

**ANADOLU ISUZU OTOMOTİV
SANAYİ VE TİCARET ANONİM ŞİRKETİ**

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2010
TOGETHER WITH AUDITOR'S REVIEW REPORT**

(ORIGINALLY ISSUED IN TURKISH)

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH (NOTE 2.1.6)**

ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş.

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2010**

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CONSOLIDATED BALANCE SHEETS
AT 30 JUNE 2010 AND 31 DECEMBER 2009

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

	Notes	Reviewed 30 June 2010	Audited 31 December 2009
ASSETS			
Current assets		199.485.520	199.247.897
Cash and cash equivalents	4	24.219.266	15.607.492
Trade receivables			
-Due from related parties	25	505.352	1.129.977
-Other trade receivables	7	41.194.018	57.078.392
Other receivables	8	412.641	348.579
Inventories	9	123.684.975	118.425.255
Other current assets	15	9.469.268	6.658.202
Non-current assets		85.659.307	80.067.882
Trade receivables	7	246.361	0
Other receivables	8	103.863	99.314
Financial assets	5	3.898	3.898
Property, plant and equipment	10	67.263.012	65.443.962
Intangible assets	11	9.168.122	7.514.242
Goodwill	11	2.340.995	2.340.995
Deferred tax assets	23	6.523.178	4.654.107
Other non-current assets	15	9.878	11.364
Total assets		285.144.827	279.315.779

The accompanying notes form an integral part of these interim consolidated financial statements.

These interim consolidated financial statements as of and for the interim period ended 30 June 2010 have been approved for issue by the Board of Directors (“BOD”) on 13 August 2010 and signed on its behalf of BOD by General Manager Ömer Lütfü ABLAY and by Accounting Director Bekir TÖMEK.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS
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CONSOLIDATED BALANCE SHEETS
AT 30 JUNE 2010 AND 31 DECEMBER 2009

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	Reviewed 30 June 2010	Audited 31 December 2009
LIABILITIES			
Current liabilities		116.880.300	103.877.197
Financial liabilities	6	47.488.547	49.884.470
Trade payables			
-Due to related parties	25	38.063.573	18.584.220
-Other trade payables	7	24.468.032	28.043.348
Other payables	8	1.309.698	2.772.784
Current income tax liabilities	23	34.763	37.210
Provisions	13	4.592.891	3.578.180
Other current liabilities	15	922.796	976.985
Non-current liabilities		6.856.673	9.086.178
Provision for employee benefits	14	5.466.541	7.766.028
Other non-current liabilities	15	1.390.132	1.320.150
EQUITY	16	161.407.854	166.352.404
Shareholders' equity		161.395.334	166.338.185
Paid-in share capital		25.419.707	25.419.707
Adjustment to share capital		86.901.880	86.901.880
Restricted reserves		13.661.519	13.584.210
Prior years' income		40.352.286	59.554.789
Loss for the period		(4.940.058)	(19.122.401)
Minority interest	16	12.520	14.219
TOTAL LIABILITIES AND EQUITY		285.144.827	279.315.779

The accompanying notes form an integral part of these interim consolidated financial statements.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS
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CONSOLIDATED STATEMENTS OF INCOME
FOR THE INTERIM PERIODS ENDED 30 JUNE 2010 AND 2009

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	Reviewed 01.01.2010- 30.06.2010	Not Reviewed 01.04.2010- 30.06.2010	Reviewed 01.01.2009- 30.06.2009	Not Reviewed 01.04.2009- 30.06.2009
CONTINUING OPERATIONS					
Revenue	17	140.821.826	68.793.521	97.205.225	69.614.179
Cost of sales (-)	17	(124.050.251)	(58.729.551)	(99.175.716)	(68.948.421)
Gross profit from operating activities		16.771.575	10.063.970	(1.970.491)	665.758
GROSS PROFIT/(LOSS)		16.771.575	10.063.970	(1.970.491)	665.758
Marketing, selling and distribution expenses (-)	18	(12.574.839)	(5.358.666)	(10.915.113)	(5.360.824)
General administrative expenses (-)	18	(8.942.048)	(4.044.443)	(10.143.185)	(4.467.197)
Research and development expenses (-)	18	(405.768)	(251.395)	(2.587.261)	(1.451.837)
Other income	20	2.046.696	794.662	2.689.804	1.509.654
Other expenses (-)	20	(738.999)	(534.858)	(142.508)	(114.963)
OPERATING (LOSS)/PROFIT		(3.843.383)	669.270	(23.068.754)	(9.219.409)
Financial income	21	3.230.535	2.536.227	7.062.388	3.603.497
Financial expenses (-)	22	(6.121.544)	(3.795.110)	(8.487.060)	(70.639)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS		(6.734.392)	(589.613)	(24.493.426)	(5.686.551)
Income tax income from continuing operations		1.792.635	733.531	5.057.247	1.225.259
- Taxes on income (-)	23	(76.436)	(38.545)	(77.647)	(45.873)
- Deferred tax income	23	1.869.071	772.076	5.134.894	1.271.132
(LOSS)/PROFIT FROM CONTINUING OPERATIONS		(4.941.757)	143.918	(19.436.179)	(4.461.292)
(LOSS)/PROFIT FOR THE PERIOD		(4.941.757)	143.918	(19.436.179)	(4.461.292)
Attributable to:	16	(4.941.757)	143.918	(19.436.179)	(4.461.292)
Minority interest		(1.699)	578	(1.410)	752
Equity holders of the parent		(4.940.058)	143.340	(19.434.769)	(4.462.044)
(Loss)/earnings per hundred shares	24	(0,1943)	0,0056	(0,7646)	(0,1755)

The accompanying notes form an integral part of these interim consolidated financial statements.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS
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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE INTERIM PERIODS ENDED 30 JUNE 2010 AND 2009

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

	Notes	Reviewed	Not	Reviewed	Not	
		01.01.2010- 30.06.2010	Reviewed	01.04.2010- 30.06.2010	Reviewed	01.04.2009- 30.06.2009
(LOSS)/PROFIT FOR THE PERIOD		(4.941.757)		143.918	(19.436.179)	(4.461.292)
Other comprehensive income		-		-	-	-
Fair value differences on financial assets		-		-	-	-
Revaluation differences on non-current assets		-		-	-	-
Cumulative differences on hedging		-		-	-	-
Cumulative translation differences		-		-	-	-
Actuarial gains and losses on benefit plan		-		-	-	-
Tax gains and losses related to other comprehensive income		-		-	-	-
OTHER COMPREHENSIVE INCOME (AFTER TAX)		-		-	-	-
Total comprehensive income attributable to:		(4.941.757)		143.918	(19.436.179)	(4.461.292)
Minority interest		(1.699)		578	(1.410)	752
Equity holders of the parent		(4.940.058)		143.340	(19.434.769)	(4.462.044)

The accompanying notes form an integral part of these interim consolidated financial statements.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS
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CONSOLIDATED CASH FLOW STATEMENTS
FOR THE INTERIM PERIODS ENDED 30 JUNE 2010 AND 2009

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	Limited Reviewed 30 June 2010	Limited Reviewed 30 June 2009
CONSOLIDATED CASH FLOW STATEMENTS			
Operating activities:			
Net loss for the period	16	(4.940.058)	(19.434.769)
Adjustments to reconcile net cash generated:			
Depreciation	10	3.769.888	6.565.312
Amortisation	11	830.722	409.059
Provision for employee benefits	14	(2.299.487)	(145.062)
Income on taxes	23	(1.792.635)	(5.057.248)
Interest income	21	(370.196)	(879.736)
Interest expenses	22	2.305.854	2.928.015
Exchange losses on borrowings		15.350	30.275
Other non-cash generating expenses		992.876	508.489
Loss on sales of property, plant and equipment	20	17.780	95.739
Net operating loss before changes in assets and liabilities:		(1.469.906)	(14.979.926)
Changes in assets and liabilities:			
Net decrease in trade receivables		17.617.882	31.237.237
Net (increase)/decrease in inventories	9	(5.259.720)	38.953.534
Net (increase)/decrease in other current assets	8-15	(2.076.223)	4.741.836
Net decrease in other non-current assets	15	4.404.683	-
Net increase/(decrease) in trade payables	7	15.555.060	(97.843.382)
Net decrease in other liabilities		(3.479.522)	(1.647.367)
Taxes paid		(71.983)	(63.028)
Employee benefits paid		(3.000.241)	(1.375.285)
Cash flows from/(used in) operating activities:		22.220.030	(40.976.381)
Investing activities:			
Sales of non-current assets held for sale			
Purchase of property, plant and equipment	10	(6.750.476)	(5.483.194)
Purchase of intangible assets	11	(2.484.602)	(113.015)
Cash flows used in investing activities:		(9.235.078)	(5.596.209)
Financing activities:			
Dividend payments	16	(2.793)	(2.237)
Interests received		363.941	872.774
Interests paid		(635.715)	(1.711.181)
Proceeds from borrowings		8.000.000	40.490.464
Repayments of borrowings		(12.081.412)	(750.000)
Net cash used in/(generated from) financing activities:		(4.355.979)	38.899.820
Net increase/(decrease) in cash and cash equivalents		8.628.973	(7.672.770)
Cash and cash equivalents at the beginning of period	4	15.573.254	47.240.842
Cash and cash equivalents at the end of period	4	24.202.227	39.568.072

The accompanying notes form an integral part of these interim consolidated financial statements.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS
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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE INTERIM PERIODS ENDED 30 JUNE 2010 AND 2009

Limited reviewed	Notes	Paid in share capital	Adjustment to share capital	Total paid in share capital	Restricted reserves	Special reserves	Prior years' income	Loss for the period	Shareholders' equity attributable to equity holders of the Group	Minority interest	Total shareholders' equity
As of 1 January 2009	16	25.419.707	86.901.880	112.321.587	13.521.006	-	60.088.634	(468.404)	185.462.823	13.041	185.475.864
Transfers	16	-	-	-	-	-	(468.404)	468.404	-	-	-
Dividends paid	16	-	-	-	63.204	-	(65.441)	-	(2.237)	-	(2.237)
Total comprehensive income	16	-	-	-	-	-	-	(19.434.769)	(19.434.769)	(1.410)	(19.436.179)
As of 30 June 2009	16	25.419.707	86.901.880	112.321.587	13.584.210	-	59.554.789	(19.434.769)	166.025.817	11.631	166.037.448
Limited reviewed											
As of 1 January 2010	16	25.419.707	86.901.880	112.321.587	13.584.210	-	59.554.789	(19.122.401)	166.338.185	14.219	166.352.404
Transfers	16	-	-	-	-	-	(19.122.401)	19.122.401	-	-	-
Dividends paid	16	-	-	-	77.309	-	(80.102)	-	(2.793)	-	(2.793)
Total comprehensive income	16	-	-	-	-	-	-	(4.940.058)	(4.940.058)	(1.699)	(4.941.757)
As of 30 June 2010	16	25.419.707	86.901.880	112.321.587	13.661.519	-	40.352.286	(4.940.058)	161.395.334	12.520	161.407.854

The accompanying notes form an integral part of these interim consolidated financial statements.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH (NOTE 2.1.6)**

**ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2010**

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(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS

Anadolu Isuzu Otomotiv Sanayi ve Ticaret Anonim Şirketi ("the Company") was established in 1980. Activities of the Company are comprised mainly of manufacturing, assembling, marketing, importing and exporting of commercial vehicles, including sale of relevant automotive spare parts of the commercial vehicles. The Company is registered to Capital Markets Board of Turkey and 15 % of the Company's shares have been traded on Istanbul Stock Exchange since 1997.

The Company carries out its operations as a partnership formed by Isuzu Motors Ltd., Itochu Corporation and Anadolu Group Companies. The Company runs its manufacturing operations in a factory established in Gebze/Kocaeli. The average number of employees as of June 30, 2010 is 494. (31 December 2009: 701.)

The Company's official address registered in the Trade Registry is Ankara Asfaltı Soğanlık Köy Karşısı Kartal, Istanbul.

As of 30 June 2010 and 31 December 2009, details regarding the Company's subsidiaries, which are subject to consolidation, are as follows:

Subsidiaries	Nature of business	Capital	Ownership interest held by the Company (%)
Ant Sınai ve Ticari Ürünleri Pazarlama A.Ş.	Trade of spare parts	716.000	99,44
Anadolu Isuzu Dış Ticaret ve San. A.Ş.	Trade	100.000	97,00

Hereafter, the Company and the subsidiaries will be referred as ("the Group") in the interim consolidated financial statements and notes to the interim consolidated financial statements.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Financial reporting standards

The Group maintains its books of account and prepares its statutory interim consolidated financial statements in accordance with the regulations of the Capital Markets Board of Turkey (CMB), Turkish Commercial Code, Tax Procedural Law and Uniform Chart of Accountants published by Ministry of Finance.

The Capital Markets Board ("CMB") regulated the principles and procedures of preparation, presentation and announcement of interim consolidated financial statements prepared by the entities with the Communiqué No: XI-29, "Principles of Financial Reporting in Capital Markets" ("the Communiqué"). The Communiqué is effective for the annual periods starting from 1 January 2008 and supersedes the Communiqué No: XI-25, "The Accounting Standards in the Capital Markets". According to the Communiqué, entities shall prepare their financial statements in accordance with International Financial Reporting Standards ("IAS/IFRS") endorsed by the European Union. Until the differences of the IAS/IFRS as endorsed by the European Union from the ones issued by the International Accounting Standards Board ("IASB") are announced by the Turkish Accounting Standards Board ("TASB"), IAS/IFRS issued by the IASB shall be applied. Accordingly, Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS") issued by the TASB, which do not contradict with the aforementioned standards shall be applied.

The Group's interim consolidated financial statements are presented with its functional currency that is the currency of the primary economic environment in which the Group operates. The Group's financial position and operation results are indicated in the Group's functional currency, TRY.

With the decision taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their interim consolidated financial statements in accordance with the financial reporting standards issued by the CMB ("CMB Financial Reporting Standards"). Accordingly, IAS 29, "Financial Reporting in Hyperinflationary Economies", issued by the IASB, has not been applied in the consolidated financial statements commencing from 1 January 2005.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As the differences of the IAS/IFRS endorsed by the European Union from the ones issued by the IASB have not been announced by TASB as of the date of preparation of these consolidated interim financial statements, the condensed consolidated interim financial statements have been prepared within the framework of Communiqué XI, No: 29 and related promulgations to this Communiqué as issued by the CMB, CMB Financial Reporting Standards which are based on IAS/IFRS. The consolidated interim financial statements and the related notes to them are presented in accordance with the formats required by the CMB that announced in newsletters dated 17 April 2008 and 0 January 2009 including the compulsory disclosures.

2.1.2 Consolidation principles

(a) *Subsidiaries*

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.

Balance sheet and income statements of the Subsidiaries are consolidated according to "the full consolidation method". The book value of the Company's investments in Subsidiaries and the Subsidiaries' capitals were netted accordingly. Transactions and balances between the Company and Subsidiaries are eliminated during consolidation.

(b) *Financial assets at fair value through profit or loss*

Available-for-sale financial assets in which the Group, have ownership interests below 20%, or over which the Group does not exercise a significant influence or which are immaterial and do not have quoted market prices in active markets and whose fair values cannot be reliably measured, are carried at cost, less any provision for diminution in value.

(c) *Minority interest*

The minority shares in the net assets and operating results of Subsidiaries are separately classified in the consolidated balance sheets and income statements as "minority interest". If losses related to minority interest are over benefits from shares of a subsidiary and if there is no bounding liability to the minority, in general, these losses related with the minority result against to benefits of the minority.

2.1.3 Offsetting

The financial assets and liabilities in the interim consolidated financial statements are shown at their net value when a legal granted permission, an intention of stating the interim consolidated financial statements with their net values and the financial asset and liabilities are arisen concurrently.

2.1.4 Comparatives and adjustment of prior periods' financial statements

The interim consolidated financial statements of the Group include comparative financial information to enable the determination of the financial position and performance. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the current period interim consolidated financial statements. In this respect, the idle capacity expenses were classified under cost of sales in the current period and provisions no longer required priorly classified under other operating income have been classified to general and administrative expenses.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1.4 Comparatives and adjustment of prior periods' financial statements (Continued)

Sales rebates, classified under marketing, selling and distribution expenses in the prior period, have been classified to revenue as sales discounts. Therefore, revenues for the interim periods ended 1 January - 30 June 2009 and 1 April - 30 June 2009 were reduced by TRY2.974.367 and TRY1.535.684 respectively.

Marketing contribution income amounting to TRY357.331 classified under other operating income in the prior period, have been netted with sales, marketing and distribution expenses for the interim periods ended 1 January - 30 June 2009 and 1 April - 30 June 2009.

2.1.5 Amendments in International Financial Reporting Standards

Standards, amendments and interpretations effective from 1 January 2010

- IAS 1 (Amendment), "Presentation of Financial Statements"
- IAS 27 (Amendment), "Consolidated and Separate Financial Statements"
- IAS 38 (Amendment), "Intangible Assets"
- IFRS 3 (Amendment), "Business Combinations"
- IFRS 5 (Amendment), "Non-current Assets Held for Sale and Discontinued Operations"
- IFRS 2 (Amendment), "Share based Payment"
- IFRIC 17, "Distributions of Non-cash Assets to Owners"
- IFRIC 18, "Transfers of Assets from Customers"
- IFRS 2009 Amendments

The Group management expects that the standards, amendments and interpretations to existing standards given above will not have material effect on the interim consolidated financial statements.

Standards, amendments and interpretations not yet effective as of 30 June 2010

- IFRS 9, "Financial Instruments: Classification and Measurement"
- IAS 24 (Amendment), "Related Party Disclosures"
- IAS 32 (Amendment), "Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements"
- IFRIC 14 (Amendment), "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"
- IFRS 2010 Amendments

Not early adopted.

2.1.6 Convenience translation into English of consolidated financial statements

The accounting principles described in Note 2.1 to the consolidated financial statements (defined as CMB Financial Reporting Standards) differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January and 31 December 2005. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

2.2 Summary of Significant Accounting Policies

2.2.1 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents include cash on hand, deposits at banks and highly liquid short-term investments, with maturity periods of less than three months, which has insignificant risk of change in fair value.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2.2 Trade receivables and valuation allowance

Trade receivables as a result of providing goods or services by the Group directly to a debtor are carried at amortised cost. Short-term receivables with no stated interest rate are measured at the original invoice amount since the effect of imputing interest is significant.

A credit risk provision for trade receivables is established if there is objective evidence that the Company will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

If the impairment amount decreases due to an event occurring after the write-down, the release of the provision is credited to other income in the current period.

The Company collects most of the receivables from domestic vehicles sales through the "Direct Debit System" (DDS). Within this system which is also named as Direct Collection System; the contracted banks warrant the collection of the receivables within the limits granted to the dealers. Trade receivables are transferred by the contracted banks to the Company's bank accounts at the due dates.

2.2.3 Inventories

Inventories are valued at the lower of cost or net realisable value. The inventories of the Group mainly composed of trucks, small trucks, midi buses, pickups and spare parts which belong to those vehicles. The cost of inventories is determined on the moving monthly average basis. Cost elements included in inventories are materials, labor and an appropriate amount of factory overheads and exclude the cost of borrowing. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. The allocation of fixed production overheads to the costs of conversion is based on the normal capacity of the production facilities. Idle time expenses arising from the ceases in production other than planned in the factory's annual production plan are not associated with inventories and are recognised as cost of finished goods.

2.2.4 Property, plant and equipment

For assets acquired after 2005, the tangible basis assets are reflected to the interim consolidated financial statements by deducting their accumulated depreciation from their cost. For assets that were acquired before 1 January 2005, the tangible fixed assets are presented on the interim consolidated financial statement based on their cost basis, which is adjusted according to the inflationary effects as of 31 December 2004. Depreciation is calculated using the straight-line method based on their economic lives. The following rates, determined in accordance with the economic lives of the fixed assets, are used in calculation of depreciation:

Type	Depreciation rates (%)
Buildings	2-5
Machinery and equipment	10-20
Fixtures and Furniture	10-20
Motor Vehicles	10-20
Land Improvements	5-6

Land is not depreciated as it is deemed to have an indefinite useful life.

An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the asset's net selling price or value in use.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amounts and are included in other operating income and losses.

Repair and maintenance expenses are charged to the statement of income as they are incurred. Repair and maintenance expenditures are capitalised if they result in an enlargement or substantial improvement of the respective asset.

2.2.5 Intangible assets

Intangible assets acquired before January 01, 2005 are carried at indexed historical cost for inflation effects as at December 31, 2004; however, purchases after January 01, 2005 are carried at their historical cost less accumulated amortization and impairment. Intangible assets are depreciated on a straight-line basis over their expected useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets are comprised of software programme rights, brand and patent rights and development expenses. Amortization is calculated using the straight-line method based on their economic lives unless they exceed five years.

2.2.6 Goodwill and related amortisation

In interim consolidated financial statements, if goodwill and negative goodwill which are resulted from the difference of purchase price and fair value of net assets of the acquired share of the affiliate are realised from the purchases before 31 March 2004, they are amortised by using the capitalised and normal amortisation method over its useful life until end of 31 December 2004. Within the framework of IFRS 3 - "Business Combinations" amortisation is not applied for goodwill which is resulted from acquisitions after 31 March 2004. The calculated goodwill is evaluated and if impairment is required, a provision for impairment is accounted for. Also, for the acquisitions after 31 March 2004, if negative goodwill exists, the amount is reviewed and credited to income statement in the period negative goodwill occurred. Within the framework of IFRS 3, after 31 March 2004, in the beginning of first upcoming annual accounting period (1 January 2005), the Group has halted the amortisation of goodwill which was resulted from the transactions before 31 March 2004. Impairment of goodwill is not cancellable. The Group performs impairment testing during the year-ends.

2.2.7 Impairment of assets

All assets are reviewed for impairment losses including property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If such an indication exists, the recoverable amount of the asset is presumed. The recoverable amount is presumed in each year-end for unusable intangible assets. An impairment loss is recognised for the amount by which the carrying amount of the asset or a cash generating unit related to the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. Impairment losses are recognised in the statement of income.

Impairment losses on assets can be reversed, to the extent of previously recorded impairment losses, in cases where increases in the recoverable value of the asset can be associated with events that occur subsequent to the period when the impairment loss was recorded.

2.2.8 Loans and borrowing costs

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the statement of income over the period of the borrowings. When it comes to the assets which take long time to get ready to usage and sales, borrowing costs related to production or construction are integrated to the cost of the asset.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2.9 Taxes on income

Taxes include current period income taxes and deferred taxes. Current year tax liability consists of tax liability on the taxable income calculated according to currently enacted tax rates and to the effective tax legislation as of balance sheet date.

Deferred income tax is provided, using the liability method, for temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Tax bases of assets and liabilities comprise of the amounts that will affect the future period tax charges based on the tax legislation. Currently enacted tax rates, which are expected to be effective during the periods when the deferred tax assets will be utilised or deferred tax liabilities will be settled, are used to determine deferred income tax.

Deferred tax liabilities are recognised for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities related to income taxes levied by the same taxation authority are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities

2.2.10 Provision for employee benefits

Provision for employee benefits represent the present value of the estimated total reserve of the future probable obligation of the Group arising from the retirement of the employees, completion of one year of service of the employees, employees' being calling up for military service or the death of employees calculated in accordance with the Turkish Labor Law.

2.2.11 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. If the provision amount decreases, in the case of an event occurring after the provision is accounted for, the related amount is classified as other income in the current period.

2.2.12 Research and development expenses

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and only if the cost can be measured reliably. Other development expenditures are recognised as expense as incurred. Development costs previously recognised as expense are not recognised as an asset in a subsequent period.

2.2.13 Warranty provision expenses

Warranty expenses are recognised on an accrual basis for amounts estimated based on prior periods' realisation.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2.14 Related parties

For the purpose of these interim consolidated financial statements, shareholders, key management personnel and board members, in each case together with their families and companies controlled by/or affiliated with them, and associated companies are considered and referred to as related parties. The transactions with related parties for operating activities are made with prices which are convenient with market prices.

2.2.15 Foreign currency transactions

Transactions in foreign currencies during the year have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TRY at the exchange rates prevailing at the balance sheet dates. Foreign currency exchange gains or losses arising from the settlement of such transactions and from the translation of monetary assets and liabilities are recognised in the statement of income.

2.2.16 Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Group using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realise in a current market exchange.

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practical to estimate fair value:

Monetary assets

The fair values of balances denominated in foreign currencies, which are translated using year-end exchange rates, are considered to approximate their carrying value. The fair values of certain financial assets carried at cost, including cash and amounts due from banks and deposits with banks are considered to approximate their respective carrying values due to their short-term nature. The carrying values of trade receivables along with the related allowances for impairment are estimated to be their fair values due to their short-term nature. Trade receivables are proposed to reflect fair value when the book value is accounted with doubtful allowance for trade receivables.

Monetary liabilities

The fair values of monetary liabilities are considered to approximate their respective carrying values due to their short-term nature. Long-term borrowings, which are mainly denominated in foreign currencies, are translated at year-end exchange rates and their fair values approximate their carrying values as floating interest is applied on these loans generally.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2.17 Earnings per share

Earnings per share disclosed in the statement of income are determined by dividing net earnings by the weighted average number of shares that have been outstanding during the related year concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and the revaluation surplus. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and for each earlier year.

2.2.18 Revenue recognition

Commercial vehicle and spare part sales

The Group recognizes income according to the accrual basis, when the Group reasonably determines the income and economic benefit is probable. Group's revenues are comprised of sales of commercial vehicles and the spare parts of those commercial vehicles. Revenue is reduced for customer returns and sales discounts.

Revenue from the sale of goods is recognized when all the following conditions are gratified:

- The significant risks and the ownership of the goods are transferred to the buyer,
- The Group refrains the managerial control over the goods and the effective control over the goods sold,
- The revenue can be measured reasonably,
- It is probable that the the economic benefits related to transaction will flow to the entity,
- The costs incurred or will be incurred in conjunction with the transaction can be measured reliably.

Service sales

When the revenue from services can be measured reliably, the revenue is recorded in accordance with its completion level. If the revenue cannot be measured reliably, revenues are recognized as much as the recoverable amount of expenses that are associated with these revenues.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Rent income

Rent income from investment properties is recognized on a straight-line basis over the term of the respective lease.

When there is significant amount of cost of financing included in the sales, the fair value is determined by discounting all probable future cash flows with the yield rate, which is embedded in the cost of financing. The differences between the fair value and the nominal value are recorded as interest income according to the accrual basis.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2.19 Reporting of cash flows

In the statement of cash flows, cash flows during the period are classified under operating, investing or financing activities.

The cash flows raised from operating activities indicate cash flows due to the Group's operations.

The cash flows due to investing activities indicate the Group cash flows that are used for and obtained from investments (investments in property, plant and equipment and financial investments).

The cash flows due to financing activities indicate the cash obtained from financial arrangements and used in their repayment.

Cash and cash equivalents include cash and bank deposits and the investments that are readily convertible into cash and highly liquid assets with less than three months to maturity.

2.2.20 Contingent assets and liabilities

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in the interim consolidated financial statements and treated as contingent assets or liabilities.

2.2.21 Government grants

Government grants are not 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 are recognized as income over the periods necessary to match them with the related costs, which they are intended to compensate, on a systematic basis.

Government grants and assistance received for Research and Development purposes of the Group are explained in Note 12.

2.2.22 Derivative financial instruments

Derivative financial instruments are initially recognised in the consolidated balance sheet at cost and subsequently are re-measured at their fair value. The derivative instruments of the Group mainly consist of foreign exchange forward contracts and currency swap instruments. Group enters into forward contracts time to time in order to minimise its exposures due to having foreign currency denominated liabilities.

Derivative financial instruments which are mainly consist of foreign exchange forward contracts are initially recognised at cost and the transactions costs which are related to derivative financial instruments are included to their initial costs and subsequently are re-measured at their fair value. All derivative financial instruments are classified as financial assets which are measured at fair value and associated with income statement. Fair values of the derivative financial instruments are calculated through fair values determined in the market or using the discounted cash flow method. Fair values of forward contracts which are traded in over the counter markets, are calculated by using the market interest rate of the original currency until the exercise date of forward contract and the foreign currency exchange rate is determined by comparing the original forward rate with current forward rate at end of period. Derivative financial instruments are accounted for asset or liability if the fair value is positive or negative respectively.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

These derivative financial instruments, even though providing effective economic hedges under the Company risk management position, do not qualify for hedge accounting under the requirements of IAS 39, "Financial Instruments: Recognition and Measurement", and therefore are accounted for as derivatives held-for-trading in the interim consolidated financial statement.

Held-for-trading derivative financial instruments are initially recognised in the interim consolidated financial statements at cost and are subsequently re-measured at their fair value. Changes in the fair values of held-for-trading derivative financial instruments are included in the statements of comprehensive income

2.2.23 Accounting policies, changes in accounting estimates and errors

Accounting estimates are made based on reliable information and using appropriate estimation methods. However, if new or additional information becomes available or the circumstances, which the initial estimates based on, change, then the estimates are reviewed and revised, if necessary. If the change in the accounting estimates is only related to a sole period, then only that period's financial statements are adjusted. On the other hand, if the amendments are related to the current as well as the forthcoming periods, then both current and forthcoming periods' financial statements are adjusted. In instances where the accounting estimates affect both current and forthcoming periods, then description and monetary value of the estimate is disclosed in the notes to the financial statements. However; if the affect of the accounting estimate to the financial statement is not determinable, then it is not disclosed in the notes to the financial statements.

2.2.24 Subsequent events

Subsequent events and announcements related to net profit or even declared after other selective financial information has been publicly announced, include all events that take place between the balance sheet date and the date when the balance sheet is authorised for issue.

In the case that events requiring an adjustment to the interim consolidated financial statements occur subsequent to the balance sheet date, the Group makes the necessary corrections on the interim consolidated financial statements.

NOTE 3- SEGMENT REPORTING

The Group, which is incorporated and domiciled in Turkey, has primary operation of manufacturing, assembling, exporting and selling motor vehicles and spare parts. The Group's operating segments, nature and economic characteristics of products, nature of production processes, classification of customers in terms of risk for their products and services and methods used to distribute their products are similar. Furthermore, the Group structure has been organised to operate in one segment rather than separate business segments. Consequently, the business activities of the Group are considered to be in one operating segment and the operating results, resources to be allocated to the segment and assessment of performance are managed in this respect.

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NOTE 4- CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents at the period ends are as follows:

	<u>30 June 2010</u>	<u>31 December 2009</u>
Cash	39.207	38.527
Banks - Demand deposits	2.591.726	4.208.886
Banks - Time deposits (up to 3 month maturity)	21.587.636	10.870.072
Other	697	490.007
Total	24.219.266	15.607.492

There are no blocked deposits as of 30 June 2010 and 31 December 2009.

Cash and cash equivalents presented in the consolidated cash flow statements as of 30 June 2010 ve 31 December 2009 are as follows:

	<u>30 June 2010</u>	<u>31 December 2009</u>	<u>30 June 2009</u>	<u>31 December 2008</u>
Cash and banks	24.219.266	15.607.492	39.622.526	47.288.335
Less: Interest Accruals	(17.039)	(10.784)	(54.454)	(47.493)
Total (Except Interest Accruals)	24.202.227	15.596.708	39.568.072	47.240.842

The details of time deposits are as follows:

	<u>30 June 2010</u>		<u>31 December 2009</u>	
	<u>Amount in TRY</u>	<u>Annual Interest Rate (%)</u>	<u>Amount in TRY</u>	<u>Annual Interest Rate (%)</u>
TRY	5.836.572	6,00-10,30	1.529.347	2,00-6,00
USD	5.082.319	0,25-4,25	2.965.489	0,25-2,25
EUR	10.668.745	0,25-4,25	6.375.236	0,25-3,00
Total	21.587.636		10.870.072	

The Group does not have any time deposits with maturities longer than one month, and the time deposits are composed of fixed interest rates.

As of 30 June 2010, time and demand deposits amounting to TRY23.007.606 are at Alternatifbank A.Ş., a related party of the Group (31 December 2009: TRY14.413.742).

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NOTE 5 - FINANCIAL ASSETS

The Group's financial assets are composed of shares classified as available-for-sale financial assets and details are as follows:

Company	30 June 2010		31 December 2009	
	Share Amount	Share Ratio%	Share Amount	Share Ratio %
Efestur AŞ.	1.621	2,50	1.621	2,50
Anadolu Otomotiv Diş Ticaret A.Ş.	2.277	2,00	2.277	2,00
Total available-for-sale financial assets	3.898		3.898	

The Group's equity securities are all unlisted and are carried at their cost values.

NOTE 6 - FINANCIAL LIABILITIES

The details of bank loans as of 30 June 2010 and 31 December 2009 are as follows:

	Effective Interest Rate %		Original Currency		Amount in TRY	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009	30 June 2010	31 December 2009
Short-term Bank Loans						
USD	-	3,82	-	625.000	-	947.380
TRY	9,61	9,63	45.000.000	48.125.000	47.488.547	48.937.090
Total					47.488.547	49.884.470

As of balance sheet dates, bank loans with variable interest rates are as follows:

Period	30 June 2010	31 December 2009
Up to 1 month	9.000.000	11.907.434
Total	9.000.000	11.907.434

Bank loans have been borrowed for short-term working capital needs of the Group and the Group does not have any long-term financial liabilities.

NOTE 7 - TRADE RECEIVABLES AND PAYABLES

Trade receivables at period ends are as follows:

Short-term trade receivables	<u>30 June 2010</u>	<u>31 December 2009</u>
Trade Receivables	39.107.708	56.084.883
Cheques Receivable	2.134.183	997.366
Doubtful Receivables	333.324	333.324
Less: Provision for doubtful receivables	(333.324)	(333.324)
Less: Rediscount on cheques and notes receivables	(47.873)	(3.857)
Total	41.194.018	57.078.392

Movements of provision for doubtful receivables are as follows:

	<u>30 June 2010</u>	<u>30 June 2009</u>
1 January 2010	333.324	333.324
Provisions during the period	-	-
Collections during the period	-	-
30 June 2010	333.324	333.324

Long-term trade receivables	<u>30 June 2010</u>	<u>31 December 2009</u>
Export-registered VAT receivables	246.361	-
Total	246.361	-

Trade payables as of period ends are as follows:

Trade Payables	<u>30 June 2010</u>	<u>31 December 2009</u>
Trade payables	24.468.032	28.043.982
Less: Rediscount of cheques	-	(634)
Total	24.468.032	28.043.348

NOTE 8 - OTHER RECEIVABLES AND PAYABLES

Other Short-term Receivables	<u>30 June 2010</u>	<u>31 December 2009</u>
Receivables from government authorities	35.146	203.068
Receivables from personnel	375.262	143.317
Deposits and guarantees given	2.233	2.194
Total	412.641	348.579

Other Long-term Receivables	<u>30 June 2010</u>	<u>31 December 2009</u>
Deposits and guarantees given	103.863	99.314
Total	103.863	99.314

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NOTE 8 - OTHER RECEIVABLES AND PAYABLES (Continued)

Other Payables

Other Short-term Liabilities	<u>30 June 2010</u>	<u>31 December 2009</u>
Due to shareholders	11.761	12.040
Due to personnel	242.501	341.816
Order advances received	94.269	306.153
Taxes and funds payable	455.692	1.405.961
Social security premiums payable	503.772	704.931
Taxes to be deducted	-	215
Other miscellaneous payables	1.703	1.668
Total	1.309.698	2.772.784

NOTE 9- INVENTORIES

Inventory balances as of period ends are as follows:

	<u>30 June 2010</u>	<u>31 December 2009</u>
Raw materials	51.477.512	31.007.237
Semi-finished goods	881.205	1.739.454
Finished goods	52.245.150	51.281.937
Trade goods	10.845.707	15.452.667
Other inventories	385.903	266.964
Advances given for import and domestic purchases	8.069.823	19.165.319
	123.905.300	118.913.578
Less: Provisions for impairment of finished goods	(220.325)	(488.323)
Total Inventories	123.684.975	118.425.255

	<u>30 June 2010</u>	<u>30 June 2009</u>
Movements of Provision for Impairment on Inventories		
Opening balance	488.323	-
Less: Provision released due to the net realizable value	(267.998)	-
Current period charge	-	1.523.254
Ending balance	220.325	1.523.254

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NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

<u>Cost</u>	<u>Land</u>	<u>Land improvements</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Motor vehicles</u>	<u>Furniture and fixtures</u>	<u>Other tangible assets</u>	<u>Constructions in progress and advances given</u>	<u>TOTAL</u>
As of 1 January 2010	2.427.379	7.574.732	62.519.247	132.784.709	4.910.498	2.807.615	836.669	2.196	213.863.045
Additions	-	11.750	2.100	5.980.757	652.089	10.578	-	93.202	6.750.476
Disposals	-	-	-	(88.713)	(1.426.900)	-	(11.873)	-	(1.527.486)
As of 30 June 2010	2.427.379	7.586.482	62.521.347	138.676.753	4.135.687	2.818.193	824.796	95.398	219.086.035
<u>Accumulated depreciation</u>									
As of 1 January 2010	-	(6.357.251)	(28.129.481)	(108.617.332)	(1.907.877)	(2.570.473)	(836.669)	-	(148.419.083)
Current period depreciation	-	(56.456)	(1.079.485)	(2.098.756)	(486.197)	(48.994)	-	-	(3.769.888)
Disposals	-	-	-	88.713	265.362	-	11.873	-	365.948
As of 30 June 2010	-	(6.413.707)	(29.208.966)	(110.627.375)	(2.128.712)	(2.619.467)	(824.796)	-	(151.823.023)
<u>Net book value</u>									
Net book value as of 1 January 2010	2.427.379	1.217.481	34.389.766	24.167.377	3.002.621	237.142	-	2.196	65.443.962
Net book value as of 30 June 2010	2.427.379	1.172.775	33.312.381	28.049.378	2.006.975	198.726	-	95.398	67.263.012

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NOTE 10 - PROPERTY, PLANT AND EQUIPMENT (Continued)

<u>Cost</u>	<u>Land</u>	<u>Land improvements</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Motor vehicles</u>	<u>Furniture and fixtures</u>	<u>Other tangible assets</u>	<u>Constructions in progress and advances given</u>	<u>TOTAL</u>
As of 1 January 2009	2.427.379	7.574.732	62.519.247	125.466.654	3.674.271	2.801.912	836.669	1.316.571	206.617.435
Additions	-	-	-	4.125.118	279.954	2.198	-	1.075.924	5.483.194
Disposals	-	-	-	(248.570)	(577.120)	-	-	(49.590)	(875.280)
As of 30 June 2009	2.427.379	7.574.732	62.519.247	129.343.202	3.377.105	2.804.110	836.669	2.342.905	211.225.349
<u>Accumulated depreciation</u>									
As of 1 January 2009	-	(6.244.730)	(25.699.202)	(101.037.589)	(1.313.754)	(2.473.890)	(836.669)	-	(137.605.834)
Current period depreciation	-	(56.261)	(1.206.360)	(4.913.139)	(339.542)	(50.010)	-	-	(6.565.312)
Disposals	-	-	-	248.570	63.827	-	-	-	312.397
As of 30 June 2009	-	(6.300.991)	(26.905.562)	(105.702.158)	(1.589.469)	(2.523.900)	(836.669)	-	(143.858.749)
<u>Net book value</u>									
Net book value as of 1 January 2009	2.427.379	1.330.002	36.820.045	24.429.065	2.360.517	328.022	-	1.316.571	69.011.601
Net book value as of 30 June 2009	2.427.379	1.273.741	35.613.685	23.641.044	1.787.636	280.210	-	2.342.905	67.366.600

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NOTE - 11 INTANGIBLE ASSETS

30 June 2010

<u>Cost</u>	<u>Rights</u>	<u>Development costs</u>	<u>Other intangible assets</u>	<u>Constructions in progress and advances given</u>	<u>TOTAL</u>
As of 1 January 2010	62.631	6.820.167	1.800.718	857.652	9.541.168
Additions	11.000	-	9.804	2.463.798	2.484.602
Disposals	-	-	-	-	-
As of 30 June 2010	73.631	6.820.167	1.810.522	3.321.450	12.025.770

Accumulated amortisation

As of 1 January 2010	(7.390)	(617.819)	(1.401.717)	-	(2.026.926)
Current period amortisation	(2.332)	(682.017)	(146.373)	-	(830.722)
Disposals	-	-	-	-	-
As of 30 June 2010	(9.722)	(1.299.836)	(1.548.090)	-	(2.857.648)

Net Book Value

Net Book Value as of 1 January 2010	55.241	6.202.348	399.001	857.652	7.514.242
Net Book Value as of 30 June 2010	63.909	5.520.331	262.432	3.321.450	9.168.122

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NOTE 11 - INTANGIBLE ASSETS (Continued)

30 June 2009

<u>Cost</u>	<u>Rights</u>	<u>Development costs</u>	<u>Other intangible assets</u>	<u>Constructions in progress and advances given</u>	<u>TOTAL</u>
As of 1 January 2009	41.955	2.520.752	1.646.061	-	4.208.768
Additions	12.025	-	100.990	-	113.015
Disposals	-	-	-	-	-
As of 30 June 2009	53.980	2.520.752	1.747.051	-	4.321.783

Accumulated amortisation

As of 1 January 2009	(3.690)	(42.558)	(1.088.821)	-	(1.135.069)
Current period amortisation	(1.661)	(252.075)	(155.323)	-	(409.059)
Disposals	-	-	-	-	-
As of 30 June 2009	(5.351)	(294.633)	(1.244.144)	-	(1.544.128)

Net book value

Net Book Value as of 1 January 2009	38.265	2.478.194	557.240	-	3.073.699
Net Book Value as of 30 June 2009	48.629	2.226.119	502.907	-	2.777.655

GOODWILL

30 June 2010

	<u>Net book value</u>
As of 1 January 2010	2.340.995
Additions	-
Provision for impairment	-
As of 30 June 2010	2.340.995

30 June 2009

	<u>Net book value</u>
As of 1 January 2009	2.340.995
Additions	-
Provision for impairment	-
As of 30 June 2009	2.340.995

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NOTE 12 - GOVERNMENT GRANTS

As stated in the official statement published by Revenue Administration with No: 10378 on February 17, 2006, the projects, which are executed by the Group, were found appropriate to receive benefits from Research and Development discount incentive.

For research and development operations executed in the first half of 2010, a cash support of TRY625.467 received from the Scientific and Technological Research Council of Turkey ("Tubitak"). Total aid received for 2009 was TRY2.514.750 of which TRY533.409 received from SPSF and TRY1.981.341 from Tubitak.

The Group is entitled to receive a tax deduction of TRY2.096.228 due to expenses made on research and development. Research and Development tax deduction rate used to calculate the research and development expenditures has been raised from %40 to %100 by the amended article 35 of Law no: 5746, which came effective on April 1, 2008. (31 December 2009: TRY6.231.400).

In order to benefit from incentives and exceptions offered with Law No:5746, the Group filed an application to have its research and development headquarters recognized by the Ministry of Industry and Commerce. The Group received its recognition on June 3, 2009.

NOTE 13 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions for expenses and liabilities (Short-term)	30 June 2010	31 December 2009
Warranty provisions	2.842.797	3.139.510
Provision for lawsuits	516.633	130.000
Provision for performance premium	991.362	304.416
Provision for premium and commissions	240.212	-
Other	1.887	4.254
Total	4.592.891	3.578.180

Movements of provisions during the period are as follows:

	Warranty provisions	Provision for lawsuits	Provision for performance premium	Provision for premium and commissions	Other	Total
As of 1 January	3.139.510	130.000	304.416	-	4.254	3.578.180
Additions during the period	-	422.633	991.362	240.212	1.887	1.656.094
Paid during the period	-	(36.000)	(304.416)	-	(4.254)	(344.670)
Reversal of provisions	(296.713)	-	-	-	-	(296.713)
As of 30 June 2010	2.842.797	516.633	991.362	240.212	1.887	4.592.891

	Warranty provisions	Provision for lawsuits	Provision for performance premium	Provision for premium and commissions	Other	Total
As of 1 January 2009	4.193.926	150.000	-	-	3.538	4.347.464
Additions during the period	-	-	1.112.000	150.283	5.075	1.267.358
Paid during the period	-	-	-	-	(3.538)	(3.538)
Reversal of provisions	(1.061.953)	-	-	-	-	(1.061.953)
As of 30 June 2009	3.131.973	150.000	1.112.000	150.283	5.075	4.549.331

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NOTE 13 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Lawsuits Against the Group;

Total amount of initiated law suits against the Group, which has not been resulted until the balance sheet date as of 30 June 2010, is TRY516.633 (As of 30 June 2009 amount of provisions concerning these lawsuits is TRY150.000).

Mortgages and Guarantees on Assets;

The Group does not have any mortgages or guarantees on its assets

Total Insurance Coverage on Assets;

Total insurance coverage on assets as of 30 June 2010 is TRY273.500.238 (31 December 2009: TRY298.012.270).

The total amounts of commitments not included in liabilities are as follows:

Type	<u>30 June 2010</u>	<u>31 December</u> <u>2009</u>
Guarantee letters given	6.294.983	7.911.119
Total	6.294.983	7.911.119

The Group's guarantee/pledge/mortgage ("GPM") positions as of 30 June 2010 and 31 December 2009 are as follows:

	<u>30 June 2010</u>	<u>31 December</u> <u>2009</u>
A. Total amount of GPM given on behalf of the Group	6.294.983	7.911.119
i. Letters of guarantee	6.294.983	7.911.119
ii. Mortgages	-	-
B. Total amount of GPM given on behalf of Subsidiaries subject to full consolidation	-	-
C. Total amount of GPM given on behalf of third parties in order to sustain operating activities	-	-
D. Total amount of other GPM given	-	-
i. Total amount of GPM given on behalf of main shareholder	-	-
ii. Total amount of GPM given on behalf of other affiliated companies which cannot be classified under section B and C	-	-
iii. Total amount of GPM given on behalf of the third person that cannot be classified under section C	-	-
Total	6.294.983	7.911.119

The ratio of total amount of other GPM given on behalf of the Group to the Group's shareholders' equity as of 30 June 2010 is 0%. (31.12.2009: 0%)

The Group is exposed to foreign currency exchange risk as the Group has foreign currency denominated earnings and liabilities. The Group conducts financial derivative instruments in order to hedge its foreign currency exposure due to fluctuation in foreign currencies.

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NOTE 14 - PROVISION FOR EMPLOYEE BENEFITS

	<u>30 June 2010</u>	<u>31 December 2009</u>
Provision for employee benefits	5.466.541	7.766.028

Under the Turkish Labor Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of TRY2.427,04 for each year of service as of 30 June 2010 (31 December 2009: TRY2,365.16).

The liability is not funded in the interim consolidated financial statements, as there is no funding requirement for provision for employee benefits in Turkey.

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Since the Company calculates the reserve for employee benefits every six months, the maximum amount of TRY2,517.01 which is effective from 1 July 2010 (1 July 2009: TRY2.365,16) has been taken into consideration in the calculations.

According to IAS 19, for the liability of termination indemnities related to the future periods, a convenient discount rate and inflation expectation must be determined to obtain a real discount as a result of offsetting them. This discount rate should be used in the calculation of bringing termination indemnities payable in the future to present value as of balance date.

In addition, termination indemnities are not paid to employees who leave their jobs voluntarily. With respect to this, estimated value of termination indemnity amounts that will stay in the Group should also be taken into consideration.

	<u>30 June 2010</u>	<u>31 December 2009</u>
Discount rate (%)	5,92	5,92
Turnover rate to estimate the probability of retirement (%)	2,68	1,97

The provision calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees is recognised to the financial statements.

Movements in the provision for employee benefits during the period are as follows:

	<u>30 June 2010</u>	<u>30 June 2009</u>
1 January	7.766.028	7.195.313
Interest cost	229.874	212.981
Actuarial loss	217.150	681.290
Paid during the period	(3.000.241)	(1.375.285)
Current period service cost	253.730	335.951
30 June	5.466.541	7.050.250

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NOTE 15 - OTHER ASSETS AND LIABILITIES

Other current assets

	<u>30 June 2010</u>	<u>31 December 2009</u>
Value Added Tax ("VAT") carried forward	7.982.011	5.259.941
Prepaid expenses	572.864	166.834
Income accruals (*)	798.905	1.123.607
Other	115.488	107.820
Total	9.469.268	6.658.202

(*) Income accruals are comprised of calculation of current period derivative financial instrument contracts which are not matured as of reporting date.

Other non-current assets:	<u>30 June 2010</u>	<u>31 December 2009</u>
Prepaid expenses	9.878	11.364
Total	9.878	11.364

Other current liabilities (Net)	<u>30 June 2010</u>	<u>31 December 2009</u>
Deferred income	922.796	976.985
Total	922.796	976.985

Other non-current liabilities	<u>30 June 2010</u>	<u>31 December 2009</u>
Deferred income	1.390.132	1.320.150
Total	1.390.132	1.320.150

NOTE 16 - EQUITY

Minority Interest

	<u>30 June 2010</u>	<u>31 December 2009</u>
Minority shares	12.520	14.219
Total	12.520	14.219

	<u>1 January 2010 30 June 2010</u>	<u>1 April 2010 30 June 2010</u>	<u>1 January 2009 30 June 2009</u>	<u>1 April 2009 30 June 2009</u>
Minority shares profit / loss	(1.699)	578	(1.410)	752
Total	(1.699)	578	(1.410)	752

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NOTE 16 - EQUITY (Continued)

Capital / Elimination Adjustments

Paid-in capital shown on the consolidated balance sheet is the paid-in capital of the Group. Paid-in capital of Subsidiaries in interim consolidated balance sheet and subsidiary accounts are mutually eliminated.

The Group's capital is TRY25.419.707 as of 30 June 2010. Capital is divided into 1.366.404.402 group A registered shares, 755.995.500 group B registered shares, and 419.570.752 group C registered shares, total of 2.541.970.654 shares. The nominal value of each share is 1 Kr/ per share. The distribution of capital on the basis of share groups is as follows:

30 June 2010

<u>NAME</u>	<u>GROUP A</u>	<u>GROUP B</u>	<u>GROUP C</u>	<u>SHARE AMOUNT</u>	<u>SHARE %</u>
YAZICILAR HOLDİNG A.Ş.	9.073.187	-	4.478	9.077.665	35,71
ÖZİLHAN SİNAİ YATIRIM A.Ş.	4.269.734	-	2.108	4.271.842	16,81
ANADOLU ENDÜSTRİ HOLDİNG A.Ş.	223.748	-	38.835	262.583	1,03
ISUZU MOTORS LTD.	-	4.319.991	0	4.319.991	16,99
ITOCHU CORPORATION BEARER SHARES PUBLICLY OWNED	-	3.239.964	0	3.239.964	12,75
OTHER BEARER SHARES	97.375	-	338.427	435.802	1,71
TOTAL	13.664.044	7.559.955	4.195.708	25.419.707	100,00

30 June 2009

<u>NAME</u>	<u>GROUP A</u>	<u>GROUP B</u>	<u>GROUP C</u>	<u>SHARE AMOUNT</u>	<u>SHARE %</u>
YAZICILAR HOLDİNG A.Ş.	9.073.187	-	4.478	9.077.665	35,71
ÖZİLHAN SİNAİ YATIRIM A.Ş.	4.269.734	-	2.108	4.271.842	16,81
ANADOLU ENDÜSTRİ HOLDİNG A.Ş.	223.748	-	38.835	262.583	1,03
ISUZU MOTORS LTD.	-	4.319.991	0	4.319.991	16,99
ITOCHU CORPORATION BEARER SHARES PUBLICLY OWNED	-	3.239.964	0	3.239.964	12,75
OTHER BEARER SHARES	97.375	-	338.427	435.802	1,71
TOTAL	13.664.044	7.559.955	4.195.708	25.419.707	100,00

The Group's capital amounting to TRY25.419.707 is not included on the Group's registered capital system and free of collusion.

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NOTE 16 - EQUITY (Continued)

Privileges Granted to the Share Groups

The Company is directed by the eleven members of the Board of Directors elected among shareholders by General Assembly in accordance with the regulations of Turkish Commercial Code.

Four members of the Board of Directors are elected from the candidates nominated by the shareholders of Group B and the remaining members of the Board of Directors are elected from the candidates nominated by the shareholders of the Group A by the General Assembly.

30 June 2010

Paid-in share capital	25.419.707
Adjustment to share capital	86.901.880
Restricted reserves	13.661.519
Retained earnings	40.352.286
Net loss for the period	(4.940.058)
Shareholders' equity attributable to equity holders of the Group	161.395.334
Minority shares	12.520
Total shareholders' equity	161.407.854

31 December 2009

Paid-in share capital	25.419.707
Adjustment to share capital	86.901.880
Restricted reserves	13.584.210
Retained earnings	59.554.789
Net loss for the period	(19.122.401)
Shareholders' equity attributable to equity holders of the Group	166.338.185
Minority shares	14.219
Total shareholders' equity	166.352.404

Restricted reserves

Restricted reserves are comprised of legal reserves and other reserves.

	<u>30 June 2010</u>	<u>31 December 2009</u>
Legal reserves	12.212.128	12.134.819
Profit reserves from sale of affiliates	1.449.390	1.449.390
Profit on cancelled shares certificates	1	1
Total	13.661.519	13.584.210

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"), The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in capital, Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in capital. As of 30 June 2010, the Group's total restricted reserves are TRY13.661.519. (31 December 2009: TRY13.584.210.)

NOTE 16 - EQUITY (Continued)

Prior years' income

Prior years' income is comprised of extraordinary reserves, miscellaneous inflation differences and other prior years' income.

The Company's prior years' income details as of period ends are as follows:

	30 June 2010	31 December 2009
Extraordinary reserves	31.092.606	31.641.112
Inflation difference of extraordinary reserves	3.300.229	3.300.229
Inflation difference of legal reserves	25.081.046	25.081.046
Inflation difference of cancelled shares certificates	806	806
Accumulated losses	(19.122.401)	(468.404)
Total	40.352.286	59.554.789

Quoted companies make profit distributions as follows:

Based on the CMB Decree 7/242, dated 25 February 2005, if the amount of profit distributions calculated in accordance with the net distributable profit requirements of the CMB does not exceed the statutory net distributable profit, the total amount of distributable profit should be distributed. If it exceeds the statutory net distributable profit, the total amount of the statutory net distributable profit should be distributed. However, no profit distribution would be made if any financial statements prepared in accordance with the CMB or any statutory accounts carrying net loss for the period. In accordance with the CMB's decision dated 27 January 2010; it is decided not to bring any obligation for any minimum profit distribution about dividend distribution which will be made for publicly owned companies.

Inflation adjustment difference in Equity can be utilised in issuing bonus shares and in offsetting accumulated losses; the carrying amount of extraordinary reserves could have been utilised in issuing bonus shares, cash dividend distribution and offsetting accumulated losses. However, equity inflation adjustment differences will be liable to corporate tax if it is used in cash profit distribution.

As the Group has loss, as shown in the financial statements prepared according to the standards of the CMB, there is no profit that distributable as dividends. In the financial statements prepared according to the standards of the CMB, the Group's retained profits amounted to TRY40.352.286. After subtracting the current period's loss from the retained profits, the remaining balance is TRY35.412.228. Management of the Group has not taken any decision regarding distribution of retained earnings. In the case of the distribution of the respective amount, an allowance of 10% over the distributed profit will be made as second legal reserve.

In accordance with the Communiqué No:XI-29 and related announcements of CMB, effective from 1 January 2008, "Share Capital", "Restricted Reserves" and "Share Premiums" shall be carried at their statutory amount. The valuation differences shall be classified as follows:

- the difference arising from the "Paid-in Capital" and not been transferred to capital yet, shall be classified under the "Inflation Adjustment to Share Capital";
- the difference due to the inflation adjustment of "Restricted Reserves" and "Share Premium" and the amount has not been utilised in dividend distribution or capital increase yet, shall be classified under "Retained Earnings". Other equity items shall be carried at the amounts calculated based on CMB Financial Reporting Standards.

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NOTE 17 - SALES AND COST OF SALES

Sales	<u>1 January 2010</u> <u>30 June 2010</u>	<u>1 April 2010</u> <u>30 June 2010</u>	<u>1 January 2009</u> <u>30 June 2009</u>	<u>1 April 2009</u> <u>30 June 2009</u>
Domestic sales	122.800.043	56.772.438	93.545.012	66.493.874
Foreign sales	26.981.173	15.240.172	17.621.861	10.901.046
Other sales	1.425.600	757.568	749.741	441.699
Less: Discounts	(10.384.990)	(3.976.657)	(14.711.389)	(8.222.440)
Income from sales (Net)	140.821.826	68.793.521	97.205.225	69.614.179
Cost of sales	(124.050.251)	(58.729.551)	(99.175.716)	(68.948.421)
Gross operating profit/loss	16.771.575	10.063.970	(1.970.491)	665.758

Cost of sales are summarised as follows;

	<u>1 January 2010</u> <u>30 June 2010</u>	<u>1 April 2010</u> <u>30 June 2010</u>	<u>1 January 2009</u> <u>30 June 2009</u>	<u>1 April 2009</u> <u>30 June 2009</u>
Direct raw material costs	73.952.521	51.584.435	24.851.577	6.246.548
Direct labor costs	4.386.693	2.972.620	1.679.188	372.057
Depreciation and amortisation expenses	2.793.149	1.908.209	1.247.816	364.389
Manufacturing overhead costs	2.112.763	1.332.915	862.445	221.040
Idle capacity expenses	2.781.794	-	8.363.335	4.308.305
Total cost of production	86.026.920	57.798.179	37.004.361	11.512.339
Change in semi-finished goods inventory	807.438	(151.453)	2.719.113	(196.748)
Change in finished goods inventory	(706.088)	(17.580.778)	35.992.146	40.512.339
Cost of trade goods sold	37.668.983	18.504.721	23.299.101	17.013.071
Other cost of sales	252.998	158.882	160.995	107.420
Total cost of sales	124.050.251	58.729.551	99.175.716	68.948.421

NOTE 18 - RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SELLING AND DISTRIBUTIONS EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES

	<u>1 January 2010</u> <u>30 June 2010</u>	<u>1 April 2010</u> <u>30 June 2010</u>	<u>1 January 2009</u> <u>30 June 2009</u>	<u>1 April 2009</u> <u>30 June 2009</u>
a) Research and development expenses				
Employee benefits	(77.777)	(33.778)	(1.107.176)	(656.127)
Project costs	(3.478)	(2.512)	(49.512)	190.390
Depreciation and amortisation expenses	(86.556)	(40.705)	(991.613)	(548.030)
Other	(237.957)	(174.400)	(438.960)	(438.070)
	(405.768)	(251.395)	(2.587.261)	(1.451.837)
b) Marketing, selling and distribution expenses				
Domestic sales expenses	(1.932.715)	(948.995)	(1.479.154)	(983.585)
Export expenses	(1.946.264)	(985.961)	(1.175.926)	(594.555)
Employee benefits	(2.278.355)	(1.100.394)	(2.325.565)	(1.068.540)
Advertising expenses	(1.387.291)	(689.782)	(2.268.577)	(928.553)
Warranty expenses	(1.777.477)	(483.902)	(1.660.273)	(734.419)
Depreciation expenses	(459.998)	(222.622)	(341.126)	(173.075)
Other	(2.792.739)	(927.010)	(1.664.492)	(878.097)
	(12.574.839)	(5.358.666)	(10.915.113)	(5.360.824)
c) General and administrative expenses				
Employee benefits	(3.827.143)	(1.324.930)	(5.177.489)	(1.927.139)
Service and work expenses	(2.710.777)	(1.309.923)	(2.755.750)	(1.359.022)
Depreciation expenses	(296.792)	(144.178)	(692.746)	(345.380)
Insurance expenses	(453.317)	(206.774)	(517.124)	(268.326)
Other	(1.654.019)	(1.058.638)	(1.000.076)	(567.330)
	(8.942.048)	(4.044.443)	(10.143.185)	(4.467.197)

NOTE 19 - EXPENSES BY NATURE

	<u>1 January 2010</u> <u>30 June 2010</u>	<u>1 April 2010</u> <u>30 June 2010</u>	<u>1 January 2009</u> <u>30 June 2009</u>	<u>1 April 2009</u> <u>30 June 2009</u>
Direct material costs	(73.952.521)	(51.584.435)	(24.851.577)	(6.246.548)
Cost of trade goods sold	(37.668.983)	(18.504.721)	(23.299.101)	(17.013.071)
Change in finished goods inventory	(101.350)	17.732.231	(38.711.259)	(40.315.591)
Other operational expenses	(14.896.034)	(6.787.898)	(13.009.844)	(6.561.568)
Employee benefits	(10.569.968)	(5.431.722)	(10.289.418)	(4.023.863)
Idle capacity expenses	(2.781.794)	-	(8.363.335)	(4.308.305)
Depreciation and amortisation expenses	(3.636.495)	(2.315.714)	(3.273.301)	(1.430.874)
Other expenses	(2.365.761)	(1.491.796)	(1.023.440)	(328.459)
Total expenses	(145.972.906)	(68.384.055)	(122.821.275)	(80.228.279)

Expenses by nature include cost of goods sold, marketing, selling and distribution expenses, general administration expenses and research and development expenses.

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NOTE 20 - OTHER OPERATING INCOME/EXPENSES

	1 January 2010 30 June 2010	1 April 2009 30 June 2010	1 January 2009 30 June 2009	1 April 2009 30 June 2009
Other operating income:				
Commission income	-	-	232.160	-
Rent income	914.319	457.127	738.123	385.267
Service income	332.153	135.381	202.292	82.978
Export SPSF	38.079	38.079	31.626	-
Tubitak R&D incentive	314.021	188.284	1.046.595	767.623
R&D SPSF	-	-	240.522	240.522
Insurance claim recoveries	33.548	(24.209)	33.062	33.062
Income from the sale of property, plant and equipment	-	-	-	-
Other	414.576	-	165.424	202
Total	2.046.696	794.662	2.689.804	1.509.654
Other operating expenses:				
Donations	(6.224)	(2.124)	-	-
Loss on sale of property, plant and equipment	(17.780)	(28.690)	(95.738)	(88.372)
Other	(714.995)	(504.044)	(46.770)	(26.591)
Total	(738.999)	(534.858)	(142.508)	(114.963)

NOTE 21 - FINANCIAL INCOME

	1 January 2010 30 June 2010	1 April 2010 30 June 2010	1 January 2009 30 June 2009	1 April 2009 30 June 2009
Interest income	370.196	220.870	879.736	379.175
Credit finance income	369.475	350.174	498.205	319.020
Foreign exchange gains	2.437.267	1.946.108	5.669.235	2.896.277
Gain on sale of marketable securities	-	-	137	-
Rediscount income	53.597	19.075	15.075	9.025
Total	3.230.535	2.536.227	7.062.388	3.603.497

NOTE 22 - FINANCIAL EXPENSES

	1 January 2010 30 June 2010	1 April 2010 30 June 2010	1 January 2009 30 June 2009	1 April 2009 30 June 2009
Interest expenses	(2.305.854)	(1.147.096)	(2.928.015)	(1.727.390)
Foreign exchange losses	(3.661.134)	(2.569.989)	(5.281.912)	1.733.477
Rediscount expenses	(88.472)	(44.041)	(196.385)	(37.265)
Other financial expenses	(66.084)	(33.984)	(80.748)	(39.461)
Total	(6.121.544)	(3.795.110)	(8.487.060)	(70.639)

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NOTE 23 - TAX ASSETS AND LIABILITIES

The Group's tax expense / (income) is comprised of current period corporate tax expense and deferred tax income (expense).

Account name	1 January 2010 30 June 2010	1 April 2010 30 June 2010	1 January 2009 30 June 2009	1 April 2009 30 June 2009
Corporate tax provision	(76.436)	(38.545)	(77.647)	(45.873)
Deferred tax income/(expense)	1.869.071	772.076	5.134.894	1.271.132
Total tax income/(expense)	1.792.635	733.531	5.057.247	1.225.259

	<u>30 June 2010</u>	<u>31 December 2009</u>
Current period corporate tax	76.436	154.822
Prepaid taxes and funds	(41.673)	(117.612)
Taxes Payable	34.763	37.210

i) Provision for Current Period Tax

The Group is subject to Corporate Tax in Turkey. Necessary provisions in supplementary financial statements have been made for estimated tax liabilities regarding Group's operations in the current period.

The corporate tax to be accrued over the taxable profit is calculated by adding non-deductible expenses to the accounting profit ; deducting investment and research and development allowances , income not subject to taxation and the dividends received, from companies located in Turkey, from the accounting profit.

Effective Corporate Tax Rates:

The corporate tax rate was determined as 20% by the Corporate Tax Law No.5520 after publishing at Official Gazette on 21 September 2006 including the earnings in the fiscal year 2006.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

According to Corporate Tax Law's 24th article, the corporate tax is imposed by the taxpayer's tax returns. 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 25th of April in the following year. Tax authorities have the right to audit tax declarations and accounting records for 5 years, and may issue re-assement based on their findings.

ii) Deferred Tax:

The deferred tax asset and tax liability are based on the temporary differences, which arise between the financial statements prepared according to CMB's accounting standards and statutory tax financial statements. These differences usually due to the recognition of revenue and expenses in different reporting periods for the CMB standards and tax purposes.

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NOTE 23 - TAX ASSETS AND LIABILITIES (Continued)

Temporary differences are result of recognizing certain income and expense items differently for accounting and tax purposes. Temporary differences are calculated off of the tangible fixed assets (except land and buildings), intangible fixed assets, stocks, the revaluation of prepaid expenses, discount of receivables, provision for termination indemnities, and previous years' loss. Every accounting year, the Group reviews the deferred tax asset and in circumstances, where the deferred tax assets cannot be used against the future taxable income, the Group writes-off the recorded deferred tax asset. Corporate tax rate is used in the calculation of deferred taxes.

	<u>30 June 2010</u>		<u>31 December 2009</u>	
	<u>Cumulative Temporary Differences</u>	<u>Deferred Tax Assets/(Liabilities)</u>	<u>Cumulative Temporary Differences</u>	<u>Deferred Tax (Assets/(Liabilities)</u>
Inventories	639.515	127.903	136.489	27.298
Property, plant and equipment	(20.498.256)	(4.099.651)	(19.295.802)	(3.859.160)
Provision for employee benefits	5.466.541	1.093.308	7.766.028	1.553.206
2008-2009-2010 Financial loss	34.874.392	6.974.878	26.018.842	5.203.768
2008-2009-2010 R&D deductions	8.327.628	1.665.526	6.231.400	1.246.280
Other(Net)	3.806.069	761.214	2.413.577	482.715
Total Deferred Tax Assets	32.615.889	6.523.178	23.270.534	4.654.107

Movements of deferred tax:	1 January 2010 30 June 2010	1 April 2010 30 June 2010	1 January 2009 30 June 2009	1 April 2009 30 June 2009
Opening	4.654.107	5.751.102	(867.932)	2.995.830
Deferred tax income	1.869.071	772.076	5.134.894	1.271.132
Net deferred tax assets	6.523.178	6.523.178	4.266.962	4.266.962

Reconciliations of tax provision with the current period loss are as follows:

	<u>30 June 2010</u>	<u>30 June 2009</u>
Loss from continuing operations	(6.734.392)	(24.493.427)
Corporate tax rate 20%	1.346.878	4.898.685
Taxation effect:		
- R&D deductions	419.246	172.089
- Non-deductible expenses for tax purposes	(6.981)	(7.908)
- Other	33.492	(5.618)
Income tax provision on income statement	1.792.635	5.057.248

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NOTE 24 - EARNINGS PER SHARE

	1 January 2010 30 June 2010	1 April 2010 30 June 2010	1 January 2009 30 June 2009	1 April 2009 30 June 2009
Net income for the period (TRY)	(4.940.058)	143.340	(19.434.769)	(4.462.044)
Weighted average number of shares with nominal value of Kr 1 each	2.541.970.654	2.541.970.654	2.541.970.654	2.541.970.654
Earnings per share with nominal value of Kr 1 each	(0,1943)	0,0056	(0,7646)	(0,1755)

NOTE 25 - RELATED PARTY DISCLOSURES

a) Related party balances

30 June 2010

<u>Related Parties</u>	<u>Receivables</u>		<u>Payables</u>	
	<u>Trade</u>	<u>Other</u>	<u>Trade</u>	<u>Other</u>
Payables to shareholders	-	-	-	11.761
Anadolu Endüstri Holding A.Ş.	-	-	222.918	-
Efes Pazarlama Dağıtım ve Tic. A.Ş.	153.348	-	-	-
Itochu Corporation Tokyo	-	-	29.082.296	-
Isuzu Operation Thailand	43.007	-	7.912.568	-
Isuzu Motors Ltd. Tokyo	199.718	-	214.912	-
Çelik Motor Ticaret A.Ş.	41.979	-	-	-
Alternatifbank A.Ş.	11.838	-	-	-
Anadolu Motor Üretim ve Paz. A.Ş.	-	-	339.564	-
Efestur Turizm İşletmeleri A.Ş.	-	-	44.247	-
Anadolu Bilişim Hizmetleri A.Ş.	-	-	72.655	-
Alternatif Yatırım A.Ş.	720	-	-	-
Adel Kalemcilik Tic. ve San. A.Ş.	1.575	-	-	-
Anadolu Elektronik A.Ş.	43.255	-	-	-
AEH Sigorta Acenteliği A.Ş.	-	-	164.270	-
Alternatif Finansal Kiralama A.Ş.	9.912	-	-	-
Anadolu Sağlık Merkezi İktisadi İşletmesi	-	-	10.143	-
Total	505.352	-	38.063.573	11.761

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NOTE 25 - RELATED PARTY DISCLOSURES (Continued)

<u>31 December 2009</u>	<u>Receivables</u>		<u>Payables</u>	
	<u>Trade</u>	<u>Other</u>	<u>Trade</u>	<u>Other</u>
<u>Related Parties</u>				
Payables to shareholders	-	-	-	12.040
Anadolu Endüstri Holding A.Ş.	106.234	-	-	-
Efes Pazarlama Dağıtım ve Tic. A.Ş.	-	-	34.440	-
Itochu Corporation Tokyo	-	-	17.303.206	-
Isuzu Operation Thailand	479.828	-	-	-
Çelik Motor Ticaret A.Ş.	181.274	-	-	-
Isuzu Motors Ltd. Tokyo	183.619	-	861.799	-
Alternatifbank A.Ş.	11.175	-	-	-
Anadolu Motor Üretim ve Paz. A.Ş.	-	-	263.984	-
Efestur Turizm İşletmeleri A.Ş.	-	-	64.347	-
Anadolu Bilişim Hizmetleri A.Ş.	-	-	33.262	-
Alternatif Yatırım A.Ş.	678	-	-	-
Adel Kalemcilik Tic. ve San. A.Ş.	5.947	-	-	-
Anadolu Elektronik A.Ş.	151.310	-	-	-
AEH Sigorta Acenteliği A.Ş.	-	-	6.537	-
Alternatif Finansal Kiralama A.Ş.	9.912	-	-	-
Oyex GmBH	-	-	16.645	-
Total	1.129.977	-	18.584.220	12.040

b) Related party transactions:

<u>30 June 2010</u>	<u>Goods and Service sales</u>	<u>Sales of Fixed assets</u>	<u>Rent income</u>	<u>Total revenues / Sales</u>
<u>Sales to related parties</u>				
Efes Pazarlama Dağıtım ve Tic. A.Ş.	1.270	-	574.916	576.186
Isuzu Operation Thailand	601.013	-	-	601.013
Çelik Motor Ticaret A.Ş.	138.431	-	48.942	187.373
Isuzu Motors Ltd. Tokyo	363.669	-	-	363.669
Alternatif Yatırım A.Ş.	12	-	3.660	3.672
Adel Kalemcilik Tic. ve San. A.Ş.	26	-	8.010	8.036
Anadolu Elektronik A.Ş.	94.682	-	149.760	244.442
Anadolu Motor Üretim ve Paz. A.Ş.	45.541	-	-	45.541
Alternatif Finansal Kiralama A.Ş.	-	-	50.400	50.400
Alternatifbank A.Ş.	223	-	60.192	60.415
Efes Breweries International B.V.	-	-	1.495	1.495
Ana Gıda İhtiyaç Maddeleri San. A.Ş.	-	1.760	-	1.760
Anadolu Araçlar Ticaret A.Ş.	1.652	-	-	1.652
Total	1.246.519	1.760	897.375	2.145.654

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NOTE 25 - RELATED PARTY DISCLOSURES (Continued)

30 June 2009

<u>Sales to related parties</u>	<u>Goods and Service sales</u>	<u>Sales of Fixed Assets</u>	<u>Rent income</u>	<u>Total revenue / Sales</u>
Efes Pazarlama Dağıtım ve Tic. A.Ş.	-	-	570.978	570.978
Isuzu Operation Thailand	496.767	-	-	496.767
Çelik Motor Ticaret A.Ş.	84.316	-	46.200	130.516
Isuzu Motors Ltd. Tokyo	571.984	-	-	571.984
Alternatif Yatırım A.Ş.	-	-	3.450	3.450
Adel Kalemcilik Tic. ve San. A.Ş.	-	-	7.560	7.560
Anadolu Elektronik A.Ş.	56.211	-	36.690	92.901
Anadolu Motor Üretim ve Paz. A.Ş.	30.907	-	-	30.907
Alternatif Finansal Kiralama A.Ş.	-	-	15.360	15.360
Alternatifbank A.Ş.	-	-	56.820	56.820
Efestur Turizm İşletmeleri A.Ş.	6.118	-	-	6.118
Yazıcılar Holding A.Ş.	7.500	-	-	7.500
Total	1.253.803	-	737.058	1.990.861

30 June 2010

<u>Purchases from related parties</u>	<u>Goods and Service purchases</u>	<u>Fixed asset purchases</u>	<u>Rent expense</u>	<u>Total expense/ Purchases</u>
Anadolu Motor Üretim ve Paz. A.Ş.	1.367.314	-	-	1.367.314
Çelik Motor Ticaret A.Ş.	36.503	-	75.298	111.801
Anadolu Endüstri Holding A.Ş.	1.146.134	-	-	1.146.134
Itochu Corporation Tokyo	44.513.825	-	-	44.513.825
Mitsubishi Corporation Tokyo	21.406.905	-	-	21.406.905
Isuzu Motors Ltd. Tokyo	308.730	-	-	308.730
Isuzu Motors Ltd. Europe	25.317	-	-	25.317
Efes Pazarlama Dağıtım ve Tic. A.Ş.	13.895	-	-	13.895
Efestur Turizm İşletmeleri A.Ş.	464.918	-	-	464.918
Anadolu Bilişim Hizmetleri A.Ş.	971.864	64.456	-	1.036.320
Anadolu Sağlık Merkezi	19.224	-	-	19.224
Oyex Handels Gmbh	25.128	-	-	25.128
Total	70.299.757	64.456	75.298	70.439.511

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NOTE 25 - RELATED PARTY DISCLOSURES (Continued)

30 June 2009

Purchases from related parties	Goods and Service purchases	Fixed asset purchases	Rent expense	Total expense / Purchases
Anadolu Motor Üretim ve Paz. A.Ş.	209.850	11.000	0	220.850
Çelik Motor Ticaret A.Ş.	46.982	0	75.377	122.359
Anadolu Endüstri Holding A.Ş.	1.129.990	0	0	1.129.990
Itochu Corporation Tokyo	10.369.443	0	0	10.369.443
Isuzu Operation Thailand	12.291.095	0	0	12.291.095
Isuzu Motors Ltd. Tokyo	98.139	0	0	98.139
Efestur Turizm İşletmeleri A.Ş.	170.589	0	0	170.589
Anadolu Bilişim Hizmetleri A.Ş.	989.183	22.930	0	1.012.113
Anadolu Efes Biracılık Malt San. A.Ş.	38.968	0	0	38.968
Anadolu Sağlık Merkezi	7.067	0	0	7.067
Total	25.351.306	33.930	75.377	25.460.613

c) Donations to Anadolu Eğitim ve Sosyal Yardım Vakfı:

As per the Article No:19 in the Main Articles of Association of the Group, at least 2% - 5% of the Group's profit before tax following the distribution of 1st dividend shall be donated to Anadolu Eğitim ve Sosyal Yardım Vakfı as long as it is subject to tax exemption. However, the Group could not donate for the six month period as the Group was in a loss position (31 December 2009: No donation was made due to loss in the period).

d) Key management compensation:

	30 June 2010	30 June 2009
Compensation of key management personnel	698.503	505.164
Total	698.503	505.164

Key management compensation includes salaries, premiums, social security contributions.

NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

(a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing its profit and market value through the optimization of the debt and equity balance.

The Group's equity comprised of cash and cash equivalents (Note 6) and respectively share capital, capital reserves, profit reserves and retained earnings items (Note 27).

Risks, associated with each capital class, and the capital cost are evaluated by the top management. It is aimed that the capital structure will be set in balance by means of new borrowings or repaying the existing debts as well as dividend payments and new share issuances based on the top management evaluations.

NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

The Group monitors capital by using debt to total capital ratio. This ratio is calculated by dividing the net debt by total capital. The net debt is calculated by excluding the cash and cash equivalent amounts from the total debt amount (including credits, leasing and commercial debts as indicated in the balance sheet). Total capital is calculated by adding net debt to shareholders' equity as indicated in the balance sheet.

	<u>30 June 2010</u>	<u>31 December 2009</u>
Financial Liabilities	85.800.886	80.904.546
Total Shareholders' Equity	161.407.854	166.352.404
Debt/Total equity	0,53	0,49

General strategy of the Group based on shareholders' equity is not different from previous periods.

The Group conducts hedging contracts (including derivative financial instruments) for the purpose of diversifying foreign currency fluctuation risks.

(b) Price risk

Equity instruments which are classified on Group's balance sheet as available-for-sale are subjected to price risk. In order to manage the price risk due to capital instruments, The Group has a limited number of financial assets which are available-for-sale.

(c) Market risk

The Group is subject to the financial risks related to the changes in the exchange rate (Please see (d) below) and interest rate (Please see (e) above) due to its operations. Since the Group keeps financial instruments, it also bears the risk of other party not meeting the requirements of agreements (Article h).

Market risks seen at the level of the Group are measured in accordance with sensitivity analyses.

The market risk of the Group incurred during the current year or the method of handling the encountered risks or the method of measuring those risks are not different from the previous year.

(d) Foreign exchange risk

Foreign currency transactions may result in foreign currency fluctuation risk.

The Group maintains foreign currency time deposit accounts in banks as the Group has receivables and payables in foreign currencies. As a consequence, the Group is exposed to foreign currency exchange risk due to the changes in exchange rates used for converting assets and liabilities into TRY. Foreign exchange risk arise from future trade operations and the differences between assets and liabilities.

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NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Sensitivity analysis of foreign currency:

30 June 2010

	<u>Profit/Loss</u>	
	<u>Appreciation of foreign currency</u>	<u>Depreciation of foreign currency</u>
If US\$ appreciated/(depreciated) against TRY by 10%;		
1- USD currency net asset/liability	442.296	(442.296)
2- Hedged items (-)	-	-
3- Net effect of USD (1+2)	442.296	(442.296)
If EUR appreciated/(depreciated) against TRY by 10%;		
4- EUR currency net asset/liability	(213.245)	213.245
5- Hedged items (-)	-	-
6- Net effect of EUR(4+5)	(213.245)	213.245
If JPY appreciated/(depreciated) against TRY by 10%;		
7- JPY currency net asset/liability	(2.362.745)	2.362.745
8- Hedged items (-)	-	-
9- Net effect of JPY (7+8)	(2.362.745)	2.362.745
TOTAL (3+6+9)	(2.133.694)	2.133.694

Sensitivity analysis of foreign currency:

31 December 2009

	<u>Profit/Loss</u>	
	<u>Appreciation of foreign currency</u>	<u>Depreciation of foreign currency</u>
If US\$ appreciated/(depreciated) against TRY by 10%;;		
1- USD currency net asset/liability	(224.354)	224.354
2- Hedged items (-)	-	-
3- Net effect of USD (1+2)	(224.354)	224.354
If EUR appreciated/(depreciated) against TRY by 10%;		
4- EUR currency net asset/liability	308.638	(308.638)
5- Hedged items (-)	-	-
6- Net effect of EUR(4+5)	308.638	(308.638)
If JPY appreciated/(depreciated) against TRY by 10%;		
7- JPY currency net asset/liability	(981.947)	981.947
8- Hedged items (-)	-	-
9- Net effect of JPY (7+8)	(981.947)	981.947
TOTAL (3+6+9)	(897.663)	897.663

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NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	<u>30 June 2010</u>					<u>Foreign currency position table</u>				
	<u>TRY Amount</u>	<u>USD</u>	<u>EUR</u>	<u>JPY</u>	<u>Other</u>	<u>TRY Amount</u>	<u>USD</u>	<u>EUR</u>	<u>JPY</u>	<u>Other</u>
1. Trade receivables	1.111.987	48.172	452.340	9.423.333	-	2.785.988	347.809	982.521	8.572.689	-
2a. Monetary financial assets	18.059.496	3.235.826	5.699.645	113.566.338	-	13.415.527	1.973.607	3.223.514	213.477.461	-
2b. Non-monetary financial assets	-	-	-	-	-	-	-	-	-	-
3. Other	-	-	-	-	-	-	-	-	-	-
4. Total current assets (1+2+3)	19.171.482	3.283.998	6.151.985	122.989.671	-	16.201.515	2.321.416	4.206.035	222.050.150	-
5. Trade receivables	-	-	-	-	-	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-	-	-	-	-
7. Other	103.817	65.928	-	-	-	99.268	65.928	-	-	-
8. Total non-current assets (5+6+7)	103.817	65.928	-	-	-	99.268	65.928	-	-	-
9. Total assets(4+8)	19.275.299	3.349.926	6.151.985	122.989.671	-	16.300.783	2.387.344	4.206.035	222.050.150	-
10 Trade payables	38.563.431	5.041.162	665.122	1.657.270.641	-	25.921.189	4.828.180	526.114	1.074.397.890	-
11. Financial liabilities	-	-	-	-	-	947.380	629.196	-	-	-
12a. Other monetary liabilities	-	-	-	-	-	-	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-	-	-	-	-	-	-
13. Total current liabilities (10+11+12)	38.563.431	5.041.162	665.122	1.657.270.641	-	26.868.570	5.457.376	526.114	1.074.397.890	-
14. Trade payables	-	-	-	-	-	-	-	-	-	-
15. Financial liabilities	-	-	-	-	-	-	-	-	-	-
16a. Other monetary liabilities	-	-	-	-	-	-	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-	-	-	-	-	-	-
17. Total non-current liabilities (14+15+16)	-	-	-	-	-	-	-	-	-	-
18. Total liabilities (13+17)	38.563.431	5.041.162	665.122	1.657.270.641	-	26.868.570	5.457.376	526.114	1.074.397.890	-
19. Off-balance sheet derivative instruments net position (19a-19b)	(2.048.806)	4.500.000	(6.596.532)	200.000.000	-	1.591.157	1.580.000	(2.251.238)	250.000.000	-
19a Total Amount of Hedged Assets	22.968.906	4.500.000	3.012.539	570.000.000	-	44.027.274	1.580.000	8.978.400	1.365.000.000	-
19b. Total Amount of Hedged Liabilities	25.017.712	-	9.609.071	370.000.000	-	42.436.117	-	11.229.638	1.115.000.000	-
20. Net Foreign Exchange Asset / (Liability) Position (9-18+19)	(21.336.938)	2.808.764	(1.109.669)	(1.334.280.970)	-	(8.976.630)	(1.490.032)	1.428.683	(602.347.740)	-
21. Monetary Items Net Foreign Exchange Asset / (liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	(19.391.949)	(1.757.164)	5.486.863	(1.534.280.970)	-	(10.667.054)	(3.135.960)	3.679.921	(852.347.740)	-
22. Total Fair Value of Financial Instruments Used for the Foreign Exchange Hedge	-	-	-	-	-	-	-	-	-	-
23. The Amount of Hedged part of Foreign Exchange Assets	(12.676.556)	-	-	-	-	(4.863.349)	-	-	-	-
23. The Amount of Hedged part of Foreign Exchange Liabilities	10.627.750	-	-	-	-	4.075.500	-	-	-	-
23. Export	26.981.173	-	-	-	-	58.966.968	-	-	-	-
24. Import	69.768.814	-	-	-	-	86.181.391	-	-	-	-

NOTE 26- FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

(f) Interest rate risk

The Company is exposed to interest rate risk either through market value fluctuations of balance sheet items or the impact of rate changes on interest-sensitive assets and liabilities. The financial liabilities and assets with fixed and variable rates are respectively shown at Note 8 and Note 6.

	<u>30 June 2010</u>	<u>31 December 2009</u>
Financial assets with fixed rates		
Financial assets	21.587.636	10.870.072
Financial liabilities	(38.488.547)	(38.384.470)
Financial liabilities with variab rates		
Financial assets	-	-
Financial liabilities	(9.000.000)	(11.500.000)

As of 30 June 2010; if the market interest rates had been increased/decreased by 1% with all other variables held constant income before taxes for the period would have been lower by TRY90.000 or higher by TRY90.000. (31 December 2009: TRY115.000 higher/lower).

(g) Funding risk

The ability to fund the existing and prospective debt requirements is managed as necessary by obtaining adequate committed funding lines from high quality lenders.

(h) Credit risk management

The risk of a financial loss for the Group due to failing of one of the parties of the contract to meet its obligations is defined as credit risk. The Group's credit risk is basically related to its receivables. The balance shown in the balance sheet is formed by the net amount after deducting the doubtful receivables arisen from the Group management's forecasts based on its previous experience and current economical conditions (Note 10).

Most of trade receivables are comprised of receivables from customers who has given an adequate amount of guarantees. An effective control system was established to collect the receivables. Credit risk arising from transactions is followed and these risks are taken into account when assessing each debtor. Because there are so many customers, the Group's credit risk is dispersed and there is no important credit risk concentration. The receivables from foreign customers as of 30 June 2010 are TRY1.111.987. (31 December 2009: TRY2.785.988)

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NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

30 June 2010	Receivables				Note	Deposits in Banks	Note
	Trade Receivables		Other Receivables				
	Related	Other	Related	Other			
Maximum credit risk exposed as of the date of reporting (A+B+C+D+E)	505.352	41.440.379	-	516.504		24.148.033	
- The part of maximum risk secured by guarantee etc.		41.440.379					
A. Net book value of financial assets which are undue or which is not impaired	505.352	35.975.077		516.504	7-8-25	24.148.033	4
B. Book value of financial assets which conditions are renegotiated, and which otherwise would be counted as overdue or impaired.	-	-	-	-	7-8-25	-	-
C. Net book value of assets, overdue but not impaired	-	5.465.302	-	-		-	
- Secured by guarantee and etc.	-	5.465.302	-	-		-	
D. Net book value of assets decrease in value	-	-	-	-		-	
- Overdue (gross book value)	-	333.324	-	-	7	-	
- Impairment (-)	-	(333.324)	-	-	7	-	
- The part of net value secured by guarantee etc.	-	-	-	-		-	
- Undue (gross book value)	-	-	-	-		-	
- Impairment (-)	-	-	-	-		-	
- The part of net value secured by guarantee etc.	-	-	-	-		-	
E. Elements containing credit risk off the balance sheet	-	-	-	-		-	

31 December 2009	Receivables				Note	Deposits in Banks	Note
	Trade Receivables		Other Receivables				
	Related	Other	Related	Other			
Maximum credit risk exposed as of the date of reporting (A+B+C+D+E)	1.129.977	57.078.392	-	447.893		15.545.511	
- The part of maximum risk secured by guarantee etc.	-	57.078.392	-	-		-	
A. Net book value of financial assets which are undue or which is not impaired	1.129.977	50.560.021	-	447.893	7-8-25	15.545.511	4
B. Book value of financial assets which conditions are renegotiated, and which otherwise would be counted as overdue or impaired.	-	-	-	-		-	
C. Net book value of assets, overdue but not impaired	-	6.518.371	-	-		-	
- Secured by guarantee and etc	-	6.518.371	-	-		-	
D. Net book value of assets decrease in value	-	-	-	-		-	
- Overdue (gross book value)	-	333.324	-	-	7	-	
- Impairment (-)	-	(333.324)	-	-	7	-	
- The part of net value secured by guarantee etc.	-	-	-	-		-	
- Undue (gross book value)	-	-	-	-		-	
- Impairment (-)	-	-	-	-		-	
- The part of net value secured by guarantee etc	-	-	-	-		-	
E. Elements containing credit risk off the balance sheet	-	-	-	-		-	

For impairment of receivables, the aging report and managerial staff's evaluation on the collectability of receivable account balances has been taken into account.

NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

(i) Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves, and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity Risk Tables

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and having the availability and flexibility of funding through an adequate amount of (committed) credit facilities.

The risk of meeting existing and probable future liabilities is managed only by means of having access to sufficient number of trustable creditors.

The table below indicates derivative and non-derivative financial liabilities of the Group in terms of TRY and maturity term.

30 June 2010

Non-derivative financial instruments

<u>Due to contractual dates:</u>	<u>Carrying value</u>	<u>Total contractual cash outflow</u>	<u>Up to 3 months</u>	<u>Between 3 and 12 months</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>
Bank Loans	47.488.547	48.768.331	19.112.817	29.655.514	-	-
Corporate bonds issued	-	-	-	-	-	-
Financial Lease Obligations	-	-	-	-	-	-
Trade Payables	62.531.605	62.581.345	42.385.802	20.195.543	-	-
Other Liabilities	1.309.698	1.309.698	1.309.698	-	-	-
Non-derivative financial liabilities	111.329.850	112.659.374	62.808.317	49.851.057	-	-

Derivative financial liabilities

<u>Contractual dates:</u>	<u>Carrying value</u>	<u>Total contractual cash outflow</u>	<u>Up to 3 months</u>	<u>Between 3 and 12 months</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>
Derivative cash inflow	26.025.158	26.025.158	9.591.053	16.434.105	-	-
Derivative cash outflow	(25.017.712)	(25.017.712)	(9.267.362)	(15.750.350)	-	-
Derivative financial instruments	1.007.446	1.007.446	323.691	683.755	-	-

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NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

31 December 2009

Non-derivative financial instruments

<u>Due to contractual dates</u>	<u>Carrying value</u>	<u>Total contractual cash outflow</u>	<u>Up to 3 months</u>	<u>Between 3 and 12 months</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>
Bank Loans	49.884.470	53.073.581	12.818.852	40.254.729	-	-
Corporate bonds issued	-	-	-	-	-	-
Financial Lease Obligations	-	-	-	-	-	-
Trade Payables	46.627.568	46.668.167	37.866.047	8.802.120	-	-
Other Liabilities	2.772.784	2.772.784	2.772.784	-	-	-
Non-derivative financial liabilities	99.284.822	102.514.532	53.457.683	49.056.849	-	-

Non-derivative financial instruments

<u>Contractual dates</u>	<u>Carrying value</u>	<u>Total contractual cash outflow</u>	<u>Up to 3 months</u>	<u>Between 3 and 12 months</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>
Derivative cash inflow	44.027.274	44.027.274	43.049.154	978.120	-	-
Derivative cash outflow	(42.924.367)	(42.924.367)	(41.976.970)	(947.397)	-	-
Derivative Financial Liabilities	1.102.907	1.102.907	1.072.184	30.723	-	-

NOTE 27 - FINANCIAL INSTRUMENTS

(Fair value and hedging disclosures)

The Group believes that registered values of financial instruments reflect their fair values.

Objectives of Financial Risk Management

Finding access to financial markets and managing financial risks arisen from operational activities of the Group fall under the responsibility of the Group's finance department. Aforementioned risks include market risk (foreign exchange risk, interest rate risk and price risk) Financial risk covers market risk (exchange rate risk, fair value of interest risk and price risk), credit risk liquidity risk and cash flow risk.

	<u>30 June 2010</u>		<u>31 December 2009</u>	
	<u>Contractual Amount (TRY)</u>	<u>Current Value</u>	<u>Contractual Amount (TRY)</u>	<u>Current Value</u>
Derivative foreign exchange financial instruments - Assets				
Forward foreign exchange purchase transactions	12.676.556	1.530.620	3.490.295	1.018.592
Forward foreign exchange purchase transactions	10.627.750	(731.715)	2.272.830	105.015
	23.304.306	798.905	5.763.125	1.123.607

NOTE 27 - FINANCIAL INSTRUMENTS (Continued)

In order to hedge these risks, the Group uses forward foreign currency transaction agreements as a financial instrument at times.

As of 30 June 2010, the Group has forward foreign exchange sale transactions that have a value of JPY370.000.000 and EUR9.609.071 and forward foreign exchange purchase transactions that have a value of JPY570.000.000, USD4.500.000 and EUR3.012.539. With regard to these contracts, an income accrual of TRY798.905 is recognized in financial statements.

As of 31 December 2010, the Group has forward foreign exchange sale transactions that have a value of JPY1.115.000.000 and EUR11.229.638 and forward foreign exchange purchase transactions that have a value of JPY1.365.000.000, EUR8.978.400 and USD1.580.000. With regard to these contracts, an income accrual of TRY798.905 is recognized in financial statements..

NOTE 28 - SUBSEQUENT EVENTS

None.

NOTE 29 - DISCLOSURE OF OTHER MATTERS

The financial turmoil which started international markets swiftly spread and has been affecting the World economy including Turkey. The financial condition, future operations and cash flows of the Group are affected like other entities from the economic conditions.