INTERIM REPORT

Company Name : **FORD OTOMOTİV SANAYİ A.Ş.**

Report Period : **01.01.2009 – 30.09.2009**

Board of Directors: Rahmi M. Koç (Chairman),
John Fleming (Vice Chairman),
Bülent Bulgurlu,
Y. Ali Koç (Audit Committee Member),
A. İhsan İlkbahar,
O. Turgay Durak
C.B. Frank Lazzaro (Audit Committee Member),
Ingvar M. Sviggum,
Steven Adams,
Michael R. Flewitt (General Manager)

:

Auditors : Mehmet Apak, Adnan Nas

1. Market

Total automotive sales continued at lower levels after the decrease in SCT reduction in June; however, the sales exceeded 83,000 units in September, well above expectations. As a result, Turkish automotive market in the first nine months of 2009 increased 3% to 431,671 units (417,215) [•] . The positive effect of SCT reduction has been observed mainly in small passenger cars and some light commercial vehicles, expanding these segments; however, the sharp decline in medium and heavy commercial vehicle sales persisted since there was no effective tax advantage.

2. Market Shares

The market share losses due to the availability problem in Ford Fiesta and Transit Connect model at the beginning of the year began to reverse after May and market share reached 14.8% (14.6%) as of September. After the termination of the SCT reduction and slowdown in the passenger car segment which we have relatively lower market share, the gap with the market leader, Fiat, is expected to close.

[•] The numbers shown in parentheses show the values corresponding to the same period previous year.

3. Production and Capacity

The capacity utilization rate was at 60% level in the third quarter in spite of the plant shut down. Nevertheless, total production volume in the first nine months of 2009 decreased by 52% versus the same period last year. In Kocaeli Plant; 56,193 Transit and 55,816 Connect were manufactured. The total production volume is 113,200 units (233,964) including 1,191 Cargo Trucks in İnönü Plant.

4. Export and Sales

The export volume rose significantly compared to the beginning of the year thanks to North America shipments and the inventory adjustments in European automotive markets. 81,912 units (192,332) were exported in the first nine months of 2009 and the export sales revenue reached Euro 950 million (Euro 2,164 million). Parallel to the decrease in exports, total sales volume shrank by 43% to 144,005 units (253,227) including 62,093 vehicles (60,895) sold to domestic dealers. Net sales revenue declined 35% yoy and became 3,793 million TL (5,879 million TL).

5. Investments

52 million TL (46 million TL) of capitalized expenditure was made in this period mainly related to new product projects. The investments for the prioritized projects will be maintained as planned in the future.

6. R&D Activities

61 million TL (78 million TL) of R&D expenditure was spent in the first nine months for various product development projects. R&D Projects are carried out in line with the product programs.

7. Personnel Figure

As of 30 September 2009, the company has a total of 7,597 employees composed of 1,360 white-collar and 6,237 blue-collar workers. (31 December 2008: total of 8,164 employees composed of 1,507 white-collar and 6,657 blue-collar workers).

The blue-collar workers in our company are under the coverage of Collective Work Agreement signed on 05.12.2008 between Turkish Metals Union and MESS, effective as of 01.09.2008. This agreement is valid for two years and expires on 31.08.2010.

8. Profitability

The profitability of our company is improving by means of the effective measures taken as well as the rise in capacity utilization rate, production and sales volume. As of September, Operating Profit is 256 million TL (542 million TL) and Profit Before Tax is 264 million TL (541 million TL). The operating margin which was lower than 4% in the first quarter increased significantly in the second and third quarters and became 6.7% (9.2%) for the first nine months. In the third quarter, although the sales income is lower than same period last year, net profitability has improved.

9. Financing

The company repaid a total of Euro 67 million financial debt in the first nine months of 2009 and borrowed Euro 68 million. Consequently, total debt level became Euro 176 Euro million (193 Euro million) by the end of September from Euro 175 million figure at the beginning of the year. 91 million TL is paid to shareholders as dividend in April. The improvement in the working capital due to reduction in inventory and other cash generating actions reflected positively on the cash flow and cash balance increased to 528 million TL (548 million TL) at the end of the period from 263 million TL at the end of last year. Hence, total cash went up above the sum of short and long-term financial debt.

The company continues to follow financial risks very closely and maintains prudent policies. The main policies regarding various risks are summarized in the Note 2.3.16 of financial statements. Moreover, additional information about the risks regarding financial instruments can be found in Note 27.

The SCT reduction program for vehicles expired on September 30th. Domestic market in 2009 is expected to remain at the same level of last year due to the expected decline in the last quarter versus first and second quarters. On the other hand, the recovery signs in the foreign markets indicate that the export volume in the coming months will be higher than the first half figures.

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