010 affect the measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. This standard has not yet been endorsed by the EU. The Company (Group) is in the process of assessing the impact of the new standard on the financial position or performance of the Company (Group).

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

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

IFRS 7 Financial Instruments: Disclosures as part of its comprehensive review of off balance sheet activities (Amended)

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

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement
for the period ended June 30, 2011 (continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2. Basis of presentation of financial statements (continued)

IFRS 10 Consolidated Financial Statements

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

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

IFRS 11 Joint Arrangements

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

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

IFRS 12 Disclosure of Interests in Other Entities

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

IFRS 12 includes all of the disclosures that were previously in IAS 27 Consolidated and Separate Financial Statements related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 Interests in Joint Ventures and IAS 28 Investment in Associates. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. This standard has not yet been endorsed by the EU. Under the new standard it is expected that more comprehensive disclosures will be given for interests in other entities.

IFRS 13 Fair Value Measurement

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

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement
for the period ended June 30, 2011 (continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2. Basis of presentation of financial statements (continued)

IAS 27 Separate Financial Statements (Amended)

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

IAS 28 Investments in Associates and Joint Ventures (Amended)

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

IAS 19 Employee Benefits (Amended)

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

IAS 1 Presentation of Financial Statements (Amended)

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

2.3 Summary of significant accounting policies

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

Cash and cash equivalents

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

Ford Otomotiv Sanayi A.Ş.

**Notes to financial statement
for the period ended June 30, 2011 (continued)**
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2. Basis of presentation of financial statements (continued)

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 amortized cost. Short-term receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant.

Provision for doubtful receivables is an estimated amount that management believes to reflect for possible future losses on existing receivables that have collection risk due to current economic conditions. During the impairment test for the receivables, the debtors, other than the key accounts and related parties, are assessed with their prior year performances, their credit risk in the current market, their performance after the balance sheet date up to the issuing date of the financial statements and furthermore, the renegotiation conditions with these debtors are considered.

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

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

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

Credit finance income/charges

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

Inventories

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

Trade payables

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

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement

for the period ended June 30, 2011 (continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2. Basis of presentation of financial statements (continued)

Property, plant and equipment

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

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

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

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

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

Intangible assets

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

Intangible assets are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over a period not exceeding five years. 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 capitalized as discussed in Note 2.3.21 (Note 11).

Impairment of long-lived assets

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

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement

for the period ended June 30, 2011 (continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2. Basis of presentation of financial statements (continued)

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

Financial investments

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

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

Share premium

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

Share capital and dividends

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

Taxes on income

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

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

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

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

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement

for the period ended June 30, 2011 (continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2. Basis of presentation of financial statements (continued)

Revenue recognition

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

Foreign currency transactions and balances

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

Financial instruments and financial risk management

Credit risk

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

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

Export sales mainly consist of sales to Ford Motor Company and its subsidiaries. Collection terms and conditions are specified in the business agreements with Ford Motor Company. Receivables from Ford Motor Company are collected in 30 days. The collection of receivables resulting from export sales to customers other than Ford Motor Company is secured with letter of credit, letter of guarantee or cash payment.

Price risk

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

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement
for the period ended June 30, 2011 (continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2. Basis of presentation of financial statements (continued)

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 Euro 70 million and factoring agreement amounting to TL 140 million in case a requirement for use arises.

Interest rate risk

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

Funding risk

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

Foreign exchange risk

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

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

Capital risk management

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

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

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement

for the period ended June 30, 2011 (continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2. Basis of presentation of financial statements (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. According to the decision of Company Board of Directors, debt to total capital ratio is expected to be between 0,25-0,60.

	June 30, 2011	December 31, 2010
Total debt	709.488.562	528.438.070
Total equity	1.787.106.254	1.755.044.031
Debt/Total equity ratio	0,40	0,30

Fair value of financial instruments

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

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

Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange.

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practical to estimate fair value:

Monetary assets

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

Monetary liabilities

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

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement
for the period ended June 30, 2011 (continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2. Basis of presentation of financial statements (continued)

Borrowings and borrowing costs

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

Provision for employee benefits

a) Defined benefit plan:

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

b) Defined contribution plan:

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

Provisions

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

Research and development expenses

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

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

Other research expenditures are recognized as expense as incurred.

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

Ford Otomotiv Sanayi A.Ş.

**Notes to financial statement
for the period ended June 30, 2011 (continued)**
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2. Basis of presentation of financial statements (continued)

Variable marketing provision

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

Warranty provision expenses

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

2.3.24 Lease

Leasing - Ford as lessor

Operational Leasing

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

Related parties

Parties are considered related to the company if;

- (a) directly, or indirectly through one or more intermediaries, the party:
 - (i) controls, is controlled by, or is under common control with, the company (this includes parents, subsidiaries and fellow subsidiaries);
 - (ii) has an interest in the company that gives it significant influence over the company; or
 - (iii) has joint control over the company;
- (b) the party is an associate of the company;
- (c) the party is a joint venture in which the company is a venturer;
- (d) the party is member of the key management personnel of the company or its parent;
- (e) the party is a close member of the family of any individual referred to in (a) or (d);
- (f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- (g) the party is a post-employment benefit plan for the benefit of employees of the company, or of any entity that is a related party of the company.

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

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

Ford Otomotiv Sanayi A.Ş.

**Notes to financial statement
for the period ended June 30, 2011 (continued)**
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2. Basis of presentation of financial statements (continued)

Earnings per share

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

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

Comparatives

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

Reporting of cash flows

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

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

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

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

Contingent assets and liabilities

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

Significant accounting estimates and decisions

The preparation of financial statements require management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

- a) To calculate the employee benefit provision actuarial assumptions relating to turnover ratio, discount rate and salary increase are used. Calculation details are given in Note 15: Employee benefit
- b) To determine the impairment of trade receivables factors such as payee credibility, historical payment performance and debt restructuring is considered.

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement

for the period ended June 30, 2011 (continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2. Basis of preparation of financial statements (continued)

- c) Discounted inventory price list is used to calculate inventory impairment. Where the sales price cannot be predicted, technical personnel's opinion and inventory waiting time is considered. If expected net realizable value is less than cost, the Company should allocate provisions for inventory impairment
- d) To calculate the legal case provisions, the possibilities of losing the case and the liabilities that will arise if the case is lost is evaluated by the Company's Legal Counselor and by the Management team taking into account expert opinions. The management determines the amount of the provisions based on the best forecasts
- e) To calculate the warranty provisions, the Company considers the historical warranty expenses incurred to estimate the possible warranty expense per vehicle. Provision calculations are realistically performed and based on vehicle quantity, warranty period and historical claims.
- f) To determine the recoverable values of fixed assets, the forecasts for the market and profitability based on strategic planning for the future are used. Based on these forecasts, if the cash flow from the using fixed assets is less than the recorded amount, recorded amount can be decreased to the net recoverable amount by allocating impairment provision

Accounting policies, changes in accounting estimates and errors

Material changes in accounting policies or material errors are corrected, retrospectively; by restating the prior period financial statements. The effect of changes in accounting estimates affecting the current period is recognized in the current period; the effect of changes in accounting estimates affecting current and future periods is recognized in the current and future periods. As of June 30, 2011 there's no significant change in accounting estimates and error.

Subsequent events

Subsequent events and announcements related to net profit or even declared after other selective financial information has been publicly announced; include all events that take place between the balance sheet date and the date when the balance sheet is authorized for issue. In the case that events requiring an adjustment to the financial statements occur subsequent to the balance sheet date, the Company makes the necessary corrections on the financial statements (Note 28).

Additional paragraph for convenience translation to English:

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

3. Segment reporting

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

Ford Otomotiv Sanayi A.Ş.

**Notes to financial statement
for the period ended June 30, 2011 (continued)**
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

4. Cash and cash equivalents

	June 30, 2011	December 31, 2010	June 30, 2010	December 31, 2009
Banks - TL time deposits	588.110.376	314.449.138	110.979.492	79.365.807
Banks- foreign currency time deposits	214.846.564	174.602.985	207.937.310	272.957.922
Banks - TL demand deposits	13.075.720	31.453.727	20.693.586	15.233.531
Banks - foreign currency demand deposits	332.115	438.184	1.059.633	4.389.286
	816.364.775	520.944.034	340.670.021	371.946.546

The maturity period of time deposits is up to three months. The weighted average interest rate for USD denominated time deposits is %4,70 (December 31, 2010: 3.10%). The weighted average interest rate for Euro denominated time deposits is 5.18% (December 31, 2010: 3.62%). The weighted average interest rate for the TL time deposits is 10.34% (December 31, 2010: 8.32%).

5. Financial assets

	June 30, 2011		December 31, 2010	
	Shareholding %	Amount	Shareholding %	Amount
Available-for-sale financial assets:				
Otokar Otomotiv ve Savunma Sanayi A.Ş. (Otokar) (*)	0,59	5.384.948	0,59	3.008.822
		5.384.948		3.008.822

(*) The Company's shareholding in Otokar was stated at market value at the stock quotes at the Istanbul Stock Exchange at June 30, 2011 and December 31, 2010 which is assumed to approximate its fair value.

6. Financial liabilities

	June 30, 2011		December 31, 2010	
	Effective Interest rate %	TL Amount	Effective Interest rate %	TL amount
Short term borrowings:				
- Euro	2,10	31.238.487	1,57	29.871.780
- TL (**)	-	16.059.796	-	8.534.887 ⁽¹⁾
		47.298.283		38.406.667

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

(Convenience translation of financial statements originally issued in Turkish)

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement
for the period ended June 30, 2011 (continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

6. Financial liabilities (continued)

Short-term portion of long-term borrowings:

	Effective interest rates %	June 30, 2011		December 31, 2010	
		TL amount		TL amount	
- Euro	2,52	268.475.797		192.509.525	
- USD	2,71	301.827		218.878	
		268.777.624		192.728.403	
Total short term borrowings		316.075.907		231.135.070	

Long term borrowings:

- Euro	2,97	367.329.455	2,92	266.383.000
- USD	2,71	26.083.200	3,54	30.920.000
		393.412.655		297.303.000

The payment schedules of long-term bank borrowings as of June 30, 2011 and December 31, 2010 are as follows:

Payment period	June 30, 2011			December 31, 2010		
	USD denominated TL	Euro Denominated TL	Total TL	USD denominated TL	Euro denominated TL	Total TL
2012	-	33.712.545	33.712.546	-	98.330.188	98.330.188
2013	26.083.200	134.545.091	160.628.291	30.920.000	99.793.831	130.713.831
2014	-	142.019.818	142.019.818	-	44.840.695	44.840.695
2015	-	46.984.000	46.984.000	-	23.418.286	23.418.286
2016	-	10.068.000	10.068.000	-	-	-
	26.083.200	367.329.454	393.412.655	30.920.000	266.383.000	297.303.000

The letters of bank guarantee given to financial institutions in connection with the long-term bank borrowings amount to TL 152.270.873 (December 31, 2010: TL 182,205,650).

As of June 30, 2011, borrowings with floating interest rates amount to TL 523.958.233 (December 31, 2010: TL 374.875.644). The exposure of the borrowings to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

	June 30, 2011	December 31, 2010
Period		
Up to 6 months	523.958.233	374.875.644
	523.958.233	374.875.644

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

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement
for the period ended June 30, 2011 (continued)
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7. Trade receivables and payables

	June 30, 2011	December 31, 2010
Short term trade receivables:		
Trade receivables	488.761.519	492.605.273
Cheques and notes receivable	14.392.169	20.301.200
Doubtful receivables	3.333.456	3.244.537
Less: Unearned credit finance income	(2.306.455)	(1.593.072)
	504.180.689	514.557.938
Less: Provision for doubtful receivables	(3.333.456)	(3.244.537)
	500.847.233	511.313.401

The average due date of trade receivables is 1 month (December 31, 2010: 1 month) and amortized with 0.8% monthly effective interest rate (December 31, 2010: 0.7%).

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

	June 30, 2011	December 31, 2010
Long term trade receivables:		
Deposits and guarantees given	424.514	342.608
	424.514	342.608

	June 30, 2011	December 31, 2010
Trade payables:		
Trade payables	707.591.613	510.151.746
Less: Unearned credit finance charges	(3.656.259)	(2.083.278)
	703.935.354	508.068.468

The average turnover days of the Company's trade payables is 60 days (December 31, 2010: 45 days) and amortized with 0.8% monthly effective interest rate (December 31, 2010: 0.7%).

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for the period ended June 30, 2011 (continued)
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7. Trade receivables and payables (continued)

The maximum exposure of the Company to credit risk as of June 30, 2011 and December 31, 2010 is as follows:

June 30, 2011	Trade receivables		Other receivables	
	Related party	Other	Related party	Other
The maximum of credit risk exposed at the reporting date (Disclosures 26, 7, 8, 4)	765.681.014	500.847.233	-	4.768.369
- <i>Credit risk covered by guarantees</i>	100.000.000	402.989.735	-	-
Net carrying value of not overdue and not impaired financial assets	753.551.139	487.923.505	-	4.768.369
The carrying amount of financial assets whose terms have been renegotiated otherwise be past due or impaired	-	11.392.169	-	-
Net carrying value of overdue but not impaired assets	12.129.875	1.531.559	-	-
- <i>Amount of risk covered by guarantees</i>	-	663.422	-	-
Net carrying value of impaired assets	-	3.333.456	-	-
- <i>Overdue (gross carrying value)</i>	-	3.333.456	-	-
- <i>Provision for impairment (-)</i>	-	(3.333.456)	-	-
- <i>Amount of risk covered by guarantees</i>	-	-	-	-

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Ford Otomotiv Sanayi A.Ş.

Notes to financial statement
for the period ended June 30, 2011 (continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

7. Trade receivables and payables (continued)

December 31, 2010	Trade receivables		Other receivables		Bank deposits
	Related party	Other	Related party	Other	
The maximum of credit risk exposed at the reporting date (Disclosures 26, 7, 8, 4)	673.117.047	511.313.401	-	6.401.917	520.944.034
- <i>Credit risk covered by guarantees</i>	60.000.000	368.213.956	-	-	-
Net carrying value of not overdue and not impaired financial assets	668.818.739	487.006.047	-	6.401.917	520.944.034
The carrying amount of financial assets whose terms have been renegotiated otherwise be past due or impaired	-	20.241.000	-	-	-
Net carrying value of overdue but not impaired assets	4.298.308	4.066.354	-	-	-
- <i>Amount of risk covered by guarantees</i>	-	2.610.645	-	-	-
Net carrying value of impaired assets	-	3.244.537	-	-	-
- <i>Overdue (gross carrying value)</i>	-	3.244.537	-	-	-
- <i>Provision for impairment (-)</i>	-	(3.244.537)	-	-	-
- <i>Amount of risk covered by guarantees</i>	-	-	-	-	-

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Notes to financial statement
for the period ended June 30, 2011 (continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

7. Trade receivables and payables (continued)

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

June 30, 2011	Trade receivable	
	Related party	Other
1-30 days overdue	1.206.525	521.217
1-3 months overdue	1.437.337	570.523
3-12 months overdue	4.257.705	385.828
1-5 years overdue	5.228.308	53.991
	12.129.875	1.531.559
Risk covered by guarantees	-	663.422

December 31, 2010	Trade receivable	
	Related party	Other
1-30 days overdue	363.204	1.803.871
1-3 months overdue	368.443	1.571.754
3-12 months overdue	2.722.602	560.814
1-5 years overdue	844.059	129.915
	4.298.308	4.066.354
Risk covered by guarantees	-	2.610.645

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

	June 30, 2011	June 30, 2010
January 1	3.244.537	3.228.090
Provisions during the year (Note 21)	88.919	-
	3.333.456	3.228.090

8. Other receivables and payables

	June 30, 2011	December 31, 2010
Other receivables:		
Receivables from personnel	119.681	43.978
Other miscellaneous receivables	4.648.688	6.357.939
	4.768.369	6.401.917

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Notes to financial statement
for the period ended June 30, 2011 (continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

8. Other receivables and payables (continued)

	June 30, 2011	December 31, 2010
Other liabilities:		
Variable marketing provision	109.531.012	17.305.455
Expense accruals (*)	93.434.626	23.989.741
Payables to personnel and expense provisions	36.601.569	30.503.702
Taxes and funds payable	32.257.503	33.354.481
Other	19.647.638	11.922.017
	291.472.348	117.075.396

(*) As of June 30, 2011, the Company has made an accrual within the accrued liabilities amounting to 51.633.528,55 TL (December 31, 2010: 15.000.000TL) related to the administrative penalty announced by the Competition Board in accordance with law on Protection of Competition No.4054.(Note 21)

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

9. Inventories

	June 30, 2011	December 31, 2010
Raw materials	256.424.406	208.533.233
Inventory in transit	188.725.295	173.559.089
Finished goods	111.815.317	19.053.230
Imported vehicles	98.264.385	18.431.527
Spare parts	56.832.393	49.498.277
	712.061.796	469.075.356
Less: Provision for impairment of finished goods and spare parts	(3.027.795)	(5.149.850)
	709.034.001	463.925.506

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

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

	June 30, 2011	June 30, 2010
January 1	5.149.850	1.662.067
Net change within the period	(2.122.055)	1.019.008
	3.027.795	2.681.075

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Notes to financial statement for the period ended June 30, 2011
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

10. Property, plant and equipment

	Land	Land improvements	Buildings	Machinery & equipments	Models & moulds	Fixtures & furnitures	Vehicles	Construction in progress	Total
December 31, 2010									
Cost	11.874.536	90.395.899	368.744.219	1.429.434.949	618.140.429	76.052.780	10.151.498	24.863.118	2.629.657.428
Accumulated depreciation	-	(27.543.204)	(122.382.395)	(798.258.763)	(570.854.620)	(50.654.418)	(1.563.769)	-	(1.571.257.169)
Net book value	11.874.536	62.852.695	246.361.824	631.176.186	47.285.809	25.398.362	8.587.729	24.863.118	1.058.400.259
For the period ended June 30, 2011									
Opening net book value	11.874.536	62.852.695	246.361.824	631.176.186	47.285.809	25.398.362	8.587.729	24.863.118	1.058.400.259
Additions	-	843.815	53.900	10.940.822	5.046.603	3.684.701	1.873.535	12.821.363	35.264.739
Transfers	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	(1.597.363)	(173)	(633.292)	(1.380.868)	-	(3.611.696)
Depreciation charge	-	(1.456.937)	(5.755.939)	(38.973.460)	(13.029.714)	(2.024.783)	(540.145)	-	(61.780.978)
Disposals from accumulated depreciation	-	-	-	1.264.647	173	527.112	228.634	-	2.020.566
Closing net book value	11.874.536	62.239.573	240.659.785	602.810.832	39.302.698	26.952.100	8.768.885	37.684.481	1.030.292.890
June 30, 2011									
Cost	11.874.536	91.239.714	368.798.119	1.438.778.408	623.186.859	79.104.189	10.644.165	37.684.481	2.661.310.471
Accumulated depreciation	-	(29.000.141)	(128.138.334)	(835.967.576)	(583.884.161)	(52.152.089)	(1.875.280)	-	(1.631.017.581)
Net book value	11.874.536	62.239.573	240.659.785	602.810.832	39.302.698	26.952.100	8.768.885	37.684.481	1.030.292.890

(Convenience translation of financial statements originally issued in Turkish)

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended June 30, 2011
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

10. Property, plant and equipment (continued)

	Land	Land improvements	Land	Buildings	Machinery & equipments	Models & moulds	Fixtures & furnitures	Vehicles	Construction in progress	Total
December 31, 2009										
Cost	12.009.181	88.982.583		368.487.421	1.411.433.641	601.068.162	69.091.825	10.295.480	3.395.070	2.564.763.363
Accumulated depreciation	-	(24.674.943)		(110.876.453)	(722.659.783)	(513.151.867)	(47.511.182)	(1.384.861)	-	(1.420.259.089)
Net book value	12.009.181	64.307.640		257.610.968	688.773.858	87.916.295	21.580.643	8.910.619	3.395.070	1.144.504.274
For the period ended June 30, 2010										
Opening net book value	12.009.181	64.307.640		257.610.968	688.773.858	87.916.295	21.580.643	8.910.619	3.395.070	1.144.504.274
Additions	-	44.329		-	6.832.762	5.064.184	1.295.482	828.350	2.770.434	16.835.541
Transfers	-	-		-	549.637	571.245	19.093	-	(1.139.975)	-
Disposals	(134.645)	-		-	(813.417)	(1.472.688)	(77.520)	(2.360.359)	-	(4.858.629)
Depreciation charge	-	(1.429.298)		(5.751.438)	(38.496.105)	(31.485.498)	(1.651.345)	(480.370)	-	(79.294.054)
Disposals from accumulated depreciation	-	-		-	543.356	1.472.688	8.720	590.443	-	2.615.207
Closing net book value	11.874.536	62.922.671		251.859.530	657.390.091	62.066.226	21.175.073	7.488.683	5.025.529	1.079.802.339
June 30, 2010										
Cost	11.874.536	89.026.912		368.487.421	1.418.002.623	605.230.903	70.328.880	8.763.471	5.025.529	2.576.740.275
Accumulated depreciation	-	(26.104.241)		(116.827.891)	(760.612.532)	(543.164.677)	(49.153.807)	(1.274.788)	-	(1.496.937.936)
Net book value	11.874.536	62.922.671		251.859.530	657.390.091	62.066.226	21.175.073	7.488.683	5.025.529	1.079.802.339

Ford Otomotiv Sanayi A.Ş.**Notes to financial statement for the period ended****June 30, 2011 (continued)**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

10. Property, plant and equipment (continued)

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

	June 30, 2011	December 31, 2010
Moulds and models	346.051.881	346.052.054
Machinery and equipment	109.427.524	92.285.713
Furniture and fixtures	26.134.933	26.443.208
Buildings	5.529.499	5.529.499
Land improvements	237.300	237.300
Vehicles	189.733	137.275
	487.570.870	470.685.049

The allocation of depreciation expense as of June 30, 2011 and 2010 is as follows:

	June 30, 2011	June 30, 2010
Cost of production (Note 18)	58.354.207	76.102.477
Research and development expenses (Note 19)	1.068.605	967.255
General administrative expenses (Notes 19)	934.752	842.316
Selling and marketing expenses (Note 19)	825.704	799.221
Construction in progress	597.710	582.785
Current year depreciation charge	61.780.978	79.294.054

11. Intangible assets

December 31, 2010	Rights	Development costs	Other	Total
Cost	21.677.670	428.871.268	3.229.042	453.777.980
Accumulated amortization	(17.929.947)	(392.276.771)	(1.271.700)	(411.478.418)
Net book value	3.747.723	36.594.497	1.957.342	42.299.562
For the period ended June 30, 2011				
Opening net book value	3.747.723	36.594.497	1.957.342	42.299.562
Additions	1.107.992	10.413.522	-	11.521.514
Amortization charge	(335.963)	(9.748.660)	(250.974)	(10.335.597)
Closing net book value	4.519.752	37.259.359	1.706.368	43.485.479
June 30, 2011				
Cost	22.785.662	439.284.790	3.229.042	465.299.494
Accumulated amortization	(18.265.910)	(402.025.431)	(1.522.674)	(421.814.015)
Net book value	4.519.752	37.259.359	1.706.368	43.485.479

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2011 (continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

11. Intangible assets (continued)

December 31, 2009	Rights	Development costs	Other	Total
Cost	19.066.880	421.719.418	1.626.476	442.412.774
Accumulated amortization	(16.950.114)	(374.340.280)	(1.063.555)	(392.353.949)
Net book value	2.116.766	47.379.138	562.921	50.058.825
For the period ended June 30, 2010				
Opening net book value	2.116.766	47.379.138	562.921	50.058.825
Additions	136.406	-	-	136.406
Amortization charge	(457.288)	(8.908.647)	(90.718)	(9.456.653)
Closing net book value	1.795.884	38.470.491	472.203	40.738.578
June 30, 2010				
Cost	19.203.286	421.719.418	1.626.476	442.549.180
Accumulated amortization	(17.407.402)	(383.248.927)	(1.154.273)	(401.810.602)
Net book value	1.795.884	38.470.491	472.203	40.738.578

Development expenses classified under intangible assets are mainly comprised of Transit and Cargo truck engine projects.

The allocation of amortization charges relating to June 30, 2011 and 2010 is as follows:

	June 30, 2011	June 30, 2010
Cost of production (Note 18)	9.623.832	8.908.647
Research and development expenses (Note 19)	454.803	116.631
General administrative expenses (Notes 19)	256.962	431.375
Current year amortization charge	10.335.597	9.456.653

12. Government Incentives and grants

The research and development support received and certainly receivable from Tübitak as of June 30, 2011 is amounting to TL 1.017.813 (June 30, 2010: TL 2.619.804) has been classified under other operating income (Note 21).

The Company received two investment incentives both greater than TL 250, under the scope of the Council of Minister's decision with number of 2009/15199 and dated 14/07/2009. Based on this decision, the Company can deduct 30% of its fixed assets expenditures related with new investments, from the tax base, at the time investment is completed and the revenue is started to be earned. Accordingly, as of June 30, 2011, fixed asset expenditures amounting to TL 18.731.221 have been realized and tax advantages amounting to TL 5.619.366 had been created to be used in future periods (Note 24).

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2011 (continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

13. Provision, contingent assets and liabilities

The Company provides 2-3 years of warranty for the vehicles sold by dealers for malfunctions described in the sales agreements. Warranty expense provision is estimated by considering vehicles under warranty as of the balance sheet date and warranty claims of vehicles sold in previous years on a model basis.

Provisions:

	June 30, 2011	December 31, 2010
Warranty expense provision	83.407.860	68.723.154
	83.407.860	68.723.154

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

	June 30, 2011	June 30, 2010
January 1	68.723.154	58.038.497
Paid during the year	(27.285.096)	(36.073.530)
Additions during the year (Note 19)	41.969.802	35.051.721
	83.407.860	57.016.688

Letters of guarantee and letters of credit	June 30, 2011	December 31, 2010
Letters of guarantee given to banks	152.270.873	182.205.650
Letters of guarantee given to customs	23.507.219	20.596.269
Other letter of guarantees given to other parties	15.264.071	13.367.372
	191.042.163	216.169.291

The allocation of collaterals, pledges and mortgages as of June 30, 2011 and December 31, 2010 is as follows:

Collaterals, pledges and mortgages given by company	June 30, 2011	December 31, 2010
Total amount of the collaterals/pledges/mortgages given for its own legal entity	191.042.163	216.169.291

Letters of guarantee given	June 30, 2011		December 31, 2010	
	Original currency	TL	Original currency	TL
Euro	74.880.392	175.909.016	98.982.053	202.824.125
TL	15.111.954	15.111.954	13.325.068	13.325.068
USD	13.000	21.193	13.000	20.098
		191.042.163		216.169.291

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Notes to financial statement for the period ended

June 30, 2011 (continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

13. Provision, contingent assets and liabilities (continued)

Other than the collaterals, pledges and mortgages given for corporate itself, there's no collaterals, pledges and mortgages given for 3rd parties.

As of June 30, 2011, total amount of the collaterals, pledges and mortgages obtained by the Company is TL 210.029.788 (December 31, 2010 – TL 189.261.120).

Letters of guarantee taken

	June 30, 2011		December 31, 2010	
	Original currency	TL	Original currency	TL
TL	207.529.454	207.529.454	188.379.520	188.379.520
Euro	1.025.084	2.269.237	306.123	627.277
USD	149.840	231.097	164.504	254.323
		210.029.788		189.261.120

Tax matters:

Fiscal Administration, imposed tax amount related to fuel consumption of export vehicles for the years between 2005 and 2009, amounting to TL 17.837.279 which also includes the Special Consumption Tax, tax penalty and related interest. As a result of consultations with their advisors, the Company filed an appeal lawsuit at the court. The Company won the lawsuit relating to one of them with an amounting of TL 11.982.710. For the remaining amount of TL 5.854.569, the Company made the payment and applied to the Council of State.

14. Commitments

Commitments related with bank loans used by the Company are as follows:

- Regarding the credit agreements made by the Company in 2007, the Company is required to ensure that its export proceeds up to an amount equal to, Euro 30,000,000 via İş Bankası A.Ş., Euro 20.000.000 via TC. Ziraat Bankası A.Ş, Euro 60.000.000 via Vakıflar Bankası T.A.O and Euro 89,000,000 via Akbank T.A.Ş. be received into deposit accounts for the year 2011 in these banks. The Company fulfilled export commitments as of June 30, 2011.
- Regarding the credit agreements made by the Company in 2011 which is amounting to Euro 70,000,000 with Garanti Bankası A.Ş., the Company is required to ensure that its export proceeds up to an amount equal to Euro 150,000,000 via Garanti Bankası be received into deposit accounts for the year 2010 in this bank. The Company fulfilled export commitments as of June 30, 2011.
- Regarding the other credit agreements made by the Company in 2010 which is amounting to Euro 13.297.000 with Türkiye İhracat Kredi Bankası A.Ş., the Company is required to ensure that its export proceeds up to an amount equal to Euro 13.500.000 via Türkiye İhracat Kredi Bankası A.Ş.

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Notes to financial statement for the period ended

June 30, 2011 (continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

14. Commitments (continued)

Operational lease commitments

The allocation of operational lease commitments relating to June 30, 2011 is as follows:

Operational lease commitments	June 30, 2011	December 31, 2010
Up to 1 year	1.867.188	1.311.274
Between 1 year to 5 years	4.201.173	3.606.005
More than 5 years	-	-
	6.068.361	4.917.279

Company has rent income amounting to 1.593.048 TL as of June 30, 2011 (June 30, 2010 – 1.145.730 TL (Not 21)).

15. Employee benefits

Long-term provisions:

	June 30, 2011	December 31, 2010
Provision for employee benefits	50.638.215	44.061.805
	50.638.215	44.061.805

Provision for employee benefits:

There are no agreements for pension commitments other than the legal requirement as explained below.

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of TL 2.623,23 for each year of service as of June 30, 2011 (December 31, 2010 – TL 2.517,01).

The liability is not funded, as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees.

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2011 (continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

15. Employee benefits (continued)

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:

	June 30, 2011	December 31, 2010
Discount rate (%)	4,66	4,66
Turnover rate to estimate the probability of retirement (%)	5	5

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Since the Company calculates the reserve for employee benefits every six months, the maximum amount of TL 2,623.23 which is effective from January 1, 2011 (January 1, 2010 - TL 2,427,04) has been taken into consideration in the calculations.

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

	June 30, 2011	June 30, 2010
January 1	44.061.805	30.943.135
Interest cost	2.054.263	1.831.834
Actuarial loss	1.151.398	(902.209)
Paid during the year	(2.328.467)	(1.028.324)
Current year service cost	5.699.216	4.038.596
June 30,	50.638.215	34.883.032

16. Other current assets

	June 30, 2011	December 31, 2010
Other current assets:		
VAT to be deductible	77.541.947	43.809.929
Prepaid taxes and stoppage	3.049.158	3.052.712
Prepaid expenses	1.605.844	2.482.222
Premiums for research and development support earned	-	677.169
Other	7.443.993	3.633.221
	89.640.942	53.655.253

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2011 (continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

16. Other current assets (continued)

	June 30, 2011	December 31, 2010
Other non-current assets:		
Advances given for investments (*)	59.094.588	1.671.631
	59.094.588	1.671.631

(*) The Company received two investment incentives for investments both greater than TL 250 million, under the scope of the Council of Minister's decision with number of 2009/15199 and dated 14/07/2009. (Not 12) Increase on investment advance is related to advances given for the new investments in accordance with investment incentives.

17. Equity

The composition of the Company's paid-in capital at June 30, 2011 and December 31, 2010 is as follows:

Shareholders	June 30, 2011	Shareholders percentage (%)	December 31, 2010	Shareholders percentage (%)
Koç Holding A.Ş.	134.953.357	38,46	134.953.357	38,46
Vehbi Koç Vakfı	3.428.592	0,98	3.428.592	0,98
Koç Holding Emekli Yardım Sandığı Vakfı	3.259.202	0,93	3.259.202	0,93
Temel Ticaret A.Ş.	2.355.885	0,67	2.355.885	0,67
Total Koç Group	143.997.036	41,04	143.997.036	41,04
Ford Motor Company	143.997.036	41,04	143.997.036	41,04
Other (Publicly held)	62.915.928	17,92	62.915.928	17,92
Total	350.910.000	100,00	350.910.000	100,00
Adjustments to share capital	27.920.283		27.920.283	
Inflation adjusted paid in capital	378.830.283		378.830.283	

Adjustment to share capital represents the restatement effect of cash and cash equivalent contributions to share.

There are 35,091,000,000 unit of shares (December 31, 2010 - 35,091,000,000 unit) with a nominal value of Kr 1 each.

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2011 (continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

17. Equity (continued)

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"), The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in capital, Under the TCC; the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in capital.

In accordance with Corporate Tax Law No, 5520, dated June 13, 2006, Exemption for Sale of Participation Shares and Property, 75% portion of corporations' profits arising from the sale of subsidiary shares which shares that have been carried at least for two years on the balance sheet and the profits from the sale of which are not withdrawn within five years are followed in special reserves. The Company has reserves amounting to TL 20.670.398 TL related to this exemption in its tax financial statements (December 31, 2010 - TL 20,670,398).

In accordance with CMB Financial Reporting Standards, the Company classified the above mentioned amounts under "Restricted reserves", the amount of restricted reserves is TL 369.243.190 as of June 30, 2011 (December 31, 2010 – TL 340.819.480).

In accordance with the Communiqué No:XI-29 and related announcements of CMB, effective from January 1, 2008, "Share Capital", "Restricted Reserves" and "Share Premiums" shall be carried at their statutory amount. The valuation differences shall be classified as follows:

- the difference arising from the "Paid-in Capital" and not been transferred to capital yet, shall be classified under the "Inflation Adjustment to Share Capital";
- the difference due to the inflation adjustment of "Restricted reserves" and "Share premium" and the amount has not been utilized in dividend distribution or capital increase yet, shall be classified under "Retained earnings",

Other equity items shall be carried at the amounts calculated based on CMB Financial Reporting Standards.

Adjustment to share capital has no use other than being transferred to paid-in share capital.

Companies quoted on the Istanbul Stock Exchange, are authorised by the CMB to distribute dividends regarding the clauses below:

In accordance with the Capital Market Board Communiqué IV, Nr: 27, article 5th, in the listed companies, the first dividend shall not be below 20% of the distributable profit after deducting the accumulated losses. Based on their decisions taken in the ordinary general boards, listed joint-stock companies have their right to distribute dividends in cash, in share certificates, in partial distribution within cash or share certificates while retaining a portion in the partnership.

Based on the CMB decision numbered 7/242 taken on February 25, 2005; distributable profit -calculated upon the regulations of CMB related with the dividend distribution- shall be fully distributed if the amount is adequate to be provided by the distributable profits with respect to the statutory books, otherwise, all of the net distributable amount in the statutory books shall be distributed. No profit distribution shall be made in the case of tax loss is met in either local books or the financial statements prepared in accordance with CMB regulations.

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2011 (continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

17. Equity (continued)

Based on the decision of CMB dated January 27, 2010, it is decided not to determine any minimum dividend payment distribution requirement for publicly held companies.

Inflation adjustments to issued capital and historical amount of extraordinary reserves can be used for in kind capital increase, dividend distribution in cash or the net loss deduction. In case inflation adjustment to issued capital is used as dividend distribution in cash, it is subject to corporation tax.

At General Shareholders Meeting on March 23, 2011, the Company decided to pay dividend from the net profit of the year 2010 at 86%, that is, gross Kr 86 (net Kr 75,9683) per TL 1 share, amounting to TL 301.782.600 in total, and the dividend was paid in April 2011.

In accordance with Communiqué No: XI-29, the equity schedules at June 30, 2011 and December 31, 2010 are as follows:

	June 30, 2011	December 31, 2010
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	4.164.989	1.907.669
Restricted reserves	369.243.190	340.819.480
- Legal reserves	348.572.790	320.149.080
- Special reserves	20.670.400	20.670.400
Retained earnings	703.272.037	528.870.084
- Inflation adjustment to equity	428.301.244	428.301.244
- Extraordinary reserves	174.401.953	-
- Retained earnings	100.568.840	100.568.840
Net income for the period	331.587.503	504.608.263
Total equity	1.787.106.254	1.755.044.031

(Convenience translation of financial statements originally issued in Turkish)

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2011 (continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

17. Equity (continued)

Reserves, retained earnings and net income for the year ended June 30, 2011 and December 31, 2010 according to statutory books are as follows:

June 30, 2011:	Historical values	Readjusted amounts	Equity Inflation adjustment differences
Share capital	350.910.000	378.830.283	27.920.283
Legal reserves	348.572.790	407.325.394	58.752.604
Extraordinary reserves	174.401.953	543.546.969	369.145.016
Share premium	8.252	361.733	353.481
Special reserves	20.670.400	20.720.543	50.143
	894.563.395	1.350.784.922	456.221.527

December 31, 2010:	Historical values	Readjusted amounts	Equity Inflation adjustment differences
Share capital	350.910.000	378.830.283	27.920.283
Legal reserves	320.149.080	378.901.684	58.752.604
Extraordinary reserves	-	369.145.016	369.145.016
Share premium	8.252	361.733	353.481
Special reserves	20.670.400	20.720.543	50.143
	691.737.732	1.147.959.259	456.221.527

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

Otokar shares which are publicly traded in ISE are valued with their closing price as of June 30, 2011 and June 30, 2010. Fair value difference (positive) amounting to TL 2.257.320 (June 30, 2010 – TL 112.480) is shown in comprehensive income statement.

The effects of the changes in revaluation fund on other comprehensive income are as follows:

	June 30, 2011	June 30, 2010
January 1	1.907.669	1.078.134
Fair value increase/(decrease) of financial assets	2.257.320	112.480
June 30	4.164.989	1.190.614

(Convenience translation of financial statements originally issued in Turkish)

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended
June 30, 2011 (continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

18. Sales and cost of sales

	January 1 - June 30, 2011	April 1- June 30, 2011	January 1 - June 30, 2010	April 1- June 30, 2010
Export sales	2.815.038.537	1.519.266.173	1.965.036.686	1.078.601.583
Domestic sales	2.373.021.740	1.357.704.781	1.437.832.009	877.025.561
Other sales	44.017.043	22.704.989	52.047.948	32.636.140
Less: Discounts	(237.020.744)	(134.248.150)	(176.124.070)	(103.850.432)
	4.995.056.576	2.765.427.793	3.278.792.573	1.884.412.852

Sales units:

	January 1 - June 30, 2011			April 1 - June 30, 2011		
	Domestic sales	Export sales	Total sales	Domestic sales	Export sales	Total sales
Transit	15.222	78.390	93.612	8.600	42.188	50.788
Transit Connect	16.551	31.538	48.089	9.219	16.876	26.095
Passenger vehicles	31.647	106	31.753	19.526	86	19.612
Cargo	4.427	287	4.714	2.333	143	2.476
Ranger	866	-	866	313	-	313
Fiesta Van	-	20	20	-	-	-
	68.713	110.341	179.054	39.991	59.293	99.284

	January 1 - June 30, 2010			April 1 - June 30, 2010		
	Domestic sales	Export sales	Total sales	Domestic sales	Export sales	Total sales
Transit	11.201	56.941	68.142	7.045	32.351	39.396
Transit Connect	12.985	28.134	41.119	7.863	15.048	22.911
Passenger vehicles	20.157	295	20.452	12.849	134	12.983
Cargo	1.126	276	1.402	760	122	882
Ranger	545	-	545	412	-	412
Fiesta Van	-	32	32	-	3	3
	46.014	85.678	131.692	28.929	47.658	76.587

Ford Otomotiv Sanayi A.Ş.**Notes to financial statement for the period ended
June 30, 2011 (continued)**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

18. Sales and cost of sales (continued)

Summaries of cost of production as of June 30, 2011 and December 31, 2010 are as follows;

	January 1 - June 30, 2011	April 1 - June 30, 2011	January 1 - June 30, 2010	April 1 - June 30, 2010
Raw material cost	(3.186.666.214)	(1.734.664.174)	(2.057.879.556)	(1.146.946.058)
Production overhead costs	(302.452.070)	(155.827.339)	(211.956.529)	(116.585.831)
Amortization expenses (Notes 10 & 11)	(67.978.040)	(34.075.996)	(85.011.124)	(40.719.798)
Change in finished goods inventory	95.881.654	32.741.802	60.883.733	17.285.283
Total cost of production	(3.461.214.670)	(1.891.825.707)	(2.293.963.476)	(1.286.966.404)
Cost of trade goods sold	(911.301.462)	(550.756.179)	(584.970.986)	(355.603.969)
Cost of sales	(4.372.516.132)	(2.442.581.886)	(2.878.934.462)	(1.642.570.373)

19. Research and development expenses, marketing and sales expenses, general administrative expenses

	January 1 - June 30, 2011	April 1 - June 30, 2011	January 1 - June 30, 2010	April 1 - June 30, 2010
Selling and marketing expenses:				
Warranty expenses (Note 13)	(41.969.802)	(20.954.499)	(35.051.721)	(21.286.806)
Transportation expenses	(24.290.825)	(12.509.207)	(12.614.825)	(8.261.444)
Advertising expenses	(21.970.472)	(13.309.157)	(13.410.825)	(7.487.989)
Personnel expenses	(14.733.555)	(7.408.480)	(11.034.381)	(5.711.828)
Spare parts transportation and packaging expenses	(7.380.790)	(4.071.613)	(4.918.096)	(2.412.844)
Dealer and service development expenses	(3.192.399)	(1.959.378)	(2.590.702)	(1.909.476)
Depreciation expense (Note 10)	(825.704)	(418.764)	(799.221)	(400.391)
Other	(9.205.610)	(4.157.030)	(7.127.927)	(3.120.629)
	(123.569.157)	(64.788.128)	(87.547.698)	(50.591.407)
General administrative expenses:				
Personnel expenses	(21.931.077)	(10.932.928)	(17.950.506)	(8.785.703)
Grants and donations	(7.748.057)	(4.226.496)	(5.683.841)	(3.089.826)
Legal consulting and auditing expenses	(6.452.785)	(2.840.032)	(2.788.157)	(2.441.335)
Repair, maintenance and energy expenses	(4.944.602)	(598.350)	(1.267.714)	(635.384)
New project administrative expenses	(1.852.116)	(1.386.046)	(1.550.717)	(923.161)
Depreciation and amortization expense (Notes 10 & 11)	(1.191.714)	(607.192)	(1.273.691)	(623.359)
Travel expenses	(991.405)	(558.222)	(1.163.800)	(527.086)
Duties, taxes and levies	(698.289)	(321.344)	(873.933)	(519.715)
Other guarantee expenses	(391.735)	(241.713)	(3.117.635)	(1.443.356)
Other	(3.393.323)	(1.833.671)	(2.909.160)	(1.385.278)
	(49.595.103)	(23.545.994)	(38.579.154)	(20.374.203)

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2011 (continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

19. Research and development expenses, marketing and sales expenses, general administrative expenses (continued)

	January 1 - June 30, 2011	April 1 - June 30, 2011	January 1 - June 30, 2010	April 1 - June 30, 2010
Research and development expenses				
Personnel expenses	(32.392.759)	(16.251.735)	(24.450.998)	(13.185.494)
Project costs	(19.043.139)	(11.074.456)	(9.984.619)	(5.160.078)
Research and development administrative expenses	(4.225.545)	(3.708.646)	(4.374.787)	(2.860.757)
Depreciation and amortization expense (Notes 10 and 11)	(1.523.408)	(809.525)	(1.083.886)	(543.417)
Other	(742.879)	(113.384)	-	-
	(57.927.730)	(31.957.746)	(39.894.290)	(21.749.746)

20. Expenses by nature

The classification of expenses by nature for the years ended at June 30, 2011 and December 31, 2010 is as follows:

	January 1 - June 30, 2011	April 1 - June 30, 2011	January 1 - June 30, 2010	April 1 - June 30, 2010
Direct material cost	(3.186.666.214)	(1.734.664.174)	(2.057.879.556)	(1.146.946.058)
Cost of trade goods sold	(911.301.462)	(550.756.179)	(584.970.986)	(355.603.969)
Personnel expenses	(230.554.027)	(118.719.978)	(169.419.398)	(90.779.386)
Other operational expenses	(158.493.773)	(47.229.715)	(109.428.459)	(63.465.164)
Other overhead expenses	(140.759.390)	(71.608.537)	(95.992.248)	(53.489.470)
Financial expenses	(111.623.047)	(59.802.023)	(60.800.942)	(31.518.260)
Depreciation and amortization expenses	(71.518.865)	(35.911.477)	(88.167.922)	(42.286.965)
Change in finished goods inventory	95.881.653	32.741.802	60.883.733	17.285.283
Other expenses	(45.129.641)	(44.518.026)	(1.487.442)	(698.487)
Total liabilities	(4.760.164.766)	(2.630.468.307)	(3.107.263.220)	(1.767.502.476)

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2011 (continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

21. Other operating income/expenses

	January 1 - June 30, 2011	April 1 - June 30, 2011	January 1 - June 30, 2010	April 1 - June 30, 2010
Other operating income and gains				
Adjustments on prior period corporate tax	6.897.308	6.897.308	-	-
Commission income	4.322.473	2.496.472	2.447.155	1.595.442
Price difference for spare parts and insurance recovery	3.878.064	1.846.937	4.127.816	1.356.603
Rent income	1.593.048	770.897	1.145.730	583.094
License fees income	1.041.546	52.326	661.483	84.834
Premiums for research and development support (Note 12)	1.017.813	990.744	2.619.804	633.331
Insurance claim recoveries	432.691	61.093	1.202.363	682.963
Dividend income	87.874	-	119.509	-
Income from the sale of property, plant and equipment	53.202	6.980	211.530	51.466
Other	2.704.329	2.056.522	2.135.705	304.193
	22.028.348	15.179.279	14.671.095	5.291.926
Other operating expenses and losses				
Competition Board Penalty (*)	(36.633.529)	-	-	-
Adjustments on prior period corporate tax	(6.449.807)	(6.449.807)	-	-
Claim charges for import materials	(721.442)	(530.386)	(115.910)	(26.383)
Loss on sale of property, plant and equipment	(498.508)	(386.859)	(411.689)	(34.503)
Other	(630.311)	(425.478)	(979.075)	(637.601)
	(44.933.597)	(7.792.530)	(1.506.674)	(698.487)

- (*) As part of an investigation initiated in accordance with the Law on Protection of Competition No.4054, the Competition Board has announced on April 19, 2011 that the Company has been fined with an administrative monetary penalty amounting to 68.844.704,73 TL, which might be appealed to the State Council.

Competition Board's written notice regarding to decision is expected to be communicated in 3-4 months. If the Company pays the penalty within 30 days following the notification, the Company will have a %25 discount and pay the rest of the penalty which will be amounting 51.633.529 TL after the discount. Company management is planning to use the legal rights and initiate litigation process regarding to the penalty within 60 days following the notification. This issue is expected to last 1-3 years on litigation process. In line with the conservatism principle, in its 2010 financials, the Company has made a provision, amounting to 15.000.000 TL for the examination initiated by the Competition Council. Accordingly, the impact for 2011 income statement is 36.633.529 TL.

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2011 (continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

22. Financial income

	January 1 - June 30, 2011	April 1 - June 30, 2011	January 1 - June 30, 2010	April 1 - June 30, 2010
Foreign exchange gains	104.556.202	48.037.440	36.775.013	18.708.259
Interest income	22.986.814	11.724.359	7.977.218	2.888.015
Finance income from credit sales	20.638.714	11.735.601	10.659.332	6.580.411
	148.181.730	71.497.400	55.411.563	28.176.685

23. Financial expenses

	January 1 - June 30, 2011	April 1 - June 30, 2011	January 1 - June 30, 2010	April 1 - June 30, 2010
Foreign exchange losses	(82.932.546)	(41.882.950)	(46.459.324)	(23.950.642)
Finance charges on credit purchases	(18.686.265)	(10.883.606)	(9.026.614)	(5.593.532)
Interest expenses	(7.762.256)	(5.714.592)	(3.446.777)	(1.467.838)
Other financial expenses	(2.241.980)	(1.320.875)	(1.868.227)	(506.248)
	(111.623.047)	(59.802.023)	(60.800.942)	(31.518.260)

24. Tax assets and liabilities

Corporate Tax Law was amended by the Law No, 5520 dated June 13, 2006, Law No, 5520 came into force as of 21 June 2006, but many of the provisions came into force effective from January 1, 2006. Accordingly, the corporation tax rate for the fiscal year 2011 is 20% (December 31, 2010 - 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.

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.

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2011 (continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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 January 1, 2004, income and corporate taxpayers will apply inflation adjustments to the statutory financial statements.

In accordance with the abovementioned Law's provisions, in order to apply inflation adjustment, the cumulative inflation rate ("WPI") over the last 36 months and 12 months must exceed 100% and 10%, respectively. Inflation adjustment has not been applied as these conditions were not fulfilled after 2005.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax 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 Company redeems in its legal books by capitalizing the R&D expenses made within the scope of the Code no 5746. According to the provisions of the same Code, the Company makes calculation within the framework of the related legislation over the R&D expenses incurred, and utilizes R&D deduction exemption at the rate of 100% for the portion of expenses allowed by the Code. As of June 30, 2011 the Company used R&D deduction of TL 17.849.401 in return for the legal tax.

With the code no 5479 promulgated in the Official Gazette dated April 6, 2006, "Investment Allowance" practice was repealed. With the same Code, it was ensured that investment incentive allowance amounts calculated according to the provisions of the legislation which was in place on December 31, 2005 - including the provisions on tax rate- could only be deducted from the incomes of 2006, 2007 and 2008. As of December 31, 2009, the company had an investment incentive allowance of TL 491.329.522 with regard to the incentives based on the document that the company qualified for in previous periods but did not yet use. However, the Constitutional Court annulled the expression "2006, 2007 and 2008" included within the temporary article 69 of the Income Tax Code which is about investment allowance and this decision became effective upon being promulgated in the Official Gazette dated January 8, 2010. By this way, the time limitation about the investment allowance was also cancelled.

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2011 (continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

24. Tax assets and liabilities (continued)

Thereupon, the Company requested tax ruling from the Finance Authority on the right to use investment allowance in the 2009 Corporate Tax return, whether we could use the right of investment allowance in 2009 Corporate Tax Return. In the responsive decision of the Finance Authority on April 20, 2010, it is stated that annulment decision of the Constitutional Court became effective upon being promulgated in the Official Gazette dated January 8, 2010, the annulment decisions are not retroactive, therefore it is not possible for the company to benefit from the investment incentive allowance within the scope of 2009 Corporate Tax Return. Without prejudice to the litigation right of the company on the investment allowance right resulting from previous period, 2009 Corporate Tax was declared over the rate 20% without using the investment incentive allowance. In the financial report attached, 2010 1st period advance tax calculation is made similarly over 20%, which is the Corporate Tax rate in place. Then, the Company opened a new case to benefit from the investment incentive relating to the 2009 corporate tax base amount of TL 413.644.919 this litigation is still going on.

In accordance with by-law numbered 6009 published in the Official Gazette dated 01.08.2010, the Income Tax Law Temporary Article 69 has been amended and accordingly, use of investment incentive exception has been provided and by adding "investment incentive amounts that will be deducted at tax base calculation, is restricted up to the limit of 25% of the related taxable income. Applicable tax rate is used at the taxation of remaining income" to this law, Court limited the investment allowance utilisation to 25% of taxable income.

Since the Company expects that the appeal process will not be completed in short period of time, the Company, also considering the profit projections, decided to withdraw the case and has decided to use investment incentives in 2010 and following periods in accordance with Law No. 6009 above mentioned.

The Company's net tax liabilities as of June 30, 2011 and December 31, 2010 are as follows:

	June 30, 2011	December 31, 2010
Corporate tax provision	115.880.483	141.913.739
Prepaid tax and funds	(46.379.501)	(81.415.463)
	69.500.982	60.498.276

Ford Otomotiv Sanayi A.Ş.**Notes to financial statement for the period ended****June 30, 2011 (continued)**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

24. Tax assets and liabilities (continued)

Calculation of the tax expense reconciliation using the current year tax expense in the statement of income as at June 30, 2011 and 2010 and for the years then ended and current tax ratio based on income before tax is as follows:

	June 30, 2011	June 30, 2010
Income before tax:	405.101.888	241.612.011
Current year tax expense	(81.020.378)	(48.322.402)
R&D allowance and free zone profit exemption	3.569.880	2.965.433
Investment incentive exemption	1.367.196	-
Other temporary differences	2.568.917	53.105
	(73.514.385)	(45.303.864)

The Company calculates deferred tax assets and liabilities from the temporary differences identified during the evaluation of the differences between the balance sheet prepared under the IFRS Financial Reporting Standards and financial statements prepared for tax purposes.

The breakdown of cumulative temporary differences and the resulting deferred tax assets and liabilities provided at June 30, 2011 and December 31, 2010 using the current enacted tax rates is as follows:

	Cumulative temporary taxes		Deferred tax assets/(liabilities)	
	June 30, 2011	December 31, 2010	June 30, 2011	December 31, 2010
Deferred tax assets:				
Investment allowance tax asset	136.987.526	15.087.152	5.893.342	4.526.146
Expense accruals	189.088.942	38.499.214	37.817.789	7.699.844
Warranty expense provision	83.407.860	68.723.154	16.681.572	13.744.631
Employee benefit provision	50.638.215	44.061.805	10.127.643	8.812.361
Difference between financial statements adjusted under IFRS and tax-based financial statements:				
- Intangibles	41.489.354	43.257.573	8.297.871	8.651.515
			78.818.217	43.434.497
Deferred tax liabilities:				
Difference between financial statements adjusted under IFRS and tax-based financial statements:				
Tangibles	528.261.616	564.541.487	(105.652.323)	(112.908.297)
Income accruals	7.719.366	8.222.146	(1.543.874)	(1.644.430)
Unearned credit finance income - net	888.912	99.788	(177.782)	(19.958)
Inventories	1.817.764	142.090	(363.553)	(28.418)
			(107.737.532)	(114.601.103)
Net deferred tax liability			(28.919.315)	(71.166.606)

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2011 (continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

24. Tax assets and liabilities (continued)

Deferred tax movements are as follows:

	January 1, 2011	Charged to profit/(loss)	Charged to comprehensive income statement as profit/(loss)	June 30, 2011
Deferred tax liabilities:				
Temporary difference between financial statements adjusted under IFRS and tax				
Tangible assets	(104.256.782)	6.902.330	-	(97.354.452)
Income accrual	(1.644.430)	219.363	-	(1.425.067)
Inventories	(28.418)	(335.135)	-	(363.553)
Unearned credit finance income - net	(19.958)	(157.824)	-	(177.782)
Deferred tax assets:				
Warranty expense provision	13.744.631	2.936.941	-	16.681.572
Provision for employee benefits	8.812.361	1.315.282	-	10.127.643
Expense accruals	7.699.844	30.117.945	-	37.817.789
Investment allowance tax asset	4.526.146	1.367.196	-	5.893.342
Increase/decrease on financial assets	-	-	(118.807)	(118.807)
Deferred tax liability-net	(71.166.606)	42.366.098	(118.807)	(28.919.315)

	January 1, 2010	Charged to profit/(loss)	June 30, 2010
Deferred tax liabilities:			
Temporary difference between financial statements adjusted under IFRS and tax:			
Tangible assets	(121.941.401)	11.910.599	(110.030.802)
Income accrual	(2.195.091)	(2.957.260)	(5.152.351)
Inventories	(780.602)	122.407	(658.195)
Deferred tax assets:			
Warranty expense provision	11.607.699	(204.361)	11.403.338
Expense accruals	8.386.908	4.379.686	12.766.594
Provision for employee benefits	6.188.627	787.979	6.976.606
Unearned credit finance income - net	39.491	(83.585)	(44.094)
Deferred tax liability-net	(98.694.369)	13.955.465	(84.738.904)

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2011 (continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

25. Earnings per share

	January 1- June 30, 2011	April 1- June 30, 2011	January 1- June 30, 2010	April 1 - June 30, 2010
Net income for the year (TL)	331.587.503	188.801.975	196.308.147	125.226.886
Weighted average number of shares with nominal value of Kr 1 each	35.091.000.000	35.091.000.000	35.091.000.000	35.091.000.000
Earnings per share with nominal value of Kr 1 each	0,94	0,54	0,56	0,36

26. Transactions and balances with related parties

Related party can be defined according to whether one of the companies has control over the others or has significant effect on its financial and administrative decisions. The Company, is controlled by Koç Holding and Ford Motor Company. In the financial statements, shareholder companies, shareholders and financial fixed assets and other group companies' assets are shown as related parties.

The related party balances at June 30, 2011 and December 31, 2010 and the transactions with related parties during the year are as follows:

a) Receivables from related parties:

i) Trade receivable from related parties

	June 30, 2011	December 31, 2010
Due from shareholders:		
Ford Motor Company and its subsidiaries	601.153.634	521.493.615
	601.153.634	521.493.615
Due from group companies:		
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	163.256.764	149.791.151
Other	2.102.009	2.382.089
	165.358.773	152.173.240
Less: Unearned credit finance income	(831.393)	(549.808)
	765.681.014	673.117.047

Export sales mainly consist of sales to Ford Motor Company. Payments terms and conditions are specified in the business agreements with Ford Motor Company. Receivables from the Ford Motor Company are due in 30 days and receivables are collected regularly.

Ford Otomotiv Sanayi A.Ş.**Notes to financial statement for the period ended****June 30, 2011 (continued)**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

26. Transactions and balances with related parties (continued)

Per the domestic dealership agreement between Ford Otomotiv Sanayi A.Ş. and Otokoç Otomotiv Ticaret ve Sanayi A.Ş., the Companies have a vehicle and spare parts trade connection. As it is mentioned in Note 7, the Company's maturity of receivables from Otokoç Otomotiv Ticaret ve Sanayi A.Ş is 1 month.

b) Payables to related parties:**i) Trade payables to related parties**

Debt to Ford Motor Company mainly consists of goods in transit, material stockpiles and licensing fees.

	June 30, 2011	December 31, 2010
Due to Shareholders:		
Ford Motor Company and its subsidiaries	240.949.306	139.117.116
	240.949.306	139.117.116
Due to group companies:		
Ram Dış ticaret A.Ş.	13.027.074	9.960.629
Zer Merkezi Hizmetler ve Ticaret A.Ş.	19.792.240	12.097.013
Opet Petrolcülük A.Ş.	6.323.995	2.418.803
Eltek Elektrik Enerjisi İth. İhc. ve Toptan Tic. A.Ş.	3.182.251	3.102.699
Aygaz Doğalgaz Toptan Satış A.Ş.	952.530	1.967.621
Koçtaş Yapı Marketleri Sanayi ve Ticaret A.Ş.	2.447.446	1.451.153
AKPA Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	1.641.934	1.120.691
Setur Servis Turistik A.Ş.	1.346.020	1.722.412
Ram Sigorta Aracılık Hizmetleri A.Ş.	4.721.610	255.054
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	693.465	1.398.696
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	626.531	329.878
Ark İnşaat	413.634	-
Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş.	405.111	149.602
Koç.net Haberleşme Teknoloji ve İletişim Hizmetleri A.Ş.	208.502	271.627
Otokar Otomotiv ve Savunma Sanayi A.Ş.	294.618	57.308
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	63.219	455.155
Palmira Turizm Ticaret A.Ş.	22.465	86.786
Callus Bilgi ve İletişim Hizmetleri A.Ş.	59.060	-
Promena Elektronik A.Ş.	54.044	233.268
Setair Hava Taşımacılığı A.Ş.	37.240	181.797
V.K.V. Amerikan Hastanesi Sağlık Hiz.Tic. A.Ş.	77.461	19.936
Aygaz A.Ş.	8.939	8.215
Arçelik A.Ş.	16.164	10.905
Tofaş Türk Otomobil Fabrikası A.Ş.	-	30.247
Koç Üniversitesi	-	19.956
Other	675	1.275
	56.416.228	37.350.726
Less: Unearned credit finance charges	(370.501)	(159.390)
	296.995.033	176.308.452

(Convenience translation of financial statements originally issued in Turkish)

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2011 (continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

26. Transactions and balances with related parties (continued)

ii) Other payables to related parties

	June 30, 2011	December 31, 2010
Koç Holding A.Ş.	2.859.615	2.200.323
Ford Motor Company and its subsidiaries	-	-
Yapı ve Kredi Bankası A.Ş.	-	2.870.871
Other	695.215	624.588
	3.554.830	5.695.782

c) Sales to related parties:

	January 1- June 30, 2011	April 1- June 30, 2011	January 1- June 30, 2010	April 1 - June 30, 2010
Ford Motor Company	2.734.864.737	1.471.854.110	1.929.407.836	1.066.262.192
Otokoç Otomotiv Tic. Ve San. A.Ş.	565.804.168	338.587.574	340.208.320	207.257.184
Zer Merkezi Hizmetler ve Ticaret A.Ş.	28.551.726	15.341.593	16.803.435	10.708.577
Other	5.886.254	3.709.842	3.702.008	2.309.581
	3.335.106.885	1.829.493.119	2.290.121.599	1.286.537.534
Less: Financial income from credit sales	(4.321.682)	(2.584.948)	(2.560.273)	(1.690.375)
	3.330.785.203	1.826.908.171	2.287.561.326	1.284.847.159

Ford Otomotiv Sanayi A.Ş.**Notes to financial statement for the period ended****June 30, 2011 (continued)**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

26. Transactions and balances with related parties (continued)**d) Major material, service and fixed asset purchases from related parties:**

	January 1 - June 30, 2011			
	Material	Service	Fixed assets	Total
Domestic purchases:				
Zer Merkezi Hizmetler ve Ticaret A.Ş.	-	52.321.069	-	52.321.069
Ram Dış ticaret A.Ş.	23.757.260	-	-	23.757.260
Eltek Elektrik Enerjisi İth. İhr. Ve Toptan A.Ş.	14.806.533	-	-	14.806.533
Opet Petrolcülük A.Ş.	9.594.121	-	-	9.594.121
Aygaz Doğalgaz Toptan Satış A.Ş.	8.610.376	-	-	8.610.376
AKPA Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	8.851.432	-	-	8.851.432
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	1.303.264	1.959.288	3.262.552
Koç Holding A.Ş.	-	3.794.540	-	3.794.540
Koçtaş Yapı Marketleri Sanayi ve Ticaret A.Ş.	5.596.366	-	28.035	5.624.401
Ram Sigorta Aracılık Hizmetleri A.Ş.	-	5.135.391	-	5.135.391
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	-	1.003.628	518.475	1.522.103
Setur Servis Turistik A.Ş.	-	6.675.072	-	6.675.072
Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş.	850.042	-	-	850.042
Koç.net Haberleşme Teknoloji ve İletişim Hizmetleri A.Ş.	-	1.063.403	-	1.063.403
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	-	553.514	-	553.514
Callus Bilgi ve İletişim Hizmetleri A.Ş.	-	377.768	-	377.768
Otokar Otomotiv ve Savunma Sanayi A.Ş.	-	267.630	85.000	352.630
Palmira Turizm Ticaret A.Ş.	-	165.892	-	165.892
Promena Elektronik Ticaret A.Ş.	-	132.300	-	132.300
Setair Hava Taşımacılığı ve Hizmetleri A.Ş.	-	100.627	-	100.627
Aygaz A.Ş.	73.956	-	-	73.956
V.K.V. Amerikan Hastanesi Sağlık Hiz.Tic.A.Ş.	-	71.835	-	71.835
Arçelik A.Ş.	17.045	-	-	17.045
Ark İnşaat	870.822	-	-	870.822
Koç Üniversitesi	99.153	-	-	99.153
	73.127.106	72.965.933	2.590.798	148.683.837
Less: Unearned credit finance charges	(1.840.871)	-	-	(1.840.871)
	71.286.235	72.965.933	2.590.798	146.842.966

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2011 (continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

26. Transactions and balances with related parties (continued)

	April 1 - June 30, 2011			
	Material	Service	Fixed assets	Total
Domestic purchases:				
Zer Merkezi Hizmetler ve Ticaret A.Ş.	-	35.741.214	-	35.741.214
Ram Dış ticaret A.Ş.	13.096.608	-	-	13.096.608
Eltek Elektrik Enerjisi İth. İhr. ve Toptan A.Ş.	7.688.593	-	-	7.688.593
Opet Petrolcülük A.Ş.	3.814.082	-	-	3.814.082
Aygaz Doğalgaz Toptan Satış A.Ş.	3.527.650	-	-	3.527.650
AKPA Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	5.498.289	-	-	5.498.289
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	315.444	653.773	969.217
Koç Holding A.Ş.	-	1.932.143	-	1.932.143
Koçtaş Yapı Marketleri Sanayi ve Ticaret A.Ş.	3.901.671	-	11.236	3.912.907
Ram Sigorta Aracılık Hizmetleri A.Ş.	-	3.681.742	-	3.681.742
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	-	356.351	467.137	823.488
Setur Servis Turistik A.Ş.	-	6.094.977	-	6.094.977
Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş.	356.762	-	-	356.762
Koç.net Haberleşme Teknoloji ve İletişim Hizmetleri A.Ş.	-	673.844	-	673.844
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	-	251.753	-	251.753
Callus Bilgi ve İletişim Hizmetleri A.Ş.	-	153.188	-	153.188
Otokar Otomotiv ve Savunma Sanayi A.Ş.	-	178.756	-	178.756
Palmira Turizm Ticaret A.Ş.	-	37.335	-	37.335
Promena Elektronik Ticaret A.Ş.	-	60.300	-	60.300
Setair Hava Taşımacılığı ve Hizmetleri A.Ş.	-	31.560	-	31.560
Aygaz A.Ş.	36.653	-	-	36.653
V.K.V. Amerikan Hastanesi Sağlık Hiz.Tic.A.Ş.	-	54.162	-	54.162
Arçelik A.Ş.	6.609	-	-	6.609
Ark İnşaat	870.822	-	-	870.822
Koç Üniversitesi	99.153	-	-	99.153
	38.896.892	49.562.769	1.132.146	89.591.807
Less: Unearned credit finance charges	(1.168.384)	-	-	(1.168.384)
	37.728.508	49.562.769	1.132.146	88.423.423

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2011 (continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

26. Transactions and balances with related parties (continued)

	January 1 - June 30, 2010			
	Material	Service	Fixed assets	Total
Domestic purchases:				
Zer Merkezi Hizmetler ve Ticaret A.Ş.	-	23.125.962	891	23.126.853
Opet Petrolcülük A.Ş.	7.624.621	-	27	7.624.648
Koç Holding A.Ş.	-	3.645.049	-	3.645.049
AKPA Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	4.823.694	-	-	4.823.694
Koçtaş Yapı Marketleri Sanayi ve Ticaret A.Ş.	4.504.639	-	7.399	4.512.038
Setur Servis Turistik A.Ş.	-	3.405.771	-	3.405.771
Ram Sigorta Aracılık Hizmetleri A.Ş.	-	5.957.131	-	5.957.131
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	-	509.634	244.727	754.361
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	2.266.438	-	569.514	2.835.952
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	-	370.640	-	370.640
Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş.	503.184	-	-	503.184
Promena Elektronik Ticaret A.Ş.	-	223.144	-	223.144
Koç.net Haberleşme Teknoloji ve İletişim Hizmetleri A.Ş.	-	213.664	2.754	216.418
V.K.V. Amerikan Hastanesi Sağlık Hiz. Tic. A.Ş.	-	108.320	-	108.320
Setair Hava Taşımacılığı ve Hizmetleri A.Ş.	-	131.402	-	131.402
Aygaz A.Ş.	52.379	-	-	52.379
Palmira Turizm Ticaret A.Ş.	-	19.195	-	19.195
Tofaş Türk Otomobil Fabrikası A.Ş.	7.975	-	-	7.975
Arçelik A.Ş.	3.138.734	-	-	3.138.734
Aygaz Doğalgaz Toptan Satış A.Ş.	4.436.543	-	-	4.436.543
Bilkom Bilişim Hizmetleri A.Ş.	-	4.006	-	4.006
Otokar Otobüs Karoseri Sanayi A.Ş.	304	-	-	304
	27.358.511	37.713.918	825.312	65.897.741
Less: Unearned credit finance charges	(583.027)	-	-	(583.027)
	26.775.484	37.713.918	825.312	65.314.714

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2011 (continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

26. Transactions and balances with related parties (continued)

	April 1 - June 30, 2010			
	Material	Service	Fixed assets	Total
Domestic purchases:				
Zer Merkezi Hizmetler ve Ticaret A.Ş.	-	14.360.962	891	14.361.853
Opet Petrolcülük A.Ş.	3.214.153	-	27	3.214.180
Koç Holding A.Ş.	-	1.803.423	-	1.803.423
AKPA Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	3.200.046	-	-	3.200.046
Koçtaş Yapı Marketleri Sanayi ve Ticaret A.Ş.	2.965.997	-	7.399	2.973.396
Setur Servis Turistik A.Ş.	-	1.870.893	-	1.870.893
Ram Sigorta Aracılık Hizmetleri A.Ş.	-	4.922.564	-	4.922.564
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	-	61.003	-	61.003
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	1.960.356	-	529.786	2.490.142
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	-	67.269	-	67.269
Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş.	216.315	-	-	216.315
Promena Elektronik Ticaret A.Ş.	-	44.701	-	44.701
Koç.net Haberleşme Teknoloji ve İletişim Hizmetleri A.Ş.	-	102.895	2.754	105.649
V.K.V. Amerikan Hastanesi Sağlık Hiz.Tic.A.Ş.	-	54.898	-	54.898
Setair Hava Taşımacılığı ve Hizmetleri A.Ş.	-	93.330	-	93.330
Aygaz A.Ş.	24.267	-	-	24.267
Palmira Turizm Ticaret A.Ş.	-	6.597	-	6.597
Tofaş Türk Otomobil Fabrikası A.Ş.	2.400	-	-	2.400
Arçelik A.Ş.	3.134.851	-	-	3.134.851
Aygaz Doğalgaz Toptan Satış A.Ş.	4.436.543	-	-	4.436.543
Bilkom Bilişim Hizmetleri A.Ş.	-	4.006	-	4.006
Otokar Otobüs Karoseri Sanayi A.Ş.	304	-	-	304
	19.155.232	23.392.541	540.857	43.088.630
Less: Unearned credit finance charges	(409.282)	-	-	(409.282)
	18.745.950	23.392.541	540.857	42.679.348

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2011 (continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

26. Transactions and balances with related parties (continued)

Foreign material and vehicle purchases:

	January 1- June 30, 2011	April 1- June 30, 2011	January 1- June 30, 2010	April 1 - June 30, 2010
Ford Motor Company	2.168.870.016	1.108.271.438	1.435.127.312	761.423.916

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

	January 1- June 30, 2011	April 1- June 30, 2011	January 1- June 30, 2010	April 1 - June 30, 2010
	29.830.676	16.724.927	21.493.014	13.212.556

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

	January 1- June 30, 2011	April 1- June 30, 2011	January 1- June 30, 2010	April 1 - June 30, 2010
	7.568.030	4.094.880	5.356.065	2.852.314

g) The details of deposits to related banks and loans obtained from related banks

Deposit to related banks:	June 30, 2011	December 31, 2010
Yapı ve Kredi Bankası A.Ş.		
- Foreign currency time deposits	94.119.507	41.081.255
- TL time deposits	86.332.264	23.850.836
- TL demand deposits	6.951.866	16.922.380
- Foreign currency demand deposits	107.725	253.923
	187.511.362	82.108.394
Borrowings from related banks	June 30, 2011	December 31, 2010
Yapı ve Kredi Bankası A.Ş.	7.449.394	-

The Company obtained the loans from the consortium of Koç Holding and 14 financial institutions and as sub borrower, utilized TL 26.083.200 equivalent of USD 16 million and TL 58.730.000 equivalent of Euro 25 million of the loan obtained by Koç Holding (Note 6).

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2011 (continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

26. Transactions and balances with related parties (continued)

h) Commission incomes and expenses:

Commission income

	January 1- June 30, 2011	April 1- June 30, 2011	January 1- June 30, 2010	April 1 - June 30, 2010
Yapı ve Kredi Bankası A.Ş.	4.222.208	2.436.598	2.445.975	1.594.262

i) Commission expense

	January 1- June 30, 2011	April 1- June 30, 2011	January 1- June 30, 2010	April 1 - June 30, 2010
Yapı ve Kredi Bankası A.Ş.	6.715.539	4.281.968	1.994.554	1.320.087
Koç Tüketici Finansmanı A.Ş.	1.229.246	497.238	28.435	27.198
	7.944.785	4.779.206	2.022.989	1.347.285

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

i) Interest income:

	June 30, 2011	June 30, 2010
Yapı ve Kredi Bankası A.Ş.	3.848.296	2.203.833

j) Dividend income:

	January 1- June 30, 2011	April 1- June 30, 2011	January 1- June 30, 2010	April 1 - June 30, 2010
Otokar Otobüs Karoseri San. A.Ş.	87.874	-	119.509	-
	87.874	-	119.509	-

k) Compensation of key management personnel:

The Company defined its key management personnel as board of directors' members, general manager and assistant general managers.

Compensation of key management personnel includes salaries, premiums, Social Security Institution employer's contribution, employer's contribution of unemployment insurance and the attendance fees.

The total amount of compensation given to key management personnel of the Company was TL 3.141.899 as of June 30, 2011 (June 30, 2010 – TL 3.211.786).

Ford Otomotiv Sanayi A.Ş.**Notes to financial statement for the period ended****June 30, 2011 (continued)**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

27. Financial instruments and financial risk management

The table below summarizes the Company's exposure to foreign currency exchange rate risk at June 30, 2011 and December 31, 2010. The Company's foreign currency denominated assets and liabilities have been presented below in carrying amounts, categorized by currency.

June 30, 2011

	TL(Functional currency)	USD	Euro	GBP	CAD	JPY
1. Trade receivables	603.327.226	656.910	256.330.170	32.744	-	-
2. Cash and cash equivalents	216.822.061	20.071.995	78.362.824	4.116	-	-
3. Other	143.416.974	517.119	60.187.527	433.230	34.975	2.636.311
4. Current Assets (1 + 2 + 3)	963.566.261	21.246.024	394.880.521	470.090	34.975	2.636.311
5. Monetary financial assets	140.037	85.902	-	-	-	-
6. Fixed Assets (5)	140.037	85.902	-	-	-	-
7. Total Assets (4+6)	963.706.298	21.331.926	394.880.521	470.090	34.975	2.636.311
8. Trade payables	288.735.800	14.118.847	111.893.118	1.055.063	34.975	2.636.311
9. Financial liabilities	300.016.110	185.147	127.581.425	-	-	-
10. Other financial liabilities	311.504	190.808	191	-	-	-
11. Short term liabilities (8 + 9 + 10)	589.063.414	14.494.802	239.474.734	1.055.063	34.975	2.636.311
12. Financial liabilities	393.412.655	16.000.000	156.363.637	-	-	-
13. Long term liabilities (12)	393.412.655	16.000.000	156.363.637	-	-	-
14. Total liabilities (11 + 13)	982.476.069	30.494.802	395.838.371	1.055.063	34.975	2.636.311
15. Net foreign currency / (liabilities) position (7 - 14)	(18.769.771)	(9.162.876)	(957.850)	(584.973)	-	-
16. Cash and equivalents net foreign currency assets / (liabilities) (1 + 2 + 5 - 8 - 9 - 10 - 12)	(162.186.745)	(9.679.995)	(61.145.377)	(1.018.203)	(34.975)	(2.636.311)

December 31, 2010

	TL(Functional currency)	USD	EURO	GBP
1. Trade receivables	523.780.767	3.763.744	262.369.211	14.520
2. Cash and cash equivalents	176.636.027	21.388.959	73.701.751	2.483
3. Other	95.528.429	248.612	48.085.657	75.039
4. Current Assets (1 + 2 + 3)	795.945.223	25.401.315	384.156.619	92.042
5. Monetary financial assets	139.985	96.462	-	-
6. Fixed Assets (5)	139.985	96.462	-	-
7. Total Assets (4+6)	796.085.208	25.497.777	384.156.619	92.042
8. Trade payables	172.074.793	17.181.580	74.029.991	377.644
9. Financial liabilities	222.600.183	150.826	112.575.329	-
10. Other financial liabilities	2.503.844	-	590.412	559.970
11. Short term liabilities (8 + 9 + 10)	397.178.820	17.332.406	187.195.732	937.614
12. Financial liabilities	297.303.000	21.306.505	134.850.157	-
13. Long term liabilities (12)	297.303.000	21.306.505	134.850.157	-
14. Total liabilities (11 + 13)	694.481.820	38.638.911	322.045.889	937.614
15. Net foreign currency / (liabilities) position (7 - 14)	101.603.388	(13.141.134)	62.110.730	(845.572)
16. Cash and equivalents net foreign currency assets / (liabilities) (1 + 2 + 5 - 8 - 9 - 10 - 12)	6.074.959	(13.389.746)	14.025.073	(920.611)

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Notes to financial statement
for the period ended June 30, 2011
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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.

June 30, 2011

	Profit/Loss	
	Appreciation in foreign currency / Depreciation in foreign currency	
Change in USD against TL by 10%		
USD net asset/(liabilities)	(1.493.732)	1.493.732
USD net hedged amount	-	-
US Dollar net gain/(loss)	(1.493.732)	1.493.732
Change in Euro against TL by 10%		
Euro net asset/(liabilities)	(225.018)	225.018
Euro net hedged amount	-	-
Euro net gain/(loss)	(225.018)	225.018
Change in other foreign currency against TL by 10%		
Other foreign currency denominated net asset/(liabilities)	(158.227)	158.227
Other foreign currency denominated- hedged amount	-	-
Other foreign currency denominated net gain/(loss)	(158.227)	158.227

December 31, 2010

	Profit/Loss	
	Appreciation in foreign currency / Depreciation in foreign currency	
Change in USD against TL by 10%		
USD net asset/(liabilities)	(1.907.041)	1.907.041
USD net hedged amount	-	-
US Dollar net gain/(loss)	(1.907.041)	1.907.041
Change in Euro against TL by 10%		
Euro net asset/(liabilities)	12.267.420	(12.267.420)
Euro net hedged amount	-	-
Euro net gain/(loss)	12.267.420	(12.267.420)
Change in other foreign currency against TL by 10%		
Other foreign currency denominated net asset/(liabilities)	(201.974)	201.974
Other foreign currency denominated hedged amount	-	-
Other foreign currency denominated net gain/(loss)	(201.974)	201.974

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Notes to financial statement

for the period ended June 30, 2011

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

27. Financial instruments and financial risk management (continued)

The comparative amounts for total export and import amounts as at June 30, 2011 and 2010 and for the years then ended are as follows;

	June 30, 2011	June 30, 2010
Total export amount	2.815.038.537	1.965.036.686
Total import amount	2.687.613.465	1.639.289.571

The Company's net assets are exposed to foreign exchange risk which arises from export sales. The Company manages its foreign currency position to minimize its foreign exchange risk; currency exposure arising from foreign currency denominated borrowings and trade payables is managed through assets denominated in foreign currency.

Interest rate risk

The Company's interest rate sensitive financial instruments are as follows:

	June 30, 2011	December 31, 2010
Fixed interest rate financial instruments		
Financial assets		
- Designated as fair value through profit or loss (*)	800.482.000	488.198.000
Financial liabilities	164.444.000	143.437.000
Floating interest rate financial instruments		
Financial liabilities	523.958.233	374.875.644

(*) Financial assets designated as fair value through profit or loss consists of fixed interest rate bank deposits with maturity less than three months and denominated in TL and foreign currency.

If the interest rates of variable interest-bearing USD and Euro denominated borrowings were 100 basis points higher/lower with all other variables held constant, profit before tax for the year would have been lower/higher by TL 829.864 at June 31, 2011 (June 30, 2010 – TL 612.697), due to higher/lower interest expense.

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27. Financial instruments and financial risk management (continued)

Liquidity risk

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

June 30, 2011	Book value	Total contractual cash outflow	Up to 3 months	Between 3-12 months	Between 1-5 years
Non-derivative financial instruments					
Financial liabilities					
Trade payables	709.488.562	748.233.637	23.226.254	302.420.943	422.586.440
- <i>Related party</i>	296.995.033	297.365.534	297.365.534	-	-
- <i>Other</i>	703.935.356	707.591.615	707.591.615	-	-
Other liabilities					
- <i>Related party</i>	3.554.830	3.554.830	3.554.830	-	-
- <i>Other</i>	291.472.349	291.472.349	291.472.349	-	-
December 31, 2010	Book value	Total contractual cash outflow	Up to 3 months	Between 3-12 months	Between 1-5 years

Non-derivative financial instruments

Financial liabilities					
Trade payables	528.438.070	555.663.359	59.047.511	183.863.867	312.751.981
- <i>Related party</i>	176.308.452	176.467.842	176.467.842	-	-
- <i>Other</i>	508.068.468	510.151.746	510.151.746	-	-
Financial liabilities					
Trade payables	5.695.782	5.695.782	5.695.782	-	-
- <i>Related party</i>	117.075.396	117.075.396	117.075.396	-	-
	(65)				

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**Notes to financial statement
for the period ended June 30, 2011
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28. Subsequent events

There is no significant subsequent event to be disclosure

29. Disclosure of other matters

There are no other matters other than stated above, which would materially affect or that would have material effect on the financial statements, required for the purpose of understanding and interpreting the financial statements or on their interpretation and understandability.