ANADOLU ISUZU OTOMOTİV
SANAYİ VE TİCARET ANONİM ŞİRKETİ

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

(ORIGINALLY ISSUED IN TURKISH)

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CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Anadolu Isuzu Otomotiv Sanayi ve Ticaret A.Ş.

1. We have audited the accompanying consolidated balance sheet of Anadolu Isuzu Otomotiv Sanayi ve Ticaret A.Ş. and its subsidiaries (collectively referred as, the "Group") as of 31 December 2011, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the financial reporting standards issued by the Capital Markets Board ("CMB"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the auditing standards issued by the CMB. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

   An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

   We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

4. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Anadolu Isuzu Otomotiv Sanayi ve Ticaret A.Ş. as of 31 December 2011 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the financial reporting standards accepted by the CMB (Note 2).

Emphasis of matters

5. The accounting principles described in Note 2.1.6 to the consolidated financial statements (defined as the "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 - 31 December 2005 and presentation of basic financial statements and the notes to them. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

Burak Özpoyraz, SMMM
Partner

Istanbul, 8 March 2012

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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CONSOLIDATED BALANCE SHEETS
AT 31 DECEMBER 2011 AND 31 DECEMBER 2010
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	Audited 31 December 2011	Audited 31 December 2010
ASSETS			
Current assets		**268.174.140**	**244.549.815**
Cash and cash equivalents	**4**	16.455.647	13.737.183
Trade receivables			
-Due from related parties	**25**	1.822.228	2.742.807
-Other trade receivables	**7**	111.041.026	84.416.791
Other receivables	**8**	502.009	3.134.401
Inventories	**9**	131.728.762	135.310.450
Other current assets	**15**	6.624.468	5.208.183
Non-current assets		**84.044.969**	**85.478.604**
Trade receivables	**7**	-	124.815
Other receivables	**8**	1.660	1.367
Financial assets	**5**	3.898	3.898
Property, plant and equipment	**10**	61.813.717	64.847.596
Intangible assets	**11**	14.006.261	10.864.354
Goodwill	**11**	2.340.995	2.340.995
Deferred tax assets	**23**	5.872.846	7.287.106
Other non-current assets	**15**	5.592	8.473
Total assets		**352.219.109**	**330.028.419**

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

These consolidated financial statements as of and for the period 1 January - 31 December 2011 have been approved for issue by the Board of Directors ("BOD") on 8 March 2012 and signed on its behalf of BOD by General Manager Ömer Lütfü ABLAY and by Accounting Manager Bekir TÖMEK.

CONSOLIDATED BALANCE SHEETS
AT 31 DECEMBER 2011 AND 31 DECEMBER 2010
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	Audited 31 December 2011	Audited 31 December 2010
LIABILITIES			
Current liabilities		**168.577.045**	**160.874.027**
Financial liabilities	**6**	92.709.308	76.812.537
Trade payables			
-Due to related parties	**25**	39.145.685	54.025.574
-Other trade payables	**7**	26.941.221	20.777.957
Other payables	**8**	3.145.035	3.221.748
Current income tax liabilities	**23**	44.056	45.469
Provisions	**13**	5.684.222	5.108.489
Other current liabilities	**15**	907.518	882.253
Non-current liabilities		**8.496.101**	**7.361.552**
Provision for employment benefits	**14**	7.603.404	6.363.428
Other non-current liabilities	**15**	892.697	998.124
EQUITY	**16**	**175.145.963**	**161.792.840**
Shareholders' equity		**175.127.456**	**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
Income / (Loss) for the period		13.352.821	(4.557.964)
Minority interest	**16**	**18.507**	**15.412**
TOTAL LIABILITIES AND EQUITY		**352.219.109**	**330.028.419**

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

CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	Audited 01.01.2011- 31.12.2011	Audited 01.01.2010- 31.12.2010
CONTINUING OPERATIONS			
Revenue	**17**	474.007.706	339.927.545
Cost of sales (-)	**17**	(402.352.491)	(296.308.299)
GROSS PROFIT		**71.655.215**	**43.619.246**
Marketing, selling and distribution expenses (-)	**18**	(33.248.943)	(26.876.359)
General administrative expenses (-)	**18**	(18.780.028)	(17.770.105)
Research and development expenses (-)	**18**	(1.099.820)	(842.030)
Other income	**20**	4.833.409	4.209.804
Other expenses (-)	**20**	(1.212.509)	(947.434)
OPERATING PROFIT/(LOSS)		**22.147.324**	**1.393.122**
Financial income	**21**	11.204.914	5.324.913
Financial expenses (-)	**22**	(18.404.603)	(13.746.993)
PROFIT / (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**14.947.635**	**(7.028.958)**
Income tax (loss)/ income from continuing operations		**(1.591.719)**	**2.472.187**
Taxes on income (-)	**23**	(177.459)	(160.812)
Deferred tax (loss)/ income	**23**	(1.414.260)	2.632.999
INCOME/ (LOSS) FROM CONTINUING OPERATIONS		**13.355.916**	**(4.556.771)**
INCOME/ (LOSS) FOR THE YEAR		**13.355.916**	**(4.556.771)**
Attributable to:	**16**	**13.355.916**	**(4.556.771)**
Minority interest		3.095	1.193
Equity holders of the parent		13.352.821	(4.557.964)
Income/ (Loss) per hundred shares	**24**	**0,5253**	**(0,1793)**

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 31 DECEMBER 2010
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	Audited 01.01.2011-31.12.2011	Audited 01.01.2010-31.12.2010
INCOME/ (LOSS) PROFIT FOR THE PERIOD		**13.355.916**	**(4.556.771)**
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:		**13.355.916**	**(4.556.771)**
Minority interest		3.095	1.193
Equity holders of the parent		13.352.821	(4.557.964)

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

CONSOLIDATED CASH FLOW STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 31 DECEMBER 2010
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	Audited 31 December 2011	Audited 31 December 2010
Operating activities:			
Net income/ (loss)	**16**	**13.352.821**	**(4.557.964)**
Adjustments to reconcile net cash generated:			
Depreciation	**10**	6.813.701	7.344.019
Amortisation	**11**	2.421.713	1.691.127
Provision for employee benefits	**14**	1.641.322	1.792.223
Income on taxes	**23**	1.591.719	(2.472.187)
Interest income	**21**	(1.088.955)	(513.371)
Interest expenses	**22**	7.321.256	5.100.586
Foreign exchange differences on borrowings		-	91.300
Other non-cash generating expenses		2.239.884	(1.512.792)
(Gain)/Loss on sales of property, plant and equipment	**20**	(150.807)	(206.150)
Net operating income /(loss) before changes in assets and liabilities:		**34.142.654**	**6.756.791**
Changes in assets and liabilities:			
Net (increase)/decrease in trade receivables		(26.762.437)	(28.082.700)
Net decrease/ (increase) in inventories	**9**	3.581.688	(16.885.195)
Net decrease/ (increase) in other current assets	**8-15**	1.172.946	(1.279.590)
Net decrease/(increase) in other non-current assets		127.403	8.940.448
Net (increase)/decrease in trade payables	**7-25**	(8.248.395)	28.115.011
Net (decrease)/increase in other liabilities		(709.518)	(962.585)
Taxes paid		(172.054)	(139.075)
Employment benefits paid	**14**	(401.346)	(3.194.823)
Cash flows used in operating activities:		**2.730.941**	**(6.731.718)**
Investing activities:			
Purchase of property, plant and equipment	**10**	(4.113.327)	(8.036.586)
Purchase of intangible assets	**11**	(5.563.620)	(9.351.557)
Cash flows used in investing activities:		**(9.676.947)**	**(17.388.143)**
Financing activities:			
Dividend payments		-	-
Interests received		1.087.153	521.506
Interests paid		(5.424.485)	(5.106.457)
Proceeds from borrowings		90.000.000	82.908.050
Repayments of borrowings		(76.000.000)	(56.065.412)
Net cash generated from financing activities:		**9.662.668**	**22.257.687**
Net decrease in cash and cash equivalents		**2.716.662**	**(1.862.174)**
Cash and cash equivalents at the beginning of period	**4**	13.734.534	15.596.708
Cash and cash equivalents at the end of period	**4**	**16.451.196**	**13.734.534**

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

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

Audited	**Notes**	**Paid in capital**	**Adjustment to capital**	**Total paid in share capital**	**Restricted reserves**	**Special reserves**	**Retained earings**	**Income/ (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**	-	-	-	77.309	-	(80.102)	-	**(2.793)**	-	**(2.793)**
Total comprehensive income	**16**	-	-	-	-	-	-	(4.557.964)	**(4.557.964)**	1.193	**(4.556.771)**
As of 31 December 2010	**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**
Audited											
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**							13.352.821	**13.352.821**	3.095	**13.355.916**
As of 31 December 2011	**16**	**25.419.707**	**86.901.880**	**112.321.587**	**13.739.132**	**-**	**35.713.916**	**13.352.821**	**175.127.456**	**18.507**	**175.145.963**

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

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

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS

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

The Company carries out its operations as a partnership formed by Isuzu Motors Ltd., Itochu Corporation and Anadolu Group Companies. The Company runs its manufacturing operations in a factory established in Cayırova/Kocaeli. The average number of employees as of 31 December 2011 is 520 (31 December 2010: 492).

The Company's official address registered in the Trade Registry is Esentepe Mahallesi Anadolu Caddesi No:3 Kartal, Istanbul.

As of 31 December 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.

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

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

2.1 Basis of presentation (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.

The table below sets out the Subsidiaries interest at 31 December 2011 and 2010:

	Proportion of effective interest (%)		Direct and indirect ownership interest held by Company	
Subsidiaries	**31 December 2011**	**31 December 2010**	**31 December 2011**	**31 December 2010**
Ant Sınai ve Ticari Ürünleri Pazarlama A.Ş	99.44	99.44	99.44	99.44
Anadolu Isuzu Dış Ticaret ve San. A.Ş.	97.00	97.00	97.00	97.00

(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.

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

2.1 Basis of presentation (Continued)

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 as of 31 December 2011, there are no adjustments made in the presentation of the consolidated financial statements.

2.1.5 Amendments in International Financial Reporting Standards

a) *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 24 (revised), "Related party disclosures", is effective for annual periods beginning on or after 1 January 2011. The revised standard removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. It also clarifies and simplifies the definition of a related party.

- IAS 32 (amendment), "Financial instruments: Presentation", is effective for annual periods beginning on or after 1 February 2010. The amendment recognizes that the previous requirement to classify foreign-currency-denominated rights issued to all existing shareholders on a pro rata basis as derivative liabilities is not consistent with the substance of the transaction, which represents a transaction with owners acting in their capacity as such. The amendment therefore creates an exception to the 'fixed for fixed' rule in IAS 32 and requires rights issues within the scope of the amendment to be classified as equity. The amendment should be applied retrospectively.

- Standards within the context of 2010 annual Development Project are effective from 1 January 2011. The list of standards effective on Group's financial statement are stated below:

  > IFRS 7 "Financial instruments: Disclosures"
  > IAS 27 "Separate financial statements"
  > IAS 34 "Interim financial reporting"

b) *Standards, amendments and interpretations which are effective from 1 January 2011, do not have material effect over the consolidated financial statements of the Group:*

- IFRIC 19, "Extinguishing financial liabilities with equity instruments", is effective for annual periods beginning on or after 1 July 2010. IFRIC 19 clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor (referred to as a 'debt for equity swap'). Early adoption is permitted. The interpretation should be applied retrospectively from the beginning of the earliest comparative period presented, as adoption in earlier periods would result only in a reclassification of amounts within equity.

- IFRS 1 (amendment), "First-time adoption of IFRS", is effective for annual periods beginning on or after 1 July 2010. The amendment Provides the same relief to first-time adopters as was given to current users of IFRSs upon adoption of the amendments to IFRS 7. Also clarifies the transition provisions of the amendments to IFRS 7.

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

2.1 Basis of presentation (Continued)

2.1.5 Amendments in International Financial Reporting Standards (Continued)

- IFRIC 14 (amendment), "IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction", is effective for annual periods beginning on or after 1 January 2011. The amendment removes unintended consequences arising from the treatment of pre-payments where there is a minimum funding requirement. The amendment also results in pre-payments of contributions in certain circumstances being recognised as an asset rather than an expense.

- Standards within the context of 2010 annual Development Project are effective from 1 January 2011. The list of standards effective on Group's financial statement are stated below:

- IFRS 1 "First-time adoption of IFRS"
- IFRS 3 "Business combinations"
- IFRIC 13 "Customer loyalty programmes"

c) *Standards, amendments and interpretations not yet effective as of 31 December 2011:*

- IFRS 7 (amendment), "Financial instruments: Disclosures", is effective for annual periods beginning on or after 1 July 2011. This amendment will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets.

- IFRS 1 (amendment), "First-time adoption of IFRS", is effective for annual periods beginning on or after 1 July 2011. These amendments include two changes to IFRS 1. The first replaces references to a fixed date of 1 January 2004 with 'the date of transition to IFRSs', thus eliminating the need for entities adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation.

- IAS 12 (amendment), "Income taxes", is effective for annual periods beginning on or after 1 January 2012. This amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, "Income taxes - recovery of revalued non-depreciable assets", will no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is withdrawn.

- IAS 1 (amendment), "Presentation of financial statements", is effective for annual periods beginning on or after 1 July 2012. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

- IAS 19 (amendment), "Employee benefits", is effective for annual periods beginning on or after 1 January 2013. These amendments eliminate the corridor approach and calculate finance costs on a net funding basis.

- IFRS 9, "Financial instruments", is effective for annual periods beginning on or after 1 January 2015. The standard addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost.

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

2.1 Basis of presentation (Continued)

2.1.5 Amendments in International Financial Reporting Standards (Continued)

- IFRS 10, "Consolidated financial statements", is effective for annual periods beginning on or after 1 January 2013. The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

- IFRS 11, "Joint arrangements", is effective for annual periods beginning on or after 1 January 2013. IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

- IFRS 12, "Disclosures of interests in other entities", is effective for annual periods beginning on or after 1 January 2013. The standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

- IFRS 13, "Fair value measurement", is effective for annual periods beginning on or after 1 January 2013. The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs.

- IAS 27 (revised), "Separate financial statements", is effective for annual periods beginning on or after 1 January 2013. The standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.

- IAS 28 (revised), "Associates and joint ventures", is effective for annual periods beginning on or after 1 January 2013. The standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.

- IFRIC 20, Stripping costs in the production phase of a surface mine.

Group will evaluate the effect of the mentioned changes within its operations and apply the changes. It is expected that the application of the standards and the interpretations above will not have a significant effect on the consolidated financial statements of the Group.

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

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.

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

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

2.2 Summary of Significant Accounting Policies (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 Summary of Significant Accounting Policies (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. Subsidies received from Tübitak are accounted for as deferred income by Group and are offsetted with amortisation expenses in the income statements in line with the useful life of the completed projects.

Group calculates deferred tax income in consolidated financial statements for the balances subjected to R&D deductions (Note 23).

Development costs are directly recognised as expense. Development expenses recognised as expense in prior periods are not subject to capitalisation in subsequent periods.

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

2.2.13 Warranty provision expenses

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

22.2.14 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 Income per share

Income 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.

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.

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

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

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. As of 31 December 2011, there are no changes in accounting estimates and errors in the presentation of the consolidated financial statements.

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.

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.

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

NOTE 4 - CASH AND CASH EQUIVALENTS

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

	31 December 2011	31 December 2010
Cash	34.063	31.409
Banks - Demand deposits	9.295.167	1.957.258
Banks - Time deposits (up to 3 months)	7.126.417	11.748.516
Total	**16.455.647**	**13.737.183**

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

Cash and cash equivalents presented in the consolidated cash flow statements as of 31 December 2011 and stat 2010 are as follows:

	31 December 2011	31 December 2010
Cash and banks	16.455.647	13.737.183
Less: Interest Accruals	(4.451)	(2.649)
Total (Excluding Interest Accruals)	**16.451.196**	**13.734.534**

The details of time deposits are as follows:

	31 December 2011		31 December 2010	
	Amount in TRY	Annual Interest Rate (%)	Amount in TRY	Annual Interest Rate (%)
TRY	1.146.747	6,50-12,25	6.837.429	6,00-9,00
USD	1.188.241	0,25-2,50	4.019.623	0,25-2,25
EUR	4.791.429	0,25-5,00	891.464	0,25-3,25
Total	**7.126.417**		**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 December 2011, time and demand deposits amounting to TRY12.775.626 are at Alternatifbank A.Ş., a related party of the Group (31 December 2010: TRY12.531.537).

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

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	31 December 2011 Share Amount	31 December 2011 Share Ratio%	31 December 2010 Share Amount	31 December 2010 Share Ratio %
Efestur AŞ.	1.621	2,50	1.621	2,50
Anadolu Otomotiv Dış Ticaret A.Ş.	2.277	2,00	2.277	2,00
Total 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 December 2011 and stat 2010 are as follows:

	Effective Interest Rate %		Original Currency		Amount in TRY	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Short-term Bank Loans						
TRY	12,21	8,30	90.000.000	76.000.000	92.709.308	76.812.537
Total					**92.709.308**	**76.812.537**

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

Period	31 December 2011	31 December 2010
Up to 1 month	1.451.249	31.002.587
Total	**1.451.249**	**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.

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

NOTE 7 - TRADE RECEIVABLES AND PAYABLES

Trade receivables at period ends are as follows:

Short-term trade receivables	**31 December 2011**	**31 December 2010**
Trade Receivables, net	107.410.109	81.392.025
Cheques Recevied	3.630.917	3.024.766
Doubtful Receivables	333.324	333.324
Less: Provision for doubtful receivables	(333.324)	(333.324)
Total	**111.041.026**	**84.416.791**

Movements of provision for doubtful receivables are as follows:

	31 December 2011	**31 December 2010**
1 January	**333.324**	**333.324**
Provisions for the period	-	-
Collections during the period	-	-
31 December	**333.324**	**333.324**

Long-term trade receivables	**31 December 2011**	**31 December 2010**
Export-registered VAT receivables	-	124.815
Total	**-**	**124.815**

Trade payables as of period ends are as follows:

Trade Payables	**31 December 2011**	**31 December 2010**
Trade payables, net	26.941.221	20.777.957
Total	**26.941.221**	**20.777.957**

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

NOTE 8 - OTHER RECEIVABLES AND PAYABLES

Other Short-term Receivables	**31 December 2011**	**31 December 2010**
Receivables from government authorities (*)	327.058	2.985.776
Receivables from personnel	174.951	147.749
Deposits and guarantees given	-	876
Total	**502.009**	**3.134.401**

(*) As of 31 December 2011 the Group has no receivables from government authorities in relation to VAT return (31 December 2010: TRY2.894.032)

Other Long-term Receivables	**31 December 2011**	**31 December 2010**
Deposits and guarantees given	1.660	1.367
Total	**1.660**	**1.367**

Other Short-term Payables	**31 December 2011**	**31 December 2010**
Due to shareholders	11.314	11.761
Due to personnel	392.285	280.524
Order advances received	262.567	128.906
Taxes and funds payable	1.746.208	1.387.367
Social security premiums payable	731.429	603.398
Taxes to be deducted	-	808.777
Other miscellaneous payables	1.232	1.015
Total	**3.145.035**	**3.221.748**

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

NOTE 9- INVENTORIES

Inventory balances as of period ends are as follows:

	31 December 2011	31 December 2010
Raw materials	44.847.545	35.762.046
Semi-finished goods	3.483.906	2.810.176
Finished goods	21.868.857	45.559.851
Trade goods	34.251.680	10.318.088
Other inventories	618.534	322.942
Advances given for import and domestic purchases	26.669.622	41.010.539
	131.740.144	**135.783.642**
Less: Provisions for impairment of finished goods	(11.382)	(473.192)
Total Inventories	**131.728.762**	**135.310.450**

Movements of Provision for Impairment on Inventories	**31 December 2011**	**31 December 2010**
Opening balance	473.192	488.323
Less: Provision released due to the net realizable value	(461.810)	(15.131)
Current period charge	-	-
Ending balance	**11.382**	**473.192**

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

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

	Land	Land Improvements	Buildings	Machinery and Equipment	Motor Vehicles	Furniture and fixtures	Other tangible Assets	Constructions in progress and advances given	Total
Cost									
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		64.580	7.524	2.810.287	735.605	44.556	2.100	448.675	**4.113.327**
Disposals		48.964		6.890	413.527			(469.381)	**-**
As of 31 December 2011				(226.253)	(540.194)		(32.459)		**(798.906)**
Cost	**2.427.379**	**7.700.026**	**62.528.871**	**142.399.896**	**4.348.727**	**2.886.139**	**794.437**	**17.140**	**223.102.615**
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		(115.995)	(2.159.078)	(3.753.050)	(699.144)	(86.416)	(18)		**(6.813.701)**
Disposals				175.477	257.465		32.459		**465.401**
As of 31 December 2011	-	**(6.586.354)**	**(32.447.509)**	**(116.171.526)**	**(2.534.148)**	**(2.757.006)**	**(792.355)**	**-**	**(161.288.898)**
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 December 2011	**2.427.379**	**1.113.672**	**30.081.362**	**26.228.370**	**1.814.579**	**129.133**	**2.082**	**17.140**	**61.813.717**

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 TRY4.532.949 (31 December 2010: TRY4,709,097), cannot be reliably determined as of the balance sheet date.

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

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land	Land Improvements	Buildings	Machinery and Equipment	Motor Vehicles	Furniture and fixtures	Other tangible Assets	Constructions in progress and advances given	Total
Cost									
As of 1 January 2010	**2.427.379**	**7.574.732**	**62.519.247**	**132.784.709**	**4.910.498**	**2.807.615**	**836.669**	**2.196**	**213.863.045**
Additions		11.750	2.100	7.169.204	726.362	33.968		93.202	**8.036.586**
Disposals				(144.941)	(1.897.071)		(11.873)	(57.552)	**(2.111.437)**
As of 31 December 2010	**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**
Accumulated depreciation									
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		(113.108)	(2.158.950)	(4.121.359)	(850.485)	(100.117)			**(7.344.019)**
Disposals				144.738	665.893		11.873		**822.504**
As of 31 December 2010	-	**(6.470.359)**	**(30.288.431)**	**(112.593.953)**	**(2.092.469)**	**(2.670.590)**	**(824.796)**	**-**	**(154.940.598)**
Net Book Value									
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 December 2010	**2.427.379**	**1.116.123**	**32.232.916**	**27.215.019**	**1.647.320**	**170.993**	**-**	**37.846**	**64.847.596**

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

NOTE - 11 INTANGIBLE ASSETS

31 December 2011

	Rights	Development costs	Other intangible assets	Constructions in progress and advances given	Total
Cost					
As of 1 January 2011	**74.031**	**11.130.485**	**1.837.723**	**1.540.168**	**14.582.407**
Additions	20.249		42.643	5.500.728	**5.563.620**
Transfers	12.617	5.734.434		(5.747.051)	**-**
Disposals			(20.891)		**(20.891)**
As of 31 December 2011	**106.897**	**16.864.919**	**1.859.475**	**1.293.845**	**20.125.136**
Accumulated amortisation					
As of 1 January 2011	**(12.185)**	**(2.053.692)**	**(1.652.176)**	**-**	**(3.718.053)**
Current year amortisation	(6.043)	(2.321.671)	(93.999)		**(2.421.713)**
Disposals			20.891		**20.891**
As of 31 December 2011	**(18.228)**	**(4.375.363)**	**(1.725.284)**	**-**	**(6.118.875)**
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 December 2011	**88.669**	**12.489.556**	**134.191**	**1.256.000**	**14.006.261**

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

NOTE 11 - INTANGIBLE ASSETS (Continued)

31 December 2010

	Rights	Development costs	Other intangible assets	Constructions in progress and advances given	Total
Cost					
As of 1 January 2010	**62.631**	**6.820.167**	**1.800.718**	**857.652**	**9.541.168**
Additions	11.400	4.310.318	37.005	4.992.834	**9.351.557**
Disposals				(4.310.318)	**(4.310.318)**
As of 31 December 2010	**74.031**	**11.130.485**	**1.837.723**	**1.540.168**	**14.582.407**
Accumulated amortisation					
As of 1 January 2010	**(7.390)**	**(617.819)**	**(1.401.717)**	**-**	**(2.026.926)**
Current year amortisation	(4.795)	(1.435.873)	(250.459)		**(1.691.127)**
Disposals					**-**
As of 31 December 2010	**(12.185)**	**(2.053.692)**	**(1.652.176)**	**-**	**(3.718.053)**
Net Book Value					
Net Book Value as of 1 January 2010	**55.241**	**6.202.348**	**399.001**	**857.652**	**7.514.242**
Net Book Value as of 31 December 2010	**61.846**	**9.076.793**	**185.547**	**1.540.168**	**10.864.354**

GOODWILL

31 December 2011

	Net Book Value
As of 1 January 2011	**2.340.995**
Additions	-
Provision for impairment	-
As of 31 December 2011	**2.340.995**

31 December 2010

	Net Book Value
As of 1 January 2010	**2.340.995**
Additions	-
Provision for impairment	-
As of 31 December 2010	**2.340.995**

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

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 2011 is TRY1.055.797 (2010: TRY648,039).

The Group has been entitled for R&D deduction of TRY5,119,359 due to R&D expenditures in 2011. As of 31 December 2011, the total R&D deduction balance was TRY17,289,912, 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 ASSTES AND LIABILITIES

Provisions for expenses and liabilities (Short-term)	**31 December 2011**	**31 December 2010**
Warranty provisions	5.007.830	3.597.831
Provision for lawsuits	360.098	1.003.243
Provision for performance premium	316.294	294.178
Provision for collective bargaining salary difference	-	213.237
Total	**5.684.222**	**5.108.489**

Movements of provisions during the period are as follows:

	Warranty provisions	**Provision for lawsuits**	**Provision for performance premium**	**Provision for collective bargaining salary difference**	**Total**
As of 1 January 2011	3.597.831	1.003.243	294.178	213.237	**5.108.489**
Additions during the period	7.089.088	848.499	2.133.007	169.814	**10.240.664**
Paid during the period	(5.679.089)	(1.491.644)	(2.110.891)	(383.051)	**(9.664.931)**
As of 31 December 2011	**5.007.830**	**360.098**	**316.294**	**-**	**5.684.222**

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

NOTE 13 - PROVISIONS, CONTINGENT ASSTES 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 December 2011, is TRY360.098 (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 December 2011 is TRY390.057.727 (31 December 2010: TRY307.975.143).

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

Type	**31 December 2011**	**31 December 2010**
Guarantee letters given	10.168.027	8.226.557
Total	**10.168.027**	**8.226.557**

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

	31 December 2011	**31 December 2010**
A. Total amount of GPM given on behalf of the Group	**10.168.027**	**8.226.557**
i. Letters of guarantee	10.168.027	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	**10.168.027**	**8.226.557**

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

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

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

The Group is exposed to foreign currency exchange risk as the Group has foreign currency denominated earnings and liabilities. The Group conducts financial derivative instruments in order to hedge its foreign currency exposure due to fluctuation in foreign currencies.
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NOTE 14 - PROVISION FOR EMPLOYMET BENEFITS

	31 December 2011	31 December 2010
Provision for employee benefits	**7.603.404**	**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 liability is not funded in the consolidated financial statements, as there is no funding requirement for provision for employee benefits in Turkey.

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Since the Company calculates the reserve for employee benefits every six months, the maximum amount of TRY2.805,04 which is effective from 1 January 2010 (1 January 2011: TRY2.517,01) has been taken into consideration in the calculations.

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.

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.

	31 December 2011	31 December 2010
Discount rate (%)	4,66	4,66
Turnover rate to estimate the probability of retirement (%)	2,75	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:

	31 December 2011	31 December 2010
1 January	**6.363.428**	**7.766.028**
Interest cost	296.677	362.070
Actuarial loss	984.935	965.584
Paid during the period	(401.346)	(3.194.823)
Current period service cost	359.710	464.569
31 December	**7.603.404**	**6.363.428**

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

NOTE 15 - OTHER ASSETS AND LIABILITIES

Other current assets

	31 December 2011	31 December 2010
Carried Forward Value Added Tax ("VAT")	6.361.112	4.970.691
Prepaid expenses	100.988	82.819
Income accruals (*)	54.824	80.384
Other	107.544	74.289
Total	**6.624.468**	**5.208.183**

(*) Income accruals are comprised of outstanding derivative financial instrument contracts and insurance income accruals as of the balance sheet date.

Other non-current assets:	31 December 2011	31 December 2010
Prepaid expenses	5.592	8.473
Total	**5.592**	**8.473**

Other current liabilities (Net)	31 December 2011	31 December 2010
Deferred income (*)	907.518	882.253
Total	**907.518**	**882.253**

(*)Lease amount collected in relation to future periods in the scope of lease agreements for real estate of the Group located in Kartal amounts TRY106.348 (31 December 2010: TRY249.965). Moreover, subsidies obtained in relation to R&D activities, is going to be recognised in statements of comprehensive income in 2012 corresponds to TRY801.170 (31 December 2010: TRY632.558).

Other non-current liabilities	31 December 2011	31 December 2010
Deferred income (*)	892.697	998.124
Total	**892.697**	**998.124**

(*) The Group does not have any lease colletions in relation to periods subsequent to 2012 in the scope of lease agreements for real estate located in Kartal (31 December 2010: TRY106.348). Moreover, subsidies obtained in relation to R&D activities is going to be recognised in the statements of comprehensive income in periods subsequent to 2012 corresponds to TRY892.697. (31 December 2010: TRY891.776).

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

NOTE 16 – EQUITY

Minority Interest

	31 December 2011	31 December 2010
Minority shares	18.507	15.412
Total	**18.507**	**15.412**

	1 January 2011 31 December 2011	1 January 2010 31 December 2010
Minority shares profit / loss	3.095	1.193
Total	**3.095**	**1.193**

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 2011, 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 December 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 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	-	3.239.964	-	3.239.964	**12,75**
HAMİLİNE HALKA ARZ	-	-	3.811.860	3.811.860	**15,00**
HAMİLİNE DİĞER	97.375	-	338.427	435.802	**1,71**
TOTAL	**13.664.044**	**7.559.955**	**4.195.708**	**25.419.707**	**100,00**

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

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	-	3.239.964	-	3.239.964	**12,75**
HAMİLİNE HALKA ARZ	-	-	3.811.860	3.811.860	**15,00**
HAMİLİNE DİĞER	97.375	-	338.427	435.802	**1,71**
TOPLAM	**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 December 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 profit for the year	13.352.821
Shareholders' equity attributable to equity holders of the Group	**175.127.456**
Minority shares	**18.507**
Total shareholders' equity	**175.145.963**

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

NOTE 16 - EQUITY (Continued)

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.

	31 December 2011	31 December 2010
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 December 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:

	31 December 2011	31 December 2010
Extraordinary reserves	31.480.604	31.561.010
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	(24.148.769)	(19.590.805)
Total	**35.713.916**	**40.352.286**

NOTE 16 - EQUITY (Continued)

Quoted companies make profit distributions as follows:

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

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

As the Group has loss, as shown in the financial statements prepared according to the standards of the CMB, there is no profit that distributable as dividends. In the financial statements prepared according to the standards of the CMB, the Group's retained profits amounted to TRY35.713.916. After subtracting the current period's loss from the retained profits, the remaining balance is TRY49.066.737. 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.

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

NOTE 17 - SALES AND COST OF SALES

Sales	**1 January 2011 31 December 2011**	**1 January 2010 31 December 2010**
Domestic sales	450.970.322	319.777.120
Foreign sales	50.385.842	43.188.220
Other sales	2.934.958	2.279.663
Less: Discounts	(30.283.416)	(25.317.458)
Income from sales (Net)	**474.007.706**	**339.927.545**
Cost of sales	**(402.352.491)**	**(296.308.299)**
Gross operating profit/loss	**71.655.215**	**43.619.246**

Cost of sales are summarised as follows;

Cost of Sales	**1 January 2011 31 December 2011**	**1 January 2010 31 December 2010**
Direct raw material costs	248.277.020	174.108.048
Direct labor costs	13.143.933	10.216.545
Depreciation and amortisation expenses	7.293.714	5.989.808
Manufacturing overhead costs	6.509.165	4.372.066
Idle capacity expenses	1.148.447	4.457.312
Total cost of production	**276.372.280**	**199.143.779**
Change in semi-finished goods inventory	(827.358)	(1.272.720)
Change in finished goods inventory	28.779.845	9.906.701
Cost of trade goods sold	96.167.921	88.132.500
Other cost of sales	1.859.803	398.039
Total cost of sales	**402.352.491**	**296.308.299**

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

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

a) Research and development expenses	1 January 2011 31 December 2011	1 January 2010 31 December 2010
Personnel expenses	(268.204)	(213.840)
Project costs	(99.226)	(19.415)
Depreciation and amortisation expenses	(146.206)	(154.713)
Other	(586.184)	(454.062)
Total Research and Development Expenses	**(1.099.820)**	**(842.030)**

b) Marketing, selling and distribution expenses		
Domestic sales expenses	(5.245.637)	(4.379.660)
Export expenses	(4.121.158)	(3.580.255)
Personnel expenses	(5.660.765)	(4.921.088)
Advertising expenses	(3.537.094)	(2.991.128)
Warranty expenses	(7.089.088)	(4.308.353)
Depreciation and amortisation expenses	(696.801)	(825.625)
Other	(6.898.401)	(5.870.250)
Total Marketing, Selling and Distribution Expenses	**(33.248.943)**	**(26.876.359)**

c) General and administrative expenses		
Personnel expenses	(8.886.861)	(8.421.146)
Service and work expenses	(5.886.161)	(5.430.744)
Depreciation and amortisation expenses	(402.501)	(550.442)
Insurance expenses	(1.111.889)	(951.388)
Other	(2.492.616)	(2.416.385)
Total General and Administrative Expenses	**(18.780.028)**	**(17.770.105)**

NOTE 19 - EXPENSES BY NATURE

	1 January 2011 31 December 2011	1 January 2010 31 December 2010
Direct material costs	248.277.020	174.108.048
Cost of trade goods sold	96.167.921	88.132.500
Cost of other goods sold	1.859.804	398.039
Change in goods inventory	27.952.487	8.633.981
Other operational expenses	38.010.495	30.401.640
Personnel expenses	27.959.923	23.772.619
Idle capacity expenses	1.148.447	4.457.312
Depreciation and amortisation expenses	8.539.062	7.520.588
Other production expenses	5.566.124	4.372.066
Total expenses	**455.481.283**	**341.796.793**

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

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

NOTE 20 - OTHER OPERATING INCOME/EXPENSES

Other operating income:	1 January 2011 31 December 2011	1 January 2010 31 December 2010
Rent income	1.536.282	1.658.262
Service income	936.598	914.002
Export SPSF	43.274	75.790
Tubitak R&D incentive	886.264	632.555
Stock count differences	286.155	48.729
Insurance claim recoveries	86.894	67.482
Gain on sales of property, plant and equipment	200.913	330.622
Other	857.029	482.362
Total	**4.833.409**	**4.209.804**

Other operating expenses:		
Donations	(118.000)	(11.224)
Loss on sales of property, plant and equipment	(50.106)	(124.472)
Other	(1.044.403)	(811.738)
Total	**(1.212.509)**	**(947.434)**

NOTE 21 - FINANCIAL INCOME

Financial income:	1 January 2011 31 December 2011	1 January 2010 31 December 2010
Interest income	1.088.954	513.371
Credit finance income	813.701	818.759
Foreign exchange gains	8.008.497	3.791.809
Rediscount income	1.293.762	200.974
Total	**11.204.914**	**5.324.913**

NOTE 22 - FINANCIAL EXPENSES

Financial expenses:	1 January 2011 31 December 2011	1 January 2010 31 December 2010
Interest expenses	(7.321.256)	(5.100.586)
Foreign exchange losses	(9.071.683)	(7.630.625)
Rediscount expenses	(1.751.077)	(827.528)
Other financial expenses	(260.587)	(188.254)
Total	**(18.404.603)**	**(13.746.993)**

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

NOTE 23 - DEFERRED ASSETS AND LIABILITIES

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

Account name	**1 January 2011 31 December 2011**	**1 January 2010 31 December 2010**
Corporate tax provision	(177.459)	(160.812)
Deferred tax (expense) / income	(1.414.260)	2.632.999
Total tax (expense) / income	**(1.591.719)**	**2.472.187**

	31 December 2011	**31 December 2010**
Current period corporate tax provision	177.459	160.812
Prepaid taxes	(133.403)	(115.343)
Taxes Payable	**44.056**	**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.

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/

Income Withholding Tax:

In addition to corporate tax, companies should also calculate income withholding tax on any dividends and income distributed, except for resident companies in Turkey receiving dividends from resident companies in Turkey and Turkish branches of foreign companies. The rate of withholding tax has been increased from 10% to 15% upon the Cabinet decision No: 2006/10731, which was published in Official Gazette on July 23, 2006.

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

NOTE 23 - TAX ASSETS AND LIABILITIES (Continued)

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.

	31 December 2011		31 December 2010	
	Cumulative Temporary Differences	Deferred Tax Assets/(Liabilities)	Cumulative Temporary Differences	Deferred Tax (Assets/(Liabilities
Inventories	66.943	13.389	1.107.166	221.433
Property, plant and equipment	(25.451.750)	(5.090.350)	(23.391.041)	(4.678.207)
Provision for employment benefits	7.603.404	1.520.681	6.363.428	1.272.686
Carry forward tax losses (*)	23.137.426	4.627.485	36.091.879	7.218.376
2008-2009-2010 R&D deductions	17.289.912	3.457.982	11.118.219	2.223.644
Other(Net)	6.718.297	1.343.659	5.145.880	1.029.176
Total Deferred Tax Assets, net		**5.872.846**		**7.287.106**

(*) As of 31 December 2011, Group expects to use TRY12.000.000 and TRY 11.137.426 of its carry forward tax losses amounting to TRY23.137.426 in 2012 and 2013, respectively.

Movements of deferred income tax:	1 January 2011 31 December 2011	1 January 2010 31 December 2010
Opening	7.287.106	4.654.107
Deferred tax (loss) / income	(1.414.260)	2.632.999
Deferred Tax	**5.872.846**	**7.287.106**

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

NOTE 23 - TAX ASSETS AND LIABILITIES (Continued)

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

Reconciliation of tax provision:	**31 December 2011**	**31 December 2010**
Income/ (Loss) from continuing operations	**14.947.635**	**(7.028.958)**
Corporate tax rate 20%	(2.989.527)	1.405.792
Taxation effect:		
- R&D deductions	1.234.339	977.364
- Income on R&D subsidies	177.253	126.511
- Non-deductible expenses for tax purposes	(74.666)	(12.319)
- Other	60.882	(25.161)
(Loss) / income tax provision on statements of income	**(1.591.719)**	**2.472.187**

NOTE 24 – INCOME/ (LOSS) PER SHARE

	1 January 2011 **31 December 2011**	**1 January 2010** **31 December 2010**
Net income/ (loss) for the period (TRY)	13.352.821	(4.557.964)
Weighted average number of shares with nominal value of Kr 1 each	2.541.970.654	2.541.970.654
Income / (loss) per 100 share with nominal value of TRY 1 each	**0,5253**	**(0,1793)**

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

NOTE 25 - RELATED PARTY DISCLOSURES

a) Related party balances

31 December 2011

	Receivables		Payables	
Related Parties	**Trade**	**Other**	**Trade**	**Other**
Payables to shareholders (*)	-	-	-	11.314
Anadolu Endüstri Holding A.Ş.	-	-	240.496	-
Efes Pazarlama Dağıtım ve Tic. A.Ş.	100.839	-	-	-
Itochu Corporation Tokyo	-	-	36.680.390	-
Isuzu Operation Thailand	-	-	-	-
Isuzu Motors Ltd. Tokyo	1.415.101	-	1.417.047	-
Çelik Motor Ticaret A.Ş.	217.300	-	-	-
Alternatifbank A.Ş.	11.838	-	-	-
Anadolu Motor Üretim ve Paz. A.Ş.	-	-	40.696	-
Efestur Turizm İşletmeleri A.Ş.	-	-	51.047	-
Anadolu Bilişim Hizmetleri A.Ş.	-	-	649.696	-
Anadolu Efes Biracılık ve Malt Sanayi A.Ş.			2.542	
Alternatif Yatırım A.Ş.	720	-	-	-
Adel Kalemcilik Tic. ve San. A.Ş.	30.674	-	-	-
AEH Sigorta Acenteliği A.Ş.	-	-	53.336	-
Alternatif Finansal Kiralama A.Ş.	10.726	-	-	-
Antek Teknoloji Ürünleri Paz. ve Tic. A.Ş.	35.030	-	-	-
Oyex Handels Gmbh		-	10.435	-
Total	**1.822.228**	**-**	**39.145.685**	**11.314**

(*) Payables to shareholders balance is classified under other payables in the consolidated balance sheet.

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.

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

NOTE 25 - RELATED PARTY DISCLOSURES (Continued)

31 December 2010

	Receivables		Payables	
Related Parties	**Trade**	**Other**	**Trade**	**Other**
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**

(*) Payables to shareholders balance is classified under other payables in the consolidated balance sheet.

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

NOTE 25 - RELATED PARTY DISCLOSURES (Continued)

b) Related party transactions:

31 December 2011

Sales to related parties	Goods and Service sales	Sales of Fixed assets	Rent income	Total revenues / Sales
Efes Pazarlama Dağıtım ve Tic. A.Ş.	-	-	1.060.308	**1.060.308**
Isuzu Operations Thailand	1.428.800	-	-	**1.428.800**
Çelik Motor Ticaret A.Ş.	530.780	-	42.000	**572.780**
Isuzu Motors Ltd. Tokyo	3.623.128	-	-	**3.623.128**
Alternatif Yatırım A.Ş.	-	-	7.320	**7.320**
Adel Kalemcilik Tic. ve San. A.Ş.	182	-	197.190	**197.372**
Anadolu Motor Üretim ve Paz. A.Ş.	281.524	-	-	**281.524**
Alternatif Finansal Kiralama A.Ş.	-	-	109.080	**109.080**
Alternatifbank A.Ş.	-	-	120.384	**120.384**
Antek Teknoloji Ürünleri Paz. ve Tic. A.Ş.	75.212	-	-	**75.212**
Anadolu Araçlar Ticaret A.Ş	2.925	-	-	**2.925**
Total	**5.942.551**	**-**	**1.536.282**	**7.478.833**

31 December 2010

Sales to related parties	Goods and Service sales	Sales of Fixed assets	Rent income	Total revenues / Sales
Efes Pazarlama Dağıtım ve Tic. A.Ş.	1.270	-	1.128.271	**1.129.541**
Isuzu Operation Thailand	1.116.396	-	-	**1.116.396**
Çelik Motor Ticaret A.Ş.	419.542	-	81.570	**501.112**
Isuzu Motors Ltd. Tokyo	1.628.894	-	-	**1.628.894**
Alternatif Yatırım A.Ş.	12	-	7.320	**7.332**
Adel Kalemcilik Tic. ve San. A.Ş.	26	-	16.020	**16.046**
Anadolu Elektronik A.Ş.	272.452	-	174.720	**447.172**
Anadolu Motor Üretim ve Paz. A.Ş.	134.425	-	-	**134.425**
Alternatif Finansal Kiralama A.Ş.	-	-	104.250	**104.250**
Alternatifbank A.Ş.	223	-	120.384	**120.607**
Efes Breweries International B.V.	-	-	1.495	**1.495**
Ana Gıda İhtiyaç Maddeleri San. A.Ş.	-	1.760	-	**1.760**
Anadolu Araçlar Ticaret A.Ş.	1.652	-	-	**1.652**
Antek Teknoloji Ürünleri Paz. ve Tic. A.Ş.	1.274	-	-	**1.274**
Efestur Turizm İşletmeleri A.Ş.	3.854	-	-	**3.854**
Total	**3.580.020**	**1.760**	**1.634.030**	**5.215.810**

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

NOTE 25 - RELATED PARTY DISCLOSURES (Continued)

31 December 2011

Purchases from related parties	Goods and Service purchases	Fixed asset purchases	Rent Expense	Total expense/ Purchases
Anadolu Motor Üretim ve Paz. A.Ş.	1.777.545	-	-	**1.777.545**
Çelik Motor Ticaret A.Ş.	167.524	-	242.777	**410.301**
Anadolu Endüstri Holding A.Ş.	2.498.910	-	-	**2.498.910**
Itochu Corporation Tokyo	133.599.209	-	-	**133.599.209**
Mitsubishi Corporation Tokyo	83.543.537	-	-	**83.543.537**
Isuzu Motors Ltd. Tokyo	4.772.654	-	-	**4.772.654**
Isuzu Motors Ltd. Europe	8.308	-	-	**8.308**
Efestur Turizm İşletmeleri A.Ş.	1.078.214	-	-	**1.078.214**
Anadolu Bilişim Hizmetleri A.Ş.	2.023.338	543.651	-	**2.566.989**
Efes Pazarlama Dağıtım ve Tic. A.Ş.	124.440			**124.440**
Oyex Handels Gmbh	76.290	-	-	**76.290**
Adel Kalemcilik Tic. ve San. A.Ş.	17.924	-	-	**17.924**
Anadolu Efes Biracılık ve Malt Sanayi A.Ş.	10.571	-	-	**10.571**
Total	**229.698.464**	**543.651**	**242.777**	**230.484.892**

31 December 2010

Purchases from related parties	Goods and Service purchases	Fixed asset purchases	Rent Expense	Total expense/ Purchases
Anadolu Motor Üretim ve Paz. A.Ş.	2.319.712	12.500	-	**2.332.212**
Çelik Motor Ticaret A.Ş.	84.293	-	144.937	**229.230**
Anadolu Endüstri Holding A.Ş.	2.309.969	-	-	**2.309.969**
Itochu Corporation Tokyo	104.907.897	-	-	**104.907.897**
Mitsubishi Corporation Tokyo	56.289.752	-	-	**56.289.752**
Isuzu Motors Ltd. Tokyo	2.304.633	-	-	**2.304.633**
Isuzu Motors Ltd. Europe	32.118	-	-	**32.118**
Efes Pazarlama Dağıtım ve Tic. A.Ş.	28.424	-	-	**28.424**
Efestur Turizm İşletmeleri A.Ş.	801.121	-	-	**801.121**
Anadolu Bilişim Hizmetleri A.Ş.	1.871.320	117.046	-	**1.988.366**
Anadolu Sağlık Merkezi	20.929	-	-	**20.929**
Oyex Handels Gmbh	74.992	-	-	**74.992**
Antek Teknoloji Ürünleri Paz. ve Tic. A.Ş.	2.392	-	-	**2.392**
Total	**171.047.552**	**129.546**	**144.937**	**171.322.035**

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

NOTE 25 - RELATED PARTY DISCLOSURES (Continued)

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. In this regard, the Group donated TRY100.000 to Anadolu Eğitim ve Sosyal Yardım Vakfı in the current year. (31 December 2010: No donation was made due to Group's making loss).

d) Key management compensation:

	31 December 2011	31 December 2010
Salaries and other short-term benefits	1.829.432	1.786.711
Total	**1.829.432**	**1.786.711**

Key management compensation includes salaries, premiums and 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.

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.

	31 December 2011	31 December 2010
Financial Liabilities	142.340.567	137.878.885
Total Shareholders' Equity	175.145.963	161.792.840
Debt/Total equity	**0,81**	**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.

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

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

(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.

Sensitivity analysis of foreign exchange

31 December 2011

	Profit/Loss	
	Appreciation of foreign currency	**Depreciation of foreign currency**
If US$ appreciated/(depreciated) against TRY by 10%;		
1- USD currency net asset/liability	119.864	(119.864)
2- Hedged items (-)		
3- Net effect of USD (1+2)	**119.864**	**(119.864)**
If EUR appreciated/(depreciated) against TRY by 10%;		
4- EUR currency net asset/liability	913.078	(913.078)
5- Hedged items (-)		
6- Net effect of EUR(4+5)	**913.078**	**(913.078)**
If JPY appreciated/(depreciated) against TRY by 10%;		
7- JPY currency net asset/liability	(2.843.352)	2.843.352
8- Hedged items (-)		
9- Net effect of JPY (7+8)	**(2.843.352)**	**2.843.352**
TOTAL (3+6+9)	**(1.810.410)**	**1.810.410**

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

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

Sensitivity analysis of foreign exchange

31 December 2010

	Profit/Loss	
	Appreciation of foreign currency	**Depreciation of foreign currency**
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**

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

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

Foreign currency position table

	31 December 2011					31 December 2010				
	TRY Amount	**USD**	**EUR**	**JPY**	**Other**	**TRY Amount**	**USD**	**EUR**	**JPY**	**Other**
1. Trade receivables	8.260.404	-	2.801.090	58.138.890	-	4.007.915	257.579	795.402	104.570.853	
2a. Monetary financial assets	13.238.380	633.718	2.140.258	279.826.941	-	6.469.673	2.602.947	572.994	67.152.326	
2b. Non-monetary financial assets	-	-	-	-	-	-	-	-	-	
3. Other	-	-	-	-	-	127.690	-	62.315	-	
4. Total current assets (1+2+3)	**21.498.784**	**633.718**	**4.941.348**	**337.965.831**	**-**	**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	1.613	854	-	-	-	1.320	854	-	-	-
8. Total non-current assets (5+6+7)	**1.613**	**854**	**-**	**-**	**-**	**1.320**	**854**	**-**	**-**	**-**
9. Total assets(4+8)	**21.500.398**	**634.572**	**4.941.348**	**337.965.831**	**-**	**10.606.598**	**2.861.380**	**1.430.711**	**171.723.179**	**-**
10 Trade payables	39.320.331	-	597.172	1.555.503.780	-	53.770.302	8.819.884	252.334	2.092.521.190	-
11. Financial liabilities	-	-	-	-	-	-	-	-	-	-
12a. Other monetary liabilities	294.110	-	107.873	1.252.678	-	27.308	-	13.327	-	-
12b. Other non-monetary liabilities	-	-	-	-	-	-	-	-	-	-
13. Total current liabilities (10+11+12)	**39.614.441**	**-**	**705.045**	**1.556.756.458**	**-**	**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)	**39.614.441**	**-**	**705.045**	**1.556.756.458**	**-**	**53.797.610**	**8.819.884**	**265.661**	**2.092.521.190**	**-**
19. Off-balance sheet derivative instruments net position (19a-19b)	**9.947**	**-**	**(500.000)**	**50.610.000**	**-**	**(238.956)**	**-**	**(116.615)**	**-**	**-**
19a Total Amount of Hedged Assets	1.231.847	-	-	50.610.000	-	5.317.845	-	1.209.260	150.000.000	-
19b. Total Amount of Hedged Liabilities	1.221.900	-	500.000	-	-	5.556.800	-	1.325.875	150.000.000	-
20. Net Foreign Exchange Asset / (Liability) Position (9-18+19)	**(18.104.096)**	**634.572**	**3.736.303**	**(1.168.180.627)**	**-**	**(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)	**(18.115.657)**	**633.718**	**4.236.303**	**(1.218.790.627)**	**-**	**(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	**(1.221.900)**					**(238.956)**				
24. The Amount of Hedged part of Foreign Exchange Liabilities	**1.231.847**					**-**				
25. Export	**50.385.842**					**43.188.220**				
26. Import	**236.439.311**					**171.377.949**				

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

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.

Interest rate position table

	31 December 2011	31 December 2010
Financial assets with fixed rates		
Financial assets	7.126.417	11.748.516
Financial liabilities	(91.258.059)	(45.809.950)
Financial liabilities with variable rates		
Financial assets		
Financial liabilities	(1.451.249)	(31.002.587)

As of 31 December 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 TRY14.512 (31 December 2010: TRY310.026 higher/lower).

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

(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 December 2011 are TRY8.260.404 (31 December 2010: TRY4.007.915).

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

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

31 December 2011	Receivables				Note	Deposits in Banks	Note
	Trade Receivables		Other Receivables				
	Related	Other	Related	Other			
Maximum credit risk exposed as of the date of reporting (A+B+C+D+E)	**1.822.228**	**111.041.026**	-	**503.669**		**16.421.584**	
- The part of maximum risk secured by guarantee etc.	-	111.041.026	-	-		-	
A. Net book value of financial assets which are undue or which is not impaired	**1.822.228**	**105.324.026**	-	**503.669**	**7-8-25**	**16.421.584**	**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	-	5.717.000	-	-	**7-8-25**	-	
- Secured by guarantee and etc.	-	5.717.000	-	-		-	
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	-	-	-	-		-	

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**		**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**	**83.131.791**		**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**	-	-	**7-8-25**	-	
- 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.

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

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

31 December 2011

Non-derivative financial instruments

Due to contractual dates:	**Carrying value**	**Total contractual cash outflow**	**Up to 3 months**	**Between 3 and 12 months**	**Between 1 and 5 years**	**Over 5 years**
Bank borrowing	92.709.308	99.096.014	19.262.138	79.746.296	87.580	-
Corporate bonds issued	-	-	-	-	-	-
Financial Lease Obligations	-	-	-	-	-	-
Trade Payables	66.086.906	66.593.739	46.918.539	19.675.200	-	-
Other Liabilities	3.145.035	3.145.035	3.145.035		-	-
Non-derivative financial liabilities	**161.941.249**	**168.834.788**	**69.325.712**	**99.421.496**	**87.580**	**-**

Derivative financial liabilities

Contractual maturities:	**Carrying value**	**Total contractual cash outflow**	**Up to 3 months**	**Between 3 and 12 months**	**Between 1 and 5 years**	**Over 5 years**
Derivative cash inflow	1.221.900	1.221.900	1.221.900	-	-	-
Derivative cash outflow	(1.231.847)	(1.231.847)	(1.231.847)	-	-	-
Derivative financial liabilities	**(9.947)**	**(9.947)**	**(9.947)**	**-**	**-**	**-**

31 December 2010

Non-derivative financial instruments

Contractual maturities:	**Carrying value**	**Total contractual cash outflow**	**Up to 3 months**	**Between 3 and 12 months**	**Between 1 and 5 years**	**Over 5 years**
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**	**-**	**-**

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

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

Derivative financial assets

Contractual maturities:	Carrying value	Total contractual cash outflow	Up to 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years
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 assets	**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.

	31 December 2011		31 December 2010	
	Contractual Amount (TRY)	Current Value	Contractual Amount (TRY)	Current Value
Derivative foreign exchange financial instruments - Assets				
Forward foreign exchange sales transactions	-	-	3.147.315	(370.841)
Forward foreign exchange purchase transactions	1.231.847	13.052	2.839.950	427.055
		13.052		**56.213**

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

As of 31 December 2011, the Group has Group has option contracts that enable to buy JPY50.610.000 for EUR500.000. With regard to these contracts, an income accrual of TRY13.052 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.