

## ACTIVITIES IN 2002



### The 2002 Breakthrough Year Project

The Breakthrough Year 2002 began with the major internal communication meeting held at Mydonose Showland on 17 March 2002. At a press conference held on 18 March 2002, the public was announced the decision to “start the change and turn 2002 into a Breakthrough Year” made unanimously by 2.208 employees of Tofaş in single rhythm and single heart. At the meeting, the entire dealer network was briefed in detail on the dealers’ general profile, new products and the new organizational structure. In addition, the “drum show” performed by 2.208 employees of Tofaş with the concept of “Booming Coming” accompanied by the Harem Group of Musicians was entitled to enter the Guinness Book of Records. As the first step of the change, the

### Fiat Albea, Fiat Palio, Fiat Palio Sporting and Fiat Palio Weekend launched

The launches of the new Fiat Albea, Fiat Palio, Fiat Palio Sporting and Fiat Palio Weekend attended by the press and by dealers were made on April 10 and 11 respectively at Sabiha Gökçen Airport, a location reflecting our technology concept. Subsequent to the presentation meetings, Italian champion Cuniko and Fiat Abarth Motorsports Team’s pilot Volkan Işık tested the Fiat cars with the reporters and Fiat dealers. On 11 April evening on which the New Turkey Show was performed, the advertising campaigns for the New Fiat Palio, Fiat Palio Sporting, Fiat Albea and Fiat Palio Weekend were started.

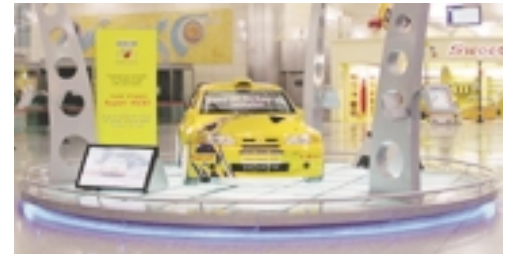
### A Car at the FIA Standards from Tofaş: Fiat Palio Super 1600

Fiat Palio starting the Motorsports in 1999 as a Cup car was

designed with the target to be the world’s best Super 1600 car as a result of 3-year’s research and development.

The projecting phase of the Palio

Kit Car adapted to the FIA’s Super 1600 category was realized in Turkey. As from the coming year, Fiat Palio Super 1600 will make a start on the rally courses both at home and abroad.



corporate identity campaign emphasizing the distinction between the corporation and the brand appeared in the press. Thus, it was announced at the meeting that Fiat and Alfa Romeo brand names were gathered under the roof of Tofaş, while the services provided by Tofaş for both brands throughout Turkey were explained one by one. The web sites of Fiat and Autoexpert were renewed. Two new training sites were launched.



### The Launch of Alfa 156

Improved in terms of interior design, safety and comfort equipment, the Alfa 156 was introduced with the “Evolution in sports car” slogan in May 2002. Alfa 156 took the “Car of the Year” award in Europe in 1998.

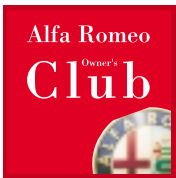




### **The Launch of Alfa 147**

Launched by Tofaş in Turkey in October 2002, Alfa 147, Alfa Romeo's sports car combining safety, performance and comfort, created its admirers in a short time. Alfa 147's launch campaign was carried out with the slogan of "Triggers your senses" and it was also chosen by the most prestigious car magazines as the "Car of the Year" in Europe in 2001. Alfa 147 continues to trigger the senses of Turkish carlovers.

### **www.aroc-tr.com established**



The Alfa Romeo Owner's Club aiming to bring together the Alfa owners and let them share their experiences and ideas and to create a world of privileges for the Alfa Romeo Owners took its place among 166 AROC clubs worldwide. From now on, Alfists can readily access any information they seek about their Alfas at [www.aroc-tr.com](http://www.aroc-tr.com). They can discuss the subjects they are interested in at the forums, post the photos of their cars to the site's gallery and communicate their suggestions and criticisms to Tofaş through this channel.

### **The "New Turkey Show" performed at Mydonose Showland**

Tofaş employees and their guests altogether experienced the excitement of the "New Turkey Show" performed at Mydonose Showland with a major organization on April 11 evening. The show demonstrating the association between the



innovations of the Fiat brand and the changing new Turkey attracted great interest. Tofaş's faith in the achievement of Turkish people at the international platform was displayed once again. The show featured both the biographies of figures of international success, Turkey's prides and Tofaş's achievements. The new products of Tofaş, Turkey's largest industrial organisation, were presented to the public. The "New Turkey Show" was televised live on Kanal D.



### **F1 World Champion M. Schumacher in Turkey**

M. Schumacher, the best pilot ever in Formula 1 races, visited Turkey for the first time as Tofaş's guest to attend the Champions' Summit and participate in the PR events for Fiat Palio advertising film in which he had appeared. After having appeared at the press conference held at Çırağan Palace, Schumacher went to Bursa and tested and approved the New Fiat Palio.

### **Fiat Ducato Renewed**

The re-launch of Fiat Ducato, Europe's best-selling commercial vehicle line, was made in August in Turkey. The consumers were presented the renewed Fiat Ducato with its broad product range, ease of driving, lower fuel consumption and strong engine characteristics. The re-launch of the New Fiat Ducato was also accompanied by advertisements appearing on the press.





### **The Launch of Fiat Doblò Cargo JTD**

In 2002, Fiat Doblò Cargo JTD, the new member of Turkey's best-selling light commercial vehicle and export champion Fiat Doblò joined the family. Thus, the wide range of Fiat Doblò Cargo products were enriched with this robust and economic member with the JTD engine, the most powerful of its engine class and the leader in fuel economy.

### **The New Fiat Marea**

In June 2002, the New Marea with renewed rear design and enhanced equipment level was introduced.

### **Fiat Doblò Wins Its 2nd Export Championship Title**

The export champion Fiat Doblò maintained its leadership with the Cargo version in 1B segment and Panorama version in P segment. Completion of 2002 under the leadership of Fiat Doblò was due



to the fact that 77.449 units manufactured at high standards were exported to a total of 52 countries, Western Europe in particular, and that it was convenient for uses of commercial vehicle as well as passenger car and that it was preferred as a fleet if necessary. A "Second Year of Victory" celebration took place at Bursa Tofaş Plant with the attendance of all employees of Tofaş who contributed to this success to mark the success of Fiat Doblò.

## **OTOEKONOMİST**

Finansal | Çözümler | Dünyası

### **The World of Financial Solutions Otoekonomist, the World of Financial Solutions Launched**

As a new brand name of service, Otoekonomist Financial Solutions World, targeting to make the consumers informed of the convenient purchasing terms was introduced at the Tofaş dealers which

covers the products of both Alfa Romeo and Fiat. In 2002, the "Formula" system, the newest financial solution provided by Otoekonomist was introduced. Thanks to the "Formula", Fiat's vehicle purchase scheme commonly used in Europe, the consumers are provided with new purchasing facilities with this scheme allowing for down payment most appropriate to the budgets of the consumers and deferment of half of the price of the car to the last installment and an installment plan with considerably low amounts of installment for a period of up to 36 months.



### **Collaboration of Autoexpert and Otomax**

Scope of Autoexpert is extended to all the used vehicles and to the entire dealer network. In addition to the web site created for Autoexpert, it is ensured that all the Autoexpert services are accessible on the Otomax web site due to the collaboration with Otomax.

### **Local Marketing Events in 2002**

As part of the Breakthrough Year projects, local marketing events were organized throughout Turkey during summer. Test drivers of New Fiat Palio versions and New Fiat Albea and product presentations were made throughout Turkey. During this period, our dealers were visited by 40.000 persons. In particular, it was ensured that our dealers effectively participated in events realized in touristic resorts, universities and shopping malls where we could reach our target audience directly.

### **Sinyal Continues**

Produced under the sponsorship of Tofaş, the program "Sinyal" continued to be televised on Show TV every Sunday at 14:00. The "Sinyal" program producing constructive solutions to the traffic problems, one of Turkey's problems of vital importance, shared the basic principles required to be observed with the audience in a pleasant way.

## Sponsorships

In addition, during the year 2002, the performance of the Fiat Abarth Motorsports Team throughout the year was reported to sports fans in the Tofaş-sponsored motorsports program "Performans" televised on NTV. The commercial narrating the successes of Fiat Abarth Motorsports Team was televised on TV channels and presented in theaters. It was due to our sponsorship for programs, Weather Report on Kanal D, Road Report on cnbc-e and Question and Answer on CNN Türk that the consumers were communicated a great deal of important information in nature of news concerning our organisation and brands.



## TOFAŞ tv

### "TOFAŞ TV"

#### The first Corporate TV Channel Launched

In order to enhance communication within the Tofaş dealer network, to share the tactical and strategic decisions with the entire organisation directly and simultaneously, Turkey's first corporate TV channel "Tofaş TV" started its broadcasting on April 9, 2002.

## GAZETE

### Tofaş Gazete (Newspaper)

Was launched in 2002 as a monthly publication in order to improve internal communication, inform the employees of all the company-related developments, information and plans.



### Anatolian Carriages Museum

"Those who target the future should look at their past". Tofaş Bursa Anatolian Carriages Museum set up by Tofaş with the responsibility to embrace the past was opened in 2002. As one of Tofaş's most valuable projects, the Anatolian Carriages Museum was brought into existence after

long lasting and hard endeavors.

With this exemplary realization, Tofaş staged a first in Turkey for the purpose of embracing Anatolia's carriage craft of thousands of years and presenting it to the future generations.

### Tofaş Basketball Festival Continues

Tofaş pays great attention not only to automotive sector but also to sports. Tofaş was again the pioneer and innovator in 2002 with its investments in basketball infrastructure. Basketball schools continue to provide training in Antalya, Samsun, Rize, Karaman, Van, İzmir, Çorum, Sivas, Mardin, Eskişehir under the "Basketball Volunteers Project" jointly implemented with "Turkish Education Volunteers Foundation" as one leg of "Tofaşball" project and in İstanbul and in association with "Koç Allianz Insurance Company" in Adana, Antalya, Aksaray, Ankara, Kayseri, Kırıkkale, Aydın, Diyarbakır, Mersin, İskenderun, Manisa, Bursa, Niğde, Nevşehir as the other leg under the "Tofaş Basketball Schools" projects.





### Car Seat Research and Design Project

The “New Approaches to Car Seat Design” project realized by Tofaş in association with the Mimar Sinan

University, Faculty of Architecture, Department of Industrial Products Design is a significant example of industrial design events in Turkey. Projects developed by 19 students were included in this joint attempt towards development of Tofaş’s new product concepts. This project covering the students’ studies was published in a book and is a lasting example of Turkish industrial design.

### Shareholders of Tofaş Visited the Plant

A visit by shareholders and investors of Tofaş to the plant was organized in order to enhance influence on the public and present the production capacity of the factory. This year being the 4th visit, the Tofaş Shareholders’ Plant Visit was made on 31 October 2002. Besides the shareholders and investors, the visit was also attended by investment specialists. The guests had the opportunity to be familiar with the plant’s production and technological capacity, new investments and employment volume. With this year’s visit, almost 500 shareholders had the opportunity to visit and familiarize themselves with the plant.



## Four in Four Championships of Tofaş

Tofaş managed to maintain its championship title in the automotive sector, export, production and motorsports in 2002.

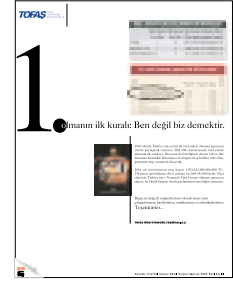
### 2002 Sector Leader Tofaş

According to the data provided by OSD and ODD, Tofaş became the leader of the sector with a total sales of 24.042 vehicles contributed by 10.951 cars and 13.091 light commercial vehicles this year. As the leader of the sector, Tofaş generated considerable added value to the Turkish economy in terms of production, employment and exports.



### 2002 Export Champion Tofaş

According to the data provided by the Turkish Automotive Manufacturers Association (OSD), Tofaş maintained its leadership in exports by achieving exports totaling US\$ 711.300 thousand in 2002 compared to US\$ 686.300 thousand in 2001 in which year Tofaş was ranked the first among 17 firms registered with the association. Tofaş exported 86.844 units of vehicles consisting of 41.823 cars and 45.021 light commercial vehicles. The majority of Tofaş’s exports were made to EU countries. Our export achievement is an indicator of our global competitive edge as well as of the conformity of our production quality to the EU standards.





### 2002 Production Champion Tofaş

Tofaş retained its leadership, producing 51.383 cars and 56.953 light commercial vehicles in 2002 compared to the production of 65.680 cars and

51.670 light commercial vehicles in 2001 in respect of which Tofaş ranked number one in production. With the production of 108.336 vehicles, Tofaş realized 33% of total production of Turkey alone. Our major investments in R&D and production technologies since 1995 have enabled Tofaş to gain competitive edge at

national and international level. We also create human resources at Turkey's largest and most advanced R&D department. In recent years, there has been an important increase in number of personnel employed at R&D. We target to make major progress in R&D and make it a worldwide renowned center in R&D.



### 2002 Brands Champion Tofaş

In 24 rallies participated in by our Fiat Abarth Motorsports Team in 2002, our team won the championship in 9 different categories finishing them among the first three for a total of 66 times. In two consecutive years, the performance of Fiat Abarth Motorsports Team racing in all branches such as Rally, Course, Climbing, Rally Cross resulted in the "Turkish Brands Championship". We were the first team to win the brands championship in two consecutive years.



- F3 Class Winner in Turkish Rally Championship
- Turkey Ladies Champion
- Ranked 2nd in General Classification in the Turkish Rally Championship
- Turkish Climbing Champion
- Winner of Category 2 in Turkish Climbing Championship
- Winner of Category 2 in Turkish Rally Cross Championship
- Winner of Class F3 in Turkish Course Championship
- Winner of Class N2 in Turkish Rally Championship



## MANAGEMENT ACTIVITIES AND CONCLUSION

**As of the end of Period, the staff and our Company's top management are as follows:**

| <b>NAME</b>       | <b>TITLE</b>                                   |
|-------------------|--|
| ANTONIO BENE      | C.E.O  |
| A. NEZİH OLCAY    | External Relations Group Director              |
| SERGIO SPINOLO    | Accounting, Finance and Control Group Director |
| MÜFİT ATASEVEN    | Commercial Group Director                      |
| GIORGIO MARGIARIA | Industrial Group Director                      |
| SELÇUK ÖNCER      | Accounting Director                            |
| M. OSMAN SOYOĞUL  | Production Director                            |
| KAMİL BAŞARAN     | Purchasing Director                            |
| A. MURAT SELEK    | Marketing Director                             |
| HASAN EGELİ       | Sales Director                                 |
| OKAN BAŞ          | After Sales Director                           |
| ORHAN B. ALANKUŞ  | Research and Development Director              |
| PAOLO FERRERO     | Product Director                               |

**Other administrative issues involving our staff can be summarized as follows:**

As of 31.12.2002, the total number of employees of our Company is 4.205, comprising 839 white collared and 3.366 blue collared employees. During the year, no industrial disagreement or labor movement has been observed.

- Our Company is subject to the collective agreement of 25.11.2002 between Turkish Metal Trade Union and MESS effective as from 01.09.2002. This two-year agreement in effect will expire on 31.08.2004.

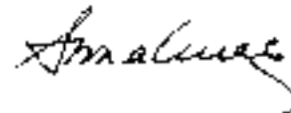
- As of 31.12.2002, our Company's severance pay liability is TL 54.697.204.855.841.- for which provision is made in full.

- Our staff is provided fringe benefits regularly and periodically under the legal regulations.

### **Conclusion**

As seen from the Balance Sheet and Income Statement for 2002, our Company closed the year 2002 with a loss of TL 19.383.539.740.280.- after deduction of provision for severance pay of TL 15.191.275.391.935.- and provision for taxes amounting to TL 959.811.762.000.-

We present for approval to the General Assembly the carrying forward the loss for the year 2002 to the next year under provisions of Turkish Commercial Code, Subsection 14/7 of Corporation Tax Act and the Capital Market Regulations and the Balance Sheet and the Income Statement for 2002 and greet our Dear Shareholders and the Assembly with respect.



SUNA KIRAÇ

CHAIRMAN OF THE BOARD OF DIRECTORS

## AUDITORS' REPORT

**TOFAŞ Türk Otomobil Fabrikası A.Ş.**  
**To the Chairman of the Shareholders General Assembly**  
**ISTANBUL, 21.03.2003**

- 1- Business Name : TOFAŞ TÜRK OTOMOBİL FABRİKASI A.Ş.  
Registered Office : Büyükdere Cad. 145 Zincirlikuyu-İSTANBUL  
Registered Capital : 1.000.000.000.000.000.-TL  
Issued Capital : 170.412.875.000.000.-TL  
Field of Activity : Manufacture, assembly and trading of passenger cars and engines, equipment and spare parts there of under the licence of Fiat and sales and distribution of auto and their spare parts.
- 2- Auditors : **Name - Surname** **Mission's Period**  
Nadir ÖZŞAHİN 18.04.2002-16.04.2003  
Francesco GIROLDI 18.04.2002-16.04.2003  
Füsun AKKAL 18.04.2002-16.04.2003
- Employee Status : The statutory auditors are not employed by the Company.
- 3- Number of Board of Directors' Meeting participated and Board of Auditors meeting held : Participated in four meetings of the Board of Directors and three Board of Auditors' meeting have been held.
- 4- The scope of the inspection on the accounts, the books and documents of the Company, inspection date and results obtained : Apart cashiers' office controls, the legal board records and documents pertaining to interim and annual balance sheets of the Company have been inspected as well as the annual budget prepared has been controlled and audited. Inspections carried out have revealed that records kept are in conformity with the Articles of Association of the Company and with the general accounting rules.
- 5- Number and results of the counting carried out in the cashier's office of the Company according to Article 353, para 1.sub para. 3 of the Turkish Commercial Code : The cashier's office has been counted 4 times during the term and it has been noticed that the actual balance on hands is corresponding with records.
- 6- Date and results of the inspections carried out according to Article 353, para. 1, sub para. 4 of the Turkish Commercial Code. : It has been discovered that securities that the Directors are bound to deliver according to the Article 313 of the Turkish Commercial Code and share certificates not collected yet by Shareholders are existing in the cash box of the Company.
- 7- Claims and malversations transmitted and treatment thereto : The Board has not been siezed by any claim of malversation in the year 2002.

We have inspected the accounts and the transactions of TOFAŞ Türk Otomobil Fabrikası A.Ş. for the term 01.01.2002-31.12.2002, in accordance with Turkish Commercial Code, the Company's Articles of Association and other Capital Market relevant legislation as well as with generally acknowledge accounting rules and standarts. In our opinion the Balance Sheet prepared as of 31.12.2002, which we are approving the contents, reflects the real financial status of the Association at the said date, and the income statement relating to the period 01.01.2002 -31.12.2002 reflects the real results of the activities truly and with conformity.

We therefore submit to your approval the acceptance of the Balance Sheet and the Income Statement as well as the acquittal of the Board of Directors.

**Nadir ÖZŞAHİN**  
Auditor

**Francesco GIROLDI**  
Auditor

**Füsun AKKAL**  
Auditor

**Auditors' Report Appendix-1**

**TOFAŞ TÜRK OTOMOBİL FABRİKASI A.Ş.  
BALANCE SHEET AT DECEMBER 31, 2002  
(Currency-Millions of Turkish lira)**

| <b>ASSETS</b>                             | <b>31.12.2002</b>    | <b>LIABILITIES AND SHAREHOLDERS EQUITY</b>           | <b>31.12.2002</b>    |
|---|----------------------|--|----------------------|
| <b>I- CURRENT ASSETS</b>                  | <b>594,874,958</b>   | <b>I- CURRENT LIABILITIES</b>                        | <b>546,212,406</b>   |
| A- LIQUID ASSETS                          | 135,273,321          | A- SHORT-TERM BORROWINGS                             | 114,341,582          |
| 1- Cash                                   | 65,309               | 1- Bank Borrowings                                   | 56,409,636           |
| 2- Banks                                  | 135,207,171          | 2- Current Portion and Interest of Long-Term Debt    | 57,874,351           |
| 3- Checks & Payment Orders Given          | -1,112               | 3- Other Financial Borrowings                        | 57,595               |
| 4- Other Liquid Assets                    | 1,953                | B- TRADE PAYABLES                                    | 393,215,524          |
| B- MARKETABLE SECURITIES                  | 16,555,730           | 1- Suppliers   | 393,880,382          |
| 1- Government Bonds and Treasury Bills    | 16,555,730           | 2- Notes Payable                                     | 25,088               |
| C- SHORT-TERM TRADE RECEIVABLES           | 341,774,139          | 3- Deposits and Guarantees Received                  | 2,248                |
| 1- Accounts Receivable                    | 341,843,814          | 4- Other Trade Payables                              | 166,024              |
| 2- Notes Receivable                       | 15,508               | 5- Discount of Payables ( - )                        | -858,218             |
| 3- Deposits and Guarantees Given          | 4,520                | C- OTHER CURRENT LIABILITIES                         | 11,471,314           |
| 4- Discount of Receivables (-)            | -89,703              | 1- Due to Shareholders                               | 252,854              |
| D- OTHER SHORT-TERM RECEIVABLES           | 7,147,172            | 2- Accrued Expenses                                  | 2,936,367            |
| 1- Receivables from Shareholders          | 0                    | 3- Taxes, Stamps and Duties Payable                  | 8,273,180            |
| 2- Other Short-Term Receivables           | 7,598,822            | 4- Other Short-Term Liabilities                      | 8,913                |
| 3- Provision for Doubtful Receivables     | -451,650             | D- ADVANCES TAKEN                                    | 0                    |
| E- INVENTORIES                            | 74,085,023           | E- ACCRUED LIABILITIES AND EXPENSES                  | 27,183,986           |
| 1- Raw Materials and Supplies             | 21,148,081           | 1- Taxation on income                                | 959,812              |
| 2- Work in Process                        | 17,427,314           | 2- Other Accrued Liabilities and Expenses            | 26,224,174           |
| 3- Finished Goods                         | 4,318,990            | <b>II- NON-CURRENT LIABILITIES</b>                   | <b>299,035,293</b>   |
| 4- Merchandises                           | 16,229,451           | A- LONG-TERM BORROWINGS                              | 244,143,425          |
| 5- Advances Given to Suppliers            | 14,961,187           | 1- Bank Borrowings                                   | 244,143,425          |
| F- OTHER CURRENT ASSETS                   | 20,039,573           | B- OTHER LONG-TERM LIABILITIES                       | 194,663              |
| <b>II- NON-CURRENT ASSETS</b>             | <b>647,335,482</b>   | 1- Other Long-Term Liabilities                       | 194,663              |
| A- LONG-TERM TRADE RECEIVABLES            | 44,703               | C- ACCRUED LIABILITIES AND EXPENSES                  | 54,697,205           |
| 1- Deposits and Guarantees Given          | 44,703               | 1- Employee Termination Benefits                     | 54,697,205           |
| B- OTHER LONG-TERM RECEIVABLES            | 1,114,488            | <b>III-SHAREHOLDERS' EQUITY</b>                      | <b>396,962,741</b>   |
| 1- Other Long-Term Receivables            | 1,114,488            | A- SHARE CAPITAL                                     | 170,412,875          |
| C- LONG-TERM FINANCIAL ASSETS             | 9,131,427            | B- SHARE CAPITAL PREMIUM                             | 30,903               |
| 1- Investments                            | 3,037,098            | C- REVALUATION SURPLUS                               | 277,561,001          |
| 2- Subsidiaries                           | 6,094,329            | 1- Revaluation Surplus-Property, Plant and Equipment | 277,561,001          |
| D- PROPERTY, PLANT AND EQUIPMENT          | 594,055,702          | D- RESERVES  | 36,838,292           |
| 1- Land                                   | 28,663               | 1- Legal Reserves                                    | 2,878,985            |
| 2- Land Improvements                      | 11,979,603           | 2- Special Reserves                                  | 2,145,121            |
| 3- Buildings                              | 94,809,391           | 3- Extraordinary Reserves                            | 22,762,267           |
| 4- Machinery, Installations and Equipment | 884,838,024          | 4- Cost Increase Fund                                | 9,051,919            |
| 5- Motor Vehicles                         | 12,056,925           | E- NET INCOME/(LOSS) FOR THE YEAR                    | -19,383,540          |
| 6- Furniture and Fixtures                 | 68,278,066           | F- ACCUMULATED DEFICIT                               | -68,496,790          |
| 7- Other Fixed Assets                     | 2,445,921            |  |                      |
| 8- Accumulated Depreciation (-)           | -483,921,937         |  |                      |
| 9- Construction-in-Progress               | 243,963              |  |                      |
| 10- Advances Given                        | 3,297,083            |  |                      |
| E- INTANGIBLE ASSETS                      | 42,989,162           |  |                      |
| 1- Research & Development Expenses        | 32,799,707           |  |                      |
| 2- Other Intangible Assets                | 10,189,455           |  |                      |
| <b>TOTAL ASSETS</b>                       | <b>1,242,210,440</b> | <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>    | <b>1,242,210,440</b> |

**TOFAŞ TÜRK OTOMOBİL FABRİKASI A.Ş.**  
**STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2002**  
**(Currency-Millions of Turkish lira)**

|   |               | 01.01.2002 - 31.12.2002 |
|---|---------------|-------------------------|
| <b>A- GROSS SALES</b>   |               | <b>1,612,377,739</b>    |
| 1- DOMESTIC SALES   | 466,992,050   |                         |
| 2- EXPORT SALES   | 1,103,476,994 |                         |
| 3- OTHER SALES  | 41,908,695    |                         |
| <b>B- SALES DISCOUNTS ( - )</b>                                     |               | <b>(86,421,574 )</b>    |
| 1- SALES RETURNS  | (14,373,906 ) |                         |
| 2- SALES DISCOUNTS  | (63,615,302 ) |                         |
| 3- OTHER DISCOUNTS  | (8,432,366 )  |                         |
| <b>C- NET SALES</b>   |               | <b>1,525,956,165</b>    |
| <b>D- COST OF SALES ( - )</b>                                       |               | <b>(1,379,508,142 )</b> |
| <b>GROSS PROFIT</b>   |               | <b>146,448,023</b>      |
| <b>E- OPERATING EXPENSES ( - )</b>                                  |               | <b>(149,105,445 )</b>   |
| 1- RESEARCH AND DEVELOPMENT EXPENSES                                | (11,227,437 ) |                         |
| 2- MARKETING AND SELLING EXPENSES                                   | (71,829,089 ) |                         |
| 3- GENERAL AND ADMINISTRATIVE EXPENSES                              | (66,048,919 ) |                         |
| <b>PROFIT FROM MAIN OPERATING ACTIVITIES</b>                        |               | <b>(2,657,422 )</b>     |
| <b>F- OTHER INCOME FROM OPERATIONS</b>                              |               | <b>75,084,809</b>       |
| 1- INTEREST AND DIVIDEND INCOME                                     | 19,109,406    |                         |
| 2- OTHER INCOME AND GAINS FROM OPERATING ACTIVITIES                 | 55,975,403    |                         |
| <b>G- OTHER EXPENSE FROM OPERATIONS ( - )</b>                       |               | <b>(63,741,317 )</b>    |
| <b>H- FINANCIAL EXPENSES ( - )</b>                                  |               | <b>(27,409,795 )</b>    |
| 1- SHORT-TERM FINANCIAL EXPENSES                                    | (14,610,652 ) |                         |
| 2- LONG-TERM FINANCIAL EXPENSES                                     | (12,799,143 ) |                         |
| <b>OPERATING PROFIT / (LOSS)</b>                                    |               | <b>(18,723,725 )</b>    |
| <b>I- INCOME AND GAINS FROM OTHER OPERATING ACTIVITIES</b>          |               | <b>593,487</b>          |
| 1- PRIOR PERIOD INCOME AND GAINS                                    | 206,397       |                         |
| 2- OTHER EXTRAORDINARY INCOME AND GAINS                             | 387,090       |                         |
| <b>J- EXPENSES AND LOSSES FROM OTHER OPERATING ACTIVITIES ( - )</b> |               | <b>(293,490 )</b>       |
| 1- IDLE TIME EXPENSES   | 0             |                         |
| 2- PRIOR PERIOD EXPENSES AND LOSSES                                 | (263,210 )    |                         |
| 3- OTHER EXTRAORDINARY EXPENSES AND LOSSES                          | (30,280 )     |                         |
| <b>INCOME / (LOSS) FOR THE YEAR</b>                                 |               | <b>(18,423,728 )</b>    |
| <b>K- TAXATION ON INCOME</b>  |               | <b>(959,812 )</b>       |
| <b>NET INCOME / (LOSS) FOR THE YEAR</b>                             |               | <b>(19,383,540 )</b>    |



**(Convenience Translation of a Report and Financial Statements  
Originally Issued in Turkish – See Note 34 to the Balance Sheets)**

**TOFAŞ TÜRK OTOMOBİL FABRİKASI ANONİM ŞİRKETİ  
FINANCIAL STATEMENTS AS OF DECEMBER 31, 2002  
TOGETHER WITH REPORT OF INDEPENDENT AUDITORS**

We have audited the balance sheet of Tofaş Türk Otomobil Fabrikası Anonim Şirketi (“the Company”) as of December 31, 2002 and the related statement of income for the year then ended. Our audit was made in accordance with the generally accepted auditing principles, basis and standards in Turkey issued by the Capital Market Board (CMB), and accordingly included, in connection with the accounts and transactions, tests of accounting records and other auditing procedures and techniques we considered necessary.

The financial statements of the Company for the year ended December 31, 2001 were audited by other auditors who have ceased their operations and whose report dated March 15, 2002 expressed an unqualified opinion on those statements.


In our opinion, the financial statements referred to in the first paragraph above present fairly, in all material respects, the financial position of Tofaş Türk Otomobil Fabrikası Anonim Şirketi as of December 31, 2002 and the result of its operations in accordance with the generally accepted accounting principles in Turkey issued by Capital Market Board, applied on a consistent basis, except for the matter discussed in Note 11 (e) to the balance sheets, with the preceding year.

As disclosed in the Note 5 to the statement of income, the significant portion of the Company’s sales is conducted to its related parties. Furthermore, other significant transactions with Fiat Auto S.p.A. in 2002 are disclosed in Note 11(e) to balance sheet and in Note 5 to the statement of income.

Additional paragraph for convenience translation to English:

As discussed further in detail in Note 34 to the balance sheet, the effects of the differences between CMB accounting and reporting principles and the accounting and reporting principles generally accepted in the countries in which the accompanying financial statements are to be used and International Financial Reporting Standards (IFRS) have not been quantified in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position and result of operations in accordance with the accounting principles generally accepted in the countries of users of the financial statements and IFRS. If IFRS had been applied, components of net income and financial position could be materially different than those reflected in the accompanying financial statements. Further, especially due to the effect of hyperinflation, the accompanying financial statements may not provide a suitable basis on which to make comparisons between years.

Güney Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
An Affiliated Firm of Ernst & Young International



Ethem Kutucular  
Engagement Partner

March 14, 2003  
İstanbul, Turkey