

INTERIM REPORT

Company Name : FORD OTOMOTİV SANAYİ A.Ş.

Report Period : 01.01.2010 – 31.06.2010

Board of Directors: Rahmi M. Koç (Chairman),
John Fleming (Vice Chairman),
Bülent Bulgurlu,
Y. Ali Koç (Audit Committee Member),
A. İhsan İlkbahar,
O. Turgay Durak
Bryan D. Myers (Audit Committee Member),
Ingvar M. Sviggum,
Steven Adams,
Michael R. Flewitt,
Nuri K. Otay (General Manager)
Theodore J. Cannis (Deputy General Manager)

Auditors : Mehmet Apak, Adnan Nas

1. Market

Total domestic sales in the first six months increased by 3% to 288,814 units (281,258)* compared to the same period of 2009. Last year, the SCT reduction at the second half of March had a positive effect especially in the passenger car segment. Although there were no such incentives in the first six months of 2010, due to low exchange rates, passenger car sales had a similar performance in this term whereas the growth rates for light, medium and heavy commercial vehicle sales were 11%, 7% and 64% respectively.

2. Market Shares

Ford Otosan's total market share was 15.3% (13.2%) as of June 2010 and the domestic market leadership is continuing. Our market share in passenger car segment increased to 10.3% (8.5%). The market share in the light commercial vehicle segment also increased by 0.8% to 20.5% (19.7%). Leading position in the medium commercial vehicle segment goes on with 36% (32%) market share. Ford Otosan has the second rank in the heavy commercial vehicle segment with 14% (17.1%) market share.

3. Production and Capacity

The capacity utilization rate in the first half of 2010 increased to 70% level as a result of the recovery in domestic and foreign market sales. Total production volume also increased by 71% versus the same period last year. In Kocaeli Plant; 69,334 Transit and 42,070 Connect were manufactured. The total production volume is 112,836 units (65,978) including 1,432 Cargo trucks manufactured in İnönü Plant.

* The numbers shown in parentheses show the values corresponding to the same period previous year.

4. Export and Sales

85,678 vehicles (47,399) were exported in the first half of 2010 and the increase in export volume is 81%. The export sales revenue reached to Euro 1,023 million (Euro 572 million). Total sales volume rose by 57% to 131,692 units (84,126) including 46,014 vehicles (36,727) sold to domestic dealers. Parallel to the growth in sales volume, net sales revenue increased by 46% compared to last year.

5. Investments

17.6 million TL (30.9 million TL) capitalized expenditure was made in this period related to new products. The investments for the prioritized projects will be maintained as planned in the future.

6. R&D Activities

40 million TL (38 million TL) of R&D expenditure was spent in the first six months for various product development projects. R&D Projects are carried out in line with the product programs.

7. Personnel Figure

As of June 30, 2010, the company has a total of 7,949 employee composed of 1,633 white-collar and 6,316 blue-collar workers. (31 December 2009: total of 7,593 employees composed of 1,396 white-collar and 6,197 blue-collar workers).

The blue-collar workers in our company are under the coverage of Collective Work Agreement signed on Dec.5, 2008 between Turkish Metals Union and MESS, effective as of Sep.1, 2008. This agreement is valid for two years and expires on Aug.31, 2010.

8. Profitability

Operating Profit is 247 million TL (140 million TL) and Profit Before Tax is 242 million TL (142 million TL) as of June-end. Thanks to the recovery in capacity utilization rate and significant increase in production and sales volume; the operating profit margin which was around 6% in the first half 2009, increased to 8% in this period.

9. Financing

The company borrowed Euro 75 million in January-June period and repaid Euro 96 million in six months. Consequently, as of June end, total debt level became Euro 158 million (Euro 197 million) from Euro 179 million figure at the beginning of the year. The cash balance is 340 million TL (582 million TL) as of June 30, 2010.

The company continues to follow financial risks very closely and maintains prudent policies. The main policies regarding various risks are summarized in the Note 2.3.16 of financial statements.

In 2010, the expectations regarding the number of sales, both in domestic and foreign markets, are changing in a positive way and within this context, an increase in production and sales volume seems possible in the coming months.

FORD OTOMOTİV SANAYİ A.Ş.