

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

2008

ANNUAL REPORT

1. OUR CORPORATE STRUCTURE

Anadolu Isuzu Otomotiv Sanayi ve Ticaret A.Ş. is a public joint stock company whose major shareholders are the Anadolu Group from Turkey, Isuzu Motors Ltd. and Itochu Corporation from Japan. Its main fields of operation are the assembly and marketing of commercial vehicles ranging from light duty trucks to midibuses.

The experience and know-how of Anadolu Isuzu dates back to the Çelik Montaj, which was established in 1965 to build pick-ups and motorcycles. The company continued to produce Skoda pick-ups with the corporate name Çelik Montaj A.Ş. until the end of 1986. In 1983, the company entered into a license agreement with Isuzu Motors Ltd. and in August 1984, it started to produce Isuzu vehicles in Istanbul Kartal Plants. Since August 1999, Anadolu Isuzu has moved its manufacturing operations to its Gebze plant which was equipped with up to date technology.

A. Capital Structure

Shareholders and their participation in capital and the corresponding shares of ownership are as follows.

TITLE OF PARTNERSHIP	PARTICIPATION AMOUNT	SHARE RATIO
Yazıcılar Holding A.Ş.	9.077.665	35.71%
Özilhan Sinai Yatırım A.Ş.	4.271.842	16.81%
Isuzu Motors Ltd.	4.319.991	16.99%
Itochu Corporation	3.239.964	12.75%
Publicly-Held Shares	4.148.980	16,32%
Others	361.264	1,42%

B. Board of Directors

The names and duties of members elected to Board of Directors for one year in the General Assembly on 28.03.2008 are stated below:

BOARD OF DIRECTORS

NAME and SURNAME	DUTY
Mehmet Kamil ESER	Board of Directors, Chairman
İbrahim YAZICI	Board of Directors, Vice Chairman
Tuncay ÖZİLHAN	Board of Directors, Member
Nİlgün YAZICI	Board of Directors, Member
Tülay AKSOY	Board of Directors, Member
Süleyman Vehbi YAZICI	Board of Directors, Member
Hülya ELMALIOĞLU	Board of Directors, Member
Toshinori TAKASAKI	Board of Directors, Member
Mahoro KUROIWA	Board of Directors, Member
Mitsuteru YAGETA	Board of Directors, Member
Hideo MASUDA	Board of Directors, Member

C. The Board of Auditors

The names and the duties of members elected to Board of Auditors who were elected for one year in the General Assembly on 28.03.2008 are stated below:

<u>NAME and SURNAME</u>	<u>DUTY</u>
Mehmet Hurşit ZORLU	Auditor
Ahmet BAL	Auditor
Ali Baki USTA	Auditor

D. Participations

Our Company holds a stake in the capital of Ant Sınai ve Ticari Ürünler Pazarlama A.Ş. by 99,44% and a stake in the capital of Anadolu Isuzu Dış Ticaret ve Sanayi A.Ş. by 96.00%.

E. Administrative Operations

The names and positions of the top management staff of our company are presented as follows:

<u>NAME AND SURNAME</u>	<u>POSITION IN OUR COMPANY</u>
Ömer Lütfü ABLAY	General Director
Toshinori TAKASAKI	Technical Director
A.Fatih TAMAY	Sales and Marketing Director
Bekir TÖMEK	Financial Affairs Manager
M.Celal TUNCEL	Bus Production Manager
Öner BİLDİREN	Quality Control Manager
Ş.Melih BİLGE	After Sales Service Manager
Hüsnü AÇIKELLİ	Truck Production Manager
Hakan ÖZENÇ	Engineering Manager

M. Kemal ÖZER	Production Planning & Stock Control Manager
Hüseyin ERDOĞAN	Human Resources Manager
Arif ÖZER	Material Procurement Manager
Tunç KARABULUT	Exports Manager
Efe YAZICI	Marketing Manager
Cihan Şevket NALBANT	Sales Manager

While 752 people were employed in our company in the beginning of 2007, this number has increased to 803 by the end of the fiscal period.

2. OUR OPERATIONS

A. Progress of our Company's Operations

Our company commenced assembly of ISUZU light trucks in July 1984 following the licence Agreement entered into between our Company and Isuzu motors limited in 1983. The assembly of Midibuses commenced in 1986 which was developed by our Company. The import and sales of the D-Max model pick-ups with 4x4 and 4x2 options commenced in April 2004.

In 2007, the assembly of Turkuaz buses with EURO 4 engine has commenced which are conforming to European Union regulations. Considering the demand in the market, Turkuaz municipal CITIBUS model is designed and production commenced. Furthermore production of Roybus C model production has commenced in 2007.

In 2007 the vehicle Citimark Bus in 9 m class with rear engine suitable for public transport is developed in line with the Company's product development strategies.

In 2007 also an important event was realized that would effect the development of our company's activities and a Memorandum of Understanding was signed with Isuzu motors on 24th April 2007 for the purpose that some of the product groups to be manufactured and exported by our Company.

According to this, the Project shall be in two stages; the first one is preparation and the second one is execution. The first stage is assumed to commence following the update of the agreements with Isuzu and the transfer of the 3% share which were hold by Anadolu Endüstri Holding A.Ş., Yazıcılar Holding A.Ş. and Özilhan Sınai Yatırım A.Ş. to Isuzu Motors Limited.

During the preparation stage, it is foreseen that Isuzu shall designate the necessary technical staff to AIOS in order to develop the technical skills of AIOS and again for the same purpose to start assembly of 300 pick-ups within the first year.

The results of the planned preparation studies shall be re-evaluated by the parties in 2009 and when an agreement is reached on the feasibility of the Project, the second stage shall commence. In this stage it can be decided that AIOS to produce and manufacture Truck/Light Truck and/or pick-ups for exports to European Countries.

In spite of the negative effects of global economic crisis that occurred in the last quarter of 2008, there isn't any considerable change in the process of projects in the scope of agreements.

B. Production

Our company assembled Isuzu NPR, NQR Trucks, NKR Wide, NKR 55 light duty trucks and Isuzu Midi-buses and Buses during the period.

In 2008, the production and capacity utilization ratios of our company have increased compared to the previous year.

TYPE OF PRODUCT	Quantities Produced		Rate of Increase
	2008	2007	
Truck	3.469	2.930	18%
Pickup	3.796	2.984	27%
Midi-bus	2.743	1.928	42%
TOTAL	10.008	7.842	28%

C. Sales

The total sales units of our company in the domestic and foreign markets in 2008 have displayed a decrease by 3% compared to the previous year.

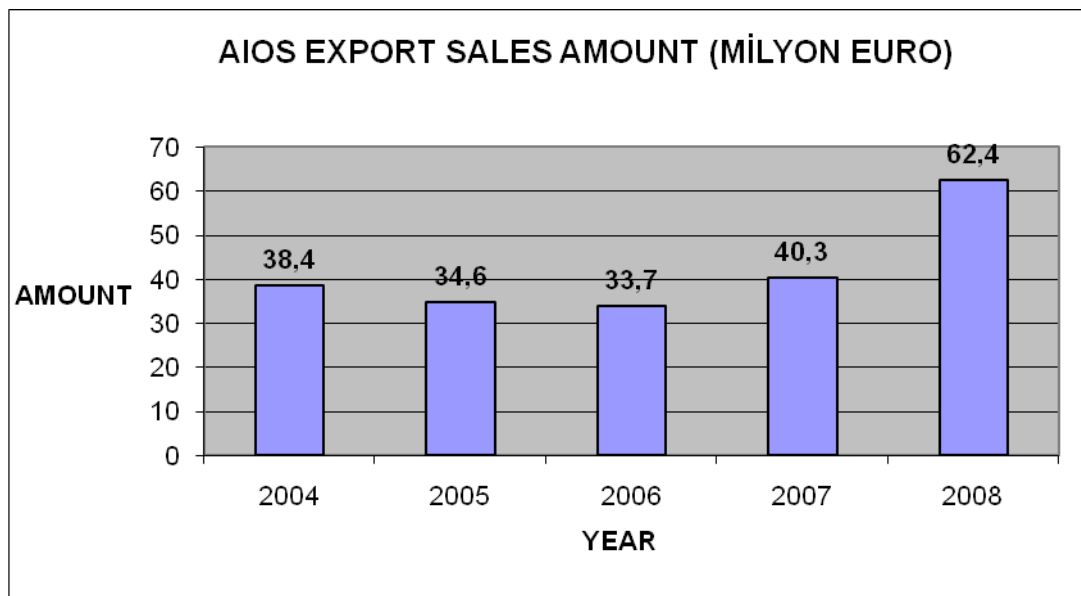
TYPE OF PRODUCT	Quantities Sold		Rate of Increase
	2008	2007	
Truck	2.522	3.142	-20%
Light Truck	3.096	3.155	-2%
Midi-bus	2.545	2.302	11%
Imported Vehicles	3.005	2.941	2%
TOTAL	11.168	11.540	-3%

Out of the total midibus sales, 1.032 units of buses were sold in the export markets in the year 2008 (2007:727)

Anadolu Isuzu conducts its sales activities through 38 dealers and distributors nominated in different parts of the country.

D. EXPORTS

Anadolu Isuzu has exported its products to more than 50 countries so far. The main countries to which goods are exported include Azerbaijan, Bosnia-and-Herzegovina, Bulgaria, Cape Verde, Algeria, Czech Republic, Croatia, France, Italy, Lithuania, Hungary, Macedonia, Poland, Romania, Slovakia, Slovenia, Serbia and Greece. The total export of the company in 2008 has reached to a level of 62,4 Million EURO. The yearly export development of the company is shown in the graphic below;



E. AFTER SALES SERVICES

The efforts and studies to improve the customer satisfaction at after sales service continued during the year

A – Within the Country

- Implementation of 2-year unlimited mileage warranty for Trucks, light trucks and buses and 3 years or 100.000 km warranty for D max vehicles.
- Widespread after-sales services network in 66 cities(81% coverage); authorized service-spare part dealers located in 122 points (880 overhaul/repair area and 1520 employee)
- TSE 12047 certificate at 92 official services which were established in line with TSI.
- 366 Authorized Service personnel who have been trained in compliance with the new technologies
- Control with electronic fault identification device at 122 official service centers and repair service with re-programming features.
- Road assistance vehicles for 122 Authorized Services and 24 hours emergency service.
- Service Clinic Days” in which free check-up of the customers’ vehicles and technical support to authorized services.

- Established separate special service areas (pit-stop) for D-Max vehicles in 35 Authorized Service dealers.
- Toll-free Customer Support Line that can be reached 7 days a week and 24 hours a day via only 1 phone call.
- “Five Star Service” Project has been implemented and in this context 10 service dealer have been recognized as five star service in 2008.
- Periodical “Performance” evaluation, follow-up and inspections of authorized Services

B – In Abroad

- Implementation of 1 year or 100.000 km warranty for buses and midi-buses.
- 22 Service Centers and road assistance of the 14 Distributors.
- Failure identification service by 16 Service Centers.
- The quantity of service centers which renders DPD filter cleaning service for Euro 4 Vehicles is 8
- Periodical “Performance” evaluation, follow-up and inspections of the Distributors and the studies on establishment of service network(113 authorized service) and service communication system and relevant trainings commenced.
- Improvement of SOP System for claim reports
- Warranty system and implementations training for distributors’ technicians at Academy Isuzu and SOP system training for technicians of one distributor in Service Center.
- Providing Technical Support at the Service Centers for 24 hours.

F. OTHER OPERATIONS

The stock splitting and share transfer that may change the capital and management structure and the assets of the company did not occur in 2008. The purchase/sale, lease of substantial amounts of tangible/intangible assets did not happen. The total amount of donations in 2008 is 240.564.-YTL. Securities for any third parties such as pledges, mortgages, etc. have not been given in 2008.

3. SOCIAL RESPONSIBILITY

A. AID AND DONATIONS GIVEN DURING THE YEAR

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

Anadolu Health Village is the most comprehensive project that Anadolu Foundation has designed and developed so far; the main purpose of this foundation has been to build an important health facility that will provide modern health services to the country and Turkish people since the very first day of its establishment. The foundation of “Anadolu Health Village” was laid in Çayirova site of Gebze on 12th June 2002 and the biggest investment of this village is composed of “Anadolu Health Center” that constitutes the hospital part of it. A strategic cooperation agreement was concluded with John Hopkins

Medicine that was selected as the best hospital of USA in the last 12 years in order to apply this Health Village Project up to the international standards. At minimum, 10% of the patients in Anadolu Health Center receive their treatments free of charge.

B. ENVIRONMENTAL OPERATIONS OF ANADOLU ISUZU

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

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

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

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

4. PROFIT DISTRIBUTION PROPOSAL

Our company has adopted a policy as a resolution on 22.03.2005 to distribute at least 50% of the distributable profit as dividends as long as economic conditions are suitable.

During the year 2008, the company has distributed dividend with a total amount of YTL 13.701.310 from the year 2007 net profit.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

1. DECLARATION OF CONFORMITY TO CORPORATE GOVERNANCE PRINCIPLES

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

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

Taking into consideration these issues, our company has observed and put into application the Corporate Governance Principles issued by the Capital Markets Boards with the exceptions stated below in the fiscal period that ended by the date of 31st.12.2008.

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

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

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

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

CHAPTER I – SHAREHOLDERS

2. Shareholders Relations Department

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

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

Staff Members: **Murat ORHAN** –Commercial Accounting Specialist
Telephone: 0262 658 84 33 / 167
murat.orhan@isuzu.com.tr

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

3. Exercise of Shareholders’ Rights to Obtain Information

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

The questions raised within the scope of the requests for information received directly from the shareholders or the intermediary institutions in the periods of the declaration of financial statements have been mainly related with the financial statements of the

company, the market structure, the changes in the market and the progress of the company with respects to its market share and the investments about new projects in the future.

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

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

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

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

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

4. Information about the General Shareholder Meeting

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

The participation rate in the Ordinary General Shareholder Meeting that was held on the date of 28th March 2008 was 79,91%. The representatives of the financial intermediary institutions and the correspondents of Economy press participated in this meeting.

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

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

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

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

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

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

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

The recommendation related with the profit distribution was taken into consideration by the general assembly and a decision was taken about the 13.701.310.-YTL dividend distribution from the 2007 profits, of which 12.711.053,44.-YTL to shareholders and 990.256,56.-YTL to the members of board of directors, as a result of the voting. The company incurred a consolidated loss of 468.404 TL in the year 2008.

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

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

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

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

5. Right to Vote and Minority Rights

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

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

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

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

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

There is not any kind of cross shareholding relationship.

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

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

the establishment of independent memberships within the structure of the board of directors.

6. Profit Distribution Policy and Profit Distribution Scheme

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

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

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

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

The maintenance of this profit distribution policy on a continuous basis excluding the conditions leading to investment and fund requirements that may be needed for the long-term development of the company and the Special Case that may occur as a result of the extraordinary evolutions in the economic conditions has been included among the fundamental objectives of our company. Within the framework of our activities towards harmonisation and compliance with the Corporate Governance Principles, it has been decided that this policy should be established as a written policy as of the year 2005 and this policy was introduced to the shareholders in the annual General Meeting held on 28.03.2008.

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

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

7. Transfer of Shares

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

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

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

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

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

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

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

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

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

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

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

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

SECTION II – PUBLIC DISCLOSURE AND TRANSPARENCY

8. The Company's Information Policy

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

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

Within this framework, any information about the issues specified within the Capital Market regulations and any progress and development that may lead to a substantial change in the financial situation and/or activities of the company are immediately disclosed to the public. However, any information disclosed to the public shall not include any information or data that might decrease the competitive power and lead to any results bringing forth losses and damages likely to be incurred by our Company and the shareholders and the other stakeholder; and the disclosed information shall not be considered within the scope of trade secrets. The public disclosures are performed via press releases in case of necessities as well as Special Case statements. In addition, any requests for information and discussion received from the shareholders and the other stakeholders are evaluated within the framework of the information policy of our Company and all of the information sharing is maintained within the scope of the content previously disclosed to the public.

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

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

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

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

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

Press bulletins and/or press conferences may be used for public disclosure of the financial results of our Company including the year-end financial statements, the performance of the company and any other developments for the relevant fiscal period and also the other changes and developments that may lead to a substantial change in the financial situation and/or activities of our Company. The information activities performed via press and media are carried out by the aforementioned work group under the coordination of the Corporate Governance Committee. A copy of each press bulletin declared is published and updated on our internet site. The requests for information forwarded by means of press are collected by the Financial Affairs Manager and replied by the relevant work group after thorough evaluation within the scope of the information policy of our Company.

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

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

9. Special Case Statements

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

The company has issued seventeen times Special Case statements in the year of 2008 and any additional clarification was not requested by CMB or ISE in relation with these statements.

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

The company is not listed in any other stock exchange abroad.

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

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

10. The Company's Internet Site and its Content

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

The internet site of the company is:

www.isuzu.com.tr

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

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

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

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

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

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

12. Public Disclosure of Insiders Capable of obtaining Information

List of Insiders

Members of the Board of Directors of the Company

Mehmet Kamil ESER	Chairman of the Board of Directors
İbrahim YAZICI	Deputy Chairman of the Board of Directors
Tuncay ÖZİLHAN	Member
Nilgün YAZICI	Member
Tülay AKSOY	Member
Süleyman Vehbi YAZICI	Member
Hülya ELMALIOĞLU	Member
Toshinori TAKASAKI	Member
Mahoro KUROIWA	Member
Mitsuteru YAGETA	Member
Hideo MASUDA	Member

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

Ege CANSEN
Salih Metin ECEVİT

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

Mehmet Hurşit ZORLU
Ahmet BAL
Ali Baki USTA

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

Ömer Lütfü ABLAY	General Manager
Toshinori TAKASAKI	Technical Director
Ahmet Fatih TAMAY	Sales and Marketing Director
Mehmet Celal TUNCEL	Bus Production Manager
Hüsnü AÇIKELLİ	Truck Production Manager
Bekir TÖMEK	Financial Affairs Manager
Öner BİLDİREN	Quality Control Manager
Şakir Melih BİLGE	After-Sales Services Manager
Hakan ÖZENÇ	Engineering Manager
Mustafa Kemal ÖZER	Production Planning and Control Manager
Arif ÖZER	Material Procurement Manager
Tunç KARABULUT	Export Manager
Efe YAZICI	Marketing Manager
Hüseyin ERDOĞAN	Human Resources Manager
Cihan Şevket NALBANT	Sales Manager
Mahoro KUROIWA	Foreign Shareholder Relations

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

Selim BÜLKAT Commercial Accounting Assistant Manager
Muzaffer KARAKOÇAK Industrial Accounting Assistant Manager

Independent External Audit Company

AGD Bağımsız Denetim ve Danışmanlık S.M.M.M A.Ş.

Certified Financial Consultancy company responsible for full certification

Kapsam Yeminli Mali Müşavirlik A.Ş. (Certified Financial Consultant: Cemil BAŞOĞLU)

Members of the Board of Directors of AEH

Tuncay ÖZİLHAN
İbrahim YAZICI
Süleyman Vehbi YAZICI
Tülay AKSOY
Gülten YAZICI
Hülya ELMALIOĞLU
Ali ŞANAL
Salih Metin ECEVİT
Ahmet Muhtar KENT
Recep Yılmaz ARGÜDEN
Mehmet Cem KOZLU

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

Engin AKÇAKOCA

AEH staff capable of reaching information

Mustafa Uysal	AEH Business Improvement President
Hurşit ZORLU	AEH Financial Affairs President
Ahmet BAL	AEH Financial Affairs Auditing Coordinator
Ali Baki USTA	AEH Financial Affairs Coordinator
Can DOĞAN	AEH Financial Affairs Tax Management Coordinator
Menteş ALBAYRAK	AEH Financial Affairs Auditing Assistant Coordinator
Murat KÜÇÜK	AEH Financial Affairs Assistant Coordinator
Orhun KÖSTEM	AEH Corporate Finance and Risk Management Manager
İrem Çalışkan DURSUN	Yazıcılar Holding Corporate Governance and Investor Relations Assistant Coordinator.

SECTION III - STAKEHOLDERS

13. Giving Information to Stakeholders

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

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

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

14. Role of Stakeholders in Corporate Governance

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

The company has been conducting activities and studies in which the employees participate in the scope of Kaizen improvement activities and quality circles.

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

15. Human Resources Policy

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

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

Our Human Resources Quality Policy:

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

In this context;

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

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

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

Accordingly, the duties and responsibilities of the representative (2008 - 2010 Group Collective Labour Contract, Article 12) are as follows:

A) All kinds of negotiations between the trade union and the employer or the representatives of the employer are held with the representatives in principle for the notification of the requests and complaints of the members to the employer with respect to the implementation of the contract.

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

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

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

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

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

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

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

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

16. Information about the Relations with Customers and Suppliers

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

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

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

Our activities that can set good examples include various services that we have put to disposal of our customers such as the introduction of Anadolu Isuzu products and services to our customers via our internet site and the toll-free information line, the provision of training about the customer relations to our authorised dealers and services, meetings with our customers by means of the service clinics that we have established throughout the country, and the provision of free check-up services for their vehicles, etc.

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

17. Social Responsibilities

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

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

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

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

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

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

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

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

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

SECTION IV – BOARD OF DIRECTORS

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

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

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

Mehmet Kamil ESER Chairman of the Board of Directors
Ömer Lüffü ABLAY General Manager

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

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

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

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

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

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

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

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

20. Mission, Vision and Strategic Targets of the Company

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

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

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

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

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

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

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

21. Risk Management and Internal Control Mechanism

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

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

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

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

Natural Risk: The risk factors such as fire, earthquake, etc. that may lead to negative affects on the performance of the Company.

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

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

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

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

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

23. Operational Principles of the Board of Directors

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

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

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

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

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

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

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

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

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

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

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

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

25. Ethical Rules

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

The ethical rules have been of great significance within the structure of our company and these values have been implemented for years within the framework of a corporate culture understanding of Anadolu Group that bears management shares. Anadolu Group work principles have been formed to continue our works in line with our basic values and these principles have been announced in the company's web site.

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

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

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

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

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

The Audit Committee is composed of four members:

Süleyman Vehbi Yazıcı
Tülay AKSOY
Ahmet BAL
İrfan ÇETİN

The audit committee convenes before the disclosure of the financial statements to the public and performs the requisite examinations on the financial statements. This committee convened for four times in the year of 2008 and determined resolutions for four times.

The Corporate Governance Committee is composed of two members:

Hülya ELMALIOĞLU
Nilgün YAZICI

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

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

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

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

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

27. Financial Rights and Remuneration of the Board of Directors

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

Any attendance fee is not paid from to the members of the Board of Directors. However, 990.256,56.-YTL dividend from 2007 profit has been allocated among the members of the Board of Directors as required within the articles of incorporation. The company incurred losses in the period 1st January-31st December 2008 and thus no dividend distribution was made.

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

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