

**ANADOLU ISUZU**

**2006**

**ANNUAL REPORT**

## 1. ANADOLU GROUP

### A. Our Vision and Goal

**Our Vision:** is to become an international company in the position of a strategic base for “Isuzu” exporting significant part of its production, establishing partnerships in foreign countries and providing technology, technical personnel and parts for the world.

**Our Goal:** is “to be the number one” in its class in the range of commercial vehicles with respect to environmental sensitivity, quality, technology, market share and export efficiency.

## 2. OUR CORPORATE STRUCTURE

### A. Capital Structure

Shareholders with more than 10% of the share capital of the company, their participation in capital and the relevant ratios are as follows.

<b>TITLE OF PARTNERSHIP</b>	<b>PARTICIPATION AMOUNT</b>	<b>SHARE RATIO</b>
Yazıcılar Holding A.Ş.	6.051.777	35.71%
Özilhan Sinai Yatırım A.Ş.	2.847.894	16.81%
Isuzu Motors Ltd.	2.879.994	16.99%
Itochu Corporation	2.159.976	12.75%
Publicly-Held Shares	2.541.240	15.00%

### B. Our Board of Directors

The names, surnames and the limits of authority of member of Board of Directors who were elected for a term in the General Assembly on 26.04.2006 are stated below:

#### BOARD OF DIRECTORS

<b>NAME and SURNAME</b>	<b>DUTY</b>
Salih Metin ECEVİT	Board of Directors, Chairman (until 01.07.2006)
Mehmet Kamil ESER	Board of Directors, Chairman (since 01.07.2006)
İbrahim YAZICI	Board of Directors, Vice Chairman
Tuncay ÖZİLHAN	Board of Directors, Member
Nİlgün YAZICI	Board of Directors, Member
Tülay AKSOY	Board of Directors, Member
Süleyman Vehbi YAZICI	Board of Directors, Member
Hülya ELMALIOĞLU	Board of Directors, Member
Shinobu MAENO	Board of Directors, Member
Nobuo IZUMINA	Board of Directors, Member
Mikio HIROTA	Board of Directors, Member
Toru MAKINOUCI	Board of Directors, Member

Salih Metin Ecevit who was the Chairman of Automotive Group of Anadolu Group retired on 01.07.2006, and Anadolu Isuzu otomotiv General Manager has been appointed to his position.

## **RESUMES OF THE MEMBERS OF THE BOARD OF DIRECTORS**

### **Salih Metin Ecevit**

#### **Chairman of the Board of Director (until 01.07.2006)**

Salih Metin Ecevit who was born in 1946 graduated from Faculty of Political Sciences in 1967 and received his Master degree in the field of Economy at Aid-Syracuse University. He worked as the Accounting Specialist Assistant, Accounting Specialist and the Deputy to the General Director of Incomes in the Ministry of Finance between the years of 1967-1980. Under the structure of Anadolu Group, he held offices as the General Director and Managing Director of Anpa A.Ş., the General Director and Managing Director of Çelik Motor A.Ş., the Managing Director and the Chairman of the Board of Directors of Anadolu Honda A.Ş., the Managing Director of Anadolu Endüstriyel Motor A.Ş., and the Vice Chairman of the Motor Group in Anadolu Endüstri Holding between the years of 1980-1998. He has been in service as the Chairman of the Automotive Group of Anadolu Group since the year of 1999. Furthermore, he is the member of the Board of Directors of the Imported Automobiles' Turkey Representatives Association since March 1998. Mr. Metin Ecevit retired from the positions of Chairman of Automotive Group and Board of Directors on 01.07.2006.

### **M.Kamil Eser**

#### **Chairman of the Board of Director (since 01.07.2006)**

M.Kamil Eser who was born in Elazığ in May 1956 studied in Kadıköy Maarif College, Sept. 1968 – June 1974 and Middle East Technical University, Industrial Engineering, Sept. 1974 – Feb 1979. He worked as Industrial Engineer between March 1979 – Aug.1980, Manufacturing Chief in T. Demir Döküm Fabrikası between Sept. 1980 – July 1981, Purchasing Chief in Burtrak Traktör San. A.Ş. between Dec. 1982 – Aug. 1983. Under Anadolu Isuzu, M. Kamil Eser worked as Purchasing Engineer between Nov. 1983 – June 1984, Production Control Chief between July 1984 – Dec. 1985 , Production Planning and Control Manager between Jan. 1986 – June 1995. He worked in the Production Planning and Control Dept., American Isuzu Motors INC, Marketing, Sales and Service Dept. with the purpose of training between June 1995 – June 1996. M. Kamil Eser worked as Assistant General Manager in charge of Marketing Dept. of Anadolu Isuzu July 1996 – Dec. 1997, General Manager between Jan. 1998 – June 2006. He is the President of Automotive Group from July 2006. He is married with two children and speaks English.

### **İbrahim Yazıcı**

#### **Vice Chairman**

İbrahim Yazıcı who was born in 1949 graduated from Bursa Academy of Economical and Commercial Sciences in 1975. He continued his postgraduate studies in America between the years of 1976-1979 and received his master degree (MBA) on Business Administration at Atlanta University. He has assumed active duties in the companies of

Anadolu Group since the year of 1982 and he still acts as the Chairman and Members of the Boards of Directors of the Group companies. İbrahim Yazıcı is the Chairman of Efes Tur and also a Member of the Board of Directors of Yazıcılar Holding.

**Tuncay Özilhan**  
**Member**

Tuncay Özilhan was born in 1947, as İzzet Özilhan's son who is one of the founders of Anadolu Group. After his graduation from Saint Joseph High School and the Faculty of Economics at Istanbul University, he received his master degree (MBA) in business administration at Long Island University in the United States of America. He held office as the General Director of Erciyes Biracılık, the Coordinator of Beer Group of Anadolu Endüstri Holding and the General Coordinator of Anadolu Group. Tuncay Özilhan is still the Chief Executive Officer of Anadolu Group since his appointment to this position in 1984. In addition to this position, Tuncay Özilhan acts also under his capacity as the Chairman of the Boards of Directors of Efes Pazarlama, Tarbes, Coca Cola İçecek (CCİ), Coca Cola Satış ve Dağıtım, Anadolu Restoran İşletmeleri (McDonald's) ABank, Alternatif Finansal Kiralama, Alternatif Yatırım, Anadolu Elektronik (Samsung) and Anadolu Sağlık Merkezi (ASM). Tuncay Özilhan is Vice President of High Advisory Council of the TÜSİAD, Honorary Consul of Estonia and the President of Efes Pilsen Sports Club. He is married to Emine Özilhan and is the father of three children. and he was the Chairman of the Board of Directors of TUSIAD in the period of 2001-2003.

**Nilgün Yazıcı**  
**Member**

Nilgün Yazıcı who was born in Istanbul in 1961 graduated from Kadıköy Private Girls' College in 1978. She continued her undergraduate education in Oflethorpe University at Atlanta Georgio between the years of 1978-1981. She has been the Member of the Board of Directors of Anadolu Group and Teras Gıda Sanayi ve Ticaret A.ş. since the year of 1995.

**Tülay Aksoy**  
**Member**

Tülay Aksoy who was born in 1951 graduated from Erenköy Girls' High School in 1968. In addition to being a member of the board of directors of Özilhan Sınai Yatırım since the year of 1995, she has also taken offices as the members of the boards of directors of various companies under the structure of Anadolu Group including Anadolu Isuzu, Çelik Motor and Adel Kalemcilik. She is a member of the Foundation for the Protection of Natural Life and Animals and the Foundation for the Protection and Education of Street Children.

**Süleyman Vehbi Yazıcı**  
**Member**

Süleyman Vehbi Yazıcı who was born in 1947 graduated from Şişli Economical and Commercial Sciences High School in 1972. He worked as the General Director of Çelik Motor A.Ş. between the years of 1976-1977. He has been the Member of the Board of Directors at Yazıcılar Holding in addition to Anadolu Endüstri Holding Anonim Şirketi and the various companies affiliated to Anadolu Group since the year of 1978.

**Hülya Elmalıoğlu**  
**Member**

Hülya Elmalıoğlu who was born in 1961 graduated from Private Kadıköy Girls' College in 1979. She continued her foreign language education in America between the years of 1979-1980. She was elected as the member of the Board of Directors of Teras Gıda San. ve Tic. A.Ş. in 1997 and as the member of the Board of Directors of Anadolu Endüstri Holding in 1999. Furthermore, she is also the member of the Board of Directors of Yazıcılar Holding.

**Shinobu MAENO**  
**Member**

He was born in Japan on the date of 01.01.1970 and graduated from the Department of Spanish Language at Sophia University in 1993. He started his work career as the person Responsible for Exports in the European Region in the Automotive Department of Itochu Corporation, Tokyo in 1993 and he assumed office as the Financial Controller in France for a term of office of ten months in 2000. He held office in the Middle East Department in April 2002 and in August of the same year, he was appointed as the Marketing Manager and the Advisor to the Director General of Anadolu Isuzu Otomotiv San. ve Tic. A.Ş. and he is still in these positions.

**Nobuo IZUMINA**  
**Member**

Nobuo Izumina who was born in Musashino-city, Tokyo, Japan in 1956, graduated from the department of Economics at Aoyama Gakuin University in 1980. He has been working in Isuzu Motors Limited since the year of 1980, at Production Control of Kawasaki Plant during 1980-85, at Overseas Ordering and Distribution Division during 1985-91, at North America Sales Division during 1991-93, and from 1993 to 1999 as Vice President for Business Management at Isuzu Motors America in U.S.A., and the current position is General Manager for International Dept. No.1 covering Europe, Africa and South America.

**C. The Board of Auditors**

The names, surnames and the duty of member of Board of Auditors who were elected for one year in the General Assembly on 31.03.2005 are stated below:

<b>NAME and SURNAME</b>	<b>DUTY</b>
-------------------------	-------------

---

Mustafa UYSAL  
Ahmet BAL  
Sezai TANRIVERDİ

Auditor  
Auditor  
Auditor

## D. Participations

Our Company holds a share amount of 712.000.-NTL (99.44%) in the capital of Ant Sinai ve Ticari Ürünler Pazarlama A.Ş. that amounts to 716.000.-NTL in total and a share amount of 96.000.-NTL (96.00%) in the capital of Anadolu Isuzu Dış Ticaret ve Sanayi A.Ş. that amounts to 100.000.-NTL in total.

## E. Administrative Operations

The names, positions, education and the changes made in the offices of the top management staff of our company are presented as follows:

<b>NAME, SURNAME</b>	<b>Education</b>	<b>Work Experience YEARS</b>	<b>Company Experience YEARS</b>	<b>Position in our Company</b>
M. Kamil ESER	ODTU Ind. Eng.	27	22	General Director
Ergun TOKAN	D.M.M.Y.O.	33	30	Business Manager
Bekir TÖMEK	Ataturk Univ. Business. Adm.	23	6	Financial Affairs Manager
M. Celal TUNCEL	Işık Fac. of Eng.	30	25	Engineering Man.
Öner BİLDİREN	Boğ. U. Mech. Eng.	32	21	Project Manager
A. Fatih TAMAY	I.T.U. Aircraft Eng.	25	25	Sales Manager
Ş. Melih BİLGE	I.D.M.M.A.	27	22	After Sales Service Manager
Ö. Lütfü ABLAY	I.T.U. Mech. Eng.	25	15	Purchasing Manager
Hüsnü AÇIKELLİ	I.T.U. Mech. Eng.	20	20	Production Planning & Stock Control Man.
Hüseyin ERDOĞAN	I.T.I.A.	34	26	Human Resources Manager

Arif ÖZER	Y.T.U.	9	9	Quality Control Manager
Tunç KARABULUT	La Verne U. B.A.	9	9	Exports Manager

While 732 people were employed in our company in the beginning of 2005, this number has increased to 739 by the end of the fiscal period and 51 people were employed.

### 3. OUR OPERATIONS

#### A. Progress of Operations of our Company

A license agreement was concluded with the Japanese Isuzu Motors company in 1983 and the production of ISUZU light trucks began in July 1984. The production of pickups was commenced in 1985 and the production of midi-buses was started in 1986. Start of sales of D-Max model in 4 x 4 and 4 x 2 Pick-up class has taken place as of April 2004.

The 2.000<sup>th</sup> Turkuaz has been produced in 2005. School Bus and Eko Turquoise models have been developed for the demand of foreign markets. In addition to that, improvements have been made to the appearance and internal design of Royal, Turkuaz and Harmony model midibus vehicles. There has been truck face-lift and engine change of NPR and MD series, Turkuaz and Turquoise in the scope of 729 project.

#### B. Operations about Production of Goods and Services

Our company has produced Isuzu NPR, NQR Trucks, NKR Wide, NKR 55 Lights duty trucks and Isuzu Midi-buses and Buses in the relevant fiscal period.

In 2005, the production and capacity utilization ratios of our company have increased compared to the previous year.

TYPE OF PRODUCT	Production Units		Rate of Increase
	2005	2004	
Truck	2.709	2.313	17%
Pickup	1.788	1.692	6%
Midi-bus	2.265	2.006	13%
<b>TOTAL</b>	<b>6.702</b>	<b>6.011</b>	<b>12%</b>

#### C. Sales

The total sales units of our company in the domestic and foreign markets in 2005 have displayed an increase by 38% compared to the previous year.

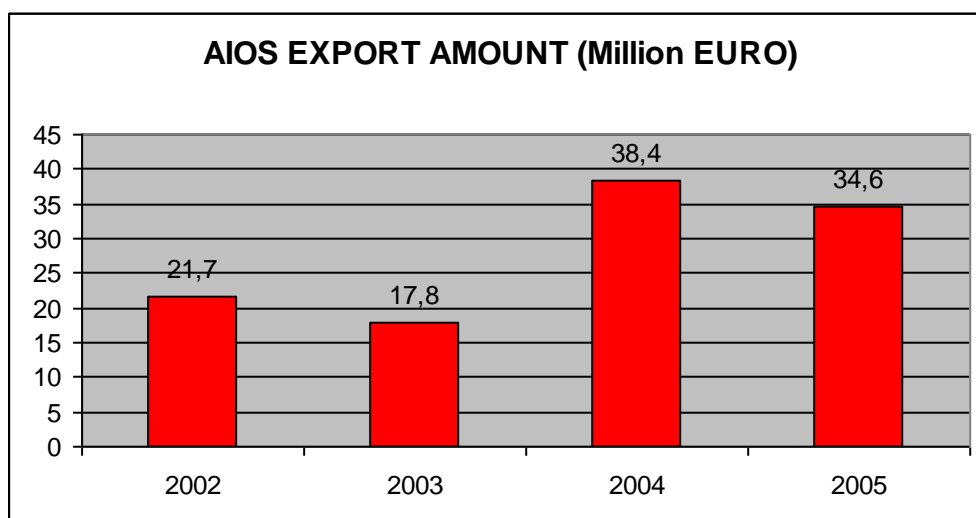
TYPE OF PRODUCT	Sales in Units		Rate of Increase
	2005	2004	
Truck	2.763	2.270	22%
Light Truck	1.957	1.510	30%
Midi-bus	2.199	1.842	19%
Imported Vehicles	2.194	963	128%
<b>TOTAL</b>	<b>9.113</b>	<b>6.585</b>	<b>38%</b>

Anadolu Isuzu carries out the sales of vehicles via 36 distributors operating all around the country.

TYPE OF PRODUCT	Domestic Sales in Units		Rate of Increase
	2005	2004	
Truck	2.722	2.104	29%
Light Truck	1.957	1.474	33%
Midi-bus	1.473	970	52%
Imported Vehicles	2.193	963	128%
<b>TOTAL</b>	<b>8.345</b>	<b>5.511</b>	<b>51%</b>

#### D. EXPORTS

Anadolu Isuzu has exported its products to more than 50 countries so far. The main countries to which goods are exported include Germany, Austria, Azerbaijan, Bosnia-and-Herzegovina, Bulgaria, Cape Verde, Algeria, Czech Republic, Croatia, Italy, Lithuania, Hungary, Macedonia, Poland, Romania, Slovakia, Slovenia, Serbia and Greece. The total export of the company in 2005 was 34,6 million EURO and the yearly export development of the company is shown in the graphic.





## **E. AFTER SALES SERVICES**

The improvement of customer satisfaction at after sales service continued during the year

- 2-year unlimited mileage warranty in Turkey
- Widespread after-sales services network; authorized service-spare part dealers located in 115 points
- 17 service centers in foreign countries.
- Non-stop emergency service provided with 106 vehicles all around Turkey 7 days a week and 24 hours a day
- Toll-free Customer Support Line that can be reached on a non-stop basis 7 days a week and 24 hours a day via only 1 phone call.
- Traditional Service Clinic Days” in which free check-up of the customers’ vehicles is performed by the competent technicians of the factory.

## **F. OTHER OPERATIONS**

The stock splitting and share transfer that may change the capital and management structure and the assets of the company did not occur in 2005. The purchase/sale, lease of substantial amounts of tangible/intangible assets did not happen. The total amount of donations in 2005 is 2.205.000.-YTL. Securities for any third parties such as pledges, mortgages, etc. have not been given in 2005.

## **4. SOCIAL RESPONSIBILITY**

### **A. AID AND DONATIONS GIVEN DURING THE YEAR**

Our company has donated an amount of 1.800.000-YTL to Anadolu Education and Social Aid Foundation in 2005.

Anadolu Group has been focused on important issues such as education, health, art and sports, etc. for the improvement of the society with great care. Anadolu Education and Social Aid Foundation was founded in Istanbul in 1979 with material and moral support of Anadolu Group Founders and the group of companies and it has completed and contributed nearly forty permanent projects in education, health and social fields so far.

Anadolu Health Village is the most comprehensive project that Anadolu Foundation has designed and developed so far; the main purpose of this foundation has been to build an important health facility that will provide modern health services to the country and Turkish people since the very first day of its establishment. The foundation of “Anadolu Health Village” was laid in Çayırova site of Gebze on 12<sup>th</sup> June 2002 and the biggest investment of this village is composed of “Anadolu Health Center” that constitutes the hospital part of it. A strategic cooperation agreement was concluded with Johns Hopkins Medicine that was selected as the best hospital of USA in the last 12 years in order to apply this Health Village Project up to the international standards. At minimum, 10% of the patients in Anadolu Health Center receive their treatments free of charge.

## **B. ENVIRONMENTAL OPERATIONS OF ANADOLU ISUZU**

Anadolu Isuzu has been continuing its operations in accordance with the principles such as production quality, environmental care, innovation, leadership, etc. During production, all sorts of legal liabilities are fulfilled on voluntary basis within the scope of the environmental management and the occupational safety and health legislation.

To this effect, firstly EIA Positive Certificate was taken when Gebze Plant was at the project stage in 1997 and the production activities and operations have been continued in strict compliance with the Turkish Environmental Legislation since the very first day of trial operation that started in August 1999. Our Plant has Wastewater Discharge License, Emission License for B-Group Facilities and Operation License for First Class Non-Sanitary Institutions.

The industrial and household wastewaters discharged during our production activities are subjected to treatment in two stages such as Chemical and Biological Treatment in our Wastewater Treatment Plant in accordance with the limitations specified in our discharge license.

Our company has established Environmental Management System in 2005 and it is documented by ISO 14001 certificate.

## **5. PROFIT DISTRIBUTION PROPOSAL**

Our company has adopted as a resolution in principle on 22.03.2005 to distribute at least 50% of the distributable profit as dividends as long as economic conditions are suitable. The profit of the company is 32.616.629.-YTL in 2005 and the board of directors has made a proposal for dividend distribution in the amount of 18.471.653.-YTL which will be discussed and resolved in the General Assembly.

## **CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT**

### **1. DECLARATION OF CONFORMITY TO CORPORATE GOVERNANCE PRINCIPLES**

Our company has adopted as a strategic objective to comply with the requirements of “Corporate Governance Principles” disclosed to the public by the Capital Markets Board.

The efforts and studies oriented towards the implementation of the requirements of the relevant principles in harmony with the corporate dynamics of our company and the improvement of our existing management systems within the framework of the relevant principles are still continued. It was in the reach of the company to implement some of the required changes and modifications. However the harmonisation of the rest of the amendments required a longer process to prepare the infrastructure and the organisation of the company.

Taking into consideration these issues, our company has observed and put into application the Corporate Governance Principles issued by the Capital Markets Boards with the exceptions stated below in the fiscal period that ended by the date of 31<sup>st</sup>.12.2006.

- Our Company is convinced that the inclusion of independent members in the board of directors required as a part of the Corporate Governance Principles will contribute in the progress and development of our corporate activities and the establishment of a more professional understanding of governance. Within this framework, some

specialists who are considered trustworthy in the society due to their independent characters and the dignity that they have acquired have been entitled to take place in the board of directors of our company in their capacity as advisors and entitled with the right to speak in the board. However, there is a requirement for a definite transition period for the transformation of this structure into the format complying with the definitions specified in the article 3.3 of Section IV of the Corporate Governance Principles of CMB (Capital Markets Board).

On the other hand, there are also foreign capital participation in our company that take part among the stakeholders as strategic partners. Therefore, the number of members and the organisation structure of the board of directors have been established on the basis of a specific balance between the domestic and foreign partners in accordance with the articles of incorporation and the association agreements. It is required that the strategic partners should convene and restructure the relevant agreements in order to modify this structure for assuring compliance with the standards stipulated by CMB. Pursuant to the fulfilment of these conditions, the number of the independent members of the board of directors will be gradually increased to the level required.

- Since any independent membership to the board of directors has not been yet established within the structure of the existing board of directors in our company, the chairmen of audit and corporate governance committees are not composed of independent members. After the completion of the structuring of independent memberships to the board of directors and the appointment of the requisite number of members, the modifications required in relation with these committees shall be taken into consideration.
- For the time being, there is not any provision in our articles of incorporation that may enable the implementation of cumulative voting system. We believe that the representation of the minority rights in the board of directors will be provided to a certain degree upon the establishment of independent memberships to the board of directors.
- Our board of directors has considered and evaluated the issue specified in the Corporate Governance Principles stipulating that the decisions about the stock splitting and share transfer that may change the capital and management structure and the assets of the company, the purchase/sale, hiring or lease of substantial amounts of tangible/intangible assets or the provision of aids and grants in significant amounts and the decisions about giving securities for any third parties such as pledges, mortgages, etc. should be taken in the general shareholder meeting; accordingly, it has been generally agreed that the determination of the aforementioned issues by the general board would hinder the activities of the company to a significant degree and decrease the mobility capacity of the management against the dynamic and constantly changing business opportunities and that all of the partners would suffer losses and damages as a result thereof. To this effect, It has been considered appropriate that all of the shareholders should be notified about these issues and operations in the first following general shareholder meeting.

## **CHAPTER I – SHAREHOLDERS**

### **2. Shareholders Relations Department**

The head of the shareholders relations department and the names of the staff assigned in this body, the contact information, main activities performed by this department in the relevant period, the number of applications submitted to this department in the period and the number of answers given to the investors:

Head of the Department: **Bekir TÖMEK** – Financial Affairs Manager  
Telephone: 0262 658 85 58  
[bekir.tomek@isuzu.com.tr](mailto:bekir.tomek@isuzu.com.tr)

Staff Members: **Dinçer TAŞÇIKAR** – Chief of Finance  
Telephone: 0262 658 84 33 / 156  
[dincer.tascikar@isuzu.com.tr](mailto:dincer.tascikar@isuzu.com.tr)  
**Murat ORHAN** –Commercial Accounting Specialist  
Telephone: 0262 658 84 33 / 167  
[murat.orhan@isuzu.com.tr](mailto:murat.orhan@isuzu.com.tr)

This department has replied to the questions about the company raised by the investors and provided informative explanations required in the relevant period. The number of the questions posed to the department within the relevant period has increased in the time frames when the financial statements were declared.

### **3. Exercise of Shareholders' Rights to Obtain Information**

#### **Number and content of information requests of the shareholders from the company**

The questions raised within the scope of the requests for information received directly from the shareholders or the intermediary institutions in the periods of the declaration of financial statements have been mainly related with the financial statements of the company, the market structure, the changes in the market and the progress of the company with respects to its market share.

The evaluation of requests for information submitted by the shareholders, the efficiency level of use of electronic media as a means of communication in disclosure of developments that might affect the exercise of shareholders' rights, and the way of notification of these developments to the investors:

The requests for information received from the shareholders are replied as soon as possible. On the other hand, special case statements of the period, detailed information about the capital structure of the company, trade registry information, the articles of incorporation, the organisation structure, the activities performed in the period and the financial statements have been presented on the internet site of the company.

A notification dated 9<sup>th</sup> June 2004 has been served to Istanbul Stock Exchange indicating that the financial statements of the company will be placed to the disposal of the investors via the internet site.

#### The issue about whether the regulation towards the appointment of a special auditor is established as an individual right

Our board of directors has examined and evaluated the issue about the inclusion of a provision in the articles of incorporation of our company allowing each shareholder to have an individual right to request from the general board that a special advisor is appointed for the examination and clarification of a specific material situation; however, it has been generally agreed that the intended effect and benefits would not be achieved for the shareholders as desired taking into consideration that the appointment of a special auditor would complicate the management of the company and lead to situations that may decrease the mobility of the governance. Nevertheless, to assure the exercise of minority rights to obtain information, it has been adopted as a principle that the shareholders constituting the minority of the shares will have the right to refer to the Audit Committee any ambiguous and doubtful issues requiring examination and it has been resolved that an amendment shall be made in the operating principles of the Audit Committee to put these changes into effect.

#### **4. Information about the General Shareholder Meeting**

##### The general shareholder meetings that took place in the period, the meeting quorums and whether the stakeholders and media participated in the meetings

The participation rate in the Ordinary General Shareholder Meeting that was held on the date of 26th April 2006 was 84,26%. The representatives of the financial intermediary institutions and the correspondents of Economy press participated in this meeting.

##### The procedure of invitation to the general shareholder meetings, and the term of period stipulated for recording of the shareholders of registered shares into the company's share ledger in order to assure their attendance to the general shareholder meeting; and if such a term is stipulated, the relevant reasoning

The shareholders were called to the general shareholder meeting through the announcements published in the national and local newspapers two weeks before the actual date of meeting. Furthermore, written invitations were notified to the shareholders of registered shares; but any term of period was not stipulated for registration.

The shareholders of bearer shares are given a period for registration until the actual date of the General Shareholder Meeting.

##### What kind of information is made available to the shareholders and where this information is presented before the General Shareholder meeting, whether the shareholders used their rights to ask questions in the general shareholder meeting; and if used, whether these questions were replied or not

The information about the results of the company's operations are made available for examination in the head office of the company and in the address where the factory of the company is located. Furthermore, the information about the financial statements are published on the internet site after the disclosure of the financial statements to the public.

The shareholders have exercised their rights to raise questions and their questions have been replied.

Whether the shareholders proposed recommendations; and if any, how these recommendations were concluded

The recommendation related with the profit distribution was taken into consideration by the general board and a decision was taken about the 19.506.912,77.-YTL dividend distribution from the profits, of which 18.471.653,00.-YTL to shareholders and 1.035.259,77.-YTL to the members of board of directors, as a result of the voting.

Whether a provision was included within the articles of incorporation stipulating that the important decisions such as stock splitting, purchase, sale, rental or leasing of substantial amount of assets, etc. are to be taken in the general shareholder meeting; and if not, the relevant explanation and reasoning

Our board of directors has considered and evaluated the issue specified in the Corporate Governance Principles stipulating that the decisions about the stock splitting and share transfer that may change the capital and management structure and the assets of the company, the purchase/sale, hiring or lease of substantial amounts of tangible/intangible assets or the provision of aids and grants in significant amounts and the decisions about giving securities for any third parties such as pledges, mortgages, etc. should be taken in the general shareholder meeting; accordingly, it has been generally agreed that the determination of the aforementioned issues in the general board would hinder the activities of the company to a significant degree and decrease the mobility capacity of the management against the dynamic and constantly changing business opportunities and that all of the partners would suffer losses and damages as a result thereof. To this effect, It has been considered appropriate that all of the shareholders should be notified about these issues and operations in the first following general shareholder meeting.

Information about what can be done to facilitate the attendance to the general shareholder meetings and where the minutes of the general shareholder meetings are constantly made available for access by the shareholders shall be given.

The calls for General Shareholder Meetings are notified through publication in a national newspaper, a local newspaper and the trade registry gazette two weeks before the actual dates of meetings as stipulated in the legal regulations. Furthermore, the resolution of the Board of Directors about the invitation to the General Shareholder Meeting and the agenda of the meeting are also published on the internet site. The place of General Shareholder Meeting is determined taking into consideration the ease of access by the participants. The minutes of the general shareholder meetings are presented in the web page of the company.

## **5. Right to Vote and Minority Rights**

Whether the voting rights are privileged, and if yes, the relevant explanation and the description about the use of voting rights

The existing articles of incorporation of the company include the following regulation about the election of the members of the Board of Directors:

“The Company is governed and managed by a Board of Directors composed of 11 members to be elected among the shareholders as per the provisions of the Turkish Commercial Code. Four members of the Board of Directors are elected among the candidates nominated as their representatives by the shareholders of Series B; and the other members are elected among the candidates nominated as their representatives by the shareholders of Series A; and these members are elected and dismissed from office in the General Shareholder Meeting.”

Anadolu Isuzu signed as joint venture contract with its Japanese partner, Isuzu Motors Limited on the date of 04<sup>th</sup>.10.1985; transfer of shares was stipulated in this contract and the corporation of Isuzu Motors Limited assumed its capacity as licensor. Some specific arrangements have been stipulated to be made within the Articles of Incorporation in order to ensure the participation of the foreign shareholders in the governance for the incorporation of an association including transfer of technology within the structure of a partnership not composed of a majority of shares.

In case that any cross shareholding is associated with a controlling relationship, whether the companies involved in such cross shareholdings have exercised their rights to vote in the general shareholder meeting

There is not any kind of cross shareholding relationship.

Whether the minority shares are represented in the management and whether the cumulative voting procedure is used in the company

The articles of incorporation of our company does not include any provision allowing the implementation of cumulative voting system at present. We believe that the representation of the minority rights in the board of directors will also be ensured to a certain degree upon the establishment of independent memberships within the structure of the board of directors.

## **6. Profit Distribution Policy and Profit Distribution Scheme**

Whether any privileges are granted in profit sharing of the company; if any, the description of the type of privileges

There are not any kind of privileges granted to the shareholders in respect of the profit distribution.

Whether the company has a profit distribution policy disclosed to public; if any, relevant information and whether this policy was disclosed in the general shareholder meeting for informing the shareholders; if not, the reasoning; and whether the profit distribution is performed within the legal terms specified

Our company has adopted as a resolution in principle to distribute at least 50% of the distributable profit as dividends among the shareholders excluding the investment periods requiring high cash outflow; and this resolution has been implemented successfully as much as possible under the conditions of the economic conjuncture.



The maintenance of this profit distribution policy on a continuous basis excluding the conditions leading to investment and fund requirements that may be needed for the long-term development of the company and the Special Case that may occur as a result of the extraordinary evolutions in the economic conditions has been included among the fundamental objectives of our company. Within the framework of our activities towards harmonisation and compliance with the Corporate Governance Principles, it has been decided that this policy should be established as a written policy as of the year 2005.

If the profit distribution has not been performed within the legal term, the relevant reasoning and the legal consequences experienced.

The company has actually performed the previous profit distributions within the legal terms given.

## **7. Transfer of Shares**

Whether there are provisions in the articles of incorporation of the company limiting the transfer of shares; and if any, the relevant information and reasoning

The Article 9 of the articles of incorporation of the company includes the following provisions related with the transfer of shares:

A) Any transactions such as the sale, transfer, assignment, pledge, etc. of registered share certificates of Series A and B shall not be considered as valid and effective against the company unless they are approved by the Board of Directors and recorded into the corporate share ledger.

For the confirmation of the transfer by the Board of Directors, it is compulsory that the members of the Board of Directors representing the shareholders of Series B should affirm the decision of approval.

1-) The shareholders of Series A or the beneficial owners of these shares as per the provision of this paragraph may transfer their shares totally or partially to other companies that they have participation in directly or indirectly providing that the shareholders of Series B should be notified about this transaction.

2-) The shareholders of Series B may transfer their shares between each other partially or totally.

3-) The shareholders of Series A may transfer shares of up to 5% of the capital to another bank or financial institution or the subsidiaries of the company or the real and legal persons and entities of the side industry that are related with the company; and the total amount of the shares that can be transferred by these shareholders shall not exceed 20% of the capital under any circumstances.

However, the persons that are partaking in the shares on the basis of this provision shall not be entitled to get the advantage of this exclusion clause. In case that they intend to transfer their shares, the relevant transfer shall be subject to the general provision about the transfer of the registered share certificates.

B) The shareholders of Series B that intend to transfer totally or partially their shares excluding those within the scope of the exclusion stated in the article A/2 shall propose to the shareholders of Series A the transfer price of the shares, the relevant share transfer conditions and the quantity of the shares. In case that any of the shareholders of Series A does not accept this proposal of sale, the shareholders of Series B may sell and transfer their shares to the persons that they have predetermined under the same terms and conditions of transfer.

The total amount of the shares that can be transferred separately or totally by the shareholders of Series B to any third persons shall not exceed 10% of the capital unless the written consent of the shareholders of Series A is obtained.

In case that the shareholders of Series B transfer their shares totally or partially to third parties, the new shareholders of Series B shall not be entitled to get use of the privileges granted to the existing shareholders of Series B as stipulated in the Articles of Incorporation, and particularly the limitations related with the meeting and decision quorums as specified in the articles 13 and 16 of the Articles of Incorporation.

Since the shares of Series B are owned by “Licenser” partners and any change in the proportion of these shares will affect the activities of the company, the transactions about the transfer of the shares of Series B have been restricted.

## **SECTION II – PUBLIC DISCLOSURE AND TRANSPARENCY**

### **8. The Company’s Information Policy**

In case that the Company has established an information policy as stipulated in the article 1.2.2 of the Section II in the Corporate Governance Principles, the explanation about this policy; and in case that the company’s information policy has not been established or not disclosed to the public, the relevant explanation and reasoning

Our company has adopted the principles of equality, accuracy, objectivity, consistency and timing to be applied in the process of informing all of our shareholders and any other stakeholders. It is essential that our announcements and statements considered within the scope of this policy shall be disclosed in a timely, accurate, complete, construable, controllable manner and cost-efficient manner providing that the rights and interests of our Company should be taken into consideration.

Within this framework, any information about the issues specified within the Capital Market regulations and any progress and development that may lead to a substantial change in the financial situation and/or activities of the company are immediately disclosed to the public. However, any information disclosed to the public shall not include any information or data that might decrease the competitive power and lead to any results

bringing forth losses and damages likely to be incurred by our Company and the shareholders and the other stakeholder; and the disclosed information shall not be considered within the scope of trade secrets. The public disclosures are performed via press releases in case of necessities as well as Special Case statements. In addition, any requests for information and discussion received from the shareholders and the other stakeholders are evaluated within the framework of the information policy of our Company and all of the information sharing is maintained within the scope of the content previously disclosed to the public.

In case that any information not previously disclosed to the public is required to be given in reply to the questions addressed to our Company by the shareholders and the other stakeholders with respect to all of the issues specified within the Capital Market Legislation, the relevant requirement for disclosure of information is evaluated within the scope of the information policy of our Company by Anadolu Group Automotive Group President, the General Director and the Financial Affairs Manager under the coordination of the Corporate Governance Committee of our Company. The questions addressed to our Company within the scope of the aforementioned issues and all of the statements thereof are disclosed to the public after the approval of this work group.

Information meetings oriented towards the investors and the research specialists of the intermediary institutions are organised in relation with the financial results and performance of our Company and any other developments in the relevant period at least once in every year and in case of substantial changes that might occur. Furthermore, participation is ensured in the conferences and the other meetings held in the country or abroad that are organised for informing the shareholders and investors.

The internet site of our company that is still in operation in the address of [www.isuzu.com.tr](http://www.isuzu.com.tr) is arranged in Turkish and is used as a channel of communication that can be used by the shareholders, investors, the research specialists of the intermediary institutions and any other stakeholders within the framework of the provisions specified in the Corporate Governance Principles of CMB. The Special Case statements declared by our Company are maintained in an updated manner on our internet site.

In addition to the traditional information distribution channels, various means of communication provided by the information technologies may be used for the disclosure of information to the public as well. Within this framework, the Special Case statements declared by our Company may be forwarded directly by e-mail to the stakeholders that send us their contact information via our internet site and the other means of communication.

The regulation about the issues to be negotiated in the Ordinary General Shareholder Meetings and the information and documents arranged are made available on our internet site.

Press bulletins and/or press conferences may be used for public disclosure of the financial results of our Company including the year-end financial statements, the performance of the company and any other developments for the relevant fiscal period

and also the other changes and developments that may lead to a substantial change in the financial situation and/or activities of our Company. The information activities performed via press and media are carried out by the aforementioned work group under the coordination of the Corporate Governance Committee. A copy of each press bulletin declared is published and updated on our internet site. The requests for information forwarded by means of press are collected by the Financial Affairs Manager and replied by the relevant work group after thorough evaluation within the scope of the information policy of our Company.

Within the scope of our Company's information policy, the General Director, the Sales and Marketing Director, the Financial Affairs Manager and the other executives determined by the Board of Directors shall act as the spokespersons representing our Company in the meetings and negotiations carried out with the shareholders, investors, the research specialists of the intermediary institutions and the other stakeholders and in all means of communication and information distribution channels including press.

The information policy of our company and the relevant changes and modifications are approved by the Board of Directors and notified in the general shareholder meeting; consequently, they are disclosed to the public. The implementation of our Company's information policy is executed by the Financial Affairs Directorate under the coordination of the Corporate Governance Committee.

## **9. Special Case Statements**

The number of Special Case statements declared during the year as per the CMB regulations, and the number of Special Case statements for which additional clarification was requested by CMB (Capital Markets Board) or ISE (Istanbul Stock Exchange)

The company has issued twelve units of Special Case statements in the year of 2006 and any additional clarification was not requested by CMB or ISE in relation with these statements.

In case that the share certificates of the company are quoted on the foreign stock exchanges, the number of Special Case statements made in these stock exchanges and whether these Special Cases are disclosed in the country or not

The share certificates of the Company are not quoted abroad.

In case that the Special Cases are not disclosed on time, the relevant reasoning; and furthermore, the sanctions imposed by CMB for the non-disclosure of Special Case statements on time

The Special Case statements have been disclosed in a timely manner.

## **10. The Company's Internet Site and its Content**

Whether the company has a internet site and if any, the address of the Internet site

The internet site of the company is:

[www.isuzu.com.tr](http://www.isuzu.com.tr)

Whether the information specified in the article 1.11.5 of Section II of Corporate Governance Principles of CMB is disclosed on the internet site

Since the information about the preferred shares is provided within the articles of incorporation, the relevant information has not been given separately; the other issues are extensively provided on the internet site.

## **11. Disclosure of Real Person Names of Ultimate Controlling Shareholder/ Shareholders**

Whether the real person names of ultimate controlling shareholder/shareholders of the company are disclosed to the public after being released from indirect and cross shareholding relationships; and if not, the relevant reasoning

The real person names of ultimate controlling shareholders of our company are presented below.

S. Kamil YAZICI	12,77 %
İzzet ÖZİLHAN	4,28 %
Türkan ÖZİLHAN	4,28 %
Tülay AKSOY	4,28 %
Tuncay ÖZİLHAN	4,14 %

## **12. Public Disclosure of Insiders Capable of obtaining Information**

### **List of Insiders**

#### Members of the Board of Directors of the Company

Salih Metin ECEVİT	Chairman of the Board of Directors
İbrahim YAZICI	Deputy Chairman of the Board of Directors
Tuncay ÖZİLHAN	Member
Süleyman Vehbi YAZICI	Member
Tülay AKSOY	Member
Hülya ELMALIOĞLU	Member
Nilgün YAZICI	Member
Shinobu MAENO	Member
Mikio HIROTA	Member
Nobuo IZUMINA	Member
Toru MAKINOUCI	Member

The advisors participating in the meetings of the board of directors of the company

Ege CANSEN  
Ali TİGREL

The auditors of the company elected and assigned as per the TCC (Turkish Commercial Code)

Mustafa UYSAL  
Ahmet BAL  
Sezai TANRIVERDİ

All executives of the Company including the General Director and the Manager levels

Ömer Lütfü ABLAY	Director General
Ergun TOKAN	Technical Director
Ahmet Fatih TAMAY	Sales and Marketing Director
Mehmet Celal TUNCEL	Factory Manager
Hüsnü AÇIKELLİ	Material Procurement Manager
Bekir TÖMEK	Financial Affairs Manager
Öner BİLDİREN	Project Manager
Şakir Melih BİLGE	After-Sales Services Manager
Hakan ÖZENÇ	Engineering Manager
Mustafa Kemal ÖZER	Production Planning and Control Manager
Arif ÖZER	Quality Control Manager
Tunç KARABULUT	Export Manager
Hüseyin ERDOĞAN	Human Resources Manager

The assistant managers and chiefs of financial affairs and accounting departments of the company

Selim BÜLKAT	Commercial Accounting Assistant Manager
Muzaffer KARAKOÇAK	Industrial Accounting Assistant Manager
Dinçer TAŞÇIKAR	Chief of Finance

Independent External Audit Company

Gürel Yeminli Mali Müşavirlik ve Bağımsız Denetim Hizmetleri A.Ş.

Certified Financial Consultancy company responsible for full certification

Kapsam Yeminli Mali Müşavirlik A.Ş. (Certified Financial Consultant: Cemil BAŞOĞLU)  
Members of the Board of Directors of AEH

Kamil Yazıcı  
İzzet Özilhan  
Tuncay Özilhan  
S. Vehbi Yazıcı  
İbrahim Yazıcı  
Gülten Yazıcı  
Metin Tokpınar  
Ali Şanal  
A. Muhtar Kent  
Ali Zülfü Tigrel  
Yılmaz Argüden

The advisor participating in the meetings of the board of directors of AEH

Ege CANSEN  
Ali TIGREL

#### AEH staff capable of reaching information

AEH Financial Affairs Manager, Mustafa Uysal  
AEH Financial Affairs Auditing Coordinator, Ahmet Bal  
AEH Financial Affairs Coordinator, Ali Baki Usta  
AEH Financial Affairs Assistant Coordinator, Elif Buluç  
AEH Financial Affairs Financial Systems Manager, Mesut Özçelikel  
AEH Corporate Finance and Risk management Manager Tuğban İzzet Aksoy  
Yazıcılar Holding Investor Relations Manager, İrem Çalışkan Dursun  
Yazıcılar Holding Financial Control Manager, Duygu Aydoğan

### **SECTION III - STAKEHOLDERS**

#### **13. Giving Information to Stakeholders**

Whether the stakeholders related with the company are informed about the issues that they are interested in; and if yes, the methods of information (participation in meetings, etc.); and if no, the relevant reasoning

The company organizes meetings with its affiliate companies and subsidiaries to provide platform for extensive information and exchange of opinions periodically.

Furthermore, information meetings oriented towards the employees are held at the level of organisational units.

#### **14. Role of Stakeholders in Corporate Governance**

What kind of activities are performed for enabling the participation of the stakeholders in the corporate governance; whether a model is established for assuring the participation of stakeholders in the management; and if yes, the level of participation of the stakeholders

The company has been conducting activities and studies in order to increase the participation of its employees in the activities of the company within the scope of Kaizen improvement activities and quality circles.

The views and opinions of the dealers and distributors are taken in the annual meetings and these views are evaluated in the course of strategic planning works and activities.

#### **15. Human Resources Policy**

Whether the company has established a human resources policy; and if yes, the main principles; and if no, the relevant reasoning

The Human Resources Policies of our Company have been established within the framework of the Human Resources Quality Policies of Anadolu Group and notified to all of the employees.

Our Human Resources Quality Policy:

- To form Human Resources potential with global perspective and skills.
- To establish a business culture and HR systems oriented towards achieving the best on a constant basis through working in a team and with knowledge within a working environment based on open communication and mutual trust and confidence.
- To create “Added Value” for the organisation performance through meeting the requirements and expectations of insider and outsider stakeholders within the framework of this business culture as defined.

In this context;

1. The qualifications required for the employment of staff in our company have been identified.
2. Performance Assessment is applied for all of the white-collar employees at the end of each year.
3. Detailed evaluation meetings are held in every month. The participants express their views and opinions about any issues freely in these meetings.
4. The employees are informed about the resolutions taken in our company and the issues that are related with the employees via intranet (Lotus – Notes) and notice boards.
5. The job descriptions of all the personnel (white-collar) have been established in our company and notified to the relevant job descriptions have been notified to the relevant staff members. Work grouping system is implemented for blue-collar workers.
6. There is an Occupational Health and Safety Board formed within the structure of our company.
7. No discrimination based on race, religion, language and gender is made among our employees.

Whether a representative is assigned to conduct the relations with the employees; and if yes, the name, duties, responsibilities and authorities of the representative; and if no, the relevant reasoning

DISK (Confederation of Progressive Trade Unions) is the authorised workers’ trade union in our company. There are workers’ representatives appointed by the trade union and assigned in the workplace. The duties of the representative are determined by the Collective Labour Agreements concluded between DISK – MESS (Turkish Employers’ Association of Metal Industries).

Accordingly, the duties and responsibilities of the representative (2006 - 2008 Group Collective Labour Contract, Article 12) are as follows:

A) All kinds of negotiations between the trade union and the employer or the representatives of the employer are held with the representatives in principle for the



notification of the requests and complaints of the members to the employer with respect to the implementation of the contract.

B) The trade union representatives are entitled with the right of legal representation as per the Trade Union Law; and their duties and authorities are stated below.

a) To ensure the cooperation between the employees and the employer in the workplace and the maintenance of the work harmony and the peaceful working environment;

b) To help and assist in the resolution of any disputes likely to arise between the employees and the employer in accordance with the legislation and this Collective Labour Contract within the framework of the procedure for the settlement of complaints and disputes specified in this contract;

c) To follow and monitor the implementation of the contract;

d) To come to the workplace and to deal with any kind of important cases and emergencies for finding solutions during the hours beyond his shift when the Chief Representative and his assistant are absent providing that the mutual agreement should be reached with the competent authority of the workplace at the time of the relevant event.

e) To be entitled with the authority to deal with any kind of events likely to occur in relation with the implementation of this Collective Labour Contract or any work-related events within the working hours of the Chief Representative of the Trade Union or in his absentia, the representative that is closest in rank.

Whether any complaints have been received from the employees particularly with respect to the issue of discrimination; and if any, the measures taken for the settlement of the complaints

Any complaints have not been received from our employees with respect to the issue of discrimination in our workplace.

## **16. Information about the Relations with Customers and Suppliers**

What have been done to achieve the maximum customer satisfaction in the marketing and sales of goods and services

We have been targeting to produce goods and services of high quality in order to achieve the maximum customer satisfaction about the services and vehicles purchased by our customers from us.

Furthermore, we are trying to meet the demands and requirements of our customers as soon as possible both before and after the sales.

Our activities that can set good examples include various services that we have put to disposal of our customers such as the introduction of Anadolu Isuzu products and services to our customers via our internet site and the toll-free information line, the

provision of training about the customer relations to our authorised dealers and services, meetings with our customers by means of the service clinics that we have established throughout the country, and the provision of free check-up services for their vehicles, etc.

We continue to measure the level of customer satisfaction achieved by all of these services through the customer satisfaction questionnaires that we arrange periodically and to develop new improvements in order to meet the expectations of our customers.

## **17. Social Responsibilities**

The activities oriented towards the environment, the region of location and in general, the public (social activities supported / pioneered, the social activities for the benefit of the people of the region, etc.)

Our Factory complies with the Environment Legislation. Our factory has fulfilled all of the legal liabilities and received the permits stated below.

- Non-Sanitary Institution Licence
- Waste Water Treatment Plant Discharge Permit
- Emission Permit

The company fulfils its social responsibilities by means of Anadolu Sağlık ve Eğitim Vakfı (Anadolu Health and Education Foundation) as per the articles of incorporation.

Furthermore, if any, the legal actions opened against the company for the environmental damages in the relevant period and the results of these actions

Any case or legal action has not been opened against our company for any environmental damages; and any nonconformity that may lead to the imposition of penalty has not been found in the audits performed by Kocaeli Governorship Provincial Environment and Forestry Office and İSKİ.

Whether any environmental impact reports have been issued in relation with the activities

The EIA (Environmental Impact Assessment) Report of our Factory was taken in the year of 1997 and all sorts of activities for the establishment and commissioning of the factory were commenced after the issuance of this report.

The compliance with the EIA report was checked and audited by the Ministry and any nonconformities has not been detected. Environment Management System was established in the factory in 2005 and the system has been documented by ISO 14001 certificate.

## **SECTION IV – BOARD OF DIRECTORS**

### **18. Structure, Composition and Independent Members of the Board of Directors**

The names of the board of members with the identification of executive and non-executive and independent members and the name of the chairman of the executive board (if none, the name of the general director)

The names of the executive members of the board of directors are as follows:

<b>Mehmet Kamil ESER</b>	Chairman of the Board of Directors
<b>Shinobu MAENO</b>	Foreign Partner Relations
<b>Mehmet Kamil ESER</b>	General Director

Non-existence of independent members in the board of directors; or the number of independent members is less than two or one third of the total number of members of the board of directors

Our Company is convinced that the inclusion of independent members in the board of directors required as a part of the Corporate Governance Principles will contribute in the progress and development of our corporate activities and the establishment of a more professional understanding of governance. Within this framework, some specialised persons considered trustworthy in the society due to their independent characters and the dignity that they have achieved have been entitled to take place in the board of directors of our company in their capacity as advisors entitled with the right to speak in the board. However, there is a requirement for a definite transition period for the transformation of this structure into the format complying with the definitions specified in the article 3.3 of Section IV of the Corporate Governance Principles of CMB.

On the other hand, there are also foreign capital shares in our company that take part among the shareholders as strategic partners. Therefore, the number of members and the organisation structure of the board of directors have been established on the basis of a specific balance between the domestic and foreign partners in accordance with the articles of incorporation and the association agreements. It is required that the strategic partners should convene and restructure the relevant agreements in order to modify this structure for assuring compliance with the standards stipulated by CMB. Pursuant to the fulfilment of these conditions, the number of the independent members of the board of directors will be gradually increased to the level required.

Whether the act of assuming any other duty or duties outside the company by the members of the board of directors is stipulated to be bound and/or limited by specific rules and conditions; and in case of non-existence of such limitations, the relevant reasoning

The members of the Board of Directors have assumed duties and positions in the Boards of Directors of the other companies that are affiliated with Anadolu Group.

## **19. The Qualifications of the Members of the Board of Directors**

Whether the minimum qualification requirements stipulated for the election of members of the Board of Directors are in compliance with the qualifications specified in the articles 3.1.1, 3.1.2 and 3.1.5 of the Section IV of the Corporate Governance Principles of CMB

The Board of Directors of our Company is composed of members with profound experience in the activity field of the company since they have provided services at the top-management levels and have been members of the Board of Directors in the companies under the structure of Anadolu Group for long years.

## **20. Mission, Vision and Strategic Targets of the Company**

Whether the board of directors has determined and disclosed to the public the mission/vision of the company; and if determined, the mission/vision of the company

The board of directors approves the mission/vision of the company that is reviewed and updated by the company management in every year.

**Vision:** To become an international company in the position of a strategic base for Isuzu exporting significant part of its production, establishing partnerships in the foreign countries and providing technology, technical personnel and parts for the world.

**Mission:** “To be the number one” in its class in the range of commercial vehicles with respect to environmental sensitivity, quality, technology, market share and the export efficiency.

Information about the determination, approval and implementation of strategic targets and whether the board of directors reviews the degree of achievement of the targets, the activities and the past performance of the company; and if yes, the frequency and the method of this review; and in case these conditions are not fulfilled, the relevant explanation and reasoning

The Board of Directors of the Company firstly approves the fundamental assumptions in the process of the establishment of strategic targets and then confirms the strategic targets determined as a result of the relevant studies and activities.

In the process of application, the Board of Directors checks and monitors the result of the company's activities in comparison with the strategic targets in the lights of the monthly activity reports and the information directly collected in the meetings of the Board of Directors.

## **21. Risk Management and Internal Control Mechanism**

Whether the board of directors has established and implemented a risk management and internal control mechanism; and if yes, the operation and efficiency of this system

Risk management plays an important role among the continuous activities of our company. The fundamental starting point of risk management is based on the identification and monitoring of all risks that our company faces or is likely to face. The existing and potential risks of our company have been classified as follows:

**Financial Risk:** assets-liabilities risk, credibility, capital/borrowing relationship, rate of exchange risk and any other risk factor that may directly affect the financial situation of the company;

**Operational Risk:** The risk factors likely to affect the competition advantage within the framework of the utilisation of the latest technology at the optimum level and the determination and realisation of investments required to this effect;

Natural Risk: The risk factors such as fire, earthquake, etc. that may lead to negative affects on the performance of the Company. The SAP/R3 system used is an important technological system that offers the measurement and processing opportunity towards the minimisation of the existing risks and supports the decision-making processes. With the use of this system, the activity results are monitored on real-time basis and any man-made errors are eliminated; thus, the efficiency of the internal control system is increased. At the same time, the internal communication system (Lotus Notes) that utilises high level of technology provides the opportunity for fast intervention and resolution of problems as convenient as possible. The permanent results that are obtained within the framework of the financial affairs function are still compared with the budget and the reasons for any deviations are researched. At the same time, the environmental factors and the extraordinary transactions are reviewed and monitored on real-time basis; and the reasons and effects are researched; accordingly, all of the measures required for minimising the financial risks are taken continuously. The requisite opportunities are provided in our plant towards the use of the most advanced techniques under the structure of investment costs and expenses included within the scope of annual budgets and operation plans. All of our facilities are insured against the natural risks likely to occur in order to minimize the risks; and the investments in the back-up systems are continued in order to protect the systems against failure and to prevent any loss of data in case of any extraordinary situation.

Since our company is affiliated with Anadolu Group, it is subjected to the internal control audits performed throughout the group.

## **22. The Authorities and Liabilities of the Members of the Board of Directors and the Executives**

Whether the articles of incorporation of the company include any provisions about the authorities and liabilities of the members of the board of directors and the executives of the company; and if not, the relevant reasoning

The relevant explanations are included within the articles of incorporation of the company.

## **23. Operational Principles of the Board of Directors**

The method for the determination of the agenda to be discussed in the meetings of the board of directors, the number of meetings of the board of directors held in the relevant period, the procedures and processes of participation in and invitation to the meetings

The board of directors convenes for a meeting with an ordinary agenda in every month; and it can be called for a meeting for more than once in the same month in case of any necessities.

The dates of the ordinary meetings of the board of directors are determined in the form of an annual schedule and notified to the members.

Whether a secretariat has been established for information and communication with the members of the board of directors

The members of the Board of Directors are informed by the relevant departments with respect to the activities of the company.

Whether the reasonable and detailed negative vote statements related with the controversial issues disputed in the meeting have been recorded within the minutes of the resolution and notified to the company's auditors in written form; whether the negative vote statements of the independent members about the disputed issues have been disclosed to the public; whether actual participation has been realised in the meetings of the board of directors in relation with the issues specified in the article 2.17.4 of the Section IV of the Corporate Governance Principles of CMB; whether the questions posed by the members of the administrative board during the meeting have been recorded within the minutes of the resolution; whether the members of the administrative board are entitled with the right of weighted voting and/or the right to veto; and in case these principles are not followed, the relevant reasoning

In our Company, all of the discussions in the meetings of the Board of Directors are recorded within the minutes as required in the Corporate Governance Principles. Not only the performance of the previous fiscal period or the developments of the current period, but also the issues such as the prospective growth plans, the strategies developed against the rivals, the resolutions to be taken towards the human resources organisation structure, etc. are discussed in the meetings of the Board of Directors of our company. While all of the issues discussed are not concluded with a resolution, the minutes are not disclosed to public since the explanation of the issues not concluded with a resolution may lead to various speculations. On the other hand, all of the important issues that are concluded with a resolution in the meeting of the Board of Directors are disclosed to the public with a Special Case statement.

#### **24. Prohibition of Self-Dealing and Competition with the Company**

Whether the prohibition of self-dealing and competition with the company is applied for the members of the company's board of directors in the relevant period

Since the members of the company's board of directors have also assumed duties in the other companies affiliated with Anadolu Group, the Board of Directors has received the requisite permission in the General Shareholder Meeting as stipulated in the articles 334-335 of the TCC (Turkish Commercial Code).

In case that the members of the board of directors are involved in self-dealing and competition with the company, the relevant reasoning; and any information about the conflicts of interest that may arise as result thereof

The members of the Board of Directors of the company are not involved in any kind of self-dealing and trading transaction and they do not compete with the company.

#### **25. Ethical Rules**

Whether the board of directors has established ethical rules for the company and the employees; and if not, the relevant reasoning; and whether the ethical rules are disclosed to the employees of the company and the public in accordance with the information policy

The ethical rules have been of great significance within the structure of our company and these values have been implemented for years within the framework of a corporate

culture understanding of Anadolu Group that bears management shares. Anadolu Group work principles have been formed to continue our works in line with our basic values and it has been announced in the company's web site.

## **26. The Number, Structure and Independence of the Committees Established in the Board of Directors**

Whether the board of directors has established corporate governance committee and any other committee/s in addition to the audit committee in order to perform its duties and liabilities in a healthy manner

The audit committee of our company was established in the year of 2004. The members of the board of directors, Tülay AKSOY and İbrahim YAZICI, specialist members Ahmet BAL and Sezai TANIVERDİ have taken place in this committee. The corporate governance committee was established in 2005 and board of directors' members Hülya ELMALIOĞLU and Nilgün YAZICI have been elected as committee members.

Since any independent membership to the board of directors has not been yet established within the structure of the existing board of directors in our company, the chairmen of these committees are not composed of independent members. After the completion of the structuring of independent memberships to the board of directors and the appointment of the requisite number of members, the modifications required in relation with the audit and corporate governance committees shall be taken into consideration.

The chairman and the members of the committees and their qualifications, the meeting frequency, their activities in the relevant period and whether there were any procedures followed by them during the performance of these activities; in case that a corporate governance committee is not established, the relevant reasoning

The Audit Committee is composed of four members:

İbrahim YAZICI	Sezai TANRIVERDİ
Tülay AKSOY	Ahmet BAL

The audit committee convenes before the disclosure of the financial statements to the public and performs the requisite examinations on the financial statements. This committee convened for four times in the year of 2006 and determined resolutions for four times.

The Corporate Governance Committee is composed of two members:

Hülya ELMALIOĞLU  
Nilgün YAZICI

The Corporate Governance Committee monitors the implementation of corporate governance principles in the company and coordinates the works of shareholder relations unit.

Furthermore, whether the chairmen of the committees are elected among the independent members of the board of directors on the basis of each committee established under the structure of the board of directors; in case that the committees are composed of two members, whether both of the committee members are non-executive members and in case that the number of their members exceed two, whether the majority

of the members are non-executive members; whether any member of the board of directors takes office in more than one committee;

The Board of Directors has not yet consisted of any independent members.

In case that the principles are not followed, the relevant reasoning; and the conflicts of interests that occur as a result of non-compliance with these principles completely

This principle has not been put into application yet due to the reasons that the company has a foreign licensor partner and that the provisions related with the composition of the board of director were arranged in the period when the joint venture agreement was concluded. However, there is not any conflicts of interest that have occurred as a result of this application.

## **27. Financial Rights and Remuneration of the Board of Directors**

All of the rights, interests, and remuneration granted for the members of the board of directors and the criteria used in the determination of these rights and remuneration fees; whether a rewarding mechanism based on individual performances and reflecting the performance of the company is applied in the determination of the financial rights and remuneration of the members of the Board of Directors

Any attendance fee is not paid from 2005 profit to the members of the Board of Directors. However, 1.035.259,77.-YTL dividend from 2005 profit has been allocated among the members of the Board of Directors as required within the articles of incorporation.

Furthermore, whether the company has lent money, or extended credit, or prolonged the terms of existing loans and credits, or improved the conditions thereof, or extended credit under the name of a personal credit by means of a third person, or provided securities such as pledges, etc. to any member of the board of directors or any executive of the company; and if one or more of the conditions stated herein have occurred, the relevant reasoning and any information about the conflicts of interest that might have occurred as a result thereof

The company does not lend money or extend loans to the members of the board of directors and the executives of the company.



**ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş.**  
**CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31**  
**DECEMBER 2005 AND 31 DECEMBER 2004 (Serie: XI No:25 )**

CONSOLIDATED BALANCE SHEET(YTL)	Footnote References	Independent Audit	
		Made 31.12.2005	Made 31.12.2004
<b>ASSETS</b>			
<b>Current Assets</b>		<b>181.798.582</b>	<b>173.845.906</b>
Cash and Cash Equivalents	4	32.952.928	34.307.491
Marketable Securities (net)	5	827.852	10.782.031
Trade Receivables (net)	7	69.710.372	34.429.854
Financial Lease Receivables (net)	8	0	0
Due From Related Parties (net)	9	286.232	2.059.856
Other Receivables (net)<	10	8.412	10.564
Alive Assets (net)	11	0	0
Inventories (net)	12	61.753.173	74.978.946
Receivables From Construction Contracts In- Progress (net)	13	0	0
Deferred Tax Assets	14	0	0
Other Current Assets	15	16.259.613	17.277.164
<b>Non-Current Assets</b>		<b>86.406.430</b>	<b>96.552.204</b>

Trade Receivables (net)	7	64.209	257.976
Financial Lease Receivables (net)	8	0	0
Due From Related Parties (net)	9	0	0
Other Receivables (net)	10	0	0
Financial Assets (net)	16	3.898	3.898
Positive/Negative Goodwill (net)	17	2.340.995	2.435.571
Real Estate Properties with Investment Purposes (net)	18	0	0
Tangible Fixed Assets (net)	19	83.283.842	93.534.851
Intangible Fixed Assets (net)	20	713.486	318.766
Deferred Tax Assets	14	0	0
Other Non-Current Assets	15	0	1.142
<b>TOTAL ASSETS</b>		<b>268.205.012</b>	<b>270.398.110</b>

The accompanying policies and explanatory notes are an integral part of the consolidated financial statements.

**ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş.  
CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31  
DECEMBER 2005 AND 31 DECEMBER 2004 (Serie: XI No:25 )**

		Independent Audit	
		Made	Made
LIABILITIES (YTL)	Footnote References	31.12.2005	31.12.2004
<b>Short Term Liabilities</b>		<b>68.165.667</b>	<b>81.313.702</b>
Financial Liabilities (net)	6	0	0
Principal and Interest Payments of Long Term Financial Liabilities (net)	6	0	0
Financial Lease Payables (net)	8	0	0
Other Financial Liabilities (net)	10	0	0
Trade Payables (net)	7	24.021.166	24.923.944
Due To Related Parties (net)	9	13.159.517	32.683.307
Advances Taken	21	7.393.222	1.118.502
Advances Received For Construction Contracts In-Progress (net)	13	0	0
Provisions For Expenses and Liabilities	23	16.436.401	16.627.546
Deferred Tax Liabilities	14	0	0
Other Liabilities (net)	15	7.155.361	5.960.403

<b>Long Term Liabilities</b>		<b>14.849.910</b>	<b>15.737.433</b>
Financial Liabilities (net)	6	0	0
Financial Lease Payables (net)	8	0	0
Other Financial Liabilities (net)	10	0	0
Trade Payables (net)	7	0	0
Due To Related Parties (net)	9	0	0
Advances Taken	21	0	0
Provision For Expenses and Liabilities	23	4.927.179	4.275.543
Deferred Tax Liability	14	8.831.357	10.651.962
Other Liabilities (net)	15	1.091.374	809.928
<b>MINORITY INTEREST</b>	<b>24</b>	<b>7.673</b>	<b>7.279</b>
<b>SHAREHOLDERS' EQUITY</b>		<b>185.181.762</b>	<b>173.339.696</b>
<b>Share capital</b>	25	<b>16.946.471</b>	<b>16.946.471</b>
<b>Elimination Adjustments</b>	25	<b>0</b>	<b>0</b>
<b>Capital Reserves</b>	26	<b>123.611.347</b>	<b>123.611.347</b>
Share Premiums		0	0
Profit From Invalidation of Shares		1	1
Fixed Assets Revaluation Fund		0	0
Financial Assets Revaluation Fund		0	0
Inflation Adjustment Differences of Shareholders' Equity		123.611.346	123.611.346
<b>Retained Earnings</b>	26-27	<b>12.007.315</b>	<b>7.962.283</b>
Legal Reserves		4.817.192	1.234.591
Statutory Reserves		0	0
Extraordinary Reserves		5.740.733	5.278.302
Special Reserves		1.449.390	1.449.390
Income From Sales of Subsidiary Shares and Fixed Assets Held for Addition to Share capital		0	0
Foreign Currency Translation Differences		0	0
<b>Net Profit/(Loss) For The Period</b>	26-28	<b>32.616.629</b>	<b>24.819.595</b>
<b>Previous Years' Profit/Loss</b>		<b>0</b>	<b>0</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>268.205.012</b>	<b>270.398.110</b>

The accompanying policies and explanatory notes are an integral part of the consolidated financial statements.

**ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş.  
CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31  
DECEMBER 2005 AND 31 DECEMBER 2004 (Serie: XI No:25 )**

	Footnote References	Independent Audit	
		Made 31.12.2005	Made 31.12.2004
<b>CONSOLIDATED INCOME STATEMENT (YTL)</b>			
<b>OPERATING INCOME</b>			
Sales (net)	36	399.008.829	320.628.662
Cost of Sales (-)	36	(313.201.202)	(245.914.189)
Income From Services Sold (net)	36	0	0
Other Operating Income / interest+dividend+rent (net)	36	0	0
<b>GROSS PROFIT/(LOSS)</b>		<b>85.807.627</b>	<b>74.714.473</b>
Operation Expenses (-)	37	(42.467.107)	(37.231.020)

<b>NET OPERATION PROFIT/(LOSS)</b>		<b>43,340,520</b>	<b>37,483,453</b>
Income and Profit From Other Operations	38	15,726,772	9,084,534
Expenses and Losses From Other Operations (-)	38	(12,458,679)	(5,729,709)
Financial Expenses (-)	39	(493,761)	(327,264)
<b>PROFIT/(LOSS)</b>		<b>46,114,852</b>	<b>40,511,014</b>
Profit/(Loss) On Net Monetary Position	40	0	(4,001,469)
<b>PROFIT/(LOSS) BEFORE MINORITY INTEREST</b>	24	<b>(394)</b>	<b>(4,112)</b>
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>46,114,458</b>	<b>36,505,433</b>
Taxes	41	(13,497,829)	(11,685,838)
<b>NET PROFIT/(LOSS) FOR THE PERIOD</b>		<b>32,616,629</b>	<b>24,819,595</b>
<b>NET EARNINGS PER SHARE</b>	42	<b>1,92</b>	<b>1,46</b>

The accompanying policies and explanatory notes are an integral part of the consolidated financial statements.

ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2005 AND 31 DECEMBER 2004 (Serie: XI No:25 )

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

	Registered Share Capital	Inflation Adjustment Differences of Shareholders' Equity	Total Paid In Capital	Legal & Extraordinary Reserves	Share Premium	Minority Interest	Previous Years' Profits & Losses	Period Profit	TOTAL EQUITY
<b>As of 01.01.2004</b>	<b>8.473.236</b>	<b>100.365.685</b>	<b>108.838.921</b>	<b>110.163.474</b>	<b>1.831.913</b>	-	<b>-92.218.945</b>	<b>17.443.177</b>	<b>146.058.540</b>
Transfer of Previous Year's Profit	-	-	-	17.443.177	-	-	-	-17.443.177	0
Capital Increase	8.473.235	-5.136.422	3.336.813	-1.505.707	-1.831.106	-	-	-	0
Previous Year's Adjustment (According to IFRS 19)	-	-	-	-	-	-	2.461.561	-	2.461.561
Dividend Paid	-	-	-	-	-	-	-	-	-
Transfer of Previous Periods' Losses	-	-	-	-89.757.384	-	-	89.757.384	-	0
Profit of the Period	-	-	-	-	-	-	-	24.819.595	24.819.595
<b>As of 31.12.2004:</b>	<b>16.946.471</b>	<b>95.229.263</b>	<b>112.175.734</b>	<b>36.343.560</b>	<b>807</b>	-	<b>0</b>	<b>24.819.595</b>	<b>173.339.696</b>
<b>As of 01.01.2005:</b>	<b>16.946.471</b>	<b>95.229.263</b>	<b>112.175.734</b>	<b>36.343.560</b>	<b>807</b>	-	-	<b>24.819.595</b>	<b>173.339.696</b>
Transfer of Previous Year's Profit	-	-	-	24.819.595	-	-	-	-24.819.595	0
Capital Increase	-	-	-	-	-	-	-	-	-
Dividend Paid	-	-	-	-20.774.563	-	-	-	-	-20.774.563
Profit of the Period	-	-	-	-	-	-	-	32.616.629	32.616.629
<b>As of 31.12.2005:</b>	<b>16.946.471</b>	<b>95.229.263</b>	<b>112.175.734</b>	<b>40.388.592</b>	<b>807</b>	-	-	<b>32.616.629</b>	<b>185.181.762</b>

The accompanying policies and explanatory notes are an integral part of the consolidated financial statements.

**ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş.**  
**CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31**  
**DECEMBER 2005 AND 31 DECEMBER 2004 (Serie: XI No:25 )**

	31.12.2005	31.12.2004
<b>CONSOLIDATED STATEMENT OF CASH FLOW</b>		
<b>Cash flow from operating activities</b>		
<b>Net Profit / (Net Loss)</b>	<b>32.616.629</b>	<b>24.819.595</b>
<b>Adjustments to reconcile net earnings to cash flows</b>		
Depreciation	12.406.819	12.535.360
Amortization	327.846	596.592
Provision For Termination Indemniy	651.636	783.451
Taxes	13.497.829	11.685.838
Provision for Doubtful Receivables	174.999	7.092
Provision for diminution in value of subsidiaries		
Interest Income	67.692	- 24.189
Provision for Interest Expenses		
Income/Expense not Causing Fund Inflow	235.415	98.194
Profit / Net from sales of Fixed Assets	131.327	
<b>Net Operating Profit Before Increase/(Decrease) in Assets and Liabilities:</b>	<b>60.110.192</b>	<b>50.501.933</b>
<b>Increase/(Decrease) in Assets and Liabilities:</b>		
Net (Increase)/Decrease in Trade Receivables	- 35.496.771	- 12.563.797
Net (Increase)/Decrease in Receivables From Related Parties	1.773.624	- 462.875
Net (Increase)/Decrease in Inventories	13.225.773	- 33.890.459
Net (Increase)/Decrease in Other Current Assets	952.011	- 4.979.654
Net (Increase)/Decrease in Other Non-Current Assets	1.142	- 256.741
Net Increase/(Decrease) in Trade Payables	- 902.778	5.593.475
Net Increase/(Decrease) in Payables to Related Parties	- 19.523.790	- 55.538
Net Increase/(Decrease) in Other Payables	8.232.533	3.513.466
Taxes Paid	- 15.990.988	- 9.574.314
Termination Indemnities Paid		
<b>Net Cash Inflow Provided/(Used) From Operating Activities:</b>	<b>12.380.948</b>	<b>- 2.174.504</b>
<b>Investment Activities:</b>		
Disposal/(Acquisition) of Financial Assets ready to sale		
Tangible Fixed Assets Acquisition	- 2.287.137	- 3.495.976
Intangible Fixed Assets Acquisition	- 627.990	- 162.485
Increase in Other Non-Current Assets		
<b>Net Cash Used In Investing Activities:</b>	<b>- 2.915.127</b>	<b>- 3.658.461</b>
<b>Financial Activities:</b>		
Dividend Paid	- 20.774.563	
Interest Paid		
Interest Received		
Net Increase/(Decrease) in Bank Loans		
Inflation Effects		
<b>Net Cash Provided From/(Used In) Financial Activities:</b>	<b>- 20.774.563</b>	<b>-</b>
<b>Net Cash Outflow Provided By / (Used In) Operating Activities</b>	<b>- 23.689.690</b>	<b>- 3.658.461</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>- 11.308.742</b>	<b>- 5.832.965</b>
<b>Cash and Cash Equivalents, Beginning of The Period</b>	<b>45.089.522</b>	<b>47.050.123</b>
Inflation Effect	-	3.872.364
<b>Cash and Cash Equivalents, End of The Period</b>	<b>33.780.780</b>	<b>45.089.522</b>

The accompanying policies and explanatory notes are an integral part of the consolidated financial statements.

**ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş.  
CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31  
DECEMBER 2005 AND 31 DECEMBER 2004 (Serie: XI No:25 )**

**NOTE 1 - ORGANIZATION AND BUSINESS SEGMENTS**

Anadolu Isuzu Otomotiv Sanayii ve Ticaret Anonim Şirketi was founded in 1980. Activities of the Company consist of producing, assembling, marketing, importing and exporting of primarily commercial vehicles and motor vehicles; all kinds of engines, machinery, and equipment, products and by products of automotive industry and relevant spare parts, accessories and all other relevant machinery and installations as well as other operations stated in the Main Article of association. The company is registered with Capital Market Board and 15 % of the company's shares are being traded in Istanbul Stock Exchange Market since 1997.

The Company is continuing its operations as a partnership formed by Isuzu Motors Ltd., Itochu Corporation and Anadolu Group Companies. The manufacturing operations are performed at the Gebze/Kocaeli plant. The average number of employees as of December 31, 2005 are 741. (December 31, 2004: 734).

The Company's official address stated in Trade Registry is Ankara Asfaltı Soğanlık Köy Karşısı Kartal, ISTANBUL

The company's subsidiaries subjected to consolidation as of December 31, 2005 and December 31, 2004 are as follows;

<b>Name of the Company</b>	<b>Field of operation</b>	<b>Capital</b>	<b>Range of subsidiaries %</b>
Ant Sınai ve Ticari Ürünleri Pazarlama A.Ş.	Purchasing and Selling spare parts	716.000	99,44
Anadolu Isuzu Dış Ticaret ve San. A.Ş.	Purchasing-Selling	100.000	97,00

Hereafter, the company and the subsidiaries will be referred as 'Group' in the financial statements and notes to the financial statements.

**NOTE 2 PRINCIPLES RELATED TO THE PRESENTATION OF THE FINANCIAL TABLES**

The group maintains its books of accounts in New Turkish Lira (YTL) and in accordance with Turkish Commercial Code, Tax Procedural Law and communiqués of the Capital Markets Board.

The financial statements of the Group are prepared in compliance with the accounting and reporting principles published by the Capital Markets Board.

**Dealing With The Inflation Effects in Hyper-Inflationary Periods**

Capital Market Board's communiqué dated 15 November 2003 with Serie XI, No: 25 "Communiqué on Accounting Standards of Capital Markets" ("communiqué"), became valid starting from the first interim financial tables ending just after the date 1 January 2005. According to this communiqué, the companies may prefer to implement this communiqué's clauses starting at 31 December 2003 or following interim accounting periods. In addition to this, due to this communiqué's Section thirty-four – Various Decisions Temporary Article 1, until the date of application International Financial

**ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş.**  
**CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31**  
**DECEMBER 2005 AND 31 DECEMBER 2004 (Serie: XI No:25 )**

Reporting Standards (“IFRS”) in accordance with this communiqué, any application of IFRS shall be in convenience with the communiqué’s rules.

The effects of inflation on consolidated financial statements are to be adjusted in consideration of Turkish Lira’s purchasing power as of 31th December 2004 in accordance with the Capital Market Board’s communiqué dated 15 November 2003 with Serie XI, No: 25 “Communiqué on Accounting Standards of Capital Markets” (“communiqué”), According to this communiqué, financial tables prepared in a currency of hyper inflationist economy should be restated at the purchasing power of currency as at balance sheet date while the financial tables prepared in previous years are likely to be restated at balance sheet date purchasing power of currency.

The accompanying consolidated financial statements for the period ended December 31, 2005 were not restated based on the resolution of Capital Market Board No. 11/367 dated March 17, 2005, which has put an end to Inflation Accounting application. Thereby, the non-monetary assets are carried in the accompanying consolidated financial statements as their restated values as of December 31, 2004. There made no adjustment for inflation for the period ended December 31, 2005.

The significant applications concerning the adjustments mentioned above are as follows;

- The consolidated financial statements prepared in currency of a hyper-inflationist economy are expressed in purchasing power of balance sheet date or they are indexed to latest balance sheet date if they belong to previous reporting periods.
- Monetary assets and liabilities are not restated as they are expressed with the currency unit of the balance sheet date.
- Non-monetary assets, liabilities and shareholder’s equity accounts are restated via relevant month’s adjustment coefficients. Tangible and intangible fixed assets are restated via relevant month’s adjustment coefficients at the year of capitalization.
- All the items of income statement are restated with the relevant month’s coefficients.
- The consolidated financial statements of previous periods are restated via using the general inflation index, which expresses the consolidated financial statements in purchasing power prevailing as at the balance sheet date.
- Inflation’s effect on net monetary position is included to income statement as net monetary gain or loss.
- The inflation adjusted share capital was derived by indexing all increases, other than bonus shares from statutory revaluation surplus, from the date they were contributed,

Indexes and adjustment coefficients applied to the previous period’s consolidated income statement for the year ended December 31, 2004 are given below.

	<u>Index</u>	<u>Adjustment Coefficient</u>
31 December 2004	8,403.8	1.00000

**Consolidation Principles**

Subsidiaries are the companies whose shares are held by the Company directly or indirectly through shares of other companies. As a result, the Company, with or without over 50% of voting right, has the power and authority to direct and control the management and policies of the subsidiary companies whether through the ownership of voting securities, by contract or otherwise.



**ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş.**  
**CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31**  
**DECEMBER 2005 AND 31 DECEMBER 2004 (Serie: XI No:25 )**

The current shares in the subsidiaries as of December 31, 2005 are as follows;

Name of the Subsidiary Companies	Subsidiary Rates	
	31 December 2005	31 December 2004
Ant Sınai ve Ticari Ürünleri Paz. A.Ş.	99,44	99,44
Anadolu Isuzu Dış Ticaret A.Ş.	97,00	97,00

Balance Sheet and Profit/Loss statements of the subsidiaries are consolidated according to “full consolidation method”, and book value and capital of the Company’s subsidiary are adjusted accordingly. Transactions and balances between the company and subsidiaries are eliminated during consolidation

Minority interests show minority shareholders’ share in the subsidiaries’ assets and result of operations for the related period. These details are to be expressed separately in consolidated balance sheet and Profit/Loss Statement. If losses related to minority interest are over benefits from shares of a subsidiary and if there is no bounding liability to the minorities, in general, these losses related with the minorities result against to benefits of the minorities.

**Comparative Information And Adjustment of The Previous Consolidated Financial Statements**

The changes in classification of the consolidated financial statements of the current period are also applied to the consolidated financial statements relating to prior period, if necessary.

**Clarifying / Offsetting**

The financial assets and liabilities in consolidated financial statements are shown at their net value under the circumstances of a granted permission by a legal authority, an intention of stating the consolidated financial statements at net value and the financial asset and liabilities are arisen concurrently.

**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Income**

The definition of income encompasses both revenue and gains. Revenue arises in the course of ordinary activities of an entity and is referred to by a variety of different names including sales, fees, interest, dividends, royalties and rent. Gains represent other items that meet the definition of income and may or may not arise in the course of ordinary activities of an entity. Gains represent increases in economic benefits and as such are no different in nature from revenue.

Various kinds of assets may be received or enhanced by income; examples include cash, receivables goods and services received in exchange for goods and services supplied. Income may also result from the settlement of liabilities.

For the export sales, significant risks and advantages are transferred with free-alongside shipping method. For the domestic sales significant risks and advantages are transferred when the goods are delivered to customers or when customers have the legal ownership of the goods. Interest revenue is accrued on a time period basis. If there is a significant financial cost in sales amounts, fair value

**ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş.**  
**CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31**  
**DECEMBER 2005 AND 31 DECEMBER 2004 (Serie: XI No:25 )**

is determined by discounting future receipts if the cash or cash inflow is deferred. The differences between the fair value and the nominal value of the sales are taken into consideration as interest income on accrual basis.

**Inventories**

Inventories are reflected to the consolidated financial statements at the lower of acquisition cost or net realizable value. The inventory costing methods used by the Group is “weighted average costing method”. While raw material expenses, direct labor expenses, other direct expenses and related general production expenses are included in the cost of finished and semi-finished goods, borrowing costs are not taken into consideration in calculation of cost of finished and semi-finished goods. Net realizable value is computed by subtracting sales expenses from group’s sales price.

**Tangible Fixed Assets**

Fixed assets are reflected to the consolidated financial statements by deducting their accumulated depreciation. Depreciation is calculated by straight-line method and accelerated depreciation method based on economic life. The following rates, determined in accordance with the economic lives of the fixed asserts, are used in calculation of depreciation:

<b>TYPE</b>	<b>DEPRECIATION RATES AS OF 31 December 2005 (%)</b>	<b>DEPRECIATION RATES AS OF 31 December 2004 (%)</b>
Buildings	2-4	2-4
Machinery, Plant and Equipment	10-20	10-20
Furniture and Fixtures	10-20	10-20
Motor Vehicles	10-20	10-20
Land Improvements	5-6	5-6

Since the lands have unlimited useful life, they are not subject to depreciation.

If the carrying value of a tangible fixed asset is more than its expected net realizable value than the carrying value is reduced to its net realizable value by making provision.

The profit and loss arisen from fixed asset sales are determined by comparing net book value with sales price and as a result it is added to operation profit or loss.

Maintenance and repair expenses are accounted as expense at their realization date. If the maintenance and repair expenses clearly improve the economic value or performance of the related asset then it is capitalized.

**Intangible Fixed Assets**

Intangible fixed assets comprise software rights research & development expenses. Intangible fixed assets are stated cost, net of accumulated amortization. Amortization is calculated with straight-line depreciation method based on economic life not exceeding 5 years.

**ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş.**  
**CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31**  
**DECEMBER 2005 AND 31 DECEMBER 2004 (Serie: XI No:25 )**

**Impairment of Assets**

The carrying value of non-current assets comprising tangible and intangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If the recoverable amount of an asset is below its carrying amount, impairment loss is recognized by making provision.

**Research and Development Expenses**

Research and development expenses are recorded as they are incurred. The research and development expense about a project can be carried to the following periods only if the realizable value in the future is ensured. Any carried expense is depreciated over the period of expected sales of the project in the future.

**Borrowings Costs**

The borrowing costs are recognized as expense when they are incurred. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalized as part of the cost of that asset. The capitalization of borrowing costs as part of the cost of a qualifying asset shall commence when expenditures for the asset are being incurred, borrowing costs are being incurred; and activities that are necessary to prepare the asset for its intended use or sale are in progress. Expenditures on a qualifying asset include only those expenditures that have resulted in payments of cash, transfers of other assets or the assumption of interest-bearing liabilities.

**Financial Instruments**

***Credit Risk***

The ownership of the financial assets brings the risk of other side's failure in fulfilling the terms of the agreement. A considerable amount of trade receivables are from dealers. The group has an effective controlling system on dealers. Management follows up the credit risk related to the operations and credit risks are restricted for every debtor. Taking adequate guarantee letters from the dealers is another way of dealing with the credit risk.

***Funding Risk***

Funding risk of existing and possible debt liabilities is managed by obtaining of adequate funding commitments from lenders with a large funding capacity.

***Interest Rate Risk***

The group is subject to interest risk due to its assets and liabilities give rise to interest. The group uses short-term borrowings with the aim of hedging against the changes in interest rates.

**ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş.  
CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31  
DECEMBER 2005 AND 31 DECEMBER 2004 (Serie: XI No:25 )**

***Exchange Rate Risk***

The group is subject to foreign currency risk due to the changes in exchange rates. This risk is followed up by Auditing Committee and Board of Directors. The idle cash in foreign currency is evaluated in investments to hedge against the exchange rate risk.

**Mergers**

There exists no transaction of the Group relating to mergers as of December 31, 2005 and December 31, 2004.

**Exchange Differences Effects**

All transactions denominated in foreign currencies are translated into YTL at the actual rates of exchange ruling at the dates of the transactions. All foreign currency denominated monetary assets and liabilities stated at the balance sheet are translated into YTL at the rates of exchange ruling at the date of the balance sheet. Foreign exchange differences arising from the above-mentioned translations and valuations are reflected to the income statement.

**Net Earnings Per Share**

Basic earnings per share are computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding for the period.

**Subsequent Events**

The Group is liable for adjusting the amounts and disclosures in the consolidated financial statements if there arises any adjusting subsequent event. The non-adjusting subsequent events are adjusted in the notes to the consolidated financial statements provided that they comprise the issues effecting the economic decisions of the users.

**Provisions, Contingent Liabilities and Assets**

A provision shall be recognized when an entity has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material, the amount of a provision shall be the present value of the expenditures expected to be required to settle the obligation. The discount rate (or rates) shall be a pre-tax rate (or rates) that reflect(s) current market assessments of the time value of money and the risks specific to the liability. The discount rate(s) shall not reflect risks for which future cash flow estimates have been adjusted. The increase in provisions arisen from time differences is recorded as interest expense in case of discounting. Future events that may affect the amount required to settle an obligation shall be reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Expected future events may be particularly important in measuring provisions.

Contingent liabilities and assets are not reflected to consolidated financial statements but disclosed in the notes to the consolidated financial statements. The entity recognizes a provision for the part

**ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş.  
CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31  
DECEMBER 2005 AND 31 DECEMBER 2004 (Serie: XI No:25 )**

of the obligation, for which an outflow of resources embodying economic benefits is probable, except in the extremely rare circumstances where no reliable estimate can be made.

**Changes in Accounting Policies, Estimates and Errors**

Preparing the consolidated financial statements in accordance with the Capital Markets Board communiqués requires the management to estimate the amount of the assets and liabilities in the consolidated financial statements and make assumption for the possible liabilities and commitments at the balance sheet date. The estimates are revised regularly and thereby necessary adjustments are made and related to the income statement of the relating periods.

**Leases**

*The Group as Lessee*

*Finance Leases*

At the commencement of the lease term, the Group recognized finance leases as assets and liabilities in their balance sheets at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate to be used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine; if not, the lessee's incremental borrowing rate shall be used. Any initial direct cost of the lessee is added to the amount recognized as an asset.

The leased fixed assets are depreciated based on their determined economic lives.

*Operating Leases*

Lease payments under an operating lease shall be recognized as an expense on straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

*The Group as Lessor*

*Operating Leases*

The Group presents assets subject to operating leases in their balance sheet according to the nature of the asset. Lease income from operating leases is recognized as income on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

**Related Party Disclosures**

The shareholders' of the Group; Anadolu Group and its directors and other companies directly or indirectly controlled by Anadolu Group are considered related parties. The transactions with related parties are disclosed in the notes to the consolidated financial statements.

**ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş.  
CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31  
DECEMBER 2005 AND 31 DECEMBER 2004 (Serie: XI No:25 )**

**Reporting Financial Information By Segments and Geographic Areas**

Due to the reason that the Group operates in Turkey and automotive field, the financial information was not reported by business segments. However, there exists information about the sales and production on product basis and the quantities of sales by markets, domestic and abroad, in the notes to the consolidated financial statements.

**Construction Contracts**

Due to the business segment the Group is operating, there exist no transactions relating to construction contracts as of December 31, 2005.

**Discontinuing Operations**

A discontinuing operation is a component of an enterprise that the enterprise, pursuant to a single plan, is disposing of substantially in its entirety, such as by selling the component in a single transaction by demerger or spin-off of ownership of the component to the enterprise's shareholders; disposing of piecemeal, such as by selling off the component's assets and setting its liabilities individually or terminating through abandonment that represents a separate major line of business or geographical area of operations and that can be distinguished operationally and for financial reporting purposes.

**Government Grants and Assistance**

Government grants, including non-monetary grants at fair value, shall not be recognized until there is reasonable assurance that the entity will comply with the conditions attaching to them and the grants will be received.

Government grants shall be recognized as income over the periods necessary to match them with the related costs, which they are intended to compensate, on a systematic basis.

**Investment Properties**

None

**Income Taxes**

The Group is subject to Corporate Tax. At the rate of 30%, corporate tax is computed over the Group's taxable income. The withholding tax is recognized at the distribution of dividend.

The income tax arising during the distribution of dividends to the shareholders are accounted for concurrently

**Retirement Pay**

According to Turkish Labor Law, employee termination benefit is reflected to financial tables when the termination indemnities are deserved. Total provision reflects the probable net present value that will be paid if all employees retire.

**ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş.**  
**CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31**  
**DECEMBER 2005 AND 31 DECEMBER 2004 (Serie: XI No:25 )**

**Retirement Benefit Plans**

There exists no issue in relation with the retirement benefit plans as of December 31, 2005.

**Agriculture**

Due to the business segment the Group is operating, there exist no agricultural transactions as of December 31, 2005.

**Cash Flow Statement**

Cash and cash equivalents are stated at fair value in the balance sheet. The cash and cash equivalents comprises cash in hand, bank deposits and highly liquid investments.

**NOTE 4 – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents for the periods ended December 31, 2005 and December 31, 2004 are as follows;

	<b>31 December 2005</b>	<b>31 December 2004</b>
Cash	35.971	35.456
Bank (without maturity)	14.320.707	14.280.184
Bank (with maturity up to 3 months)	18.596.250	19.991.851
<b>Total</b>	<b>32.952.928</b>	<b>34.307.491</b>

The blocked deposit at banks as of December 31, 2005 is 8 YTL.

**NOTE 5 – MARKETABLE SECURITIES**

	<b>31 December 2005</b>	<b>31 December 2004</b>
Public sector securities, notes and bonds	0	9.670.649
Other Marketable Securities	827.852	1.111.382
<b>Total</b>	<b>827.852</b>	<b>10.782.031</b>

**NOTE 6 – FINANCIAL LIABILITIES**

The Group has no financial liabilities as of December 31, 2005 and December 31, 2004.

**NOTE 7 – TRADE RECEIVABLES AND PAYABLES**

Trade receivables for the periods ended December 31, 2005 and December 31, 2004 are as follows;

**ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş.**  
**CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31**  
**DECEMBER 2005 AND 31 DECEMBER 2004 (Serie: XI No:25 )**

Account Name	31 December 2005		31 December 2004	
	Short Term	Long Term	Short Term	Long Term
Trade Receivables (Other than Group Comp.)	66.640.343	0	33.867.100	0
Notes Receivable	1.372.500	0	0	0
Cheques Received	2.115.906	0	611.540	0
Provision for Doubtful Receivables	(179.374)	0	(27.265)	0
Rediscount on Cheques and Notes Receivables	(239.003)	0	(21.521)	0
Export Delivery VAT Debtors		62.509	0	256.276
Deposits and guarantees given		1.700	0	1.700
<b>Total</b>	<b>69.710.372</b>	<b>64.209</b>	<b>34.429.854</b>	<b>257.976</b>

Trade payables for the periods ended December 31, 2005 and December 31, 2004 are as follows;

Account Name	31 December 2005	31 December 2004
Trade Payables (Other than Group Comp.)	24.021.166	24.888.201
Notes Payables	0	42.173
Rediscount on Notes Payable	0	(6.430)
<b>Total</b>	<b>24.021.166</b>	<b>24.923.944</b>

The types and the amounts of the guarantees taken for the receivables for the periods ended December 31, 2005 and December 31, 2004 are as follows;

Type	31 December 2005	31 December 2004
Guarantee Letters	34.691.743	19.021.654
Guarantee Notes	96.510	0
Guarantee Cheques	1.500.000	1.103.000
Mortgages	2.018.595	2.361.195
<b>Total</b>	<b>38.306.848</b>	<b>22.485.849</b>

**NOTE 8 – FINANCIAL LEASING RECEIVABLES AND PAYABLES**

The Group has no financial leasing receivables and payables as of December 31, 2005 and December 31, 2004.

**NOTE 9 – TRANSACTIONS WITH RELATED PARTIES**

**31 December 2005**

The balances as of the balance sheet date are as follows;



**ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş.**  
**CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31**  
**DECEMBER 2005 AND 31 DECEMBER 2004 (Serie: XI No:25 )**

<b><u>1) Related Parties</u></b>	<b><u>Receivables</u></b>		<b><u>Liabilities</u></b>	
	<b>Commere l</b>	<b>Non- Commere ial</b>	<b>Commere ial</b>	<b>Non- Commere ial</b>
Anadolu Endüstri Holding A.Ş.	0	0	487.570	0
Efes Pazarlama A.Ş.	50.796	0	0	0
Itochu Corporation Tokyo	0	0	12.037.89 2	0
Çelik Motor A.Ş.	0	0	137.828	0
Isuzu Motors	149.676	0	0	0
Anadolu Motor Üretim Paz. A.Ş.	0	0	469.628	0
Efestur A.Ş.	0	0	26.599	0
Anadolu Bilişim A.Ş.	3.293	0	0	0
Receivables from Personnel	0	82.467	0	0
<b>Total</b>	<b>203.765</b>	<b>82.467</b>	<b>13.159.51 7</b>	<b>0</b>
<b>Total Receivables / Total Liabilities</b>	<b><u>286.232</u></b>		<b><u>13.159.517</u></b>	

**31 December 2004**

The balances as of the balance sheet date are as follows;

<b><u>1) Related Parties</u></b>	<b><u>Receivables</u></b>		<b><u>Liabilities</u></b>	
	<b>Commere l</b>	<b>Non- Commere ial</b>	<b>Commere ial</b>	<b>Non- Commere ial</b>
Anadolu Endüstri Holding A.Ş.	0	0	502.510	0
Efes Pazarlama A.Ş.	916.210	0	393.508	0
Itochu Corporation Tokyo	0	0	31.667.12 4	0
Çelik Motor A.Ş.	0	0	51.005	0
Isuzu Motors	717.478	0	0	0
Anadolu Motor Üretim Paz. A.Ş.	337.803	0	0	0
Efestur A.Ş.	129	0	0	0
Anadolu Bilişim A.Ş.	0	0	69.160	0
Tarbes A.Ş.	847	0	0	0
Receivables from Personnel	0	87.389	0	0
<b>Total</b>	<b>1.972.467</b>	<b>87.389</b>	<b>32.683.30 7</b>	<b>0</b>
<b>Total Receivables / Total Liabilities</b>	<b><u>2.059.856</u></b>		<b><u>32.683.307</u></b>	

**ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş.**  
**CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31**  
**DECEMBER 2005 AND 31 DECEMBER 2004 (Serie: XI No:25 )**

**NOTE 10 – OTHER RECEIVABLES AND PAYABLES**

**Receivables**

<b>Account Name</b>	<b>31 December 2005</b>	<b>31 December 2004</b>
Official Receivables	8.412	10.564
<b>Total</b>	<b>8.412</b>	<b>10.564</b>

**NOTE 11 – AGRICULTURE**

Agriculture is out of the business segment the Group operates in.

**NOTE 12 – INVENTORIES**

The inventories for the period 31.12.2005 are as follows:

<b>Account Name</b>	<b>31 December 2005</b>	<b>31 December 2004</b>
Raw Materials	25.179.587	28.320.520
Semi-finished Goods	3.301.821	3.180.813
Finished Goods	23.639.167	27.287.416
Commercial Goods	7.066.258	6.498.617
Other Inventories	392.825	336.739
Advances Given	2.173.515	9.354.841
<b>Total Inventories</b>	<b>61.753.173</b>	<b>74.978.946</b>

**NOTE 13 – RECOGNITION OF CONTRACT REVENUE AND EXPENSES**

Due to the business segment the Group is operating, there exists no transactions relating to construction contracts as of December 31, 2005.

**NOTE 14 – DEFERRED TAX ASSETS AND LIABILITIES**

**Corporate Tax:**

The Group is subject to corporate tax in Turkey. The necessary provisions have been made for estimated tax liabilities as a result of Group's operations in the current period. The corporate tax, to be accrued over the taxable profit, is calculated by adding undeductible expenses to the accounting profit and deducting investment allowances, income not subject to taxation and the dividends received, from companies located in Turkey, from the accounting profit.

**ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş.  
CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31  
DECEMBER 2005 AND 31 DECEMBER 2004 (Serie: XI No:25 )**

**Prevailing Rates of Corporate Tax:**

Corporate tax rate is 30% effective from January 1, 2005 as it was announced via amendment no.5422 in Corporate Tax Article 25.

The rate of Corporate Tax has been determined as 33% in 2004 via Temporary Article 32 which has been added to Corporate Tax with law no.5035 published in Official Gazzette on January 2, 2004.

Companies calculate their temporary taxes on their quarterly financial profits in Turkey. Corporate tax rate has been

increased to 30% from 25% being valid from April 24, 2003. This rate has been determined as 33% in year 2004.

According to Turkish Tax Law, arisen losses can be carried forward against income for a maximum period of 5 years. At the other side such losses can not be deducted from previous years' profits.

The corporate tax is assessed based on the declaration of the taxpayer according to Article 20 of Corporate Tax. There is not an exact mutual agreement procedure with Tax Authorities in Turkey. Annual corporate tax returns are submitted to the relating tax offices until the 15<sup>th</sup> of April in the following year. Moreover, the tax authorities have the right to examine the legal books of account within 5 years.

**Withholding Tax on Income:**

In addition to corporate tax, withholding tax must be computed over dividends distributed to other than the resident and non-resident companies in Turkey. The rate of withholding tax has been determined as 10% starting from April 24, 2003. The addition of profit to equity capital is not considered as profit distribution and withholding tax is not charged. In the year 2002 and before, withholding tax had been applied to some exceptional income which were excepted from corporate tax, without considering if they are distributed or not, has been removed. For the investment allowances taken before the date April 24, 2003, 19,8% withholding tax is still being applied over investment allowance amount. The Company can utilize from this deduction till their profit reaches the investment allowance amount. In case the Company does not make profit or is in loss from its operations, the right of this deduction can be carried forward in order to deduct from future taxes to be calculated over profits. In this case, the investment allowance carried forward is indexed with previous year's whole sale price index.

**Calculation of Taxation Over Restated Financial Statements:**

In the year 2003 and before that year, except revaluation of both tangible and intangible fixed assets and their annual calculation of depreciation, the profit for the period basis for the taxation was not calculated over their inflationary adjusted values. The Law No.5024, published in Official Gazzette on 30.12.2003 with no. 25332 has brought the application of inflation accounting in Turkey both in the year 2004 and in the following years if the rate of inflation reaches the limits set in the Law. Due to the facts that necessary conditions for the application of inflation accounting

**ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş.**  
**CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31**  
**DECEMBER 2005 AND 31 DECEMBER 2004 (Serie: XI No:25 )**

have become into being, the Company has restated its financial statements in accordance with inflation accounting principles of Procedural Law and has calculated its tax assessment over these restated financial statements.

	<b>31 December 2005</b>	<b>31 December 2004</b>
<b>Profit Before Tax: (Valuation Principles of Procedural Law)</b>	<b>51.189.385</b>	<b>44.952.567</b>
<i>Additions To Tax Assessment – Legally Not Deductible Expenses</i>	<b>3.944.446</b>	<b>2.327.435</b>
<i>Previous Years' Losses</i>	<b>0</b>	<b>0</b>
<i>Deductions From Tax Assesments – Other Deductions and Allowances</i>	<b>(4.194.359)</b>	<b>(9.311.314)</b>
Investment Allowance (Income Tax Code, Temp. Article 61)	(184.806)	(5.756.718)
Investment Allowance (In accordance with Law 4842)	(783.751)	(1.351.332)
Others	(3.225.802)	(2.203.264)
<b>Tax Assessment</b>	<b>50.939.472</b>	<b>37.968.688</b>
Provision for Corporate Tax in the Current Period	15.281.842	12.529.667
Withholding Tax of Investment Allowance	36.592	1.139.830
<b>Consolidated Tax Liability</b>	<b>15.318.434</b>	<b>13.669.497</b>

**Deferred Tax:**

The Group accounts deferred tax assets and liabilities for temporary timing differences aroused from differences between legal financial statements subject to taxation and financial statements prepared in accordance with IFRS. The so called differences aroused because of the difference between taxable amounts of some income and expense accounts and accounting of them in a different period in financial statements prepared in accordance with IFRS which can be classified as follows;

Timing differences are due from differences of expenses and incomes accounted for tax and accounting purpose among years. Timing differences are calculated over the restated amounts of tangible fixed assets, intangible fixed assets, inventories and prepaid expenses and also rediscount on receivables, termination benefits, previous years' losses and invesment allowances to be utilized as well.

The accounts basis for Deferred Tax are as follows;

	<b>31 December 2005</b>		<b>31 December 2004</b>	
	<b>Accumulated Temporary Differences</b>	<b>Deferred Tax Receivable/ (Liability)</b>	<b>Accumulated Temporary Differences</b>	<b>Deferred Tax Receivable/ (Liability)</b>
Inventories	(143.526)	(43.058)	(332.393)	(99.718)
Tangible / Intangible Fixed Assets	(34.275.914)	(10.282.774)	(41.115.461)	(12.334.638)
Provision For Termination Indemnities	4.860.907	1.458.272	4.218.268	1.265.480
Other Additions and Deductions (net)	120.675	36.203	1.732.483	516.914
<b>Total Deferred Tax Receivable/(Liability)</b>	<b>(29.437.858)</b>	<b>(8.831.357)</b>	<b>(35.497.103)</b>	<b>(10.651.962)</b>

**ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş.**  
**CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31**  
**DECEMBER 2005 AND 31 DECEMBER 2004 (Serie: XI No:25 )**

<b>Deferred Tax Balances:</b>	<b>31 December 2005</b>
Opening Balance, January 1	10.651.962
Provision for Deferred Tax	(1.820.605)
Ending Balance, December 31	<b>8.831.357</b>

Tax amounts reflected to income statements for the periods ended December 31, 2005 are as follows;

	<b>31 December 2005</b>
Corporation Tax For The Current Period	15.318.434
Deferred Tax Expense / (Income)	(1.820.605)
Ending Balance For December 31, 2005	<b>13.497.829</b>

**NOTE 15 – OTHER CURRENT/NON CURRENT ASSETS AND SHORT/LONG TERM LIABILITIES**

**Other Current Assets (Short Term)**

<b>Account Name</b>	<b>31 December 2005</b>	<b>31 December 2004</b>
Deferred VAT	0	4.176.479
Prepaid Expenses	798.899	533.751
Prepaid Taxes and Funds	15.402.816	12.532.343
Income Accruals	57.804	19.301
Other current assets	94	15.290
<b>Total</b>	<b>16.259.613</b>	<b>17.277.164</b>

**Other Non-Current Assets (Long Term)**

<b>Account Name</b>	<b>31 December 2005</b>	<b>31 December 2004</b>
Prepaid Expenses For The Following Years	0	1.142
<b>Total</b>	<b>0</b>	<b>1.142</b>

**Other Liabilities(Net)**

<b>Account Name</b>	<b>31 December 2005</b>	<b>31 December 2004</b>
Due to Shareholders	4.401	391
Due to Personnel	366.131	320.654
Taxes and Funds to be Paid	6.188.675	5.103.220
Social Security Premiums	595.339	530.987
Other Miscellaneous Debts and Payables	815	5.151
<b>Total</b>	<b>7.155.361</b>	<b>5.960.403</b>

**ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş.**  
**CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31**  
**DECEMBER 2005 AND 31 DECEMBER 2004 (Serie: XI No:25 )**

**Other Non-Current Liabilities (Long Term)**

Account Name	31 December 2005	31 December 2004
Incomes Related To Future Years	1.028.865	0
VAT to be cancelled	62.509	809.928
<b>Total</b>	<b>1.091.374</b>	<b>809.928</b>

**NOTE 16 – FINANCIAL ASSETS**

The balances of marketable securities and affiliates as the period ends are as follows ;

Company	31 December 2005		31 December 2004	
	Share Amount	Share Ratio	Share Amount	Share Ratio
Efestur AŞ.	1.621	2,50%	1.621	2,50%
Anadolu Otomotiv Dış Ticaret A.Ş.	2.277	2,00%	2.277	2,00%
Total Marketable Securities and Affiliates	<b>3.898</b>		<b>3.898</b>	

**NOTE 17 – POSITIVE/NEGATIVE GOODWILL**

<b>GOODWILL</b>			
	<u>Cost Value</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
<b>Opening Balance as of January 1, 2005</b>	<b>3.916.806</b>	<b>-1.481.235</b>	<b>2.435.571</b>
Additions		-94.576	<b>-94.576</b>
<b>Ending Balance as of December 31, 2005</b>	<b>3.916.806</b>	<b>-1.575.811</b>	<b>2.340.995</b>

**NOTE 18 – INVESTMENT PROPERTIES**

The Group has no investment property as at the balance sheet date.

**ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş.**

**CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2005 AND 31 DECEMBER 2004 (Serie: XI No:25 )**

**NOTE 19 TANGIBLE FIXED ASSETS**

	<u>Lands</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Machinery Plant and Equipments</u>	<u>Motor Vehicles</u>	<u>Furniture &amp; Fixtures</u>	<u>Other Tangible Fixed Assets</u>	<u>Construction in Progress and Advances</u>	<u>TOTAL</u>
<b><u>Cost Value</u></b>									
<b>Opening Balance For January 1, 2005</b>	<b>2.431.388</b>	<b>6.219.449</b>	<b>61.522.910</b>	<b>108.779.050</b>	<b>1.335.019</b>	<b>2.518.984</b>	<b>836.948</b>	<b>934.417</b>	<b>184.578.165</b>
Purchases		38.756	45.510	1.057.901	842.155	97.805		205.010	2.287.137
Sales	-4.009		-8.049	-164.244	-370.280				-546.582
Transfers From C.I.Progress		1.139.427						-1.139.427	0
<b>Ending Balance at December 31, 2005</b>	<b>2.427.379</b>	<b>7.397.632</b>	<b>61.560.371</b>	<b>109.672.707</b>	<b>1.806.894</b>	<b>2.616.789</b>	<b>836.948</b>	<b>0</b>	<b>186.318.720</b>
<b><u>Accumulated Depreciation</u></b>									
<b>Opening Balance For January 1, 2005</b>	<b>0</b>	<b>-5.872.210</b>	<b>-16.376.201</b>	<b>-65.111.986</b>	<b>-696.392</b>	<b>-2.154.862</b>	<b>-831.663</b>	<b>0</b>	<b>-91.043.314</b>
Expense For The Period		-54.698	-2.249.672	-9.802.871	-206.140	-88.153	-5.285		-12.406.819
Sales			4.562	137.649	273.044				415.255
<b>Ending Balance at December 31, 2005</b>	<b>0</b>	<b>-5.926.908</b>	<b>-18.621.311</b>	<b>-74.777.208</b>	<b>-629.488</b>	<b>-2.243.015</b>	<b>-836.948</b>	<b>0</b>	<b>-103.034.878</b>
<b><u>Net Book Value</u></b>									
<b>Net Book Value for January 1, 2005</b>	<b>2.431.388</b>	<b>347.239</b>	<b>45.146.709</b>	<b>43.667.064</b>	<b>638.627</b>	<b>364.122</b>	<b>5.285</b>	<b>934.417</b>	<b>93.534.851</b>
<b>Net Book Value for December 31, 2005</b>	<b>2.427.379</b>	<b>1.470.724</b>	<b>42.939.060</b>	<b>34.895.499</b>	<b>1.177.406</b>	<b>373.774</b>	<b>0</b>	<b>0</b>	<b>83.283.842</b>

**ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş..**

Page No: 54

**CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2005 AND 31 DECEMBER 2004 (Serie: XI No:25 )****NOTE 20 – INTANGIBLE FIXED ASSETS**

	<u>Rights</u>	<u>Foundation And Establishment Expenses</u>	<u>Leasehold Improvements</u>	<u>Other Intangible Fixed Assets</u>	<u>Constructions in Progress and Advances</u>	<u>TOTAL</u>
<b><u>Cost Value</u></b>						
<b>Opening Balance as of January 1, 2005</b>	878.284	2.008.576	2.195.752	1.575.490	0	6.658.10
Purchases			355.602	15.904	256.484	627.99
Sales						
Transfers From C.I.Progress			256.484		-256.484	
<b>Ending Balance at December 31, 2005</b>	<b>878.284</b>	<b>2.008.576</b>	<b>2.807.838</b>	<b>1.591.394</b>	<b>0</b>	<b>7.286.09</b>
<b><u>Accumulated Depreciation</u></b>						
<b>Opening Balance as of January 1, 2005</b>	-878.284	-1.994.337	-2.195.752	-1.270.963	0	-6.339.33
Expense For The Period Sales		-3.635	-39.075	-190.560		-233.27
<b>Ending Balance at December 31, 2005</b>	<b>-878.284</b>	<b>-1.997.972</b>	<b>-2.234.827</b>	<b>-1.461.523</b>	<b>0</b>	<b>-6.572.60</b>
<b><u>Net Book Value</u></b>						
<b>Net Book Value for January 1, 2005</b>	<b>0</b>	<b>14.239</b>	<b>0</b>	<b>304.527</b>	<b>0</b>	<b>318.76</b>
<b>Ending Balance at December 31, 2005</b>	<b>0</b>	<b>10.604</b>	<b>573.011</b>	<b>129.871</b>	<b>0</b>	<b>713.48</b>

**NOTE 21 – ADVANCES TAKEN**

<b>Advances Taken</b>	<b>31 December 2005</b>	<b>31 December 2004</b>
Advances Taken	7.393.222	1.118.502
<b>Total</b>	<b>7.393.222</b>	<b>1.118.502</b>

**NOTE 22 – PENSIONS AND OTHER BENEFIT PLANS**

The group has neither pension nor other benefit plans as of December 31, 2005

**NOTE 23 – PROVISION FOR EXPENSES AND LIABILITIES**



**ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş..**

Page No: 55

**CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2005 AND 31 DECEMBER 2004 (Serie: XI No:25 )**

<b>Provisions For Liabilities and Expenses</b>	<b>31 December 2005</b>	<b>31 December 2004</b>
Provision for Sales Expenses	156.470	277.490
Taxes and Funds Payable	15.318.434	13.669.497
Provision For Premium and Commission	720.413	1.058.020
Provision for Forward Commission and Other Expenses	239.984	1.607.603
Provision for Social Security Premiums	0	14.423
Other	1.100	513
<b>Total</b>	<b>16.436.401</b>	<b>16.627.546</b>

**Retirement Pay Provision:**

According to Turkish Labor Law, company has to pay termination benefit to employees who worked more than one year and whose employment agreement has been terminated or whose retired, who deserves retirement right (for women at 58 years old, for men at 60 years old) after completing 25 working years (20 years for women), and also for the ones called for military service or died.

The termination benefit payable is amounted of to one-month salary per year. This amount is limited to YTL 1.727,15 for December 31, 2005. (31.12.2004: YTL 1.575)

Since there is no legal obligation for funding the termination benefit liability, there exists no special fund shown in the financial tables.

Revised standard of Capital Markets Board clarified the accounting of the mentioned liability taking into consideration its relation with the future periods.

A convenient discount rate and inflation expectation must be determined to obtain a real discount as a result of offsetting them. And this discount rate should be used in the calculation of bringing termination indemnities payable in the future to present value

The estimated value of the termination indemnities, which will be not paid due to the voluntary leaves, should also be taken into consideration.

As a result; as of December 31, 2005, termination indemnities, amounting to YTL 4.927.179 (31.12.2004: YTL 4.275.543), was calculated by estimating the present value of the liability and therefore; retirement pay provision was made and reflected to consolidated financial statements. While calculation of termination indemnities, inflation rate was estimated and accepted as 16%, discount rate as 10% and finally real discount rate was determined as 5,45%.

The movement of Employee Termination Benefit is as follows;

	<b>31 December 2005</b>	<b>31 December 2004</b>
Provision as of January 1	4.275.543	6.393.560
Expense/Change For The Period *	651.636	* (2.118.017)
At The End Of The Period	<b>4.927.179</b>	<b>4.275.543</b>

**ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş..**

Page No: 56

**CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2005 AND 31 DECEMBER 2004 (Serie: XI No:25 )**

\* The amount which falls for the period has a reducing effect to the opening balance amount because the company has applied IAS 19 for the first time in 2004.

**NOTE 24 – MINORITY INTEREST**

Account Name	31 December 2005	31 December 2004
Minority Interest	7.673	7.279
<b>Total</b>	<b>7.673</b>	<b>7.279</b>

Account Name	31 December 2005	31 December 2004
Minority Interest Profit /(Loss)	(394)	(4.112)
<b>Total</b>	<b>(394)</b>	<b>(4.112)</b>

**NOTE 25 – SHARE CAPITAL / ELIMINATION ADJUSTMENTS**

As of December 31, 2005 and December 31, 2004, the share capital of the Company is comprised with 16.946.471,026 shares issued with the nominal value of YTL 1. The Company is not in the Registered Share capital System.

The share capital shown in the consolidated balance sheet is the share capital of the Company. The amounts of share capital of the subsidiaries and the subsidiary account are eliminated mutually.

The shareholder's holding the capital as of 31.12.2005 and 31.12.2004 are as follows;

NAME	31 December 2005		31 December 2004	
	Share	Amount	Share	Amount
Yazıcılar Holding A.Ş.	35,71%	40.057.955	35,71%	40.057.955
Isuzu Motors	16,99%	19.058.657	16,99%	19.058.657
Özilhan Sınai Yatırım A.Ş.	16,81%	18.856.741	16,81%	18.856.741
Itochu Corporation/Tokyo	9,46%	10.611.824	9,46%	10.611.824
Other	21,03%	23.590.557	21,03%	23.590.557
<b>Total</b>	<b>100%</b>	<b>112.175.734</b>	<b>100%</b>	<b>112.175.734</b>

**NOTE 26 – CAPITAL RESERVES**

As a result of adjusting the consolidated financial statements for inflation, the items in shareholders' equity such as share capital, emission premiums, legal reserves, other distributable reserves, special reserves and extraordinary reserves are shown in the balance sheet at historical values in accordance with the Communiqué No. XI, 25. The adjustment differences of these items are shown aggregately in "Shareholders' Equity Inflation Adjustment Differences Account".

**ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş..**

Page No: 57

**CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2005 AND 31 DECEMBER 2004 (Serie: XI No:25 )**

Shareholders' Equity Inflation Adjustment Differences will be only used when bonus issuing or deducting the previous years' losses whereas the extraordinary reserves' historical value will be used only when bonus issuing, dividend distribution or deducting previous years' losses.

As of December 31, 2005 and December 31, 2004, the Statement of Shareholders' Equity, prepared in accordance with the Communiqué No. XI, 25, for dividend distribution regarding the issues mentioned above are as follows.

**Current Period**

	<b>31 December 2005</b>
Share capital	16.946.471
Emission Premium / Cancellation Profit	1
Legal Reserves	4.817.192
Extraordinary Reserves	5.740.733
Other Profit Reserves	1.449.390
Shareholders' Equity Inflation Adjustment Differences	123.611.346
Net Profit For The Period	32.616.629
Retained Earnings	0
<b>Total Shareholders' Equity</b>	<b>185.181.762</b>

	<b>Historical Value</b>	<b>Restated Value</b>	<b>Shareholders' Equity Inflation Adjustment Differences</b>
Share capital	16.946.471	112.175.734	95.229.263
Emission Premium/Cancellation Profit	1	807	806
Legal Reserves	4.817.192	29.637.556	24.820.364
Extraordinary Reserves	5.740.733	9.040.963	3.300.230
Other Capital Reserves	1.449.390	1.710.073	260.683
<b>Shareholders' Equity Inflation Adjustment Differences</b>	<b>28.953.787</b>	<b>152.565.133</b>	<b>123.611.346</b>

**Previous Period**

	<b>31 December 2004</b>
Share capital	16.946.471
Emission Premium/Cancellation Profit	1
Legal Reserves	1.234.591
Extraordinary Reserves	5.278.302
Other Profit Reserves	1.449.390
Shareholders' Equity Inflation Adjustment Differences	123.611.346
Net Profit For The Period	24.819.595
Retained Earnings	0
<b>Total Shareholders' Equity</b>	<b>173.339.696</b>

**ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş..**

Page No: 58

**CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2005 AND 31 DECEMBER 2004 (Serie: XI No:25 )**

	<b>Historical Value</b>	<b>Restated Value</b>	<b>Shareholders' Equity Inflation Adjustment Differences</b>
Share capital	16.946.471	112.175.734	95.229.263
Emission Premium/Cancellation Profit	1	807	806
Legal Reserves	1.234.591	26.054.955	24.820.364
Extraordinary Reserves	5.278.302	8.578.532	3.300.230
Other Capital Reserves	1.449.390	1.710.073	260.683
<b>Shareholders' Equity Inflation Adjustment Differences</b>	<b>24.908.755</b>	<b>148.520.101</b>	<b>123.611.346</b>

**NOTE 27 – RETAINED EARNINGS**

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code (TCC). The TCC stipulates that the first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group's historical paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the historical paid-in share capital. Under TCC, the legal reserves are not available for distribution unless they exceed 50% of the historical paid-in share capital but may be used to offset losses in the event that historical general reserve is exhausted.

The total amount of legal reserves of the Group as of December 31, 2005 and December 31, 2004 are YTL 4.817.192 and YTL 1.234.591 respectively. There are extraordinary reserves shown in the shareholders' equity amounting to YTL 5.740.733 for the period December 31, 2005 and YTL 5.278.302 for the year December 31, 2004. (The restated values are shown in Note 26).

“In accordance with the Communiqué No. XI-25, Sec.15, Article. 399, the amount arisen from restating consolidated financial statements and accounted in “previous years' losses” is deducted from the distributable profit amount determined according to the restated consolidated financial statements under CMB' s regulations. Besides, the amount accounted in Previous Years' Losses Account is deductible from the profit for the period and retained earnings, if any, and the balance undeducted amount can be deducted extraordinary reserve, legal reserves and the capital reserves arisen from inflation adjustments.

Listed companies distribute dividend in accordance with the CMB regulations.

Effective from January 1, 2004, in accordance with the communiqué Series: XI, No.25, at least 30% of the distributable profit must be distributed regarding the profit for the year 2004 determined referring to the consolidated financial statements prepared in accordance with IFRS. Dividend distribution based on the General Assembly's resolution can be made either

**ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş..**

Page No: 59

**CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2005 AND 31 DECEMBER 2004 (Serie: XI No:25 )**

by cash, bonus issues or cash and bonus shares in part provided that the distributable amount will not be less than 30 % of the distributable profit.

The Group made dividend payments amounted to YTL 20.774.563 out of their previous period consolidated net profit in the year 2005.

The Group made a resolution, ratified in the general assembly meeting dated December 31, 2005, to deduct its YTL 103.226.513 amounted of previous years' losses, expressed at the purchasing power prevailing as at December 31, 2004 in the adjusted consolidated financial statements by deducting YTL 17.443.177 amounted of it from the profit for the year 2003, YTL 13.695.775 amounted of it from the historical value of extraordinary reserves and YTL 72.087.561 amounted of it from the extraordinary reserve inflation adjustment differences, respectively. The resolution has been approved in the general assembly dated 31.03.2005.

**NOTE 29 – FOREIGN CURRENCY POSITION**

The foreign currency position risk of the Group as of December 31, 2005 is as follows. The book value of assets and liabilities of the Group denominated in foreign currency are as follows:

**Foreign Currency in Cash and Bank:****31 December 2005**

Foreign Currency	AMOUNT IN FOREIGN CURRENCY	YTL EQUIVALENT
<b>Cash</b>		
EUR	3.053,00	4.846
USD	1.293,00	1.735
<b>Bank</b>		
EUR	2.896.899,50	4.598.828
USD	3.994,61	5.360
JPY	1.021.735.065,00	11.647.780
<b>Total</b>		<b>16.258.549</b>

**31 December 2004**

Foreign Currency	AMOUNT IN FOREIGN CURRENCY	YTL EQUIVALENT
<b>Cash</b>		
EUR	8.717,00	15.924
USD	1.508,00	2.024
<b>Bank</b>		
EUR	8.901.228,71	16.260.765
USD	321.156,22	431.023
JPY	181.189.474	2.339.700
<b>Total</b>		<b>19.049.436</b>

**ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş..**

Page No: 60

**CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2005 AND 31 DECEMBER 2004 (Serie: XI No:25 )****Customers:****31 December 2005**

Foreign Currency	AMOUNT IN FOREIGN CURRENCY	YTL EQUIVALENT
USD	81.412,60	109.239
EUR	1.853.260,36	2.942.051
JPY	34.734.084,00	395.969
<b>Total</b>		<b>3.447.259</b>

**31 December 2004**

Foreign Currency	AMOUNT IN FOREIGN CURRENCY	YTL EQUIVALENT
USD	17.905,08	24.030
EUR	5.032.868,48	9.194.044
JPY	53.701.476,00	693.447
<b>Total</b>		<b>9.911.521</b>

**Work Advances:****31 December 2005**

None.

**31 December 2004**

None.

**Suppliers:****31 December 2005**

Foreign Currency	AMOUNT IN FOREIGN CURRENCY	YTL EQUIVALENT
EUR	414.647,03	661.445
JPY	1.048.962.336,00	12.037.892
<b>Total</b>		<b>12.699.337</b>

**31 December 2004**

Foreign Currency	AMOUNT IN FOREIGN CURRENCY	YTL EQUIVALENT
USD	136.914,00	184.642
EUR	481.471,28	883.789
JPY	2.436.120.048,00	31.667.125
<b>Total</b>		<b>32.735.556</b>

**ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş..**

Page No: 61

**CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2005 AND 31 DECEMBER 2004 (Serie: XI No:25 )****Advances Received:****31 December 2005**

<b>Foreign Currency</b>	<b>AMOUNT IN FOREIGN CURRENCY</b>	<b>YTL EQUIVALENT</b>
EUR	20.197,24	32.172
EUR	10.064,50	16.013
EUR	11.000,00	17.601
EUR	190,54	311
EUR	12,62	20
EUR	7.103,92	11.367
EUR	84,00	141
EUR	120.000,00	193.416
<b>Total</b>		<b>271.041</b>

**31 December 2004**

<b>Foreign Currency</b>	<b>AMOUNT IN FOREIGN CURRENCY</b>	<b>YTL EQUIVALENT</b>
EUR	32.412,29	60.986
EUR	65.010,00	121.351
EUR	30,00	55
EUR	91.330,00	168.505
EUR	17.979,65	33.712
EUR	3.000,00	5.528
EUR	206.650,00	386.139
<b>Total</b>		<b>776.276</b>

**NOTE 30 – GOVERNMENT GRANTS AND ASSISTANCE**

Following the application to Anadolu Corporate Tax Office dated 14.05.2003; the Group declared their decision to utilize from investment allowance amended via Law 4842.

The Group made an expenditure of YTL 968.557 as of December 31, 2005 subject to Investment Allowance and as of the balance sheet date there is no investment allowance that were not utilized.

The YTL 1.166.105-of the R&D Expenses are in scope of investment and 40% of this investment amounting to YTL 466.442 has been taken into consideration as R&D Investment in the calculation of the 3rd Period Temporary Tax.

It has been found appropriate for the Group to benefit from the specified Research&Development Discount according to the notice of Revenue Administration dated 17.02.2006 with the number 10378.

**NOTE 31 – PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT  
ASSETS**

**Contingent Events;**

**31 December 2005**

Due to informative letters taken from the Group's Lawyers

**1- )**

Court : Ankara Commercial Court of 6<sup>th</sup> Instance (File No. 2002/527)

Claimant : Besim Ekmek Gıda İt. Mad. İnş. Ltd. Şti.

Defendant : Anadolu Isuzu Otomotiv San ve Tic A.Ş.

Explanation : The relating court resolved against the Group for the lawsuit, in relation with the payment of YTL 28.026,19 due to the claim of manufacturing defect, to pay YTL 5.197 amounted of damage. The resolution was appealed by the claimant and then reversed by the Court of Appeals due to the reasons of discrepancy and inadequate of the expertise report. But from then, the Group has not received subpoena from the Commercial Court for a hearing.

**2-.)**

Court : Istanbul Commercial Court of 13<sup>th</sup> Instance (File No. 2004/606)

Claimant : Final Turizm Taş. İnş. Paz. İth. İhr. Tic. Ltd. Şti.

Defendant : Anadolu Isuzu Otomotiv San ve Tic A.Ş.

Explanation : The case, opened against the Group for the payment of YTL 7.000 due to the claim of manufacturing defects, is continuing in the phase of gathering evidence.

**3-.)**

Explanation : The cheque, amounting to YTL 175.000 received from Süsen Metal San.ve Dış Tic. Ltd. Şti. in relation with the sales of the salvage items, is not cashed at the maturity date. The legal proceeding has been initiated in the Istanbul 6<sup>th</sup> Execution Office with the file no. 2005/5051-9375 at 28.02.2005. The legal proceeding is being carried on.

**4-.)**

Court : Milas Civil Court of First Instance (File No. 2005/324)

Claimant : Sami ÇETİN

Defendant : Anadolu Isuzu Otomotiv San ve Tic. A.Ş

Explanation : There is a lawsuit enforced with an amount of YTL 35.000 by a customer in 1<sup>st</sup> Law Court of First Instance in Milas who claims that the air conditioner of the 2005 model truck he purchased is not original. At 26.12.2005 1<sup>st</sup> Law Court of First Instance in Milas has decided that Kartal Commercial Court of First Instance is authorized to proceed with the case. Official Notification of Kartal Commercial Court of First Instance is being waited for.



## ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş..

Page No: 63

### CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2005 AND 31 DECEMBER 2004 (Serie: XI No:25 )

5-.)

Court :Ankara 8th Commercial Court of First Instance (File no:2005/525)

Claimant : Rıza BEKTAŞ

Defendant : Neziroğlu Motorlu Araçlar Ltd. Şti.

Notification : Anadolu Isuzu Otomotiv San ve Tic. A.Ş

Explanation : The claimant has initiated a lawsuit with an amount of YTL 88.616 in Ankara 8th Commercial Court of First Instance for the bus with model 2005 Royal 27 which he claims to be defective .The case is in the phase of gathering evidence.

#### Mortgages and Guarantees on Assets:

There exists no mortgage or guarantee on assets.

#### Contingent Events:

##### **31 December 2004**

According to the informative letters taken from Group's Lawyers;

1.)

Court : Ankara Consumer's Court of 2<sup>nd</sup> Instance (File No. 2002/484)

Ankara Commercial Court of First Instance File No:2002/838 (Because of the lack of jurisdiction of Consumer Court)

Claimant : Ayhan Aydın

Defendant : Anadolu Isuzu Otomotiv San ve Tic A.Ş.

Date of Lawsuit : 18.06.2002

Explanation : The Group was sued for the payment of YTL 11.500 due to a claim of manufacturing defect. Depending the arguments of the Group, the court dismissed the case based on its resolution dated September 23, 2004. Thereafter, the claimant appealed the dismissal resolution. This case has been pending in the Court of Appeals, thereafter.

There has been a lawsuit initiated against the Group in Ankara 2nd Consumer Court with the file number 2002/484 for the collection of YTL 11.500 including the highest bank deposit interest concerning the 1999 model Isuzu NPR-66 TI truck which is claimed to be burned at 15.10.2000 as a result of defective manufacturing. In line with the plea of defence of the group, it has been decided that the Consumer Court has lack of jurisdiction and the authorized court is Commercial Court of First Instance. As a result of the hearing in Ankara 2. Commercial Court of First Instance concerning the lawsuit with the file number 2002/838, in line with the defence of the group, **the court has decided for the dismissal of the lawsuit initiated by the claimant with the resolution dated 23.06.2004. The group has not yet received an official notification related to the actual reasoned decision.**

2- )

Court : Ankara Commercial Court of 6<sup>th</sup> Instance (File No. 2002/527)

Claimant : Besim Ekmek Gıda İt. Mad. İnş. Ltd. Şti.

Defendant : Anadolu Isuzu Otomotiv San ve Tic A.Ş.

**ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş..**

Page No: 64

**CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2005 AND 31 DECEMBER 2004 (Serie: XI No:25 )**

Date of Lawsuit : 01.08.2002

Explanation : The engine of the 2002 model Isuzu NKR 55E-12 type vehicle has broke down because of high temperature at 67 KM of usage. There has been a lawsuit initiated by the customer demanding the substitution of the vehicle which is claimed to be defective with another vehicle which is not defective, or incase the vehicle is not substituted a total amount of YTL 25.241 which consists of YTL 24.306 for the vehicle cost, YTL 2.000 for the profit which has been devoid, YTL 147 for the determination and official warning expenses, YTL 80 for the towing of vehicle expense and YTL 558 for the cheque which has been collected unduly via execution. Furthermore, the interest has been claimed starting from the date of invoice. The court has decided for the partial acceptance of the lawsuit and for the payment of YTL 2.535 with an addition of the legal interest calculated from the beginning date of the lawsuit which is 01.08.2004. The claimant has enforced an execution in Ankara 12th Execution Office with the file number 2004/1931 amounting up to YTL 4.666 which consist of the principal, interest, court expenditures and the attorney fee. YTL 5.197 has been paid to the claimant after the addition of execution fees, interest after the proceedings and execution attorney fees. **However, the decision has been appealed against by the claimant at 14.04.2004. After the appeal of the claimant the appeal plea was replied and also the decision was also appealed against by the Group at 03.05.2004. The lawsuit is at the phase of inspection in the Supreme Court of Appeals.**

**Mortgages and Guarantees on Assets:**

There exists no mortgage or guarantee on assets.

**Total Insurance Coverage on Assets;****Current Period 31 December 2005**

Type of Asset Insured	Insuring Company	Amount Insured	Insurance Beginning Date	Insurance Ending Date
Buildings and their Interior (Kartal)	Anadolu Sigorta A.Ş.	12.789.122 (EUR 7.875.560)	31/12/2004	31/12/2005
Buildings and their Interior (Şekerpinar)	Anadolu Sigorta A.Ş.	91.902.932 (EUR 56.593.960)	31/12/2004	31/12/2005
Electronical Equipment	Anadolu Sigorta A.Ş.	1.498.860 (EUR 923.000)	31/12/2004	31/12/2005
Commercial Goods	Anadolu Sigorta A.Ş.	74.064.000 (EUR 40.000.000)	31/12/2004	31/12/2005
Commercial Goods	Anadolu Sigorta A.Ş.	600.000	31/12/2004	31/12/2005
Cash and Cheques (Theft/Fire)	Anadolu Sigorta A.Ş.	2.273.460 (EUR 1.400.000)	31/12/2004	31/12/2005
Cash in Transfer	Anadolu Sigorta A.Ş.	600.000	31/12/2004	31/12/2005
<b>Total</b>		<b>183.728.374</b>		

**ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş..**

Page No: 65

**CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2005 AND 31 DECEMBER 2004 (Serie: XI No:25 )****Previous Period 31 December 2004**

Type of Asset Insured	Insuring Company	Amount Insured	Insurance Beginning Date	Insurance Ending Date
Buildings and their Interior (Kartal)	Anadolu Sigorta A.Ş.	14.483.942 (EUR 7.875.000)	31/12/2004	31/12/2005
Buildings and their Interior (Şekerpınar)	Anadolu Sigorta A.Ş.	104.081.952 (EUR 56.593.960)	31/12/2004	31/12/2005
Electronical Equipment	Anadolu Sigorta A.Ş.	1.663.537 (EUR 895.000)	31/12/2004	31/12/2005
Commercial Goods	Anadolu Sigorta A.Ş.	55.548.000 (EUR 30.000.000)	31/12/2004	31/12/2005
Commercial Goods	Anadolu Sigorta A.Ş.	165.000	31/12/2004	31/12/2005
Cash and Cheques (Theft/Fire)	Anadolu Sigorta A.Ş.	2.572.290 (EUR 1.400.000)	31/12/2004	31/12/2005
Cash in Transfer	Anadolu Sigorta A.Ş.	600.000	31/12/2004	31/12/2005
<b>Total</b>		<b>179.114.721</b>		

The total amounts of commitments not shown in the liabilities of the balance sheet are as follows:

Type	31 December 2005		31 December 2004	
	Amount in Foreign Currency	Amount in YTL	Amount in Foreign Currency	Amount in YTL
Letters Of Guarantee		14.795.214	-	3.864.512
Letter of Credit Commitment	JPY 1.643.946.453,00	18.740.990	JPY 814.918.596	10.593.127
	EUR 62.839,14	99.757	EUR 101.285,28	185.919
Forward Transaction Commitments	JPY 1.224.048.168,00	14.245.274	JPY 2.674.041.424	36.117.051
	EUR 8.973.400,68		EUR 19.971.311,58	
Commitments Given		70.000		71.040
<b>Total</b>		<b>47.951.235</b>		<b>50.831.649</b>

Due to the reason that the Group's assets and liabilities in foreign currencies denominated in different foreign currencies, there arises a parity risk. Therefore, the Group takes into consideration the derivative instruments and transaction for the purpose of hedging itself against the parity risk. As a part of hedging against the exchange rate risk, the Group applies to forward contracts

**ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş..**

Page No: 66

**CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2005 AND 31 DECEMBER 2004 (Serie: XI No:25 )****Donations to Anadolu Eğitim ve Sosyal Yardım Vakfı;**

As per the Article No.19 in the Main Article of Association of the Company, at least 2% portion of the Company's profit before tax after the distribution of 1<sup>st</sup> dividend shall be donated to Anadolu Eğitim ve Sosyal Yardım Vakfı as long as it is subject to tax exemption. Therefore, YTL 1.800.000.- has been donated to Anadolu Eğitim ve Sosyal Yardım Vakfı for the current period.

**NOTE 32 – MERGERS**

There occurred no mergers as of the balance sheet date.

**NOTE 33 – SEGMENT REPORTING**

The group operates in only one field (production and sale of motor vehicles) and geographic area.

**Production Quantities**

<b>PRODUCT</b>	<b>2005/12 Production Qty.</b>	<b>2004/12 Production Qty.</b>	<b>Change %</b>
Truck	2.709	2.313	17%
Light Truck	1.788	1.692	6 %
Midibus	2.265	2.006	13%
<b>TOTAL</b>	<b>6.762</b>	<b>6.011</b>	<b>12%</b>

**Sales Quantities**

<b>PRODUCT</b>	<b>2005/12 Sales Qty.</b>			<b>2004/12 Sales Qty.</b>			<b>Change %</b>
	<b>Domestic Sales</b>	<b>Export Sales</b>	<b>Total</b>	<b>Domestic Sales</b>	<b>Export Sales</b>	<b>Total</b>	
Truck	2.722	41	2.763	2.104	166	2.270	22%
Light Truck	1.957	-	1.957	1.474	36	1.510	30%
Midibus	1.473	726	2.199	970	872	1.842	19%
<b>Sales Out of Production</b>	<b>6.152</b>	<b>767</b>	<b>6.919</b>	<b>4.548</b>	<b>1.074</b>	<b>5.622</b>	<b>23%</b>
Commercial Trucks	2.193	1	2.194	963	-	963	128%
<b>Sales of Commercial Trucks</b>	<b>2.193</b>	<b>1</b>	<b>2.194</b>	<b>963</b>	<b>-</b>	<b>963</b>	<b>128%</b>
<b>TOTAL</b>	<b>8.345</b>	<b>768</b>	<b>9.113</b>	<b>5.511</b>	<b>1.074</b>	<b>6.585</b>	<b>38 %</b>

**NOTE 34 – EVENTS AFTER BALANCE SHEET DATE**

There exists no significant events after the balance sheet date effecting the consolidated financial statements.

**NOTE 35 – DISCONTINUING OPERATIONS**

There exists no discontinuing operations after the balance sheet date effecting the consolidated financial statements.

**NOTE 36 – OPERATING INCOME**

<b>SALES</b>	<b>31 December 2005</b>	<b>31 December 2004</b>
Domestic Sales	371.998.747	263.029.728
Export Sales	59.588.531	69.144.993
Other Sales	3.101.042	3.589.668
Discounts	(35.679.491)	(15.135.727)
Cost of Sales	(313.201.202)	(245.914.189)
<b>Gross Operating Profit/Losses</b>	<b>85.807.627</b>	<b>74.714.473</b>

**NOTE 37 – OPERATING EXPENSES**

<b>Account Name</b>	<b>31 December 2005</b>	<b>31 December 2004</b>
<b>General Administrative Expenses</b>	<b>(14.450.228)</b>	<b>(14.546.685)</b>
Amortization and Depreciation Expenses	(1.660.738)	(1.943.185)
Personnel Expenses	(5.977.500)	(5.593.004)
Other Expenses	(6.811.990)	(7.010.496)
<b>Sales and Marketing Expenses</b>	<b>(26.356.457)</b>	<b>(22.684.335)</b>
Amortization and Depreciation Expenses	(509.717)	(576.888)
Personnel Expenses	(3.672.611)	(3.312.981)
Other Expenses	(22.174.029)	(18.794.466)
<b>Research And Development Expenses</b>	<b>(1.660.522)</b>	<b>0</b>
Amortization and Depreciation Expenses	(65.096)	0
Personnel Expenses	(1.120.347)	0
Other Expenses	(475.079)	0
<b>Total Operating Expenses</b>	<b>(42.467.107)</b>	<b>(37.231.020)</b>

**ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş..**

Page No: 68

**CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2005 AND 31 DECEMBER 2004 (Serie: XI No:25 )****NOTE 38 – INCOME/(EXPENSE) AND PROFIT/(LOSS) FROM OTHER OPERATIONS**

<b>Other Income:</b>	<b>31 December 2005</b>	<b>31 December 2004</b>
Interest Income	4.018.742	3.956.329
Nullified Provisions	31.526	1.039.982
Previous Year's Discount Income	21.521	24.916
Foreign Exchange Gains *	3.917.514	0
Other	7.737.469	4.063.307
<b>Total Other Income:</b>	<b>15.726.772</b>	<b>9.084.534</b>
<b>Other Expenses:</b>		
Discount Expenses	(245.433)	(131.685)
Provisions	(186.113)	(829.831)
Donation to A.E. Vakfi	(1.800.000)	(2.000.000)
Foreign Exchange Losses *	(8.346.712)	0
Idle Capacity Expenses	(989.200)	(2.265.459)
Other Expenses	(891.221)	(502.734)
<b>Total Other Expenses:</b>	<b>(12.458.679)</b>	<b>(5.729.709)</b>
<b>Other Incomes/(Expenses) - Net</b>	<b>3.268.093</b>	<b>3.354.825</b>

\* The Foreign Exchange Gains and Losses for the period has been presented in Monetary Gain/Loss Account in the financial statements of 31.12.2004.

**NOTE 39 – FINANCIAL EXPENSES**

<b>Financial Expenses</b>	<b>31 December 2005</b>	<b>31 December 2004</b>
Other	(493.761)	(327.264)
<b>Total Financial Expenses</b>	<b>(493.761)</b>	<b>(327.264)</b>

**NOTE 40 – PROFIT/(LOSS) ON NET MONETARY POSITION**

Due to the announcement, dated March 17, 2005, made by Capital Market Board, the inflation accounting has been no longer effective from January 1, 2005. Since inflation accounting has not been applied from January 1, 2005, referred to the mentioned announcement by CMB, there exists no monetary gain or loss in 2005.

(31 December 2004 : YTL 4.001.469.-)

**NOTE 41 – TAXES**

The provision for current corporate tax and deferred tax is mentioned in Note 14.

**NOTE 42 – NET EARNINGS PER SHARE**

	<b>31 December 2005</b>	<b>31 December 2004</b>
Net Profit For The Period	32.616.629	24.819.595
Weighted Average Number of Common Shares With A Nominal Value of YTL 0,001	16.946.471,03	16.946.471,03
Basic Earnings Per Share Pay (YTL)	<b>1,92</b>	<b>1,46</b>

**NOTE 43 – CASH FLOW STATEMENT**

The cash flow statement is presented as an integral part of the consolidated financial statements.

**NOTE 44 – OTHER SIGNIFICANT ISSUES**

There are not any significant issues affecting the consolidated financial statements.