

INTERIM REPORT

Company Name : FORD OTOMOTİV SANAYİ A.Ş.

Report Period : 01.01.2011 – 30.06.2011

Board of Directors : Rahmi M. Koç (Chairman),
Stephen T. Odell (Vice Chairman),
Bülent Bulgurlu,
Y. Ali Koç (Audit Committee Member),
A. İhsan İlkbahar,
O. Turgay Durak
Stuart J. Rowley (Audit Committee Member),
John Fleming,
Paul R. T. Randle,
Michael R. Flewitt,
Nuri K. Otay (General Manager)
Grant E. Belanger (Deputy General Manager)

Auditors : Mehmet Apak, Adnan Nas

1. Market

Total domestic sales in the first six months increased by 54% compared to the same period of 2010 to 443,406 units (288,814)*. Thanks to the economic growth in the first half, passenger car, light and medium commercial vehicle sales grew by 56%, 39% and 50% respectively. The growth rate in the heavy commercial vehicle segment jumped to 137%.

2. Market Shares

Ford Otosan's total market share was 15.3% (15.3%) as of June 2011 and the domestic market leadership is continuing. Our market share in the passenger car segment increased to 10.6% (10.3%) The market share in the light commercial vehicle segment decreased by 1.0% to 19.5% (20.5%). Leading position in the medium commercial vehicle segment goes on with 34% (36%) market share. Ford Otosan recorded a significant growth in the heavy commercial vehicle segment with 21.9% (13.8%) market share and has the second ranking.

3. Production and Capacity

The capacity utilization rate, which was around 70% level in the first half of 2010, increased to 90% as a result of the recovery in the domestic and foreign market sales. Total production volume also increased by 32% versus the same period last year. In Kocaeli Plant; 94,657 Transit and 49,754 Connect were manufactured. The total production volume is 149,433 units (112,836) including 5,022 Cargo trucks manufactured in İnönü Plant.

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

4. Export and Sales

110,341 vehicles (85,678) were exported in the first half of 2011 and the increase in export volume is 29%. The export sales revenue reached to Euro 1,275 million (Euro 1,023 million). Total sales volume rose by 36% to 179,054 units (131,692) including 68,713 vehicles (46,014) sold to domestic dealers. Parallel to the growth in sales volume, net sales revenue increased by 52% compared to last year.

5. Investments

104 million TL (17.6 million TL) capitalized expenditure was made in the first six months of 2011. Capitalized expenditure is expected to increase within the rest of the year.

6. R&D Activities

58 million TL (40 million TL) of R&D expenditure was spent in the first half for various product development projects. R&D Projects are carried out in line with the product programs and the number R&D engineers exceeded 900.

7. Personnel Figure

As of June 30 2011, the company has a total of 9,839 employee composed of 2,008 white-collar and 7,831 blue-collar workers. (31 December 2010: total of 8,413 employees composed of 1,778 white-collar and 6,635 blue-collar workers).

The blue-collar workers in our company are under the coverage of Collective Labor Contract signed between Turkish Metals Union and MESS This agreement is effective from September 1st 2010 and valid for two years.

8. Profitability

Provision booked for the Competition Board's regulatory fine had a negative effect of TL 36.6 million on the operating profit. As a result of higher capacity utilization rate, production and sales volume, operating profit increased by 49% yoy to TL 369 million (TL 247 million), and operating margin rose to 7.4%. If the provision for the Competition Board's fine is excluded, operating margin would be calculated as 8.1%. Profit Before Tax is recorded as TL 405 million (TL 242 million) in the first half of 2011. Net earnings is reported as TL 332 million (TL 196 million).

Financing

The company borrowed Euro 78 million in January-June period and repaid Euro 32 million in the first six months of 2011. Consequently, as of June end, total debt level became Euro 302 million (Euro 158 million) from Euro 256 million figure at the beginning of the year. The cash balance is 816 million TL (340 million TL) as of June 30, 2011.

The company continues to follow financial risks very closely and maintains prudent policies. The main policies regarding various risks are summarized in the Note 2 of financial statements.

In 2011, the expectations regarding the number of sales, both in domestic and foreign markets, are still in a positive way. We aim to maintain our market leadership for the 10th consecutive year and show an increasing production and sales performance this year as well.

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