

TOFAS TÜRK OTOMOBİL FABRİKASI A.S.

31.03.2009

INTERIM ACTIVITY REPORT

The Term Duties;

Board of Directors

Mustafa Vehbi Koç

Chairman of the Board of Directors

Born in 1960, has a university degree and serves as the Chairman of the Board of Directors of Koç Holding A.S.

Sergio Marchionne

Vice Chairman of the Board of Directors

Born in 1952, has a university degree and serves as the Chairman of the Board of Directors and CEO of Fiat Auto S.p.A.

Bülent Bulgurlu

Member of the Board of Directors

Born in 1947, university graduate, assigned as Koç Holding A.S. Board Member and CEO.

Paolo Monferino

Member of the Board of Directors

Born in 1946, has a university degree and serves as the CEO of Iveco Fiat.

Temel Kamil Atay

Member of the Board of Directors

Born in 1940, has a university degree and serves as the Vice Chairman of the Board of Directors of Koç Holding A.S.

Alfredo Altavilla

Member of the Board of Directors

Born in 1963, has a university degree and serves as the Vice Chairman of Fiat Auto S.p.A. Responsible for Business Development.

Osman Turgay Durak

Member of the Board of Directors

Born in 1952, university graduate, Assigned as Koç Holding A.S. Automotive Group Head.

Ali Aydın Pandir

Member of the Board of Directors & CEO

Born in 1956, has a university degree and serves as the CEO and Member of the Board of Directors of Tofas.

The Board Of Auditors**Mert S. Bayram**

Auditor

Born in 1971, has a university degree and serves as a Coordinator in the Directorate of the Audit Group of Koç Holding A.S.

Alessandro Gili

Auditor

Born in 1972, university graduate assigned as Fiat Group's Automotive department Accounting Group Head.

Serkan Özyurt

Auditor

Born in 1968, has a university degree and serves as a Coordinator in the Coordinating Unit of the Audit Group of Koç Holding A.S.

Members Assigned In The Boards Of Directors And Auditors Within The Term

(Determined by the Ordinary General Assembly Meeting of Share holders on 31.03.2009)

Board of Directors

Term of Office

<u>Name Surname</u>	<u>Assignment</u>	<u>Started</u>	<u>Ended</u>
Mustafa V. KOÇ	Chairman	24.04.2008	24.04.2011
Sergio MARCHIONNE	Vice Chairman	24.04.2008	24.04.2011
Temel ATAY	Member	24.04.2008	24.04.2011
Alfredo ALTAVILLA	Member	24.04.2008	24.04.2011
Paolo MONFERINO	Member	24.04.2008	24.04.2011
Ali Aydin PANDIR	Member&CEO	24.04.2008	24.04.2011
Bülent BULGURLU	Member	24.04.2008	24.04.2011
O. Turgay DURAK	Member	24.04.2008	24.04.2011

Auditors

Mert Saban BAYRAM	Auditor	31.03.2009	31.03.2010
Alessandro GILI	Auditor	31.03.2009	31.03.2010
Serkan ÖZYURT	Auditor	31.03.2009	31.03.2010

Authorities and Limits of the Members of Board of Directors and Board of Auditors

Chairman of Board of Directors as well as the Members thereof have the authorities defined in the relevant articles of Turkish Commercial Code and Article 11 of Articles of Association of the Company. Article 16 of Articles of Association of the Company states that duties, authorities and responsibilities of Auditors as well as other matters regarding Auditing are subject to provisions of Turkish Commercial Code.

Information on Capital Structure and Shareholding of Company

Title Of Shareholders	Share Group	Share Amount (TL)	Share (%)
Fiat Auto S.p.A.	D	189.279.856,87	37,8560
Koç Holding A.S.	A	187.938.121,26	37,5876
Temel Tic. ve Yat. A.S.	A	175.693,44	0,0351
Suna Kiraç	A	291.510,55	0,0583
S. Semahat Arsel	A	291.510,55	0,0583
Mustafa V. Koç	A	194.340,36	0,0389
M. Ömer Koç	A	194.340,36	0,0389
Y. Ali Koç	A	194.340,35	0,0389
Other	E	121.440.286,26	24,2880
		500.000.000,00	100

The shareholders holding more than 10% of the company's capital:

By March 31st, 2009 the cap of the registered capital of the company has been increased to 1 billion TL and the (paid) capital is 500 million TL. Our company made a free of charge capital increase in 2005 over a ratio of 11.111111% from internal resources to amount to 50.000.000 TL No capital increase occurred during 2007 and 2008.

Our company's shares of series 11-19 issued following the capital increases and quoted in the Stock Exchange Market and shares of series 20 issued due to the merger with the annulled Tofas Oto Ticaret A.S. were subjected to change with the shares of series 21 in 2001 within the Regulations of the Capital Market Board. The said shares of series 21 were registered in Istanbul Stock Exchange Market under quote number H-2001/155 and also our shares of series 22 were issued with free of charge capital increase of 164.06455 made within the year 2003. Our said shares order no.22 were quoted at the Stock Exchange Market with quote number H-2003/61 and again as result of the capital increase of 11,111111% realized in 2005, our share series no.24 were issued and quoted at the Stock Exchange Market with quote number H-2005/69. The series 23 in between were not related with the capital increase and they were not issued due to dematerialization procedures. Accordingly and as of December 31st, 2006 following the regulations of Central Registration Board in order to follow the nondematerialized shares the lot modifications of which were realized, our share series 21 and 22 were started to be followed recordingly in terms of the dematerialization of the capital market tools. Also, according to the related regulations of the Capital Market Board and the related applications of Central Registration Board, some regulations started to take effect in terms of the registered follow up of capital market tools including our shares series no.24 as of December 31st, 2007 according to the related legislation.

In terms of dematerialization of the capital market tools and dematerialization system, related with the registered follow up of the shares following the decision of the Capital Market Board dated October 28th, 2005 and no.43/1318, all circulating shares in the stock exchange market and all shares care of settlement and custody bank were dematerialized. Necessary information can be accessed from the address www.mkk.com.tr of the Central Registration Board (MKK). It is worth to mention that our Shareholders who physically hold our company shares shall apply to our Company headquarters and shall complete first the transactions of the previous years, if any, and subsequently apply to Yapi Kredi Yatirim Menkul Degerler A.S.or the representative Yapi Kredi Bankasi A.S. branches.

The necessary information related with the issue can also be obtained from Corporate Governance and Shareholder Relations Division at our Company Headquarters. Our shareholders who physically hold their shares are requested to apply the said Division at our headquarters primarily to use their rights before December 31st, 2007 and then to dematerialize their shares. Afterwards, they have to apply Yapi Kredi Yatirim Menkul Degerler A.S. which carries out the dematerialization transactions on our company's behalf.

According to the general announcements of MKK related with the dematerialization of the shares and following the temporary article no.6 of the Capital Market Board, it is not possible for our beneficiary shareholders to use their shareholder rights unless they dematerialize their shares.

According to the transactions of non paid shares and dividends of our company continuing without term and based on the capital increases of the previous years and according to the data obtained from the records of the Central Registration Board A.S., Tofas currently having around 25.000 investors and shareholders is listed in IMKB-100 and Corporate Governance Indexes. Our company shares are quoted in Luxembourg Stock Exchange Market and traded in the international markets

From the site www.tofas.com.tr under the section "Investor Relations", our shareholders can access to the corporate, financial and stock exchange information related to our company from the subsections "Corporate Governance", "Shareholder Relations" and "Stock Market Information", meanwhile they can also send an e-mail to borsa@tofas.com.tr and obtain the other information related to our Company from the Corporate Governance and Shareholder Relations Division and to make transactions in terms of relations with shareholders and to provide communication.

Amendments to the Articles of Association within term

There is no amendment to Articles of Association within the term.

Dividends distributed in the last three years and their ratios:

Our Company has paid our Shareholders a cash dividend totaling to 3.000.000.-TL corresponding to 7.2% of the net profit of 2008 as of 13.04.2009. Also in 2007, 60.000.000.- TL cash dividend corresponding to 12% of the profit of 2006 is distributed as of 14.05.2007 and in 2006, 50.000.000.- TL cash dividend corresponding to 10% of the profit of 2005 is distributed as of 15.05.2006.

Issued securities

Our company issued stocks of 520-TL as of its establishment. The entire of these issued stocks was redeemed by payment on due term. As of the establishment our issued shares of the series 1-10 were replaced by the series 11 and our shares series 11-20 were replaced by the shares series 21, then share series 22 and finally series 24 were issued. As mentioned above the procedures related with the dematerialization of the shares are conducted through the issuing company, intermediary institution/bank and MKK. According to the related decision of Capital Market Board, all shares are followed accordingly as of 31/12/2007.

Company participations and affiliates

By 31.03.2009, the participation amount of our company in ENTEK Elektrik Üretimi A.S. centrally located in Izmit with a capital of 98.918.756-TL is 13.188.000 TL and our participation ratio is 13,33%. The General Assembly of our subsidiary related with the activities of 2008 was made on 19/02/2009.

By 31.03.2009, the participation amount of our company in our affiliate KOÇ FIAT KREDİ Tüketici Finansmanı A.S. operating in Istanbul with a capital of 30.000.000-TL is 29.999.996- TL and the participation ratio is 99,99%. The General Assembly of our subsidiary related with the activities of 2008 was made on 24/02/2009.

By 31.03.2009, the participation amount of our company in our affiliate MEKATRO Arastırma Gelistirme ve Ticaret A.S. operating in Kocaeli with a capital of 150.000-TL is 145.500-TL and the participation ratio is 97%. The General Assembly of our subsidiary related with the activities of 2008 was made on 13/02/2009.

Also by 31.03.2009, the participation amount of our company in PLATFORM Arastırma Gelistirme Tasarım ve Ticaret A.S. operating in Bursa with a capital of 1.000.000-TL is 990.000- TL and the participation ratio is 99%. The General Assembly of our subsidiary related with the activities of 2008 was made on 26/01/2009.

Other than these, by 31.03.2009, the participation amount of our company partner to FER MAS Oto Ticaret A.S. operating in Istanbul with a capital of 5.500.000-TL is 5.468.000- TL and the participation ratio is 99,4181% The General Assembly of our subsidiary related with the activities of 2008 was made on 02/03/2009.

General Assembly Meeting minutes and the list of attendants of our company partnerships and affiliates can be accessed through our company's web site and can be analyzed.

Exports

Tofas decreased its exports in the first three months of 2008 by 50% and realized as 32,678 exported units.

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Exports (unit)	2009-03	2008-03	Change %
Cars	4,273	10,354	-59%
Light Commercial Vehicles	28,309	47,812	-41%
CKD/SKD	96	6,672	-99%
Total	32,678	64,838	-50%

Production

Our production was 80,507 units in the first three months of 2008 and realized as 42,200 in the first three months of 2009.

Model	Production	
	1 Jan - 31.Mar.09	1 Jan - 31.Mar.08
Doblo	14,251	34,775
MCV	23,665	31,476
Albea	1,042	2,682
Palio – Palio		
Van	263	451
CKD disassembled - SKD	1,029	6,672
Linea	1,950	4,451
Total	42,200	80,507

Sales and Turnover

Evaluation of the Turkish Automotive Market-First 3 Months

When the results of the Turkish automotive market in the first quarter of 2009 are compared to the same period in 2008, it is seen that the market has narrowed by approximately 19.6%. Sales of TOFAS is decreased by approximately 38% when compared to the same period.

When the passenger car and light commercial vehicle markets are taken into account, it is seen that the passenger car market has been narrowed by around 7.1% when compared to the first three months of 2008 whereas the light commercial vehicle market has been narrowed by around 39.4% which has been highly affected by the crisis. It is seen that demand in the passenger car market experienced a lower decrease than the light commercial vehicle market due to the fact that changes in Special Consumption Tax regulation has resulted in a higher advantage for the passenger cars.

Sales of TOFAS has been decreased by 36.5% in the in the narrowing light commercial vehicles market when compared to the same period in the last year. It is seen that our sales volume in passenger cars market is decreased by 40.3% when compared to the first quarter of 2008.

Our market share in the passenger car market (Fiat+Alfa Romeo+Lancia) is decreased by 3.4 points when compared to the first quarter of 2008 and completed the first quarter of 2009 around 6.1% level.

In the commercial vehicles market, Fiat brand has shown a growth by approximately 0.9 points when compared to the first quarter of 2008 and completed the first quarter of 2009 with a market share of 20.1%.

In the light of the foregoing, our total market share has been decreased by 3.1 points when compared to the first quarter of 2008 and completed the first quarter of 2009 around 10.2% level.

Domestic and foreign sales figures are shown below.

	Domestic Market		Foreign Market		TOTAL	
	2008- March	2009 - March	2008- March	2009- March	2008- March	2009 - March
Cars	7,406	4,034	10,354	4,273	17,760	8,307
Light Commercial Vehicles	11,737	6,074	47,812	28,309	59,549	34,383
CKD/SKD	-	-	6,672	96	6,672	96
Total	19,143	1,108	64,838	32,678	83,981	42,786

Sales revenue of our Company as calculated in accordance with the International Financial Reporting Standards has been realized as follows:

The impacts of the global crisis that started particularly in the second half of the year had become more intense in the last quarter and led to significant regression in local and foreign markets as well as loss of orders. Despite all these negative conditions, the domestic turnover of our Company has increased by 64% when compared to the last year. The main reason underlying this increase is the reduction in Special Consumption Tax.

Description	1 Jan - 31.Mar.09	1 Jan - 31.Mar.08	Change %
Foreign sales	637,935	895,438	-28.76%
Domestic sales	219,047	381,585	-42.60%
Other revenues from core businesses	15,482	32.850	-52.88%
Total	872,464	1,309,873	-33.40%

INVESTMENTS

Our company has made an investment worth EUR 49.880 million in the first quarter of 2009.

Financial Status

Monetary values in foreign currency are converted by using the end-of-term exchange rates since they are close of the current balance sheet values. Since accounts payables and other monetary liabilities are of short-term, the current values are considered as close to the transferred values.

In this context, long term foreign currency loans related to investment costs (non-derivative protection instrument) and actual and estimated sales of light commercial vehicles (Doblo and Mini Cargo (MCV)) (items subject to protection) have an effective cash flow protection in between. Long term loan liabilities will be covered from a portion of the sales proceeds to be made to Fiat and PSA from 2008 until December 2015 as per the MCV production agreements signed between the Company and Fiat and Peugeot Citroen Automobiles S.A. (PSA).

Management Activities and Results

By the end of the period, our company's top management and their duties are as follows:

Name-Surname	Position
ALI AYDIN PANDIR	CEO & Board Member
CENGİZ EROLDU	Financial Director
MASSIMO RISI	Industrial Operations Director Fiat & Commercial Vehicles
OKAN BAS	Business Division Director
KEMAL YAZICI	R&D Director
SELÇUK ÖNCER	Accounting Director
ALTAN AYTAÇ	Supply Chain Director
M. OSMAN SOYOGUL	Production Director
BURHAN ÇAKIR	Human Resources Director
TURHAN ÇELTIKÇIOĞLU	After Sales and Spare Parts Director
YÜKSEL ÖZTÜRK	Purchasing Director
AHMET NUMAN ALTEKİN	Quality Director
ÇAĞLAR SAHİN	MCV Project Director
BANU KALAY ERTON	Corporate Relations Director Alfa Romeo and Lancia Business
ARZU ÇOLAKOĞLU	Division Director
A.TUNÇ NOYAN	IT Director

We can summarize the other administrative issues related with our personnel as follows :

The registered personnel number of the company by 31.03.2009 is 7,038.
1,173 of this are officers and administrators and 5,864 are workers.

The IFRS severance payment liability of our company as of 31.03.2009 is TL 58,985,129.75 which is fully reserved.

Our staff's social rights are regularly and periodically provided within the legal regulations.

General Assembly Information

The Minutes of the Meeting and the List of Participants issued and signed in relation with the 41st Ordinary General Assembly Meeting of our Company held on 31.03.2009 is posted at our website. The General Assembly has discussed and approved our consolidated financial statements dated 31.12.2008 issued in accordance with IFRS within the scope of the articles of agenda as well as other matters included within the context of the Report Board of Directors.

It has been decided to accept the profit distribution proposal of the Board of Directors and distribute a cash dividend of TL 36,000,000 corresponding to 7.2% and therefore to pay 0,072 Kr = net cash dividends for each share certificate of 1 Kr nominal value to fully liable institutions and institution partners who receives profit shares through an office and permanent representative in Turkey and to pay cash dividends of gross 0,072 Kr and net 0,0612 Kr for each share certificate of 1 Kr nominal value to our other shareholders and the profit distribution date has been determined as April 13th, 2009.

Furthermore, as a result of the election for the membership of the Board of Directors, Mr. Mustafa V. Koç, Mr. Sergio Marchionne, Mr. Ali Aydin Pandir, Mr. Temel Atay, Mr. Bülent Bulgurlu, Mr. O. Turgay Durak, Mr. Alfredo Altavilla and Mr. Paolo Monferino, all of whom are the current members, are reelected whereas Mr. Mert Bayram, Mr. Alessandro Gili and Mr. Serkan Özyurt are reelected as the Auditors.

Mr. Mustafa V. Koç is appointed as the Chairman and Mr. Sergio Marchionne is appointed as the Vice Chairman pursuant to Decision 2008/08 of the Board of Directors on the Distribution of Duties of the Board of Directors.

The minutes of the General Assembly Meeting also includes that a total of TL 2,308,769.63 donation has been made to foundations and associations with tax exemption including TL 2,000,000 donation to Vehbi Koc Foundation in 2008, that Mert Saban Bayram, Serkan Özyurt and Alessandro Gili are appointed as the Auditors until the next Ordinary General Assembly Meeting to be held for examining the accounts of the year 2008, that the appointment of Ernst&Young-Güney Bagimsiz Denetim ve Serbest Muhasebeci Mali Müsavirlik A.S. as the independent auditors by the Board of Directors as of the financial year of 2008 is approved and the relevant agreement is accepted.

Profit Distribution Table can be found at our Company website

**TO THE BOARD OF DIRECTORS OF
TOFAS Türk Otomobil Fabrikası A.S.**

We, as the CORPORATE GOVERNANCE COMMITTEE, have conducted a meeting in order to discuss the attached Corporate Governance Adoption Report issued as the appendix to the Activity Report in accordance with the CMB Corporate Governance Principles and the Corporate Governance practices of our Company. The said report is approved in accordance with the following Declaration and submitted to your information. 20/02/2009

Yours Sincerely,

THE CORPORATE GOVERNANCE PRINCIPLES DECLARATION

Pursuant to CMB (Capital Market Board) meeting decision 48/1588 made on 10.12.2004, it has been deemed appropriate for the companies having transactions in ISE (Istanbul Stock Exchange) to include their declaration of adoption to the Corporate Governance Principles on their Activity Reports and Web Sites, and in this context, our Company has issued the "Corporate Governance Principles Declaration and the Adoption Report" for 2004, 2005, 2006 and 2007 terms in our website and included in our Activity Report as of the Shareholders' General Assembly Meeting 2005.

Corporate Governance Principles Adoption Report as of the term 2008 is attached to this Declaration.

Implementation of Corporate Governance Principles has a decisive importance for our Company under the developments in the Capital Markets. Our Company has adopted to the implementation of Corporate Governance Principles published by Capital Market Board and to make arrangements in such matters that should be observed in the light of developing conditions.

In this context, our Company has performed a Corporate Governance Rating in 2007 and declared the rating as 7.57 (75.72) and has become one of the first five companies that have promulgated the Rating Report in ISE. Furthermore, the existing rating of our company has been revised as 7.74 (77.36) within the scope of improvements in Corporate Governance applications and has become the first company that increased the said rating after commencement of ISE Corporate Governance Index. Accordingly, our Company increasingly continued its efforts and activities towards the Corporate Governance practices during 2008.

In 2008, first a Corporate Governance Committee is established under our Board of Directors. The rating company, Saha Kurumsal Yönetim ve Kredi Derecelendirme A.S. has increased our rating that was confirmed on 28/05/2008 to 8.16 (81.59) as of 27/11/2008 as a result of our activities and improvements in the field of corporate governance during the year and therefore, Tofas has become the first company that succeeded to have its rating increased after a revision under the Corporate Governance Index.

As stated in the most recent revised rating report, our Company continues to implement the Corporate Governance Principles as a continuous and dynamic process and widens the understanding of corporate governance accordingly. The said revised Rating Report and the previous Rating Reports can be found at www.tofas.com.tr website.

Our Company aims to take actions required for application of the Corporate Governance during decision-making and actions related to the rights of shareholders, informing the public and assurance of transparency as well as interest holders and Board of Directors together with its stakeholders.

In this context, it is one of the principal goals of our Company to implement the said Principles in connection with the equality of all stakeholders, information responsibility and corporate governance principles. Activities of our Company are being implemented and followed up within the framework of responsibilities regarding these Principles.

Our Adoption Report on the Corporate Governance Principles including 2008 activity term is submitted to your information below so as to cover the applicable and non-applicable issues of the said Principles after being reviewed as per the priorities of our Company in this respect.

Moreover, the following new Corporate Governance Adoption Report can be accessed and reviewed from the (www.tofas.com.tr) address.

CORPORATE GOVERNANCE COMMITTEE

Cengiz EROLDU

Ali Aydin PANDIR

O.Turgay DURAK

**TO THE BOARD OF DIRECTORS OF
TOFAS Türk Otomobil Fabrikasi A.S.**

AUDITING RESPONSIBLE COMMITTEE REPORT

The Committee hereby convenes to examine and deliver opinion on the Consolidated financial statements and their footnotes covering the accounting period of the Company between January 1st and March 31st 2009 as issued by the Company Management drafted in compliance with IAS / IFRS and the formats obliged to be observed in accordance with the Communiqué Volume: XI, No: 29 of Capital Markets Board (CMB).

In this examination, we have assessed the consolidated financial statements of the accounting period between January 1st and March 31st 2009, which are to be publicized, in terms of accuracy and compliance with the accounting principles observed by the company and the facts. We have obtained opinions of the responsible directors of the company whenever it is deemed necessary.

According to our opinion, the consolidated financial statements issued in accordance with the Serial XI., No: 29 numbered communiqué of Capital Markets Board (CMB) accurately reflect the financial status of the Company as of the mentioned period and the actual outcomes of the activities pertaining to the mentioned period.

As a result, we hereby submit to the opinion of the Board of Directors on the approval of consolidated financial statements issued by Company Management and not subjected to independent auditing as well as the Report containing notes related thereto. Istanbul, 29.04.2009.

Yours Sincerely,

COMMITTEE RESPONSIBLE FOR AUDITING

O. Turgay DURAK

Paolo MONFERINO