2008 Annual Report

Ford Otomotiv Sanayi A.Ş.

Koç

FORD OTOSAN

Registered Capital	:	TL 500,000,000
Paid in Capital	:	TL 350,910,000

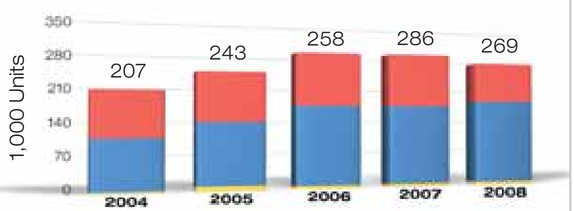
Prepared in accordance with the capital Markets Board Regulations for submitting in the Ordinary Shareholders Meeting which is held on March 25, 2009, Wednesday at 14.30, at Divan Hotel (Büyükdere Cad. No: 84 34398 Gayrettepe / İstanbul)

Contents

Highlights

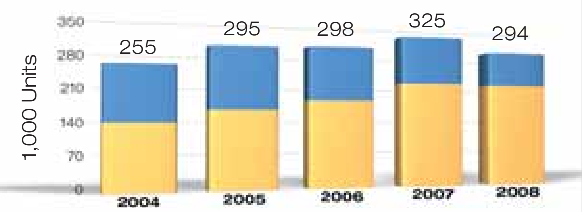
	2008	2007	2006	2005	2004
Net Sales (Mn. TL)	7,007	7,231	6,521	6,059	5,559
Export Revenues (Mn. Euro)	2,511	2,497	1,971	1,677	1,438
Operating Profit (Mn. TL)	613	690	569	538	487
Operating Margin	8.7%	9.5%	8.7%	8.9%	8.8%
Profit Before Tax (Mn. TL)	616	657	621	526	587
Net Income (Mn. TL)	436	484	501	398	453
Financial Debt (Mn. TL)	380	416	452	321	439
Capex (Mn. Euro)	37	78	109	109	85
Return on Equity	26%	29%	31%	25%	32%
Debt / Equity	0.22	0.24	0.28	0.20	0.27
Dividend Paid (Mn. TL)	439	402	451	446	119
Year End Market Cap. (Bn. Dollars)	1.0	3.7	2.9	2.8	1.8
Total Automotive Ind. (Units)	524,414	632,561	667,753	766,421	741,083
Ford Otosan Market Shares					
Total Market	14.7%	16.8%	17.1%	17.0%	15.5%
Passenger Car	8.5%	9.2%	10.2%	10.5%	10.0%
LCV	21.0%	26.2%	25.1%	24.7%	23.1%
MCV	30.5%	31.9%	29.7%	28.7%	28.1%
Truck	14.7%	16.3%	21.4%	26.4%	19.9%
Number of Employees	8,164	9,521	7,991	7,964	7,722
Hourly	6,657	8,074	6,737	6,687	6,460
Salaried	1,507	1,447	1,254	1,277	1,262

Production



Light Commercial Vehicle	95	102	112	113	85
Medium Commercial Vehicle	106	131	138	167	178
Truck	3	10	8	6	6

Domestic - Export Wholesale Volume



Domestic	114	131	113	103	75
Export	141	164	185	222	219

Agenda of the Shareholders' Meeting

1. Opening and election of Chairmanship Panel,

2. Reading and discussion of the Board of Directors' Report, Statutory Auditor's Report and summary report of the independent audit firm Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PriceWaterhouseCoopers) about 2008 activities and accounts, and approval or approval with amendments or refusal of the Board of Directors' proposal of 2008 Balance Sheet and Income Statement,

3. Approval of the change made in the membership of the Board of Directors in accordance with the Article 315 of the Turkish Commercial Code,

4. Release of the Members of the Board of Directors and the Statutory Auditors for year 2008 activities,

5. Approval or approval with amendments or refusal of the Board of Directors' proposal of the profit distribution for the year 2008 and distribution date,

6. Re-election or replacement of the members of the Board of Directors whose term of office has expired and determination of the number of the members and their term of office,

7. Re-election or replacement of Statutory Auditors whose term of office has expired,

8. Determinations of the monthly gross remunerations and fees to be paid to the Chairman and Members of the Board of Directors and Statutory Auditors,

9. Report out of the donations and contributions made by the Company for social charity purposes in 2008, to the foundations and societies having tax exemption,

10. In accordance with the Corporate Governance Principles giving information on the Company's profit distribution policy for 2009 and the following years,

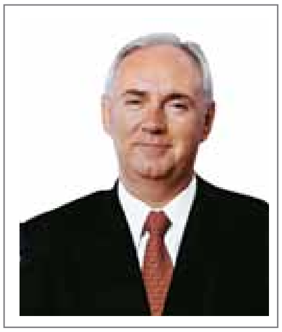
11. Granting permission to the members of the Board of Directors to conduct the activities within the fields of business of the Company in their own name or in the name of other persons, and to participate in other companies engaged in the same fields of business, and for other deals, pursuant to Sections 334 and 335 of the Turkish Commercial Code,

12. Authorization of the Chairmanship Panel to sign the meeting minutes of the General Assembly of Shareholders,

13. Wishes.

Board of Directors

Rahmi M. Koç
Chairman



John Fleming
Vice Chairman

Bülent Bulgurlu
Member

Y. Ali Koç
Member - Audit Committee Member

A. İhsan İlkbahar
Member

All members of the Board of Directors have been elected for the period of 02.04.2008 – 25.03.2009.

Lewis W.K.Booth and Philip A.Collareno resigned from membership of Board of Directors on December 22nd, 2008 due to their new positions within Ford Motor Company. Board of Directors has assigned Mr. Ingvar Sviggum, Vice President – Marketing and Sales of Ford of Europe and Mr. Steven Adams, Commercial Vehicle Director of Ford Motor Company for the remaining term. John Fleming will serve as the Vice Chairman of Board of Directors.

The Board of Directors manages and represents the company with the authorities vested by articles 8 and 9 of the Company's Articles of Incorporation.

AUDIT COMMITTEE

Audit Committee consists of the Board of Directors members; Y. Ali Koç and C.B. Frank Lazzaro.

STATUTORY AUDITORS

Dr. Füsun Akkal
Adnan Nas

Statutory Auditors have been elected for the period of 02.04.2008 – 25.03.2009. Statutory Auditors audits the Company with the authorities vested by the pertinent provisions of the Turkish Commercial Code and article 13 of the Company's Articles of Incorporation.

INDEPENDENT AUDIT FIRM

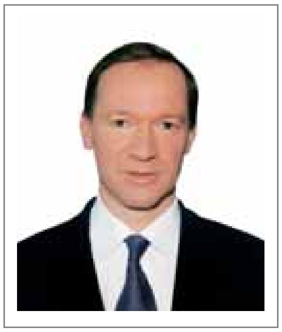
2008 calendar year accounts of the Company have been audited by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers).

O. Turgay Durak
Member

Ingvar M. Sviggum
Member

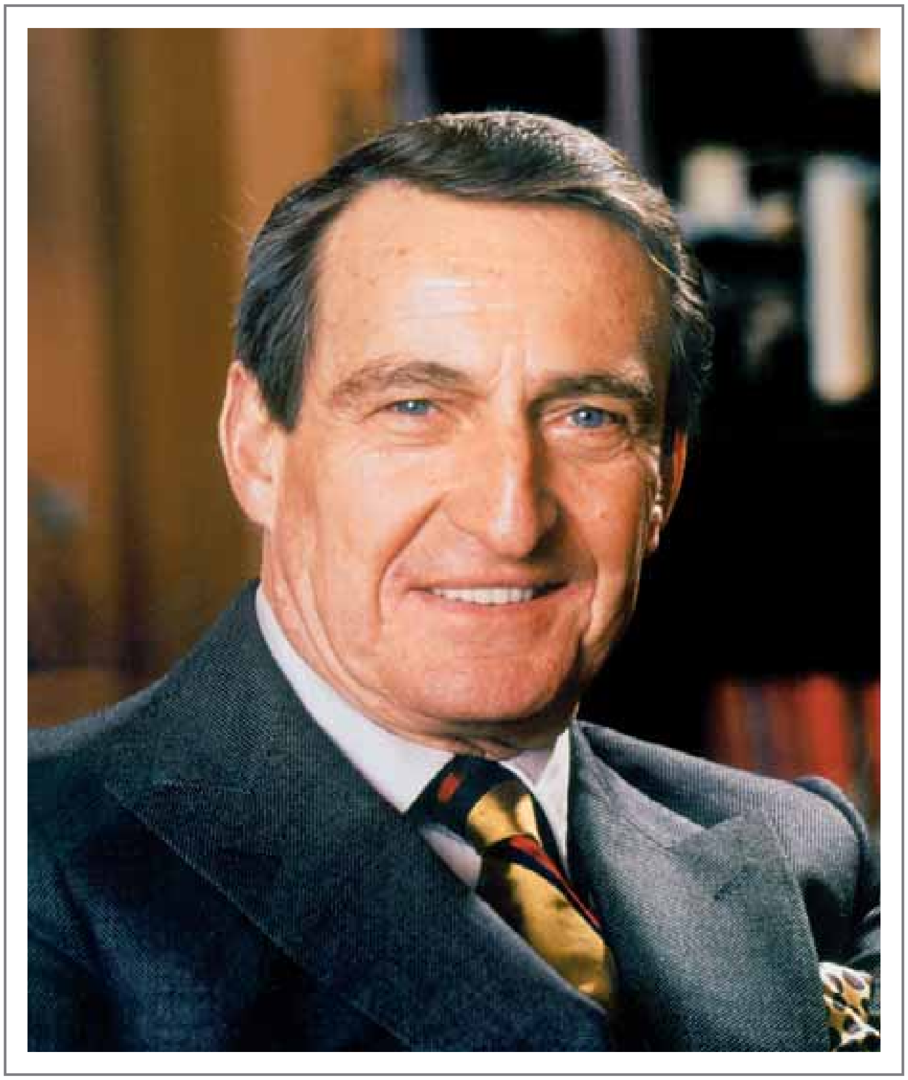
C.B. Frank Lazzaro
Member - Audit Committee Member

Steven Adams
Member



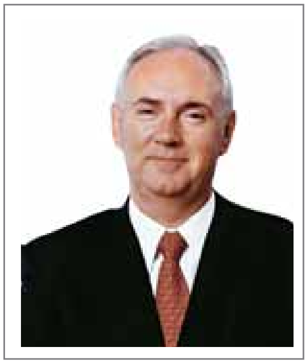
Michael R. Flewitt
Member - General Manager

Curricula Vitae of Board of Directors



RAHMİ M. KOÇ (79): Koç Holding A.Ş. Honorary Chairman

Receiving a degree in Business Administration from John Hopkins University, Mr. Rahmi Koç started his career in 1958 at Otokoç. In 1964; he was appointed as Koç Holding General Coordinator. Subsequently, he became the Chairman of the Executive Committee in 1970. He served as Vice-Chairman of the Management Board in 1975 and as Chairman of the Management Committee in 1980. Between 1984-2003, he was the Chairman of the Board of Koç Holding. During 1995-1996, he served as Chairman of the International Chamber of Commerce. Currently, Rahmi M. Koç is the Honorary Chairman of Koç Holding A.Ş. and he is serving as a member of Ford Otosan Board of Directors since 1961.



JOHN FLEMING (58): Group Vice President, Ford Motor Company; President and CEO, Ford of Europe

Mr. Fleming holds an Honorary Degree from the John Moores University in Liverpool and production engineering qualifications from North East London Polytechnic. He joined Ford Motor Company in 1967 at the company's Halewood facility on Merseyside, where he was involved in manufacturing processes for Ford Escort. John Fleming was appointed as Production Manager of the plant's paint facility in 1984 and became General Manufacturing Manager of Halewood Operations in 1991. After several assignments, he served as Director of Global Manufacturing Engineering and New Model Programs and as Executive Director of the Ford Stamping Business Unit in the United States. Prior to his current position Mr. Fleming was President, Ford of Europe and before that he was Vice President Manufacturing, Ford of Europe with responsibility for all manufacturing facilities and operations. He joined Ford Otosan Board of Directors in 2002.

BÜLENT BULGURLU (62): Koç Holding A.Ş. CEO

Bülent Bulgurlu graduated from Architectural Faculty of Norwegian Technical University and had a Ph.D in 1977 at the same university and same faculty. He started his career in 1972 as a Construction Engineer at Elliot Strömme A/S in Oslo, and in 1977, he joined Intes A.Ş. as a Construction Engineer. He worked in various positions at Garanti İnşaat A.Ş., including Engineering, Planning and Construction Manager, Construction Site Coordination and Construction Manager, Assistant General Manager and General Manager. He was appointed Vice-President of the Tourism and Services Group at Koç Holding A.Ş. in 1996, and became the President of this group in 2000. In 2001, he was named President of the Tourism and Construction Group until he was appointed as the President of the Consumer Durables and Construction Group in 2004. Bülent Bulgurlu continues his career as the CEO of Koç Holding A.Ş., effective May 2007, and he is a member of Company Board of Directors since March 27, 2007.

Y. ALİ KOÇ (42): Koç Holding A.Ş. Corporate Communications and Information Group President

Mr. Koç worked from 1991-1992 as Coordinator of Ramerica International, Inc., and participated in the Securities Analyst Trainee Program at Morgan Stanley Group after his MBA from Harvard Business School. He was named New Business Development Coordinator at Koç Holding in 1997 as part of the Strategic Planning Group and joined Ford Otosan Board in the same year. He served as the Information Group Operating Committee Chairman as well as the New Business Development Coordinator between 2000-2002. Since 2002, he has been the Information Group President and in 2006, he has added the Presidency of the Corporate Communications to his position.

A. İHSAN İLKBAHAR (70)

Graduated from Istanbul Technical University Mechanical Engineering (MSc.), A. İhsan İlkbahar started working as a Manufacturing Engineer at Otosan in 1964. He spent his whole professional life at Ford Otosan where he served as a General Manager during the last 14 years and retired at the beginning of the year 2000. In this company, he was involved in the projects of construction of the Otosan Engine Plant in Eskişehir-İnönü in 1980 and the production at Gölcük Plant. He was the Chairman of Automotive Manufacturers Association's Board of Directors, continuously 15 years, from 1989 until February 2004. He is a member of Board of Directors since 1991.

O. TURGAY DURAK (57): Koç Holding A.Ş. Automotive Group President

After graduating and obtaining a master degree from Mechanical Engineering of Northwestern University, O. Turgay Durak started his career at Otosan as Application Engineer in 1976. Same year, he continued working as Product Development and Design Engineer. In 1979, he became İnönü Project Leader. He was appointed to the Management of Project Coordination in 1982 and the Site Management of Project Coordination in 1984. He was assigned as AGM - Marketing in 1986 and AGM - Purchasing in 1987. Becoming the Deputy General Manager in 2000, O. Turgay Durak became the General Manager in 2002 and has been a member of company Board of Directors. Being assigned as Koç Holding Automotive Group President in May 2007, Mr. Durak is also the Chairman of Automotive Manufacturers Association's Board of Directors since 2004.

INGVAR M. SVIGGUM (64): Vice President, Marketing and Sales, Ford of Europe

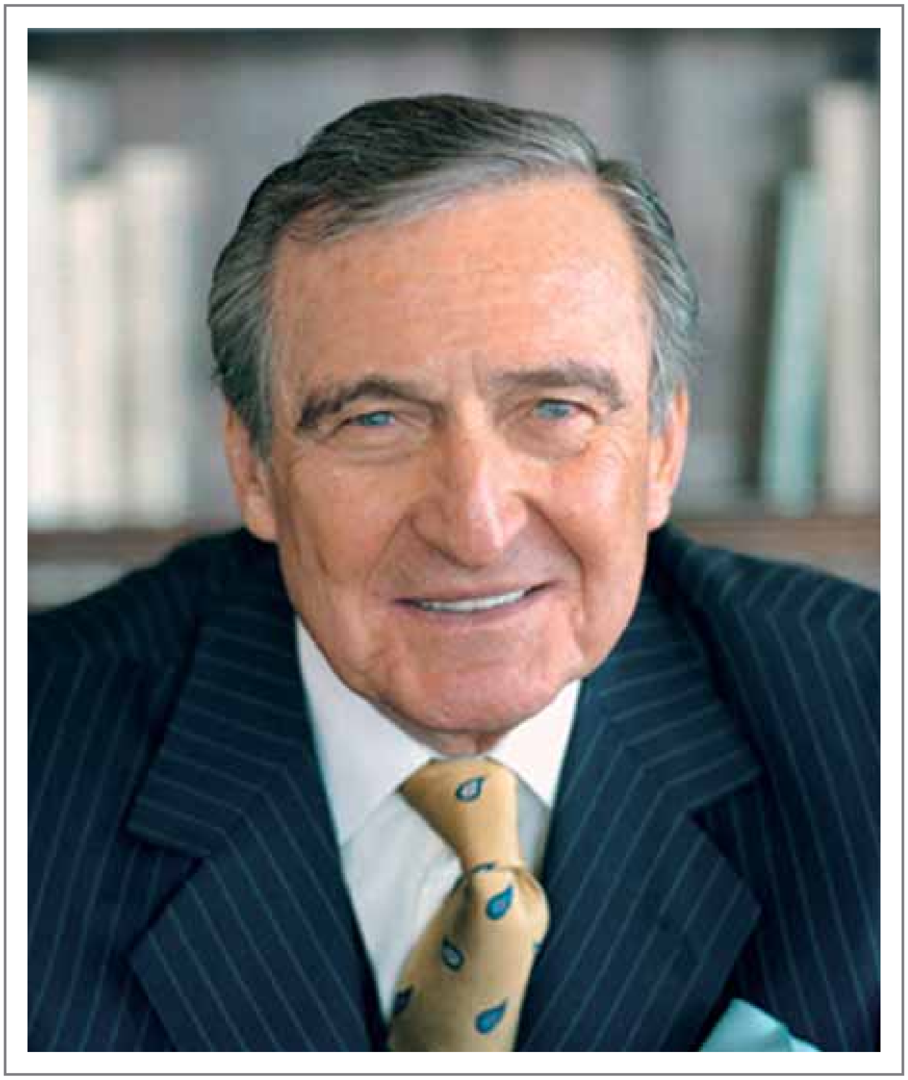
Ingvar M. Sviggum holds Economics and Management degrees from University and Business School in Oslo and Bergen. He joined Ford Norway in 1963 as trainee and became Managing Director, Ford Norway between 1985 and 1987. After serving in Ford of Spain, Mr. Sviggum joined the Ford of Europe central senior management team in 1989 as Director, Marketing Plans and Programs. From 1996 until 1997, he served as Vice Chairman, Ford-Werke AG. He was assigned as Vice President, European Sales Operations for Ford of Europe in 1999 and appointed as Vice President, Marketing and Sales for Ford of Europe on April 1, 2008. He joined Ford Otosan Board of Directors on December 23, 2008.

C.B. FRANK LAZZARO (49): CFO and Vice President of Strategic Planning, Ford of Europe
Frank Lazzaro received a Bachelor of Business degree in management from Deakin University, Australia and joined Ford of Australia in 1979. He worked in many different positions including Ford U.S. and was CFO in Ford South America from 2003 to 2005. He became CFO and Director, Business Strategy for Jaguar Land Rover between 2005 and 2008. He got the responsibility for Finance and Strategic Planning, Ford of Europe, effective February 2008 as CFO and Vice President. Mr. Lazzaro is a member of Board of Directors since March 11, 2008.

STEVEN ADAMS (54): Commercial Vehicle Line Director, Ford Motor Company
Steven Adams completed his Bachelor of Science degree with honors in mechanical engineering at the City University, London. He joined Ford in 1976 and has had assignments in Britain, the US and Germany. His early career with Ford included periods in a number of product planning and project management positions associated with a variety of vehicle, engine and transmission programs. He worked three years as the Ford of Europe PD Quality Director and four years as a Body Engineering Manager. After leading the vehicle line team responsible for the Ford Mondeo, S-MAX (Car of the Year 2007) and Galaxy range of products, he became Ford's Global Vehicle Line Director as of September 2008. Mr. Adams began serving in Ford Otosan Board of Directors since December 23, 2008.

MICHAEL R. FLEWITT (47): General Manager
Michael graduated with a Higher National Diploma in Manufacturing and Mechanical Engineering in 1987. He has completed his post graduation of "Management Studies" in 1992 at Salford University and "Project Management" in 1996 at the same university. Michael started his working life as a trainee at Ford Motor Company Halewood Assembly Plant in 1983 and then held a variety of positions in Manufacturing. Moving on to work as Production Director at Rolls Royce Motor Cars in 1995 and progressing his career in 1998 as Management Director at AutoNova AB/Volvo Sweden, Michael became Production and Operations Group Director at TWR Group Limited in 2000. Returning to Ford Motor Company in August 2003, he started working as Production Quality Director, responsible for all European Manufacturing Operations. He was assigned as the Deputy General Manager at Ford Otosan and joined the Board of Directors in May 2005 and since May 2007, he is the General Manager of Ford Otosan.

Board of Directors' Report



Dear Shareholders,

In presenting the Board of Directors' Report about the operations of Ford Otomotiv Sanayi A.Ş. in 2008, we welcome all of our esteemed shareholders to the 50th Ordinary General Meeting.

The financial crisis, first seen in the US mortgage markets in 2007, rapidly expanded worldwide which has resulted into a global recession in the second half of 2008. The automotive sector is in the forefront of the sectors severely impacted from the crisis and has experienced a worldwide contraction in both sales and production. Automotive sales decreased by 3.5% worldwide and by 7.6% in EU countries.

Similarly, following 12% growth levels in the first half, the Turkish automotive market also experienced a rapid recession at the second half and contracted by 36% in total and by more than 55% in the final months. Overall, total automotive sales declined by 17% versus 2007, a total of 524,414 units.

In addition to the domestic market contraction, a sharp decrease of purchase orders from Europe in the last quarter reduced production volumes and capacity utilization rates to extremely low levels in order to avoid further stock increases. Despite the second half weakness, total Turkish automotive industry production rose by 4.3% from 2007 reflecting the strong first half growth. Total production volume reached 1,147K vehicles, 921K of which was exported.

Operational Results

Through September 2008, Ford Otosan achieved all-time high figures in terms of production, total sales, export, and profitability. However, in the last quarter, the sharp decrease in demand from both domestic and export markets adversely impacted the annual performance of the company versus last year with the exception of export revenues.

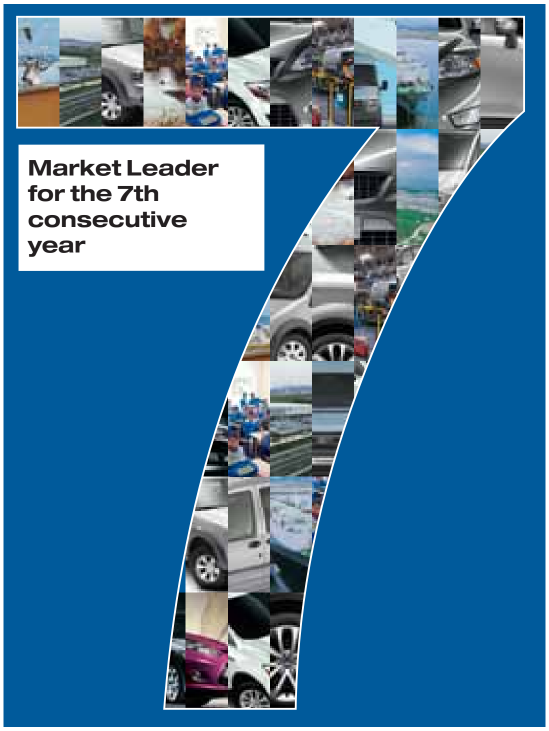
Kocaeli Plant, having raised its capacity to 320,000 vehicles/year, operated at 100% capacity utilization rate during the first half of the year. Production cuts in the fourth quarter, to adjust to European inventory requirements, reduced utilization rates to 50% for the period. As a result, total production volume decreased by 7% yoy to 268,761 vehicles with an 82% capacity utilization rate. Kocaeli Plant produced 177,553 Transit and 85,345 Connect vehicles while 5,863 Cargo trucks were manufactured at İnönü Plant. Similar to previous years, 25% of the total vehicle production in Turkey was realized by Ford Otosan.

In 2008, total sales were 294,127 vehicles, 218,935 were to export markets and 75,192 were sold domestically. Compared with 2007, domestic sales volume decreased by 26.8% and total sales dropped by 9.5%.

Although total 2008 export volume declined by 1.5%, export revenues increased by 10%, totaling 3.75 billion dollars. Ford Otosan maintained its export leader status in the automotive sector and was ranked second among the major exporting companies Turkey-wide, behind Tüpraş.

We lost 2.1 pp market share in 2008, primarily due to factors such as tougher price competition, the entrance of cheaper Chinese-origin brands into the market, market share gained by Minicargo small-size commercial vehicles and currency volatility. However, for the 7th consecutive year, the Ford brand remained the automotive market leader with a total market share of 14.7%. Detailed data regarding market shares is available in the respective sections of the Annual Report.

Aiming to introduce the most recent and advanced technology products to its customers, Ford Otosan continued its product



development activities during 2008. Related to a wide range of vehicle and engine projects, TL 112 million was spent for R&D expenses. The condensed work on these programs will reap the benefit in the coming years.

A significant portion of imported passenger cars has also been renewed in 2008. The new generations of Focus, Fiesta, Ka and brand new vehicles such as Kuga have been successfully launched.

Our achievements in the fields of quality, productivity, health and safety and the environment continue. Having attained top scores again from the Ford Production System and Quality Implementation Systems audits, both Kocaeli and İnönü plants have been cited as benchmarks for all Ford plants. Some of our project awards include “Risk Assessment Best Implementation” (Ministry of Labor and Social Security), “Best Innovative Project in the European Continent” (Ford Motor Company).

Investments

Immediately after recognizing that the company operations would be severely affected from the global crisis, an extremely cautious investment policy was adopted. As a result, 2008 capital expenditures, including capacity increase investments in the first months of the year and investment expenses for new products were reduced to TL 69 million, compared to TL 139 million in 2007. From investment incentive allowances accrued in the previous years, an amount of TL 580 million is used in the 2008 tax bill. As of year-end, unutilized investment incentive allowances remain at TL 481 million.

Through the Incentive Certificate No. 4977, the Company is benefiting from VAT and Customs Duty exemptions over a total investment amount of TL 144 million.

Social Responsibility and Donations

From our strong corporate awareness of social responsibility, Ford Otosan and its employees contribute to numerous projects in the fields of education, health, environment and culture that are the basic necessities of the country. The large budget projects are realized under the

leadership of Vehbi Koç Foundation and in 2008, the Company donated TL 6 million to the foundation. Within the Annual report, information is included about some of the social responsibility projects that we have supported.

We would also like to bring to your attention that including the donation made to Vehbi Koç Foundation, total donations to the tax exempt foundations and associations in 2008 were TL 6,148,172.

Changes in Board of Directors

Mr. Lewis W. K. Booth and Mr. Philip A. Collareno, who were elected as Members of the Board of Directors representing C Group Shares in the General Meeting on April 2, 2008 resigned from their memberships as of December 22, 2008 due to new assignments at Ford Motor Company. Upon the proposal of Ford Motor Company, in order to serve in the Board of Directors for the remaining period representing the C Group Shares, Mr. Ingvar M. Sviggum and Mr. Steve Adams were appointed to the vacant chairs in the Board of Directors, subject to the approval of the first General Meeting to congregate.

In accordance with the Article 315 of Turkish Commerce Law, we hereby submit these elections to your approval.

Changes in Company Management

Nuri Otay, having served as the Manufacturing Director at Ford Motor Company Cologne Facilities in Germany, is assigned as Deputy General Manager, effective from January 1, 2009. Ufuk Güçlü, who has been serving as Deputy General Manager, resigned from this position as of February 1, 2009, upon being appointed as General Manager of RMK Marine Shipbuilding Industry and Marine Transport A.Ş.

Assistant General Manager for Tool & Die-Prototype, Ali İhsan Kamanlı retired on March 31, 2008.

Number of Personnel and Workers

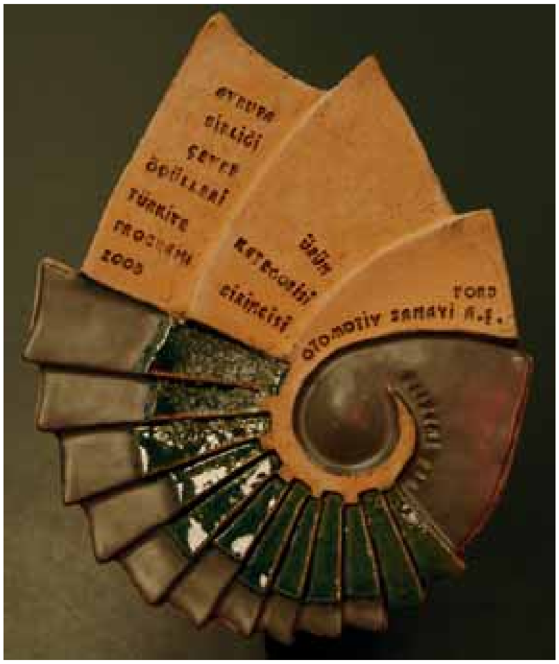
As of December 31, 2008, the total employment of the Company is 8,164 headcounts, 1,507 of which are white collared and the remaining 6,657 are blue collared (At the end of previous year these figures were 9,521; 1,447 and 8,074 respectively).

Blue collared workers are under the coverage of the Group Collective Labor Contract signed between Türk Metal Union and MESS on December 5, 2008, effective as of September 1, 2008. The term of the agreement is two years expiring on August 31, 2010.

Financial Results

The Company prepares its financial statements in accordance with the Capital Markets Board regulations. 2008 Financial Statements and their explanatory footnotes, audited by the independent auditing firm, have been submitted for your review at the relevant sections of the Annual Report.

As far as the main items of the Income Statement are concerned, net income decreased by 3% yoy and accrued as TL 7 billion. Likewise, decrease in the gross profit remained at a rate of 2% and gross profit margin increased from 14.3% to 14.5%. However, as a consequence of the incremental costs arising



EU Environment Awards Turkish Program 2008

from the low capacity utilization and the high FX rates at year-end, operating profit decreased by 11% and operating margins were 8.7%, down from 9.5% in 2007.

Profit Before Tax decreased by 6% and is recorded as TL 616,484,071. After the deduction of TL 180,279,793 as tax provisions, net profit for the period stands at TL 436,204,278.

On the Balance Sheet, the Company holds TL 262.8 mn of cash versus TL 380.4 mn of financial debt of which 60% (TL 228.1 mn) consists of long-term bank loans. In 2008, Euro 65 mn of debt repayment was made without recourse to new borrowings.

The Company is pursuing extremely cautious policies against financial risks. Data related with such risks are closely monitored and the financial metrics set up by the Board of Directors and Audit Committee are maintained within the limits. In this context, it is worth to mention that the Company does not carry any exposure to FX rate risk as of December 31, 2008.

Dividend Policy and Dividend Proposal

The Company distributes dividends in compliance with the Turkish Commercial Code provisions, the Capital Market regulations, tax regulations, the other related legislation as well as the provisions of our Articles of Association regarding dividend distribution.

In 2008, the Company distributed a total dividend amount of TL 438.6 mn to its shareholders through payments made in April and October. Overall, Ford Otosan distributed a total dividend of $1.3 billion in the last 4 years and remains to be at the top portion of the ISE listed companies offering the highest dividend.

Our dividend policy, summarized as “Except periods of huge investment projects or any severe economic downturns, to distribute predictable and stable dividends, in the highest amount that our cash position allows”, points out to the fact that, regarding profit distribution, under the current economic recession conditions, we must act more cautiously than ever.

With this regard, we hereby propose to distribute a dividend of TL 91,236,600 out of the 2008 net income of 436,204,278 TL, at the ratio of 26%, over a basis of gross=net 26 Kuruş per each share with the nominal value of TL 1 and to begin payments on April 2, 2009.

Detailed data regarding this proposal can be found in the Dividend Distribution Proposal table enclosed in the report.

2009 Outlook

An ever-intensifying economic crisis reigns around the globe and in our country as well. It is no doubt that the global economy has entered into a total recession and that it shall significantly contract throughout the year. Also in Turkey, the GNP is assumed to contract following a long period of growth. In line with this assumption, it looks likely that demand for automotive products in both our key export markets (Western Europe) and the domestic market shall remain at relative low levels.

In preparing the 2009 budget, we have assumed that the contraction in the automotive markets will continue throughout the year, with a slight recovery only towards year-end. This forecast has been validated up to now by the weak market data of January and February. With the affects from the difficult conditions, Ford Otosan is taking all necessary actions (adjustment of production programs to demand, cost-reduction measures, cut-back of expenses, etc.) to ensure the sustainability of our operations and profitability.

Under such circumstances, it is a significant Company advantage that, we will initiate next month the Connect export project to the North American market. All product development and investment activities related with the modifications on Connect, in order to meet the requirements of American market, are about to be completed. Thanks to this project, on one hand, Ford Otosan will be the first Turkish company to export vehicles to the homeland of automotive industry, America, and on the other hand, this will help to compensate some part of the export losses to European markets. However, by the end of 2009, it still appears unlikely to reach the figures of 2008, in terms of production, sales, and export volumes.

Dear Shareholders,

This year Ford Otosan is going to celebrate 50th Anniversary of the incorporation of the Company. We hereby extend our deepest gratitude to our founders, as well as to our business partners, our former and current employees, Turk Metal Union, our suppliers, our dealers and to all our customers for their great contribution to Ford Otosan's becoming one of the biggest and most successful industrial corporation in Turkey, over a period of half a century.

With best regards,

Rahmi M. Koç
Chairman of the Board

Ford Otomotiv Sanayi A.Ş.
Dividend Distribution Proposal
For The Year 2008

According to our financial statements for the accounting period of 01.01.2008-31.12.2008 prepared in accordance with the International Financial Accounting Standards within the framework of the Capital Markets Board's Communiqué Serial:XI, No:29 and audited by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers), a net income of TL 436,204,278 has been generated. Our dividend proposal per Company's dividend policy could be found below. Subject dividend distibution transactions mentioned above will begin on April 2, 2009 according to the General Assembly Resolution.

Ford Otomotiv Sanayi A.Ş. 2008 Dividend Distribution Proposal Table (TL)			
1. Paid-in/Issued Capital			350,910,000
2. Total Legal Reserves (According to Tax Book)			244,001,610
If there is dividend privilege in the Articles of Association, information regarding this privilege			
		According to CMB	According to Tax Book
3.	Income for the Period	616,484,071	616,510,111
4.	Taxes Payable (-)	(180,279,793)	(114,846,442)
5.	Net Income for the Period (=)	436,204,278	501,663,669
6.	Retained Losses (-)	-	-
7.	First Series of Legal Reserves (-)	0	0
8.	Distributable Net Income of the Consolidated Affiliate that has not been decided to be distributed (-) [1]		
9.	Distributable Net Income for the Period (=)	436,204,278	501,663,669
10.	Donations within the year (+)	6,148,172	
11.	Distributable Net Income for the Period including Donations to Calculate First Dividend	442,352,450	
12.	First Dividend to the Shareholders	88,470,490	
	-Cash	88,470,490	
	-Bonus		
	-Total	88,470,490	
16.	Second Dividend to the Shareholders	2,766,110	
17.	Second Series of Legal Reserves	7,369,110	
20.	EXTRAORDINARY RESERVES	337,598,568	403,057,959

Information About the Ratio of Distributed Dividend (in terms of privileged-nonprivileged share)				
DIVIDEND INFORMATION PER SHARE				
	Group	TOTAL DIVIDEND (TL)	DIVIDEND FOR EACH SHARE WITH THE NOMINAL VALUE OF TL 1	
			AMOUNT (TL)	RATIO (%)
GROSS	A-B-C	91,236,600	0.26	26
	TOTAL	91,236,600		
NET				
	A-B-C	91,236,600	0.26	26
	TOTAL	91,236,600		

THE RATIO OF THE DISTRIBUTED DIVIDEND TO DISTRIBUTABLE NET INCOME FOR THE PERIOD INCLUDING DONATIONS	
DIVIDEND DISTRIBUTED TO SHAREHOLDERS (TL)	THE RATIO OF THE DISTRIBUTED DIVIDEND TO DISTRIBUTABLE NET INCOME FOR THE PERIOD INCLUDING DONATIONS (%)
91,236,600	20.63

Convenience Translation into English of Independent Auditor's Report (2008) Originally issued in Turkish

1. We have audited the accompanying financial statements of Ford Otomotiv Sanayi A.Ş. (the "Company") which comprise the balance sheet as at 31 December 2008 and the statement of income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

4. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Ford Otomotiv Sanayi A.Ş. as of 31 December 2008, and of its financial performance and its cash flows for the year then ended in accordance with the financial reporting standards accepted by the Capital Markets Board (See Note 2).

5. Additional paragraph for convenience translation into English:

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

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

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

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

Beste Gücümen, SMMM
Partner
Istanbul, 20 February 2009

Ford Otomotiv Sanayi A.Ş.
Statutory Auditor's Report

TO THE GENERAL ASSEMBLY OF FORD OTOMOTİV SANAYİ A.Ş.

The audit results regarding the Company's 2008 calendar year activities are as follows:

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

   a. Books and records that are mandatory have been kept properly per legal requirements,

   b. Documents validating the records are kept decently, and

   c. The Board of Directors resolutions were recorded and kept properly according to the related procedures.

2. In this framework, the 2008 financial statements, prepared according to the Communiqué No: XI-29 "The Financial Reporting Standards in the Capital Markets" issued by the Capital Markets Board, reflect the true view of the financial position of the Company and of its operational performance for the period in our opinion.

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

Best regards,

İstanbul, 03.03.2009

DR. FÜSUN AKKAL

ADNAN NAS

Executive Management

Michael
R. FLEWITT
General Manager

Nuri
OTAY
Deputy General Manager

Oğuz
TOPRAKOĞLU
Assistant General Manager
(Finance - CFO)

Aykut
ÖZÜNER
Assistant General Manager
(Sales and Marketing)

Haydar
YENİGÜN
Assistant General Manager
(Kocaeli Plant)

Burak
GÖKÇELİK
Assistant General Manager
(İnönü Plant)

Ernur
MUTLU
Assistant General Manager
(Product Development)

Cengiz
KABATEPE
Assistant General Manager
(Material Planning Logistics)

Ahmet
ŞATIROĞLU
Assistant General Manager
(Servise and Spare Parts)

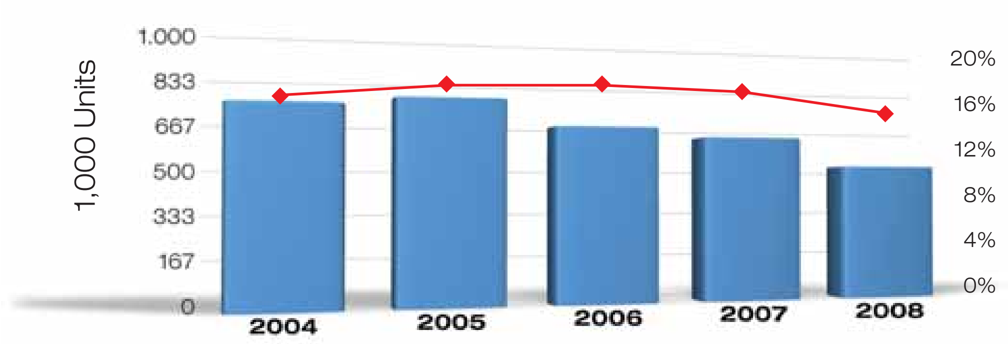
Ahmet
KINAY
Assistant General Manager
(Purchasing)

Taylan
AVCI
Assistant General Manager
(New Projects)

Tuncay
SELÇUK
Assistant General Manager
(Treasury)

Turkish Automotive Industry

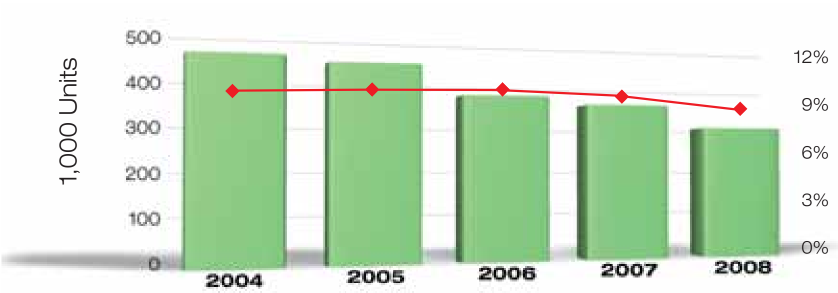
Total Automotive Industry



	2004	2005	2006	2007	2008
Total Automotive Industry	740	766	668	633	524
Ford Market Share	15.5%	17.0%	17.1%	16.8%	14.7%

Total automotive sales that grew 3% yoy in the first nine months of 2008 decreased by 53% in the last quarter and completed the year with 524,414 units, down 17%.

Passenger Car

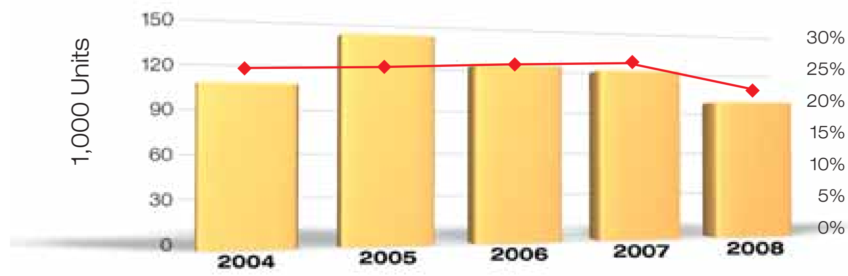


	2004	2005	2006	2007	2008
Passenger Car Industry	452	439	373	357	306
Ford Market Share	10.0%	10.5%	10.2%	9.2%	8.5%

Passenger Car segment contracted by 15% compared to last year to 305,572 units.

Light Commercial Vehicle

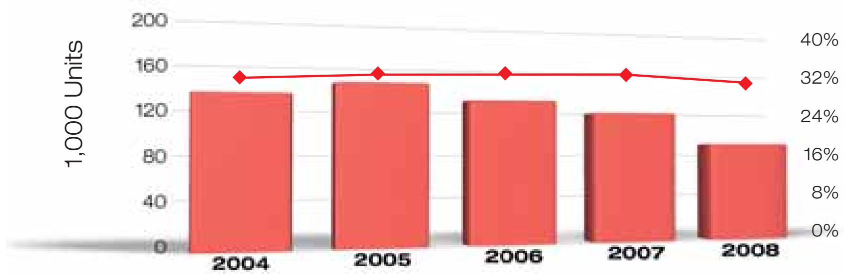
In 2008; 97,359 units were sold in the Light Commercial Vehicle segment which includes Transit Connect and Fiesta Van.



	2004	2005	2006	2007	2008
LCV Industry	114	138	120	118	97
Ford Market Share	23.1%	24.7%	25.1%	26.2%	21.0%

Medium Commercial Vehicle

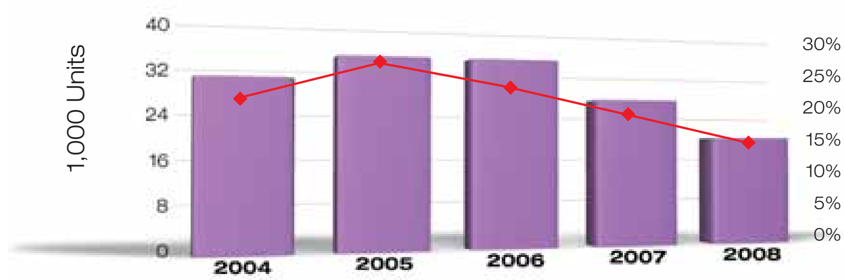
Medium Commercial Vehicle segment which includes Transit and Ranger shrank by 24% to 90,694 units.



	2004	2005	2006	2007	2008
MCV Industry	133	143	129	119	91
Ford Market Share	28.1%	28.7%	29.7%	31.9%	30.5%

Truck

24% decline was seen in the Truck segment to 20,254 units in 2008.



	2004	2005	2006	2007	2008
Truck Industry	30	34	34	27	20
Ford Market Share	19.9%	26.4%	21.4%	16.3%	14.7%

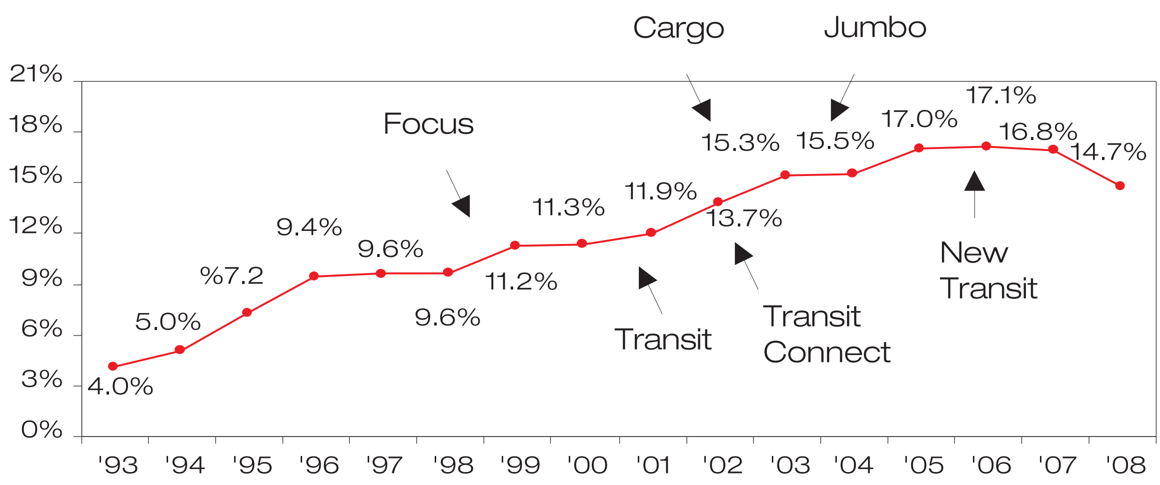
Market Performance and Export Sales

Market Performance

	2008 FY		2007 FY	
	Market Share	Rank	Market Share	Rank
Total Automotive Industry	**14.7%**	**1**	**16.8%**	**1**
Passenger Car	8.5%	4	9.2%	3
LCV	21.0%	2	26.2%	2
MCV	**30.5%**	**1**	**31.9%**	**1**
Truck	14.7%	3	16.3%	3

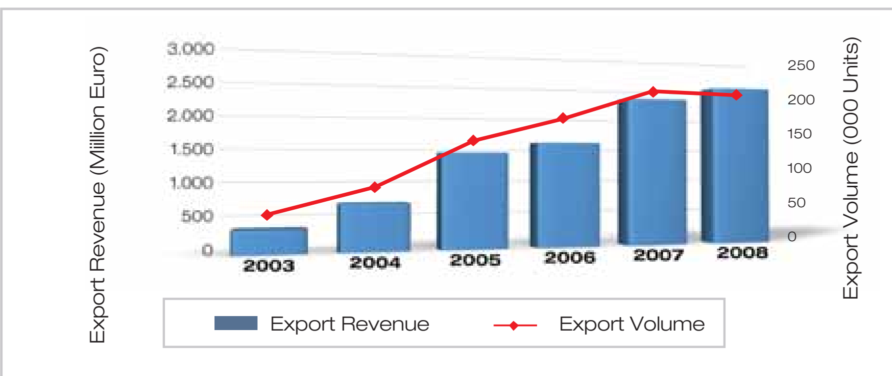
Main Brands in Total Automotive Industry

2008 FY		
Rank	Brand	Market Share
1	**Ford**	**14.7%**
2	Renault	12.2%
3	Tofaş	11.6%
4	Volkswagen	7.7%
5	Hyundai	6.5%



Market Leader for the 7th consecutive year in Turkish Automotive Industry

Ford Otosan continued its leadership in Turkish Automotive Industry by selling a total of 294,127 vehicles (75,192 units to domestic and 218,935 units to export markets) in 2008.



Facilities

Best Ford Brand Vehicle Operating Plant in Europe

At Kocaeli Plant, Transit and Transit Connect are manufactured. In the beginning of 2008, annual production capacity of the Plant is increased from 300,000 units/year to 320,000 units/year.

Best Ford Powertrain Plant in the World

Cargo Truck, powertrain and engines are produced at İnönü Plant, in Eskişehir. Plant has an annual production capacity of 55,000 units for powertrain and 15,000 units for truck.

3. Biggest Parts Distribution Center in Europe

With 20,000 m² warehouse, Kartal Parts Distribution Center is the central location where the spare part and after-sale business is managed.

One fourth of Turkish vehicle production in 2008

Ford Otosan produced 177,553 units Transit, 85,345 units Transit Connect and 5,863 units Cargo, with a total **268,761** vehicles. 49 units out of every 100 commercial vehicles manufactured in Turkey were produced by Ford Otosan.

Gebze Engineering Center

TÜBİTAK-MAM Technology Free Zone Branch Office was established at the TÜBİTAK Gebze Techno Park in 2007 for ensuring Ford Otosan's consistent success in domestic and export markets by developing the newest products and technologies with approximately 200 Research & Development engineers.

Commercial Vehicles

Ford Transit Connect
Ford Transit Connect combining safety and durability offers the private life comfort in your business life with its stylish interior and exterior design. With its unique commercial vehicle platform, it serves to your hectic business life within the week and to your family at weekends.

Ford Fiesta Van
Whether you carry your cargo or other stuff... With its easily accessible cargo space, sharp maneuverability and enjoyable drive features, Ford Fiesta Van was created to be your reliable colleague, rather than a commercial vehicle.

Ford Transit
Ford Transit, a leading brand for years, is the first and only top-ranking commercial diesel vehicle in its class with its 3.2 liter 5 cylinder 200PS engine power. It is very stingy on fuel. Thanks to its flexible drive innovation, it offers a perfect drive pleasure. Ford Transit is your commercial partner combining safety, comfort and power.

Ford Ranger
Ford Ranger is your reliable business partner and best holiday mate. Ford Ranger combining a powerful and modern design with a perfect interior comfort recognizes no obstacle under challenging road conditions. You can neither tire nor bother it. You can experience the actual freedom you are looking for with Ranger.

Ford Cargo
Ford Cargo 350PS is a remedy to all troubles with its new interior and exterior appearance, multi functional 5th wheel design, chasis suitable for superstructural choices, new cabin suspension and silent engine.

Passenger Cars

New Ford Ka
Legendary model KA completely innovated with the philosophy of Ford Kinetic Design now makes your drive even more pleasant with its different exterior design and lively interior/exterior color combinations.

Ford Fiesta
Fiesta combining the leading drive dynamics of its class with its interior and exterior design completely innovated with the philosophy of Ford Kinetic Design now distinguishes the difference with its competitors even more clearly.

Ford Fusion
To perceive Ford Fusion, you need to look at it from every perspective. Because there are several features that distinguishes this great “small car” from others. Its bold exterior design, powerful stance, high drive position dominating the road, panoramic sight angle, cleverly used technological solutions and essential equipment of large cars are all offered to your taste in Ford Fusion.

Ford Focus
Ford Kinetic Design which is an expression of energy in motion makes Focus gain a dynamic, attractive and powerful apperance. At first glance, it makes one feel that each part of it has been reinterpreted when its new interior design complementary of its outside apperance combines with its superior drive features. Furthermore, getting 5 star rating in EuroNCAP tests for passenger safety, it takes part in first ranking positions.

Ford Focus Coupé-Cabriolet
Focus Coupé Cabriolet impresses all at first look. The noticeable integrity of the soft lines combining with chromium details with the front screen is a clear sign of Ford Kinetic Design philosophy expressing the “energy in motion”. Focus Coupé Cabriolet has an impressive performance beside its stylish design. By touching one key, your excellent coupe turns into a handsome cabriolet.

Passenger Cars

Ford C-MAX

With its brand new style, functional interior features and superior drive experience offered, it has everything for the whole family. Its hardened body structure and strenghtened passenger safety cage ensure superior protection against exterior impacts. The rear lights system supported by LED technology, EHPAS (Electro-Hydraulic Aided Steering) and sport seats having special upholstery and newly designed stitches enhance driver's comfort.

Ford Kuga

Kuga uses the new face of Ford that appears with kinetic design lines. While sportive and energetic lines are highlighted outside the vehicle, the strong lines of exterior design appear in the interior as well. Large and comfortable interior ambience is completed with eye-catching upholsteries and a rich technology. You'll know when you are on the driver's seat.

Ford Mondeo

Ford Mondeo, with its kinetic design, dynamic line and new technological equipment, makes its difference readily perceivable. With its Ford intelligent protection system (IPS), keyless system and no lid fuel filling system, it offers a driving enjoyment which you wish never ended. This is why everyone says "It should be mine".

Ford S-MAX

Ford S-MAX, with its design that gives a sense of motion even when in standstill, has been designed to stir you up. Thanks to its extraordinary volume and flexibility that it offers under its impressive appearance, Ford S-MAX has everything you like. If you want to experience the adventure together with your family, Ford S-MAX is just for you!

Ford Galaxy

Families want to make their journeys in a large and comfortable atmosphere. Ford Galaxy has been designed to meet all the requirements for comfort, volume and flexibility of a 7- member family. With its innovative technology, maximum safety and stylishness, Ford Galaxy is the favorite of all families.

Corporate Citizenship

"7 Regions 7 Forests 700.000 Trees" Social Responsibility Project

387 different projects were launched in 2006 within the context of the social responsibility projects called "For My Country", which were initiated by all the companies of Koç Holding, based on the motto of the founder of Koç Group, Vehbi Koç, "I exist if my country exists". The project theme of the year 2008 was "7 Regions 7 Forests 700.000 Trees", which involves plantation of 700 thousand trees, occupying an area as wide as 1,750 football fields in 7 regions of Turkey, with the cooperation of the Ministry of the Environment and Tema Foundation. During the year 2008, Ford Otosan Company and Ford Otosan employees provided a remarkable support to the project "For My Country" with their donations. The income earned from the project was also used for the activities which contribute to the environmental awareness by means of education and training.

Mustafa Kemal Paşa In Afyonkarahisar

There have been studies in order to improve the respect to the history, like printing and publishing the documents which would illuminate the history. A special DVD called "Mustafa Kemal Paşa In Afyonkarahisar" has been prepared together with the Afyon Kocatepe University and published. The DVD's which were published in special quantities have been distributed free of charge to all the employees and to the other institutions on their request, in order to shed light to the history of the country.

FORD OTOSAN'ın katkılarıyla,
Bir Milletin Doğuşunun Hikâyesi

Mustafa Kemal Paşa Afyonkarahisar'da

The Renovation of Gölcük "Joy of Life Education and Practice School"

The "Joy of Life Education, Practice and Job Training School", affiliated to the ministry of education, is established for the education and training of the mentally disabled children. 25 students are being educated there; most of whom are coming from the Society for the Protection of Children and all are dependent on the help of the others. The school has been completely renovated with the support of the Ford Otosan employees, Gölcük Branch of the Turkish Metal Union and of the 26 different Ford Otosan supplier companies from different regions of Turkey.

İnönü Martlıbaşı Hill Forestation Project

As we are living in the century of global warming, in order to leave a better environment to the coming generations and to cope with the depletion of the water resources which will cause a greater danger in the coming years, the project of the forestation of Martlıbaşı Hill was carried out. Within the context of the project which is performed with the common support of Eskisehir Forest Directorship and the employees of Ford Otosan İnönü Plant, 58,951 units of cedar, pine, also leaved trees like almond, mahaleb, oleaster, walnut and linden tree were planted on a 400,000 square meters land and these young trees were protected by a surrounding area of 5 km.

İnönü Industry Technical High School Computer Lab Construction and School Hall Renovation

The workshop where the students of the woodwork section of the İnönü Industry Technical High School are supposed to be trained was being used as a warehouse because of the change in the curriculum. It was modified with the manual labor and financial support of the Ford Otosan İnönü employees. The area was re-structured, being divided into 3 sections;

- Computer Lab
- Training Room
- Pneumatic Lab

Besides, some other renovations were made upon demand of the school management in other parts of the school.

Gölcük Navy Primary School Class Renovation

Ford Otosan Kocaeli employees granted a subsidy for the modification and renovation of a class of 22 students of the Gölcük Navy Primary School. The desks of the students and tables of the teachers were renewed. Besides, the employees made renovation and reparations within the classrooms, with their own efforts. In addition to these, computer, printer and projectors were provided to the classrooms.

The Sponsorship of the "Positive Abled Theater"

"The Positive Abled Culture, Art and Education Center", founded by disabled university students in 2000, performs dramas to change the image of the disabled people in Turkey and to prove what disabled can achieve themselves without receiving donation and support. The theater play they performed in 2008 named "Rahmetli de Sollardı" aimed to increase the consciousness of the society about the traffic accidents. Ford Otosan sponsored their performances in Kocaeli and Eskişehir in year 2008 and provided the opportunity to the people living in these regions to watch the theater free of charge.

The Anti-Smoking Campaign

It is estimated that approximately 100,000 people are dying each year in our country because of smoking, which has serious effects on human health. According to the researches, our country is the third among European countries in the cigarette consumption, and seventh in the world rankings. Ford Otosan started an important health campaign in 2008 about this significant health problem of our day. "Life is how easy without cigarettes" was the slogan of the project and many conferences explaining the hazards of smoking and sessions for giving up smoking were organized free of charge for our employees. 75% of the people, who voluntarily participated in the campaign in 2008, were able to successfully quit smoking.

Ford Otosan Environment Policy

We recognize the Environment as a valuable treasure to be cherished and looked after for the welfare of future generations.

Therefore it is our policy to:
- Protect environment and increase the environmental awareness in general
- Promote the environmental awareness of the staff and contractors through training
- Comply with the Health & Safety rules to obstruct adverse impacts on the environment
- Minimize waste, prevent pollution at its source and reduce its adverse impacts on the environment

Within the framework of this policy, as Ford Otosan, we try to reduce and, where possible, cease air pollution, water pollution, spills and noise altogether. We improve the efficiency of energy, water and material usage by finding ways to preserve the natural resources. We reduce the amount of waste and recycle wastes and packaging materials.

ENVIRONMENT SENSITIVITY ON OPERATIONS

Products and Materials

The main target in Ford Otosan products is to reduce environmental effects during and after their useful lives as it was in production stages. The studies for this subject are:

- The recycling ratio of Transits produced at Kocaeli plant is over 85%.
- The recycling ratio of new Cargo produced at İnönü plant is over 90%.
- Halon gas is not used in our fire and cooling systems which is harmful for the ozone layer.
- All the Ford services and dealers are informed about the environment in order to reduce environmental effects during the usage of the product.

Wastewater Treatment and Waste Management

All the wastewater in the plant is treated in wastewater treatment facilities and is discharged with very low parameter values under legal limits.

Protection of the Nature

Our philosophy in the landscape studies for protecting the natural life at the plant is to protect and develop the natural beauty of the zone and also to set up an ambience having ecological diversity, for the employees and visitors.

Awards

As a result of our sensitivity to the environment, İnönü plant was awarded in 2008, after Kocaeli plant in 2004 and 2007, with "Şahabettin Bilgisu Environment Award" which is given by Kocaeli Chamber of Industry for granting industrial establishments contributing to sustainable development and environment protection.

In addition to this prestigious award, Ford Otosan is qualified for an award in the framework of European Union Environmental Awards (Turkey Program) which is given to the companies getting ahead in the environment sensitivity in 28 countries that are EU member or in the way of EU membership.

Ford Otosan applied this award, which has been opened to Turkey's accession as of 2006, for the first time and participated to the award program in 2 categories. Within this program, each year, the environment projects compete firstly in a national platform and the winners represent Turkey in European contest. Within the framework of European Union Environmental Awards, Turkey Program, our Hybrid Vehicle Project has ranked "First in the Category of Product" and our Environment Management System Project has become "Second in the Category of Management".

Financial Statements and Notes

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

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

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

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

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

Ford Otomotiv Sanayi A.Ş.
Balance Sheets at 31 December 2008 and 2007

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

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

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

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

Ford Otomotiv Sanayi A.Ş.
Statements of Income
for the Years Ended 31 December 2008 and 2007

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

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

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

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

Ford Otomotiv Sanayi A.Ş.
Statements of Changes in Equity for the Years Ended 31 December 2008 and 2007

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

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

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

Ford Otomotiv Sanayi A.Ş.
Statements of Cash Flows
for the Years Ended 31 December 2008 and 2007

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

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

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

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

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

The Company presently has two plants located in Kocaeli and Eskişehir, has a spare part distribution warehouse in Kartal, Istanbul and a branch in Tübitak Marmara Research Centre, Gebze Campus Technological Free Zone ("TEKSEB") established in 2007 for the purpose of conducting research and development and engineering operations. The light commercial vehicle, Transit Connect, and new generation Transit vehicles (minibuses, pick-ups and vans) are manufactured at the plant opened in 2001 in Kocaeli. Ford Cargo trucks and their engines are manufactured in Eskişehir.

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

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Financial reporting standards

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

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

As the differences between IAS/IFRS endorsed by the European Union and IAS/IFRS issued by the IASB have not been announced by TASB yet, these financial statements have been prepared within the framework of Communiqué XI, No: 29 and related promulgations to this Communiqué as accepted by the CMB, in accordance with the CMB Financial Reporting Standards which are based on IAS/IFRS. Financial statements and the related notes to them are presented in accordance with the formats recommended by the CMB, with the announcement dated 17 April 2008 and 9 January 2009, including the compulsory disclosures. Accordingly, necessary reclassifications have been made in the comparative financial statements (Note 2.2.1).

2.1.2 Going concern

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

2.1.3 Offsetting

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

2.2 Changes in Accounting Policies

2.2.1 Comparatives and adjustment of prior periods' financial statements

The financial statements of the Company include comparative financial information to enable the determination of the financial position and performance. The balance sheet of the Company at 31 December 2008 has been provided with the comparative financial information of 31 December 2007 and the statement of income, the statement of changes in equity and the statement of cash flows for the year ended 31 December 2008 have been provided with the comparative financial information, for the year ended 31 December 2007.

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

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

i) "Advances received" amounting to YTL8,850,071 at 31 December 2007 has been reclassified to "Other payables" (Note 8).

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

iii)"Inflation adjustment to equity" amounting to YTL27,920,283 classified under "Inflation adjustment to shareholder's equity" at 31 December 2007 has been reclassified to "Adjustment to share capital", and the remaining YTL428,301,244 adjustment to share capital has been reclassified to "Retained earnings" (Note 17).

iv) Prior years' income amounting to YTL20,670,398 classified under "Retained earnings" at 31 December 2007 has been reclassified to special reserve under "Restricted reserves" (Note 17).

v) "Extraordinary reserves" amounting to YTL50,929,339 at 31 December 2007 has been reclassified to "Retained earnings" (Note 17).

2.2.2 Standards, amendments and interpretations to existing standards

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

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

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

i) The following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2009

• IAS 23, (Amendment), "Borrowing costs"
• IFRS 8, "Operating segments"
• IAS 32, "Financial instruments: Presentation" Puttable financial instruments and obligations arising on liquidation
• IAS 1, "Presentation of financial statements"
• IAS 39, "Financial instruments: Recognition and measurement"
• IFRS 1, (Amendment), "First-time adoption of International Financial Reporting Standards"
• IFRS 2, (Amendment), "Share-based payment"
• IFRIC 15, "Agreements for construction of real estates"
• IAS 40, (Amendment), "Investment property"
• IAS 31, (Amendment), "Interests in joint ventures"
• IAS 28, (Amendment), "Investments in associates"

ii) The following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 July 2009

• IAS 27 (Revised), "Consolidated and separate financial statements"
• IFRS 3 (Revised), "Business combinations"
• IFRS 5 (Amendment), "Non-current assets held-for-sale and discontinued operations"

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

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

2.3 Summary of Significant Accounting Policies

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

2.3.1 Cash and cash equivalents

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

2.3.2 Trade receivables and valuation allowance

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

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

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

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

2.3.3 Credit finance income/charges

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

2.3.4 Inventories

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

2.3.5 Trade payables

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

2.3.6 Property, plant and equipment

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

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

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

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

Land improvements	30 years
Buildings	30 years
Machinery and equipment	5-25 years
Moulds and models	project life
Furniture and fixtures	10-12.5 years
Motor vehicles	9 years

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

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

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amounts and are included in other operating income and losses.

Repair and maintenance expenses are charged to the statement of income as they are incurred. Repair and maintenance expenditures are capitalised if they result in an enlargement or substantial improvement of the respective asset (Note 10).

2.3.7 Intangible assets

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

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

2.3.8 Impairment of long-lived assets

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

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

2.3.9 Loans

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

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

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

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

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

2.3.10 Financial investments

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

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

2.3.11 Embedded derivatives

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

2.3.12 Share capital and dividends

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

2.3.13 Taxes on income

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

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

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

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

2.3.14 Revenue recognition

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

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

2.3.15 Foreign currency transactions and balances

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

2.3.16 Financial instruments and financial risk management

Credit risk

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. All trade receivables are due mainly from dealers and related parties. The Company has established effective control procedures over its dealers and the credit risk arising from transactions with such dealers is regularly monitored by management and the aggregate risk to any individual counterparty is limited. The Company covered its credit risk from domestic vehicle sales to dealers by setting credit limits for dealers through arranged banks and collects its trade receivables from banks at the due date through the use of Direct Debit System. The use of DDS for receivables from dealers is an effective way to decrease the credit risk. Collaterals obtained from dealers for the receivables regarding domestic spare part sales is another method in the management of the credit risk (Note 7).

Export sales mainly consist of sales to Ford Motor Company and its subsidiaries. Collection terms and conditions are specified in the business agreements with Ford Motor Company. Receivables from Ford Motor Company are collected regularly in 14 days. The collection of receivables resulting from export sales to customers other than Ford Motor Company is secured with letter of credit, letter of guarantee or cash payment.

Price risk

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

Liquidity risk

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

The risk of funding current and future debt requirements is managed by having an adequate number of quality loan providers constantly available. The Company management keeps cash, credit commitment and factoring capacity to maintain three weeks cash outflows to manage the liquidity risk. The Company maintains a credit commitment amounting to Euro70 million and factoring agreement amounting to YTL140 million in case a requirement for use arises. The Company has not utilised any of those commitments as of 31 December 2008.

Interest rate risk

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

Funding risk

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

Foreign exchange risk

The Company is exposed to foreign exchange risk through the impact of rate changes on the translation of foreign currency assets and liabilities into local currency. This risk is monitored by management through Audit Committee and regular Board of Director's meetings. Excess cash is invested mainly in hard currency to balance the net foreign currency assets and liabilities and in order to minimise the balance sheet foreign exchange exposure (Note 27).

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

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

Capital risk management

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

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

The Company monitors capital on the basis of the debt to total capital ratio. This ratio is calculated as total debt divided by total capital. Debt is calculated as total short and long term borrowings, whereas total equity is calculated as equity, as shown in the balance sheet.

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

2.3.17 Fair value of financial instruments

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

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realise in a current market exchange.

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

Monetary assets

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

Monetary liabilities

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

2.3.18 Accounting for derivative financial instruments and hedging activities

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

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

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

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

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

2.3.19 Borrowings and borrowing costs

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

2.3.20 Provision for employee benefits

Provision for employee benefits represent the present value of the estimated total reserve of the future probable obligation of the Company arising from the retirement of the employees, completion of one year of service of the employees, employees' being calling up for military service or the death of employees calculated in accordance with the Turkish Labour Law (Note 15).

2.3.21 Provisions

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

2.3.22 Research and development expenses

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

2.3.23 Variable marketing provision

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

2.3.24 Warranty provision expenses

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

2.3.25 Related parties

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

2.3.26 Earnings per share

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

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

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).

2.3.27 Comparatives

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

2.3.28 Reporting of cash flows

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

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

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

The cash flows due to financing activities indicate the cash obtained from financial arrangements and used in their repayment.

Cash and cash equivalents include cash and bank deposits and the investments that are readily convertible into cash and highly liquid with less than three months to maturity (Note 4).

2.3.29 Share premium

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

2.3.30 Contingent assets and liabilities

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

2.3.31 Significant accounting estimates and decisions

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

2.3.32 Accounting policies, changes in accounting estimates and errors

Material changes in accounting policies or material errors are corrected, retrospectively; by restating the prior period financial statements. The effect of changes in accounting estimates affecting the current period is recognised in the current period; the effect of changes in accounting estimates affecting current and future periods is recognised in the current and future periods.

2.3.33 Subsequent events

Subsequent events and announcements related to net profit or even declared after other selective financial information has been publicly announced, include all events that take place between the balance sheet date and the date when the balance sheet is authorised for issue.

In the case that events requiring an adjustment to the financial statements occur subsequent to the balance sheet date, the Company makes the necessary corrections on the financial statements (Note 28).

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

NOTE 3 - SEGMENT REPORTING

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

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

NOTE 4 - CASH AND CASH EQUIVALENTS

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

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

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

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

NOTE 5 - FINANCIAL ASSETS

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

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

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

NOTE 6 - FINANCIAL LIABILITIES

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

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

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

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

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

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

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

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

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

NOTE 7 - TRADE RECEIVABLES AND PAYABLES

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

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

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

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

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

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

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

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

NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

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

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

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

NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

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

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

NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

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

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

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

NOTE 8 - OTHER RECEIVABLES AND PAYABLES

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

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

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

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

NOTE 9 - INVENTORIES

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

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

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

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

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

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

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT (Continued)

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

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

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT (Continued)

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

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

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

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

NOTE 11 - INTANGIBLE ASSETS

	Rights	Development costs	Other	Total
31 December 2007				
Cost	17,851,154	421,719,418	1,492,326	441,062,898
Accumulated amortisation	(14,592,701)	(331,855,885)	(732,184)	(347,180,770)
Net book value	**3,258,453**	**89,863,533**	**760,142**	**93,882,128**
For the year ended at 31 December 2008				
Opening net book value	3,258,453	89,863,533	760,142	93,882,128
Additions	530,854	-	99,624	630,478
Amortisation charge for the year	(1,248,139)	(24,667,101)	(156,266)	(26,071,506)
Closing net book value	**2,541,168**	**65,196,432**	**703,500**	**68,441,100**
31 December 2008				
Cost	18,382,008	421,719,418	1,591,950	441,693,376
Accumulated amortisation	(15,840,840)	(356,522,986)	(888,450)	(373,252,276)
Net book value	**2,541,168**	**65,196,432**	**703,500**	**68,441,100**

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

NOTE 11 - INTANGIBLE ASSETS (Continued)

	Rights	Development costs	Other	Total
31 December 2006				
Cost	17,060,225	402,000,662	719,300	419,780,187
Accumulated amortisation	(13,359,440)	(297,081,199)	(719,300)	(311,159,939)
Net book value	**3,700,785**	**104,919,463**	**-**	**108,620,248**
For the year ended at 31 December 2007				
Opening net book value	3,700,785	104,919,463	-	108,620,248
Additions	790,929	19,718,756	773,026	21,282,711
Amortisation charge for the year	(1,233,261)	(34,774,686)	(12,884)	(36,020,831)
Closing net book value	**3,258,453**	**89,863,533**	**760,142**	**93,882,128**
31 December 2007				
Cost	17,851,154	421,719,418	1,492,326	441,062,898
Accumulated amortisation	(14,592,701)	(331,855,885)	(732,184)	(347,180,770)
Net book value	**3,258,453**	**89,863,533**	**760,142**	**93,882,128**

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

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

NOTE 12 - GOVERNMENT GRANTS

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

NOTE 13 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

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

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

NOTE 13 - PROVISIONS, CONTINGENT ASSETS AND LIABILITI (Continued)

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

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

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

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

NOTE 14 - COMMITMENTS

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

a) The Company entered into a credit agreement with Akbank T.A.Ş. ("Akbank") in 2003. According to the terms of this agreement, the Company is required to ensure that its export proceeds up to an amount equal to Euro200,000,000 for each calendar year, except for last year, be received in a deposit account in Akbank. With the other credit agreements entered with Akbank in 2007, the Company is required to ensure that its export proceeds up to an amount equal to Euro69,000,000 for the year 2008 be received into a deposit account in Akbank. The Company fulfilled its export commitments with Akbank in 2008 as of 31 December 2008.

b) Regarding the credit agreements made with HSBC Bank A.Ş. ("HSBC") with a value: of Euro50,000,000 and Garanti Bankası A.Ş (''Garanti Bankası'') with a value of Euro20,000,000 in 2007, the Company is required to ensure that its export proceeds up to an amount equal to Euro100,000,000 via HSBC and Euro50,000,000 via Garanti Bankası for the year 2008 be received into deposit accounts in these banks. The Company fulfilled its export commitments with HSBC and Garanti Bankası in 2008 as of 31 December 2008.

c) Regarding the other credit agreements made by the Company in 2007, the Company is required to ensure that its export proceeds up to an amount equal to Euro20,000,000 via Garanti Bankası, Euro25,000,000 via İş Bankası A.Ş. and Euro20,000,000 via Ziraat Bankası A.Ş. be received into deposit accounts for the year 2008 in these banks. The Company fulfilled all its export commitments in 2008 as of 31 December 2008.

NOTE 15 - EMPLOYEE BENEFITS

Provision for employee benefits

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

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

NOTE 15 - EMPLOYEE BENEFITS (Continued)

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 YTL2,173.18 for each year of service as of 31 December 2008 (31 December 2007: YTL2,030.19).

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

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

IFRS requires actuarial valuation methods to be developed to estimate the enterprises' obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

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

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Since the Company calculates the reserve for employee benefits every six months, the maximum amount of YTL2,260.05 which is effective from 1 January 2009 (1 January 2008: YTL2,087.92) has been taken into consideration in the calculations.

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

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

NOTE 16 - OTHER CURRENT ASSETS AND LIABILITIES

Other current assets:

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

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

NOTE 17 - EQUITY

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

	31 December 2008	Shareholding percentage (%)	31 December 2007	Shareholding percentage (%)
Koç Holding A.Ş.	134,953,357	38.46	132,160,187	37.66
Vehbi Koç Vakfı	3,428,592	0.98	3,428,592	0.98
Koç Holding Emekli Yardım Sandığı Vakfı	3,259,202	0.93	3,259,202	0.93
Koç Allianz Sigorta T.A.Ş. (*)	-	-	2,793,170	0,80
Temel Ticaret A.Ş.	2,355,885	0.67	2,355,885	0.67
Total Koç Group	143,997,036	41.04	143,997,036	41.04
Ford Motor Company	143,997,036	41.04	143,997,036	41.04
Other (publicly held)	62,915,928	17.92	62,915,928	17.92
Total	**350,910,000**	**100.00**	**350,910,000**	**100.00**
Adjustments to share capital	27,920,283		27,920,283	
Inflation adjusted paid in capital	**378.830.283**		**378.830.283**	

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

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

There are 35,091,000,000 unit of shares (31 December 2007: 35,091,000,000 unit) with a nominal value of YKr1 each.

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

In accordance with Corporate Tax Law No. 5520, dated 13 June 2006, Exemption for Sale of Participation Shares and Property, 75% portion of corporations' profits arising from the sale of subsidiary shares which shares that have been carried at least for two years on the balance sheet and the profits from the sale of which are not withdrawn within five years are followed in special reserves. The Company has reserves amounting to YTL20,670,398 related to this exemption in its tax financial statements (31 December 2007: YTL20,670,398).

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

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

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

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

NOTE 17 - EQUITY (Continued)

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

• the difference arising from the "Paid-in Capital" and not been transferred to capital yet, shall be classified under the "Inflation Adjustment to Share Capital";

• the difference due to the inflation adjustment of "Restricted Reserves" and "Share Premium" and the amount has not been utilised in dividend distribution or capital increase yet, shall be classified under "Retained Earnings".

Other equity items shall be carried at the amounts calculated based on CMB Financial Reporting Standards. Adjustment to share capital has no use other than being transferred to paid-in share capital.

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

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

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

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

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

NOTE 17 - EQUITY (Continued)

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

31 December 2008:

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

31 December 2007:

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

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

NOTE 18 - SALES AND COST OF SALES

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

Sales in unit:

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

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

NOTE 18 - SALES AND COST OF SALES (Continued)

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

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

NOTE 19 -RESEARCH AND DEVELOPMENT EXPENSES, SALES AND MARKETING EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES

	31 December 2008	31 December 2007
Sales and marketing expenses:		
Warranty expenses (Note 13)	106,559,238	118,135,007
Advertising expenses	42,632,107	45,591,527
Transportation expenses	26,890,624	28,835,514
Personnel expenses	23,364,117	23,628,861
Spare parts transportation and packaging expenses	9,094,311	9,191,734
Dealer and service development expenses	7,172,418	5,632,307
Depreciation expense (Note 10)	1,436,756	1,627,042
Other	17,493,951	12,016,478
	234,643,522	244,658,470
General administrative expenses:		
Personnel expenses	33,658,748	36,154,833
Legal consulting and auditing expenses	11,273,611	12,841,508
Grants and donations	6,180,789	12,698,880
Depreciation and amortisation expense (Notes 10 and 11)	2,898,044	2,871,570
Duties, taxes and levies	2,762,615	2,629,864
Repair, maintenance and energy expenses	2,484,277	2,125,253
Other guarantee expenses	2,217,132	1,556,873
Travel expenses	2,022,646	1,791,008
New project administrative expenses	1,363,312	773,673
Information technology expenses	936,180	3,034,228
Other	4,784,264	7,308,260
	70,581,618	83,785,950
Research and development expenses:		
Project costs	62,477,750	21,573,682
Personnel expenses	42,048,097	32,383,649
Depreciation and amortisation expense (Notes 10 and 11)	2,786,048	1,256,258
Other	4,811,592	3,252,850
	112,123,487	58,466,439
Total operating expenses	**417,348,627**	**386,910,859**

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

NOTE 20 - EXPENSES BY NATURE

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

	31 December 2008	31 December2007
Direct material cost	(4,639,384,466)	(4,665,057,646)
Cost of trade goods sold	(836,199,016)	(866,043,986)
Personnel expenses	(343,286,582)	(324,163,305)
Other operational expenses	(311,156,817)	(288,988,646)
Other overheads	(223,671,202)	(248,354,034)
Depreciation and amortisation expenses	(160,890,500)	(157,395,642)
Financial expenses	(158,994,916)	(102,329,759)
Other expenses	(19,390,522)	(2,841,692)
Change in finished goods inventory	106,664,081	(32,752,222)
Total expenses	**(6,586,309,940)**	**(6,687,926,932)**

NOTE 21 - OTHER INCOME/EXPENSES

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

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

NOTE 22 - FINANCIAL INCOME

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

NOTE 23 - FINANCIAL EXPENSES

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

NOTE 24 - TAX ASSETS AND LIABILITIES

Corporate Tax Law was amended by the Law No, 5520 dated 13 June 2006. Law No. 5520 came into force as of 21 June 2006, but many of the provisions came into force effective from 1 January 2006. Accordingly, the corporation tax rate for the fiscal year 2008 is 20% (31 December 2007: 20%). Corporation tax is payable at a rate of 20% on the total income of the Company after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, investment allowance, etc) and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed (except withholding tax at the rate of 19.8% on the investment incentive allowance utilised within the scope of the Income Tax Law Transitional Article 61).

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% on their corporate income. Advance tax is payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off other liabilities to the government.

In accordance with Tax Law No. 5024 "Law Related to Changes in Tax Procedural Law, Income Tax Law and Corporate Tax Law" that was published in the official Gazette on 30 December 2003, effective from 1 January 2004, income and corporate taxpayers will apply inflation adjustments to the statutory financial statements. In accordance with the abovementioned Law's provisions, in order to apply inflation adjustment, the cumulative inflation rate ("WPI") over the last 36 months and 12 months must exceed 100% and 10%, respectively. Inflation adjustment has not been applied as these conditions were not fulfilled after 2005.

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

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

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

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

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

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

(a) investments to be made after 1 January 2006 in the scope of the certificate regarding the investments that began in the scope of additional articles 1, 2, 3, 4, 5 and 6 of Income Tax Law No: 193 before it was repealed with the Law No. 4842 dated 9 April 2003, and

(b) investment allowance amounts to be calculated in accordance with legislation effective at 31 December 2005 related to investments which exhibit a technical and economic and integrity and which were started prior to 1 January 2006 in the scope of Income Tax Law repealed 19th article, only against the income related to the years 2006, 2007 and 2008, in accordance with the legislation at 31 December 2005 (including provisions related to tax rates).

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

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

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

NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

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

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

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

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

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

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

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

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

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

NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

Deferred tax movements are as follows:

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

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

Provisions for short-term liabilities:

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

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

NOTE 25 - EARNINGS PER SHARE

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

NOTE 26 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

a) Due from related parties:

i) Trade receivables from related parties

	31 December 2008	31 December 2007
Due from shareholders:		
Ford Motor Company and its subsidiaries	144,720,870	210,998,767
	144,720,870	210,998,767
Due from related parties:		
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	69,718,327	118,877,093
Other	283,730	227,681
	70,002,057	119,104,774
Less: Unearned credit finance income	(37,358)	(535,156)
	214,685,569	**329,568,385**

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

ii) Other receivables from related parties

	31 December 2008	31 December 2007
Due from shareholders:		
Koç Holding A.Ş. (*)	-	79,264,053
Less: Unearned credit finance income	-	(1,888,763)
	-	**77,375,290**

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

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

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

b) Due to related parties:

i) Trade payables to related parties

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

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

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

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

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

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

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

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

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

ii) Other payables to related parties:

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

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

c) Sales to related parties:

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

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

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

d) Major material, service and fixed asset purchases:

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

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

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

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

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

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

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

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

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

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

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

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

g) The details of deposits to related banks:

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

h) Commission expenses:

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

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

i) Interest income:

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

j) Dividend income:

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

k) Compensation of key management personnel:

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

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

The total amount of compensation given to key management personnel of the Company was YTL8,645,517 in 2008 (31 December 2007: YTL8,995,428).

(Amounts expressed in New Turkish Lira (“YTL”) unless otherwise indicated.)

NOTE 27 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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

31 December 2008

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

(Amounts expressed in New Turkish Lira (“YTL”) unless otherwise indicated.)

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

31 December 2007

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

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

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

Foreign exchange risk

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

31 December 2008	Gain/Loss	
	Appreciation in foreign currency	Depreciation in foreign currency
Change in USD against YTL by 10%		
USD net asset/(liabilities)	123,678	(123,678)
USD net hedged amount	-	-
US Dollar net gain/(loss)	**123,678**	**(123,678)**
Change in Euro against YTL by 10%		
Euro net asset/(liabilities)	441,688	(441,688)
Euro net hedged amount	-	-
Euro net gain/(loss)	**441,688**	**(441,688)**
Change in other foreign currency against YTL by 10%		
Other foreign currency denominated net asset/(liabilities)	(24,056)	24,056
Other foreign currency denominated hedged amount	-	-
Other foreign currency denominated net gain/(loss)	**(24,056)**	**24,056**

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

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

Foreign exchange risk (Continued)

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

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

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

Interest rate risk

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

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

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

If the interest rates of variable interest-bearing USD and Euro denominated borrowings were 100 basis points higher/lower with all other variables held constant, profit before tax for the year would have been lower/higher by YTL1,957,947 at December 2008 (31 December 2007: YTL1,103,378 lower/higher), due to higher/lower interest expense.

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

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

Liquidity Risk

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

31 December 2008	Carrying value	Total contractual cash outflow	Up to 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years
Non-derivative financial instruments						
Financial liabilities	380,386,199	**414,898,908**	26,483,163	137,175,294	251,240,451	-
Trade payables						
-Related party	42,968,905	**42,968,905**	42,968,905	-	-	-
-Other	160,603,246	**160,603,246**	160,603,246	-	-	-
Other liabilities						
-Related party	2,679,688	**2,679,688**	2,679,688	-	-	-
-Other	87,087,968	**87,087,968**	87,087,968	-	-	-

31 December 2007	Carrying value	Total contractual cash outflow	Up to 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years
Non-derivative financial instruments						
Financial liabilities	416,012,011	**460,066,548**	21,604,487	108,612,404	311,503,315	18,346,342
Trade payables						
- Related party	86,808,017	**86,808,017**	86,808,017	-	-	-
- Other	461,531,338	**461,531,338**	461,531,338	-	-	-
Other liabilities						
- Related party	3,673,602	**3,673,602**	3,673,602	-	-	-
- Other	95,759,545	**95,759,545**	95,759,545	-	-	-

NOTE 28 - SUBSEQUENT EVENTS

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

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

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

NOTE 29 - DISCLOSURE OF OTHER MATTERS

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

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

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Ford Otomotiv Sanayi A.Ş. Corporate Governance Principles Compliance Report

1. Corporate Governance Principles Compliance Statement

Ford Otosan has adhered to and implemented the Corporate Governance Principles published by the Capital Markets Board during the period of its operation ending on December 31, 2008, except for the matters stated below.

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

The nature of the matters of non-conformity, the grounds for these and the conflicts of interest they cause have been clarified in the related parts of the report.

SECTION I – SHAREHOLDERS

2. Shareholders Relations Department

An Investor Relations Team was established in the company in 2004. This unit reports to CFO, Oğuz Toprakoğlu (otoprako@ford.com.tr /0262 3156900) and is directed by Assistant General Manager - Treasury, Tuncay Selçuk (tselcuk@ford.com.tr /0262 3156960) and Treasury Manager, Burak Çekmece (bcekmece@ford.com.tr /0262 3156962).

The Investor Relations Team works to ensure that investors and equity analysts are informed. For achieving this objective, separate meetings are organized with the concerned parties, investor conferences and road shows are attended and all questions coming in by telephone or e-mail are answered. In 2008, the Team attended 1 road show, 2 Investor Conferences and held one-on-one meetings with over 70 investors and analysts.

3. The Use of Shareholders Rights to Obtain Information

All of the questions posed during the period regarding participation in the General Shareholders' Meeting, distribution of non-paid-up shares, dividend payments and withholding taxes were answered either verbally or in writing.

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

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

4. Information on Shareholders' Meeting

During the calendar year of 2008, two General Shareholders' Meetings were held; one ordinary meeting on April 2nd and one extraordinary meeting on October 8th. Both meetings achieved a participation of on average 84% and convened at sessions that were open to the public. The meetings can be attended by stakeholders and the media.

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

As from 21 days before the date of the Shareholders' Meetings, the agenda of the meeting, the power-of-attorney samples, the Board of Directors' Report, the Auditor's Report, the Independent Auditor's Report, Financial Statements and the Dividend Distribution

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

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

There are no provisions in the Articles of Incorporation requiring important resolutions having to be taken at the Shareholders' Meeting related to division, the purchase, sale and lease of significant amounts of assets, etc. Important resolutions are taken by the Board of Directors, who represents 82.04% of the company capital.

Care is taken to have invitation announcements published in newspapers with high circulation and to hold Shareholders' Meetings at central locations that are easily accessible to shareholders.

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

5. Voting Rights and Minority Rights

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

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

There are no companies that are reciprocal shareholders.

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

6. Dividend Policy and Deadline for Dividend Distribution

There are no dividend privilege rights in shares.

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

In accordance with this policy, TL 438,637,500 dividend in total was distributed in the calendar year of 2008; TL 245,637,000 was paid on April 9, 2008 and TL 193,000,500 on October 14, 2008.

7. Transfer of Shares

Group A shares may be freely transferred. The transfer of registered shares, which correspond to Group B and C that are held by Koç Group and Ford Motor Company, are subject to certain restrictions stipulated in article 7 of the Company's Articles of Incorporation.

SECTION II – PUBLIC DISCLOSURE AND TRANSPARENCY

8. Company Information Disclosure Policy

Ford Otomotiv Sanayi A.Ş is committed to a policy of complete, true, clear, transparent and accurate public disclosure of all material information in a timely manner, in order to keep shareholders and the investing public informed about the company's operations. In this frame, company's Corporate Disclosure Policy in accordance with the Corporate Governance Principles as defined in Part II Article 1.2. was published in the website and announced to the public.

9. Disclosure of Material Events

22 special case disclosures were issued in the calendar year of 2008. One of these disclosures was additional announcement made on request of the Istanbul Stock Exchange (ISE). All special case disclosures were issued within the time required.

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

10. The Company's Website and Its Contents

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

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

11. Disclosure of the Company's Ultimate Controlling Individual Shareholder / Shareholders (Beneficial Ownership)

It is clearly disclosed in all documents related to the company that two of our major shareholders, the Ford Motor Company and the Koç Group, have a 41.04% shareholding in the capital of Ford Otomotiv Sanayi A.Ş. In this context, as it is already publicly known that some of the Ford Motor Company shareholders and again that some of the individuals in the Koç Family are "real persons final dominant shareholders," neither separate calculation nor announcement has been made to this effect.

12. Disclosure on Insiders

The names of the members of the Company Board of Directors, Auditors and senior management are announced each year in the Annual Reports of the Company. Changes that take place during the year are publicized by special case disclosures.

The list of persons in a position of receiving insider information as of the date of the report has been given below:

Rahmi M. Koç: Chairman of the Board
John Fleming: Vice-Chairman of the Board
Bülent Bulgurlu: Board Member
Y. Ali Koç: Board Member
Ali İhsan İlkbahar: Board Member
C.B. Frank Lazzaro: Board Member
Ingvar M. Sviggum: Board Member

Steven Adams: Board Member
O. Turgay Durak: Board Member
Michael R. Flewitt: Board Member – General Manager
Dr. Füsun Akkal: Auditor
Adnan Nas: Auditor
Nuri Otay: Deputy General Manager
Oğuz Toprakoğlu: Asst. General Manager (Finance - CFO)
Ernur Mutlu: Asst. General Manager (Product Development)
Haydar Yenigün: Asst. General Manager (Kocaeli Plant)
Burak Gökçelik: Asst. General Manager (İnönü Plant)
Ahmet Kınay: Asst. General Manager (Purchasing)
Ahmet Şatıroğlu: Asst. General Manager (Service and Spare Parts)
Cengiz Kabatepe: Asst. General Manager (Material Planning & Logistics)
Taylan Avcı: Asst. General Manager (New Projects)
Tuncay Selçuk: Asst. General Manager (Treasury)
Aykut Özüner: Asst. General Manager (Sales and Marketing)

SECTION III – STAKEHOLDERS

13. Informing Stakeholders

Stakeholders are regularly informed by the company about matters concerning them.

Employees are informed by management at every opportunity through electronic mail or printed documents. Besides this type of information-sharing, general and departmental open-door meetings are organized for this purpose. Employee union representatives also attend the general meetings at company offices, offering their views.

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

14. Participation of the Stakeholders in the Management

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

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

Dealers' participation in management is achieved through the "Dealers Council," which was formed many years ago. This Council, made up of representatives elected by dealers, meets every two months and develops suggestions concerning company sales and marketing activities together with management representatives. There is also a Dealers Meeting organized every year with the attendance of all 3S dealers.

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

15. Human Resources Policy

As in other companies of the Koç Group, the tenet "Our most valuable capital is our human resources." comprises the essence of human resources policies at Ford Otosan. The vision of the company is set forth as: "To take its place among the first five companies preferred by employees in Turkey by 2010 and to create a Ford Otosan culture of happy, loyal personnel."

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

The "Business Life Assessment and Improvement Survey" distributed every year measures employee satisfaction, loyalty and pinpoint areas for development, facilitating taking steps for improvement.

The company has signed a 2 year agreement in September 2008 with blue colored personnel through Turkish Metals Union. Except union representatives who are appointed in accordance with the Collective Labor Agreement, there is no other representative from the company appointed to manage employee relations. This relationship with the union is essentially the job of the Industrial Relations and Human Resources Operations Directorate.

16. Information on Relations with the Clients and Suppliers

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

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

17. Social Responsibility

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

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

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

SECTION IV – BOARD OF DIRECTORS

18. The Structure and Composition of the Board of Directors and Independent Members

The list of the Board of Directors is included in the Annual Report. Only one of the ten Board members is an executive member (General Manager Michael R. Flewitt).

There are no independent members in the Board of Directors. Since there is no requirement stipulated in this respect in related regulations, the Statutes have not set forth a need for an independent Board member.

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

19. Qualifications of Board Members

Although there are no regulations in the Articles of Incorporation specifying basic qualifications to be fulfilled by Board members, all of the current members of the Board have the qualifications set forth in Articles 3.1.1, 3.1.2 and 3.1.5 of Part IV of CMB Corporate Governance Principles.

20. The Mission, Vision and Strategic Goals of the Company

The company's mission has been designated as "To be Turkey's leading automotive company with optimal automotive products and services to fit customer needs and expectations and to be the commercial vehicle center of Ford of Europe." This mission has been defined in the last annual reports of the company and has been made known to the public at every opportunity.

The activities and results related to the basic strategies formulated to bring this mission about are assessed regularly through performance goal methods by the Board of Directors. The results of the assessment of the Board are disclosed in the Annual Reports.

21. Internal Control and Risk Management Mechanism

The Board of Directors will undertake risk management activities essentially through the Audit Committee. In fulfilling its duties, the Audit Committee reviews in detail and makes an assessment of the reports submitted by the Internal Control Department, conveys the needed instructions to management and when necessary, presents these to the Board of Directors for their information and approval.

The Internal Control Department reviews all company procedures in terms of risk management, tests the appropriateness of the audit mechanisms in connection with this as well as their effectiveness and level of implementation. The department also determines the measures to be taken in dealing with deficiencies, if any, working in cooperation with the operational units of the company, reporting the results of its studies to the Audit Committee. While doing these activities in the audit plan annually; Internal Control Department also makes use of the Sarbanes Oxley (S-Ox) standards which the publicly-traded companies in USA have to comply with.

Ford Otosan evaluates its sales organization with the dealer auditors reporting directly to the Internal Control Department and presents the results to the Audit Committee. The Company has a Business Continuity and Rescue Plan including the scenarios such as natural disasters, destruction of critical information and staff etc. and keeps this plan up to date with the practices done each year.

For better review of strategies, effective allocation and usage of the resources, carrying out the activities in compliance with the laws and regulations and improving company's corporate governance; the processes regarding financial, operational, strategical and external risks are assessed with the participation of top management and necessary arrangements are made.

In addition to the Internal Control Department, the internal audit units of our two major shareholders, Koç Holding and the Ford Motor Company and the independent auditors also inform the Audit Committee of the findings from the regular audits that they perform at the company.

22. Authority and Responsibilities of the Members of the Board of Directors and Executives

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

There are no provisions in the Articles of Incorporation defining the responsibilities of the Board members and executive management. It has not been found necessary to set this down in the Articles of Incorporation since the provisions of article 336 and subsequent articles of the Turkish Commercial Code and other related regulations describe this matter in detail.

23. Principles of Activity of the Board of Directors

The Board of Directors meets regularly at least three or four times during the year with the participation of all of its members. At these meetings, all the activities of the company are reviewed and decisions are taken on important matters. In addition to these regular meetings, the Board of Directors may meet to take decisions on matters deemed necessary with a simple majority of members or in accordance with Article 330/2 of the Turkish Commercial Code the Board may take a decision without actually convening.

In the calendar year of 2008, 17 Board of Directors' resolutions are taken and no circular type BOD resolution has been adopted.

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

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

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

An effort is made to have matters falling within the scope of Article 2.17.4 of Part IV of Corporate Governance Principles discussed in the presence of all members at the regular meetings of the Board. Nonetheless, in matters that have legal urgency, this rule is not followed.

The Articles of Incorporation make no provision for weighted votes or veto rights on the part of members of the Board of Directors.

24. Prohibition of Carrying Out Transactions with the Company and Prohibition of Competing with the Company

The chairman of the Board and the members are granted permission at each Annual Ordinary Shareholders' Meeting in accordance with Articles 334 and 335 of the Turkish Commercial Code to undertake business that falls within the business scope of the company on behalf of themselves or of others and to be shareholders in companies that undertake such business.

The Ford Motor Company and the Koç Group, both active in many areas of the automotive sector, are major shareholders of the company. A large part of the Board members comprise persons who engage in active duty in one of the two groups. For this reason, it is inevitable that the situations falling into the scope of articles 334 and 335 of the Turkish Commercial Code should arise.

In this context, the fact that both Ford and the Koç Group are represented by an equal number of members in the Board of Directors and that the executive member (the General Manager) does not, in his implementation, engage in any of the activities stated in the said articles, there is no cause for a conflict of interest.

25. Ethical Rules

The "Ford Otosan Standards of Corporate Conduct", that was originally created in 2002 for the purpose of determining basic ethical principles for the company and its employees, was revised in 2008 for increasing the effectiveness. Comprising sixteen guidelines, the text of these principles was distributed to and signed by all personnel working at the company at the time. The same procedure has continued to be carried out for personnel joining the company after that date. In addition, all employees are issued reminders of the guidelines two times a year. With the latest revision, an on-line test is made for employees after confirmation to check the comprehension of the standards.

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

26. Number, Structure and Independency of Committees Established by the Board of Directors

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

Audit Committee, comprising Y. Ali Koç and C.B. Frank Lazzaro, meet three times a year in general before the regular meetings of the Board. The working principles of the committee have been put forth in a written set of procedures. Reviewing and monitoring detailed data on the company's financial status, risk management, independent auditing and internal control mechanisms and presenting all views and decision drafts to the Board of Directors are among the duties of the Audit Committee.

Compensation Committee members are John Fleming and Bülent Bulgurlu. There are no written procedures setting down the Committee's working principles.

Because there are no independent members in the Board of Directors, the Committee members are likewise not independent. Therefore there is no Corporate Governance Committee at the Company yet. The executive members of the Board have not taken on duties in the committees.

27. Remuneration of the Board of Directors

At this term, the remuneration of the chairman and the Board members is a monthly gross amount of TL 1,355. The General Manager, who is a member of the Board of Directors, also receives a monthly salary in connection with this duty plus a performance-based premium.

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

Ford Otosan Directory

Company Information

Kartal Yedek Parça Dağıtım Merkezi
Fatih Mah. Hasan Basri Cad.
Köymenkent 34885
Samandıra / İstanbul

Kocaeli Fabrikası
İzmit Gölcük Yolu
14. Km 41680
Gölcük / Kocaeli

İnönü Fabrikası
Kütahya Yolu Üzeri
26331 İnönü PK:186
Köprübaşı / Eskişehir

Gebze Teknoloji Serbest
Bölge Şubesi (TÜBİTAK
Gebze Yerleşkesi
Teknoloji Serbest Bölgesi
Gebze / Kocaeli)

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Website

For detailed information about our products and operations. Please visit us at:

www.fordotosan.com.tr

Feel the difference