

INTERIM REPORT

Company Name : FORD OTOMOTİV SANAYİ A.Ş.

Report Period : 01.01.2008 – 31.03.2008

Board of Directors : Rahmi M. Koç (Chairman),
Lewis W.K. Booth (Vice Chairman),
Bülent Bulgurlu,
Y.Ali Koç (Audit Committee Member),
A.İhsan İlkbahar,
John Fleming,
Philip A. Collareno,
O. Turgay Durak,
Michael R. Flewitt (General Manager)
Frank Lazzaro (assigned as Board and Audit Committee Member
on March 11, 2008 after resignation of David L. Schoch).

Auditors : Dr. Füsün Akkal, Adnan Nas

1. Market

Total sales in the first quarter of 2008 has increased by 26% compared to the same period of 2007 and reached to 128,094 units (101,677)*. The high growth in the market is a result of both the weak base effect and pulling ahead of the demand due to the price increase expectations after the fast devaluation of Turkish Lira in March. We forecast the impact of these two factors to decrease and the market to shrink in the coming months.

2. Market Shares

Although company market leader position continues, total market share has decreased to 15.2% (16.1%). The low share in the passenger car segment of 7.9% (8.9%) was the main driving factor in this drop. Total market share loss compared to the last year-end is 1.6%. We target to bring our market share close to last year level and grow passenger car sales by increasing diesel vehicle volume in the new Focus.

3. Production and Capacity

Notwithstanding the drop in domestic market, the production and sales figures are increasing. 56,865 Transit, 30,323 Connect, 1,914 Truck and a total of 89,102 (67,350) vehicles were manufactured in the first three months. Kocaeli Plant continues to operate with full capacity and plant capacity is increased to 320K vehicles/year from 300K vehicles/year.

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

4. Sales

72,435 vehicles (55,054) were exported while selling 20,013 vehicles (15,594) to domestic dealers. As a result, total sales figure increased 31% to 92,448 units (70,648) compared to same period last year. The export revenue in the first quarter exceeded Euro 810 million (Euro 602 million) and net sales exceeded 2 billion YTL (1.6 billion YTL).

5. Investments

10 million YTL (31.6 million YTL) of capitalized expenditure was made in the first three months related to capacity increase and new product investments. Capitalized expenditure is usually low in this time of the year.

6. R&D Activities

6.5 million YTL (2 million YTL) of R&D expenditure was made in the first quarter for various product development projects. R&D Projects are carried out as planned.

7. Profitability

223 million YTL (119 million YTL) Operating Profit and 239.6 million YTL (109.2 million YTL) Profit Before Tax was made as of March-end. The increase in profits stems from the growth in sales revenue as well as the rise in profit margins. The operating margin which was 7.5 % in the first quarter of 2007 went up to 11% in this period.

8. Financing

Our company repaid a total of Euro 25 million financial debt in the first three months of 2008 and made no new borrowing. Consequently, total debt level went down to Euro 215 million (Euro 248 million) from Euro 240 million figure at the beginning of the year. The good operating performance in the operating profitability also reflected positively on the cash flow and cash balance increased to 500 million YTL (244 million YTL) at the end of the period from 360 million YTL at the end of last year in spite of the decrease in financial debt. 245.6 million YTL is also distributed to shareholders as dividend payment on April 9, 2008.

The successful performance in the sales, export, production as well as financial figures didn't change in the first three months of 2008 and Ford Otosan continued to break its own records. A significant improvement in the profit margin was accomplished as a result of high capacity utilization rate and cost reduction efficiency coming with economies of scale. We predict the financial indicators achieved in the past to hold at similar level even if a slowdown in the domestic sales is observed in the rest of the year as mentioned in the "**Market**" section of this report.

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