

Ford Otomotiv Sanayi A.Ş.

Convenience translation into English of financial statements and independent review report for the interim period between 1 January – 30 June 2013 (originally issued in Turkish)

(Convenience translation of financial statements originally issued in Turkish)

Ford Otomotiv Sanayi A.Ş.

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(Convenience translation into English of a report originally issued in Turkish – see additional paragraph below for convenience translation)

**Independent auditors' review report for the
interim period January 1 - June 30, 2013**

To the board of directors of
Ford Otomotiv Sanayi Anonim Şirketi:

Introduction

We have reviewed the accompanying interim statement of financial position of Ford Otomotiv Sanayi A.Ş. ("the Company") as of June 30, 2013 and the related interim statement of income or loss and other comprehensive income, interim statement of changes in equity and interim statement of cash flow for the sixth months 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 Turkish Accounting Standards published by Public Oversight Accounting and Auditing Standards Authority (POA). Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

We conducted our review 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 do not give a true and fair view of the financial position of Ford Otomotiv Sanayi A.Ş. as at June 30, 2013 and its financial performance and its cash flows for the six months period then ended in accordance with Turkish Accounting Standards.

(Convenience translation into English of a report originally issued in Turkish – see additional paragraph below for convenience translation)

Additional paragraph for convenience translation into English:

As at 30 June 2013, the accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) to the accompanying interim financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting, certain reclassifications and also for certain disclosures requirement of the POA/CMB. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

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

A handwritten signature in black ink, appearing to read 'Ferzan Ülgen'.

Ferzan Ülgen, SMMM
Engagement Partner

August 2, 2013
Istanbul, Turkey

(Convenience translation of financial statements originally issued in Turkish)

Ford Otomotiv Sanayi A.Ş.

Statement of financial position as of June 30, 2013

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

		Current period (Reviewed) June 30, 2013	(Restated) Prior period (Audited) December 31, 2012
	Notes		
Assets			
Current assets		2,548,985,877	2,438,262,072
Cash and cash equivalents	4	277,474,859	301,518,353
Trade receivables			
- Due from related parties	26	913,341,512	752,478,555
- Trade receivables, other parties	7	351,380,342	478,607,642
Other receivables			
- Other receivables, other parties	8	5,309,537	4,552,464
Inventories	9	803,447,191	678,220,879
Prepaid expenses	12	60,919,153	53,341,648
Other current assets	16	137,113,283	169,542,531
Non-current assets		2,896,024,102	2,208,855,227
Trade receivables			
- Trade receivables, other parties	7	423,488	537,623
Financial assets	5	9,455,294	5,961,405
Property, plant and equipment	10	1,818,993,343	1,556,458,799
Intangible assets	11	320,409,508	238,360,675
Prepaid expenses	12	519,191,628	324,368,840
Deferred tax asset	24	227,550,841	83,167,885
Total assets		5,445,009,979	4,647,117,299

The financial statements were approved for issue by the Board of Directors on August 2, 2013 and signed on behalf of the Board of Directors by Oğuz Toprakoğlu, Assistant General Manager – Chief Financial Officer ("CFO") and Devrim Kılıçoğlu, Finance and Accounting 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.

Statement of financial position as of June 30, 2013

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

	Notes	Current period (Reviewed) June 30, 2013	(Restated) Prior period (Audited) December 31, 2012
Liabilities			
Current liabilities		2,295,713,169	1,633,055,371
Short term financial liabilities			
- Bank loans	6	307,455,809	96,326,666
Short term portion of long term financial liabilities			
- Bank loans	6	286,440,312	267,189,582
Trade payables			
- Due to related parties	26	540,840,521	292,778,669
- Due to third parties	7	903,321,847	827,494,766
Other payables			
- Due to related parties	26	2,632,145	1,449,061
- Due to third parties	8	28,099,177	21,750,636
Provisions	13	149,420,672	72,343,835
Employee benefit obligations	15	77,212,376	45,980,525
Provision for taxation on income	24	290,310	7,741,631
Non-current liabilities		1,056,541,697	1,018,397,093
Long term financial liabilities			
- Bank loans	6	923,704,654	896,037,316
Provisions			
- Provision for employee benefits	15	100,893,273	85,541,327
- Other provisions	13	30,818,728	35,134,545
Derivative financial instruments	28	1,125,042	1,683,905
Shareholders' equity	17	2,092,755,113	1,995,664,835
Equity attributable to the equity holders of the Company	17	2,092,755,113	1,995,664,835
Share capital		350,910,000	350,910,000
Inflation adjustment to share capital		27,920,283	27,920,283
Share premium		8,252	8,252
Revaluation fund of available for sale financial assets		8,054,313	4,712,623
Cash flow hedge reserve		(39,406,636)	(1,298,245)
Actuarial fund arising from employee benefits		(16,268,688)	(12,584,337)
Restricted reserves		460,680,315	432,432,060
Retained earnings		865,287,894	505,957,103
Net income for the period		435,569,380	687,607,096
Total equity and liabilities		5,445,009,979	4,647,117,299

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, 2013
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	(Reviewed) January 1 - June 30, 2013	(Not reviewed) April 1 - June 30, 2013	(Restated) (Reviewed) January 1 - June 30, 2012	(Restated) (Not reviewed) April 1 - June 30, 2012
Continuing operations					
Revenue	18	5,482,434,619	2,911,907,513	4,965,150,581	2,555,865,543
Cost of sales	18	(4,936,298,861)	(2,621,059,155)	(4,416,693,781)	(2,270,743,588)
Gross profit		546,135,758	290,848,358	548,456,800	285,121,955
Sales and marketing expenses	19	(119,613,136)	(61,631,380)	(112,106,839)	(61,021,934)
General administrative expenses	19	(67,488,375)	(33,984,428)	(72,467,979)	(36,463,581)
Research and development expenses	19	(63,823,373)	(33,001,363)	(49,449,285)	(21,062,392)
Other operating income	21	76,501,513	60,709,514	54,088,252	28,797,713
Other operating expenses	21	(30,803,744)	(11,155,017)	(71,044,036)	(27,947,105)
Operating profit		340,908,643	211,785,684	297,476,913	167,424,656
Financial income	22	47,806,055	16,736,671	108,064,334	27,617,472
Financial expenses	23	(81,023,769)	(55,799,266)	(69,510,234)	(18,411,931)
Income before tax from continuing operations		307,690,929	172,723,089	336,031,013	176,630,197
Tax income/(expense) from continuing operations		127,878,451	86,776,175	(2,595,344)	(8,102,658)
- Taxes on income	24	(6,208,518)	(1,779,502)	(59,585,100)	(29,182,876)
- Deferred tax income	24	134,086,969	88,555,677	56,989,756	21,080,218
Net income for the period		435,569,380	259,499,264	333,435,669	168,527,539
Earnings per share with a nominal value Kr 1	25	1.24	0.74	0.95	0.48

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, 2013
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	(Reviewed) January 1 - June 30, 2013	(Not reviewed) April 1 - June 30, 2013	(Restated) (Reviewed) January 1 - June 30, 2012	(Restated) (Not reviewed) April 1 - June 30, 2012
Net income for the period		435,569,380	259,499,264	333,435,669	168,527,539
Other comprehensive income / (expense)					
Not to be reclassified to profit or loss					
Actuarial (loss) arising from employee benefits	17	(4,605,439)	(3,869,451)	(2,850,542)	(4,618,848)
Actuarial (loss) arising from employee benefits, tax effect	17	921,088	773,890	570,108	923,770
To be reclassified to profit or loss					
Change in revaluation fund of available for sale financial assets	17	4,177,113	1,669,614	901,591	166,961
Change in revaluation fund of available for sale financial assets, tax effect	17	(835,423)	(333,923)	(180,318)	(33,392)
Accumulated (loss) from cash flow hedge	17	(47,635,489)	(47,999,004)	(764,410)	(428,320)
Accumulated (loss) from cash flow hedge, tax effect	17	9,527,098	9,599,801	152,882	85,664
Other comprehensive loss (after tax)		(38,451,052)	(40,159,073)	(2,170,689)	(3,904,165)
Total comprehensive income		397,118,328	219,340,191	331,264,980	164,623,374

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, 2013
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Share capital	Inflation adjustment to share capital	Share premium	Revaluation fund of sale financial assets	Accumulated other comprehensive income/(loss) to be reclassified to profit or loss	Accumulated other comprehensive income/(loss) not to be reclassified to profit or loss	Restricted reserves	Retained earnings	Net income for the period	Total equity
Balance at January 1, 2012	350,910,000	27,920,283	8,252	2,335,091	(345,806)	-	390,964,519	464,337,418	662,088,726	1,898,218,483
Net income for the period	-	-	-	-	-	-	-	-	333,435,669	333,435,669
Other comprehensive income/(loss)	-	-	-	721,273	(611,528)	(2,280,434)	-	-	-	(2,170,689)
Total comprehensive income	-	-	-	721,273	(611,528)	(2,280,434)	-	-	333,435,669	331,264,980
Transfers	-	-	-	-	-	-	33,336,450	628,752,276	(662,088,726)	-
Dividend paid (Note 17)	-	-	-	-	-	-	-	(350,910,000)	-	(350,910,000)
Balance at June 30, 2012	350,910,000	27,920,283	8,252	3,056,364	(957,334)	(2,280,434)	424,300,969	742,179,694	333,435,669	1,878,573,463
Balance at January 1, 2013 (as reported before)	350,910,000	27,920,283	8,252	4,712,623	(1,298,245)	-	432,432,060	505,957,103	675,022,759	1,995,664,835
Adjustments in accordance with change in accounting policies (Note 2.4)	-	-	-	-	-	(12,584,337)	-	-	12,584,337	-
Balance at January 1, 2013 (restated)	350,910,000	27,920,283	8,252	4,712,623	(1,298,245)	(12,584,337)	432,432,060	505,957,103	687,607,096	1,995,664,835
Net income for the period	-	-	-	-	-	-	-	-	435,569,380	435,569,380
Other comprehensive income/(loss)	-	-	-	3,341,690	(38,108,391)	(3,684,351)	-	-	-	(38,451,052)
Total comprehensive income	-	-	-	3,341,690	(38,108,391)	(3,684,351)	-	-	435,569,380	397,118,328
Transfers	-	-	-	-	-	-	28,248,255	659,358,841	(687,607,096)	-
Dividend paid (Note 17)	-	-	-	-	-	-	-	(300,028,050)	-	(300,028,050)
Balance at June 30, 2013	350,910,000	27,920,283	8,252	8,054,313	(39,406,636)	(16,268,688)	460,680,315	865,287,894	435,569,380	2,092,755,113

(Convenience translation of financial statements originally issued in Turkish)

Ford Otomotiv Sanayi A.Ş.

Statement of cash flows for the period ended

June 30, 2013

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

	Notes	Current period (Reviewed) January 1 - June 30, 2013	Prior period (Restated) (Reviewed) January 1 - June 30, 2012
Cash flows from operating activities:			
Net income before tax		307,690,929	336,031,013
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	10	83,396,696	67,659,420
Amortization	11	6,009,614	11,785,563
Provision for employee benefits	15	9,742,871	7,186,477
Warranty expense provision	13	27,775,384	33,046,115
Interest income	22	(4,696,304)	(16,460,946)
Interest expense	23	11,186,671	5,211,464
Foreign exchange loss /(gain)		33,198,872	(55,657,927)
Provision for impairment on inventories		1,131,245	(480,225)
Provision for unused vacation pay liability		4,690,105	5,091,355
Other provisions		5,946,052	10,487,040
Provision for variable marketing		83,461,176	113,418,505
Gain on sale of fixed assets	21	(328,994)	(558,316)
Dividend income	21	(374,931)	(281,198)
Unrealized (gain)/loss of derivatives		(12,619)	38,156
Net operating profit before changes in operating assets and liabilities		568,816,767	516,516,496
(Increase) / decrease in accounts receivable		(33,521,522)	237,155,442
(Increase) / decrease in inventories		(126,357,557)	12,698,658
Decrease / (increase) in other current assets		31,672,175	(2,782,305)
(Increase) in prepaid expenses		(7,577,505)	(23,030,176)
Increase / (decrease) in trade payables		323,888,934	(221,987,606)
Increase / (decrease) in other current liabilities		38,763,446	(34,423,645)
Income tax paid		(13,659,840)	(84,465,911)
Warranty expenses paid	13	(39,310,617)	(31,047,563)
Employee benefits paid	15	(3,686,469)	(3,104,903)
Net cash generated from operating activities		739,027,812	365,528,487
Cash flows used in investing activities:			
Purchase of property, plant and equipment	10	(347,612,872)	(183,180,675)
Purchase of intangible assets	11	(88,058,447)	(65,863,609)
Proceeds from sale of property, plant and equipment		2,010,626	2,059,970
Increase in prepaid expenses		(194,822,788)	(90,308,163)
Interest received		4,559,877	16,102,425
Dividends received	21	374,931	281,198
Net cash used in investing activities		(623,548,673)	(320,908,854)
Cash flows from financing activities:			
Interest paid		(15,804,680)	(15,818,134)
Dividends paid	17	(300,028,050)	(350,910,000)
Proceeds from borrowings		400,437,069	38,145,977
Payments of borrowings		(224,126,972)	(144,121,428)
Net cash used in financing activities		(139,522,633)	(472,703,585)
Net decrease in cash and cash equivalents		(24,043,494)	(428,083,952)
Beginning balance of cash and cash equivalents	4	301,518,353	808,849,078
Ending balance of cash and cash equivalents	4	277,474,859	380,765,126

(Convenience translation of financial statements originally issued in Turkish)

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2013

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

1. Organization and nature of the operations

Ford Otomotiv Sanayi A.Ş. (the "Company") is incorporated and domiciled in Turkey and manufactures, assembles and sells motor vehicles, primarily commercial vehicles, imports and sells passenger cars and manufactures and imports and sells spare parts of those vehicles. The Company was established in 1959 and presently operates as a joint venture between Ford Motor Company and the Koç Group of Companies. The Company is listed on the Borsa İstanbul ("BIST") (formerly known as İstanbul 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, İstanbul 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", Transit vehicles (minibuses, pick-ups and vans) and Transit Custom which was started production in 2012 are manufactured in Kocaeli. Ford Cargo trucks and their engines are manufactured in Eskişehir.

In first half of 2013, the Company had a total of 9,391 employees on average, composed of 2,424 white-collar and 6,967 blue-collar workers. The Company had a total of 9,383 employees composed of 2,435 white-collar and 6,948 blue-collar workers as of June 30, 2013. (December 31, 2012: The Company had a total of 9,693 employees on average, composed of 2,379 white-collar and 7,314 blue-collar workers. The Company had a total of 9,527 employees composed of 2,458 white-collar and 7,069 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

Financial reporting standards

The interim financial statements have been prepared in accordance with Turkish Accounting Standards ("TAS") promulgated by the Public Oversight Accounting and Auditing Standards Authority ("POA") that are set out in the communiqué numbered II-14,1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board ("CMB") on 13 June 2013 which is published on Official Gazette numbered 28676. TAS, Turkish Accounting Standards, comprise of Turkish Financial Reporting Standards, its appendix and interpretations.

With the decision taken on March 17, 2005, the CMB announced that, effective from January 1, 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with the financial reporting standards issued by the CMB ("CMB Financial Reporting Standards"). The Company's financial statements have been prepared in accordance with this decision.

Except for the financial assets and derivative instruments measured at fair value, the financial statements are prepared on a historical cost basis.

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

Going concern

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

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2013 (continued)

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

2. Basis of presentation of financial statements (continued)

Comparatives 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 statement of financial position of the Company at June 30, 2013 has been provided with the comparative financial information of December 31, 2012 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, 2013 and June 30, 2013 have been provided with the comparative financial information, for the period between January 1, 2012 and June 30, 2012.

2.2 Amendments and interpretations in the standards

a) New and amended standards and interpretations:

The accounting policies adopted in preparation of the interim financial statements as at June 30, 2013 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRYK interpretations effective as of January 1, 2013. The effects of these standards and interpretations on the Company'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, 2013 are as follows:

- **TFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendment)**

The amendment requires the disclosure of the rights of the entity relating to the offsetting of the financial instruments and some information about the related regulations (eg, collateral agreements). New disclosures would provide users of financial statements with information that is useful in;

- i) Evaluating the effect or potential effect of netting arrangements on an entity's financial position and,
- ii) Analyzing and comparing financial statements prepared in accordance with TFRSs and other generally accepted accounting standards.

New disclosures have to be provided for all the financial instruments in the statement of financial position that have been offset according to TAS 32. Such disclosures are applicable to financial instruments in the statement of financial position that have not been offset according to TAS 32 but are available for offsetting according to main applicable offsetting regulations or other financial instruments that are subject to a similar agreement. The amendment affects disclosures only and did not have any impact on the interim financial statements of the Company.

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

The amendments to TAS 1 change only the grouping of items presented in other comprehensive income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time would be presented separately from items which will never be reclassified. The amendments will be applied retrospectively. The amendment affects presentation only and did not have an impact on the financial position or performance of the Company.

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2013 (continued)

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

2. Basis of presentation of financial statements (continued)

• TAS 19 Employee Benefits (Amended)

Numerous changes or clarifications are made under the amended standard. Among these numerous amendments, the most important changes are removing the corridor mechanism, for determined benefit plans recognizing actuarial gain/(loss) under other comprehensive income and making the distinction between short-term and other long-term employee benefits based on expected timing of settlement rather than employee entitlement. The Company used to recognize the actuarial gain and loss in profit and loss statement before this amendment. The retrospective effects of the amendment to recognise actuarial gain and loss in the comprehensive income statement are disclosed in Note 2.4. Additionally, based on the amendment in the presentation of short term employee benefits, provision for unused vacation pay liability formerly presented in the other short term liabilities has been retrospectively reclassified to long term provisions.

• TAS 27 Separate Financial Statements (Amended)

As a consequential amendment to TFRS 10 and TFRS 12, the POA also amended TAS 27, which is now limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. This amendment did not have any impact on the financial position or performance of the Company.

• TAS 28 Investments in Associates and Joint Ventures (Amended)

As a consequential amendment to TFRS 11 and TFRS 12, the POA also amended TAS 28, which has been renamed TAS 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 TFRS 11. This amendment did not have any impact on the financial position or performance of the Company.

• TFRS 10 Consolidated Financial Statements (Amended)

TFRS 10, TAS 27 Consolidated and Separate Financial Statements address 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 judgement. This amendment will not have any impact on the financial position or performance of the Company.

• TFRS 11 Joint Arrangements

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 did not have any impact on the financial position or performance of the Company.

• TFRS 12 Disclosure of Interests in Other Entities

TFRS 12 includes all of the requirements that are related to disclosures of an entity's interests in subsidiaries, joint arrangements, associates and structured entities. Apart from the disclosures regarding the significant issues and transactions in the interim period, disclosures according to the new standards are not applicable to interim period. This standard did not have any impact on the financial position or performance of the Company.

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2013 (continued)

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

2. Basis of presentation of financial statements (continued)

• TAS 13 Fair Value Measurement

The new Standard provides guidance on how to measure fair value under TFRS but does not change when an entity is required to use fair value. It is a single source of guidance under TFRS for all fair value measurements. The new standard also brings new disclosure requirements for fair value measurements. The new disclosures are only required for periods beginning after TFRS 13 is adopted. Some of the disclosures about the financial instruments mentioned above, have to be provided in the interim condensed financial statements according to TAS 34.16 A (j). This amendment did not have any impact on the interim financial statements of the Company.

• TFRIC 20 Stripping Costs in the Production Phase of Surface Mine Entities

Entities will be required to apply its requirements for production phase stripping costs incurred from the start of the earliest comparative period presented. The Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. The interpretation is not applicable for the Company and did not have any impact on the financial position or performance of the Company.

• Transition Guidance (Amendments to TFRS 10, TFRS 11 and TFRS 12)

The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application is defined as 'the beginning of the annual reporting period in which TFRS 10 is applied for the first time'. The assessment of whether control exists is made at 'the date of initial application' rather than at the beginning of the comparative period. If the control assessment is different between TFRS 10 and TAS 27/SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons POA has also amended TFRS 11 Joint Arrangements and TFRS 12 Disclosure of Interests in Other Entities to provide transition relief. These amendments did not have any impact on the interim financial statements of the Company.

b) Improvements to TFRS

Annual Improvements to IFRSs – 2009 – 2011 Cycle, which contains amendments to its standards, is effective for annual periods beginning on or after 1 January 2013. This project did not have an impact on the financial position or performance of the Company.

TAS 1 Financial Statement Presentation:

Clarifies the difference between voluntary additional comparative information and the minimum required comparative information.

TAS 16 Property, Plant and Equipment:

Clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

TAS 32 Financial Instruments Presentation:

Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with TAS 12 Income Taxes. The amendment removes existing income tax requirements from TAS 32 and requires entities to apply the requirements in TAS 12 to any income tax arising from distributions to equity holders.

(Convenience translation of financial statements originally issued in Turkish)

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2013 (continued)

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

2. Basis of presentation of financial statements (continued)

TAS 34 Interim Financial Reporting:

Clarifies the requirements in TAS 34 relating to segment information for total assets and liabilities for each reportable segment. Total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual financial statements for that reportable segment.

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

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the interim financial statements are as follows. The Company will make the necessary changes if not indicated otherwise, which will be affecting the interim financial statements and disclosures, after the new standards and interpretations become in effect.

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

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

TFRS 9 Financial Instruments – Classification and measurement

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

d) The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by POA

The following standards, interpretations and amendments to existing TFRS standards are issued by the TASB but not yet effective up to the date of issuance of the interim financial statements. However, these standards, interpretations and amendments to existing TFRS standards are not yet adapted/issued by the POA, thus they do not constitute part of TFRS. The Company will make the necessary changes to its financial statements after the new standards and interpretations are issued and become effective under TFRS.

IFRS 10 Consolidated Financial Statements (Amendment)

IFRS 10 is amended to provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with IFRS 9 Financial Instruments. The Company does not expect that this amendment will have any impact on the financial position or performance of the Company.

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Notes to financial statement for the period ended

June 30, 2013 (continued)

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2. Basis of presentation of financial statements (continued)

IFRIC Interpretation 21 Levies

The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognized before the specified minimum threshold is reached. The interpretation is effective for annual periods beginning on or after 1 January 2014, with early application permitted. Retrospective application of this interpretation is required. The Company does not have any impact on the financial position or performance of the Company.

IAS 36 Impairment of Assets - Recoverable Amount Disclosures for Non-Financial assets (Amendment)

The IASB, as a consequential amendment to IFRS 13 Fair Value Measurement, modified some of the disclosure requirements in IAS 36 Impairment of Assets regarding measurement of the recoverable amount of impaired assets. The amendments require additional disclosures about the measurement of impaired assets (or a group of assets) with a recoverable amount based on fair value less costs of disposal. The amendments are to be applied retrospectively for annual periods beginning on or after 1 January 2014. Earlier application is permitted for periods when the entity has already applied IFRS 13. The Company does not expect that this amendment will have significant impact on the financial position or performance of the Company.

IAS 39 Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting (Amendment)

In June 2013, the IASB issued amendments to IAS 39 Financial Instruments: Recognition and Measurement that provides a narrow exception to the requirement for the discontinuation of hedge accounting in circumstances when a hedging instrument is required to be novated to a central counterparty as a result of laws or regulations. The amendments are to be applied retrospectively for annual periods beginning on or after 1 January 2014. The Company does not expect that this amendment will have any impact on the financial position or performance of the Company.

e) Resolutions promulgated by the Public Oversight Authority

In addition to those mentioned above, the POA has promulgated the following resolutions regarding the implementation of Turkish Accounting Standards. "Illustrative financial statement and user guide" became immediately effective at its date of issuance; however, the other resolutions shall become effective for the annual reporting periods beginning after December 31, 2012.

- **2013-1 Financial Statement Examples and User Guide**

The Public Oversight Authority promulgated "financial statement examples and user guide" on May 20, 2012 in order to ensure the uniformity of financial statements and facilitate their audit. The financial statement examples within this framework were published to serve as an example to financial statements to be prepared by companies obliged to apply Turkish Accounting Standards, excluding financial institutions established to engage in banking, insurance, individual retirement or capital market. The Company has made the classification adjustments stated in Note 2.4 in order to comply with the requirements of this regulation.

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Notes to financial statement for the period ended

June 30, 2013 (continued)

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

2. Basis of presentation of financial statements (continued)

• 2013-2 Recognition of Mergers of Entities under Joint Control

In accordance with the resolution it has been decided that i) combination of entities under common control should be recognized using the pooling of interest method, ii) and thus, goodwill should not be included in the financial statements and iii) while using the pooling of interest method, the financial statements should be prepared as if the combination has taken place as of the beginning of the reporting period in which the common control occurs and should be presented comparatively from the beginning of the reporting period in which the common control occurred. These resolutions did not have an impact on the financial statements of the Company.

• 2013-3 Recognition of Dividend Right Certificates

Clarification has been provided on the conditions and circumstances where the redeemed share certificates shall be recognized as a financial liability or equity based financial instruments. These resolutions did not have an impact on the financial statements of the Company.

• 2013-4 Recognition of Cross shareholding Investment

If a subsidiary of a parent entity holds shares of the parent, then this is defined as cross shareholding investment and accounting of this cross investment is assessed based on the type and different recognition principles adopted. With the subject resolution, this topic has been assessed under three main headings as explained below and the recognition principles have been determined for each of them.

- i) the subsidiary holding the equity based financial instruments of the parent,
- ii) the associates or joint ventures holding the equity based financial instruments of the parent,
- iii) the parent's equity based financial instruments are held by an entity, which is accounted as an investment within the scope of TAS 38 and TFRS 9 by the parent.

These resolutions did not have an impact on the financial statements of the Company.

2.3 Summary of significant accounting policies

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

Cash and cash equivalents

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

Trade receivables and allowance for trade receivables

Trade receivables as a result of providing goods or services by the Company directly to a debtor are carried at amortized cost. Short-term receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant. Foreign exchange gain / loss and credit finance income of trade receivables are classified under "other operating income/expense".

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Notes to financial statement for the period ended

June 30, 2013 (continued)

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

2. Basis of presentation of financial statements (continued)

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 receivables, 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 statement of the financial position 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 and spare parts 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).

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). Foreign exchange gain / loss and credit finance charges of trade payables are classified under "other operating income/expense".

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	14.5 - 30 years
Buildings	14.5 - 36 years
Machinery and equipment	5-25 years
Moulds and models	Project lifetime
Furniture and fixtures	4 - 14.5 years
Motor vehicles	9-15 years

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Notes to financial statement for the period ended

June 30, 2013 (continued)

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

2. Basis of presentation of financial statements (continued)

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

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

Intangible assets

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

Intangible assets are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over a period depending on the project's lifetime. Development costs, comprising of engineering design incurred for the production of new commercial vehicles, are capitalized as discussed in Note 2.3 Research and development expenses (Note 11).

The estimated useful lifetimes of such assets are as follows:

Rights	3-5 years
Capitalized improvement expenses	Project lifetime
Other intangible assets	5 years

Impairment of long-lived assets

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

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

Financial investments

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

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

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Notes to financial statement for the period ended

June 30, 2013 (continued)

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

2. Basis of presentation of financial statements (continued)

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 period income tax

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 statement of financial position date.

Deferred tax

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).

Current and deferred tax

Current and deferred taxes except those which are either related to the items directly recognized in the equity as receivable or payable (which, in such cases, the deferred tax regarding the related items are also recognized directly in the equity) or those which result from the initial recognition of an enterprise merger are recognized as income or loss in the income statement.

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Notes to financial statement for the period ended

June 30, 2013 (continued)

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2. Basis of presentation of financial statements (continued)

Revenue recognition

Goods & services sales

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 services are given and revenue is determined reasonably. 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 an accrual basis (Note 18).

Dividend and interest income

Dividend income from the stock investments are recorded when the stockholders become entitled to receive a dividend.

Interest income is realized on a time period basis and the accrued income is determined by taking into account the valid interest rate and the interest rate that is to be effective until its maturity date.

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 statement of the financial position 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).

Foreign currency exchange rates used by the Company at the time of statement of financial position dates are as follows:

	TL/USD	TL/Euro	TL/GBP
June 30, 2013	1.9248	2.5137	2.9292
December 31, 2012	1.7826	2.3517	2.8708

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Notes to financial statement for the period ended

June 30, 2013 (continued)

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

2. Basis of presentation of financial statements (continued)

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 and its subsidiaries, except vehicle sales, are collected in 30 days in average (for export vehicle sales 14 days). The collection of receivables resulting from export sales to customers other than Ford Motor Company is secured with letter of credit, letter of guarantee or cash payment.

Price risk

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

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The risk of funding current and future debt requirements is managed by having an adequate number of quality loan providers constantly available. The Company management keeps cash, credit commitment and factoring capacity to maintain 21 days cash outflows to manage the liquidity risk. The Company maintains a credit commitment amounting to Euro 80 million and factoring agreement amounting to Euro 70 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.

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Notes to financial statement for the period ended

June 30, 2013 (continued)

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

2. Basis of presentation of financial statements (continued)

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 statement of financial position foreign exchange exposure. In addition to this, distribution of the amount of the export orientated production and sales in the related months can increase the foreign assets (Note 27).

Capital risk management

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

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

The Company monitors capital on the basis of the "net financial debt to tangible capital ratio". This ratio is calculated as net financial debt divided by tangible capital. Net financial debt is calculated as total short and long term borrowings minus cash and cash equivalents, whereas tangible equity is calculated as equity, as shown in the statement of financial position minus intangible assets. According to the decision of Company management, this ratio is expected not to exceed 1.25.

	June 30, 2013	December,31 2012
Net financial debt	1,240,125,916	958,035,211
Tangible equity	1,772,345,605	1,757,304,160
Net financial debt / tangible equity ratio	0.70	0.55

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:

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Notes to financial statement for the period ended

June 30, 2013 (continued)

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

2. Basis of presentation of financial statements (continued)

Financial 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.

Financial liabilities

Bank borrowings are recorded over their fair value of which the transaction costs are discounted. In the following periods, they are evaluated and recognized with their discounted costs by using the effective rate of interest method. The fair values of other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

Derivative financial instruments and cash flow hedge accounting

Hedges of exposures to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit and loss are designated as cash flow hedges by the Company.

Changes in the fair value of derivatives, designated as cash flow hedges and qualified as effective, are recognised in equity as "hedging reserves". Ineffective portion is classified under profit or loss statement. Where the forecasted transaction or firm commitment results in the recognition of a non financial asset or of a liability, the gains and losses previously recognised under equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts recognised under equity are transferred to the income statement in the period in which the hedged firm commitment or forecasted transaction affects the income statement.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or losses previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

There is an effective foreign currency cash flow hedge relationship between foreign currency long term financial borrowings related with investment expenditures (non derivative hedging instrument) and highly probable forecast transaction export sales receivables (hedged item). In the frame of the manufacturing agreement signed with Ford Motor Company, the Company will associate a portion of export revenue from April 1, 2013 to December 2019 with long term financial borrowings.

The Company has entered into swap transactions in order to manage its interest rate risk. Swap transactions are initially recognized at fair value on the date the derivative contract is entered into and subsequently remeasured at fair value. The fair value of interest swap contracts is determined by using valuation methods based on observable data in the market.

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Notes to financial statement for the period ended

June 30, 2013 (continued)

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

2. Basis of presentation of financial statements (continued)

Fair value of financial instruments

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

Borrowings and borrowing costs

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

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). According to the amendments on IAS 19 "Employee Benefits", the actuarial gain/(loss) of employee benefits are recognized under other comprehensive income.

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).

c) Other employee benefits

"Long term provisions for employee benefits" are composed of the unused vacation days accrued in the period incurred and if the impact is material, it is also discounted.

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.

Variable marketing provision

Provision for dealer stock variable marketing expenses is accounted based on the last approved variable marketing programme (Note 8).

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Notes to financial statement for the period ended

June 30, 2013 (continued)

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2. Basis of presentation of financial statements (continued)

Warranty expenses provision

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

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.

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 the project lifetime (Note 11).

Lease

Leasing – the Company 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 (reporting entity) if;

- (a) A person or a close member of that person's family is related to a reporting entity if that person:
 - (i) has control or joint control over the reporting entity;
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:
 - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.

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Notes to financial statement for the period ended

June 30, 2013 (continued)

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

2. Basis of presentation of financial statements (continued)

- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

The Company defines its key management personnel as board of directors' members, general managers, assistant general managers and directors reporting directly to the general manager (Note 26).

Earnings per share

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

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).

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2013 (continued)

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

2. Basis of presentation of financial statements (continued)

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 statement of financial position date and the date when the statement of financial position is authorized for issue. In the case that events requiring an adjustment to the financial statements occur subsequent to the statement of financial position date, the Company makes the necessary corrections on the financial statements (Note 30).

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.

Government grants and incentives

Government grants and incentives are recognized at fair value when there is assurance that these grants and incentives will be received and the Company has met all conditions required. Government grants and incentives regarding the capitalized projects, costs are recognized by netting from costs of property, plant and equipment and intangible assets. Incentives which are not subject to assets are shown as other income in the income statement.

2.4 Accounting policies, changes in accounting estimates and errors

Material changes in accounting policies and estimates 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 period and prospectively. As of June 30, 2013, there is no significant change in accounting estimates and error. The accounting policies adopted in preparation of the interim financial statements are consistent with those of the previous financial year of December 31, 2012, except for the adoption of new and amended IAS 19 "Employee Benefits".

- (i) Within the scope of the amendments to IAS 19 – Employee benefits, actuarial income/losses related to employee termination benefits are recognized under equity. This practice is effective for the periods starting as of January 1, 2013 and has been implemented retrospectively. In its statement of income, the Company has classified the actuarial loss amounting to TL 2,280,434 (net of deferred tax) under other comprehensive income, which was recognized under "costs of sales" and "deferred tax income/expense" account in the period ended June 30, 2012. The Company has classified the actuarial loss amounting to TL 12,584,337, with the deferred tax impact netted off, which was shown in net profit for the period in the statement of financial position dated December 31, 2012, under the actuarial fund arising from employee benefits in the statement of financial position of the same date.

(Convenience translation of financial statements originally issued in Turkish)

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2013 (continued)

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

2. Basis of presentation of financial statements (continued)

Pursuant to the decree taken in the CMB's meeting dated June 7, 2013 and numbered 20/670, for capital market board institutions within the scope of the Communiqué on Principles Regarding Financial Reporting in the Capital Market, financial statement templates and a user guide have been published, effective as of the interim periods ended after March 31, 2013. Various classifications were made in the Company's statement of financial position pursuant to these formats which have taken effect. The classifications made in the statement of financial position of the Company as of December 31, 2012 and the statement of comprehensive income for the period ended June 30, 2012 are as follows:

- (i) Advances given for inventories amounting to TL 48,595,153 in the account of "inventories" in the statement of financial position of the Company as of December 31, 2012 were classified under "prepaid expenses".
- (ii) Advances given for investments amounting to TL 324,368,840 in the account of "other non current assets" in the statement of financial position of the Company as of December 31, 2012 were classified under "prepaid expenses".
- (iii) Taxes and funds payable amounting to TL 23,536,379 and payables to personnel and expense accruals amounting to TL 21,715,472 and expense accruals amounting to TL 728,674 in the account of "other payables to third parties" in the statement of financial position of the Company as of December 31, 2012 were classified under "employee benefit obligations".
- (iv) Provision for unused vacation pay liability amounting to TL 12,664,421 in the account of "other payables" in the statement of financial position of the Company as of December 31, 2012 were classified under long term provisions "provision for employee benefits".
- (v) Expense accruals amounting to TL 7,527,694 and payables to engineering companies amounting to TL 12,800,732 in the account of "other payables to third parties" in the statement of financial position of the Company as of December 31, 2012 were classified under "trade payables to third parties". Credit finance income and foreign exchange gain due to credit sales amounting to TL 31,825,154 in the account of "financial income" in the statement of financial position of the Company as of June 30, 2012 were classified under "other operating income".
- (vi) Credit finance charge and foreign exchange loss due to credit purchase amounting to TL 70,027,907 in the account of "financial expenses" in the statement of financial position of the Company as of June 30, 2012 were classified under "other operating expenses".

Also in order to conform with the current period presentation, the following reclassifications have been made in the financial statements as of December 31, 2012 and June 30, 2012:

- (i) Development costs in progress amounting to TL 182,884,687 in the account of "property, plant and equipment" in the statement of financial position of the Company as of December 31, 2012 were classified under "intangible assets".
- (ii) Development costs in progress amounting to TL 128,088,389 in the account of "property, plant and equipment" in the statement of financial position of the Company as of June 30, 2012 were classified under "intangible assets".
- (iii) "Provisions for lawsuit risks" amounting to TL 6,966,762 in the account of "other payables" in the statement of financial position of the Company as of December 31, 2012 were classified under "long term other provisions".
- (iv) "Variable marketing provision" amounting to TL 31,329,263 in the account of "other payables" in the statement of financial position of the Company as of December 31, 2012 were classified under "short term provisions".

(Convenience translation of financial statements originally issued in Turkish)

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2013 (continued)

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

2.5 Convenience translation into English of financial statements originally issued in Turkish

As at 30 June 2013, the accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) to the accompanying interim financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting, certain reclassifications and also for certain disclosures requirement of the POA/CMB. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

2.6 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) In calculation of the employee benefit provision actuarial assumptions relating to turnover ratio, discount rate and salary increase are used. The details regarding the calculation are disclosed in provision for employee benefits (Note 15).
- b) In determination of the impairment of trade receivables, the factors such as debtor credibility, historical payment performance and debt restructuring is considered (Note 7).
- c) Discounted inventory price list is used to calculate inventory impairment. Where the sales price cannot be predicted, technical personnel's opinion and inventory waiting time is considered. If expected net realizable value is less than cost, the Company should allocate provisions for inventory impairment (Note 9).
- d) In determination of 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) In calculation of the warranty provision, the Company considers the historical warranty expenses incurred to estimate the possible warranty expense per vehicle. Provision calculations are realistically performed and based on vehicle quantity, warranty period and historical claims (Note 13).
- f) Deferred tax assets are recorded when the occurrence of taxable income is probable in the forthcoming years. Deferred tax asset is calculated over any temporary differences in cases when the occurrence of taxable income is probable. Deferred tax asset is recorded for the period ended June 30, 2013 since presumptions that the Company will have taxable income in the forthcoming periods are found to be sufficient (Note 24).
- g) The Company recognizes depreciation and amortization for its property, plant and equipments and intangibles by taking into account their useful lives that are stated in Note 2.3 (Note 10 and 11).

(Convenience translation of financial statements originally issued in Turkish)

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2013 (continued)

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

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.

4. Cash and cash equivalents

	June 30, 2013	December 31, 2012
Banks- TL time deposits	230,182,133	5,601,180
Banks- foreign currency time deposits	31,426,544	268,395,160
Banks - TL demand deposits	14,488,934	26,610,646
Banks - foreign currency demand deposits	1,377,248	911,367
	277,474,859	301,518,353

The maturity period of time deposits is up to three months and there is no blockage/restriction on cash and cash equivalents. The weighted average interest rate for Euro denominated time deposits is 2.05% (December 31, 2012: 2.41%). The weighted average interest rate for the TL time deposits is 6.59% (December 31, 2012: 7.69%).

5. Financial assets

	June 30, 2013		December 31, 2012	
	Shareholding %	Amount	Shareholding %	Amount
Available-for-sale financial assets:				
Otokar Otomotiv ve Savunma Sanayi A.Ş. (Otokar) (*)	0.59	9,455,294	0.59	5,961,405
		9,455,294		5,961,405

(*) The Company's shareholding in Otokar was stated at market value per the stock quotes at the BIST at June 30, 2013 and December 31, 2012 which is assumed to approximate its fair value.

(Convenience translation of financial statements originally issued in Turkish)

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2013 (continued)

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

6. Financial liabilities

		June 30, 2013		December 31, 2012
	Effective interest rate	TL	Effective	TL
	%	Amount	interest rate %	amount
Short term borrowings:				
- Euro	1.56	294,783,619	1.00	88,024,131
- TL (*)	-	12,672,190	-	8,302,535
		307,455,809		96,326,666

(*) Interest-free loans used for short term purposes

Short-term portion of long-term borrowings

	Effective interest rate %	June 30, 2013	Effective interest rate %	December 31, 2012
		TL amount		TL amount
- Euro	3.03	286,440,312	2.45	238,302,673
- USD	-	-	2.97	28,886,909
		286,440,312		267,189,582
Total short term borrowings		593,896,121		363,516,248

Long term borrowings:

- Euro	2.00	923,704,654	2.31	896,037,316
		923,704,654		896,037,316

The payment schedules of long-term bank borrowings as of June 30, 2013 and December 31, 2012 are as follows:

Payment period	June 30, 2013	December 31, 2012
	Total TL	Total TL
2014	186,274,206	211,392,012
2015	241,236,020	284,988,369
2016	117,159,932	98,460,416
2017	101,054,061	83,490,904
2018	95,815,568	78,686,683
2018-2021	182,164,867	139,018,932
	923,704,654	896,037,316

The letters of bank guarantee given to financial institutions in connection with borrowings amount to TL 782,114,903 (December 31, 2012 - TL 685,574,000) (Note 13).

(Convenience translation of financial statements originally issued in Turkish)

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2013 (continued)

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

7. Trade receivables and payables

	June 30, 2013	December 31, 2012
Short term trade receivables:		
Trade receivables	353,150,460	481,044,572
Doubtful receivables	4,533,456	4,533,456
Less: Unearned credit finance income	(1,770,118)	(2,436,930)
	355,913,798	483,141,098
Less: Provision for doubtful receivables	(4,533,456)	(4,533,456)
	351,380,342	478,607,642

The average turnover of trade receivables is 30 days (December 31, 2012: 30 days) and discounted by 0.63% monthly effective interest rate (December 31, 2012: 0.64%).

The collection of receivables from export sales other than Ford Motor Company is kept under guarantee with letter of credit, letter of guarantee or upfront cash collection.

	June 30, 2013	December 31, 2012
Long term trade receivables:		
Deposits and guarantees given	423,488	537,623
	423,488	537,623

	June 30, 2013	December 31, 2012
Trade payables:		
Trade payables	906,269,548	830,366,480
Less: Unearned credit finance expense	(2,947,701)	(2,871,714)
	903,321,847	827,494,766

The average turnover of trade payables is 60 days (December 31, 2012: 60 days) and discounted by 0.63% monthly effective interest rate (December 31, 2012: 0.64%).

(Convenience translation of financial statements originally issued in Turkish)

Ford Otomotiv Sanayi A.Ş.
Notes to financial statement for the period ended
June 30, 2013 (continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

7. Trade receivables and payables (continued)

The maximum exposure of the Company to credit risk as of June 30, 2013 and December 31, 2012 is as follows:

June 30, 2013	Trade receivables		Other receivables	
	Related party	Other	Related party	Other
The maximum of credit risk exposed at the reporting date (Notes 26, 7, 8, 4)	913,341,512	351,380,342	-	5,309,537
- <i>Credit risk covered by guarantees</i>	110,000,000	295,430,098	-	-
Net book value of the financial assets that are neither overdue nor impaired	868,822,204	333,478,768	-	5,309,537
The carrying amount of financial assets whose terms have been renegotiated otherwise classified as overdue or impaired	-	15,070,000	-	-
Net book value of financial assets that are overdue but not impaired	44,519,308	2,831,574	-	-
- <i>Amount of risk covered by guarantees</i>	-	1,656,382	-	-
Net book value of impaired assets	-	-	-	-
- <i>Overdue (gross book value)</i>	-	4,533,456	-	-
- <i>Provision for impairment (-)</i>	-	(4,533,456)	-	-
- <i>Amount of risk covered by guarantees</i>	-	-	-	-

(Convenience translation of financial statements originally issued in Turkish)

Ford Otomotiv Sanayi A.Ş.
Notes to financial statement for the period ended
June 30, 2013 (continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

7. Trade receivables and payables (continued)

December 31, 2012	Trade receivables		Other receivables	
	Related party	Other	Related party	Other
The maximum of credit risk exposed at the reporting date (Notes 26, 7, 8, 4)	752,478,555	478,607,642	-	4,552,464
- <i>Credit risk covered by guarantees</i>	110,000,000	432,038,087	-	-
Net book value of the financial assets that are neither overdue nor impaired	719,274,870	465,229,069	-	4,552,464
The carrying amount of financial assets whose terms have been renegotiated otherwise classified as overdue or impaired	-	9,348,000	-	-
Net book value of financial assets that are overdue but not impaired	33,203,685	4,030,573	-	-
- <i>Amount of risk covered by guarantees</i>	-	1,864,174	-	-
Net book value of impaired assets	-	-	-	-
- <i>Overdue (gross book value)</i>	-	4,533,456	-	-
- <i>Provision for impairment (-)</i>	-	(4,533,456)	-	-
- <i>Amount of risk covered by guarantees</i>	-	-	-	-

(Convenience translation of financial statements originally issued in Turkish)

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2013 (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, 2013	Trade receivables	
	Related party	Other
1-30 days overdue	19,376,263	586,198
1-3 months overdue	2,540,373	208,713
3-12 months overdue	16,492,422	1,752,211
1-5 years overdue	6,110,250	284,452
	44,519,308	2,831,574
Risk covered by guarantees	-	1,656,382

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

December 31, 2012	Trade receivables	
	Related party	Other
1-30 days overdue	17.523.033	1,934,800
1-3 months overdue	3.776.451	339,845
3-12 months overdue	7.406.479	312,248
1-5 years overdue	4.497.722	1,443,680
	33.203.685	4,030,573
Risk covered by guarantees	-	1,864,174

Movements in the provision for impairment on trade receivables are as follows:

	2013	2012
At January 1	4,533,456	3,333,456
Provisions during the period	-	-
At June 30	4,533,456	3,333,456

8. Other receivables and payables

	June 30, 2013	December 31, 2012
Other receivables:		
Other miscellaneous receivables	5,309,537	4,552,464
	5,309,537	4,552,464

(Convenience translation of financial statements originally issued in Turkish)

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2013 (continued)

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

8. Other receivables and payables (continued)

	June 30, 2013	December 31, 2012
Other payables		
Taxes and funds payable	12,745,873	16,842,769
Provision for donation	6,429,724	-
Advances taken	5,316,723	2,283,107
Marketing and advertising provision	3,149,701	-
Other	457,156	2,624,760
	28,099,177	21,750,636

9. Inventories

	June 30, 2013	December 31, 2012
Finished goods	292,664,093	219,100,521
Raw materials	212,802,566	253,958,571
Goods in transit	173,997,485	69,986,033
Vehicle spare parts	68,924,022	70,595,889
Operating spare parts	29,493,966	26,119,681
Import vehicles	29,067,303	40,831,183
	806,949,435	680,591,878
Less: Provision for impairment of finished goods and vehicle spare parts	(3,502,244)	(2,370,999)
	803,447,191	678,220,879

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

The Company has accounted for the impairment of inventories as part of cost of sales and the movement in the balance within the year is as follows:

	2013	2012
At January 1	2,370,999	3,625,019
Change within the period	1,131,245	(480,225)
At June 30	3,502,244	3,144,794

The Company has provided a provision for impairment on the inventories when their net realizable values are lower than their costs or when they are classified as slow moving inventories. The provision has been accounted under cost of sales (Note 18).

(Convenience translation of financial statements originally issued in Turkish)

Ford Otomotiv Sanayi A.Ş.
Notes to financial statement for the period ended
June 30, 2013 (continued)
(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, 2012									
Cost	11,874,536	125,949,303	566,132,999	1,370,698,096	896,944,280	235,366,647	7,978,528	143,733,711	3,358,678,100
Accumulated depreciation	-	(50,880,186)	(257,856,098)	(735,121,107)	(619,856,337)	(136,164,272)	(2,341,301)	-	(1,802,219,301)
Net book value	11,874,536	75,069,117	308,276,901	635,576,989	277,087,943	99,202,375	5,637,227	143,733,711	1,556,458,799
For the period ended June 30, 2013									
Opening net book value	11,874,536	75,069,117	308,276,901	635,576,989	277,087,943	99,202,375	5,637,227	143,733,711	1,556,458,799
Additions	-	1,563,974	1,029,137	72,698,767	160,759,795	7,965,567	1,467,165	102,128,467	347,612,872
Transfers	-	2,862,940	25,976,071	-	425,833	353,085	-	(29,617,929)	-
Disposals	-	-	-	(443,104)	-	(880,564)	(3,397,165)	-	(4,720,833)
Depreciation charge	-	(2,479,803)	(11,267,285)	(38,437,247)	(22,605,367)	(8,147,179)	(459,815)	-	(83,396,696)
Disposals from accumulated depreciation	-	-	-	343,705	-	878,469	1,817,027	-	3,039,201
Closing net book value	11,874,536	77,016,228	324,014,824	669,739,110	415,668,204	99,371,753	5,064,439	216,244,249	1,818,993,343
June 30, 2013									
Cost	11,874,536	130,376,217	593,138,207	1,442,953,759	1,058,129,908	242,804,735	6,048,528	216,244,249	3,701,570,139
Accumulated depreciation	-	(53,359,989)	(269,123,383)	(773,214,649)	(642,461,704)	(143,432,982)	(984,089)	-	(1,882,576,796)
Net book value	11,874,536	77,016,228	324,014,824	669,739,110	415,668,204	99,371,753	5,064,439	216,244,249	1,818,993,343

The Company compared the borrowing costs of investment loans in foreign currency to the TL market loan interest and foreign exchange differences and interest costs equal to an amount of TL 19,192,831 (June 30, 2012: TL 17,287,672) has been recognized under property, plant and equipment according to the according to TAS 23 cumulative approach.

There is no pledge or mortgage on tangible assets as of June 30, 2013 (June 30, 2012: No pledge or mortgage).

(Convenience translation of financial statements originally issued in Turkish)

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2013 (continued)

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

10. Property, plant and equipment (continued)

	Land	Land improvements	Buildings	Machinery & equipments	Models & moulds	Fixtures & furnitures	Vehicles	Construction in progress	Total
December 31, 2011									
Cost	11,874,536	100,439,184	373,182,635	1,452,681,721	629,094,207	86,071,505	8,844,880	60,319,014	2,722,507,682
Accumulated depreciation	-	(30,502,014)	(133,908,841)	(864,697,232)	(596,952,384)	(53,275,613)	(1,666,184)	-	(1,681,002,268)
Net book value	11,874,536	69,937,170	239,273,794	587,984,489	32,141,823	32,795,892	7,178,696	60,319,014	1,041,505,414
For the period ended June 30, 2012									
Opening net book value	11,874,536	69,937,170	239,273,794	587,984,489	32,141,823	32,795,892	7,178,696	60,319,014	1,041,505,414
Additions	-	787,831	1,529,661	50,877,089	72,382,970	12,736,911	1,114,854	43,751,359	183,180,675
Disposals	-	-	-	(27,434)	-	(4,221)	(1,980,592)	-	(2,012,247)
Depreciation charge	-	(2,220,924)	(10,908,185)	(30,815,413)	(18,780,912)	(4,456,423)	(477,563)	-	(67,659,420)
Disposals from accumulated depreciation	-	-	-	-	-	190	510,403	-	510,593
Closing net book value	11,874,536	68,504,077	229,895,270	608,018,731	85,743,881	41,072,349	6,345,798	104,070,373	1,155,525,015
June 30, 2012									
Cost	11,874,536	101,227,015	374,712,296	1,503,531,376	701,477,177	98,804,195	7,979,142	104,070,373	2,903,676,110
Accumulated depreciation	-	(32,722,938)	(144,817,026)	(895,512,645)	(615,733,296)	(57,731,846)	(1,633,344)	-	(1,748,151,095)
Net book value	11,874,536	68,504,077	229,895,270	608,018,731	85,743,881	41,072,349	6,345,798	104,070,373	1,155,525,015

(Convenience translation of financial statements originally issued in Turkish)

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2013 (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, 2013	December 31, 2012
Moulds and models	352,325,107	352,273,187
Machinery and equipment	107,568,991	101,236,425
Furniture and fixtures	55,482,336	53,118,988
Buildings	16,122,365	15,035,700
Land improvements	1,697,023	1,522,776
Vehicles	463,262	377,996
	533,659,084	523,565,072

The allocation of depreciation expense as of June 30, 2013 and 2012 is as follows:

	June 30, 2013	June 30, 2012
Cost of production (Note 18)	76,939,866	62,681,990
General administrative expenses (Notes 19)	2,582,155	2,301,378
Research and development expenses (Note 19)	2,080,813	1,431,085
Selling and marketing expenses (Note 19)	968,075	638,210
Associated with construction in progress	825,787	606,757
	83,396,696	67,659,420

11. Intangible assets

December 31, 2012	Rights	Development cost	Development costs in progress	Other	Total
Cost	24,942,594	473,722,783	182,884,687	6,097,543	687,647,607
Accumulated amortization	(20,709,417)	(426,240,957)	-	(2,336,558)	(449,286,932)
Net book value	4,233,177	47,481,826	182,884,687	3,760,985	238,360,675
For the period ended June 30, 2013					
Opening net book value	4,233,177	47,481,826	182,884,687	3,760,985	238,360,675
Additions	4,340,682	-	83,717,765	-	88,058,447
Transfers	-	1,862,246	(1,862,246)	-	-
Depreciation charge	(2,545,181)	(3,003,289)	-	(461,144)	(6,009,614)
Closing net book value	6,028,678	46,340,783	264,740,206	3,299,841	320,409,508
June 30, 2013					
Cost	29,283,276	475,585,029	264,740,206	6,097,543	775,706,054
Accumulated amortization	(23,254,598)	(429,244,246)	-	(2,797,702)	(455,296,546)
Net book value	6,028,678	46,340,783	264,740,206	3,299,841	320,409,508

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Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2013 (continued)

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

11. Intangible assets (continued)

December 31, 2011	Rights	Development Cost	Development costs in progress	Other	Total
Cost	25,276,100	432,247,432	66,583,586	3,357,113	527,464,231
Accumulated amortization	(18,658,712)	(411,668,558)	-	(1,776,205)	(432,103,475)
Net book value	6,617,388	20,578,874	66,583,586	1,580,908	95,360,756

For the period ended June 30, 2012

Opening net book value	6,617,388	20,578,874	66,583,586	1,580,908	95,360,756
Additions	982,643	3,376,163	61,504,803	-	65,863,609
Amortization charge	(835,909)	(10,685,873)	-	(263,781)	(11,785,563)
Closing net book value	6,764,122	13,269,164	128,088,389	1,317,127	149,438,802

June 30, 2012

Cost	26,258,743	435,623,595	128,088,389	3,357,113	593,327,840
Accumulated amortization	(19,494,621)	(422,354,431)	-	(2,039,986)	(443,889,038)
Net book value	6,764,122	13,269,164	128,088,389	1,317,127	149,438,802

The allocation of amortization charges relating to June 30, 2013 and 2012 is as follows:

	June 30, 2013	June 30, 2012
Cost of production (Note 18)	2,682,477	10,709,059
General administrative expenses (Notes 19)	1,783,980	650,429
Research and development expenses (Note 19)	1,455,664	426,075
Selling and marketing expenses (Note 19)	70,281	-
Associated with construction in progress	17,212	-
	6,009,614	11,785,563

12. Prepaid Expenses

Short term prepaid expenses:	June 30, 2013	December 31, 2012
Advances given for inventories	58,488,962	48,595,153
Other prepaid expenses	2,430,191	4,746,495
	60,919,153	53,341,648

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Notes to financial statement for the period ended

June 30, 2013 (continued)

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12. Prepaid Expenses (continued)

Long term prepaid expenses:	June 30, 2013	December 31, 2012
Advances given for investments	519,191,628	324,368,840
	519,191,628	324,368,840

(*) Investment advances given are related to the Company's new vehicle investments. TL 139,363,389 (December 31, 2012: TL 95,502,110) is given to domestic vendors as mould advances and TL 379,828,239 (December 31, 2012: TL 231,866,730) is given for the new light commercial vehicle factory investment in Kocaeli plant and assembly line investment for the new age Transit projects procured from vendors abroad.

13. Provision, contingent assets and liabilities

The Company recognizes 2 and 3 years of warranty provision 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 statement of financial position date and warranty claims of vehicles sold in previous years on a model basis.

Provisions:

	June 30, 2013	December 31, 2012
Variable marketing provision	114,790,439	31,329,263
Short term warranty expense provision	34,630,233	41,014,572
	149,420,672	72,343,835

(*) 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 dealer vehicle stock at balance sheet date (Note 2.3).

	June 30, 2013	December 31, 2012
Long term warranty expense provision	23,016,889	28,167,783
Provisions for lawsuit risks	7,801,839	6,966,762
	30,818,728	35,134,545

The provisions for lawsuit risks relating to period is as follows:

	2013	2012
At January 1	6,966,762	6,896,636
Paid during the period	(621,264)	(640,342)
Additions during the period	1,456,341	1,841,959
At June 30	7,801,839	8,098,253

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Notes to financial statement for the period ended

June 30, 2013 (continued)

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

13. Provision, contingent assets and liabilities(continued)

Movements in the warranty expense provision during the period is as follows:

	2013	2012
At January 1	69,182,355	85,521,492
Paid during the period	(39,310,617)	(31,047,563)
Additions during the period (Note 19)	27,775,384	33,046,115
At June 30	57,647,122	87,520,044
Letters of guarantee and letters of credit	June 30, 2013	December 31, 2012
Letters of guarantee given to banks	782,114,903	685,574,000
Letters of guarantee given to customs	29,744,155	28,124,155
Letters of guarantees given to other parties	11,302,252	16,677,764
	823,161,310	730,375,919
Letters of guarantee given	June 30, 2013	December 31, 2012
	Original currency	Original currency
	TL	TL
Euro	321,199,609	807,399,457
TL	15,635,334	15,635,334
GBP	34,650	101,497
USD	13,000	25,022
	823,161,310	730,375,919

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Notes to financial statement for the period ended

June 30, 2013 (continued)

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

13. Provision, contingent assets and liabilities(continued)

The allocation of collaterals, pledges and mortgages as of June 30,2013 and December 31, 2012 as follows:

Collaterals, pledges and mortgages given by the Company	June 30, 2013	December 31, 2012
A.Total amount of collaterals/pledges/mortgages given for its own legal entity	823,161,310	730,375,919
B.Total amount of collaterals/pledges/mortgages given for participations included in entire consolidation	-	-
C.Total amount of collaterals/pledges/mortgages given to assure debts of third parties, for the purpose of conducting the business activities	-	-
D. Total amount of other collaterals/pledges/mortgages given		
i. Total amount of collaterals/pledges/mortgages given for the parent company	-	-
ii. Total amount of collaterals/pledges/mortgages given for other related companies that do not fall into B and C sections	-	-
iii. Total amount of collaterals/pledges/mortgages given for third parties that do not fall into C section	-	-
Total	823,161,310	730,375,919

As of June 30, 2013, total amount of the collaterals, pledges and mortgages obtained by the Company are as follows:

Letters of guarantee taken

	June 30, 2013		December 31, 2012	
	Original currency	TL	Original currency	TL
TL	154,306,371	154,306,371	138,348,665	138,348,665
Euro	14,755,613	37,091,186	12,318,405	28,969,193
USD	240,855	463,598	82,140	146,423
		191,861,155		167,464,281

Tax dispute:

Fiscal Administration, imposed tax amount related to the fuel consumption for export vehicles for the years between 2005 and 2009, amounting to TL 17,837,279 which includes 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. The Tax Office filed an appeal at the court and the appeal process is continuing. For the remaining amount of TL 5,854,569, the Company made the payment and the case is in the appeal stage at State Council.

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2013 (continued)

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

14. Commitments

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

- a) The Company is required to ensure that its export proceeds up to an amount equal to Euro 50,000,000 via Citibank A.Ş. and Euro 20,000,000 via T.C. Ziraat Bankası A.Ş. and based on the credit agreements made by the Company in 2011, Euro 60,000,000 via Vakıflar Bankası T.A.O. is transacted through the accounts of these banks. The Company fulfilled these commitments as of June 30, 2013.
- b) Based on the 1 year credit agreements made by the Company in 2013, amounting to Euro 40,000,000 with Garanti Bankası A.Ş. and amounting to Euro 40,000,000 with İş Bankası A.Ş. totally Euro 80,000,000, the Company is required to ensure that its export proceeds up to an amount equal to Euro 80,000,000 is transacted through Garanti Bankası accounts and Euro 80,000,000 is transacted through İş Bankası totally TL 160,000,000 for the year 2013. The Company fulfilled these commitments as of June 30, 2013.
- c) Based on the 4 month term credit agreement made by the Company in November 2012 amounting to Euro 37,430,000 with Türkiye İhracat Kredi Bankası A.Ş. (Eximbank), the Company is required to ensure that its export proceeds equals to an amount of Euro 38,000,000. The Company fulfilled this commitment as of June 30, 2013. Also, based on the 4 month term credit agreements made by the Company in March and May 2013 amounting to Euro 37,430,000 and 29,550,000 Euro with Türkiye İhracat Kredi Bankası A.Ş. (Eximbank), the Company is required to ensure that its export proceeds equals to an amount of Euro 38,000,000 and Euro 30,000,000.

Operational lease commitments

Future lease payments under non-cancellable operating lease of the Company is as follows:

Operational lease commitments	June 30, 2013	December 31, 2012
Within 1 year	3,106,743	3,852,436
Between 1 year to 5 years	6,150,451	7,839,168
	9,257,194	11,691,604

15. Employee benefits

Liabilities for employee benefits:

	June 30, 2013	December 31, 2012
Salaries and social charges payable	46,750,605	20,609,956
Social security premiums payable	21,311,924	11,864,029
Withholding income tax payable	7,342,420	11,378,019
Other payables to personnel	1,807,427	2,128,521
	77,212,376	45,980,525

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2013 (continued)

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

15. Employee benefits

Long-Term provisions:

	June 30, 2013	December 31, 2012
Provision for employee benefits	83,538,747	72,876,906
Provision for unused vacation pay liability	17,354,526	12,664,421
	100,893,273	85,541,327

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 3,129.25 for each year of service as of June 30, 2013 (December 31, 2012 – TL 3,033.98).

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.

TFRS requires actuarial valuation methods to be developed to estimate the Company's obligation under defined benefit plans, accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	June 30, 2013	December 31, 2012
Discount rate (%)	7.5	7.5
Expected salary increase rate(%)	3.5	3.5
Net discount rate	3.86	3.86
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 3,129.25 which was effective from January 1, 2013 (January 1, 2012 - TL 2,917.27) has been used in the calculations.

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Notes to financial statement for the period ended

June 30, 2013 (continued)

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

15. Employee benefits (continued)

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

	2013	2012
At January 1	72,876,906	55,081,174
Interest cost	6,201,329	2,568,011
Current year service cost	3,541,542	4,618,466
Paid during the period	(3,686,469)	(3,104,903)
Actuarial loss	4,605,439	2,850,543
At June 30	83,538,747	62,013,291

16. Other assets

Other current assets:	June 30, 2013	December 31, 2012
VAT to be deductible (*)	108,320,734	144,221,205
Research and development contribution premiums	5,593,807	-
Amount to be billed to vendors	3,676,611	6,044,648
Prepaid taxes and withholding	712,570	4,109,902
Other	18,809,561	15,166,776
	137,113,283	169,542,531

(*) VAT to be deductible is related to the ongoing process of refund of export VAT receivable related to April, May and June.

Ford Otomotiv Sanayi A.Ş.

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June 30, 2013 (continued)

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

17. Equity

The composition of the Company's paid-in capital as of June 30, 2013 and December 31, 2012 is as follows:

Shareholders	Shareholders		Shareholders	
	June 30, 2013	percentage (%)	December 31, 2012	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
Inflation adjustment 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, 2012 - 35,091,000,000 unit) with a nominal value of Kr 1 each.

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in capital. Under the TCC; the legal reserves can be used only to offset losses.

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 statement of financial position 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 5,992,339 related to this exemption in its tax financial statements (31 December 31, 2012: TL 5,992,339).

In accordance with CMB Financial Reporting Standards, the Company classified the above mentioned amounts under "Restricted reserves", the amount of restricted reserves is TL 460,680,315 as of June 30, 2013 (December 31, 2012 – TL 432,432,060).

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Notes to financial statement for the period ended

June 30, 2013 (continued)

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17. Equity (continued)

In accordance with Communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board of Turkey ("CMB") on June 13 2013 which is published on Official Gazette numbered 28676, "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 TAS.

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

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.

In accordance with the General Assembly Meeting dated March 21, 2013, the Company decided to pay dividend from the net profit of the year 2012 at 85.50%, that is, gross TL 1 (net Kr 72.6750) per TL 1 share, amounting to TL 300,028,050 in total which was paid in April 2013.

In accordance with Communiqué No: II-14.1, "Communiqué on the Principles of Financial Reporting In Capital Markets", equity schedule at June 30, 2013 and December 31, 2012 are as follows:

	June 30, 2013	December 31, 2012
Share capital	350,910,000	350,910,000
Inflation adjustment to share capital	27,920,283	27,920,283
Share premium	8,252	8,252
Revaluation funds	8,054,313	4,712,623
Net loss on cash flow hedge	(39,406,636)	(1,298,245)
Actuarial (loss) arising from employee benefits	(16,268,688)	(12,584,337)
Restricted reserves	460,680,315	432,432,060
- Legal reserves	454,687,974	426,439,719
- Special reserves	5,992,341	5,992,341
Retained earnings	865,287,894	505,957,103
- Inflation adjustment to equity	428,301,244	428,301,244
- Extraordinary reserves	424,402,313	77,655,859
- Other retained earnings	12,584,337	-
Net income for the period	435,569,380	687,607,096
Total equity	2,092,755,113	1,995,664,835

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June 30, 2013 (continued)

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17. Equity (continued)

The readjusted amounts and equity inflation adjustment differences of the historical values shown above for the year ended June 30, 2013 and December 31, 2012 are as follows:

June 30, 2013:	Historical values	Adjusted values	Equity inflation adjustment differences
Share capital	350,910,000	378,830,283	27,920,283
Legal reserves	454,687,974	513,440,578	58,752,604
Extraordinary reserves	424,402,313	793,547,329	369,145,016
Share premium	8,252	361,733	353,481
Special reserves	5,992,341	6,042,484	50,143
	1,236,000,880	1,692,222,407	456,221,527

December 31, 2012:	Historical values	Adjusted values	Equity inflation adjustment differences
Share capital	350,910,000	378,830,283	27,920,283
Legal reserves	426,439,719	485,192,323	58,752,604
Extraordinary reserves	77,655,859	446,800,875	369,145,016
Share premium	8,252	361,733	353,481
Special reserves	5,992,341	6,042,484	50,143
	861,006,171	1,317,227,698	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 can be utilized in issuing bonus shares, cash dividend distribution and offsetting accumulated losses.

Otokar shares which are publicly traded in BIST are valued at their closing price as of June 30, 2013 and June 30, 2012. As of June 30, 2013 fair value change (positive) amounting to TL 3,341,690, net of deferred tax, (June 30, 2012 – TL 721,273) is shown in statement of comprehensive income.

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

	2013	2012
January 1	3,414,378	1,989,285
Increase in revaluation fund of available for sale financial assets	3,341,690	721,273
Actuarial (loss) arising from employee benefits	(3,684,351)	(2,280,434)
Accumulated (loss) from cash flow hedge	(38,108,391)	(611,528)
June 30	(35,036,674)	(181,404)

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Notes to financial statement for the period ended

June 30, 2013 (continued)

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

18. Revenue and cost of sales

	January 1- June 30, 2013	April 1- June 30, 2013	January 1- June 30, 2012	April 1- June 30, 2012
Export sales	3,675,606,684	1,878,301,315	3,188,027,479	1,476,163,889
Domestic sales	2,008,698,629	1,138,873,674	2,012,151,690	1,226,493,222
Other sales	34,138,297	17,539,738	48,457,823	21,961,440
Less: Discounts	(236,008,991)	(122,807,214)	(283,486,411)	(168,753,008)
	5,482,434,619	2,911,907,513	4,965,150,581	2,555,865,543

Units of vehicle sales:

	January 1 - June 30, 2013			April 1 - June 30, 2013		
	Domestic sales	Export sales	Total sales	Domestic sales	Export sales	Total sales
Transit	10,809	63,421	74,230	5,913	31,797	37,710
Transit Connect	10,566	42,731	53,297	5,752	23,768	29,520
Passenger vehicles	23,956	184	24,140	15,717	127	15,844
Transit Custom	1,575	19,386	20,961	776	8,179	8,955
Cargo	2,832	206	3,038	1,513	124	1,637
Ranger	464	10	474	182	10	192
	50,202	125,938	176,140	29,853	64,005	93,858

	January 1 - June 30, 2012			April 1 - June 30, 2012		
	Domestic sales	Export sales	Total sales	Domestic sales	Export sales	Total sales
Transit	12,655	66,483	79,138	7,846	28,183	36,029
Transit Connect	12,182	43,458	55,640	7,505	23,367	30,872
Passenger vehicles	21,869	320	22,189	14,720	226	14,946
Cargo	3,163	423	3,586	1,841	340	2,181
Ranger	-	10	10	-	-	-
	49,869	110,694	160,563	31,912	52,116	84,028

Summaries of cost of production as of June 30, 2013 and 2012 are as follows:

	January 1- June 30, 2013	April 1- June 30, 2013	January 1- June 30, 2012	April 1- June 30, 2012
Raw material cost	(3,777,311,692)	(1,848,157,736)	(3,433,640,709)	(1,635,377,293)
Production overhead costs	(344,423,820)	(174,578,345)	(309,916,180)	(152,130,108)
Depreciation and amortization expenses (Note 10 and 11)	(79,622,343)	(40,780,558)	(73,391,049)	(38,989,135)
Change in finished goods inventory	72,684,356	(57,118,120)	127,994,225	3,708,409
Total production cost	(4,128,673,499)	(2,120,634,759)	(3,688,953,713)	(1,822,788,127)
Cost of trade goods sold	(807,625,362)	(500,424,396)	(727,740,068)	(447,955,461)
Total cost of sales	(4,936,298,861)	(2,621,059,155)	(4,416,693,781)	(2,270,743,588)

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June 30, 2013 (continued)

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

	January 1- June 30,2013	April 1- June 30, 2013	January 1- June 30,2012	April 1- June 30, 2012
Selling and marketing expenses:				
Advertising expenses	(27,816,269)	(12,546,786)	(18,750,308)	(10,030,256)
Warranty expenses (Note 13)	(27,775,384)	(16,567,854)	(33,046,115)	(20,481,591)
Vehicle transportation expenses	(22,483,489)	(12,605,815)	(20,768,037)	(12,144,867)
Personnel expenses	(21,058,541)	(10,442,323)	(18,427,866)	(9,367,681)
Spare parts transportation and packaging expenses	(7,183,258)	(3,648,513)	(8,136,403)	(3,769,973)
Dealer and service development expenses	(4,162,205)	(1,753,896)	(4,278,484)	(2,210,643)
Depreciation and amortization expense (Notes 10 and 11)	(1,038,356)	(540,899)	(638,210)	(215,635)
Other	(8,095,634)	(3,525,294)	(8,061,416)	(2,801,288)
	(119,613,136)	(61,631,380)	(112,106,839)	(61,021,934)
General administrative expenses:				
Personnel expenses	(29,060,280)	(14,971,184)	(35,309,751)	(15,663,798)
Grants and donations	(7,303,911)	(4,283,008)	(6,911,810)	(3,682,947)
Legal, consulting and auditing expenses	(6,956,583)	(3,028,524)	(7,006,146)	(3,267,656)
New project administrative expenses	(5,179,602)	(3,296,286)	(5,793,351)	(4,172,043)
Depreciation and amortization expense (Notes 10 and 11)	(4,366,135)	(2,239,116)	(2,951,807)	(2,354,145)
Duties, taxes and levies	(3,051,688)	(2,102,323)	(1,912,523)	(1,485,079)
Repair, maintenance and energy expenses	(2,555,650)	(1,165,063)	(4,368,724)	(1,225,450)
Warranty expenses excluding sales	(1,839,475)	(335,701)	(814,657)	(356,690)
Travel expenses	(1,564,850)	(1,160,109)	(1,773,376)	(1,050,791)
Other	(5,610,201)	(1,403,114)	(5,625,834)	(3,204,982)
	(67,488,375)	(33,984,428)	(72,467,979)	(36,463,581)
Research and development expenses:				
Personnel expenses	(32,578,857)	(16,776,894)	(30,558,436)	(13,511,820)
Project costs	(16,567,928)	(11,080,659)	(10,019,707)	(312,313)
Research and development administrative expenses	(6,823,344)	(2,839,971)	(1,232,159)	(1,092,569)
Depreciation and amortization expense (Notes 10 and 11)	(3,536,477)	(1,806,614)	(1,857,160)	(1,112,127)
Other	(4,316,767)	(497,225)	(5,781,823)	(5,033,563)
	(63,823,373)	(33,001,363)	(49,449,285)	(21,062,392)

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Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2013 (continued)

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

20. Expenses by nature

The classification of expenses by nature for the periods ended at June 30, 2013 and 2012 is as follows:

	January 1- June 30, 2013	April 1- June 30, 2013	January 1- June 30, 2012	April 1- June 30, 2012
Raw material cost	(3,777,311,692)	(1,848,157,736)	(3,433,640,709)	(1,635,377,293)
Cost of trade goods sold	(807,625,362)	(500,424,396)	(727,740,068)	(447,955,461)
Personnel expenses	(257,900,963)	(127,726,254)	(251,654,318)	(122,350,745)
Other overhead expenses	(168,198,554)	(88,426,441)	(142,745,999)	(68,554,246)
Other operational expenses	(159,286,238)	(81,840,141)	(144,280,873)	(76,322,701)
Depreciation and amortization expenses	(88,563,311)	(45,367,187)	(78,838,226)	(42,671,042)
Financial expenses	(81,023,769)	(55,799,267)	(69,510,234)	(18,411,931)
Change in finished goods inventory	72,684,356	(57,118,120)	127,994,225	3,708,409
Other expenses	(31,825,725)	(11,771,067)	(70,855,952)	(27,715,521)
Total expenses	(5,299,051,258)	(2,816,630,609)	(4,791,272,154)	(2,435,650,531)

21. Other operating income/expenses

	January 1- June 30, 2013	April 1- June 30, 2013	January 1- June 30, 2012	April 1- June 30, 2012
Other operating income and gains:				
Foreign exchange gains	25,840,475	23,988,434	6,952,118	1,580,264
Credit finance gains	15,721,812	8,130,251	24,873,036	12,793,038
Price difference and claim recovery	6,054,301	4,802,056	5,346,741	3,402,661
Adjustments on prior period corporate tax	5,653,945	5,653,945	5,740,521	5,740,521
License fees income	4,529,606	3,465,115	1,855,225	490,392
Commission income	3,029,983	1,883,573	3,407,515	2,034,191
Rent income	2,169,252	930,264	1,202,277	667,706
Income from the sale of property, plant and equipment	443,667	443,667	1,097,962	138,813
Dividend income	374,931	374,931	281,198	-
Insurance claim recoveries	280,119	205,294	973,110	172,798
Other	12,403,422	10,831,984	2,358,549	1,777,329
	76,501,513	60,709,514	54,088,252	28,797,713

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Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2013 (continued)

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

21. Other operating income/expenses(continued)

	January 1- June 30, 2013	April 1- June 30, 2013	January 1- June 30,2012	April 1- June 30,2012
Other operating expenses and losses:				
Credit finance charge	(19,463,025)	(9,713,003)	(29,903,967)	(14,140,326)
Foreign exchange losses	(9,610,951)	(140,866)	(40,123,940)	(13,203,539)
Claim charges for import materials	(130,235)	(79,735)	(42,774)	(34,826)
Loss from the sale of property, plant and equipment	(114,673)	(45,203)	(539,646)	(539,646)
Other	(1,484,860)	(1,176,210)	(433,709)	(28,768)
	(30,803,744)	(11,155,017)	(71,044,036)	(27,947,105)

22. Financial income

	January 1- June 30,2013	April 1- June 30, 2013	January 1- June 30,2012	April 1- June 30,2012
Foreign exchange gains	43,109,751	14,235,822	91,603,388	23,439,325
Interest income	4,696,304	2,500,849	16,460,946	4,178,147
	47,806,055	16,736,671	108,064,334	27,617,472

23. Financial expenses

	January 1- June 30,2013	April 1- June 30, 2013	January 1- June 30,2012	April 1- June 30,2012
Foreign exchange losses	(67,252,147)	(49,132,656)	(62,826,539)	(15,256,324)
Interest expenses	(11,186,671)	(6,666,610)	(5,211,464)	(2,327,579)
Other financial expenses	(2,584,951)	-	(1,472,231)	(828,028)
	(81,023,769)	(55,799,266)	(69,510,234)	(18,411,931)

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Notes to financial statement for the period ended

June 30, 2013 (continued)

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

24. Tax assets and liabilities

Corporate Tax Law was amended by the Law No, 5520 dated June 13, 2006. Law No, 5520 came into force as of 21 June 2006, but many of the provisions came into force effective from January 1, 2006. Accordingly, the corporate tax rate for the fiscal year 2013 is 20% (December 31, 2012 - 20%). Corporate tax is payable at a rate of 20% on the total income of the Company after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, investment incentive, 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 corporate tax quarterly at the rate of 20% on their corporate income. Advance tax is payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off other liabilities to the government.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax declarations to the Tax Office within the 25th of the fourth month following the close of the financial year.

Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

There are many exemptions in Corporate Tax Law regarding corporations. Those related to the Company are explained below:

Dividend gains from shares in capital of another corporation subject to resident taxpaying (except dividends from investment funds participation certificates and investment trusts shares) are exempt from corporate tax.

The Company capitalizes the R&D expenses made within the scope of the Code no 5746 in its legal books. 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, 2013 the Company used R&D deduction of TL 43,327,801 (June 2012: TL 21,992,530) in return for the legal tax.

The decree on Government Subsidies for Incentives regulating investment incentives was published in the official gazette and became effective on 16 July 2009. Within the scope of this decree, the Company acquired a large-scaled investment incentive certificate on 13 December 2010 amounting to TL 1,342,219,988 for the modernization of its Transit model and a large-scaled investment incentive certificate on December 31, 2010 amounting to TL 367,892,491 for the new model investment in the light commercial vehicle segment. Subject investment is located in the 1. Region and has a 30% rate of contribution to investment. As of the statement of the financial position date, in the framework of the related investment incentive certificates, an investment expense of TL 564,970,000 (December 31,2012: TL 531,833,087) was made. The Company used a discount on corporate tax for its Transit Custom model for TL 1,314,301 and this amount has been deducted from the total deferred tax asset.

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Notes to financial statement for the period ended

June 30, 2013 (continued)

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

24. Tax assets and liabilities(continued)

The decree on Government Subsidies for Incentives re-regulating investment incentives was published in the official gazette and became effective on 19 June 2012. The Company reevaluated its existing investments and within the scope of above mentioned new decree acquired a privileged investment incentive certificate amounting to TL 954,816,039 for the investment of its new generation Transit model and a privileged investment incentive certificate amounting to TL 605,865,568 for the new model Transit Courier investment in the light commercial vehicle segment. Subject investments will benefit from the 5. Region contributions according to the new incentive regulation and has a 40% rate of contribution to investment. As of the statement of financial position date, in the framework of the related new investment incentive certificates, an investment expense of TL 398,765,098 was made and the Company used a discount on corporate tax for TL 19,576,870 and this amount has been deducted from the total deferred tax asset.

The Company's net tax liabilities as of June 30, 2013 and December 31, 2012 are as follows:

	June 30, 2013	December 31, 2012
Current year corporate tax	6,208,518	89,919,272
Prepaid tax and withholding	(5,918,208)	(82,177,641)
	290,310	7,741,631

The taxation on income for the periods ended June 30, 2013 and 2012 are as follows:

	January 1- June 30,2013	April 1- June 30, 2013	January 1- June 30,2012	April 1- June 30,2012
Current year corporate tax	(6,208,518)	(1,779,502)	(59,585,100)	(29,182,876)
Deferred tax	134,086,969	88,555,677	56,989,756	21,080,218
	127,878,451	86,776,175	(2,595,344)	(8,102,658)

Calculation of the tax expense reconciliation using the current period tax expense in the statement of income as at June 30, 2013 and 2012 and current tax ratio based on income before tax is as follows:

	June 30, 2013	June 30, 2012
Income before tax:	307,690,929	336,031,013
Effective tax rate	20%	20%
Current year tax expense	(61,538,186)	(67,206,203)
R&D deduction	8,665,560	4,398,506
Investment incentive exemption	169,447,113	58,348,884
Other temporary differences	11,303,964	1,863,469
	127,878,451	(2,595,344)

The Company calculates deferred tax assets and liabilities from the temporary differences identified during the evaluation of the differences between the statement of financial position prepared under TFRS and financial statements prepared for tax purposes.

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Notes to financial statement for the period ended

June 30, 2013 (continued)

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

24. Tax assets and liabilities (continued)

The breakdown of cumulative temporary differences and the resulting deferred tax assets and liabilities as at June 30, 2013 and December 31, 2012 using the current enacted tax rates is as follows:

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
Deferred tax assets:				
Investment incentive tax asset	963,735,098	531,833,087	307,059,766	158,503,824
Expense accruals and other	168,885,226	66,429,815	32,855,957	13,285,962
Employee benefits provision	83,538,747	72,876,906	17,628,837	14,575,381
Warranty expense provision	57,647,122	69,182,355	11,529,424	13,836,471
Inventories	9,331,711	10,269,456	1,866,342	2,053,891
			370,940,326	202,255,529
Deferred tax liabilities:				
Difference between financial statements adjusted under TFRS and tax-based financial statements				
Tangibles and intangibles	668,881,866	573,640,754	(133,776,373)	(114,728,151)
Income accruals and other	48,065,560	21,797,462	(9,613,112)	(4,359,493)
			(143,389,485)	(119,087,644)
Net deferred tax asset			227,550,841	83,167,885

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Notes to financial statement for the period ended

June 30, 2013 (continued)

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

24. Tax assets and liabilities (continued)

Deferred tax movements are as follows:

	January 1, 2013	Charged to income statement as profit/(loss)	Charged to comprehensive income statement as profit/(loss)	June 30, 2013
Deferred tax liabilities:				
Temporary difference between financial statements adjusted under TFRS and tax:				
Tangible and intangible assets	(114,728,151)	(19,048,222)	-	(133,776,373)
Income accruals and other	(4,359,493)	(5,101,420)	(152,199)	(9,613,112)
Deferred tax assets:				
Investment incentive tax asset	158,503,824	148,555,942	-	307,059,766
Expense accruals and other	13,285,962	10,042,897	9,527,098	32,855,957
Provision for employee benefits	14,575,381	2,132,368	921,088	17,628,837
Warranty expense provision	13,836,471	(2,307,047)	-	11,529,424
Inventories	2,053,891	(187,549)	-	1,866,342
Deferred tax asset, net	83,167,885	134,086,969	10,295,987	227,550,841

	January 1, 2012	Charged to income statement as profit/(loss)	Charged to comprehensive income statement as profit/(loss)	June 30, 2012
Deferred tax liabilities:				
Temporary difference between financial statements adjusted under TFRS and tax:				
Tangible and intangible assets	(85,620,677)	(8,005,006)	-	(93,625,683)
Income accruals and other	(5,681,112)	(6,252,333)	(37,962)	(11,971,407)
Deferred tax assets				
Warranty expense provision	17,104,299	399,710	-	17,504,009
Investment incentive tax asset	12,085,516	58,348,884	-	70,434,400
Provision for employee benefits	11,016,235	816,314	570,109	12,402,658
Expense accruals and other	10,791,174	11,682,187	152,882	22,626,243
Deferred tax liability, net	(40,304,565)	56,989,756	685,029	17,370,220

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Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2013 (continued)

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

25. Earnings per share

	January 1- June 30, 2013	April 1- June 30, 2013	January 1- June 30, 2012	April 1- June 30, 2012
Net income for the year (TL)	435,569,380	259,499,264	333,435,669	168,527,539
Weighted average number of shares with nominal	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	1.24	0.74	0.95	0.48

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 A.S. 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, 2013 and December 31, 2012 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, 2013	December 31, 2012
Due from shareholders:		
Ford Motor Company and its subsidiaries	712,851,308	547,996,541
	712,851,308	547,996,541
Due from group companies (*):		
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	199,533,255	201,024,921
Other	1,979,414	4,514,189
	201,512,669	205,539,110
Less: Unearned credit finance income	(1,022,465)	(1,057,096)
	913,341,512	752,478,555

(*) The Company's shareholders' subsidiaries and affiliates.

Export sales mainly consist of sales to Ford Motor Company. Payments terms and conditions are specified in the business agreements with Ford Motor Company. Receivables from the Ford Motor Company are due in 14 days and receivables are collected regularly.

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Notes to financial statement for the period ended

June 30, 2013 (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 mentioned in Note 7, the Company's receivables from Otokoç Otomotiv Ticaret ve Sanayi A.Ş. is due in 30 days on average.

b) Payables to related parties:

i) Trade payables to related parties

	June 30, 2013	December 31, 2012
Due to shareholders:		
Ford Motor Company and its subsidiaries	480,893,546	233,527,483
	480,893,546	233,527,483
Due to group companies (*):		
Zer Merkezi Hizmetler ve Ticaret A.Ş.	26,845,529	28,779,476
Ram Dış Ticaret A.Ş.	16,136,093	16,622,916
Ram Sigorta Aracılık Hizmetleri A.Ş.	4,075,312	572,244
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	3,872,525	4,542,232
Koçtaş Yapı Marketleri Sanayi ve Ticaret A.Ş.	2,358,625	1,389,750
Setur Servis Turistik A.Ş.	2,241,554	1,908,907
Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş.	2,065,703	2,463,770
AKPA Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	1,531,164	861,421
Callus Bilgi ve İletişim Hizmetleri A.Ş.	216,672	288,487
Promena Elektronik Ticaret A.Ş.	198,594	44,722
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	167,847	1,549,714
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	162,453	131,375
Setair Hava Taşımacılığı ve Hizmetleri A.Ş.	105,603	-
Divan Turizm İşletmeleri A.Ş.	89,523	84,255
Tofaş Türk Otomobil Fabrikası A.Ş.	68,729	5,496
V.K.V. Amerikan Hastanesi Sağlık Hiz.Tic.A.Ş.	51,955	24,765
Aygaz A.Ş.	25,952	-
Koç Üniversitesi	17,668	114,217
Opet Petrolcülük A.Ş.	9,528	71,778
Med Amerikan Polikliniği	2,250	-
Otokar Otomotiv ve Savunma Sanayi A.Ş.	-	24,225
	60,243,279	59,479,750
Less: Unearned credit finance expense	(296,304)	(228,564)
	540,840,521	292,778,669

(*) The Company's shareholders' subsidiaries and affiliates

(Convenience translation of financial statements originally issued in Turkish)

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2013 (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, 2013	December 31, 2012
Koç Holding A.Ş.	2,632,145	168,707
Yapı ve Kredi Bankası A.Ş.	-	1,221,174
Other	-	59,180
	2,632,145	1,449,061

c) Sales to related parties:

	January 1- June 30, 2013	April 1- June 30, 2013	January 1- June 30, 2012	April 1- June 30, 2012
Ford Motor Company (*)	3,640,551,028	1,858,456,197	3,125,557,715	1,427,294,047
Otokoç Otomotiv Tic. ve San. A.Ş. (**)	567,854,038	344,425,618	556,131,257	366,002,380
Zer Merkezi Hizmetler ve Ticaret A.Ş.	-	-	27,775,357	13,671,386
Other	1,612,283	927,286	925,619	537,665
	4,210,017,349	2,203,809,101	3,710,389,948	1,807,505,478
Less: Financial income from credit sales	(4,457,136)	(2,501,144)	(7,096,220)	(4,047,586)
	4,205,560,213	2,201,307,957	3,703,293,728	1,803,457,892

(*) The Company, exports vehicle, spare parts and service to Ford Motor Company.

(**) The Company has a vehicle and spare parts trade in accordance with domestic dealer agreement with Otokoç Otomotiv Ticaret ve Sanayi A.Ş..

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Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2013 (continued)

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26. Transactions and balances with related parties (continued)

b) Material, service and fixed asset purchases from related parties:

	January 1 – June 30, 2013			
	Material	Service	Fixed assets	Total
Domestic purchases:				
Zer Merkezi Hizmetler ve Ticaret A.Ş.	5,387,181	70,167,924	28,599	75,583,704
Ark İnşaat Sanayi ve Ticaret A.Ş.	-	-	45,335,525	45,335,525
Ram Dış ticaret A.Ş.	32,529,451	-	-	32,529,451
Setur Servis Turistik A.Ş.	-	6,494,888	-	6,494,888
AKPA Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	8,069,691	-	-	8,069,691
Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş.	4,874,463	-	-	4,874,463
Koç Holding A.Ş.	-	4,574,055	-	4,574,055
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	5,037,052	1,491,418	6,528,470
Koçtaş Yapı Marketleri Sanayi ve Ticaret A.Ş.	3,919,908	-	138,895	4,058,803
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	-	1,470,935	911,275	2,382,210
Ram Sigorta Aracılık Hizmetleri A.Ş.	-	5,961,285	-	5,961,285
Opet Petrolcülük A.Ş.	1,378,331	-	-	1,378,331
Callus Bilgi ve İletişim Hizmetleri A.Ş.	-	1,020,146	-	1,020,146
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	-	761,727	-	761,727
Aygaz A.Ş.	175,793	-	-	175,793
Divan Turizm İşletmeleri A.Ş.	-	268,089	-	268,089
Promena Elektronik Ticaret A.Ş.	-	388,000	-	388,000
V.K.V. Amerikan Hastanesi Sağlık Hiz.Tic.A.Ş.	-	113,243	-	113,243
Tofaş Türk Otomobil Fabrikası A.Ş.	-	59,070	-	59,070
Otokar Otomotiv ve Savunma Sanayi A.Ş.	-	146,195	-	146,195
Setair Hava Taşımacılığı ve Hizmetleri A.Ş.	-	179,873	-	179,873
Koç Üniversitesi	-	54,266	-	54,266
Med Amerikan Polikliniği	-	4,167	-	4,167
Arçelik A.Ş.	-	-	508	508
	56,334,818	96,700,915	47,906,220	200,941,953
Less: Financial expense from credit sales	(613,275)	-	-	(613,275)
	55,721,543	96,700,915	47,906,220	200,328,678

(Convenience translation of financial statements originally issued in Turkish)

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2013 (continued)

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

26. Transactions and balances with related parties (continued)

	April 1 - June 30, 2013			
	Material	Service	Fixed assets	Total
Domestic purchases:				
Zer Merkezi Hizmetler ve Ticaret A.Ş.	3,562,629	41,026,133	12,335	44,601,097
Ram Dış ticaret A.Ş.	16,978,377	-	-	16,978,377
Ark İnşaat Sanayi ve Ticaret A.Ş.	-	-	18,506,921	18,506,921
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	3,213,586	1,230,983	4,444,569
Ram Sigorta Aracılık Hizmetleri A.Ş.	-	4,732,315	-	4,732,315
AKPA Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	4,273,301	-	-	4,273,301
Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş.	2,002,996	-	-	2,002,996
Koç Holding A.Ş.	-	2,224,426	-	2,224,426
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	-	930,634	27,942	958,576
Setur Servis Turistik A.Ş.	-	2,402,332	-	2,402,332
Koçtaş Yapı Marketleri Sanayi ve Ticaret A.Ş.	2,433,862	-	123,373	2,557,235
Opet Petrolcülük A.Ş.	478,525	-	-	478,525
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	-	389,046	-	389,046
Callus Bilgi ve İletişim Hizmetleri A.Ş.	-	544,364	-	544,364
Divan Turizm İşletmeleri A.Ş.	-	111,662	-	111,662
V.K.V. Amerikan Hastanesi Sağlık Hiz.Tic.A.Ş.	-	46,718	-	46,718
Promena Elektronik Ticaret A.Ş.	-	257,700	-	257,700
Setair Hava Taşımacılığı ve Hizmetleri A.Ş.	-	166,613	-	166,613
Otokar Otomotiv ve Savunma Sanayi A.Ş.	-	132,833	-	132,833
Aygaz A.Ş.	-	-	-	-
Med Amerikan Polikliniği	-	4,167	-	4,167
Koç Üniversitesi	-	51,678	-	51,678
Arçelik A.Ş.	-	-	508	508
Tofaş Türk Otomobil Fabrikası A.Ş.	-	-	-	-
	29,729,690	56,234,207	19,902,062	105,865,959
Less: Financial expense from credit sales	(326,069)	-	-	(326,069)
	29,403,621	56,234,207	19,902,062	105,539,890

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Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2013 (continued)

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

26. Transactions and balances with related parties (continued)

	January 1 -June 30,2012			
	Material	Service	Fixed assets	Total
Domestic purchases:				
Zer Merkezi Hizmetler ve Ticaret A.Ş.	5,446,346	61,436,848	37,806	66,921,000
Ram Dış ticaret A.Ş.	31,375,630	-	-	31,375,630
Ark İnşaat Sanayi ve Ticaret A.Ş.	-	-	20,445,566	20,445,566
Arçelik A.Ş.	1,286	8,694,361	-	8,695,647
AKPA Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	7,487,167	-	-	7,487,167
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	3,401,021	3,790,138	7,191,159
Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş.	6,408,739	-	-	6,408,739
Ram Sigorta Aracılık Hizmetleri A.Ş.	-	5,309,803	-	5,309,803
Koç Holding A.Ş.	-	4,160,538	-	4,160,538
Setur Servis Turistik A.Ş.	-	3,813,444	-	3,813,444
Koçtaş Yapı Marketleri Sanayi ve Ticaret A.Ş.	3,542,227	-	75,118	3,617,345
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	-	2,978,221	550,501	3,528,722
Opet Petrolcülük A.Ş.	1,513,998	-	-	1,513,998
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	-	640,662	-	640,662
Callus Bilgi ve İletişim Hizmetleri A.Ş.	-	431,830	-	431,830
Divan Turizm İşletmeleri A.Ş.	-	375,918	-	375,918
Otokar Otomotiv ve Savunma Sanayi A.Ş.	-	261,101	-	261,101
Promena Elektronik Ticaret A.Ş.	-	243,700	-	243,700
Setair Hava Taşımacılığı ve Hizmetleri A.Ş.	-	152,021	-	152,021
V.K.V. Amerikan Hastanesi Sağlık Hiz.Tic.A.Ş.	-	111,733	-	111,733
Aygaz A.Ş.	69,168	-	-	69,168
Koç Üniversitesi	-	51,361	-	51,361
Med Amerikan Polikliniği	-	7,190	-	7,190
Bilkom Bilişim Hizmetleri A.Ş.	-	1,437	-	1,437
Tofaş Türk Otomobil Fabrikası A.Ş.	-	980	-	980
	55,844,561	92,072,169	24,899,129	172,815,859
Less: Financial expense from credit sales	(985,373)	-	-	(985,373)
	54,859,188	92,072,169	24,899,129	171,830,486

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Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2013 (continued)

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

26. Transactions and balances with related parties (continued)

	April 1 – June 30 2012			
	Material	Service	Fixed assets	Total
Domestic purchases				
Zer Merkezi Hizmetler ve Ticaret A.Ş.	1,518,620	37,309,389	37,806	38,865,815
Ram Dış ticaret A.Ş.	16,105,242	-	-	16,105,242
Ark İnşaat Sanayi ve Ticaret A.Ş.	-	-	10,619,406	10,619,406
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	951,088	3,371,148	4,322,236
Ram Sigorta Aracılık Hizmetleri A.Ş.	-	4,297,187	-	4,297,187
AKPA Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	3,831,661	-	-	3,831,661
Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş.	3,491,798	-	-	3,491,798
Koç Holding A.Ş.	-	2,103,753	-	2,103,753
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	-	1,604,414	291,566	1,895,980
Setur Servis Turistik A.Ş.	-	1,799,135	-	1,799,135
Koçtaş Yapı Marketleri Sanayi ve Ticaret A.Ş.	1,036,532	-	74,323	1,110,855
Opet Petrolcülük A.Ş.	846,553	-	-	846,553
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	-	307,696	-	307,696
Callus Bilgi ve İletişim Hizmetleri A.Ş.	-	199,731	-	199,731
Divan Turizm İşletmeleri A.Ş.	-	164,126	-	164,126
V.K.V. Amerikan Hastanesi Sağlık Hiz.Tic.A.Ş.	-	96,378	-	96,378
Promena Elektronik Ticaret A.Ş.	-	89,700	-	89,700
Setair Hava Taşımacılığı ve Hizmetleri A.Ş.	-	66,103	-	66,103
Otokar Otomotiv ve Savunma Sanayi A.Ş.	-	42,540	-	42,540
Aygaz A.Ş.	20,876	-	-	20,876
Med Amerikan Polikliniği	-	7,190	-	7,190
Koç Üniversitesi	-	5,092	-	5,092
Bilkom Bilişim Hizmetleri A.Ş.	-	1,437	-	1,437
	26,851,282	49,044,959	14,394,249	90,290,490
Less: Financial expense from credit sales	(456,602)	-	-	(456,602)
	26,394,680	49,044,959	14,394,249	89,833,888

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Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2013 (continued)

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

26. Transactions and balances with related parties (continued)

Material, vehicle and service purchases from abroad:

	January 1- June 30, 2013	April 1- June 30, 2013	January 1- June 30, 2012	April 1- June 30, 2012
Ford Motor Company	2,223,335,956	1,083,584,454	2,030,390,258	1,017,423,652

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

	January 1- June 30, 2013	April 1- June 30, 2013	January 1- June 30, 2012	April 1- June 30, 2012
	27,008,118	14,785,897	27,592,836	17,060,910

f) License fees received from Ford Motor Company included in other income:

	January 1- June 30, 2013	April 1- June 30, 2013	January 1- June 30, 2012	April 1- June 30, 2012
	4,529,606	3,465,115	1,855,225	490,392

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

	January 1- June 30, 2013	April 1- June 30, 2013	January 1- June 30, 2012	April 1- June 30, 2012
	5,793,038	3,361,406	6,833,415	3,612,734

h) The details of deposits in related banks and loans obtained from related banks:

Deposits in related banks:	June 30, 2013	December 31, 2012
Yapı ve Kredi Bankası A.Ş.		
- TL time deposits	33,431,113	4,600,958
- Foreign currency time deposits	21,370,050	81,026,491
- TL demand deposits	8,068,365	14,774,853
- Foreign currency demand deposits	433,199	63,678
	63,302,727	100,465,980

Loans obtained from related banks	June 30, 2013	December 31, 2012
Yapı ve Kredi Bankası A.Ş.	7,897,702	8,231,871

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2013 (continued)

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

26. Transactions and balances with related parties (continued)

i) Commission income:

	January 1- June 30,2013	April 1- June 30, 2013	January 1- June 30,2012	April 1- June 30,2012
Yapı ve Kredi Bankası A.Ş.	2,980,378	1,839,677	3,207,938	1,932,979

i) Commission expense:

	January 1- June 30,2013	April 1- June 30, 2013	January 1- June 30,2012	April 1- June 30,2012
Yapı ve Kredi Bankası A.Ş.	10,053,781	4,285,627	21,798,079	16,989,137
Koç Tüketici Finansmanı A.Ş.	425,787	402,431	1,629,452	1,166,936
	10,479,568	4,688,058	23,427,531	18,156,073

Commissions paid to Koç Tüketici Finansmanı A.Ş. and Yapı ve Kredi Bankası A.Ş. is recorded as sales discounts,

j) Interest income:

	January 1- June 30,2013	April 1- June 30, 2013	January 1- June 30,2012	April 1- June 30,2012
Yapı ve Kredi Bankası A.Ş.	1,158,038	496,658	3,919,583	1,003,865

k) Dividend income:

	January 1- June 30,2013	April 1- June 30, 2013	January 1- June 30,2012	April 1- June 30,2012
Otokar Otobüs Karoseri San. A.Ş.	374,931	374,931	281,198	-

l) Compensation of key management personnel:

The Company defines its key management personnel as board of directors' members, general managers, assistant general managers and directors reporting directly to the general manager (Note 2).

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 as of June 30, 2013 was TL 3,444,705 (June 30, 2012- TL 7,916,241).

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Ford Otomotiv Sanayi A.Ş.
Notes to financial statement for the period ended
June 30, 2013 (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, 2013 and December 31, 2012. The carrying amount of the Company's foreign currency denominated assets and liabilities, categorized by currency have been presented below.

June 30, 2013

	TL (Functional currency)				USD	Euro	GBP
1. Trade receivables	717,077,571				1,921,964	280,729,846	2,631,285
2. Monetary financials assets (including cash and cash equivalents)	32,803,792				82,475	12,909,992	65,956
3. Other	161,922,178				-	64,252,867	139,883
4. Current assets (1 + 2 + 3)	911,803,541				2,004,439	357,892,705	2,837,124
5. Monetary financial assets	177,222				92,073	-	-
6. Non-current assets (5)	177,222				92,073	-	-
7. Total assets (4+6)	911,980,763				2,096,512	357,892,705	2,837,124
8. Trade payables	622,595,992				19,728,921	231,954,169	532,081
9. Financial liabilities	581,223,931				-	231,222,474	-
10. Other monetary liabilities	3,981,228				869,724	716,477	172,804
11. Short term liabilities (8 + 9 + 10)	1,207,801,151				20,598,645	463,893,120	704,885
12. Financial liabilities	924,829,696				-	367,915,700	-
13. Long term liabilities (12)	924,829,696				-	367,915,700	-
14. Total liabilities (11 + 13)	2,132,630,847				20,598,645	831,808,820	704,885
15. Net foreign currency assets / (liabilities) position (7 - 14)	(1,220,650,084)				(18,502,133)	(473,916,115)	2,132,239
16. Net monetary foreign currency assets / (liabilities) (1 + 2 + 5 - 8 - 9 - 10 - 12)	(1,382,572,262)				(18,502,133)	(538,168,982)	1,992,356

(*) The Company's short foreign exchange position mainly consists of long-term investment loans, The Company plans to pay back its long-term investment loans through its foreign exchange assets that will be earned from the export income generated from related investments.

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Ford Otomotiv Sanayi A.Ş.
Notes to financial statement for the period ended
June 30, 2013 (continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

27. Financial instruments and financial risk management (continued)

December 31, 2012

	TL (Functional currency)	USD	Euro	GBP
1. Trade receivables	499,992,758	1,965,806	207,944,342	2,600,601
2. Monetary financials assets (including cash and cash equivalents)	270,124,448	20,051,098	99,661,889	2,263
3. Other	67,668,583	-	28,687,123	71,435
4. Current assets (1 + 2 + 3)	837,785,789	22,016,904	336,293,354	2,674,299
5. Monetary financial assets	163,576	91,763	-	-
6. Non-current assets (5)	163,576	91,763	-	-
7. Total assets (4+6)	837,949,365	22,108,667	336,293,354	2,674,299
8. Trade payables	312,600,674	25,546,455	111,554,369	1,643,847
9. Financial liabilities	355,213,713	16,204,930	138,762,089	-
10. Other monetary liabilities	2,132,641	178,584	763,678	6,394
11. Short term liabilities (8 + 9 + 10)	669,947,028	41,929,969	251,080,136	1,650,241
12. Financial liabilities	897,721,221	-	381,732,883	-
13. Long term liabilities (12)	897,721,221	-	381,732,883	-
14. Total liabilities (11 + 13)	1,567,668,249	41,929,969	632,813,019	1,650,241
15. Net foreign currency assets / (liabilities) position (7 - 14)	(729,718,884)	(19,821,302)	(296,519,665)	1,024,058
16. Net monetary foreign currency assets / (liabilities) (1 + 2 + 5 - 8 - 9 - 10 - 12)	(797,387,467)	(19,821,302)	(325,206,788)	952,623

(Convenience translation of financial statements originally issued in Turkish)

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2013 (continued)

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

27. Financial instruments and financial risk management (continued)

Foreign exchange risk

The Company is exposed to foreign exchange risk primarily against to Euro and partly against to USD. The foreign exchange risk of the Company arises from long-term Euro investment loans.

June 30, 2013

	Profit/(loss) before taxation	
Appreciation in foreign currency / Depreciation in foreign currency		
	Increase by %10	Decrease by %10
Change in USD against TL		
US Dollar net (liabilities) / assets	(3,561,291)	3,561,291
US Dollar net hedged amount	-	-
US Dollar net (loss) / gain	(3,561,291)	3,561,291
Change in Euro against TL		
Euro net (liabilities) / assets	(119,128,293)	119,128,293
Euro net hedged amount	63,591,588	(63,591,588)
Euro net (loss) / gain	(55,536,705)	55,536,705
Change in other foreign currency against TL		
Other foreign currency denominated net assets/(liabilities)	624,576	(624,576)
Other foreign currency denominated- hedged amount	-	-
Other foreign currency denominated net gain/(loss)	624,576	(624,576)

December 31, 2012

	Profit/(loss) before taxation	
Appreciation in foreign currency / Depreciation in foreign currency		
	Increase by %10	Decrease by %10
Change in USD against TL		
US Dollar net (liabilities) / assets	(3,533,345)	3,533,345
US Dollar net hedged amount	-	-
US Dollar net (loss) / gain	(3,533,345)	3,533,345
Change in Euro against TL		
Euro net asset/(liabilities)	(69,732,530)	69,732,530
Euro net hedged amount	-	-
Euro net gain/(loss)	(69,732,530)	69,732,530
Change in other foreign currency against TL		
Other foreign currency denominated net asset/(liabilities)	293,987	(293,987)
Other foreign currency denominated- hedged amount	-	-
Other foreign currency denominated net gain/(loss)	293,987	(293,987)

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2013 (continued)

(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 for the period ended June 30, 2013 and 2012 are as follows;

	June 30, 2013	June 30, 2012
Total export amount	3,675,606,684	3,188,027,479
Total import amount	2,861,603,825	2,519,142,752

The Company's net assets are exposed to foreign exchange risk which arises from export sales. To minimize its foreign currency risk the Company follows a balanced foreign currency position policy. The foreign 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 30,2013	December 31, 2012
Fixed interest rate financial instruments		
Financial assets	261,472,250	273,952,715
Financial liabilities	597,268,298	511,098,797
Floating interest rate financial instruments		
Financial liabilities(*)	903,700,814	736,549,267

(*) As of June 30,2013, the Company, signed an interest swap agreement in order to mitigate the cash flow interest risk related to the floating interest loan amounting to Euro 28,571,429 (TL 71,820,000) with a maturity of December 9, 2015.

If the interest rates of floating 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 830,333 at June 30, 2013 (June 30, 2012 – TL 681,621) due to higher/lower interest expense.

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Ford Otomotiv Sanayi A.Ş.
Notes to financial statement for the period ended
June 30, 2013 (continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

27. Financial instruments and financial risk management (continued)

Liquidity risk

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

June 30, 2013	Book value	Total contractual cash outflow	Up to 3 months	Between 3-12 months	Between 1-5 years	Longer than 5 years
Non-derivative financial instruments						
Financial liabilities	1,517,600,775	1,595,840,227	205,988,104	407,221,591	604,386,769	378,243,763
Trade payables						
- Related party	540,840,521	541,136,825	541,136,825	-	-	-
- Other	903,321,847	906,269,548	906,269,548	-	-	-
Other liabilities						
- Related party	2,632,145	2,632,145	2,632,145	-	-	-
- Other	28,099,177	28,099,177	28,099,177	-	-	-
Derivative financial liabilities						
Derivative financial instruments	1,125,042	1,125,042	-	-	1,125,042	-

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Ford Otomotiv Sanayi A.Ş.
Notes to financial statement for the period ended
June 30, 2013 (continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

27. Financial instruments and financial risk management (continued)

December 31, 2012	Book value	Total contractual cash outflow	Up to 3 months	Between 3-12 months	Between 1-5 years	Longer than 5 years
Non-derivative financial instruments						
Financial liabilities	1,259,553,564	1,337,741,736	113,206,045	258,374,650	703,559,582	262,601,459
Trade payables						
- Related party	292,778,669	293,007,233	293,007,233	-	-	-
- Other	827,494,766	830,366,480	830,366,480	-	-	-
Other liabilities						
- Related party	1,449,061	1,449,061	1,449,061	-	-	-
- Other	21,750,636	21,750,636	21,750,636	-	-	-
Derivative financial liabilities						
Derivative financial instruments	1,683,905	1,683,905	-	-	1,683,905	-

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2013 (continued)

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

27. Financial instruments and financial risk management (continued)

Fair value hierarchy table

The Company classifies the fair value measurement of financial instruments reported at fair value according to their source of valuation inputs, using the three-level hierarchy, as follows:

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)

Level 2: Other valuation techniques that includes direct or indirect observable inputs

Level 3: Valuation techniques that does not contain observable market inputs

As of June 30, 2013 and December 31, 2012, the Company's hierarchy table for its assets and liabilities recorded at fair value are as follows:

June 30, 2013

	Level1 (*)	Level 2 (**)	Level 3
Assets at fair value			
Financial asset available-for-sale -Otokar	9,455,294	-	-
Total assets	9,455,294	-	-
Liabilities at fair value			
Cash flow hedge swap transaction	-	1,125,042	-
Total Liabilities	-	1,125,042	-

(*) Fair value is calculated at market prices per the Stock Exchange market at reporting date,

(**) Fair value is calculated from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e, as prices) or indirectly (i.e, derived from prices).

December 31, 2012

	Level1 (*)	Level 2 (**)	Level 3
Assets at fair value			
Financial asset available-for-sale -Otokar	5,961,405	-	-
Total Assets	5,961,405		-
Liabilities at fair value			
Cash flow hedge swap transaction	-	1,683,905	-
Total Liabilities	-	1,683,905	-

(*) Fair value is calculated at market prices per the Stock Exchange market at reporting date.

(**) Fair value is calculated from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e, as prices) or indirectly (i.e, derived from prices).

Ford Otomotiv Sanayi A.Ş.

Notes to financial statement for the period ended

June 30, 2013 (continued)

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

28. Derivative financial instruments

	June 30,2013	December 31, 2012
Derivative financial instruments:		
Long term financial derivatives	1,125,042	1,683,905
	1,125,042	1,683,905

The Company has obtained a long term loan in foreign currency with a floating rate from the international market and entered into a long-term swap transaction to fix the interest rate and hedge against interest rate risk.

As of June 30, 2013, the Company has entered into swap transaction for Euro 28,571,429 (equivalent of TL 71,820,000) with a maturity of December 9, 2015 to hedge itself from the risk caused by fluctuations in interest rates. The critical terms of the swap contract such as due date, repayment, and changes in interests are in line with the foreign currency loan agreement subject to the swap transaction as of June 30, 2013. The fair value of the related swap transaction as of June 30, 2013 is amounting to TL 1,125,042 and presented in "Non-current liabilities".

29. Government incentives and grants

The Company received two investment incentives both greater than TL 250 million in the last quarter of 2010, under the scope of the Council of Minister's decision numbered 2009/15199 and dated 14/07/2009. Based on this decision, the Company can deduct 30% of the costs of fixed assets purchases related with new investments, from the tax base, at the time investment is completed and the revenue is started to be earned.

Additionally, the Company reevaluated its existing investments within the scope of the decree on Government Subsidies for Incentives re-regulating investment incentives, which was published in the official gazette and became effective on 19 June 2012, and acquired a privileged investment incentive certificate amounting to TL 954,816,039 for the investment of its new generation Transit model and a privileged investment incentive certificate amounting to TL 605,865,568 for the new model Transit Courier investment in the light commercial vehicle segment. Subject investment incentives has a 40% rate of contribution to investment (Note 24).

30. Subsequent events

There is no significant subsequent event to be disclosed.

31. 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.