

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

**ANNUAL REPORT FOR 2011**

# ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.S.

## ANNUAL REPORT FOR 2011

### 1. OUR CORPORATE STRUCTURE

Anadolu Isuzu Otomotiv Sanayi ve Ticaret A.S. is a publicly-traded joint-stock company and its shareholders are Isuzu Motors Limited (Japan), an international producer of commercial vehicles, Itochu Corporation (Japan) and Anadolu Group. The Company's main scope of business is the production and sales of utility and commercial vehicles, including light trucks, pick-ups and minibuses.

The experience of Anadolu Isuzu in industrial area dates back to the times of Celik Montaj A.S., which had launched its operations in 1965 with the production of pick-ups and motorcycles. Having produced Skoda pick-ups until 1986 under the trade name of Celik Montaj A.S., the Company entered into a license agreement with Isuzu Motors Limited in 1983 and launched the production of Isuzu vehicles at Kartal plant in Istanbul in July 1984. The Company continues its production operations in its new plant founded at Gebze Sekerpinar with the current technology since August 1999.

### Shareholding Structure

Shares held by the shareholders and their shareholding percentage are given as follows:

NAME OF THE SHAREHOLDER	SHARE AMOUNT	SHAREHOLDING RATIO
Yazıcılar Holding A.Ş.	9.077.665	35,71%
Özilhan Sınai Yatırım A.Ş.	4.271.842	16,81%
Isuzu Motors Ltd.	4.319.991	16,99%
Itochu Corporation	3.239.964	12,75%
Publicly Offered	4.148.980	16,32%
Miscellaneous	361.264	1,42%
<b>Total</b>	<b>25.419.706</b>	<b>100%</b>

### Board of Directors

All Board members were elected to take up office until a new board of directors is set up and elected in the next general assembly meeting to be held on 30.03.2011. The Annual General Assembly Meeting of Shareholders for the year 2011 is now scheduled to be held on 14.05.2012.

There was no Board member who resigned his office during his office term.

<b><u>Name and Surname</u></b>	<b><u>Task</u></b>	<b><u>Office Term</u></b>
Mehmet Kamil ESER	Chairman	30.03.2011 – 14.05.2012
İbrahim YAZICI	Vice-chairman	30.03.2011 – 14.05.2012
Tuncay ÖZİLHAN	Member	30.03.2011 – 14.05.2012
Süleyman Vehbi YAZICI	Member	30.03.2011 – 14.05.2012
Nilgün YAZICI	Member	30.03.2011 – 14.05.2012
Tülay AKSOY	Member	30.03.2011 – 14.05.2012
Hülya ELMALIOĞLU	Member	30.03.2011 – 14.05.2012
Mikio TSUKUI	Member	30.03.2011 – 14.05.2012
Hiroshi HISATOMİ	Member	30.03.2011 – 14.05.2012
Sojiro HIYOSHI	Member	30.03.2011 – 14.05.2012
Hideaki ISHIDA	Member	30.03.2011 – 14.05.2012

### **Audit Committee:**

The names and tasks of the Audit Committee members who were appointed in the General Assembly meeting held on 30 March 2011 for one year term are as follows:

<b><u>Name and Surname</u></b>	<b><u>Position</u></b>	<b><u>Office Term</u></b>
Hürşit ZORLU	Auditor	30.03.2011 – 14.05.2012
Ahmet BAL	Auditor	30.03.2011 – 14.05.2012
İrfan ÇETİN	Auditor	30.03.2011 – 14.05.2012

### **Corporate Governance Committee:**

Hulya Elmalioglu and Nilgun Yazici, two Board members, were appointed to the Corporate Governance Committee.

### **Affiliates**

Our Company has a shareholding in Ant Sinai ve Ticari Urunleri Pazarlama A.S: at a rate of 99.44% and 96% in Anadolu Isuzu Dis Ticaret ve Sanayi A.S. These affiliates are included in the consolidated financial statements.

### **Company Management**

The names of the staff members in the top management positions of our Company as of 31.12.2011 and their task descriptions are as follows:

<b><u>Name and Surname</u></b>	<b><u>Position</u></b>
Ömer Lütfü ABLAY	CEO
Fatih TAMAY	Sales and Marketing Distributor
Hüsnü AÇIKELLİ	Production Manager
Bekir TÖMEK	Chief Financial Executive
Efe YAZICI	Sales Manager
Arif ÖZER	Aftermarket Services Manager
Dilek Dönmez AĞYEL	Marketing Manager

Tunç KARABULUT	Exports Manager
Hakan ÖZENÇ	R&D Center Manager
Kemal ÖZER	Procurement Manager
Cihan NALBANT	Production Planning and Stock Control Manager
Melih BİLGE	Quality Control Manager
Mert Asaf AKSU	Human Resources Manager

## **2. OUR BUSINESS OPERATIONS**

### **Comments on Automotive Market for 2011**

In the first half of the year, there was a briskness in the economy in line with the expectations and high growth rates were reached and consequently Turkish economy turned out to be one of the best-performing economies.

In general, the capacity utilization increased in the production capacity and there was a recovery in the automotive industry in general boosted by a drop in interest rates in the first half of the year. Following these positive developments, the increase in the current deficit in the second half of the year worried the relevant circles.

There was a tendency of appreciation in foreign exchange rates due to fund movements along with emerging economies and a shrinking export volume because of uncertainty in global economy and problems in Europe. This development led to an increase in energy costs and other production costs, and these developments affected the inflation.

Special Excise Tax (SET) rates were increased in the last quarter of the year and this increase was also applicable for motor vehicles. As a result of these effects, the growth in the automotive industry tended to slow down in the second half of the year. In spite of all this negativity, automotive exports ranked number one among the other industries in 2011.

### **Anadolu Isuzu in 2011**

Anadolu Isuzu enhanced its product range in 2011 in line with the client expectations, and sold 6,596 vehicles in order to meet the market demand in the best way, and thus reached a 18% market share in its own segment.

Anadolu Isuzu obtained successful results in the sales of 5-12 ton light trucks and minibuses, which is the main product group in its segments. In particular, Isuzu was the bestselling brand in 5-12 ton light truck group according to the data by Automotive Manufacturers Association. In minibus group, Anadolu Isuzu ranked number two with a market share of 34%. This success is due to an increase in product range and an emphasis on customer satisfaction. Another pleasing success is the fact that we reached a 15% market share in pick-up segment notwithstanding the strict and harsh competitive environment where a high number of brands compete against each other.

Thanks to this outstanding performance, Isuzu maintained its position as the most trusted light utility vehicle brand which is in high demand and quite popular throughout Turkey owing to its high quality and robustness. This success story is mostly due to the self-sacrificing efforts on the part of our employees, dealer organization and by-product industry in a sound cooperation.

Anadolu Isuzu continued to launch new models in the market in 2011. Citibus, our brand new low-base rear-engined, 9.5 m mass transport vehicle, was introduced and promoted for our dear customers in Istanbul Busworld Show organized in November. We expect that Citibus will favorably contribute to our market share in mass transport vehicle segment thanks to its environment-friendly Euro 5 engine. Our three-axis 12-ton capacity NPR 3D vehicle which we released to the market has reinforced our leading position in 5-12 ton light truck segment with its new generation fuel-efficient Euro 5 engine. In addition to new products, we were awarded with the armored personnel transport vehicle contract for the Security Forces Directorate in the tender of the Ministry of Justice for vehicles to transport the arrested and convicted. The deliveries were successfully done on a timely basis.

Owing to the successful performance in the sales of Isuzu D-max pickup sales in 2011, Turkey was the number two country after England in Europe in terms of the highest sales figure, leaving many countries behind it.

### **R&D Operations**

2011 was a year that we launched significant R&D projects.

We finished the development works for our new rear-engined, braid-chassis Citibus mass transport vehicle (9.5m in length) and introduced it in Istanbul Busworld Show in November. In the course of the development works, we carefully took into account customer demands and for this reason we believe that it will be well-received by the customers. In light of this, we expect that this model will significantly contribute to the improvement in total capacity utilization.

In 2011, we will enhance our means in our R&D center which was recently re-certified in 2011 and our efforts to develop new models will continue in an accelerated pace. In 2011, we have applied to Turkish Patent Institute for the registration of 5 patents and 7 design works under the R&D center works.

### **Human Resources and Employment**

Due to ever-increasing production pace and the ever-expanding R&D organization, the number of staff members employed at Anadolu Isuzu as of the year end rose by 6%, reaching a figure of 520 in total. Out of such personnel, 178 staff members are white-collar personnel and 342 staff members are blue collar (Figures as of 31 December 2010: 174 white collar personnel and 316 blue-collar personnel in total 490 personnel). Blue-collar personnel in our Company is covered by Group Collective Bargaining Agreement between United Metalworkers' Union and MESS which will expire on 31 August 2012 .

## **Appointment of Independent Auditors**

Following its evaluations, our Board of Directors has nominated Basaran Nas Bagimsiz Denetim ve Serbest Muhasebeci Mali Musavirlik Anonim Sirketi (A member firm of **PriceWaterhouseCoopers**) as the independent auditors for the financial year of 2012 in consultation with the Committee responsible for Auditors. We submit this nomination for the approval of our General Assembly.

## **Our 2012 Forecasts**

We just left a favorable year in Turkish Automotive market and in commercial vehicles sub-market. We do not expect a shrink in the light utility vehicles market in 2012, given the credit availability and favorable developments in financing terms.

This forecast basically relies on the assumption that there will not be a significant global financial problem. In 2012, we do not expect a significant improvement in the European region, a significant export market. Because of the fact that the problems harassing the Union member states will persist for a specific period of time, a growth in these markets in 2012 seems to be unlikely.

In 2012, we expect a growth, albeit a slight one compared to 2011, in North Africa, the main export market for Anadolu Isuzu. The particular fact that government subsidies will continue in Algerian market to support the political stability will positively contribute to our exports.

In light of these evaluations we foresee that our total export volume in 2012 will be at least at the same level with the last year without any decrease.

## **Financial Results**

Audited financial statements which display business results for 2011 and the notes thereto are set out in the respective parts of the Annual Report for your opinion.

Anadolu Isuzu managed to increase its turnover by 40% and reach a net revenue of 474 million TL thanks to its outstanding business operations in both domestic and international markets in 2011, coupled with an increase in domestic sales and total sales figure, including exports. Thus we can safely say that we left the impact of the crisis behind us in 2011.

Gross profit rose 64%, reaching 72 million TL while our business profit was 22 million TL, a 15 times increase. Business profit margin was 4.7%. In addition, the fact that Turkish lira was significantly depreciated against Japanese Yen and this in turn affected import costs and that there was a rise in sales contributions towards the end of the year had a major effect on profit margins and consequently the net financial year profit for 2011 was 13,4 million TL. Owing to its healthy balance sheet structure, improved profit margin and cash flow performance, our Company completed 2011 with a successful performance and made a good start in 2012.

With new loans borrowed by us last year, our Company's total financial debt amount rose by 14 million TL. On the other hand, there was a 20% increase in our cash. As per the balance sheet as of 31 December 2011, our financial debt is 92,700,000TL in total against a cash sum of 16,500,000 TL. We closely monitor our financial risks and try our best to confine this kind of risks within the limits set by the Board of Directors and the Auditors Committee. Notes to financial statements describe basic policies in place with respect to various risks and there is also information about the nature and level of risks.

Financial Data	2007	2008	2009	2010	2011
<b>Sales Income</b>	473.605.304	496.763.879	256.420.367	339.927.545	474.007.706
<b>Gross Profit</b>	84.842.042	78.121.768	22.670.998	43.619.246	71.655.215
<b>Business Profit</b>	27.881.768	14.890.256	-20.224.848	1.393.122	22.147.324
<b>EBITDA</b>	41.874.646	29.290.478	-4.834.198	13.572.680	34.179.232
<b>Pre-tax Profit</b>	31.346.261	-1.443.633	-24.488.441	-7.028.958	14.947.635
<b>Net Profit</b>	25.207.422	-465.483	-19.121.223	-4.557.964	13.352.821
<b>Equity</b>	199.642.657	185.475.864	166.352.404	161.792.840	175.145.963
<b>Profitability Rates</b>					
<b>Gross Profit Margin %</b>	17,91%	15,73%	8,84%	12,83%	15,12%
<b>Business Profit Margin %</b>	5,89%	3,00%	-7,89%	0,41%	4,67%
<b>Net Profit Margin %</b>	5,32%	-0,09%	-7,46%	-1,34%	2,82%
<b>Equity Capital Profitability Ratio %</b>	12,63%	-0,25%	-11,49%	-2,82%	7,62%
<b>Business Expenses/ Net Sales %</b>	-12,03%	-12,73%	-16,73%	-12,42%	-10,44%
<b>Financial Expenses/ Net Sales %</b>	0,73%	-3,29%	-1,66%	-2,48%	-1,52%
<b>EBITDA ratio %</b>	8,84%	5,90%	-1,89%	3,99%	7,21%
<b>Debt Ratios</b>					
<b>Total Trade Debts/ Equity Capital %</b>	36,58%	11,89%	28,03%	46,23%	37,73%
<b>Total Financial Debt/ Equity Capital %</b>	7,51%	22,66%	29,99%	47,48%	52,94%
<b>Total Trade Debt + Total Financial Debt+ Equity Capital %</b>	44,08%	84,34%	58,02%	93,72%	90,67%
<b>Total Liabilities/ Total Assets %</b>	36,22%	48,40%	40,44%	50,98%	50,27%
<b>Equity /Total Assets %</b>	63,78%	51,60%	59,56%	49,02%	49,73%
<b>Market Capitalization (Share Price *Paid-up Capital)</b>	<b>236.403.275,10</b>	<b>74.733.938,58</b>	<b>152.518.242,00</b>	<b>211.491.962,24</b>	<b>197.765.320,46</b>

## Production

We continued to produce Isuzu NPR and NQR Trucks, NNR and NLR Light Duty Trucks and Isuzu Midibuses and Buses in 2011. Thanks to a rise in the demand in domestic market, Anadolu Isuzu increased its production by 30% in 2011 compared to the previous year and produced 4,324 vehicles in total. Thanks to this increased figure, the capacity utilization ratio rose seven points compared to the previous year. This is mostly due to a 68% increase in the sales of our vehicles in truck category. The fact that there had been no production until February 15 in the previous year resulted in lower production figures that year.

Production	2007	2008	2009	2010	2011
Trucks	2.930	3.469	402	1.509	2.531
Light duty trucks	2.984	3.796	210	725	618
Midibuses and minibuses	1.928	2.743	1.208	1.090	1.175
<b>Total Production</b>	<b>7.842</b>	<b>10.008</b>	<b>1.820</b>	<b>3.324</b>	<b>4.324</b>

## Sales

Turkish automotive industry performed well in the first half of 2011 due to economic growth and general favorable conditions. Although there was a slowdown in economy starting with the third quarter, the industry reached a significant sales figure in general in 2011.

Anadolu Isuzu maintains its vehicle sales operations through a network of 35 dealers around the country. In 2011 we sold a total number of 7,025 vehicles. 6.596 vehicles were sold in the domestic market while 429 units were exported. Compared to the previous year, the domestic sales volume rose by 15.3% while the export volume dropped by 13.8% in terms of units sold. Our total sales volume rose by 13.1% compared to the previous year.

Domestic Sales	2007	2008	2009	2010	2011
Trucks	3.142	2.522	1.263	1.461	2.544
Light duty trucks	3.155	3.096	823	813	608
Midibuses and minibuses	2.302	2.545	1.086	1.255	1.028
Pick-ups	2.941	3.005	1.826	2.717	2.416
<b>Total Domestic Sales</b>	<b>11.540</b>	<b>11.168</b>	<b>4.998</b>	<b>6.246</b>	<b>6.596</b>

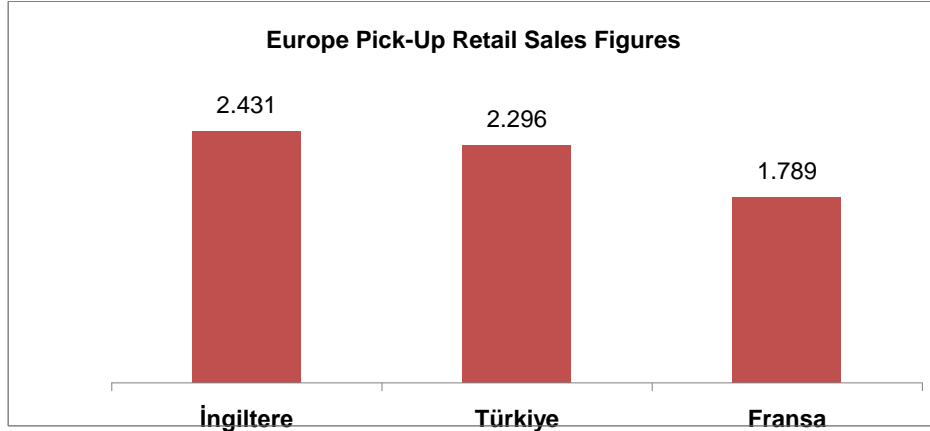
**3,5 Ton Light Duty Trucks:** According to AMA data, 12,741 vehicles in total were sold in total in 3.5 ton light duty truck market and this means a 12% growth in 2011. Anadolu Isuzu captured a 5% market share and finished the year at number three.

**5 - 12 Ton Light Duty Trucks:** In 2011, sales in trucks segment dropped by 5% according to AMA data with a sales figure of 3,756 units. In this segment which also includes import products, Anadolu Isuzu finished the year in leading position in this segment as far as the data for vehicles manufactured in Turkey are concerned.

**Minibus and Midibus:** In midibus segment, 3,040 units were sold in 2011, a 48% increase over the last year. With a market share of 34%, Anadolu Isuzu finished this year second in this segment.

**Pick-ups:** 16,319 units were sold in the pick-up market which grew 16% in 2011. Isuzu was the third bestselling brand in this segment, reaching a 15% market share thanks to effective sales and marketing campaigns. By the end of 2011, Turkey was the best selling market for D-Max pickups in Europe with a retail sales of 2,296 units and a market share of 16.3%..





(Source IAE)

## **Exports**

Anadolu Isuzu exports its products in bus segment to foreign markets. Major export countries include Azerbaijan, Bosnia and Herzegovina, Bulgaria, Algeria, Czech Republic, France, Croatia, Italy, Lithuania, Hungary, Macedonia, Germany, Austria, Latvia, Estonia, Poland, Romania, Slovakia, Slovenia, Serbia and Greece.

Algeria, a 15-year export market, maintained its significant position in 2011 and a majority of our exports was made to that country and a significant portion of our revenues from exports was from that market. Economic issues in European countries, another significant market for our company did not get better in 2011 and the particular fact that economic problems turned out to be more aggravated in South and East European countries had an adverse impact on our exports to that region. For this reason, our export revenues dropped by 1% compared to the previous year.

The fact that a significant part of our exports is made to Algeria, rather a closed market, pulls down the deviation rate in our export revenues. In addition, our efforts to diversify our export markets never slowed down in 2011 and accordingly, we are now on the brink of a distribution agreement regarding Israel market.

The Company exported 429 units for a value of 22 million Euro in 2011 (2010: 498 units and 22,200,000 Euro). Anadolu Isuzu is among the leading exporters in Turkey in terms of sales units in passenger transport vehicles category. We expect that its new Euro 5 buses, developed according to European Union norms, will contribute to its foreign sales.

## **Aftermarket Services**

Efforts to improve aftermarket services of the Group with the intended target of a better customer satisfaction rate were in progress.

### **A – In the domestic market:**

- 2-year unlimited mileage warranty for trucks, light duty trucks and buses; three year or 100,000km warranty for D-Max vehicles;
- A reorganization and servicing means at 91 Authorized Service Dealers in conformity with the requirements of TS 12047 Certificate and TSI standards
- Check-up and maintenance services with electronic-computer software assisted fault diagnosis and reconfiguration devices at 122 authorized service dealers
- Enhanced customer satisfaction at 23 authorized service dealers under the “Five Star Service Dealer” project and separate maintenance areas at 122 authorized service dealers for D-Max vehicles

### **B – In foreign markets:**

- 2 (two) year or 100,000km warranty for buses and midibuses.
- 19 distributor service dealers and 118 authorized service dealers in 23 countries along with spare parts and road assistance service
- 19 distributor service centers with fault diagnosis services backed by an electronic-computer software

## **Other Activities**

There was no acquisition, spin-off or share swap in 2011 which could result in a change in the Company’s shareholding structure, management or assets. There was not any material tangible/ intangible asset purchase/ sales. There was not a guarantee such as suretyship or mortgage in favor of third persons in 2011.

## **Post-Balance Sheet Date Events**

There was not any material issue that merits disclosure in this respect.

### **3. SOCIAL RESPONSIBILITY**

#### **Aids and donations within the year**

Anadolu Group, to which we are a member, supports many social responsibility projects in fields of training, sports, healthcare, environment and culture. The most important ones are usually launched are the fruits of the efforts at Anadolu Foundation. The total sum of donations and reliefs by our Company, including the sum of 100,000TL donated to Anadolu Foundation was 118,000TL in 2011.

#### **Environment-related Activities**

Anadolu Isuzu carries out any and all legal responsibilities under the applicable environmental legislation, job health and security associated with its production operations on a voluntary basis.

In this respect, we first obtained EIA Approval Certificate in 1997 when Gebze Plant was in design stage. Production operations have always been in compliance with Turkish Environmental Legislation since the days of test production in August 1999. Industrial and domestic refuse coming from our production operations are treated through a two-phase process, namely, Chemical and Biological Treatment at our Treatment Plant subject to the restrictions set out in our disposal permission. An Environment Management System was set up in our plant in 2005 and this system was awarded an ISO 14001 Certificate.

### **4. PROPOSAL OF DIVIDEND DISTRIBUTION FROM 2011 PROFIT**

#### **Profit Distribution Policy**

Our corporate principle is that minimum 50% of the profit available for distribution will be distributed to the shareholders as dividend except for investment times that require an intense cash outflow. This principle has been successfully implemented as far as the economic conjuncture allowed it. In line with our Corporate Governance Principles compliance efforts, it was decided with effect from 2005 that there should be a written policy in place in this respect. Accordingly, our Company adopted that every year at least 50% of the profit available for distribution shall be distributed as dividend. It is among the most basic objectives of our Company to sustain this profit distribution policy except for specific circumstances that may arise in the face of extraordinary course of things in economy or any fund needs for investments or otherwise that may be necessary for the long-term growth of the Company.

The proposal for such profit distribution by the Company was discussed and resolved in th Board meeting on 22/03/2005 with effect from that date.

## **Setting Off Accumulated Losses against Extraordinary Reserve Funds and Proposal for Dividend Distribution out of 2011 Profit**

A proposal shall be submitted for the approval by our shareholders in the General Assembly, offering that out of accumulated losses amounting to 36,001,322.63 TL in total as far as the Company's 2011 statutory records show, a sum of 10,849,049.96 TL should be set off against extraordinary reserves set aside in 2005; a sum of 7,764,321.37TL against extraordinary reserves set aside in 2006 and 17,387,951.30TL against extraordinary reserves set aside in 2007 and; and incidentally, accumulated losses of 24,148,769 TL in total as set out in 2011 consolidated financial statements issued in accordance with the regulations of Capital Markets Board should be set off against extraordinary reserve funds as set out in the consolidated financial statements.

Our further proposal shall be submitted for the approval by our shareholders, offering that after accukulated losses are set off this way, a cash dividend for a total sum of 9,913,685.56TL, which means a 0.39TL gross (0.3315TL net) sum of dividend per share with a nominal value of 1TL, should be paid as of 30 May 2012 from the Net Finacial Profitof 13,352,821TL set out in our financial statements for the financial year of 01.01.2011-31.12.2011 which were issued by our Company in compliance with International Financial Reporting Standards and which were indepdently audited by Bařaran Nas Bađımsız Denetim ve Serbest Muhasebeci Mali Műřavirlik A.ř. (A member firm of Price Waterhouse Coopers) and that after statutory reserves, too, are set aside, the balance shall be added to extraordinary reserves

## **Corporate Governance Principles Compliance Report**

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### ***1. CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT***

We have adopted, as a strategic target, to comply with the requirements of the "Corporate Governance Principles" which were disclosed by the Capital Markets Board to the public.

It is essential that the requirements of said principles shall be carried out in compliance with the corporate dynamics and that our works are underway to ensure the compliance of our current management systems with the principles. While our Company is now in compliance with the majority of those changes, certain regulatory efforts are still in progress to ensure compliance with the rest of them.

Taking account these factors, our Company implements and is in compliance with such Corporate Governance Principles published by the Capital Markets Board in the financial year ending on 31.12.2011, except that:

- Representation of minority shareholders in the board of directors and appointment of independent members to secure and protect their rights are addressed in detail In recent edition of Corporate Governance Principles published by the Capital Markets Board in its Communique no 56.
- Our Company believes that the deployment of independent board members as a part of Corporate Governance Principles will contribute to the adoption of a professional management approach. In this respect, our Board of Directors have always admitted such specialists who are trustworthy figures in the public eye thanks to their independent personalities and reputation in their capacities as consultants. It is foreseen that the Articles of Association will be amended in the annual general assembly meeting to be held on 14 May 2012 for the appointment of two independent board members meeting the criteria defined in the communique to the Board so that the Company shall shift to a structure in compliance with the definitions set out in the Corporate Governance Principles (No:56) of the Capital Markets Board.
- Considering the fact that there is not any independent members in our current Board, the chairmen of Corporate Management and Audit Committees have so far been appointed from among other members. After independent members are appointed to the Board, there may be potential changes to these committees.
- There is not any provision in our Articles of Association that allows the use of cumulative vote.
- In 2011, there was not any spin-off and share swap, acquisition or disposal of material tangible or intangible assets or any guarantee or mortgage given in favour of third persons which would cause a change in the Company's capital or management structure and assets as set out in the Corporate Governance principles.

## SECTION I - SHAREHOLDERS

### 2. Investor Relations Unit

Head of the Investor Relations Unit and the names and contact details of the unit personnel, the applications to the Unit within the financial year and the number of responses given to investors

Unit Head : **Bekir TÖMEK** – Financial Operations Manager  
Phone : 0262 658 84 33 / 150  
[bekir.tomek@isuzu.com.tr](mailto:bekir.tomek@isuzu.com.tr)

**Murat ORHAN** –Trade Accounting Chief  
Phone : 0262 658 84 33 / 153  
[murat.orhan@isuzu.com.tr](mailto:murat.orhan@isuzu.com.tr)

During the financial year, this Unit answered the questions received from investors about the Company and made necessary clarifications and disclosures. The number of questions directed to the Unit during the financial year peaked upon the disclosure of the financial statements.

### 3. Exercise by Shareholders of their Right to have Access to Information

Number and contents of information requests by shareholders from the Company

At times when the financial statements are disclosed to the public, questions coming from direct shareholders or securities firms for information were rather related to the Company's financial statements, market structure, change in the market, the development in the Company's market share and new projects for future and the investments underlying these projects.

Evaluation of information requests by shareholders, use of online environment as a disclosure medium and announcement of developments to the investors

Information requests received from the shareholders are immediately responded. On the other hand, the Company's web site displays detailed information about the Company's shareholding structure, trade registry details, the Articles of Association, organizational structure, its operations during the financial year and financial statements, and also publishes special disclosures made during the period.

#### **4. General Assembly Details**

##### **General assembly meetings in the financial year, meeting quorums, participation of stakeholders and media members to the meetings**

The participation ratio was at 85.14% in the Annual General Assembly Meeting held on 30 March 2011. There were representatives of securities firms and economy media members who monitored the meeting.

##### **Call for General Assembly Meetings, the period of time set to register shareholders of registered shares with the share book to ensure their participation to the General Assembly**

Notices for the General Assembly meeting were published for the shareholders in a national newspaper as well as in a local one two weeks in advance prior to the meeting date. Moreover, written notices were sent to shareholders of registered shares and no period of time was set to register them. Our shareholders whose shares are kept at custody in investor accounts under financial intermediaries at Central Registry Agency of Turkey and who wish to attend the General Assembly meeting are required to act in line with the provisions governing "General Assembly Blockage" transactions as set out in the "Business and IT Application Principles and Rules" available at the web site of Central Registry Agency of Turkey (CRA) and to have themselves registered with the General Assembly Blockage List. It is not legally possible for those shareholders to attend the meeting unless they have themselves registered with the Blockage List at the CRA.

Our shareholders that are in physical possession of their shares may apply to Investor Relations Department at the address of Sekerpinar Mahallesi, Otomotiv Cad., No: 2, Cayirova, Kocaeli (phone number: 0262 658 84 33) or to Alternatif Yatirim A.S. which carries out blockage and dematerialization procedures on behalf of us not later than one week before the General Assembly date for the General Assembly and Blockage formalities.

##### **Disclosure of information to shareholders prior to the General Assembly; the exercise by shareholders of their right to direct questions at the General Assembly meeting and responding to the questions**

Information about the Company's business results are available at the Company's head office and its plant for the inspection of shareholders fifteen days prior to the General Assembly date. Moreover, information on financial statements are posted at the Company's web site following the disclosure of financial statements. At the General Assembly meeting, the shareholders used their rights to ask questions, which were duly answered.

Whether a proposal was made by the shareholders, in what way it was concluded

No proposal was submitted by the shareholders.

Whether a clause was introduced to the articles of association for the adoption by the General Assembly of material resolutions such as spin-offs, disposal or acquisition or lease of material assets

A spin-off requires an amendment to the present articles and the approval by the general assembly of shareholders as it concerns the Company's capital structure.

Other than it, the appointment of independent members to the board pursuant to the Corporate Government Principles set out by the Capital Markets Board in the Communiqué no 56 by virtue of Article 56 appears to have defined the method to be followed up with respect to donations or reliefs by the Company or the purchase and disposal of material tangible and intangible assets which could result in a change in the Company's management or assets. Moreover, the addition of a provision into the articles of association was foreseen under the proposed amendment, stating that the regulations in this respect shall be observed. Likewise, it is adopted as a principle that all shareholders will be informed at the immediately next General Assembly to ensure this objective in case of such a transaction.

Easier Participation in General Assembly meetings and constant access of shareholders to General Assembly meeting minutes

The meeting notice for the General Assembly is published in a nationwide newspaper, a local newspaper and trade registry journal two weeks in advance. Moreover, the board resolution about the call for the general assembly meeting and the meeting agenda are posted with the Company's web site. The place of the meeting is designated by taking into account an easier access by the participants. Moreover, information as to the resolutions adopted at the meeting are posted at the Company's web site following the meeting.

## **5. Voting Rights and Minority Rights**

Whether voting rights are preferential, and if yes, in what way those rights are exercised:

Election of Board members is governed as follows in the current version of the Articles of Association:

The Company shall be managed by a Board of Directors consisting of 11 members to be elected by the General Assembly from among the shareholders in accordance with the provisions of Turkish Code of Commerce. Four Board members shall be elected from among those candidates nominated by Class B Shareholders for their representation, whereas other members shall be elected by the General Assembly from among those candidates nominated by Class A Shareholders for their representation”



Anadolu Group signed a joint venture agreement with its foreign shareholders, namely, Isuzu Motors Limited and Itochu Corporation on 04.10.1985 which governs a share transfer and by which Isuzu Motors Limited is now a licensor. This cooperation extending to a technology transfer was secured by way of participation of foreign shareholders in the management in a shareholding structure without any majority party. Pursuant to the new Corporate Governance Principles, there should be two independent members at a board of directors. In light of this requirement, the current Articles of Association will be amended at the General Assembly meeting to be held on 14 May 2012 to govern the appointment of independent members to the Board.

Whether those companies engaged in mutually affiliated relation with the Company has voted at the general assembly on the condition that it will be subject to the Company's controlling power

The Company is not engaged in any mutually affiliated relation with any entity.

Representation of Minority Shareholders in the management and exercise of cumulative votes

There is not any clause in our Articles of Association that allows the use of cumulative voting system. Pursuant to the Corporate Governance Principles, the proposed amendment to our Articles of Association to ensure the appointment of independent members to the Board is included on the agenda item for the general assembly meeting to be held on 14 May 2012.

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

Preferences granted as to the profit sharing;

There is not any preference granted to any class of shareholders with respect to the profit distribution.

Profit distribution policy disclosed by the Company to the public and information to the shareholders at the General Assembly;

Our corporate principle is that minimum 50% of the profit available for distribution will be distributed to the shareholders as dividend except for investment times that require an intense cash outflow. This principle has been successfully implemented as far as the economic conjuncture allowed it.

It is among the most basic objectives of our Company to sustain this profit distribution policy except for specific circumstances that may arise in the face of extraordinary course of things in economy or any fund needs for investments or otherwise that may be necessary for the long-term growth of the Company.

In line with our Corporate Governance Principles compliance efforts, it was decided with effect from 2005 that there should be a written policy in place in this respect, and this policy was submitted for the information of the shareholders at the Annual General Assembly meeting held on 31.03.2005.

Profit Distribution within the statutory period of time:

The Company previously distributed its profits on a timely basis.

**7. Share Transfer**

Provisions in the Company's Articles of Association that restrict the share transfer;

Article 9 of the Company's Articles of Association defines those terms applicable to the sales and transfer of the Class A and B registered shares and there are some restrictions in place as to the share transfer. Accordingly, there are provisions in Article 9 of the Articles of Association that govern the share transfers by Class A and B shareholders;

According to those provisions, a Class B shareholder wishing to transfer their shares in part or in full are under the obligation to make a proposal to Class A shareholders, stating the share transfer price, the transfer terms and the share amount to be transferred. Unless any Class A shareholder accepts the sales proposal, the Class B shareholder may sell and transfer its shares to the intended buyer whose identity will be disclosed in advance within 45 days.

Unless Class A shareholders give their written consent, the total shares that Class B shareholders may transfer to third parties individually or collectively may not exceed 10% of the total capital.

Where Class B shareholders transfer their shares to third parties partly or in full, those new Class B shareholders shall not be eligible to the preferences set out in the Articles of Association and granted to current Class B Shareholders, including, in particular, those restrictions to the meeting and resolution quorums defined in Articles 13 and 16 of the Articles.

Considering the fact that Class B shares are held by the "Licensor" shareholders and a change in the ratio of such shares shall affect the Company's business operations, transfers involving Class B shares are subject to restrictions.

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

### **8. Corporate Disclosure Policy**

Our Company adopts the principles of equity, accuracy, objectivity, consistence and timing in disclosures to all our shareholders and other stakeholders. It is essential that our disclosures and announcements handled in line with this policy shall be made on a timely, accurate, full, clearly understandable and analyzable manner with easy access at affordable costs but without any compromise in our Company's rights and interests

In light of the above, a public disclosure shall be immediately made about all matters identified in line with the Capital Markets Legislation and about any development that may cause a material change in our Company's financial position and/ or operations; however, such publicly disclosed information may not contain any trade secrets, or any such data that would be to the detriment of our Company, its shareholders and other stakeholders as this would impede our competitive advantages and strength. Public disclosures shall take place by way of Special Public Disclosures, including press releases whenever necessary. In addition, information and meeting requests from shareholders and other stakeholders are considered in light of our Company's disclosure policy, and any answer to these requests shall not go beyond the contents that are already disclosed to the public.

In all matters designated according to the Capital Markets Law, whenever a question directed by our shareholders or other stakeholders to our Company requires the disclosure of an information which is not yet disclosed to the public, the Chief Executive Officer, the General Manager and Financial Operations Manager shall consider the said request in light of our disclosure policy under the coordination of our Corporate Governance Committee. Such questions that may be directed to our Company and all answers to it shall be disclosed to the public after the approval of such work group.

Information meetings shall be held for investors and research analysts from securities firms at least once a year and at times whenever a material change occurs about our Company's business results, its performance and other developments in a given financial year. In addition, shareholders and investors are encouraged to attend local and foreign conferences and other meetings organized for information purposes.

Our Company's web site at the address of [www.isuzu.com.tr](http://www.isuzu.com.tr) is organized and used in Turkish as a communication medium that may be used by shareholders, investors, research analysts of securities firms and other stakeholders in line with the CMB's Corporate Governance Principles. Special public disclosures by our Company are constantly updated at our web site.

Various communication means that are available thanks to information technologies may be used for public disclosure in addition to traditional information distribution channels. In line with this, Special Public disclosures by our Company may be posted at our web site or published via other channels or may be directly e-mailed to those stakeholders if they provide us with their contact details.

Such agenda items to be discussed at Annual General Assembly meetings and any information and documents under the applicable law are posted at our web site.

Press releases and/ or press meetings may be also used to disclose to the public our Company's business operations including its year-end business results, its performance and other developments in the course of the financial year and/ or any other event that may possibly lead to a material change in our financial position and/ or operations. Disclosures via press are made by the work group referred to above under the coordination of the Corporate Governance Committee. A copy of such press releases will be posted and constantly updated at our web site. Information inquiries received via press will be received by the Financial Operations Manager and will be answered following their assessment in light of our disclosure policy.

Our General Manager, Financial Operations Manager, Marketing Manager or any other managers to be designated by the Board of Directors may act as a spokesman representing our Company in all information communication channels, including press and meetings with shareholders, investors, research analysts from securities firms and other stakeholders in line with our disclosure policy.

Our disclosure policy and any change to it will be approved by the Board of Directors, submitted for the information of the General Assembly and disclosed to the public. It is the Financial Operations Manager who will handle and conduct our Company's disclosure policy under the coordination of the Corporate Governance Committee.

This disclosure policy was discussed and approved at the Board meeting of Anadolu Isuzu Otomotiv Sanayi ve Ticaret A.S. on 23/03/2005 and was put into effect on the same day.

## **9. Special Public Disclosures**

Number of Special Public Disclosures pursuant to the CMB regulations during the year and any additional disclosure that may be requested

We made ten special public disclosures in 2011 and the CMB or the ISE did not ask any additional disclosure with respect to them.

Listing of the Company shares at foreign stock exchanges

The Company's shares are not listed in any foreign stock exchange.

Unless public disclosures are made on a timely basis, its underlying reasons

Special Public Disclosures were made on a timely basis.

## **10. The Company's Web Site and Its Contents**

Whether the Company has a web site, and if any, its address

The Company's web site is at the address of [www.isuzu.com.tr](http://www.isuzu.com.tr)

Publication of such information listed in Article 1.11.5 of Section II in Corporate Governance Principles of CMB at the Company's web site

Any information about preferential shares was not posted separately as it is already described in the articles of association and other matters are extensively available at the web site.

## **11. Disclosure of Ultimate Controlling Shareholders who are natural persons**

The Company's ultimate controlling shareholders who are natural persons:

The Company's ultimate controlling shareholders who are natural persons are given below:

S. Kamil YAZICI	12,83%
İzzet ÖZİLHAN	4,46%
Tülay AKSOY	6,69%
Tuncay ÖZİLHAN	6,53%

## **12. Public Disclosure of Those who may have access to insider information**

### **List of those who have access to insider information**

#### The Company's Board Members

Mehmet Kamil ESER	Board Chairman
İbrahim YAZICI	Board Vice-chairman
Tuncay ÖZİLHAN	Board Member
Nilgün YAZICI	Board Member
Tülay AKSOY	Board Member
Süleyman Vehbi YAZICI	Board Member
Hülya ELMALIOĞLU	Board Member
Hiroshi HISATOMI	Board Member
Mikio TSUKUI	Board Member
Sojiro HIYOSHI	Board Member
Hideaki ISHIDA	Board Member

#### Consultants present in our Company's Board meetings

Ege CANSEN  
Salih Metin ECEVİT

Company Auditors appointed as per TCC provisions

Mehmet Hurşit ZORLU	Auditor
Ahmet BAL	Auditor
Ali Baki USTA	Auditor

The Company(s) General Manager and All Managers including directors

Ömer Lütfü ABLAY	General Manager
Ahmet Fatih TAMAY	Sales and Marketing Director
Hüsnü AÇIKELLİ	Production Manager
Bekir TÖMEK	Financial Operations Manager
Şakir Melih BİLGE	Quality Control Manager
Hakan ÖZENÇ	R&D Manager
Mustafa Kemal ÖZER	Materials Supply Manager
Arif ÖZER	Aftermarket Services Manager
Tunç KARABULUT	Exports Manager
Efe YAZICI	Sales Manager
Cihan Şevket NALBANT	Production Planning and Stock Control Manager
Asaf Mert AKSU	Human Resources Manager
Dilek Dönmez AĞYEL	Marketing Manager
Sojiro HIYOSHI	General Manager Advisor
Kenji OSAKA	Technical Consultant

Company's Financial Operations and Accounting Department Personnel

Muzaffer KARAKOÇAK	Assistant Financial Operations Manager
Murat ORHAN	Trade Accounting Head
İbrahim YILMAN	Industrial Accounting Head
Veysel KIRICI	Trade Accounting Specialist
Ali Osman MAĞAL	Assistant Trade Accounting Specialist

Company employees at the Sales, Aftermarket Services, Imports, Procurement, Engineering, Auxiliary Enterprises, Human Resources and Marketing Departments

Osman GÜMÜŞ	Assistant Spare Parts Manager
Kamil BEKMEZ	Assistant Service Manager
Mustafa ÜNVER	Assistant Imports Manager
Atakan GÜRLER	Sales Head
S. Demir DİKMEN	Sales Head
Onur ÇETİNKAYA	Sales Head
M. İrfan ALPTEKİN	Marketing Head
Hüseyin BURGUT	Quality Control Head
Bora İZMİRLİOĞLU	Mechanics Head
Haluk ATASOY	R&D Head
Cengizhan BİLGİN	R&D Head
Ufuk YÜKSEKKAYA	Materials Supply Head
Emirhan İRFANOĞLU	Quality Control Head

Hasan SALMAN	Stock Control Head
Murat SEVER	Production Planning Head
Mehmet BİLİR	R&D Head
Burcu KAPANCI	Exports Head
Ali BAŞAĞA	Materials Supply Head
Hüseyin ÖZKARA	Bus Production Head
M. Mustafa ÇAKIR	Truck Production Head
Fatih Mehmet UĞUR	Servicing Head
Sinan COŞKUN	Materials Supply Head
Metin YAZICI	Auxiliary Enterprises Head
Umur SAĞON	Human Resources Head
Erol KALENDER	Union Chief Representative
Ümit ÖZASLAN	Union Representative
Feyzi ERYILDIZ	Union Representative

#### Independent Auditors

Başaran Nas Bağımsız Denetim ve S.M.M.M. A.Ş.

Burak ÖZPOYRAZ	Partner
Barış DOĞAN	Senior Auditor

#### IT Services Provider

Anadolu Bilişim Hizmetleri A.Ş.

Ülkü OSKAR	Anadolu Isuzu A.Ş. Information Systems Officer
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#### Certified Public Accountant responsible for full certification

Mümin KARAMANLI	C.P.C
Osman ÖZEN	C.P.C.

#### Board Members at Yazıcılar Holding A.S. and Anadolu Endüstri Holding A.S.

Ali ŞANAL  
A. Muhtar KENT  
R. Yılmaz ARGÜDEN  
M. Cem KOZLU  
Osman KURDAŞ

#### Consultants to Anadolu Endüstri Holding A.S.

Engin AKÇAKOCA

#### Employees of Yazıcılar Holding A.S

Sezai TANRIVERDİ	General Manager
İrem ÇALIŞKAN DURSUN	Corporate Governance and Investor Delations Coordinator Assistant

AEH Managers and Employees

Ahmet BAL	Audit Coordinator
Volkan HARMANDAR	Financial Operations Coordinator
Can DOĞAN	Tax Management Coordinator
Murat TİMUR	Corporate Finance Coordinator
Muharrem UZUNOĞLU	Assistant Tax Management Coordinator
Aykut GÜMÜŞLÜOĞLU	Assistant Audit Coordinator
Mete TÜRKYILMAZ	Assistant Audit Coordinator
Bora ÖNER	Assistant Financial Operators Coordinator
Atiye ER	Fund Management Manager
Bahadır SEVİM	Audit Manager
Cihan ALAKUŞ	Financial Control Manager
Berrin AKMAN	Financial Control Manager
Sabriye Selin AYDIN	Financial Control Manager
Fatma AKSOY ÖZEK	Audit Manager
Burçin AYDIN	Financial Controller
Gülşah APAK	Financial Controller
Evren CANKURTARAN	Financial Controller
Duygu Levend TOK	Financial Controller
Aynur SÜLEYMANOĞLU	Tax Manager
Berk TÜMEN	Corporate Financer

Those who should be considered on a project-by-project basis

Lw. Necati ÇELENKOĞLU	Legal Counsellor
Lw. Mehmet Ali YILDIRIM	Legal Counsellor
Lw. Emine CANPOLAT	Business Law Counsellor
Lw. Zeynep ERGUN	Competitive Law Counsellor
Vural GÜNAL	Capital Markets Board Consultant
Necati PALA	Investment Incentives Advisor
Adnan BABAĞLU	Customs Legislation Consultant
Reha AKTAŞ	R&D Consultant
Nihat KARAKÖSE	Insurance Consultant
Azade BAŞAĞA	Public Relations Consultant (Greenactive)
Ertuğrul KALE	Public Relations Consultant (Greenactive)
Nil BAĞCIOĞLU	Advertisement Consultant (Refinery)
Aslı YORGANCIOĞLU	Advertisement Consultant (Refinery)
İlke GÜNER	Advertisement Consultant (Refinery)
Rida KİRASI	Advertisement Consultant (Refinery)
Melis ŞENOL	Advertisement Consultant (Refinery)
Serkan ARI	ARİTAB Information Technologies
Ali ATAY	ARİTAB Information Technologies
Özdemir GÜMÜŞ	ARİTAB Information Technologies



## **SECTION III – OTHER STAKEHOLDERS**

### **13. Disclosure to Stakeholders**

Disclosure to the stakeholders related to the Company in issues that concern them

The Company holds periodic meetings with its dealers and suppliers in which comprehensive information and opinion exchange is carried out.

Moreover, there are disclosure meetings at the organizational units level oriented for employees.

### **14. Participation of Stakeholders in the Management**

Works for the participation of the Stakeholders in the Management and the model set up in this respect

The Company undertakes works to improve the activities in which employees are involved under Kaizen improvement works and quality circles.

In annual meetings, dealers are consulted and these opinions are assessed in strategic planning studies.

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

The Company's human resources policy and main principles

Our Company's Human Resources Policy is set up and disclosed to all our employees in line with Anadolu Group Human Resources Quality Policies.

Our Human Resources Quality Policy:

- To create a Human Resources potential with a global point of view and skill without any discrimination in terms of cultural differences;
- To set up a work culture and Human Resources systems in a business environment that is built on open communication and mutual trust in a team spirit without any compromise in our constant search for the better;
- In line with the defined business culture, to respond to the needs and expectations of in-house and external stakeholders and to create an added value for the organization performance.

In this line:

- 1) Qualifications that would be sought for personnel recruitment for our Company are identified.
- 2) At the end of every year the white-collar personnel undergoes a Performance Assessment;
- 3) Decisions adopted and issues concerning the employees in our office are disclosed via Intranet (MS Outlook, Lotus Notes), bulletin boards and where necessary SMS.
- 4) Task definitions of all our employees (white collar) in our office are done and reported to the respective parties. There is a work grouping systematic for the blue-collar personnel.
- 5) There is a Job Health and Safety Committee at our office.
- 6) There is no discrimination among our employees in terms of race, religion, language and gender.

Appointment of a representative for maintaining relations with employees, his tasks and powers:

In our Company, United Metalworkers Union is the authorized trade union. There are union representatives who are appointed in the workplace. The tasks of the representative are also defined in the Collective Bargain Agreement between United Metalworkers Union and MESS. Accordingly, the representative's tasks include the following (Article 12 of 2010-2012 Group Collective Bargaining Agreement):

A) With respect to the performance of the Agreement, all kinds of negotiations between the union, on the one hand, and the employer or its representative, on the other hand, are in principle conducted via representatives in order to communicate the wishes and complaints of union members to the employer;

B) Union representatives have legal representative rights according to the Unions Law and their respective tasks and powers are described below:

- a) To ensure and maintain a cooperation between the workers and the employer as well as work peace including a harmonious work environment in the work place;
- b) To assist in the settlement of potential disputes that may arise between the workers and employers in line with the applicable legislation and this Collective Bargaining Agreement subject to the procedure defined herein to settle the complaints;
- c) To monitor the performance of the agreement;
- d) The Chief Representative and his assistant are authorized to visit the workplace for and handle the settlement of any material and urgent case that may occur beyond their respective shifts on the condition that they shall reach agreement with the authorized workplace representative in office at that time;
- e) In the event that an event arises with respect to the performance of the Collective Bargaining Agreement or the works, the Union Chief Representative, or in his absence, the closest representative shall be authorized to address the issue during the office hours.

## In case of a complaint from employees regarding any discrimination, actions taken for their settlement

There has been no complaint received from our employees regarding the discrimination in our Company.

## **16. Customer and Supplier Relations**

### Actions taken to ensure customer satisfaction in the marketing and sales of goods and services

In order to maximize the customer satisfaction in services and vehicles purchased by them, our first and foremost target is to manufacture high quality services and goods.

Notwithstanding the above, we are trying our best offers to meet customer demands as fast as it is possible both before and after the sales.

We offer many services to our customers, including provision of information on Anadolu Isuzu products and services via web site and free customer care line, trainings organized for our authorized dealers and service shops for customer relations, meeting our customers via service clinical studies throughout the country and provision of free maintenance and control services for the vehicles.

We continue to hold our periodic customer surveys to size up if all these services contribute to the customer satisfaction and to improve or introduce things to meet the demands of our customers.

## **17. Social Responsibility**

### Activities for the environment, region, and in general, for the public (supported/ pioneered social activities):

Our Factory complies with the Environment Legislation. Accordingly, the Company has duly fulfilled its statutory obligations and applied for and was issued with the following permissions:

- Non-hygienic Entities License
- Waste Water Treatment Facility Discharge Permission
- Emission Permission

We have also applied for the Temporary Business Certificate in order to renew the Emission Permission under the Regulation for Permissions and Licenses to be obtained under the Environmental Law.

The Company carries out its social responsibilities through Anadolu Foundation in accordance with its articles of association.

Litigations against the Company on grounds of any potential damage to the environment during the financial year, and their effects:

There is not any litigation that has been instituted against our Company on grounds of any damage to the environment, and controls completed by Kocaeli Governor's Office Provincial Environment and Urbanism Directorate and Kocaeli Sewage and Water Directorate (ISU) revealed no deviation or breach that would require a fine or penalty.

Whether there are environmental impact assessment reports with respect to the business operations:

An EIA (Environmental Impact Assessment) Report was obtained for our Plant in 1997 and all kinds of works for the erection and operation of that Plant commenced following that report. The Ministry inspections to ensure compliance with the EIA report did not reveal any negative point or deviation. Moreover, an Environment Management System was installed at our plant in 2005 and this system was certified with ISO 14001 Certification.

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

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

Names of board members and executive committee chairman (in case there is no such position, then of the general manager) by a differentiation in terms of executive, non-executive or independent members

In the Board, the Board Chairman serves as the executive member:

Mehmet Kamil ESER	Board Chairman
Ömer Lütfü ABLAY	General Manager

Lack of Independent Members in the Board of Directors, or while there are independent members, the fact that their number should be less than two or less than one-third of the board members

Our Company believes that as a part of Corporate Governance Principles, the deployment of independent board members will help improve and develop our Company's operations and instill a more professional management concept. Accordingly, our Board of Directors have so far admitted such specialists who are trustworthy figures in the public eye thanks to their independent personalities and reputation in their capacities as consultants. In line with new Corporate Governance Principles published under the CMB (Capital Markets Board)

Communiqué (Serial:IV, No:56), the draft Amendment of Articles to be discussed at our General Assembly meeting to be held on 14 May 2012 foresees the appointment of two independent members to the Company's Board of Directors.

#### Other offices, positions or tasks that Board Members may undertake outside the Company

Board Members have certain other positions in boards of directors of other members of Anadolu Group.

### **19. Qualifications of Board Members**

#### Minimum qualifications sought in a Board member

Our Board of Directors is composed of such members who have held top level management and Board membership positions in Anadolu Group companies for long years and who are backed up by such profound experience ensuring that they may command or control any issues related to the Company's core business.

### **20. The Company's Mission and Vision and its Strategic Targets**

#### Approval by the Board of Directors of the Company's mission/ vision and its public disclosure

Board of Directors approves the Company's mission/ vision which is revised and updated by the Company management every year.

**Vision:** To offer innovative products in the Manufacturing, Sales and Related Services of Commercial Vehicles which make up our core business and to constantly grow at international markets;

**Mission:** To become a production hub in Isuzu for the truck production and bus design and production, to export the majority of products, to build partnerships in foreign countries and to export technology, technical staff and parts.

The process by which strategic targets are set up, approved and implemented; the progress by which the board of directors has made to attain the Company's targets and the way the operations are monitored:

First of all the Company's Board of Directors approve those strategic targets which are the fruits of basic assumptions and efforts in the process towards setting annual strategic targets.

During the implementation phase, the Board of Directors monitors the results of a progress of company operations against the strategic targets by way of monthly business reports and direct information in Board meetings.

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

### **Setting up a risk management and internal control mechanism by the Board of Directors, the function and effectiveness of the system**

Risk management has a significant place in our Company's continuous operations. The process by which all risks that our Company have come across or may be potentially exposed to are defined, monitored and necessary measures are duly adopted is supervised by the Board of Directors through the audit committee. Our Company's actual and potential risks are basically categorized as follows:

Financial Risk; asset liability risk, credibility risk, capital/ indebtedness risk, foreign exchange risk and any other risk factors that may directly affect the Company's financial position;

Administrative Risk: The risk of whether the Company's administrative bodies will be able to fulfil its responsibilities and manage to administer the risks undertaken by them (risk of procuring necessary labor)

Operational Risk: Risk factors that may affect the competitive advantage if state-of-the-art technologies are implemented at optimum level and necessary investments are determined and put into effect for such technologies;

Natural Risk; risk factors such as fire, earthquake, which may negatively affect the Company's performance;

SAP/R3 system that is currently in place helps us undertake measurement and process works to minimize the existing risks and thus significantly contributes to the decision making support processes. This way the facilitative means offered by the system minimize human errors and boosts the effective performance of the internal control system.

Considering the fact that our Company is a member of Anadolu Group, it is also subject to the internal control audits implemented throughout the Group.

### Transactions with related parties:

Transactions between our Company and related parties are exactly subject to the terms and conditions applicable to those ones executed with third parties which are not related parties.

Our main principle in related party transactions is to maximize benefits for all parties in an environment of mutual trust and understanding. Maximum care is given to defend the rights of Anadolu Isuzu, a publicly traded company, and its shareholders in all transactions with related parties and to carry out these transactions under such terms and conditions on an arm's length basis.

Pursuant to Article 5 of the Communiqué on the Principles to be observed by Joint-stock companies subject to the Capital Markets Law (Serial IV: No:41) which was amended by the communiqué adopted on 20.7.2011 (Serial:IV, No:52), the Board of Directors is asked to issue a report about the terms of transactions and market conditions in the event that the amount of asset, service or obligation transfers between a publicly traded company and related parties are equal to or above 10% of the total assets or gross sales in the company's annual financial statements to be disclosed to the public pursuant to the CMB regulations.

Related companies of Anadolu Isuzu as licensors and shareholders are Isuzu Motors Limited (Japonya), Itochu Corporation (Japan) and Mitsubishi Corporation (Japan) and the transactions with them are in the form of continuous transactions under the said Communiqué referred to above. In this line, the report asked from the Board of Directors is also confirmed by an independent report issued by Güreli Yeminli Mali müşavirlik ve Bağımsız Denetim Hizmetleri A.Ş., an independent appraisal company. The report issued by the Board of Directors is open to the inspection of shareholders and information shall be provided to the shareholders in relation to the subject matter at the General Assembly.

## **22. Board Members and Powers and Responsibilities of Executives**

### Clear definition of powers and responsibilities of the Company's board members in the Company's Articles of Association

They are defined in the Articles of Association.

### **23. Functional Basis for Board of Directors**

#### Setting the agenda of Board meetings and meeting notices

Board of Directors meets monthly with an ordinary agenda and whenever a need arises, it may hold more than one meeting in the same month. The ordinary meeting dates of the Board are set out in an annual schedule and are notified to the members.

#### Information to Board members

Board members are informed by the relevant departments about the company's operations.

#### Recording reasonable and detailed dissenting vote reasons for issues for which a dissenting opinion is voiced at the meeting in the minutes of meeting, and its communication to the auditors in writing

Discussions in our all Board meetings are recorded in minutes of meeting in our Company as a result of the Corporate Governance Principles. In a Board meeting our Company's prospective growth plans, strategies devised against the competitors, human resources and organizational issues are discussed and resolved in addition to past performance or current developments. Not all agenda items that are discussed are resolved and in light of this fact, the disclosure of resolved items may lead to various speculations and that's the reason why minutes are not disclosed to the public. On the other hand, all material agenda items resolved at the Board of Directors are disclosed to the public by way of Special Disclosure.

### **24. No Transaction and Competition with the Company**

#### Implementation of a Ban that prohibits transactions and competition for Board members during the financial year

Considering the fact that our Board members hold position in other members of Anadolu Group, the Board of Directors was given necessary permission at the General Assembly held on 30 March 2011 with respect to Articles 334 and 335 of TCC.

#### Transactions between Board members and the Company and its underlying reasons

The Board members are not engaged in any business transaction with or do not compete against the Company.



## **25. Code of Conduct**

### **Setting by the Board of Directors of ethical rules for the Company and its employees**

Our Company places much emphasis on ethical rules conduct and these ethical values have found their way to the corporate culture concept of Anadolu Group that has management shareholding over our Company and they have been applied for years. In order to pursue our works without any compromise in our basic values, a set of Anadolu Group Code of Conduct was devised and posted at our web site. Moreover, an Ethical Committee was created at our General Directorate and they periodically hold evaluation meetings.

## **26. Number, Structure and Independent Nature of Committees at Board of Directors**

### **Committees set up to fulfil the tasks and responsibilities of the Board; Committee responsible for the Audit and Corporate Governance Committee:**

The Committee responsible for audit functions in our Company was set up in 2004 whereas corporate governance committee was set up in 2005.

As there is no independent membership in our current board of directors structure, the chairmen of those committees are not independent members. In line with the new Corporate Governance Principles published by way of the CMB communique no 56, following the appointment of independent board members, changes to the audit and corporate governance committees will also be addressed.

### **Chairmen and members of committees, their qualifications, meeting frequency**

In the relevant financial year, the Audit Committee has four members:

Süleyman Vehbi YAZICI  
Tülay AKSOY  
Ahmet BAL  
İrfan ÇETİN

Audit committee meets prior to the public disclosure of the financial statements and duly reviews those statements. Audit Committee met and adopted resolutions four times in 2011.

Corporate Governance Committee is composed of two members:

Hülya ELMALIOĞLU  
Nilgün YAZICI

Corporate Governance Committee monitors the implementation of corporate governance principles at the Company and coordinates the works of investor relations unitb

Election of committee chairmen from among independent members

There is not any independent board member; however, after independent auditors are appointed under the new Corporate Governance Principles, independent members shall take place in committee works.

Reasons underlying the failure to comply with the said principles and any conflict of interest that may arise from failure to comply with these principles exactly.

There is no conflict of interest. When independent board members are appointed under new corporate governance principles, such structural requirements for compliance with those principles shall be secured.

**27. Financial Benefits provided to the Board of Directors**

All kinds of rights, benefits and remuneration provided to Board members and criteria to define and set them:

No per diem is paid to the Board of Directors; however, pursuant to the existing Articles of Association, it is possible to pay a dividend to the board of directors.

Whether or not the Company has lent sums or loans to board members or executives or

The Company does not lend any sum to Board members and executives.

**Contact Details**

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