FORD OTOMOTİV SANAYİ A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS AT 31 DECEMBER 2009 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT (ORIGINALLY ISSUED IN TURKISH)

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH

INDEPENDENT AUDITOR'S REPORT

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 2009 and the statement of comprehensive 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 2009, 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 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 2009. 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 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, 17 February 2010

FORD OTOMOTİV SANAYİ A.Ş.

FINANCIAL STATEMENTS AT 31 DECEMBER 2009

CONTENTS **PAGE**

FORD OTOMOTİV SANAYİ A.Ş.

BALANCE SHEETS AT 31 DECEMBER 2009 AND 2008

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

	Notes	2009 EURO*	31 December 2009	31 December 2008
ASSETS				
Current assets		**747,391,332**	**1,614,589,495**	**1,401,290,434**
Cash and cash equivalents	4	172,173,562	371,946,546	262,776,815
Trade receivables				
- Due from related parties	26	220,941,504	477,299,932	214,685,569
- Other trade receivables	7	167,756,169	362,403,652	236,404,071
Other receivables	8	47,399	102,397	796,217
Inventories	9	134,698,206	290,988,535	584,022,268
Other current assets	16	51,774,492	111,848,433	102,605,494
Non-current assets		**555,143,424**	**1,199,276,338**	**1,305,855,328**
Trade receivables	7	90,560	195,636	107,764
Financial assets	5	1,008,789	2,179,287	1,202,123
Property, plant and equipment	10	529,789,508	1,144,504,274	1,219,096,618
Intangible assets	11	23,172,164	50,058,825	68,441,100
Other non-current assets	16	1,082,403	2,338,316	17,007,723
Total assets		**1,302,534,756**	**2,813,865,833**	**2,707,145,762**

(*) Euro amounts presented above are translated from Turkish Lira ("TL") for convenience purposes only, at the official TL exchange rate announced by the Central Bank of Turkey at 31 December 2009 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 17 February 2010 and signed on behalf of the Board of Directors by Oğuz Toprakoğlu, Assistant General Manager – Chief Financial Officer ("CFO") and Tuncay Selçuk Assistant General Manager - Finance.

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

FORD OTOMOTİV SANAYİ A.Ş.

BALANCE SHEETS AT 31 DECEMBER 2009 AND 2008

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

	Notes	2009 EURO*	31 December 2009	31 December 2008
LIABILITIES				
Current liabilities		**385,628,947**	**833,074,214**	**636,975,114**
Financial liabilities	6	86,218,198	186,257,173	152,253,828
Trade payables				
- Due to related parties	26	31,721,345	68,527,621	42,968,905
- Other trade payables	7	167,350,101	361,526,424	160,603,246
Other payables				
- Due to related parties	26	1,319,082	2,849,612	2,679,688
- Other payables	8	34,147,448	73,768,731	87,087,968
Current income tax payable	24	38,006,831	82,106,156	114,846,442
Provisions	13	26,865,942	58,038,497	76,535,037
Non-current liabilities		**153,287,963**	**331,147,986**	**358,410,186**
Financial liabilities	6	93,278,934	201,510,482	228,132,371
Provision for employee benefits	15	14,323,537	30,943,135	24,580,371
Deferred tax liabilities	24	45,685,492	98,694,369	105,697,444
Equity	17	**763,617,846**	**1,649,643,633**	**1,711,760,462**
Capital and reserves attributable to the equity holders of the Company	**17**	**763,617,846**	**1,649,643,633**	**1,711,760,462**
Share capital		162,435,773	350,910,000	350,910,000
Adjustment to share capital		12,924,262	27,920,283	27,920,283
Share premium		3,820	8,252	8,252
Revaluation funds		499,067	1,078,134	100,970
Restricted reserves		140,059,385	302,570,290	264,672,010
Retained earnings		293,349,241	633,722,367	631,944,669
Net income for the year		154,346,298	333,434,307	436,204,278
Total equity and liabilities		**1,302,534,756**	**2,813,865,833**	**2,707,145,762**

(*) Euro amounts presented above are translated from TL for convenience purposes only, at the official TL exchange rate announced by the Central Bank of Turkey at 31 December 2009 and therefore do not form a part of these financial statements prepared in accordance with the financial reporting standards accepted by the CMB.

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

FORD OTOMOTİV SANAYİ A.Ş.

STATEMENTS OF INCOME FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	2009 EURO*	31 December 2009	31 December 2008
Continuing operations				
Sales	18	2,580,361,963	5,574,355,948	7,006,867,647
Cost of sales	18	(2,271,485,587)	(4,907,090,313)	(6,001,655,956)
Gross profit		**308,876,376**	**667,265,635**	**1,005,211,691**
Sales and marketing expenses	19	(80,625,006)	(174,174,201)	(234,643,522)
General administrative expenses	19	(34,773,514)	(75,121,222)	(70,581,618)
Research and development expenses	19	(33,148,536)	(71,610,783)	(112,123,487)
Other operating income	21	21,776,083	47,042,872	32,990,235
Other operating expenses	21	(1,834,441)	(3,962,942)	(8,310,441)
Operating profit		**180,270,962**	**389,439,359**	**612,542,858**
Financial income	22	49,218,530	106,326,790	162,936,129
Financial expenses	23	(40,378,078)	(87,228,761)	(158,994,916)
Income before tax from continuing operations		**189,111,414**	**408,537,388**	**616,484,071**
Income tax from continuing operations		**(34,765,116)**	**(75,103,081)**	**(180,279,793)**
- Taxes on income	24	(38,006,831)	(82,106,156)	(114,846,442)
- Deferred tax income/(expense)	24	3,241,715	7,003,075	(65,433,351)
Net income for the year		**154,346,298**	**333,434,307**	**436,204,278**
Earnings per share with a nominal value of Kr 1	**25**		**0.95**	**1.24**

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CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

FORD OTOMOTİV SANAYİ A.Ş.

STATEMENTS OF INCOME FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

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

	Notes	2009 EURO*	31 December 2009	31 December 2008
Net income for the year		**154,346,298**	**333,434,307**	**436,204,278**
Other comprehensive income				
Change in the revaluation funds of financial assets	17	452,328	977,164	(1,623,920)
Other comprehensive income		**452,328**	**977,164**	**(1,623,920)**
Total comprehensive income		**154,798,626**	**334,411,471**	**434,580,358**

(*) Euro amounts presented above are translated from Turkish Lira ("TL") for convenience purposes only, at the official TL exchange rate announced by the Central Bank of Turkey at 31 December 2009 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").

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

FORD OTOMOTİV SANAYİ A.Ş.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

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

	Share capital	Adjustment to share capital	Share premium	Revaluation fund	Restricted reserves	Retained earnings	Net income	Total equity
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)
Total comprehensive income	-	-	-	(1,623,920)	-	-	436,204,278	434,580,358
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**
Balance at 1 January 2009	**350,910,000**	**27,920,283**	**8,252**	**100,970**	**264,672,010**	**631,944,669**	**436,204,278**	**1,711,760,462**
Transfers	-	-	-	-	37,898,280	398,305,998	(436,204,278)	-
Dividends paid	-	-	-	-	-	(396,528,300)	-	(396,528,300)
Total comprehensive income	-	-	-	977,164	-	-	333,434,307	334,411,471
Balance at 31 December 2009	**350,910,000**	**27,920,283**	**8,252**	**1,078,134**	**302,570,290**	**633,722,367**	**333,434,307**	**1,649,643,633**

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

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

FORD OTOMOTİV SANAYİ A.Ş.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

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

	Notes	2009 EURO*	31 December 2009	31 December 2008
Cash flows from operating activities:				
Net income for the year		**154,346,298**	**333,434,307**	**436,204,278**
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	10	70,636,371	152,595,752	135,971,047
Amortisation	11	8,842,139	19,101,673	26,071,506
Provision for employee benefits		4,997,557	10,796,222	8,258,897
Warranty expense provision	13	34,011,649	73,475,366	106,559,238
Taxation	24	34,765,116	75,103,081	180,279,793
Interest income	22	(11,510,969)	(24,867,147)	(28,949,819)
Interest expense	23	6,585,006	14,225,589	21,450,344
Foreign exchange loss incurred from borrowings		693,317	1,497,775	86,495,796
Provision expenses		658,863	1,423,341	2,820,916
Loss on sale of property, plant and equipment-net	21	759,363	1,640,451	1,493,370
Dividend income		(19,525)	(42,180)	(175,749)
Operating profit before changes in operating assets and liabilities		**304,765,185**	**658,384,230**	**976,479,617**
(Increase)/decrease in accounts receivable		(175,006,229)	(378,065,956)	287,031,399
Decrease/(increase) in inventories		136,305,507	294,460,786	(212,183,424)
Decrease in other current assets		13,626,880	29,438,149	58,307,693
Increase/(decrease) in accounts payable		104,838,168	226,481,894	(344,767,204)
Decrease in other current liabilities		(7,406,243)	(15,999,707)	(10,902,902)
Income tax paid		(75,629,171)	(163,381,698)	(119,500,848)
Warranty expenses paid	13	(42,573,673)	(91,971,906)	(104,736,015)
Employee benefits paid	15	(2,052,242)	(4,433,458)	(7,476,385)
Net cash generated from operating activities		**256,868,182**	**554,912,334**	**522,251,931**
Cash flows used in investing activities:				
Purchase of property, plant and equipment	10	(40,101,145)	(86,630,504)	(62,978,443)
Purchase of intangible assets	11	(333,008)	(719,398)	(630,478)
Proceeds from sale of property, plant and equipment		3,234,108	6,986,645	3,245,771
Decrease/(increase) in other non-current assets		6,749,773	14,581,535	(6,149,829)
Interest received		11,473,684	24,786,599	29,065,877
Dividends received		19,525	42,180	175,749
Net cash used in investing activities		**(18,957,063)**	**(40,952,943)**	**(37,271,353)**
Cash flows from financing activities:				
Interest paid		(8,124,027)	(17,550,335)	(21,699,046)
Dividends paid	17	(183,552,423)	(396,528,300)	(438,637,500)
Proceeds from borrowings		59,168,865	127,822,500	-
Repayments of borrowings		(54,906,296)	(118,614,073)	(121,872,906)
Net cash used in financing activities		**(187,413,881)**	**(404,870,208)**	**(582,209,452)**
Net increase/(decrease) in cash and cash equivalents		**50,497,238**	**109,089,183**	**(97,228,874)**
Cash and cash equivalents at beginning of the year	**4**	**121,493,598**	**262,462,620**	**359,691,494**
Cash and cash equivalents at end of the year	**4**	**171,990,836**	**371,551,803**	**262,462,620**

(*) Euro amounts presented above are translated from TL for convenience purposes only, at the official TL exchange rate announced by the Central Bank of Turkey at 31 December 2009 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 Transit vehicles (minibuses, pick-ups and vans) are manufactured in Kocaeli. Ford Cargo trucks and their engines are manufactured in Eskişehir.

In 2009, the Company had a total of 7,729 employees on average, composed of 1,416 white-collar and 6,313 blue-collar workers. The Company had a total of 7,593 employees composed of 1,396 white-collar and 6,197 blue-collar workers as of 31 December 2009. (31 December 2008: on average a total of 9,260 employees, composed of 1,493 white-collar and 7,767 blue-collar workers. As of 31 December 2008: total of 8,164 employees consisting of 1,507 white-collar and 6,657 blue-collar workers.)

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

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.

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

2.1.1 Financial reporting standards (Continued)

As the differences between IAS/IFRS endorsed by the European Union and IAS/IFRS issued by the IASB have not been announced by TASB yet, these financial statements have been prepared within the framework of 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.

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 2009 has been provided with the comparative financial information of 31 December 2008 and the statement of income, the statement of changes in equity and the statement of cash flows for the year ended 31 December 2009 have been provided with the comparative financial information, for the year ended 31 December 2008.

Idle capacity expenses amounting to TL11,080,081, classified under "Other operating expenses" as of 31 December 2008 have been classified to "Cost of sales" (Note 18).

Financial statements of the Company prepared for the year ended 31 December 2009 and 2008 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 has 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 given amounting to TL17,007,723, classified under "Property, plant and equipment" as of 31 December 2008, have been classified to "Other current assets" (Note 16).

ii) Prepaid taxes and funds amounting to TL3,825,971, classified under "Other receivables" as of 31 December 2008, have been classified to "Other current assets" (Note 16).

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

2.2.2 Standards, amendments and interpretations to existing standards

a) Interpretations effective in 2009 and relevant to the Company's financial statements

- IAS 1 (revised), "Presentation of financial statements". The revised standard prohibits the presentation of items of income and expenses in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

- IAS 23 (revised), in respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009, the Company capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The change in accounting policy has no material effect to the Company's 2009 financial statements.

- IFRS 8, Explanations for the "Operating segments" are presented in Note 3 - Segment Reporting.

- IFRS 7 "Financial instruments – Disclosures" (amendment) - effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

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

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 2 (Revised), "'Share-based payment"
- IAS 31(Revised), " Accounting for jointly controlled entities"
- IFRIC 17, " Distribution of non-monetary assets to shareholders"
- IAS 38 (Revised), "Intangible Assets"

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 2010:

- IAS 1 (Revised), "Presentation of financial statements".
- IFRS 5 (Revised), "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 associated with inventories and are recognised as cost of finished goods (Note 9).

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

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

2.3.5 Trade payables

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

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.

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

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

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

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is 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 2.3.21 (Note 11).

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

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.

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).

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

2.3.11 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.

2.3.12 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).

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

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).

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 TL 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.

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

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 TL140 million in case a requirement for use arises. The Company has not utilised any of those commitments as of 31 December 2009.

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

Capital risk management

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

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

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

Capital risk management (Continued)

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 2009	**31 December 2008**
Total debt	387,767,655	380,386,199
Total equity	1,649,643,633	1,711,760,462
Debt/Total equity ratio	**0.24**	**0.22**

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.

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

2.3.18 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). When it comes to the assets which take long time to get ready to usage and sales, borrowing costs related to production or construction are integrated to the cost of the asset.

2.3.19 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).

2.3.20 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.

2.3.21 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).

2.3.22 Variable marketing provision

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

2.3.23 Warranty provision expenses

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

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

2.3.24 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 are defined as board members, general manager and assistant general managers (Note 26).

2.3.25 Earnings per share

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

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

2.3.26 Comparatives

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

2.3.27 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 Company's operations.

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

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

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

2.3.28 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).

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

2.3.29 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.

2.3.30 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.

2.3.31 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).

NOTE 3 - SEGMENT REPORTING

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

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

NOTE 4 - CASH AND CASH EQUIVALENTS

	31 December 2009	31 December 2008
Banks - foreign currency time deposits	272,957,923	240,728,690
Banks - TL time deposits	79,365,807	5,531,229
Banks - TL demand deposits	15,233,531	8,296,872
Banks - foreign currency demand deposits	4,389,285	8,220,024
	371,946,546	**262,776,815**

The maturity period of time deposits is up to three months. The weighted average interest rate for Euro denominated time deposits is 2.81% (31 December 2008: 4.93%). The weighted average interest rate for USD denominated time deposits is 2.50% (31 December 2008: 3.25%). The weighted average interest rate for the TL time deposits is 9.98% (31 December 2008: 15.61%).

The details for cash and cash equivalents presented in the cash flow statements as of 31 December 2009 and 2008 are as follows:

	31 December 2009	31 December 2008	31 December 2007
Cash and banks	371,946,546	262,776,815	360,121,747
Less: Interest accruals	(394,743)	(314,195)	(430,253)
	371,551,803	**262,462,620**	**359,691,494**

NOTE 5 - FINANCIAL ASSETS

	31 December 2009		31 December 2008	
Available-for-sale financial assets:	**Shareholding percentage %**	**Amount**	**Shareholding percentage %**	**Amount**
Otokar Otobüs Karoseri Sanayi A.Ş. (*)	0.59	2,179,287	0.59	1,202,123
		2,179,287		**1,202,123**

(*) The Company's shareholding in Otokar Otobüs Karoseri Sanayi A.Ş. was stated at market value at the stock quotes at the Istanbul Stock Exchange at 31 December 2009 and 2008 which is assumed to approximate its fair value.

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

NOTE 6 - FINANCIAL LIABILITIES

	31 December 2009		31 December 2008	
	Effective interest rate %	**TL amount**	**Effective interest rate %**	**TL amount**
Short term borrowings:				
- Euro	2.32	28,088,221	-	-
		28,088,221		-
Short-term portion of long-term borrowings:				
- Euro	2.90	127,875,601	5.60	147,957,546
- USD	2.78	30,293,351	3.63	4,296,282
		158,168,952		152,253,828
Total short-term borrowings		**186,257,173**		**152,253,828**
Long-term borrowings:				
- Euro	2.21	201,510,482	4.91	228,132,371
		201,510,482		**228,132,371**

The redemption schedules of long-term bank borrowings as of 31 December 2009 and 2008 are as follows:

	31 December 2009	31 December 2008
Payment Period	**Euro denominated TL**	**Euro denominated TL**
2010	-	81,960,830
2011	50,289,481	49,835,541
2012	91,321,773	36,977,454
2013	37,314,273	36,977,454
2014	22,584,955	22,381,092
	201,510,482	**228,132,371**

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

NOTE 6 - FINANCIAL LIABILITIES (Continued)

The letters of bank guarantee given to financial institutions in connection with the long-term bank borrowings amount to TL242,376,787 (31 December 2008: TL267,344,698).

As of 31 December 2009, borrowings with floating interest rates amount to TL385.626.092 (31 December 2008: TL372,515,134).

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 2009	31 December 2008
Up to 6 months	385,626,092	374,919,892
	385,626,092	**374,919,892**

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

NOTE 7 - TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables	31 December 2009	31 December 2008
Trade receivables	343,572,568	234,410,028
Cheques and notes receivable	19,121,282	2,118,591
Doubtful receivables	3,228,090	3,517,060
Less: Unearned credit finance income	(290,198)	(124,548)
	365,631,742	**239,921,131**
Less: Provision for doubtful receivables	(3,228,090)	(3,517,060)
	362,403,652	**236,404,071**

The average due date of trade receivables is one month (31 December 2008: one month) and amortised with 0.76% monthly effective interest rate (31 December 2008: 0.60%).

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

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

NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

	31 December 2009	31 December 2008
Long-term trade receivables:		
Deposits and guarantees given	195,636	107,764
	195,636	**107,764**

	31 December 2009	31 December 2008
Trade payables:		
Trade payables	361,725,563	160,661,889
Less: Unearned credit finance charges	(199,139)	(58,643)
	361,526,424	**160,603,246**

The average turnover days of the Company's trade payables is 45 days (31 December 2008: 45 days) and amortised with 0.76% monthly effective interest rate (31 December 2008 : 0.60%).

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

NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

The maximum exposure of the Company to credit risk as of 31 December 2009 and 2008 is as follows:

	Trade receivables		Other receivables		
31 December 2009	**Related party**	**Other**	**Related party**	**Other**	**Bank deposit**
The maximum of credit risk exposed at the reporting date	**477,299,932**	**362,403,652**	**-**	**102,397**	**371,946,546**
- Credit risk covered by guarantees	**60,000,000**	**279,808,663**	**-**	**-**	**-**
Net carrying value of not overdue and not impaired financial assets	475,298,822	324,640,366	-	102,397	371,946,546
The carrying amount of financial assets whose terms have been renegotiated otherwise be past due or impaired	-	33,363,878	-	-	-
Net carrying value of overdue but not impaired assets	2,001,110	4,399,408	-	-	-
- Amount of risk covered by guarantees	-	4,322,888	-	-	-
Net carrying value of impaired assets	-	3,228,090	-	-	-
- Overdue (gross carrying value)	-	3,228,090	-	-	-
- Provision for impairment (-)	-	(3,228,090)	-	-	-
- Amount of risk covered by guarantees	-	-	-	-	-

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

NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

	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**	**236,404,071**	**-**	**796,217**	**262,776,815**
- Credit risk covered by guarantees	**60,000,000**	**139,576,295**	**-**	**-**	**-**
Net carrying value of not overdue and not impaired financial assets	210,150,040	222,901,977	-	796,217	262,776,815
Net carrying value of overdue but not impaired 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 Turkish Lira ("TL") 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 2009	**Related parties**	**Other parties**
1-30 days overdue	571,539	748,019
1-3 months overdue	611,975	5,910
3-12 months overdue	817,596	4,697
1-5 years overdue	-	3,640,782
	2,001,110	**4,399,408**
Risk covered by guarantees	-	4,322,888

	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	1,449,032	1,059,031
	4,535,529	**13,502,094**
Risk covered by guarantees	-	8,664,259

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

	2009	**2008**
1 January	**3,517,060**	**-**
Provisions during the year (Note 21)	229,384	3,517,060
Collections	(518,354)	-
31 December	**3,228,090**	**3,517,060**

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

NOTE 8 - OTHER RECEIVABLES AND PAYABLES

	31 December 2009	31 December 2008
Other receivables:		
Receivables from personnel	42,773	455,174
Other miscellaneous receivables	59,624	341,043
	102,397	**796,217**

	31 December 2009	31 December 2008
Other liabilities:		
Payables to personnel	20,585,533	19,744,016
Taxes and funds payable	18,551,459	19,784,062
Variable marketing provision	14,878,104	16,076,342
Expense accruals	11,545,828	9,162,176
Payables to engineering companies	3,532,056	20,200,690
Advances received from customers	3,382,274	971,721
Dividends payable	535,151	443,250
Other short-term liabilities	758,326	705,711
	73,768,731	**87,087,968**

Variable marketing provision is primarily composed of expense accruals related to the inventories at dealers at balance sheet date (Note 2.3.22).

NOTE 9 - INVENTORIES

	31 December 2009	31 December 2008
Raw materials	174,990,586	221,866,418
Spare parts	47,626,740	49,791,823
Finished goods	28,041,324	147,281,310
Inventory in transit	27,102,825	75,409,275
Imported vehicles	14,889,127	92,762,562
	292,650,602	**587,111,388**
Less: Provision for impairment of finished goods and spare parts	(1,662,067)	(3,089,120)
	290,988,535	**584,022,268**

The allocation of fixed production overheads to the costs of conversion is based on the normal capacity of the production facilities. Idle time expenses incurred due to unplanned cease of production amounting to TL22,343,655 (31 December 2008: TL11,080,081) have been classified under cost of sales (Note 18).

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

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

	Land	Land improvements	Buildings	Machinery and equipment	Moulds	Furniture and fixtures	Motor vehicles	Construction in progress	Total
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	1,942,482	2,497,599,183
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**	**1,942,482**	**1,219,096,618**
For the year ended 31 December 2009									
Opening net book value	12,009,181	65,139,937	269,113,849	730,135,288	111,186,316	21,949,025	7,620,540	1,942,482	1,219,096,618
Additions	-	1,661,535	-	34,643,848	35,517,145	3,395,972	5,895,759	5,516,245	86,630,504
Transfers	-	326,090	-	2,413,193	1,324,374	-	-	(4,063,657)	-
Disposals	-	-	-	(12,262,387)	(1,284,559)	(1,256,580)	(4,662,798)	-	(19,466,324)
Depreciation charge	-	(2,819,922)	(11,502,881)	(74,304,735)	(60,007,323)	(3,072,277)	(888,614)	-	(152,595,752)
Disposals from accumulated depreciation	-	-	-	8,148,651	1,180,342	564,503	945,732	-	10,839,228
Closing net book value	**12,009,181**	**64,307,640**	**257,610,968**	**688,773,858**	**87,916,295**	**21,580,643**	**8,910,619**	**3,395,070**	**1,144,504,274**
31 December 2009									
Cost	12,009,181	88,982,583	368,487,421	1,411,433,641	601,068,162	69,091,825	10,295,480	3,395,070	2,564,763,363
Accumulated depreciation	-	(24,674,943)	(110,876,453)	(722,659,783)	(513,151,867)	(47,511,182)	(1,384,861)	-	(1,420,259,089)
Net book value	**12,009,181**	**64,307,640**	**257,610,968**	**688,773,858**	**87,916,295**	**21,580,643**	**8,910,619**	**3,395,070**	**1,144,504,274**

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

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land	Land improvements	Buildings	Machinery and equipment	Moulds	Furniture and fixtures	Motor vehicles	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	5,447,548	2,468,462,640
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**	**5,447,548**	**1,296,828,363**
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	5,447,548	1,296,828,363
Additions	-	113,448	-	8,173,721	11,093,530	6,672,317	2,994,838	4,829,927	62,978,443
Transfers	-	78,014	985,744	20,245,629	16,126,268	-	-	(8,334,993)	-
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**	**1,942,482**	**1,219,096,618**
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	1,942,482	2,497,599,183
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**	**1,942,482**	**1,219,096,618**

(Amounts expressed in Turkish Lira ("TL") 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 2009	**31 December 2008**
Moulds and models	168,578,311	169,225,927
Machinery and equipment	90,669,879	87,103,780
Furniture and fixtures	26,474,358	30,906,779
Buildings	5,529,499	5,529,499
Land improvements	237,300	237,300
Motor vehicles	137,275	330,618
	291,626,622	**293,333,903**

The allocation of depreciation expense as of 31 December 2009 and 2008 is as follows:

	31 December 2009	**31 December 2008**
Cost of production	146,650,368	129,102,551
Research and development expenses	1,659,284	2,629,782
General administrative expenses	1,598,075	1,649,905
Sales and marketing expenses (Note 19)	1,546,855	1,436,756
Construction in progress	1,141,170	1,152,053
Current year depreciation charge	**152,595,752**	**135,971,047**

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

NOTE 11 - INTANGIBLE ASSETS

	Rights	Development costs	Other	Total
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**
For the year ended at 31 December 2009				
Opening net book value	2,541,168	65,196,432	703,500	68,441,100
Additions	684,872	-	34,526	719,398
Amortisation charge	(1,109,274)	(17,817,294)	(175,105)	(19,101,673)
Closing net book value	**2,116,766**	**47,379,138**	**562,921**	**50,058,825**
31 December 2009				
Cost	19,066,880	421,719,418	1,626,476	442,412,774
Accumulated amortisation	(16,950,114)	(374,340,280)	(1,063,555)	(392,353,949)
Net book value	**2,116,766**	**47,379,138**	**562,921**	**50,058,825**

	Rights	Development costs	Other	Total
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	(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 Turkish Lira ("TL") unless otherwise indicated.)

NOTE 11 - INTANGIBLE ASSETS (Continued)

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

The allocation of amortisation charges relating to 31 December 2009 and 2008 is as follows:

	31 December 2009	31 December 2008
Cost of manufacturing	17,817,294	24,667,101
General administrative expenses	1,069,326	1,248,139
Research and development expenses	215,053	156,266
Current year amortisation charge	**19,101,673**	**26,071,506**

NOTE 12 - GOVERNMENT GRANTS

The research and development support received and certainly receivable from Tübitak in 2009 is amounting to TL14,035,168 (31 December 2008: TL9,048,255) has been classified under other operating income (Note 21).

NOTE 13 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

The Company provides 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.

	31 December 2009	31 December 2008
Warranty expense provision	58,038,497	76,535,037
	58,038,497	**76,535,037**

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

	2009	2008
Balance at 1 January	**76,535,037**	**74,711,814**
Paid during the year	(91,971,906)	(104,736,015)
Additions during the year (Note 19)	73,475,366	106,559,238
31 December	**58,038,497**	**76,535,037**

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

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

	31 December 2009	31 December 2008
Letters of guarantee given to banks	242,376,787	267,344,698
Letters of guarantee given to customs	29,610,303	28,175,730
Letter of guarantees	3,681,090	332,629
	275,668,180	**295,853,057**

As of 31 December 2009, total amount of the collaterals, deposits and mortgages obtained by the Company is TL215.498.546 (31 December 2008: TL90,243,129).

The Company's colleteral/deposit/morgage positions as of 31 December 2009 and 2008 are as follows:

Collaterals/deposits/mortgages given by the Company	31 December 2009	31 December 2008
Total amount of the collaterals/deposits/mortgages given for its own legal entity	275,668,180	295,853,057

Tax Conflict:

Büyük Mükellefler Tax Office, which the Company is registered to, imposed tax penalty related to fuel consumption of export vehicles for the year 2007 and following periods amounting to TL3,526,882 for Special Consumption Tax ("SCT") and TL5,316,732 of tax penalty. Anadolu Corporate Tax Office, prior tax office, the Company was registered to, imposed SCT of TL1,603,302 and tax penalty of TL2,433,002 for the years 2005 and 2006. As a result of consultations with their advisors, the Company filed an appeal lawsuit at the court for the annulment of the tax penalty. The Company expects to win the lawsuit and has not provided any provision in the financial statements.

NOTE 14 - COMMITMENTS

The Commitments given for the bank credits to the related banks by the Company are as follows:

a) Regarding the credit agreements made by the Company in 2007, the Company is required to ensure that its export proceeds up to an amount equal to Euro20,000,000 via Garanti Bankası A.Ş. ("Garanti Bankası"), Euro25,000,000 via İş Bankası A.Ş. and Euro49,000,000 via Akbank T.A.Ş. be received into deposit accounts for the year 2009 in these banks. The Company fulfilled export commitments in 2009 as of 31 December 2009.

b) Regarding the credit agreements made by the Company in 2009 amounting to Euro70,000,000 with Garanti Bankası A.Ş., the Company is required to ensure that its export proceeds up to an amount equal to Euro150,000,000 via Garanti Bankası be received into deposit accounts for the year 2009 in this bank. The Company fulfilled export commitments in 2009 as of 31 December 2009.

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

NOTE 14 - COMMITMENTS (Continued)

c) Regarding the other credit agreements made by the Company with Ziraat Bankası A.Ş. ("Ziraat Bankası") in 2009, the Company is required to ensure that its export proceeds up to an amount equal to Euro20,000,000 via T.C. Ziraat Bankası be received into deposit accounts for the year 2009 in this bank. The Company fulfilled export commitments.

d) Regarding the other credit agreements made by the Company in 2009 with Türkiye İhracat Kredi Bankası A.Ş., the Company is required to ensure that its export proceeds up to an amount equal to Euro7,250,000 via Türkiye İhracat Kredi Bankası A.Ş.be received into deposit accounts for the year 2009 in this bank. The Company fulfilled export commitments in 2009 as of 31 December 2009.

NOTE 15 - EMPLOYEE BENEFITS

Long-term provisions

	31 December 2009	31 December 2008
Provision for employee benefits	30,943,135	24,580,371
	30,943,135	**24,580,371**

Provision for employee benefits:

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

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

The amount payable consists of one month's salary limited to a maximum of TL2,365.16 for each year of service as of 31 December 2009 (31 December 2008: TL2,173.18).

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.

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

NOTE 15 - EMPLOYEE BENEFITS (Continued)

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

	31 December 2009	**31 December 2008**
Discount rate (%)	5.92	6.26
Turnover rate to estimate the probability of retirement (%)	5	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 TL2,427.04 which is effective from 1 January 2010 (1 January 2009: TL2,260,05) has been taken into consideration in the calculations.

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

	2009	**2008**
1 January	**24,580,371**	**23,797,859**
Interest cost	1,455,158	1,489,746
Actuarial loss	5,310,478	3,420,720
Paid during the year	(4,433,458)	(7,476,385)
Current year service cost	4,030,586	3,348,431
31 December	**30,943,135**	**24,580,371**

NOTE 16 - OTHER CURRENT ASSETS

Other current assets:	**31 December 2009**	**31 December 2008**
Prepaid taxes and stoppage	52,218,175	3,825,971
VAT to be deductible	33,374,336	25,009,221
Value Added Tax ("VAT") carried forward	16,553,841	67,499,026
Prepaid expenses	4,112,304	3,884,761
Premiums for research and development support earned	3,784,187	5,327
Other	1,805,590	2,381,188
	111,848,433	**102,605,494**

Other non-current assets:

The Company has advances given to property, plant and equipment purchases amounting to TL2,338,316 as of 31 December 2009 (31 December 2008: TL17,007,723).

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

NOTE 17 - EQUITY

The composition of the Company's paid-in capital at 31 December 2009 and 2008 is as follows:

Shareholders	**31 December 2009**	**Shareholding percentage (%)**	**31 December 2008**	**Shareholding percentage (%)**
Koç Holding A.Ş.	134,953,357	38.46	134,953,357	38,46
Vehbi Koç Vakfı	3,428,592	0.98	3,428,592	0,98
Koç Holding Emekli Yardım Sandığı Vakfı	3,259,202	0.93	3,259,202	0,93
Koç Allianz Sigorta T.A.Ş.	-	-	-	-
Temel Ticaret A.Ş.	2,355,885	0.67	2,355,885	0,67
Total Koç Group	143,997,036	41.04	143,997,036	41.04
Ford Motor Company	143,997,036	41.04	143,997,036	41.04
Other (publicly held)	62,915,928	17.92	62,915,928	17.92
Total	**350,910,000**	**100.00**	**350,910,000**	**100.00**
Adjustments to share capital	27,920,283		27,920,283	
Inflation adjusted paid in capital	**378,830,283**		**378,830,283**	

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

There are 35,091,000,000 unit of shares (31 December 2008: 35,091,000,000 unit) with a nominal value of Kr1 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 TL20,670,398 related to this exemption in its tax financial statements (31 December 2008: TL20,670,398).

NOTE 17 - EQUITY (Continued)

In accordance with CMB Financial Reporting Standards, the Company classified the abovementioned amounts under "Restricted reserves", The amount of Restricted reserves is TL302,570,290 as of 31 December 2009 (31 December 2008: TL264,672,010).

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 amount. The valuation differences shall be classified as follows:

- the difference arising from the "Paid-in Capital" and not been transferred to capital yet, shall be classified under the "Inflation Adjustment to Share Capital";
- the difference due to the inflation adjustment of "Restricted Reserves" and "Share Premium" and the amount has not been 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.

Based on CMB Decree No. 02/51, dated 27 January 2010, there is no mandatory minimum profit distribution requirement for the quoted entities at the stock exchange for profits arising from operations in 2009. Regarding the dividend distribution for the current and following years, the entities are to distribute their profits for the current and following years under the scope of CMB Communiqué No. IV-27, their articles of association and their previously publicly declared profit distribution policies. In regards to the profit distribution, in accordance with the decision of the General Assembly, the distribution can be made as cash or as bonus shares or as a combination of a certain percentage of cash and bonus shares. It is also permitted to retain this amount in the Company reserves if the first dividend amount is below 5% of the paid in/issued capital; however if the Company has increased its paid-in capital without dividend distribution in the previous year when the outstanding shares have been identified as "old" and "new", it is mandatory for companies that will make profit distribution from the net distributable profit of the previous year to make this first dividend distribution in cash.

At General Shareholders Meeting, the Company decided to pay dividend from the net profit of the year 2008 at 26%, that is, gross Kr26 (net Kr26) per TL1 share, amounting to TL91,236,600 in total, and the dividend was paid in April 2009. The Company had also decided to pay dividend from the net profit of the year 2008 at 87%, that is, gross Kr87 (net Kr87) per TL1 share, amounting to TL305,291,700 in total, at the Extraordinary General Shareholders Meeting, held on 18 November 2009 and the dividend was paid in November 2009. The Company made dividends payments amounting to TL396,528,300 in total in 2009.

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

NOTE 17 - EQUITY (Continued)

The distributable current year income in accordance with CMB and statutory accounts which will be subject to the Company's 2009 dividend distribution is as follows:

	According to CMB	**According to statutory accounts**
Income for the year	408,537,388	456,191,852
Taxes payable (-)	(75,103,081)	(82,106,156)
Net income for the year	**333,434,307**	**374,085,696**
Distributable net profit	**333,434,307**	**374,085,696**
Donations made during the year (Note 19)	8,242,279	
Distributable net current year income including donations	**341,676,586**	

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. Comparing the CMB and statutory accounts for 2009, the distributable profit according to CMB will be used in the calculation considering CMB profit is lower than statutory profit.

In accordance with Communiqué No: XI-29, the equity schedules at 31 December 2009 and 2008 are as follows:

	31 December 2009	**31 December 2008**
Share capital	350,910,000	350,910,000
Adjustment to share capital	27,920,283	27,920,283
Financial assets fair value reserve	1,078,134	100,970
Share premium	8,252	8,252
Restricted reserves	**302,570,290**	**264,672,010**
- Legal reserves	281,899,890	244,001,610
- Special reserves	20,670,400	20,670,400
Retained earnings	**633,722,367**	**631,944,669**
- Inflation adjustment to equity	428,301,244	428,301,244
- Retained earnings	149,218,665	149,218,665
- Extraordinary reserves	56,202,458	54,424,760
Net income for the year	333,434,307	436,204,278
Total equity	**1,649,643,633**	**1,711,760,462**

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

NOTE 17 - EQUITY (Continued)

As of 31 December 2009 and 2008, the restated amounts and the equity restatement differences of the aforementioned nominal values are as follows:

31 December 2009:	**Historical values**	**Restated amounts**	**Equity restatement differences**
Share capital	350,910,000	378,830,283	27,920,283
Legal reserves	281,899,890	340,652,494	58,752,604
Extraordinary reserves	56,202,458	425,347,474	369,145,016
Share premium	8,252	361,733	353,481
Special reserves	20,670,400	20,720,543	50,143
	709,691,000	**1,165,912,527**	**456,221,527**

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**

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

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

	2009	**2008**
1 January	**100,970**	**1,724,890**
Fair value increase/(decrease) of financial assets	977,164	(1,623,920)
31 December	**1,078,134**	**100,970**

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

NOTE 18 - SALES AND COST OF SALES

	31 December 2009	31 December 2008
Export sales	3,163,662,076	4,820,720,836
Domestic sales	2,712,935,237	2,346,514,392
Other sales	56,115,359	117,799,272
Less: Discounts	(358,356,724)	(278,166,853)
	5,574,355,948	**7,006,867,647**

Export sales includes research and development service sales to Ford Motor Company amounting to TL50,299,950 (31 December 2008: TL67,970,348).

Sales in unit:

	31 December 2009			31 December 2008		
	Domestic sales	Export sales	Total sales	Domestic sales	Export sales	Total sales
Transit	21,078	71,604	92,682	25,279	150,842	176,121
Transit Connect	27,701	56,752	84,453	19,252	64,604	83,856
Passenger vehicles	32,585	192	32,777	24,860	819	25,679
Cargo	2,023	382	2,405	2,823	2,595	5,418
Ranger	1,796	25	1,821	1,985	30	2,015
Fiesta Van	-	28	28	993	45	1,038
	85,183	**128,983**	**214,166**	**75,192**	**218,935**	**294,127**

Summaries of cost of production as of 31 December 2009 and 2008 are as follows;

	31 December 2009	31 December 2008
Raw material cost	(3,199,526,148)	(4,639,384,466)
Production overhead costs	(371,771,121)	(467,886,822)
Depreciation and amortisation expenses	(164,467,662)	(153,769,652)
Change in finished goods inventory	(116,699,509)	106,664,081
Idle time expenses	(22,343,655)	(11,080,081)
Total cost of production	**(3,874,808,095)**	**(5,165,456,940)**
Cost of trade goods sold	(1,032,282,218)	(836,199,016)
Cost of sales	**(4,907,090,313)**	**(6,001,655,956)**

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

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

	31 December 2009	31 December 2008
Sales and marketing expenses:		
Warranty expenses (Note 13)	(73,475,366)	106,559,238
Advertising expenses	(26,421,513)	42,632,107
Transportation expenses	(21,884,592)	26,890,624
Personnel expenses	(21,611,140)	23,364,117
Spare parts transportation and packaging expenses	(8,778,685)	9,094,311
Dealer and service development expenses	(3,736,931)	7,172,418
Depreciation expense (Note 10)	(1,546,855)	1,436,756
Other	(16,719,119)	17,493,951
	(174,174,201)	**234,643,522**
General administrative expenses:		
Personnel expenses	(31,213,924)	(33,658,748)
Legal consulting and auditing expenses	(11,490,366)	(11,273,611)
Grants and donations (Note 17)	(8,242,279)	(6,180,789)
Other guarantee expenses	(5,458,166)	(2,217,132)
New project administrative expenses	(3,176,303)	(1,363,312)
Repair, maintenance and energy expenses	(2,807,458)	(2,484,277)
Depreciation and amortisation expense (Notes 10 and 11)	(2,667,401)	(2,898,044)
Travel expenses	(2,110,653)	(2,022,646)
Duties, taxes and levies	(948,560)	(2,762,615)
Information technology expenses	(872,281)	(936,180)
Other	(6,133,831)	(4,784,264)
	(75,121,222)	**(70,581,618)**
Research and development expenses:		
Personnel expenses	(40,937,047)	(42,048,097)
Project costs	(21,447,735)	(62,477,750)
Depreciation and amortisation expense (Notes 10 and 11)	(1,874,337)	(2,786,048)
Other	(7,351,664)	(4,811,592)
	(71,610,783)	**(112,123,487)**

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

NOTE 20 - EXPENSES BY NATURE

The classification of expenses by nature for the years ended at 31 December 2009 and 2008 is as follows:

	31 December 2009	31 December2008
Direct material cost	(3,199,526,148)	(4,639,384,466)
Cost of trade goods sold	(1,032,282,218)	(836,199,016)
Personnel expenses	(287,683,939)	(343,286,582)
Other operational expenses	(221,055,502)	(311,156,817)
Other overhead expenses	(177,849,293)	(223,671,202)
Depreciation and amortisation expenses	(170,556,255)	(160,890,500)
Change in finished goods inventory	(116,699,509)	106,664,081
Financial expenses	(87,228,761)	(158,994,916)
Idle time expenses	(22,343,655)	(11,080,081)
Other expenses	(3,962,942)	(8,310,441)
Total expenses	**(5,319,188,222)**	**(6,586,309,940)**

NOTE 21 - OTHER OPERATING INCOME/EXPENSES

	31 December 2009	31 December 2008
Other operating income and gains:		
Price difference for spare parts and insurance recovery	15,799,028	9,548,783
Premiums for research and development support (Note 12)	14,035,168	9,048,255
Commission income	2,975,021	3,501,087
Licence fees obtained	2,178,935	900,313
Rent income	1,603,528	2,215,213
Insurance claim recoveries	1,332,027	1,819,558
Income from the sale of property, plant and equipment	581,702	691,948
Other	8,537,463	5,265,078
	47,042,872	**32,990,235**

	31 December 2009	31 December 2008
Other operating expenses and losses:		
Loss on sale of property, plant and equipment	(2,222,153)	(2,185,318)
Claim charges for import materials	(907,047)	(794,141)
Prior period price differences	(604,358)	(243,698)
Provision for doubtful receivables	(229,384)	(3,517,060)
Other	-	(1,570,224)
	(3,962,942)	**(8,310,441)**

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

NOTE 22 - FINANCIAL INCOME

	31 December 2009	31 December 2008
Foreign exchange gains	52,478,580	96,299,407
Finance income from credit sales	28,981,063	37,686,903
Interest income	24,867,147	28,949,819
	106,326,790	**162,936,129**

NOTE 23 - FINANCIAL EXPENSES

	31 December 2009	31 December 2008
Foreign exchange losses	(47,543,174)	(91,391,616)
Finance charges on credit purchases	(21,646,803)	(44,182,322)
Interest expenses	(14,225,589)	(21,450,344)
Other financial expenses	(3,813,195)	(1,970,634)
	(87,228,761)	**(158,994,916)**

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 2009 is 20% (31 December 2008: 20%), Corporation tax is payable at a rate of 20% on the total income of the Company after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, investment allowance, etc) and corporate income tax deductions (like research and development expenditures deduction), No further tax is payable unless the profit is distributed.

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

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

NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

In accordance with Tax Law No, 5024 "Law Related to Changes in Tax Procedural Law, Income Tax Law and Corporate Tax Law" that was published in the official Gazette on 30 December 2003, effective from 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),

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

NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

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.

The Constitutional Court abolished the provisions of Temporary Article 69 of the Income Tax Law regarding the time limitation to the investment allowance in its meeting held on 15 October 2009, and published the minutes of the relevant meeting on its website in October 2009. The decision of the Constitutional Court on the cancellation of the time limitation for investment allowance for the years 2006, 2007 and 2008 came into force with its promulgation in the Official Gazette, dated 8 January 2010, and thereby the time limitation regarding investment allowance was removed. The Company calculated the corporate tax base and accounted for tax provision in the financial statements prepared in accordance with statutory requirements and the CMB as of 31 December 2009, based on the assumption that it would be able to benefit from the TL491,329,522 investment carriedforward from 2008. A tax ruling has been requested from the Tax Office regarding this issue; the Corporate Tax declaration in April 2010 will be prepared in accordance with the response from the Tax Office. The corporate tax provision calculated using the 19.8% investment allowance exemption withholding rate amounts to TL82,106,156. The actual payment of Corporate Tax will be TL829,355 higher than the calculated amount in case that the investment allowance cannot be used in the 2009 Corporate Tax base calculation according to the opinion from the Tax Office.

The Company's net tax liabilities as of 31 December 2009 and 2008 are as follows:

	31 December 2009	31 December 2008
Corporate tax provision	82,106,156	114,846,442
Prepaid tax and funds (Note 16)	(52,218,175)	(3,825,971)
	29,887,981	**111,020,471**

The taxation on income for the years ended 31 December 2009 and 2008 are as follows:

	31 December 2009	31 December 2008
Current year corporate tax	(82,106,156)	(114,846,442)
Deferred tax	7,003,075	(65,433,351)
	(75,103,081)	**(180,279,793)**

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

NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

Calculation of the tax expense reconciliation using the current year tax expense in the statement of income as at 31 December 2009 and 2008 and for the years then ended and current tax ratio based on income before tax is as follows:

	31 December 2009	31 December 2008
Income before tax :	**408,537,388**	**616,484,071**
Current year tax expense calculated with the investment allowance withholding tax of 19,8%	(80,890,403)	(122,063,846)
Investment allowance utilised during the year	-	(68,466,732)
Effective tax rate differences used for temporary differences	-	1,106,134
Tax exemptions	7,587,604	9,919,117
Other	(1,800,282)	(774,466)
	(75,103,081)	**(180,279,793)**

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

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

NOTE 24 - TAX ASSETS AND LIABILITIES(Continued)

The breakdown of cumulative temporary differences and the resulting deferred tax assets and liabilities provided at 31 December 2009 and 2008 using the current enacted tax rates is as follows:

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	31 December 2009	**31 December 2008**	**31 December 2009**	**31 December 2008**
Deferred tax assets:				
Warranty expense provision	58,038,497	76,535,037	11,607,699	15,307,007
Expense accruals	41,934,546	51,351,512	8,386,908	10,270,302
Provision for employee benefits	30,943,135	24,580,371	6,188,627	4,916,074
Difference between the financial statements prepared in accordance with IFRS and tax financial statements:				
- Intangible fixed assets	416,602	(57,086,340)	83,320	(11,417,268)
Unutilized investment incentive allowance earned		-		-
Unearned credit finance income - net	197,456	95,988	39,491	19,197
			26,306,045	19,095,312
Deferred tax liabilities:				
Difference between the financial statements prepared in accordance with IFRS and tax financial statements:				
- tangible fixed assets	610,123,603	620,918,714	(122,024,721)	(124,183,743)
Income accruals	10,975,461	6,949,183	(2,195,091)	(1,389,836)
Inventories	3,903,009	(3,904,114)	(780,602)	780,823
			(125,000,414)	(124,792,756)
Net deferred tax liabilities			**(98,694,369)**	**(105,697,444)**

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

NOTE 24 - TAX ASSETS AND LIABILITIES(Continued)

Deferred tax movements are as follows:

	1 January 2009	Charged/(credited) to profit and loss	31 December 2009
Deferred income tax liabilities:			
Difference between the financial statements prepared in accordance with IFRS and tax financial statements	(135,601,011)	13,659,610	(121,941,401)
Income accruals	(1,389,836)	(805,255)	(2,195,091)
Inventories	780,823	(1,561,425)	(780,602)
Deferred income tax assets:			
Warranty expense provision	15,307,007	(3,699,308)	11,607,699
Expense accruals	10,270,302	(1,883,394)	8,386,908
Provision for employee benefits	4,916,074	1,272,553	6,188,627
Unearned credit finance income - net	19,197	20,294	39,491
Net deferred tax liabilities	**(105,697,444)**	**7,003,075**	**(98,694,369)**

	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 IFRS 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)**

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

NOTE 25 - EARNINGS PER SHARE

	31 December 2009	31 December 2008
Net income for the year (TL)	333,434,307	436,204,278
Weighted average number of shares with nominal value of Kr 1 each	35,091,000,000	35,091,000,000
Earnings per share with nominal value of Kr 1 each	**Kr0.95**	**Kr1.24**

NOTE 26 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related party balances at 31 December 2009 and 2008 and the transactions with related parties during the year are as follows:

a) Due from related parties:

i) Trade receivables from related parties

	31 December 2009	31 December 2008
Due from shareholders:		
Ford Motor Company and its subsidiaries	330,175,577	144,720,870
	330,175,577	**144,720,870**
Due from related parties:		
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	146,461,403	69,718,327
Other	781,196	283,730
	147,242,599	70,002,057
Less: Unearned credit finance income	(118,244)	(37,358)
	477,299,932	**214,685,569**

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.

(Amounts expressed in Turkish Lira ("TL") 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 2009	31 December 2008
Trade payables to shareholders:		
Ford Motor Company and its subsidiaries	48,359,755	25,264,047
	48,359,755	**25,264,047**
Due to related parties:		
Zer Merkezi Hizmetler ve Ticaret A.Ş.	10,008,146	10,329,158
Opet Petrolcülük A.Ş.	3,238,097	580,489
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	1,830,971	1,543,997
Setur Servis Turistik A.Ş.	1,243,057	1,415,284
Koçtaş Yapı Marketleri Sanayi ve Ticaret A.Ş.	1,511,084	973,716
AKPA Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	881,183	200,171
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	478,615	886,155
Koç,net Haberleşme Teknoloji ve İletişim Hizmetleri A.Ş.	217,167	270,585
Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş.	207,211	97,142
Ram Sigorta Aracılık Hizmetleri A.Ş.	170,123	462,580
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	154,409	280,445
V,K,V, Amerikan Hastanesi	82,351	96,359
Koç Üniversitesi	52,812	-
Promena Elektronik A.Ş.	33,161	423,401
Palmira Turizm Ticaret A.Ş.	28,075	142,126
Tofaş Türk Otomobil Fabrikası A.Ş.	19,828	1,495
Setair Hava Taşımacılığı A.Ş.	12,676	-
Aygaz A.Ş.	10,071	283
Other	675	8,747
	20,179,712	17,712,133
Less: Unearned credit finance charges	(11,846)	(7,275)
	68,527,621	**42,968,905**

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

ii) **Other payables to related parties:**

	31 December 2009	31 December 2008
Koç Holding A.Ş.	2,058,220	1,970,709
Yapı ve Kredi Bankası A.Ş.	791,392	708,979
	2,849,612	**2,679,688**

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

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

c) Sales to related parties:

	31 December 2009	31 December 2008
Ford Motor Company	3,101,421,893	4,655,963,424
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	684,457,657	499,162,297
Other	31,796,102	10,944,712
	3,817,675,652	5,166,070,433
Less: Financial income from credit sales	(6,628,640)	(7,760,497)
	3,811,047,012	**5,158,309,936**

d) Major material, service and fixed asset purchases:

	1 January - 31 December 2009			
	Materials	**Services**	**Fixed assets**	**Total**
Domestic purchases:				
Zer Merkezi Hizmetler ve Ticaret A.Ş.	-	46,207,015	39,544	46,246,559
Opet Petrolcülük A.Ş.	15,793,781	-	-	15,793,781
Koç Holding A.Ş.	-	7,211,429	-	7,211,429
Ram Sigorta Aracılık Hizmetleri A.Ş.	-	7,001,512	-	7,001,512
AKPA Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	6,554,607	-	-	6,554,607
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	-	2,552,878	3,971,831	6,524,709
Koçtaş Yapı Marketleri Sanayi ve Ticaret A.Ş.	4,452,931	-	61,009	4,513,940
Setur Servis Turistik A.Ş.	-	3,548,920	-	3,548,920
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	41,583	1,967,515	1,403,408	3,412,506
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	-	821,720	-	821,720
Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş.	544,995	-	-	544,995
Koç,net Haberleşme Teknoloji ve İletişim Hizmetleri A.Ş.	-	469,455	-	469,455
Promena Elektronik Ticaret A,Ş,	-	259,519	-	259,519
V,K,V, Amerikan Hastanesi	-	239,517	-	239,517
Koç Üniversitesi	-	92,191	-	92,191
Palmira Turizm Ticaret A.Ş.	-	60,028	-	60,028
Setair Hava Taşımacılığı ve Hizmetleri A.Ş.	-	45,190	-	45,190
Aygaz A.Ş.	42,387	-	-	42,387
Tofaş Türk Otomobil Fabrikası A.Ş.	-	23,924	-	23,924
Otokar Otobüs Karoseri Sanayi A.Ş.	15,466	-	-	15,466
Arçelik A.Ş.	3,763	-	-	3,763
	27,449,513	70,500,813	5,475,792	103,426,118
Less: Unearned credit finance charges	(1,455,477)	-	-	(1,455,477)
	25,994,036	**70,500,813**	**5,475,792**	**101,970,641**

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

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

	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**

(*) Koç Holding A.Ş. sold Sanal Merkez A.Ş shares as of July 2008.

(**) Koç Holding A.Ş. sold Migros Türk Ticaret A.Ş shares as of June 2008.

(***) Commercial Title of Beko Elektronik A.Ş. changed as Grundig Elektronik A.Ş.

(****) Koç Holding A.Ş. sold Otomotiv Lastikleri A.Ş shares as of July 2008.

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

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

Import purchases:

	31 December 2009	31 December 2008
Ford Motor Company	2,161,037,341	2,889,866,075

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

31 December 2009	31 December 2008
40,827,730	39,834,834

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

31 December 2009	31 December 2008
8,047,458	6,065,617

g) The details of deposits to related banks :

Deposits to related banks:	31 December 2009	31 December 2008
Yapı ve Kredi Bankası A,Ş,		
- TL time deposits	34,225,835	1,028,518
- Foreign currency time deposits	30,177,941	74,949,350
- Foreign currency demand deposits	4,140,808	7,696,631
- TL demand deposits	5,478,616	5,308,527
	74,023,200	**88,983,026**

The Company, as sub borrower, utilised TL30,114,000 equivalent of USD20 million and TL54,007,500 equivalent of Euro25 million of the loan obtained by Koç Holding. The Company obtained the loans from the consortium of Koç Holding and 14 financial institutions

h) Commission incomes and expenses:

Commission income

	31 December 2009	31 December 2008
Yapı ve Kredi Bankası A.Ş.	2,975,021	13,417,081

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

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

h) Commission incomes and expenses (Continued)

Commission expense

	31 December 2009	31 December 2008
Yapı ve Kredi Bankası A,Ş,	10,746,025	13,417,081
Koç Tüketici Finansmanı A,Ş,	7,859	951,876
	10,753,884	**14,368,957**

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 2009	31 December 2008
Yapı ve Kredi Bankası A.Ş.	6,960,186	8,682,049

j) Dividend income:

	31 December 2009	31 December 2008
Otokar Otobüs Karoseri Sanayi A.Ş.	42,180	175,749
	42,180	**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 TL9,478,612 in 2009 (31 December 2008: TL8,645,517).

(Amounts expressed in Turkish Lira ("TL") 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 2009 and 2008. The Company's foreign currency denominated assets and liabilities have been presented below in carrying amounts, categorised by currency.

31 December 2009

	USD Original currency	TL	Euro Original currency	TL	Other TL	Total
Assets:						
Cash and cash equivalents (Note 4)	20,207,187	30,425,961	114,293,293	246,907,801	13,446	277,347,208
Trade receivables	3,461,816	5,212,456	154,216,660	333,154,251	1,689,499	340,056,206
Other receivables	57,359	86,365	369,068	797,297	12,645	896,307
Inventories	208,166	313,435	7,841,304	16,939,570	386,912	17,639,917
Other current assets	-	-	351,405	759,140	-	759,140
	23,934,528	**36,038,217**	**277,071,730**	**598,558,059**	**2,102,502**	**636,698,778**
Liabilities:						
Short-term borrowings(Note 6)	-	-	13,002,000	28,088,221	-	28,088,221
Short-term portion of long-term borrowings (Note 6)	20,119,115	30,293,351	59,193,445	127,875,601	-	158,168,952
Trade payables	9,347,704	14,074,838	29,001,374	62,651,667	813,500	77,540,005
Other current liabilities	44,777	67,421	646,350	1,396,699	710,524	2,174,644
Long-term borrowings (Note 6)	-	-	93,278,934	201,510,482	-	201,510,482
	29,511,596	**44,435,610**	**195,122,103**	**421,522,670**	**1,524,024**	**467,482,304**
Net foreign currency position	**(5,577,068)**	**(8,397,393)**	**81,949,627**	**177,035,389**	**578,478**	**169,216,474**

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

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

31 December 2008

	USD Original currency	TL	Euro Original currency	TL	Other TL	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 Turkish Lira ("TL") 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 2009	**Gain/Loss**	
	Appreciation in foreign currency	**Depreciation in foreign currency**
Change in USD against TL by 10%		
USD net asset/(liabilities)	(839,739)	839,739
USD net hedged amount	-	-
US Dollar net gain/(loss)	**(839,739)**	**839,739**
Change in Euro against TL by 10%		
Euro net asset/(liabilities)	17,703,539	(17,703,539)
Euro net hedged amount	-	-
Euro net gain/(loss)	**17,703,539**	**(17,703,539)**
Change in other foreign currency against TL by 10%		
Other foreign currency denominated net asset/(liabilities)	57,848	(57,848)
Other foreign currency denominated- hedged amount	-	
Other foreign currency denominated net gain/(loss)	**57,848**	**(57,848)**

31 December 2008	**Gain/Loss**	
	Appreciation in foreign currency	**Depreciation in foreign currency**
Change in USD against TL 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 TL 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 TL 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**

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

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 2009 and 2008 and for the years then ended are as follows;

	31 December 2009	**31 December 2008**
Total export amount	3,163,662,076	4,820,720,836
Total import amount	2,621,066,573	3,417,503,766

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 2009	**31 December 2008**
Fixed interest rate financial instruments		
Financial assets		
- *Designated as fair value through profit or loss (*)*	352,323,730	246,259,919
Financial liabilities	-	2,404,758
Floating interest rate financial instruments		
Financial liabilities	385,626,092	372,515,134

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

If the interest rates of variable interest-bearing USD and Euro denominated borrowings were 100 basis points higher/lower with all other variables held constant, profit before tax for the year would have been lower/higher by TL849,133 at December 2009 (31 December 2008: TL1,957,947 lower/higher), due to higher/lower interest expense.

(Amounts expressed in Turkish Lira ("TL") 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 2009	**Carrying value**	**Total contractual cash outflow**	**Up to 3 months**	**Between 3 and 12 months**	**Between 1 and 5 years**
Non-derivative financial instruments					
Financial liabilities	387,767,655	399,017,503	91,897,705	98,293,352	208,826,446
Trade payables					
-Related party	68,527,621	68,527,621	68,527,621	-	-
-Other	361,526,424	361,526,424	361,526,424	-	-
Other liabilities					
-Related party	2,849,612	2,849,612	2,849,612	-	-
-Other	73,768,731	73,768,731	73,768,731	-	-

31 December 2008	**Carrying value**	**Total contractual cash outflow**	**Up to 3 months**	**Between 3 and 12 months**	**Between 1 and 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	-	-

NOTE 28 - SUBSEQUENT EVENTS

Constitutional Court's decision to cancel the limitation for utilizing investment incentive regarding the years "2006, 2007 and 2008", became effective starting from 8 January 2010 after being published in the Official Gazette, abolishing the time limitation related to investment incentive. The methodology used by the Company related to corporate income tax base according to statutory and CMB are disclosed in detail in Note 24.

NOTE 29 - DISCLOSURE OF OTHER MATTERS

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

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