

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 MARCH 2011**

(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 PERIOD ENDED 31 MARCH 2011**

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INTERIM CONSOLIDATED BALANCE SHEETS
AT 31 MARCH 2011 AND 31 DECEMBER 2010

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

	Notes	Not audited 31 March 2011	Audited 31 December 2010
ASSETS			
Current assets		243.722.418	244.549.815
Cash and cash equivalents	4	34.473.581	13.737.183
Trade receivables			
-Due from related parties	25	3.268.937	2.742.807
-Other trade receivables	7	71.522.249	84.416.791
Other receivables	8	2.261.340	3.134.401
Inventories	9	125.082.794	135.310.450
Other current assets	15	7.113.517	5.208.183
Non-current assets		83.670.699	85.478.604
Trade receivables	7	-	124.815
Other receivables	8	1.369	1.367
Financial assets	5	3.898	3.898
Property, plant and equipment	10	63.212.938	64.847.596
Intangible assets	11	11.591.163	10.864.354
Goodwill	11	2.340.995	2.340.995
Deferred tax assets	23	6.512.583	7.287.106
Other non-current assets	15	7.753	8.473
Total assets		327.393.117	330.028.419

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

These interim consolidated financial statements as of and for the period ended 31 March 2011 have been approved for issue by the Board of Directors ("BOD") on 12 May 2011 and signed on its behalf of BOD by General Manager Ömer Lütfü ABLAY and by Accounting Manager Bekir TÖMEK.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS
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INTERIM CONSOLIDATED BALANCE SHEETS
AT 31 MARCH 2011 AND 31 DECEMBER 2010

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

	Notes	Not Audited 31 March 2011	Audited 31 December 2010
LIABILITIES			
Current liabilities		153.837.528	160.874.027
Financial liabilities	6	80.418.060	76.812.537
Trade payables			
-Due to related parties	25	39.409.069	54.025.574
-Other trade payables	7	24.003.647	20.777.957
Other payables	8	2.448.430	3.221.748
Current income tax liabilities	23	51.076	45.469
Provisions	13	6.643.488	5.108.489
Other current liabilities	15	863.758	882.253
Non-current liabilities		7.649.566	7.361.552
Provision for employment benefits	14	6.696.562	6.363.428
Other non-current liabilities	15	953.004	998.124
EQUITY	16	165.906.023	161.792.840
Shareholders' equity		165.890.907	161.777.428
Paid-in capital		25.419.707	25.419.707
Adjustment to share capital		86.901.880	86.901.880
Restricted reserves		13.739.132	13.661.519
Prior years' income		35.713.916	40.352.286
Loss for the period		4.116.272	(4.557.964)
Minority interest	16	15.116	15.412
TOTAL LIABILITIES AND EQUITY		327.393.117	330.028.419

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

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INTERIM CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIODS ENDED 31 MARCH 2011 AND 2010

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

	Notes	Not Audited 01.01.2011- 31.03.2011	Not Audited 01.01.2010- 31.03.2010
CONTINUING OPERATIONS			
Revenue	17	106.743.220	72.028.305
Cost of sales (-)	17	(89.617.828)	(65.320.700)
		17.125.392	6.707.605
GROSS PROFIT			
Marketing, selling and distribution expenses (-)	18	(7.009.541)	(7.216.173)
General administrative expenses (-)	18	(4.548.657)	(4.897.605)
Research and development expenses (-)	18	(206.123)	(154.373)
Other income	20	1.217.991	1.262.944
Other expenses (-)	20	(820.098)	(215.051)
		5.758.964	(4.512.653)
OPERATING PROFIT/(LOSS)			
Financial income	21	2.756.079	694.308
Financial expenses (-)	22	(3.573.468)	(2.326.434)
		4.941.575	(6.144.779)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS			
Income tax (expense)/ income from continuing operations		(825.599)	1.059.104
- Taxes on income (-)	23	(51.076)	(37.891)
- Deferred tax (expense)/ income	23	(774.523)	1.096.995
		4.115.976	(5.085.675)
PROFIT/(LOSS) FROM CONTINUING OPERATIONS			
		4.115.976	(5.085.675)
PROFIT/(LOSS) FOR THE PERIOD			
Attributable to:	16	4.115.976	(5.085.675)
Minority interest		(296)	(2.277)
Equity holders of the parent		4.116.272	(5.083.398)
Profit/(Loss) per hundred shares	24	0,1619	(0,2000)

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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INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED 31 MARCH 2011 AND 31 DECEMBER 2010

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

	Not Audited 01.01.2011- 31.03.2011	Not Audited 01.01.2010- 31.03.2010
PROFIT/(LOSS) FOR THE PERIOD	4.115.976	(5.085.675)
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:	4.115.976	(5.085.675)
Minority interest	(296)	(2.277)
Equity holders of the parent	4.116.272	(5.083.398)

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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INTERIM CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIODS ENDED 31 MARCH 2011 AND 31 DECEMBER 2010

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

	Notes	Not Audited 31 March 2011	Not Audited 31 March 2010
Operating activities:			
Net profit/(loss)	16	4.115.976	(5.083.398)
Adjustments to reconcile net cash generated:			
Depreciation	10	1.682.469	1.853.008
Amortisation	11	590.448	421.690
Provision for employee benefits	14	610.066	572.565
Income on taxes	23	825.599	(1.059.104)
Interest income	21	(211.099)	(149.326)
Interest expenses	22	1.632.532	1.158.758
Foreign exchange differences on borrowings		-	11.937
Other non-cash generating expenses		1.973.929	1.131.688
(Gain)/Loss on sales of property, plant and equipment	20	50.029	(10.910)
Net operating income /(loss) before changes in assets and liabilities		11.269.949	(1.153.092)
Changes in assets and liabilities:			
Net decrease in trade receivables		11.712.326	8.176.768
Net decrease in inventories	9	10.227.656	18.075.477
Net (increase)/decrease in other current assets	8-15	(1.032.273)	2.416.307
Net decrease in other non-current assets	15	125.533	4.627.449
Net (increase) in trade payables	7	(11.132.281)	(5.833.237)
Net (decrease) in other liabilities		(880.357)	(6.923.591)
Taxes paid		(45.469)	(37.210)
Employment benefits paid		(276.932)	(2.802.803)
Cash flows used in operating activities:		19.968.152	16.546.068
Investing activities:			
Purchase of property, plant and equipment	10	(98.587)	(3.736.311)
Purchase of intangible assets	11	(1.317.257)	(1.114.811)
Cash flows used in investing activities:		(1.415.844)	(4.851.122)
Financing activities:			
Dividend payments		-	-
Interests received		176.712	131.165
Interests paid		(527.009)	(390.413)
Proceeds from borrowings		26.000.000	5.000.000
Repayments of borrowings		(23.500.000)	(817.250)
Net cash generated from financing activities:		2.149.703	3.923.502
Net decrease in cash and cash equivalents		20.702.011	15.618.448
Cash and cash equivalents at the beginning of period	4	13.734.534	15.573.254
Cash and cash equivalents at the end of period	4	34.436.545	31.191.702

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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 STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 MARCH 2011 AND 31 MARCH 2010

Not Audited	Notes	Paid in capital	Adjustment to capital	Total paid in share capital	Restricted reserves	Special reserves	Retained earnings	Profit/(Loss) for the period	Shareholders' equity attributable to equity holders of the Group	Minority interest	Total shareholders' equity
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	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	16	-	-	-	-	-	-	(5.083.398)	(5.083.398)	(2.277)	(5.085.675)
As of 31 March 2010	16	25.419.707	86.901.880	112.321.587	13.584.210	-	40.432.388	(5.083.398)	161.254.787	11.942	161.266.729

Not Audited	Notes	Paid in capital	Adjustment to capital	Total paid in share capital	Restricted reserves	Special reserves	Retained earnings	Profit/(Loss) for the period	Shareholders' equity attributable to equity holders of the Group	Minority interest	Total shareholders' equity
As of 1 January 2011	16	25.419.707	86.901.880	112.321.587	13.661.519	-	40.352.286	(4.557.964)	161.777.428	15.412	161.792.840
Transfers	16	-	-	-	-	-	(4.557.964)	4.557.964	-	-	-
Dividends paid	16	-	-	-	77.613	-	(80.406)	-	(2.793)	-	(2.793)
Total comprehensive income	16	-	-	-	-	-	-	4.116.272	4.116.272	(296)	4.115.976
As of 31 March 2011	16	25.419.707	86.901.880	112.321.587	13.739.132	-	35.713.916	4.116.272	165.890.907	15.116	165.906.023

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

DİPNOT 1 ŞİRKET'İN ORGANİZASYONU VE FAALİYET KONUSU

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 31 March 2011 is 484 (31 December 2010: 492).

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

As of 31 March 2011 and 31 December 2010, 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 consolidated financial statements and notes to the 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 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 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 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.

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

2.1.1 Financial reporting standards (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 financial statements, the condensed consolidated 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 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 9 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 consolidated financial statements are shown at their net value when a legal granted permission, an intention of stating the 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 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 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)

2.1.5 Amendments in International Financial Reporting Standards

Standards, amendments and interpretations which are effective from 1 January 2011, have material effect over the consolidated financial statements and were adopted by the Group.

- IAS 27 (Amendment), "Consolidated and separate financial statements"
- IAS 32 (Amendment), "Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements"
- IAS 1 (Amendment), "Presentation of Financial Statements"
- IAS 7 (Amendment), "Cash flow"
- IAS 18 (Amendment), "Revenue"
- IAS 38 (Amendment), "Intangible assets"

Standards, amendments and interpretations not yet effective as of 31 March 2011

- IFRS 1 (Amendment), "First time adoption of IFRS - Other exemptions"
- IAS 12 (Amendment), "Income taxes"
- IAS 24 (Amendment), "Related party disclosures"
- IFRS 7, "Financial instruments: Disclosures"
- IFRS 9, "Financial instruments: Classification and measurement"
- IFRIC 14, (Amendment), "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"
- IFRIC 19, "Extinguishing Financial Liabilities with Equity Instruments"

Related amendments and interpretations do not have material effect over the consolidated financial statements.

2.1.6 Convenience translation into English of consolidated financial statements

The accounting principles described in Note 2.2 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 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.

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.

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

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 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 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

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.

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..

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

2.2.5 Intangible assets

Intangible assets acquired before 01 January 2005 are carried at indexed historical cost for inflation effects as at 31 December 2004; however, purchases after 01 January 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 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 Group 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 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 Losses per share

Losses 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 losses 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 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 R&D 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.

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 consolidated financial statement.

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

2.2.22 Derivative financial instruments (Continued)

Held-for-trading derivative financial instruments are initially recognised in the 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 consolidated financial statements occur subsequent to the balance sheet date, the Group makes the necessary corrections on the consolidated financial statements.

NOTE 3- SEGMENT REPORTING

The field of activity of the Group established in Turkey is the manufacture, assembly, import and sale of motor vehicles and spare parts. The field of activity of the Group, the nature and economic properties of products, production processes, classification according to customer risks and methods used in the distribution of products are similar. Moreover, the Group is structured on an activity basis rather than being managed under separate divisions including different activities. Thus, the operations of the Group are considered as a single activity division, and the outputs of the Group's activities, determination of the resources to be allocated to these activities, and review of the performance of these activities are evaluated accordingly.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 4 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the period ends are as follows:

	<u>31 March 2011</u>	<u>31 December 2010</u>
Cash	33.859	31.409
Banks - Demand deposits	4.377.776	1.957.258
Banks - Time deposits (up to 3 months)	29.936.866	11.748.516
Other	125.080	-
Total	34.473.581	13.737.183

There are no blocked deposits as of 31 March 2011 and 31 December 2010.

Cash and cash equivalents presented in the interim consolidated cash flow statements as of 31 March 2011 and 31 December 2010 is as follows:

	<u>31 March 2011</u>	<u>31 December 2010</u>
Cash and banks	34.473.581	13.737.183
Less: Interest Accruals	(37.036)	(2.649)
Total (Except Interest Accruals)	34.436.545	13.734.534

The details of time deposits are as follows:

	<u>31 March 2011</u>		<u>31 December 2010</u>	
	<u>Amount in TRY</u>	<u>Annual Interest Rate (%)</u>	<u>Amount in TRY</u>	<u>Annual Interest Rate (%)</u>
TRY	24.707.941	6,00-8,70	6.837.429	6,00-9,00
USD	4.454.334	0,25-3,25	4.019.623	0,25-2,25
EUR	774.591	0,25-3,75	891.464	0,25-3,25
Total	29.936.866		11.748.516	

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 31 March 2011, time and demand deposits amounting to TRY29.368.566 are at Alternatifbank A.Ş., a related party of the Group (31 December 2009: TRY12.531.537).

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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	<u>31 March 2011</u>		<u>31 December 2010</u>	
	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 31 March 2011 and 31 December 2010 are as follows:

	<u>Effective Interest Rate %</u>		<u>Original Currency</u>		<u>Amount in TRY</u>	
	<u>31 March 2011</u>	<u>31 December 2010</u>	<u>31 March 2011</u>	<u>31 December 2010</u>	<u>31 March 2011</u>	<u>31 December 2010</u>
Short-term Bank Loans						
TRY	8,59	8,30	78.500.000	76.000.000	80.418.060	76.812.537
Total					80.418.060	76.812.537

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

Period	<u>31 March 2011</u>	<u>31 December 2010</u>
Up to 1 month	17.501.542	31.002.587
Total	17.501.542	31.002.587

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.

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NOTE 7 - TRADE RECEIVABLES AND PAYABLES

Trade receivables at period ends are as follows:

Short-term trade receivables	<u>31 March 2011</u>	<u>31 December 2010</u>
Trade Receivables, net	71.033.766	81.392.025
Cheques Received	488.483	3.024.766
Doubtful Receivables	333.324	333.324
Less: Provision for doubtful receivables	(333.324)	(333.324)
Total	71.522.249	84.416.791

Movements of provision for doubtful receivables are as follows:

	<u>31 March 2011</u>	<u>31 December 2010</u>
1 January	333.324	333.324
Provisions during the period	-	-
Collections during the period	-	-
31 December	333.324	333.324

Long-term trade receivables	<u>31 March 2011</u>	<u>31 December 2010</u>
Export-registered VAT receivables	-	124.815
Total	-	124.815

Trade payables as of period ends are as follows:

Trade Payables	<u>31 March 2011</u>	<u>31 December 2010</u>
Trade payables, net	24.003.647	20.777.957
Total	24.003.647	20.777.957

NOTE 8 - OTHER RECEIVABLES AND PAYABLES

Other Short-term Receivables	<u>31 March 2011</u>	<u>31 December 2010</u>
Receivables from government authorities (*)	2.197.880	2.985.776
Receivables from personnel	61.968	147.749
Deposits and guarantees given	1.492	876
Total	2.261.340	3.134.401

(*) TRY2.085.254 of receivables from government authorities is attributable to VAT return application arising from 2010 transactions of the Group at 31 March 2011.

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DİPNOT 8- DİĞER ALACAKLAR VE BORÇLAR (Devamı)

Other Long-term Receivables	31 March 2011	31 December 2010
Deposits and guarantees given	1.369	1.367
Total	1.369	1.367

Other Payables

Other Short-term Liabilities	31 March 2011	31 December 2010
Due to shareholders	14.554	11.761
Due to personnel	139.188	280.524
Order advances received	260.802	128.906
Taxes and funds payable	544.032	1.387.367
Social security premiums payable	536.592	603.398
Taxes to be deducted	952.471	808.777
Other miscellaneous payables	791	1.015
Total	2.448.430	3.221.748

NOTE 9- INVENTORIES

Inventory balances as of period ends are as follows:

	31 March 2011	31 December 2010
Raw materials	37.209.975	36.149.020
Semi-finished goods	1.102.041	2.856.318
Finished goods	51.442.713	45.126.735
Trade goods	13.464.995	10.318.088
Other inventories	589.552	322.942
Advances given for import and domestic purchases	21.542.109	41.010.539
	125.351.385	135.783.642
Less: Provisions for impairment of finished goods	(268.591)	(473.192)
Total Inventories	125.082.794	135.310.450

	31 March 2011	31 December 2010
Movements of Provision for Impairment on Inventories		
Opening balance	473.192	488.323
Less: Provision released due to the net realizable value	(204.601)	(15.131)
Current period charge	-	-
Ending balance	268.591	473.192

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DİPNOT 10- MADDİ DURAN VARLIKLAR

<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 2011	2.427.379	7.586.482	62.521.347	139.808.972	3.739.789	2.841.583	824.796	37.846	219.788.194
Additions			6.225	92.362					98.587
Disposals				(208.970)					(208.970)
As of 31 March 2011	2.427.379	7.586.482	62.527.572	139.692.364	3.739.789	2.841.583	824.796	37.846	219.677.811

Accumulated depreciation

As of 1 January 2011	-	(6.470.359)	(30.288.431)	(112.593.953)	(2.092.469)	(2.670.590)	(824.796)	-	(154.940.598)
Current period depreciation	-	(28.326)	(539.730)	(927.132)	(162.071)	(25.210)		-	(1.682.469)
Disposals	-			158.194				-	158.194
As of 31 March 2011	-	(6.498.685)	(30.828.161)	(113.362.891)	(2.254.540)	(2.695.800)	(824.796)	-	(156.464.873)

Net Book Value

Net Book Value as of 1 January 2011	2.427.379	1.116.123	32.232.916	27.215.019	1.647.320	170.993	-	37.846	64.847.596
Net Book Value as of 31 March 2011	2.427.379	1.087.797	31.699.411	26.329.473	1.485.249	145.783	-	37.846	63.212.938

Due to the significant ambiguities in the construction structure of the region in which the land and buildings are located, the fair value of the land and buildings of the Group in the "Property, plant and equipment" and from which the Group receives rental income, and whose net book value is TRY4.664.017 (31 March 2010: TRY4.895.076), cannot be determined in a reliable way as of the balance sheet date.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS
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DİPNOT 10- MADDİ DURAN VARLIKLAR (Devamı)

	<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>
<u>Cost</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				3.144.136	555.768	2.396		34.011	3.736.311
Transfer				(88.713)			(11.873)		(100.586)
Disposals									-
As of 31 March 2010	2.427.379	7.574.732	62.519.247	135.840.132	5.466.266	2.810.011	824.796	36.207	217.498.770
<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		(28.130)	(539.737)	(1.007.054)	(253.363)	(24.724)		-	(1.853.008)
Disposals				88.713			11.873	-	100.586
As of 31 March 2010		(6.385.381)	(28.669.218)	(109.535.673)	(2.161.240)	(2.595.197)	(824.796)	-	(150.171.505)
<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 31 March 2010	2.427.379	1.189.351	33.850.029	26.304.459	3.305.026	214.814	-	36.207	67.327.265

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

NOTE - 11 INTANGIBLE ASSETS

31 March 2011

<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 2011	74.031	11.130.485	1.837.723	1.540.168	14.582.407
Additions	12.000		10.783	1.294.474	1.317.257
Disposals			(20.891)		(20.891)
As of 31 March 2011	86.031	11.130.485	1.827.615	2.834.642	15.878.773

Accumulated amortisation

As of 1 January 2011	(12.185)	(2.053.692)	(1.652.176)	-	(3.718.053)
Current period amortisation	(1.367)	(556.524)	(32.557)		(590.448)
Disposals			20.891	-	20.891
As of 31 March 2011	(13.552)	(2.610.216)	(1.663.842)	-	(4.287.610)

Net Book Value

Net Book Value as of 1 January 2011	61.846	9.076.793	185.547	1.540.168	10.864.354
Net Book Value as of 31 March 2011	72.479	8.520.269	163.773	2.834.642	11.591.163

NOTE 11 - INTANGIBLE ASSETS (Continued)

31 March 2010

Cost	Rights	Development costs	Other intangible assets	Constructions in progress and advances given	Total
As of 1 January 2010	62.631	6.820.167	1.800.718	857.652	9.541.168
Additions	5.500			1.109.311	1.114.811
Transfers					-
Disposals					-
As of 31 March 2010	68.131	6.820.167	1.800.718	1.966.963	10.655.979

Accumulated amortisation

As of 1 January 2010	(7.390)	(617.819)	(1.401.717)	-	(2.026.926)
Current period amortisation	(1.105)	(341.008)	(79.576)		(421.689)
Disposals					-
As of 31 March 2010	(8.495)	(958.827)	(1.481.293)	-	(2.448.615)

Net Book Value

Net Book Value as of 1 January 2010	55.241	6.202.348	399.001	-	7.514.242
Net Book Value as of 31 March 2010	59.636	5.861.340	319.425	-	8.207.364

GOODWILL

31 March 2011

	<u>Net Book Value</u>
As of 1 January 2011	2.340.995
Additions	-
Provision for impairment	-
As of 31 March 2011	2.340.995

31 March 2010

	<u>Net Book Value</u>
As of 1 January 2010	2.340.995
Additions	-
Provision for impairment	-
As of 31 March 2010	2.340.995

NOTE 12 - GOVERNMENT GRANTS

Regarding the projects conducted by the Group, it has been considered appropriate that the Group benefits from the R&D deduction in Revenue Administration Letter No. 10378, dated 17 February 2006.

The cash support provided by the Scientific and Technological Research Council Of Turkey (TÜBİTAK) for R&D activities in March 2011 is TRY208.489. In 2010, total cash support received was TRY648.039 from TÜBİTAK.

The Group has been entitled for R&D deduction of TRY1.080.464 due to R&D expenditures for three months ended 31 March 2011. As of 31 March 2011, the total R&D deduction balance was TRY12.438.689 including the amount subjected to revaluation deferring from the previous years. As per the amendment to Article 35 of Law No. 5746 on Support of R&D Activities, enacted on 1 April 2008, the deduction rate applied for R&D expenditures was increased from 40% to 100% (R&D deduction amount deferred as of 31 December 2010 was TRY11.118.219).

In order to benefit from the incentives and exemptions provided according to Law No. 5746, the Group made an R&D centre application and the Group was granted an R&D centre certificate, effective as of 3 June 2009 at the end of the review performed by the Ministry of Industry and Trade.

NOTE 13 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions for expenses and liabilities (Short-term)	31 March 2011	31 December 2010
Warranty provisions	3.751.282	3.597.831
Provision for lawsuits	1.707.292	1.003.243
Provision for performance premium	593.646	294.178
Provision for collective bargaining salary difference	383.051	213.237
Provision for financial derivative instruments	180.050	-
Provision for commission and premiums	28.167	-
Total	6.643.488	5.108.489

Movements of provisions during the period are as follows:

	<u>Warranty provisions</u>	<u>Provision for lawsuits</u>	<u>Provision for performance premium</u>	<u>Provision for collective bargaining salary difference</u>	<u>Provision for financial derivative instruments</u>	<u>Provision for commission and premiums</u>	<u>Total</u>
As of 1 January 2011	3.597.831	1.003.243	294.178	213.237	-	-	5.108.489
Additions during the period	1.276.869	723.196	593.646	169.814	180.050	28.167	2.971.742
Paid during the period	(1.123.418)	(19.147)	(294.178)	-	-	-	(1.436.743)
As of 31 March 2011	3.751.282	1.707.292	593.646	383.051	180.050	28.167	6.643.488

The Group's collective employment agreement process with its blue-collar employees was agreed on 14 April 2011 and according to the data available wage differences that will apply to the period 1 January 2011 - 31 March 2011 was recognised as provision.

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 31 March 2011, is TRY1.707.292 (As of 31 December 2010 amount of provisions concerning these lawsuits is TRY1.003.243).

Mortgages and Guarantees on Assets;

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

According to information received from Kartal Title Deed Registry Office on 27 January 2011, in line with Article 7 of Law No. 2942 there exist administrative expropriate annotation on behalf of Türkiye Elektrik Dağıtım A.Ş. (TEDAŞ), car park annotation and right of passage on the land owned by the Group in Soğanlık, Kartal, with block No. 4485, parcel No. 289, annotation for lawsuits on parcel No. 184, and annotation for the lease allocated to the General Directorate of Istanbul Electric Tramway and Tunnel Establishments (İETT) for 15 years in 1968 on parcel No. 192.

Total Insurance Coverage on Assets;

Total insurance coverage on assets as of 31 March 2011 is TRY348.723.240 (31 December 2010: TRY307.975.143).

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

Type	<u>31 March 2011</u>	<u>31 December 2010</u>
Guarantee letters given	7.675.210	8.226.557
Total	7.675.210	8.226.557

The Group's guarantee/pledge/mortgage ("GPM") positions as of 31 March 2011 and 31 December 2010 are as follows:

	<u>31 March 2011</u>	<u>31 December 2010</u>
A. Total amount of GPM given on behalf of the Group	7.675.210	8.226.557
i. Letters of guarantee	7.675.210	8.226.557
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	7.675.210	8.226.557

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

The ratio of total amount of other GPM given on behalf of the Group to the Group's shareholders' equity as of 31 March 2011 is 0% (31 December 2010: 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.

NOTE 14 - PROVISION FOR EMPLOYMENT BENEFITS

	<u>31 March 2011</u>	<u>31 December 2010</u>
Provision for employee benefits	6.696.562	6.363.428

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 TRY2.623,23 for each year of service as of 31 March 2011 (31 December 2010: TRY2.517,01).

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

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>31 March 2011</u>	<u>31 December 2010</u>
Discount rate (%)	4,66	4,66
Turnover rate to estimate the probability of retirement (%)	2,57	2,79

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>31 March 2011</u>	<u>31 December 2010</u>
1 January	6.363.428	7.766.028
Interest cost	74.169	362.070
Actuarial loss	448.756	965.584
Paid during the period	(276.932)	(3.194.823)
Current period service cost	87.141	464.569
Closing	6.696.562	6.363.428

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NOTE 15 - OTHER ASSETS AND LIABILITIES

Other current assets

	<u>31 March 2011</u>	<u>31 December 2010</u>
Carried Forward Value Added Tax ("VAT")	6.352.432	4.970.691
Prepaid expenses	655.175	82.819
Prepaid taxes and funds	31.653	-
Income accruals (*)	-	80.384
Other	74.257	74.289
Total	7.113.517	5.208.183

(*) Income accruals are comprised of calculation of current period derivative financial instrument contracts and insurance income which are not matured as of balance sheet date.

Other non-current assets:	<u>31 March 2011</u>	<u>31 December 2010</u>
Prepaid expenses	7.753	8.473
Total	7.753	8.473

Other current liabilities (Net)	<u>31 March 2011</u>	<u>31 December 2010</u>
Deferred income (*)	863.758	882.253
Total	863.758	882.253

(*) Lease money collected in relation to future periods in the scope of lease agreements for real estate of the Group located in Kartal totals TRY189.507. Moreover, of the financial support received for R&D activities, the amount to be transferred to the income statement in 2011 corresponds to TRY674.251.

Other non-current liabilities	<u>31 March 2011</u>	<u>31 December 2010</u>
Deferred income (*)	953.004	998.124
Total	953.004	998.124

(*) Lease money collected in relation to periods subsequent to 31 March 2011 in the scope of lease agreements for real estate of the Group located in Kartal totals TRY62.994. Moreover, of the financial support received for R&D activities, the amount to be transferred to the income statement in periods subsequent to 31 March 2011 corresponds to TRY890.010.

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NOTE 16 - EQUITY

Minority Interest

	<u>31 March 2011</u>	<u>31 December 2010</u>
Minority shares	15.116	15.412
Total	15.116	15.412

	<u>1 January 2011</u> <u>31 March 2011</u>	<u>1 January 2010</u> <u>31 March 2010</u>
Minority shares profit / loss	(296)	(2.277)
Total	(296)	(2.277)

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 consolidated balance sheet and subsidiary accounts are mutually eliminated.

As of 31 December 2010, the share capital of the Company is TRY25,419,707. This share capital is divided into 2,541,970,654 shares in total, including 1,366,404,402 A Group registered shares, 755,995,500 B Group registered shares, 419,570,752 C Group bearer's shares, each with nominal value of 1 (one) Kr. The distribution of this share capital on the basis of share group is as follows:

31 March 2011

NAME	GROUP A	GROUP B	GROUP C	SHARE AMOUNT	SHARE %
YAZICILAR HOLDİNG A.Ş.	9.073.187	-	4.478	9.077.665	35,71
ÖZİLHAN SINAI 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	-	4.319.991	16,99
ITOCHU CORPORATION BEARER SHARES PUBLICLY OWNED	-	3.239.964	-	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

NOTE 16 - EQUITY (Continued)

31 December 2010

NAME	GROUP A	GROUP B	GROUP C	SHARE AMOUNT	SHARE %
YAZICILAR HOLDİNG A.Ş.	9.073.187	-	4.478	9.077.665	35,71
ÖZİLHAN SINAİ 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	-	4.319.991	16,99
ITOCHU CORPORATION BEARER SHARES PUBLICLY OWNED	-	3.239.964	-	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 amount TRY25,419,707, corresponding to the share capital of the company, is fully paid up as free from any misleading transactions. The Company is not included in registered capital system.

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.

31 March 2011

Paid-in share capital	25.419.707
Adjustment to share capital	86.901.880
Restricted reserves	13.739.132
Retained earnings	35.713.916
Net loss for the year	4.116.272
Shareholders' equity attributable to equity holders of the Group	165.890.907
Minority shares	15.116
Total shareholders' equity	165.906.023

DİPNOT 16- ÖZKAYNAKLAR (Devamı)

31 December 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 year	(4.557.964)
Shareholders' equity attributable to equity holders of the Group	161.777.428
Minority shares	15.412
Total shareholders' equity	161.792.840

Restricted reserves

Restricted reserves are comprised of legal reserves and other reserves.

	<u>31 March 2011</u>	<u>31 December 2010</u>
Legal reserves	12.289.741	12.212.128
Profit reserves from sale of affiliates	1.449.390	1.449.390
Profit on cancelled shares certificates	1	1
Total	13.739.132	13.661.519

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 31 March 2011, the Group's total restricted reserves are TRY13.739.132 (31 December 2010: TRY13.661.519).

Retained earnings

Retained earnings 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:

	<u>31 March 2011</u>	<u>31 December 2010</u>
Extraordinary reserves	11.889.799	31.092.606
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	(4.557.964)	(19.122.401)
Total	35.713.916	40.352.286

DİPNOT 16- ÖZKAYNAKLAR (Devamı)

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 TRY35.713.916. After subtracting the current period's loss from the retained profits, the remaining balance is TRY39.830.188 at 31 March 2011. 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.

NOTE 17 - SALES AND COST OF SALES

Sales	<u>1 January 2011</u>	<u>1 January 2010</u>
	<u>31 March 2011</u>	<u>31 March 2010</u>
Domestic sales	101.441.438	66.027.605
Foreign sales	10.926.156	11.741.001
Other sales	681.116	668.032
Less: Discounts	(6.305.490)	(6.408.333)
Income from sales (Net)	106.743.220	72.028.305
Cost of sales	(89.617.828)	(65.320.700)
Gross operating profit/loss	17.125.392	6.707.605

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NOTE 17 - SALES AND COST OF SALES (Continued)

Cost of sales are summarised as follows;

	<u>1 January 2011</u> <u>31 March 2011</u>	<u>1 January 2010</u> <u>31 March 2010</u>
Direct raw material costs	60.633.742	22.368.086
Direct labor costs	1.417.592	1.414.073
Depreciation and amortisation expenses	1.958.444	884.940
Manufacturing overhead costs	3.027.409	779.848
Idle capacity expenses	-	2.781.794
Total cost of production	67.037.187	28.228.742
Change in semi-finished goods inventory	1.654.324	958.891
Change in finished goods inventory	(5.728.123)	16.874.690
Cost of trade goods sold	26.442.269	19.164.262
Other cost of sales	212.172	94.116
Total cost of sales	89.617.828	65.320.700

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

	<u>1 January</u> <u>2011 31</u> <u>March 2011</u>	<u>1 January 2010</u> <u>31 March 2010</u>
a) Research and development expenses		
Personnel expenses	(24.138)	(43.999)
Project costs	(26.255)	(966)
Depreciation and amortisation expenses	(23.262)	(45.851)
Other	(132.468)	(63.557)
Total research and development expenses	(206.123)	(154.373)
b) Marketing, selling and distribution expenses		
Domestic sales expenses	(1.322.989)	(991.386)
Export expenses	(761.016)	(960.303)
Personnel expenses	(1.254.280)	(1.177.961)
Advertising expenses	(380.423)	(697.509)
Warranty expenses	(1.337.077)	(1.293.008)
Depreciation expenses	(173.669)	(237.376)
Other	(1.780.087)	(1.858.630)
Total marketing, selling and distribution expenses	(7.009.541)	(7.216.173)
c) General and administrative expenses		
Personnel expenses	(2.351.704)	(2.502.214)
Service and work expenses	(1.410.680)	(1.400.854)
Depreciation expenses	(103.839)	(152.614)
Insurance expenses	(254.528)	(246.543)
Other	(427.906)	(595.380)
Total general and administrative expenses	(4.548.657)	(4.897.605)

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NOTE 19 - EXPENSES BY NATURE

	<u>1 January</u> <u>2011</u> <u>31</u> <u>March 2011</u>	<u>1 January 2010</u> <u>31 March 2010</u>
Direct material costs	(60.633.742)	(22.368.086)
Cost of trade goods sold	(26.654.441)	(19.258.378)
Change in goods inventory	4.073.800	(17.833.580)
Other operational expenses	(7.833.429)	(8.108.137)
Personnel expenses	(5.047.713)	(5.138.248)
Idle capacity expenses	-	(2.781.794)
Depreciation and amortisation expenses	(2.259.214)	(1.320.780)
Other production expenses	(3.027.410)	(779.849)
Total expenses	(101.382.149)	(77.588.852)

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

DİPNOT 20- DİĞER FAALİYETLERDEN GELİR /GİDERLER

	<u>1 January 2011</u> <u>31 March 2011</u>	<u>1 January 2010</u> <u>31 March 2010</u>
Other operating income:		
Rent income	320.448	457.192
Service income	188.413	196.772
Tubitak R&D incentive	168.562	125.737
Insurance claim recoveries	5.775	57.757
Income from the sale of property, plant and equipment	-	10.910
Other	534.793	414.576
Total	1.217.991	1.262.944
Other operating expenses:		
Donations	-	(4.100)
Loss on sale of property, plant and equipment	(50.029)	-
Other	(770.069)	(210.951)
Total	(820.098)	(215.051)

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NOTE 21 - FINANCIAL INCOME

	<u>1 January 2011</u> <u>31 March 2011</u>	<u>1 January 2010</u> <u>31 March 2010</u>
Interest income	211.099	149.326
Credit finance income	233.438	19.301
Foreign exchange gains	1.208.457	491.159
Rediscount income	1.103.085	34.522
Total	2.756.079	694.308

NOTE 22 - FINANCIAL EXPENSES

	<u>1 January</u> <u>2011</u> <u>31</u> <u>March 2011</u>	<u>1 January 2010</u> <u>31 March 2010</u>
Interest expenses	(1.632.532)	(1.158.758)
Foreign exchange losses	(1.047.048)	(1.091.145)
Rediscount expenses	(853.950)	(44.431)
Other financial expenses	(39.938)	(32.100)
Total	(3.573.468)	(2.326.434)

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	<u>1 January 2011</u> <u>31 March 2011</u>	<u>1 January 2010</u> <u>31 March 2010</u>
Corporate tax provision	(51.076)	(37.891)
Deferred tax income	(774.523)	1.096.995
Total tax income	(825.599)	1.059.104

	<u>31 March 2011</u>	<u>31 December</u> <u>2010</u>
Current period corporate tax provision	51.076	160.812
Prepaid taxes	(31.653)	(115.343)
Taxes Payable	19.423	45.469

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.

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NOTE 23 - TAX ASSETS AND LIABILITIES (Continued)

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-assessment 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 are usually due to the recognition of revenue and expenses in different reporting periods for the CMB standards and tax purposes.

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>31 March 2011</u>		<u>31 December 2010</u>	
	<u>Cumulative Temporary Differences</u>	<u>Deferred Tax Assets/(Liabilities)</u>	<u>Cumulative Temporary Differences</u>	<u>Deferred Tax (Assets/(Liabilities)</u>
Inventories	597.777	119.555	1.107.166	221.433
Property, plant and equipment	(23.221.863)	(4.644.373)	(23.391.041)	(4.678.207)
Provision for employment benefits	6.696.562	1.339.312	6.363.428	1.272.686
Carry forward tax losses (*)	30.354.825	6.070.965	36.091.879	7.218.376
2008-2009-2010 R&D deductions	12.438.689	2.140.948	11.118.219	2.223.644
Other(Net)	5.696.926	1.486.175	5.145.880	1.029.176
Total Deferred Tax Assets, net	32.562.916	6.512.583	36.435.531	7.287.106

(*) Group expects to use TRY4.000.000, TRY12.000.000 and TRY 14.354.825 of its carry forward tax losses amounting to TRY30.354.825, in 2011, 2012 and 2013, respectively.

Movements of deferred tax:	<u>1 January 2011</u>	<u>1 January 2010</u>
	<u>31 March 2011</u>	<u>31 March 2010</u>
Opening	7.287.106	4.654.107
Deferred tax income	(774.523)	1.096.995
Closing	6.512.583	5.751.102

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NOTE 23 - TAX ASSETS AND LIABILITIES (Continued)

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

	<u>31 March 2011</u>	<u>31 March 2010</u>
Loss from continuing operations	4.941.575	(6.144.779)
Corporate tax rate 20%	(988.315)	1.228.956
Taxation effect:		
- R&D deductions	216.093	-
- Provisions released		(60.883)
- Non-deductible expenses for tax purposes	(7.775)	(12.877)
- Other	(45.602)	(96.092)
Income tax provision on income statement	825.599	1.059.104

NOTE 24 - PROFIT/(LOSS) PER SHARE

	<u>1 January 2011</u> <u>31 March 2011</u>	<u>1 January 2010</u> <u>31 March 2010</u>
Net income for the period (TRY)	4.116.272	(5.083.398)
Weighted average number of shares with nominal value of Kr 1 each	2.541.970.654	2.541.970.654
Losses per 100 share with nominal value of TRY 1 each	0,1619	(0,2000)

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NOTE 25 - RELATED PARTY DISCLOSURES

a) Related party balances

31 March 2011

<u>Related Parties</u>	<u>Receivables</u>		<u>Payables</u>	
	<u>Trade</u>	<u>Other</u>	<u>Related Parties</u>	<u>Trade</u>
Payables to shareholders	-	-	-	14.554
Anadolu Endüstri Holding A.Ş.	-	-	240.736	-
Efes Pazarlama Dağıtım ve Tic. A.Ş.	76.377	-	-	-
Itochu Corporation Tokyo	-	-	29.718.836	-
Isuzu Operation Thailand	625.180	-	6.226.287	-
Isuzu Motors Ltd. Tokyo	2.496.141	-	2.438.403	-
Çelik Motor Ticaret A.Ş.	44.087	-	-	-
Alternatifbank A.Ş.	11.838	-	-	-
Anadolu Motor Üretim ve Paz. A.Ş.	-	-	256.423	-
Efestur Turizm İşletmeleri A.Ş.	-	-	60.031	-
Anadolu Bilişim Hizmetleri A.Ş.	-	-	7.619	-
Alternatif Yatırım A.Ş.	720	-	-	-
Adel Kalemcilik Tic. ve San. A.Ş.	-	-	7.108	-
AEH Sigorta Acenteliği A.Ş.	-	-	427.012	-
Alternatif Finansal Kiralama A.Ş.	10.726	-	-	-
Antek Teknoloji Ürünleri Paz. ve Tic. A.Ş.	3.868	-	-	-
Oyex Handels GmbH	-	-	12.060	-
Total	3.268.937	-	39.394.515	14.554

Group's receivables from related parties are mainly due to trade goods, service sales and rent income. Group's payables to related parties are mainly due to raw material, service purchases and rent expenses.

NOTE 25 - RELATED PARTY DISCLOSURES (Continued)

31 December 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.	-	-	222.883	-
Efes Pazarlama Dağıtım ve Tic. A.Ş.	-	-	38.820	-
Itochu Corporation Tokyo	-	-	37.875.913	-
Isuzu Operation Thailand	355.802	-	13.634.336	-
Isuzu Motors Ltd. Tokyo	2.022.255	-	2.004.062	-
Çelik Motor Ticaret A.Ş.	202.074	-	-	-
Alternatifbank A.Ş.	11.838	-	-	-
Anadolu Motor Üretim ve Paz. A.Ş.	-	-	173.517	-
Efestur Turizm İşletmeleri A.Ş.	-	-	10.168	-
Anadolu Bilişim Hizmetleri A.Ş.	-	-	50.759	-
Alternatif Yatırım A.Ş.	720	-	-	-
Adel Kalemcilik Tic. ve San. A.Ş.	1.575	-	-	-
Anadolu Elektronik A.Ş.	137.817	-	-	-
AEH Sigorta Acenteliği A.Ş.	-	-	13.592	-
Alternatif Finansal Kiralama A.Ş.	10.726	-	-	-
Antek Teknoloji Ürünleri Paz. ve Tic. A.Ş.	-	-	1.524	-
Total	2.742.807	-	54.025.574	11.761

b) Related party transactions:

31 March 2011

<u>Sales to related parties</u>	<u>Goods and Service sales</u>	<u>Sales of Fixed assets</u>	<u>Rent income</u>	<u>Total revenues / Sales</u>
Efes Pazarlama Dağıtım ve Tic. A.Ş.	-	-	257.014	257.014
Isuzu Operations Thailand	636.277	-	-	636.277
Çelik Motor Ticaret A.Ş.	115.065	-	-	115.065
Isuzu Motors Ltd. Tokyo	753.590	-	-	753.590
Alternatif Yatırım A.Ş.	-	-	1.830	1.830
Adel Kalemcilik Tic. ve San. A.Ş.	-	-	4.005	4.005
Anadolu Motor Üretim ve Paz. A.Ş.	60.545	-	-	60.545
Alternatif Finansal Kiralama A.Ş.	-	-	27.270	27.270
Alternatifbank A.Ş.	-	-	30.096	30.096
Antek Teknoloji Ürünleri Paz. ve Tic. A.Ş.	15.690	-	-	15.690
Total	1.581.167	-	320.215	1.901.382

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NOTE 25 - RELATED PARTY DISCLOSURES (Continued)

31 March 2010

<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.	1.270	-	286.723	287.993
Isuzu Operation Thailand	437.206	-	-	437.206
Çelik Motor Ticaret A.Ş.	82.579	-	24.471	107.050
Isuzu Motors Ltd. Tokyo	112.051	-	-	112.051
Alternatif Yatırım A.Ş.	12	-	1.830	1.842
Adel Kalemcilik Tic. ve San. A.Ş.	26	-	4.005	4.031
Anadolu Elektronik A.Ş.	57.447	-	74.880	132.327
Anadolu Motor Üretim ve Paz. A.Ş.	26.923	-	-	26.923
Alternatif Finansal Kiralama A.Ş.	0	-	25.200	25.200
Alternatifbank A.Ş.	223	-	30.096	30.319
Efes Breweries International B.V.	-	-	1.495	1.495
Ana Gıda İhtiyaç Maddeleri San. A.Ş.	-	1760	-	1.760
Total	717.737	1.760	448.700	1.168.197

31 March 2011

<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.	542.398	-	-	542.398
Çelik Motor Ticaret A.Ş.	20.931	-	39.833	60.764
Anadolu Endüstri Holding A.Ş.	623.986	-	-	623.986
Itochu Corporation Tokyo	30.022.444	-	-	30.022.444
Mitsubishi Corporation Tokyo	20.092.899	-	-	20.092.899
Isuzu Motors Ltd. Tokyo	969.054	-	-	969.054
Isuzu Motors Ltd. Europe	3.715	-	-	3.715
Efestur Turizm İşletmeleri A.Ş.	182.317	-	-	182.317
Anadolu Bilişim Hizmetleri A.Ş.	467.629	9.893	-	477.522
Oyex Handels Gmbh	15.075	-	-	15.075
Adel Kalemcilik Tic. ve San. A.Ş.	11.363	-	-	11.363
Total	52.951.811	9.893	39.833	53.001.537

NOTE 25 - RELATED PARTY DISCLOSURES (Continued)

31 March 2010

Purchases from related parties	Goods and Service purchases	Fixed asset purchases	Rent expense	Total expense / Purchases
Anadolu Motor Üretim ve Paz. A.Ş.	812.312	-	-	812.312
Çelik Motor Ticaret A.Ş.	15.847	-	38.694	54.541
Anadolu Endüstri Holding A.Ş.	572.800	-	-	572.800
Itochu Corporation Tokyo	16.148.287	-	-	16.148.287
Mitsubishi Corporation Tokyo	9.587.122	-	-	9.587.122
Isuzu Motors Ltd. Tokyo	1.590	-	-	1.590
Isuzu Motors Ltd. Europe	15.780	-	-	15.780
Efes Pazarlama Dağıtım ve Tic. A.Ş.	9.770	-	-	9.770
Efestur Turizm İşletmeleri A.Ş.	236.542	-	-	236.542
Anadolu Bilişim Hizmetleri A.Ş.	474.200	-	-	474.200
Anadolu Sağlık Merkezi	9.832	-	-	9.832
Toplam	27.884.082	-	38.694	27.922.776

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 three-month period ended 31 December 2011 as the Group was in a loss position (31 December 2010: No donation was made due to loss in the period).

d) Key management compensation:

	31 March 2011	31 March 2010
Compensation of key management personnel	370.655	413.290
Total	370.655	413.290

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 4) and respectively share capital, capital reserves, profit reserves and retained earnings items (Note 16).

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>31 March 2011</u>	<u>31 December</u> <u>2010</u>
Financial Liabilities	109.357.195	137.878.885
Total Shareholders' Equity	165.906.023	161.792.840
Debt/Total equity	0,66	0,85

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) below) due to its operations and other (Please see (f) below). Also due to having financial instruments, the Group also bears the risk of other parties not meeting the requirements of agreements (Please see (g) below).

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 arises from future trade operations and the differences between assets and liabilities.

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

Sensitivity analysis of foreign currency:

31 March 2011

	<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	439.278	(439.278)
2- Hedged items (-)		
3- Net effect of USD (1+2)	439.278	(439.278)
If EUR appreciated/(depreciated) against TRY by 10%;		
4- EUR currency net asset/liability	12.758	(12.758)
5- Hedged items (-)		
6- Net effect of EUR(4+5)	12.758	(12.758)
If JPY appreciated/(depreciated) against TRY by 10%;		
7- JPY currency net asset/liability	(2.616.303)	2.616.303
8- Hedged items (-)		
9- Net effect of JPY (7+8)	(2.616.303)	2.616.303
TOTAL (3+6+9)	(2.164.267)	2.164.267

Sensitivity analysis of foreign currency:

31 December 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	(921.185)	921.185
2- Hedged items (-)	-	-
3- Net effect of USD (1+2)	(921.185)	921.185
If EUR appreciated/(depreciated) against TRY by 10%;		
4- EUR currency net asset/liability	214.835	(214.835)
5- Hedged items (-)	-	-
6- Net effect of EUR(4+5)	214.835	(214.835)
If JPY appreciated/(depreciated) against TRY by 10%;		
7- JPY currency net asset/liability	(3.636.647)	3.636.647
8- Hedged items (-)	-	-
9- Net effect of JPY (7+8)	(3.636.647)	3.636.647
TOTAL (3+6+9)	(4.342.997)	4.342.997

Foreign currency position table

	31 March 2011					31 December 2010				
	TRY Amount	USD	EUR	JPY	Other	TRY Amount	USD	EUR	JPY	Other
1. Trade receivables	9.988.087	451.130	3.147.582	130.274.066	-	4.007.915	257.579	795.402	104.570.853	-
2a. Monetary financial assets	9.186.531	2.884.984	587.656	184.841.375	-	6.469.673	2.602.947	572.994	67.152.326	-
2b. Non-monetary financial assets	-	-	-	-	-	-	-	-	-	-
3. Other	136.064	-	62.369	-	-	127.690	-	62.315	-	-
4. Total current assets (1+2+3)	19.310.682	3.336.114	3.797.607	315.115.441	-	10.605.278	2.860.526	1.430.711	171.723.179	-
5. Trade receivables	-	-	-	-	-	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-	-	-	-	-
7. Other	1.322	854	-	-	-	1.320	854	-	-	-
8. Total non-current assets (5+6+7)	1.322	854	-	-	-	1.320	854	-	-	-
9. Total assets(4+8)	19.312.004	3.336.968	3.797.607	315.115.441	-	10.606.598	2.861.380	1.430.711	171.723.179	-
10 Trade payables	39.087.122	4.022.763	382.807	1.721.881.206	-	53.770.302	8.819.884	252.334	2.092.521.190	-
11. Financial liabilities	-	-	-	-	-	-	-	-	-	-
12a. Other monetary liabilities	297.400	-	136.322	-	-	27.308	-	13.327	-	-
12b. Other non-monetary liabilities	-	-	-	-	-	-	-	-	-	-
13. Total current liabilities (10+11+12)	39.384.522	4.022.763	519.129	1.721.881.206	-	53.797.610	8.819.884	265.661	2.092.521.190	-
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)	39.384.522	4.022.763	519.129	1.721.881.206	-	53.797.610	8.819.884	265.661	2.092.521.190	-
19. Off-balance sheet derivative instruments net position (19a-19b)	(1.570.153)	3.522.960	(3.220.000)	-	-	(238.956)	-	(116.615)	-	-
19a Total Amount of Hedged Assets	5.454.599	3.522.960	-	-	-	5.317.845	-	1.209.260	150.000.000	-
19b. Total Amount of Hedged Liabilities	7.024.752	-	3.220.000	-	-	5.556.800	-	1.325.875	150.000.000	-
20. Net Foreign Exchange Asset / (Liability) Position (9-18+19)	(21.642.672)	2.837.165	58.478	(1.406.765.765)	-	(43.429.968)	(5.958.504)	1.048.435	(1.920.798.011)	-
21. Monetary Items Net Foreign Exchange Asset / (liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	(20.209.905)	(686.649)	3.216.109	(1.406.765.765)	-	(43.320.022)	(5.959.358)	1.102.735	(1.920.798.011)	-
22. Total Fair Value of Financial Instruments Used for the Foreign Exchange Hedge	-	-	-	-	-	-	-	-	-	-
23. The Amount of Hedged part of Foreign Exchange Assets	(7.024.752)	-	-	-	-	(238.956)	-	-	-	-
23. The Amount of Hedged part of Foreign Exchange Liabilities	5.454.599	-	-	-	-	-	-	-	-	-
23. Export	10.926.156	-	-	-	-	43.188.220	-	-	-	-
24. Import	54.503.419	-	-	-	-	171.377.949	-	-	-	-

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

(e) 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 6 and Note 4.

	<u>31 March 2011</u>	<u>31 December 2010</u>
Financial assets with fixed rates		
Financial assets	29.936.866	11.748.516
Financial liabilities	(62.916.518)	(45.809.950)
Financial liabilities with variable rates		
Financial assets		
Financial liabilities	(17.501.542)	(31.002.587)

As of 31 March 2011 if the market interest rates had been increased/decreased by 100 basis points with all other variables held constant net loss before taxes for the year would have been higher/lower by TRY175.015 (31 December 2010: TRY310.026 higher/lower).

(f) 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.

(g) 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 7).

Most of trade receivables are comprised of receivables from customers who have 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 31 March 2011 are TRY9.988.087 (31 December 2010: TRY4.007.915).

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

31 March 2011	Receivables				Note	Deposits in Banks	Note
	Trade Receivables		Other Receivables				
	Related	Other	Related	Diğer			
Maximum credit risk exposed as of the date of reporting (A+B+C+D+E)	3.268.937	71.522.249	-	2.262.709	7-8-25	34.314.642	
- The part of maximum risk secured by guarantee etc.	-	71.522.249		-		-	
A. Net book value of financial assets which are undue or which is not impaired	3.268.937	71.522.249		2.262.709	7-8-25	34.314.642	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	-	3.469.377	-	-		-	
- Secured by guarantee and etc.	-	3.469.377	-	-		-	
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	-	-	-	-		-	

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

31 December 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)	2.742.807	84.416.791	-	3.135.768	7-8-25	13.705.774	
- The part of maximum risk secured by guarantee etc.	-	84.416.791		-		-	
A. Net book value of financial assets which are undue or which is not impaired	2.742.807	84.416.791		3.135.768	7-8-25	13.705.774	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	-	1.285.000	-	-		-	
- Secured by guarantee and etc.	-	1.285.000	-	-		-	
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	-	-	-	-		-	

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

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

(h) 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.

31 March 2011

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 borrowing	80.418.060	84.061.335	17.560.779	66.500.556	-	-
Corporate bonds issued	-	-	-	-	-	-
Financial Lease Obligations	-	-	-	-	-	-
Trade Payables	63.412.716	63.728.872	47.974.010	15.754.862	-	-
Other Liabilities	2.448.430	2.448.430	2.448.430	-	-	-
Non-derivative financial liabilities	146.279.206	150.238.637	67.983.219	82.255.418	-	-

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	5.699.916	5.699.916	2.063.517	3.636.399	-	-
Derivative cash outflow	(5.803.056)	(5.803.056)	(2.137.968)	(3.665.088)	-	-
Derivative financial liabilities	(103.140)	(103.140)	(74.451)	(28.689)	-	-

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

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

31 December 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 borrowing	76.812.537	80.167.490	31.135.670	49.031.820	-	-
Corporate bonds issued	-	-	-	-	-	-
Financial Lease Obligations	-	-	-	-	-	-
Trade Payables	74.803.531	75.000.648	51.996.172	23.004.476	-	-
Other Liabilities	3.221.748	3.221.748	3.221.748	-	-	-
Non-derivative financial liabilities	154.837.816	158.389.886	86.353.590	72.036.296	-	-

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	5.621.146	5.621.146	5.621.146	-	-	-
Derivative cash outflow	(5.556.801)	(5.556.801)	(5.556.801)	-	-	-
Derivative financial liabilities	64.345	64.345	64.345	-	-	-

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>31 March 2011</u>		<u>31 December 2010</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 sales transactions	1.527.120	(71.940)	3.147.315	(370.841)
Forward foreign exchange purchase transactions	5.454.599	(108.110)	2.839.950	427.055
		180.050		56.213

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 31 March 2011, the Group has forward foreign exchange sales agreements that have total value of USD3.522.960 against EUR2.520.000 and EUR700.000 against TRY1.457.450. With regard to these contracts, an income accrual of TRY180.050 is recognized in financial statements.

As of 31 December 2010, the Group has forward foreign exchange purchase agreements that have total value of TRY303.000 against EUR150.000 and JPY100.000.000 against EUR786.164 and has forward foreign exchange sales agreements that have total value of EUR799.424 against JPY100.000.000. Also, the Group has option contracts that enable to buy JPY50.000.000 for EUR389.712 and has option contracts to sell JPY50.000.000 for EUR409.836. With regard to these contracts, an income accrual of TRY56.213 is recognized in financial statements.

NOTE 28 - DISCLOSURE OF OTHER MATTERS

Labour and the employer union has signed a collective labor agreement on 14 April 2011. According to the agreement, increase of 9% in wages and increase of 10,5% in other benefits has been foreseen.