

# 1969 - 2011 ANNUAL REPORT



## DRD DERİNDERE FLEET LEASING AT A GLANCE

Turkey's largest operational fleet leasing company, established with domestic capital,

An active fleet of vehicles reaching 14,000 in quantity,

A portfolio with over 1,400 corporate customers,

A wide-spread service network reaching 800 stations,

The first and largest sales network in Operational Fleet Management,

Substantial market share,

Above sector average rating received from JCR Eurasia Rating,

Consistent investment at a level of € 120 million per annum,

Professional management structure and a long-standing industry experience.

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## DERINDERE IN FIGURES

### 14 thousand units

#### NUMBER OF VEHICLES IN THE FLEET (UNITS)

11	13,757
10	13,116
09	13,144

#### NUMBER OF VEHICLES IN THE FLEET

In the last three years, the Company has invested in a total of 13 thousand new vehicles, reaching TL 547 million. During the same period, the Company has also finalized the contracts for 14 thousand used vehicles, putting them to second hand use. Accordingly, the total fleet value increased by 30%, despite the fact that the number of vehicles in the fleet remained the same.

### TL 395 million

#### RECEIVABLES FROM LEASE CONTRACTS (TL THOUSAND)

11	394,816
10	266,064
09	223,440

#### STRATEGIC INVESTMENTS

Even though the number of vehicles within the fleet and the average age of the vehicles remain at the same level, receivables from lease contracts have significantly increased, thanks to orienting towards different segments in new vehicle investments.

## OPERATIONAL INDICATORS

	2011	2010	2009
Number of Vehicles in the Fleet	13,757	13,116	13,144
Average Age of the Fleet (Months)	17	21	19
Number of Customers	1,406	1,169	1,172
Receivables from Lease Contracts (TL Thousand)	394,817	266,064	223,440
Vehicle Investments - Units	5,604	5,692	1,765
Vehicle Investments (TL Thousand)	268,796	211,772	66,126
Number of Used Vehicles Sold	4,882	5,633	3,496
Revenue from Used Vehicle Sales (TL Thousand)	132,886	140,153	78,677
Sales Ratio of Used Vehicles (Sales Price/Purchase Price) (%)	80	76	71

Source: PWC Audit Report

# TL 531 million

## TOTAL ASSETS (TL THOUSAND)

11	530,858
10	443,947
09	408,337

### CONSISTENT GROWTH

Achieving consistent growth, DRD Derindere maintained the number of the vehicles in its fleet while increasing the value of its total assets by 20%; it increased value in its total fleet by balancing segment distribution.

# TL 83 million

## OPERATING PROFIT (TL THOUSAND)

11	83,110
10	61,971
09	65,187

### SUSTAINABLE PROFITABILITY

DRD Derindere is able to sustain its operating profitability via efficient cost management and also long-term planning and the correct pricing strategies.

## FINANCIAL INDICATORS (TL Thousand)

Operational Leasing Business Branch	2011	2010	2009
Total Assets	530,858	443,947	408,337
Sales	158,911	139,074	148,545
Operating Profit	83,110	61,971	65,187

### Automotive Business Branch

Total Assets	30,205	27,856	16,436
Sales	98,040	60,672	85,759
Operating Profit	(8,174)	1,441	1,544

### Company Total

Total Assets	582,302	507,679	458,416
Sales	256,951	228,390	234,305
Shareholders' Equity	63,552	68,951	48,805
Operating Profit	74,937	63,412	66,731
Net Profit	5,901	20,146	(1,898)

Rating	Short-term	Long-term	Outlook
JCR Eurasia Credit Rating	A-3	BBB-	Stable

## DERİNDERE IN BRIEF

# DRD DERİNDERE HAS PIONEERED THE STRUCTURING OF THE OPERATIONAL FLEET LEASING SECTOR IN TURKEY, BASED ON ITS LONG-STANDING EXPERIENCE IN THE AUTOMOTIVE INDUSTRY.

Derindere Turizm Otomotiv San. ve Tic. A.Ş. operates in two main areas; operational fleet leasing and automotive sales/services.

### OPERATIONAL FLEET LEASING BUSINESS BRANCH

Drawing upon its long-standing experience in the automotive industry, DRD Derindere Fleet Leasing has pioneered the fleet leasing sector in Turkey, structured in the 1990s. The Company established its operational fleet leasing branch with 20 vehicles in 1998. Today, it has an active fleet of 14,000 vehicles and over 1,400 corporate

customers in its portfolio; it has successfully maintaining its position as the largest company established with domestic capital and with a 10% market share.

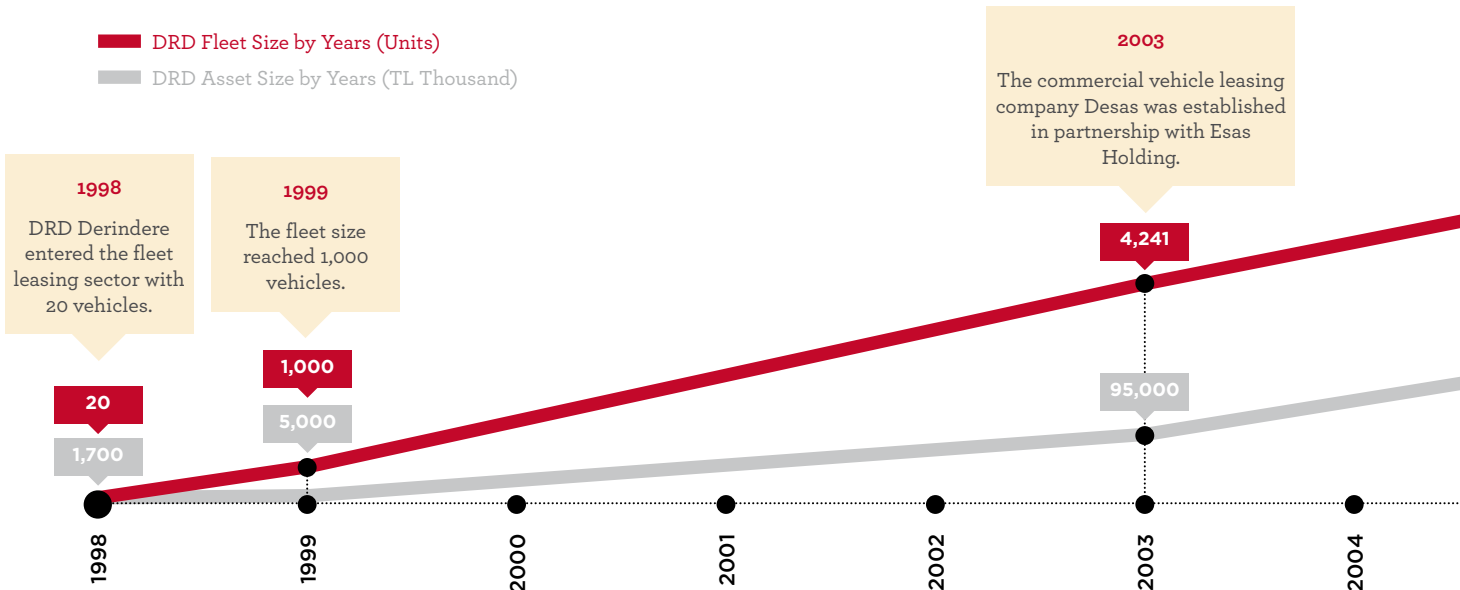
The Company's Headquarters is located in Zeytinburnu, Istanbul and its regional offices are located in Ankara, Adana, Bursa and Izmir. The Company also supports a widespread operational network of approximately 800 service stations.

As of year-end 2011, 62% of the Derindere Group's total revenue was derived from the operational fleet leasing business branch, with 156 employees.

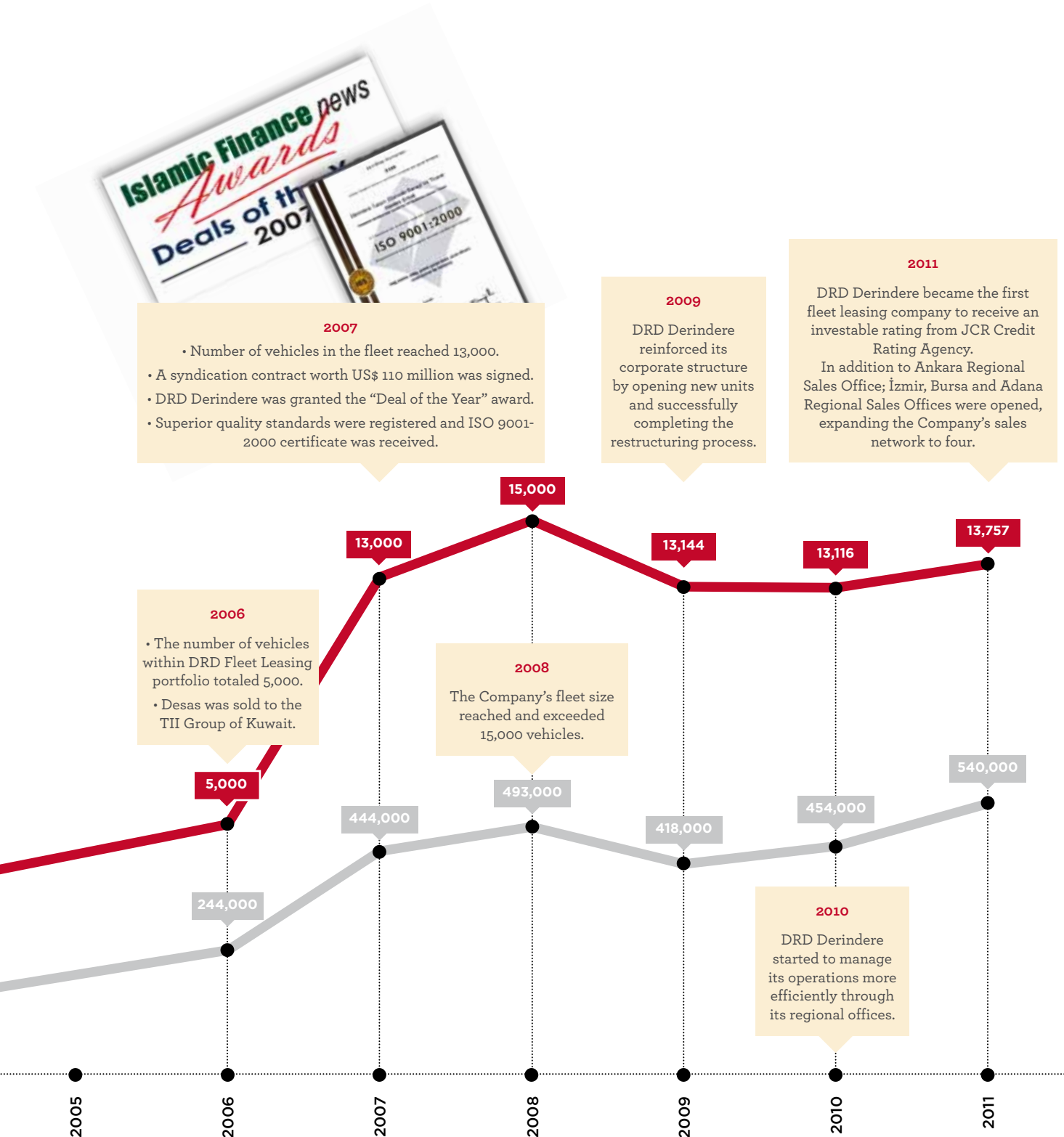
### AUTOMOTIVE BUSINESS BRANCH

Since 1969, Derindere Group has been operating in the automotive industry; for more than 20 years it has served as the "first authorized sales and service" company for the Toyota brand outside of Istanbul. Derindere offers sales and after-sales services for the Toyota brand in Istanbul and Samsun. Since its establishment, the Company has successfully maintained its position as the authorized dealer with the highest sales numbers in Turkey.

As of year-end 2011, 38% of the total revenue of the Derindere Group was derived from the automotive business branch, with 233 employees.



## BY CONTINUOUSLY IMPROVING ITS VEHICLE FLEET AND CUSTOMER PORTFOLIO, DRD DERİNDERE REINFORCES ITS STRONG POSITION IN THE SECTOR.



## MESSAGE FROM THE BOARD OF DIRECTORS

### DRD DERİNDERE, A FUNDAMENTAL BUILDING BLOCK IN THE OPERATIONAL FLEET LEASING SECTOR OF TURKEY, WILL CONTINUE TO PIONEER THE DEVELOPMENTS IN THE SECTOR, THANKS TO ITS UNIQUE BUSINESS MODEL AND KNOW-HOW.

In today's world where globalization affects every aspect of life and is an indicator of commercial success, where economic and political developments pass beyond borders to change the balance of forces and are discussed at international platforms, we are witnessing a fast transformation. The financial contraction, which started in the last quarter of 2008, has affected world economies and the ensuing partial recovery. They have presented a clearer outlook about this transformation process. The developments that took place during the economic contraction and the following period, made a quick impact on global markets and steered all market players towards giving maximum attention to current developments.

The recovery process that was felt all over the world during 2010 came to a standstill due to sustaining public debt in some Euro Zone countries such as Greece, Spain and Italy. This situation created a need for solutions to include all countries against these global economic problems.

**Thanks to its stable economic structure, Turkey is continuing to be a rising market for international and domestic investors.**

With a banking system that stands on sound legal and financial foundations, developing public policies that do not compromise financial discipline and with a young dynamic population, Turkey has instituted successful policies against global financial

contraction and managed to maintain the positive growth performance of the previous year. Standard and Poors also acknowledged the successful growth in the Turkish economy, in 2011, estimated to be 8% by the IMF. This international credit rating agency upgraded Turkey to the "investable" level in October. Despite certain adversities such as unstable currency movements, as a result of negative developments in the Euro Zone, partially inclining inflation rates and a current account deficit, Turkey is continuing to be a rising market for international and domestic investors thanks to its stable economic structure.

**The operational fleet leasing sector, which has recently been up trending in Turkey, continues to maintain its steady growth.**

Operational fleet leasing sector that has recently been up trending in Turkey, is a dynamic sector with an infrastructure formed by a series of developments in various sectors, from tax legislation to the automotive industry. Despite a series of negative developments during the previous year, such as a currency increase that surpassed expectations, the increased Special Consumption Tax (SCT), supply problems related to 0 km new vehicles, the sector maintained a steady improvement and grew by 17%, reaching 140,000 vehicles. The share of operational fleet leasing in corporate fleet capacity is around 20% in European countries; this ratio is relatively low in Turkey with 8%. It is evident that the sector possesses commercial potential.

**DRD Derindere, one of the fundamental building blocks in the operational fleet leasing sector in Turkey, will continue to pioneer the developments in the sector.**

DRD Derindere, one of the fundamental building blocks of operational fleet leasing sector in Turkey, will continue to pioneer the developments in the sector, thanks to its unique business model and know-how. With fast business processes that never compromise quality and with investments in human resources, our brand will continue to move forward in line with our long-term strategic targets. DRD Derindere Fleet Leasing has always contributed to Turkey's bright future by giving scholarships to hundreds of students as part of our social responsibility policies. In addition to successful operations in our main area of specialty, the Company is intent on pursuing investments related to our country's future, with the same ardor and enthusiasm.

With the support of our business partners, employees, customers and social stakeholders who contributed to our success in 2011, we hope to share the joy and pride of many new projects in the upcoming period.

Sincerely,





## BOARD OF DIRECTORS

**Özkan Derindere (1)**  
Chairman of the Board

Born in 1963 in Samsun, Özkan Derindere has actively participated in the management of the Company since his school years. As a company partner, Özkan Derindere has also served as the Chairman of the Board of Derindere Group Companies since 1979.

**Harun Çay (2)**  
Board Member

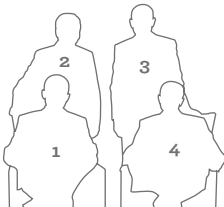
Born in 1963 in Samsun, Harun Çay has been with Derindere Group Companies since 1987. After serving many years as Financial Affairs Coordinator, Çay is still a Board Member at DRD Derindere Fleet Leasing.

**Aytekinhan Yıldırıncı (3)**  
Executive Board Member

Born in 1957 in Istanbul, Aytekinhan Yıldırıncı began his professional career in 1975 at Mobil Oil Türk A.Ş. He worked at Europcar between 1976 and 1998 and after serving as General Manager, Yıldırıncı joined the Derindere Group Companies. With experience spanning 35 years in the automotive industry, Yıldırıncı is among the pioneers of institutionalizing the fleet leasing sector in Turkey. Yıldırıncı is serves as Executive Board member at DRD Derindere Fleet Leasing.

**Ömer Derindere (4)**  
Vice Chairman of the Board

Born in 1936 in Osmancık, Çorum, Ömer Derindere was engaged in the wholesaling of food and provisions in Samsun until 1970. Between 1970 and 1980, he worked as the authorized sales and after-sales dealer for various automobile brands. Since the 1980s, Derindere has been Vice Chairman of the Board of the Company that operates as the Authorized Toyota Dealer.



## MESSAGE FROM THE GENERAL MANAGER

# DRD DERINDERE FLEET LEASING IS REINFORCING ITS REPUTATION AS THE CHIEF DOMESTIC BRAND THANKS TO ITS POWERFUL BRAND VALUES, WIDESPREAD SERVICE NETWORK AND HIGH CORPORATE STANDARDS.

Drawing upon its long-standing industry experience, DRD Derindere Fleet Leasing maintained its productive and profitable structure in 2011 and moved its position forward within the sector. Especially in an environment where discussions are held about creating a totally domestic brand in the automotive industry and despite fierce competition on a global scale in the operational fleet leasing sector, DRD's success in setting an important example by creating and promoting a leading domestic brand has been a source of pride for the whole team.

**Our customer-focused, unique business model that employs modern management and IT technology and invests in a widespread service network, yielded positive results in 2011.**

In 2011, as in previous years, the main reference point of our unique business model continued to focus on operations in a coordinated manner and in accordance with our budget targets. This business model, which is based on our nationwide services and offered with a professional management approach, has exceeded all quality expectations.

As a result of our successful financial and operational business processes, our operating profit in 2011 increased by 34% over the previous year, reaching TL 83 million. Also in 2011, our Company invested TL 269 million in vehicles and reinforced its position in the sector as the leading domestic brand.

**Within the framework of continuous improvement policy, DRD Derindere Fleet Leasing initiated a fundamental corporate transformation process during the last period.**

Operating in an area where companies with foreign partners are involved and where there is fierce competition, DRD Derindere Fleet Leasing initiated a fundamental corporate transformation process during the last period, in line with its continuous improvement policy. In 2011, we started to get positive results from this process and aim to carry our Company's business model and quality standards to higher levels, in accordance with three main goals:

- To offer our brand's corporate standards nationwide and with the same level of quality, in an uninterrupted manner,
- To plan and manage the need for working capital at an optimum level in all business processes that shape operational fleet leasing activities,
- To render maximum benefit in an increasingly competitive sector by developing the right product and pricing for our current customers.

**DRD Derindere has gained a significant competitive edge by efficiently and coordinately managing the five main processes in the sector - sales, fleet management, used vehicles, financing and insurance/damage management - as well as its brand value.**

In light of our long-standing experience in the sector, DRD Derindere developed different strategies by restructuring business processes with the understanding that the offered product is not just a vehicle but also a long-term and a full service package. Accordingly,

our Company established a process that starts by analyzing customer needs and demands, forming a system that is continuously updated with right products and pricing.

Our brand considers operational leasing service as the beginning stage of a long-term relationship with customers. Accordingly, we further reinforced our infrastructure in after-sales services during this process and with the goal to stand by our customers all the time, we established a nationwide service network in which DRD Derindere brand and quality standards excel. We ensure that our services are offered to our customers under the same quality standards across Turkey by running continuous audits. In parallel to this, we made significant investments in technology and set up a robust infrastructure with online-real time service connections that enable us to meet our customers' needs uninterruptedly and to track the present conditions of their vehicles in any location in the country.

In addition to these important advances in the area of Sales and After-Sales Services, DRD Derindere's working capital need is kept at optimum levels. We have created a sound financial services infrastructure that benefits our customers cost-wise. DRD Derindere's financial infrastructure reached a level of credibility to compete with global brands, as did its brand value.

With regard to insurance/damage management, another important aspect of business processes, we developed in-house software that is used by all service stations across Turkey. Thanks to this management infrastructure, we are able to audit service quality standards and also control costs at the same time.

Regarding used vehicle sales management, the last chain in our business processes, we established a corporate structure that enables us to offer off-lease vehicles to a wide range of customers via periodic auctions.

As a result of restructuring efforts summarized above, DRD Derindere Fleet Leasing, with its leading brand position in the sector, has gained a significant competitive edge by efficiently and coordinately managing the five main processes in the operational fleet leasing sector; sales, after-sales services, financial management, insurance/damage management and used vehicle assessment.

**We are consistently pursuing our human resources investments and restructuring efforts across the country.**

DRD Derindere Fleet Leasing currently has regional offices in five major cities; Istanbul, Bursa, Izmir, Ankara and Adana. In addition to these major cities, our Company is planning to set up new regional offices in Izmit, Konya, Kayseri and Gaziantep in 2012, drawing benefit from the existing commercial potential in these Anatolian cities. We trust that this organizational expansion will add more value to our brand's portfolio in terms of both customers and sectors.

DRD Derindere Fleet Leasing continually reinforces its corporate structure in order to effectively manage its continuously growing business volume. In 2011, the Company increased its human resources productivity with the new performance management system and ongoing training activities.

DRD Derindere Fleet Leasing, Turkey's largest domestic operational fleet leasing company, achieved successful financial and operational results in 2011, by adding significant value to its customers and portfolio, in line with its long-term strategic plans and targets.

DRD Derindere Fleet Leasing's efforts to reinforce its leading position, in line with its continuous improvement policy, will extend to the coming years. The Company will continue to share the positive results of this development with its employees and shareholders, as well as with its customers.

We would like to thank our business partners, customers, employees and social stakeholders who share our brand's journey to success, embracing our vision to attain a strong position in the sector on a regional scale.

Sincerely,



**İlkyay Ersoy**  
General Manager



## MANAGEMENT



**İlkay Ersoy** - General Manager (01)

**Aşkın Altıncı** - After Sales Services Group Manager (02)

**Levent Genççağa** - Marketing and Corporate Communications Manager (03)

**Belgin Atılkan** - Ankara Regional Office Sales Manager (04)

**Kaan Yemişçi** - Used Vehicle Sales Assistant Director (05)

**Mehmet Soday** - Internal Auditing and Process Development Manager (06)

**Murat Tandoğan** - Vehicle Purchasing and Sales Support Manager (07)

**Gülsüm Karacan** - Legal Affairs - Attorney (08)





- Şafak Kürkçü** - Sales Manager (09)  
**Müjde Gözübek** - Finance Manager (10)  
**Mesut Katıksız** - Budget and Planning Manager (11)  
**Harika Akkartal** - Istanbul Anatolia Regional Manager (12)  
**İbrahim Arslan** - Service Manager (13)  
**Necla Çelik** - Human Resources Manager (14)  
**Faruk Bucaklıoğlu** - Service Manager (15)  
**Serkan Taştan** - IT Manager (16)  
**Sinan Akın** - Accounting Manager (17)





## **2011 ACTIVITIES**

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BUSINESS MODEL

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VEHICLE INVESTMENTS

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SALES

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AFTER-SALES SERVICES

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USED VEHICLES

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FINANCIAL MANAGEMENT

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OPERATION MAP

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## BUSINESS MODEL

**THANKS TO ITS KNOW-HOW IN FIVE MAIN BUSINESSES, DRD DERINDERE HAS SUCCESSFULLY MAINTAINED ITS POSITION AS THE LARGEST PLAYER IN THE OPERATIONAL FLEET LEASING SECTOR, ESTABLISHED WITH DOMESTIC CAPITAL.**



### **SPECIALIZATION IN FIVE BUSINESS BRANCHES**

DRD Derindere Fleet Leasing is distinguished in the highly competitive operational fleet leasing sector, thanks to its superior quality standards, sound financial structure, long-standing industry experience, technological infrastructure and widespread service network.

In order to achieve financial and operational success in the operational fleet leasing sector that stands at the intersection of various business branches, it is important to be specialized in a series of areas, ranging from automotive to finance. In this respect, DRD Derindere is the leading brand with corporate competency in the main business processes, which form the basis of this sector:

1. Finance,
2. Automotive,
3. Insurance and damage management,
4. Operational fleet management,
5. Used vehicle sales

Thanks to its know-how in these five main businesses, specialized team and coordinated and efficient management of the business branches, DRD Derindere has successfully maintained its position as the largest player in the operational fleet leasing sector, established with domestic capital.

### **FINANCE**

DRD Derindere sustains its development with distinguishing practices, based on budget and business plans that stem from sound statistical data and is prepared to work in line with long-term strategies. In order to effectively manage the working capital, the Company makes long-term cash flow forecasts and related scenario analyses, in addition to investment planning and risk management. The budget structure is prepared accordingly; the Company can track individual targets of each and every business branch and take position immediately. Sustainable profitability is attained thanks to effective risk and cost management via long-term planning and scenario analyses.

### **AUTOMOTIVE**

With experience spanning 42 years in the automotive industry, DRD Derindere Fleet Leasing has an important advantage in the operational fleet leasing sector. The Company's know-how in the automotive industry, one of the most important components of the operational fleet leasing sector, enables the Company to develop effective management and customer-focused service packages toward significant aspects of this business, ranging from vehicle investments to after-sales services. With such an extensive experience, DRD Derindere focuses on diversifying its customer portfolio, commissioning new units in different regions and expanding its fleet, which is composed of different brands and models. The Company consistently increases its market share in the sector.

## BUSINESS MODEL

# IN LINE WITH ITS CONTINUOUS IMPROVEMENT POLICY, DRD DERİNDERE MAKES A DIFFERENCE IN ITS OPERATIONAL PROCESSES, AND CONSISTENTLY INCREASES ITS MARKET SHARE.

### INSURANCE AND DAMAGE MANAGEMENT

Offering efficient and uninterrupted services to customers while managing the costs successfully, requires a nationwide and powerful after-sales service network where all related processes can be controlled simultaneously. DRD Derindere considers operational leasing service the beginning stage of a long-term relationship with its customers. The Company creates added value with quality standards that are applied to after-sales services and also with its widespread service network. The brand is distinguished with the superior quality of its after-sales services as well as with its nationwide network of nearly 800 service stations. The Company is continuously improving thanks to the corporate standards developed for the insurance and damage management areas and also with systematically conducted audits. With a robust infrastructure, software and the products of new technologies, DRD Derindere can connect online and real time with its service stations and can achieve effective control and a fast approval process. While effectively controlling costs, the Company can also increase customer satisfaction via fast and flexible solutions.

### OPERATIONAL FLEET MANAGEMENT

DRD Derindere does not limit its services to long-term vehicle leasing; instead, it offers extensive "Operational Fleet Management Service". Fleet Management includes a wide range of services such as; timely distribution of vehicles, damage management, periodic maintenance and repairs, tire monitoring and replacement, 24-hour support to enable full mobility of the vehicles, fuel management, regular and company specific reporting related to the fleet's mobility and driver performances. Beyond vehicle leasing, DRD Derindere offers an extensive service package to its customers under "Operational Fleet Management," making their lives easier and enabling them to continue their activities without interruption.

### USED VEHICLE SALES

With its nationwide sales and service network, DRD Derindere Fleet Leasing has a significant competitive edge in the below processes, involving off-lease vehicles:

- receiving the vehicles,
- completing the appraisals,
- correct pricing,
- preparing the vehicles for resale quickly.

In the used vehicle sector that presents high risk and uncertainties for customers, there is a huge demand for DRD Derindere vehicles since the Company offers guaranteed brands with many advantages. Within the process, off-lease vehicles can be quickly made ready for resale. Thanks to a long-standing database and market research, the Company can evaluate a used vehicle and offer the best resale price within a period of 14 days, and thus create cash flow.



## VEHICLE INVESTMENTS

**BY DIVERSIFYING ITS FLEET WITH VARIOUS BRANDS AND MODELS, DRD DERİNDERE CAN MEET THE NEEDS OF DIFFERENT CUSTOMERS, WHILE MINIMIZING OPERATIONAL RISK.**



Over the years, DRD Derindere has been consistently and continuously making vehicle investments. The Company signs sound business partnership contracts within the automotive sector, in order to reinforce its fleet with

different brands and models, thus satisfying market demand. In the last three years, the Company invested in 13 thousand new vehicles, worth TL 547 million and continues its vehicle investments in a consistent manner.

DRD Derindere places importance on the qualitative expansion of its fleet and not just quantitative expansion. Therefore, the average unit value of the vehicles in its fleet has been increasing rapidly over the years.

### VEHICLE INVESTMENTS AND FLEET DEVELOPMENT

#### UNIT COST PER NEW VEHICLE INVESTMENT (TL)

<b>11</b>	<b>41,498</b>
<b>10</b>	<b>35,946</b>
<b>09</b>	<b>33,998</b>

Year	Vehicle Investment (Units)	Vehicle Investment (TL)	Number of Vehicles in Fleet (Units)	Fleet Value (TL)	Vehicle Unit Value (TL)
2006	3,505	115,464,359	7,616	227,761,642	29,906
2007	8,535	275,400,819	13,404	422,982,939	31,556
2008	4,405	152,892,481	14,945	494,123,490	33,063
2009	1,765	66,125,945	13,144	446,875,026	33,998
2010	5,692	211,771,633	13,116	471,463,512	35,946
2011	5,604	268,796,112	13,757	570,888,005	41,498

Source: PWC Audit Report, Note: 4

VEHICLE INVESTMENTS

**DRD DERİNDERE BASES ITS ANNUAL VEHICLE INVESTMENT DECISIONS ON INDUSTRY DATA FROM PREVIOUS YEARS, SOUND STATISTICAL DATA AND LONG-TERM BUSINESS PLANS.**

DRD Derindere Fleet Leasing bases its annual vehicle investment decisions on industry data from previous years, sound statistical information and long-term business plans. During this decision making process, the Company makes extensive benefit-cost analyses for different brands and models in different segments, and also evaluates the leasing potential for each vehicle in terms of operational expenses and revenue. Thanks to long-term strategic

management, DRD Derindere can successfully manage the working capital at optimum levels that is extremely important in vehicle investments. The Company makes long-term planning according to the below criteria when making vehicle investment decisions:

- Evaluating customers’ demands, needs and expectations,
- Analyzing different vehicle brands in different segments of the market

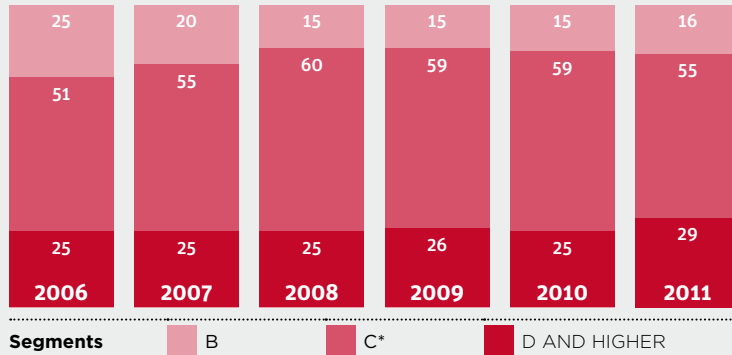
against certain criteria such as price, equipment, defect statistics, service network coverage and resale value,

- Diversifying the fleet with different brands and models in different segments,
- Operating costs such as service, spare parts, etc.
- Ensuring timely and uninterrupted supply of brands and models in the new vehicle market.

**FLEET DEVELOPMENT BY SEGMENT**

DRD Derindere Fleet Leasing has structured its fleet to meet the different needs and expectations of its customers. The Company plans its investments to include different vehicles and thus covers various segments and brands.

**FLEET DEVELOPMENT BY SEGMENT (%)**





## SALES

### BY EFFECTIVELY MANAGING OPERATIONAL PROCESSES, DRD DERİNDERE ACHIEVES CONTINUOUS DEVELOPMENT AND PRODUCTIVITY.

In the sales process, which starts by analyzing customer requirements, DRD Derindere develops solutions that are most suitable to the business plans of companies operating in different industries. Thanks to a robust fleet structure, the Company can offer any brand and model to its customers and provides vehicle and service package options most suitable to their business models, initiating the first stage of a long-term relationship with its customers. The Sales Department provides crucial support to the customers by informing them about different segments, brands and models and helps them make the most favorable decision to meet their needs. In addition the vehicle selection process, the Department also evaluates the business models of customers and develops customer-tailored product and service package options that will meet their expectations and needs at a maximum level.

As one of the pioneers in the operational fleet leasing sector in Turkey, DRD Derindere distinguishes itself with customer-focused sales strategies. The Company creates the foundation for a long-term sustainable relationship with its customers via DRD sales strategy components:

- widespread regional structures,
- customer relationship management in a close and continuous manner,
- flexible service package options suitable to customers' business models,
- powerful after-sales service support and
- pricing structure based on financial analyses.

With many advantages, DRD Derindere has increased its sales volume over the years. In addition to its existing customers, the Company also develops various practices targeting potential customer segments, which has never been introduced with the operational fleet leasing sector in Turkey and increases its customer penetration.

#### WIDESPREAD AND POWERFUL SALES NETWORK

As of 2011, DRD Derindere had a 10% market share in the sector and a fleet of 14,000 vehicles. The Company runs its sales operations through five regional offices located in Ankara, Bursa, Izmir, Adana and Istanbul. In order to be closer to its customers and to meet their demands and needs faster and more accurately, DRD Derindere opened regional offices in different cities. In this respect, the Brand has distinguished itself within the sector.

Aiming to capture the existing potential across Turkey, the Company plans to open four new regional offices in Izmit, Kayseri, Konya and Gaziantep, as part of its 2012 business plan. By 2012, DRD Derindere aims to effectively manage its sales operations through a total of 10 regional offices, spread across Turkey.

#### CUSTOMER PENETRATION (%)

In the last five years, parallel to its fleet distribution, DRD Derindere achieved to improve its customer penetration.

	2006	2007	2008	2009	2010	2011
First 5	45%	30%	21%	17%	16%	10%
First 10	58%	40%	29%	26%	24%	17%
First 20	70%	51%	39%	37%	33%	25%

Source: PWC Audit Report, Note: 4

### INCREASING CUSTOMER PENETRATION

Through its business model, proactive sales channels and after-sales services the Brand has established quality standards, enabling the Company to increase its volume consistently. DRD Derindere provided its customers with 5,692 and 5,604 vehicles in 2010 and 2011, respectively. The Company had, on average, an operational leasing capacity of 6 thousand vehicles per annum with 10 thousand individual customer visits across the country. Through effective sales and marketing strategies, DRD Derindere's powerful fleet composed of different brands and models, can be offered to a diversified portfolio of customers from a wide variety of industries.

During the last two years, the Company leased 10,000 vehicles; a major part of this volume was spared to new customers. Consequently, the number of customers increased by 20% over the previous year. This important achievement attained by the Company in a very short period, proves that the fleet leasing sector carries a commercial potential for the future and also that DRD Derindere's active sales strategy is really effective. In addition to the increase in new customers, the number of additional vehicles provided to the existing customers has also increased. This is an evidence that DRD Derindere's superior service quality and fleet guarantee high customer loyalty.

### EFFECTIVE CUSTOMER RELATIONSHIP MANAGEMENT

With the aim of catering to customer demands and needs beyond expectations, DRD Derindere serves via regional offices in addition its central sales units. The Company offers uninterrupted service led by specialized employees at its customer service unit. The service unit gives support to the customers about all issues related to the vehicles and the processes within the framework of operational fleet leasing services. The unit works in coordination with the after-sales service unit.

#### DISTRIBUTION OF THE CUSTOMER PORTFOLIO BY SECTORS (%)

DRD Derindere Fleet Leasing minimizes the impact of sectoral fluctuation and financial risk by diversifying its customer portfolio to include different sectors. When long-term sectoral development of the customer portfolio is examined, it is possible to see the growth of the operational fleet leasing sector in Turkey, as well as the positive effects of DRD Derindere's strategic management approach.

Sector	2006	2007	2008	2009	2010	2011
Health	50.8	44.4	39.1	35.8	33.8	22.8
Food	12.4	9.7	9.0	9.8	10.2	10.8
Building-Construction	1.0	3.5	5.4	5.9	7.8	8.9
Cosmetics and Cleaning	0.1	3.8	4.5	4.7	6.1	6.3
Chemicals and Petroleum Industry	4.4	3.6	3.7	3.8	5.3	6.4
Machinery Industry	0.6	6.1	5.3	5.7	4.4	5.1
Finance	2.2	2.1	3.0	3.4	3.2	3.4
Consultation-Training	0.9	1.3	2.2	3.3	2.5	3.0
Automotive	1.9	2.8	3.0	3.0	2.4	3.9
Logistics	0.6	1.2	1.8	2.2	2.4	2.3
Services	5.0	1.4	2.0	2.1	2.2	2.4
Electrical-Electronics	5.8	1.6	2.1	2.4	2.5	2.9
Printing -Packaging	0.9	1.4	1.5	1.6	1.9	2.1
Textiles	1.0	1.8	1.6	1.7	1.7	2.8
Computers and Internet	4.3	2.4	1.8	1.6	1.6	2.4
Other	8.1	12.8	14.0	13.1	11.9	14.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: PWC Audit Report, Note: 4

## AFTER-SALES SERVICES

# THROUGH ITS NATIONWIDE AFTER-SALES NETWORK, DRD DERİNDERE OFFERS HIGH QUALITY AND UNINTERRUPTED SERVICES TO ITS CUSTOMERS.

With high quality after-sales services, DRD Derindere serves as a reference point in the sector. The Company considers after-sales services as an assurance of customer loyalty and conducts all operational and support services in accordance with superior quality standards. DRD Derindere provides essential services to its customers, from the delivery of the leased vehicle to the expiration of the lease contract. These services include:

- 24/7 roadside assistance services,
- Maintenance and repair services,
- Damage repair services,
- Car window repair and replacement services,
- Provision of equivalent or substitute vehicles,
- Tire supply, replacement and storage services,
- Traffic and private auto insurance services,
- Vehicle transfer and transportation services,
- Supplying, installing and monitoring OGS (Automatic Toll Collection), KGS (Card-pass system) and fuel tracking systems,
- Reporting services,
- Fleet management services,
- Registration, plate and inspection services,
- MTV (Motor Vehicle Tax) follow-up and payment,
- Traffic ticket tracking services.

### NEARLY 800 CONTRACTED DAMAGE AND MAINTENANCE-REPAIR SERVICE STATIONS

DRD Derindere places importance on the quality of products and services and also on offering products and services with a wide coverage and under the same corporate standards. The Company provides 24/7 DRD Roadside Assistance across the country. Additionally, it has a service network consisting of nearly 800 contracted service stations and 35 damage repair centers across Turkey.

### THE POWER OF ONLINE/REAL TIME CONNECTION

Thanks to its advanced infrastructure and high technology systems, DRD Derindere is able to connect with its service network online/real time via an in-house software and monitor all procedures in real time. As a result of having consistently invested in infrastructure and having set up this system, DRD Derindere effectively manages time and costs in all processes ranging from a vehicle's arrival at the service station to the completion of maintenance, repairs and the redelivery of the vehicles to the customers. In addition to significant cost advantages, the Company can also ensure customer satisfaction by providing the same fast high quality service across the country.

### 24/7 DRD ROADSIDE ASSISTANCE

DRD customers are under coverage from the moment they receive their vehicles. With Customer Service Centers and professional business partners, DRD Derindere ensures that its customers should not experience any delay and they can get back on the road as quickly as possible.

Customers are able to call DRD Road Assistance whenever they need assistance in cases such as damage, flat tires or mechanical defects. The Company provides assistance an average of once an hour in central city locations and within two hours on intercity roads and dispatches expert teams to the customer's location. Within the framework of 24/7 DRD Roadside Assistance service, the Company provides substitute vehicles, transportation, accommodation, on the spot repairs, towing and tire replacement services, depending on the need.

### QUALITY AND AUDIT PROCESSES

Regarding after-sales services, the Company audits the contracted service stations spread across the country to assure that the same DRD quality standards are utilized consistently. Expert teams systematically conduct auditing processes to help increase customer satisfaction and cost efficiency.

To guarantee customer trust, maintenance procedures for the leased vehicles are conducted by authorized service stations even after the warranty period is over.

### **CONTROLLING AND MANAGING DAMAGE COSTS**

DRD Derindere Fleet Leasing has an important competitive advantage with its high quality standards for damage management, timing and cost efficiency. Thanks to its in-house specialized experts, the Company can effectively control and manage damage costs at its service providers, often a variable in operational leasing costs. All vehicles within the DRD Derindere fleet that get damaged during the lease period, are repaired at contracted damage service stations. The online connection between DRD Derindere and its contracted damage service stations enables the Company to audit the repair timing and cost management. This system carries after-sales service quality to a maximum level and fulfills all customer needs and expectations. It also enables the Company to effectively control the full process from the repairing to the redelivery of the vehicles to the customers.

In the area of cost management, DRD Derindere initiated the practice of using hand-panels for online delivery and replacement procedures thus further increasing productivity.





## USED VEHICLES

# THANKS TO LONG-STANDING EXPERIENCE AND POWERFUL SALES NETWORK, DRD DERİNDERE IMPLEMENTS EFFECTIVE USED VEHICLE MANAGEMENT AND INCREASES PROFITABILITY.

Even though there is no clear statistical data about used vehicles in Turkey, based on our industry experience and generally accepted approaches, we estimate that two used vehicles are registered for every new vehicle sold. In 2011, a total of 862 thousand new private and light commercial vehicles were sold. It is estimated that approximately 1.7 million used vehicles were also sold. Within this total volume, the operational fleet leasing sector takes a share with a capacity of 140 thousand vehicles and yet, the sector's annual average sales volume of used vehicles is around 40 thousand, a mere 2%. This percentage presents fast and profitable sales opportunities for operational fleet leasing companies which can effectively manage their off-lease vehicle portfolio.

### STRUCTURAL TRANSFORMATION EXPERIENCED IN THE USED VEHICLES SECTOR

The used vehicles sector in Turkey has gone through a structural transformation during the last years. The off-lease vehicles in the fast developing operational fleet leasing sector, increase the market volume by creating demand due to a number of reasons:

- their maintenance and repairs are conducted at authorized service stations during the lease period,
- their appraisals are made by expert teams,
- they offer a corporate assurance.

By that way, the risk is minimized for customers and owning a second hand car becomes possible.

When the sector's potential is considered and in relation to the consistent development of the operational fleet leasing sector, it is estimated that used vehicles will present a similar opportunity for growth.

### EFFECTIVE USED VEHICLE MANAGEMENT

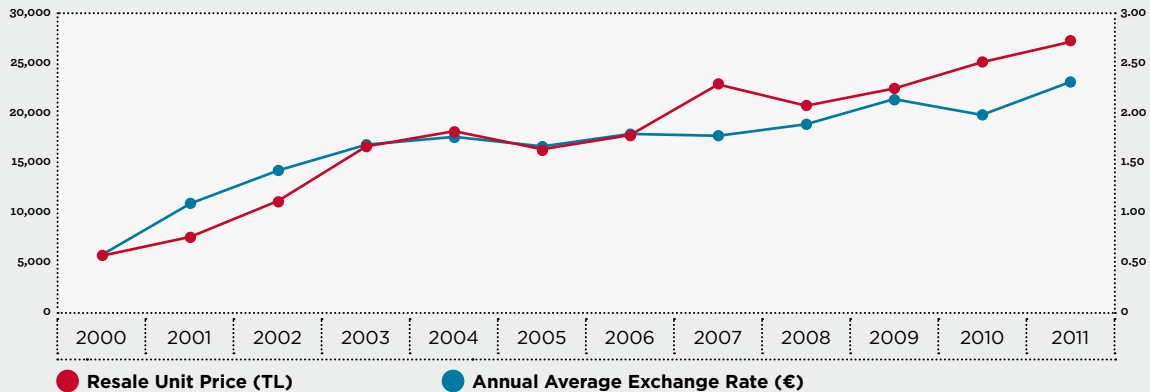
Thanks to its nationwide sales and service network, DRD Derindere Fleet Leasing has an important competitive advantage in the below processes, involving off-lease vehicles:

- receiving the vehicles,
- completing the appraisals,
- correct pricing,
- preparing the vehicles for resale quickly.

In the used vehicle sector, which has high risk and uncertainties for customers, there is a huge demand for DRD Derindere since the Company offers vehicles from guaranteed brands with ensuing advantages.

DRD Derindere collaborates with other corporate solution partners in addition to its own sales network, when appraising the resale value of off-lease vehicles. The Company also organizes auctions for used vehicles, as well as its retail sales. Within the framework

### USED VEHICLE PRICE/FOREIGN CURRENCY CORRELATION







of its business model, DRD Derindere creates an optimum balance between operational leasing, new vehicle purchasing and used vehicle appraisals. It maintains the working capital required for financing new vehicle purchases at a minimum level. Off-lease vehicles across the country can be made ready quickly for resale through the widespread company structure. Thanks to a long-standing database and market researches, the Company can evaluate a used vehicle with the best resale value and within a period of not more than 14 days, thus creating cash flow.

#### SALES PERFORMANCE OF USED VEHICLES BY YEARS

Year	Unit Sales	Revenue (TL)	Average Vehicle Age (Months)	Sales/Purchase Ratio (%)
2006	2,578	45,876,000	30	73%
2007	2,693	61,735,000	27	79%
2008	2,813	58,418,000	31	72%
2009	3,496	78,677,000	32	71%
2010	5,633	141,802,000	33	77%
2011	4,882	132,886,000	37	80%

Source: PWC Audit Report, Note: 4

#### THE EFFECT OF EXCHANGE RATES AND SUPPLY-DEMAND BALANCE

In the automotive sector, used vehicle pricing is generally determined in line with new vehicle prices. Developments in the new vehicle market quickly affect the used vehicle market since they are directly related. Therefore, changes in exchange rates have an important impact on used vehicle prices as much as on new vehicle prices.

Another parameter affecting the used vehicle market is the supply-demand balance. At times when there is a shortage of new vehicles, the demand for second hand substitutes increases; increased demand toward used vehicles results in price increases as well.

## FINANCIAL MANAGEMENT

**THANKS TO LONG-TERM STRATEGIC PLANNING AND EFFECTIVE RISK MANAGEMENT, DRD DERİNDERE DISTINGUISHES ITSELF WITH POWERFUL FINANCIAL MANAGEMENT IN ALL OF ITS BUSINESS PROCESSES.**



Sound data obtained by long-standing experience in the operational fleet leasing sector is used in determining financial management strategies. The Company successfully implements risk management via long-term planning and scenario analyses in the area of financial management to achieve:

- short and long-term correct planning,
- effective working capital management,
- risk management.

In addition to effective management of its financials, DRD Derindere also ensures an effective control over financial management via long-term planning, budgeting and scenario analyses, which are essential in the operational fleet leasing business. Working capital management is very important in this sector and the Company makes long-term cash flow forecasts and scenario analyses, and subsequently follows their real

and updated results. The Company determines the need for working capital, which can be a critical restriction while making vehicle investment decisions and makes long-term planning with different scenarios, in coordination with other units.

### SCORING AND RISK MONITORING

It is very important to effectively evaluate the customer credibility in order to minimize the risks during the lease period. Therefore, DRD Derindere has set up an in-house risk monitoring and credit scoring system, for the purpose of managing its high customer penetration and effective sales channels. With this system, it is possible to make financial analyses and monitor customer credibility against certain criteria such as past data, current market movements and sectoral developments.

### HIGH CREDIBILITY AND RATINGS

In the operational fleet leasing sector, DRD Derindere is one of the top companies, which is independently audited and has always presented its

financial credibility to its business partners in a totally transparent and objective manner. The Company has been independently audited since 2006; it has been commissioning quarterly independent auditing according to IFRS standards since 2008, even though it is not a legal obligation. In addition to financial data, DRD also gets its operational indicators audited by independent bodies because these indicators are critical to analyze the sector accurately. Many operational indicators, from used vehicle sales performance to leasing debt adequacy ratios, are covered in the audit reports.

As of 2011, DRD Derindere Fleet Leasing has a total credit limit of € 250 million at domestic banks and financial institutions. The Company also has high credibility at foreign markets. In 2007,

the Company utilized a syndication loan worth US\$ 110 million and was granted the "Deal of the Year" award by Islamic Finance and largest loan volume with the longest tenure granted to a Turkish company in its sector.

### JCR EURASIA RATING EVALUATION

JCR Eurasia Rating, an international rating agency authorized by Japan Ministry of Finance, rated DRD Derindere at "investable" level, setting a primary example for the largest company established with domestic capital in the operational fleet leasing sector. JCR Eurasia Rating gave DRD Derindere a "BBB-" rating and a "Stable" outlook, evaluating the Company more positively than sector average.

### DOUBTFUL DEBT RATIO AND THE IMPROVEMENT OF AVERAGE COLLECTION PERIODS

DRD Derindere's doubtful debt ratio within three-year lease receivables from its operational fleet leasing activities is only 0.4%. This picture clearly shows that the Company's scoring activities, that are conducted in line with financial analyses standards, are highly effective.

	2011	2010	2009	2008	2007	2006
3-year lease receivables (TL thousand)	526,906	485,652	405,022	289,953	182,066	146,552
Doubtful Debts (TL thousand)	2,395	2,128	1,776	808	491	366
Doubtful Debt Ratio (%)	0.45	0.44	0.44	0.28	0.27	0.25
Average Collection Period (Days)	9	9	9	9	11	17

Source: PWC Audit Report, Note: 4

## OPERATION MAP

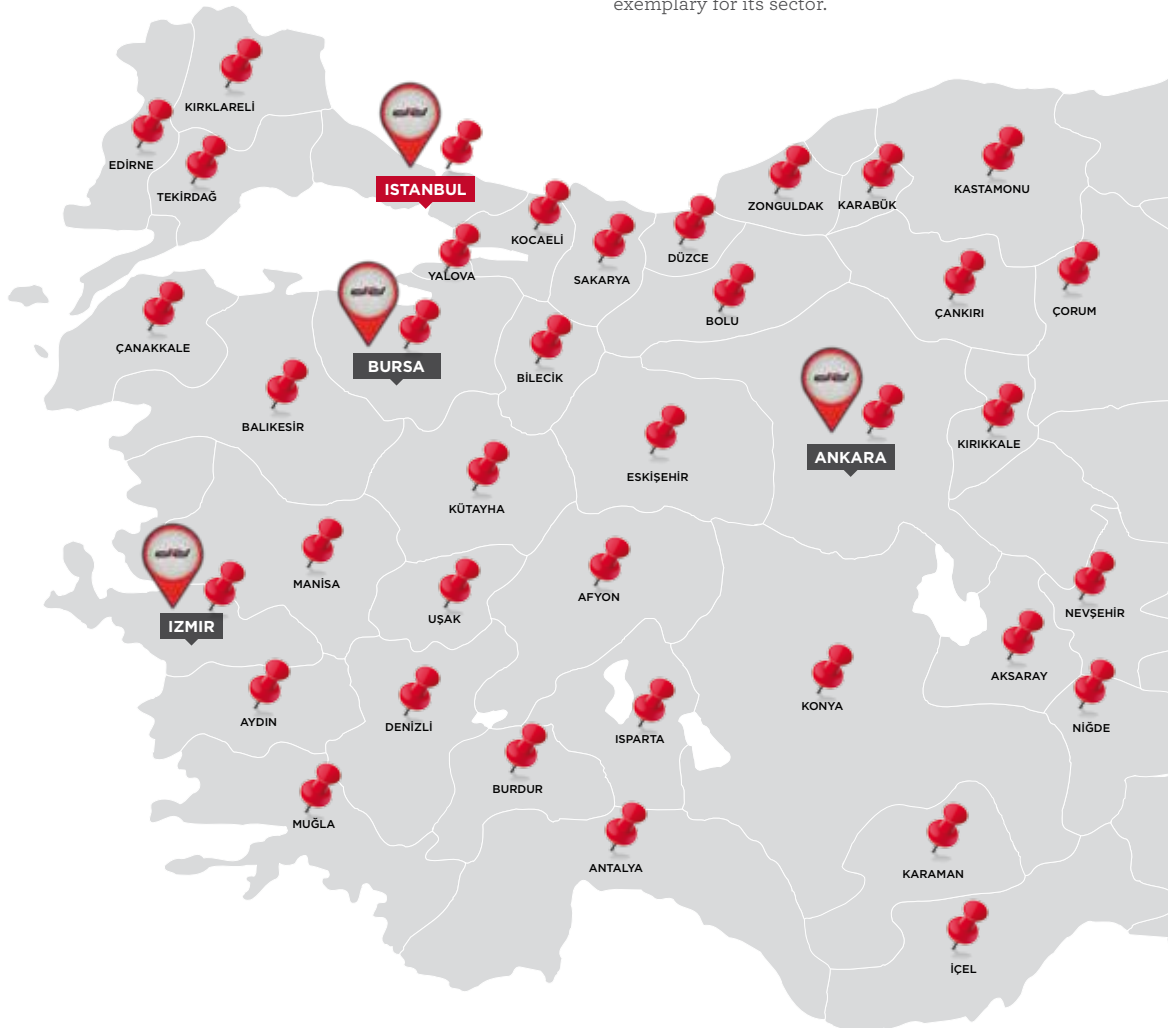
### OFFERING HIGH QUALITY SERVICES ACROSS TURKEY, DRD DERİNDERE CONTINUED TO INVEST IN ITS SERVICE NETWORK IN 2011.

DRD Derindere continually expands its operation map because the Company places a lot of importance on the quality of products and services and also on the ability to offer these services on a nationwide scale and under the same corporate standards.

The Company provides services to customers from five regional sales offices, located in Istanbul, Ankara, Bursa and Adana; it also has 800 service stations across Turkey. Within the framework of its corporate structuring strategies, DRD Derindere will continue its investments in 2012 as well and has plans to open regional sales

offices in Izmit, Kayseri, Gaziantep and Konya. The Company plans to open new service centers that fulfill the brand's standards.

With such investments, DRD Derindere positions itself as the Company that provides customers with efficient services everywhere in the country, not only in major cities, becoming exemplary for its sector.





### REGIONAL OFFICES

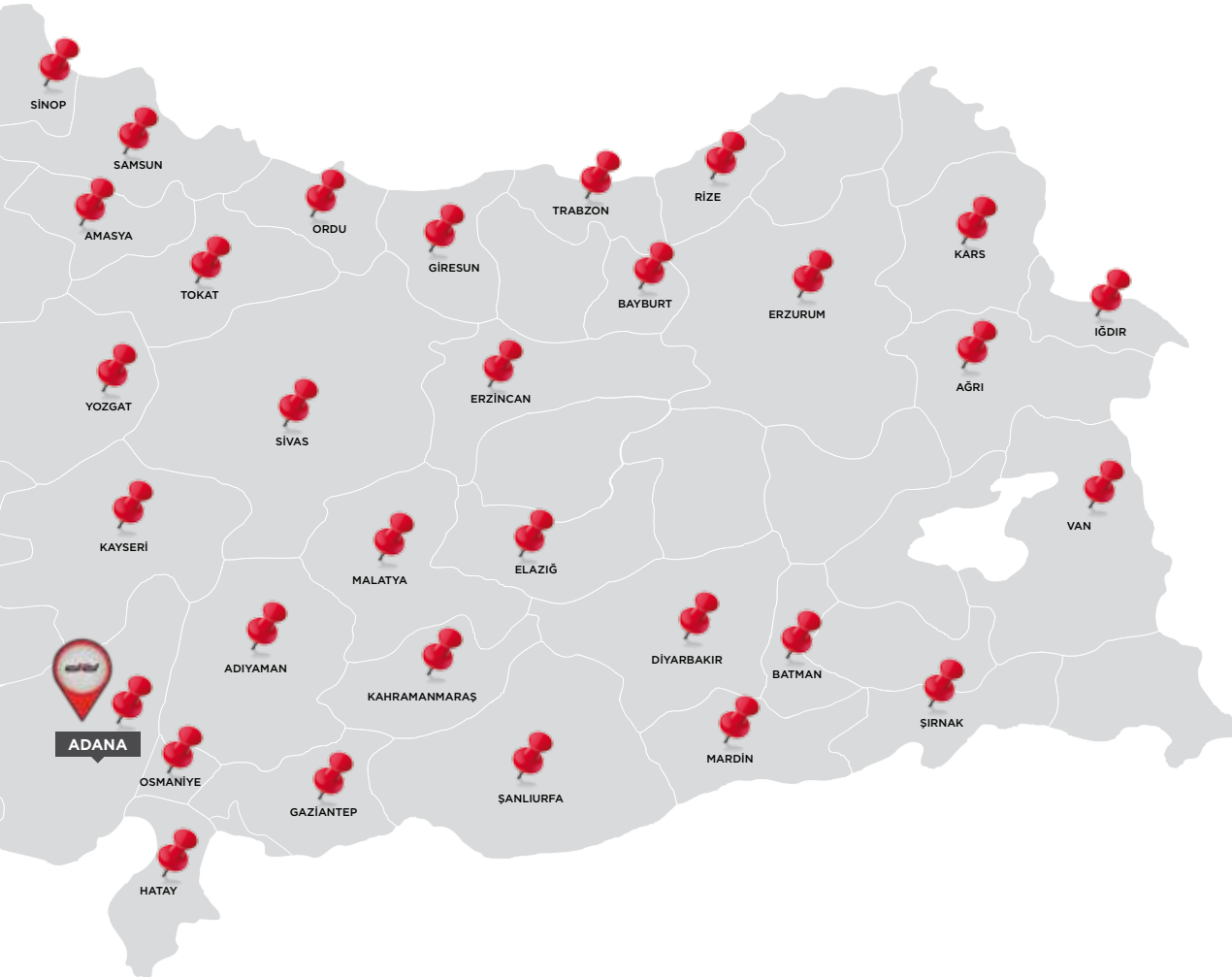
- ISTANBUL HEADQUARTERS
- ANKARA REGIONAL OFFICE
- BURSA REGIONAL OFFICE
- IZMIR REGIONAL OFFICE
- ADANA REGIONAL OFFICE
- ISTANBUL ANATOLIA REGIONAL OFFICE



### REGIONAL OFFICES



### CONTRACTED SERVICE STATIONS



## SECTORAL DEVELOPMENTS

**IT IS ESTIMATED THAT THE TOTAL NUMBER OF VEHICLES ON THE ROAD IN TURKEY AS PART OF A FLEET, EXCEEDS 1.8 MILLION.**



### A BUSINESS BRANCH THAT HAS LEAPED FORWARD IN THE RECENT YEARS

In developed countries, the operational fleet leasing sector has grown to represent a substantial volume. In our country, the sector has huge potential and more and more new players enter the market each day. In Turkey, the operational fleet leasing sector has quickly leaped forward.

The increasing interest of strategic international and financial investors in the operational fleet leasing market in Turkey along with several company mergers displays the dynamic structure of this sector.

The vehicle leasing market in Turkey dates back to the 1960s. Until the middle of 1990s, the sector functioned with seasonal or short-term leasing activities. Soon after, it transformed into the functioning structure that we know today and was named as operational fleet leasing. As of 2011, the leasing sector had a total of 140 thousand vehicles on the roads. The sector reached an asset size of TL 5 billion with plans to double this at the end of five years, growing each year by 15%. Because of the huge potential in this sector, Turkey is a center of attraction for foreign investors. It is forecast that the operational fleet leasing sector in Turkey will reach 200-250 thousand vehicles by 2015.

### THE HUGE POTENTIAL OF THE OPERATIONAL FLEET LEASING SECTOR

In Turkey, it is estimated that the total number of vehicles owned by companies and described as "fleets", exceeds 1.8 million. As of year-end 2011, the size of the operational fleet leasing sector reached 140 thousand vehicles and yet its share in the corporate fleet market is as low as 7%. Considering that this share is around 20% in European countries, it is possible to conclude that the operational fleet leasing sector in Turkey is still at a developing stage and thus presents much potential.

#### THE DEVELOPMENT OF THE OPERATIONAL FLEET LEASING SECTOR IN TURKEY \*

	2006	2007	2008	2009	2010	2011
Number of Vehicles in the Sector	80,000	130,000	135,000	111,000	120,000	140,000

\* Estimated figures compiled from TOKKDER



Due to its nature, the operational fleet leasing sector constantly interacts with other sectors. In this respect, it is possible to evaluate the sector from customers' perspectives as well as from the perspectives of automotive and finance sectors, which are indeed the main activity areas of the sector.

#### **FROM THE PERSPECTIVE OF THE AUTOMOTIVE SECTOR**

With its huge volume, the operational fleet leasing sector makes a significant contribution to automotive brands in terms of wide distribution, increasing visibility and awareness. Brands and models that can satisfy the sector's demands and expectations regarding price, equipment, continuous supply, after-sales service coverage and quality are increasing their market shares in the sector.

Because of the huge volume it represents, the operational fleet leasing sector is in constant interaction with the automotive sector. It also represents a serious potential in terms of after-sales services and collaborates with maintenance-repair companies that can fulfill certain quality criteria. The operational fleet leasing sector supports the development of the automotive sector from this aspect as well. It leverages the auto parts and accessories industries as well, considering the amount of batteries, tires and spare parts required for 140 thousand vehicles. In line with the developments in the operational fleet leasing sector, it is necessary to make long-term contracts not only for purchasing costs but also for operational costs such as services, spare parts, that will be incurred during the usage period of the vehicles.

When the interaction between operational fleet leasing sector and the automotive sector is evaluated for 2011, the demand in the leasing market shifted toward different brands and models due to supply problems for new vehicles.

#### **FROM THE PERSPECTIVE OF THE BANKING AND FINANCE SECTORS**

Considering that this sector utilizes 100% foreign financing for vehicle investments, developments in the finance markets and accessibility to funding resources are critical factors. Because alternative financing can not be utilized in this sector, financial products are also limited; currently, the sector is financed by project finance loans. The development of alternative financing resources such as public offerings, bond issuing and sukuk, will present opportunities for new investments. The ability of operational fleet leasing companies to continue their investments, is directly related with their credibility in banking and finance institutions. The operational fleet leasing sector in Turkey started to structure in the 1990s; it is still a young sector. Therefore, the sector requires a detailed analyses based on expertise to evaluate its business model. Related financial data is actually different than in real sectors. Hence, it is very important that financial data is evaluated together with operational productivity criteria and cash flow forecasts.

#### **CUSTOMERS' PERSPECTIVE**

Companies that prefer to work with the operational fleet leasing sector obtain their vehicles through leasing and therefore they are able to use their financial resources for their own businesses. They can outsource all operational burdens that arise from the vehicle's operation during the lease period. This way, they can attain a healthy budgeting, effective cost controlling, mobility and cost saving outside of their field of activity.

Together with the development of the operational fleet leasing sector in Turkey, customers are becoming more aware that leasing is not only about providing vehicles but includes a service package, similar to the system that exists abroad. Consulting with expert operational fleet leasing companies, customers can choose the most suitable vehicles for their business model and achieve continuity in their businesses thanks to receiving effective and professional after-sales services. Operational fleet leasing companies have cost advantages in sales and after-sales services and turn these advantages into added value for their customers.

## SECTOR STATISTICS IN EUROPEAN COUNTRIES

**WHEN THE VOLUME OF OPERATIONAL FLEET LEASING SECTORS IN EUROPEAN COUNTRIES IS EXAMINED, TURKEY'S CURRENT POTENTIAL BECOMES EVIDENT.**

Countries	Population (thousands)	Corporate Fleet & Commercial Vehicles	Operational Fleet Leasing	Corporate Fleet / Population (thousands)	Prevalence of Operational Leasing (%)
 Hungary	10,013	57,000	34,000	5.7	60
 England	62,041	3,530,000	1,730,000	56.9	49
 Luxembourg	502	60,000	29,000	119.5	48
 Greece	11,306	200,000	90,000	17.7	45
 Netherlands	16,609	1,450,000	610,000	87.3	42
 Portugal	10,637	360,000	120,000	33.8	33
 Spain	46,952	1,900,000	510,000	40.5	27
 Norway	4,897	230,000	60,000	47.0	26
 Belgium	10,828	1,450,000	300,000	133.9	21
 Sweden	9,366	330,000	60,000	35.2	18
 Finland	5,366	330,000	60,000	61.5	18
 Ireland	4,459	170,000	30,000	38.1	18
 France	65,447	7,100,000	1,100,000	108.5	15
 Switzerland	7,783	280,000	40,000	36.0	14
 Denmark	5,540	460,000	60,000	83.0	13
 Germany	81,758	4,950,000	630,000	60.5	13
 Poland	38,167	1,050,000	130,000	27.5	12
 Italy	60,340	5,600,000	500,000	92.8	9
 Austria	8,373	750,000	60,000	89.6	8
 Czech Republic	10,512	870,000	60,000	82.8	7
 Turkey	74,724	1,872,000	140,000	25.1	7
<b>Total Europe</b>	<b>545,620</b>	<b>32,999,000</b>	<b>6,343,000</b>	<b>60</b>	<b>19</b>

Source: IS Investment



## AUTOMOTIVE BUSINESS BRANCH

**WITH 42 YEARS OF EXPERIENCE IN THE AUTOMOTIVE SECTOR, DERİNDERE HAS SUCCESSFULLY MAINTAINED ITS LEADING POSITION FOR MANY YEARS.**

### VEHICLE SALES STATISTICS OF DERİNDERE TOYOTA DEALERSHIP

	2011	2010	2009
Derindere Total Vehicle Sales	2,609	3,047	2,384
Regional Vehicle Sales Total	12,808	14,409	9,884
Total Toyota Vehicle Sales in Turkey	37,523	40,016	24,887
Regional Share (%)	20	21	24
Turkey's Share (%)	7	8	10

### AUTHORIZED TOYOTA SALES AND AFTER-SALES SERVICES

Another field of activity of Derindere Turizm Otomotiv San. ve Tic. A.Ş. is the Authorized Dealership for Toyota Sales and After-Sales Services. The Derindere Group Companies have been

operating in the automotive sector since the 1970s, drawing upon this experience, the Company offers a wide range of services, from vehicle sales to after-sales services through two centers located in Zeytinburnu, Istanbul and in Samsun. With 233 employees, this business branch constituted 38% of the

total company revenue as of October 2011. Maintaining its leader position in the operational fleet leasing sector, DRD Derindere is also a leader in the automotive dealership business. It has kept its position as the bestselling Toyota Authorized dealer for the last 14 years.



## HUMAN RESOURCES

### WITH ITS GREAT EMPHASIS ON HUMAN RESOURCES, DRD DERİNDERE CONSISTENTLY INVESTS IN THIS AREA AND OFFERS ITS EMPLOYEES LONG-TERM CAREER OPPORTUNITIES.

As part of its human resources investments, DRD Derindere Fleet Leasing implements measurable performance management systems and offers long-term career planning opportunities to its employees. DRD Derindere aims to manage its human resources in an effective and productive manner by implementing practices that increase individual and team performance. The Company aims to increase employee competency in accordance with corporate goals through a measurable and transparent Performance Management System based on providing continuous feedback to team members. This system is structured on two pillars; target-focused performance evaluations based on objectivity and achieving business targets. In addition, competency based evaluation process covers behavior standards required to achieving business targets. The processes conducted within this system include:

- Career and Objectives Management,
- Competency Oriented Training Processes,
- Performance Based Rewarding.

#### INTERNAL AND EXTERNAL PROFESSIONAL TRAINING OPPORTUNITIES

DRD Derindere considers professional and personal development of its employees as the essential element of its infrastructure. The Company offers its employees in-house and external professional training opportunities, from professional training institutions. Training programs are determined during the annual budgeting period and shaped according to employees' suggestions and needs. Additionally, the Company organizes orientation and on-the-job training programs for newly recruited employees.

#### CONTINUOUSLY DEVELOPING ORGANIZATION STRUCTURE

DRD Derindere continuously creates employment with its newly opened units; as of year-end 2011, 156 persons are employed. In 2008, the Company initiated a rapid institutionalization process and has not only reinforced its existing units in terms of human resources but also opened new units. During this process, the Company founded three regional offices and a customer services unit to operate under the sales unit. Additionally, legal counseling, internal audit and process development units were set up within the corporate structure to conduct auditing and legal procedures more effectively. For the purpose of conducting financial business processes more effectively, new areas of expertise such as intelligence, project financing, financial planning and cash management were included within the financial management unit.

DEPARTMENT	2007	2008	2009	2010	2011
Management	2	3	3	3	3
Sales	12	12	13	13	32
Marketing and Corporate Communications	-	-	-	-	2
Customer Relations	-	-	-	8	6
After Sales Services	36	35	43	47	48
Accounting	9	10	11	11	11
Administrative Affairs	5	12	13	13	14
Financial Management	2	6	6	8	9
Budget Planning	3	5	4	4	4
Purchasing and Sales Support	6	7	7	10	10
Used Vehicles Sales	6	6	6	9	8
Human Resources	1	1	2	3	4
Legal Affairs	-	1	1	2	2
Internal Audit and Process Development	-	-	-	1	3
Number of Employees of DRD Derindere Filo Kiralama	82	98	109	132	156

## CORPORATE SOCIAL RESPONSIBILITY

**THE COMPANY HAS BEEN CONTRIBUTING TO THE DEVELOPMENT OF THE SOCIETY FOR MANY YEARS; IN 2011, IT CONTINUED TO UNDERTAKE SOCIAL RESPONSIBILITY ACTIVITIES IN THE FIELD OF EDUCATION.**



Since 1990, Derindere Group has been contributing to the development of the society in Turkey through social responsibility activities in the field of education. The Company supports the education of young people - the future of Turkey - and has granted scholarships for over 20 years. In addition to these scholarships, the Company also invests in establishing new schools and

dormitories. In 2009, Ömer Derindere, the founding member of the Derindere Group Companies, was presented with the Medal of Honor by the TBMM for his contribution to education in Turkey.

As of year-end 2011, 1,500 university students who benefitted from scholarships granted by Derindere Group, successfully completed their

education, with another 1,000 students continuing their studies. Derindere Group's social responsibility activities in the area of education will continue at full force in the coming periods.



**DERİNDERE TURİZM OTOMOTİV**

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**SANAYİ VE TİCARET A.Ş.**

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**FINANCIAL STATEMENTS**

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**AT 31 DECEMBER 2011 TOGETHER**

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**WITH INDEPENDENT AUDITOR'S REPORT**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Derindere Turizm Otomotiv Sanayi ve Ticaret A.Ş.

1. We have audited the accompanying financial statements of Derindere Turizm Otomotiv Sanayi ve Ticaret A.Ş. (the 'Company') which comprise the balance sheet as of 31 December 2011 and the statement of comprehensive income, statement of changes in equity and 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 financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity'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 financial statements.

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

### Opinion

4. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Derindere Turizm Otomotiv Sanayi ve Ticaret A.Ş. as of 31 December 2011, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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

Haluk Yalçın, SMMM

Istanbul, 29 February 2012

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## DERİNDERE TURİZM OTOMOTİV SANAYİ VE TİCARET A.Ş.

### BALANCE SHEET AT 31 DECEMBER 2011

(Amounts expressed in Turkish lira ("TL"), unless otherwise indicated.)

	Notes	2011	2010
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and due from banks	6	37,678,708	51,911,225
Trade receivables	7	12,561,182	7,650,245
Due from related parties	8	4,238,810	18,777,029
Inventories	9	20,175,672	33,223,100
Other current assets	10	28,496,117	12,804,777
<b>Total current assets</b>		<b>103,150,489</b>	<b>124,366,376</b>
<b>Non-current assets:</b>			
Assets used in operational lease	11	433,689,716	353,852,776
Investment property	12	16,999,315	17,099,315
Property and equipment	14	7,721,316	7,398,706
Intangible assets	15	61,569	45,129
Other non-current assets	10	20,679,663	4,892,773
Investment in associate	13	-	24,500
<b>Total non-current assets</b>		<b>479,151,579</b>	<b>383,313,199</b>
<b>Total assets</b>		<b>582,302,068</b>	<b>507,679,575</b>



# DERİNDERE TURİZM OTOMOTİV SANAYİ VE TİCARET A.Ş.

## BALANCE SHEET AT 31 DECEMBER

(Amounts expressed in Turkish lira (“TL”), unless otherwise indicated.)

	Notes	2011	2010
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities:</b>			
Funds borrowed	16	225,954,144	188,813,941
Trade payables	17	31,846,012	29,005,948
Due to related parties	8	1,506,058	3,112,428
Other current liabilities	19	12,212,443	30,196,188
<b>Total current liabilities</b>		<b>271,518,657</b>	<b>251,128,505</b>
<b>Non-current liabilities:</b>			
Funds borrowed	16	237,743,067	182,223,260
Reserve for employment termination benefits	20	682,761	473,529
Deferred tax liability, net	18	8,804,676	4,903,251
<b>Total non-current liabilities</b>		<b>247,230,504</b>	<b>187,600,040</b>
<b>Total liabilities</b>		<b>518,749,161</b>	<b>438,728,545</b>
<b>Equity:</b>			
Share capital	21	24,200,000	24,200,000
Adjustment to share capital	21	1,693,875	1,693,875
<b>Total paid-in share capital</b>	21	<b>25,893,875</b>	<b>25,893,875</b>
Retained earnings	22	37,659,032	43,057,155
<b>Total equity</b>		<b>63,552,907</b>	<b>68,951,030</b>
<b>Total liabilities and equity</b>		<b>582,302,068</b>	<b>507,679,575</b>
Commitments and contingencies	29		

The financial statements as at and for the year ended 31 December 2011 have been approved for issue by the Board of Directors on 29 February 2012 and signed on its behalf.

## DERİNDERE TURİZM OTOMOTİV SANAYİ VE TİCARET A.Ş.

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts expressed in Turkish lira ("TL"), unless otherwise indicated.)

	Notes	31 December 2011	31 December 2010
Net sales	23	256,950,653	228,390,950
Cost of sales	24	(162,975,289)	(156,347,451)
<b>Gross profit</b>		<b>93,975,364</b>	<b>72,043,499</b>
Marketing and selling expenses	25	(4,922,690)	(3,034,457)
General and administrative expenses	26	(9,639,910)	(8,787,428)
Other operating income/(expenses), net	27	(4,476,086)	3,190,592
<b>Operating profit</b>		<b>74,936,678</b>	<b>63,412,207</b>
Financial expenses, net	28	(65,133,811)	(37,632,360)
<b>Income before taxation</b>		<b>9,802,867</b>	<b>25,779,847</b>
Taxation on income	18	(3,901,425)	(5,633,830)
<b>Net income for the year</b>		<b>5,901,442</b>	<b>20,146,017</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>5,901,442</b>	<b>20,146,017</b>

## DERİNDERE TURİZM OTOMOTİV SANAYİ VE TİCARET A.Ş.

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts expressed in Turkish lira (“TL”), unless otherwise indicated.)

	Paid-in share capital			Retained earnings	Equity total
	Share capital	Adjustment to share capital	Total paid-in share capital		
Balances at 1 January 2010	22,338,818	1,693,875	24,032,693	23,693,816	47,726,509
Net income for the year	-	-	-	27,818,023	27,818,023
Balances at 31 December 2010	22,338,818	1,693,875	24,032,693	43,057,155	68,951,030
Balances at 1 January 2011	24,200,000	1,693,875	25,893,875	43,057,155	68,951,030
Profit distribution (Note 8)	-	-	-	(11,299,565)	(11,299,565)
Net income for the year	-	-	-	5,901,442	5,901,442
Balances at 31 December 2011	24,200,000	1,693,875	25,893,875	37,659,032	63,552,907

# DERİNDERE TURİZM OTOMOTİV SANAYİ VE TİCARET A.Ş.

## STATEMENT OF CASH FLOWS

### FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts expressed in Turkish lira ("TL"), unless otherwise indicated.)

	Notes	2011	2010
<b>Cash flows from operating activities:</b>			
Net income for the year		5,901,442	20,146,017
<b>Adjustments to reconcile net income for the year to net cash provided by/(used in) operating activities:</b>			
Taxation	18	3,901,425	5,633,830
Depreciation and amortisation	12,14,15	1,013,985	968,495
Operational lease depreciation	11	26,860,701	24,644,468
Interest expense	28	32,223,512	33,620,904
Foreign exchange losses/(gains), net	28	63,985,869	(9,732,371)
Firm commitment, hedge account/fair value hedge	10,28	(32,266,395)	11,800,927
Provision for doubtful receivables	7,27	495,668	331,145
Reserve for employment termination benefits	20	209,232	837,703
Charge/(reversal) of provision for unused vacation	19	157,282	(112,606)
Reversal of provision for impairment on inventories	9,27	(1,175,555)	(1,178,219)
Gain on sales of property and equipment and assets used in operational lease	27	(2,350,137)	(1,919,816)
Effects of exchange rate changes on cash and cash equivalents		(912,042)	199,189
<b>Net cash provided by operating activities before changes in operating assets and liabilities</b>			
		<b>98,044,987</b>	<b>85,239,666</b>
Net decrease in blocked bank deposits	6	2,280,028	8,007,576
Net increase in trade receivables	7	(5,406,605)	(2,567,216)
Net decrease/(increase) in due from related parties	8	14,538,219	(3,063,696)
Net decrease/(increase) in inventories	9	14,222,983	(5,948,342)
Net decrease/(increase) in other current and non-current assets	10	812,665	(385,360)
Net increase in trade payables	17	2,840,064	5,854,433
Net decrease in due to related parties	8	(1,606,370)	(182,246)
Net (decrease)/increase in other current liabilities	19	(18,141,027)	7,808,049
Capital expenditures from operational leases	11	(213,908,240)	(154,766,049)
Proceeds from sales of assets used in operational lease		109,577,353	114,599,973
<b>Net cash (used in) /provided by operating activities</b>			
		<b>3,254,057</b>	<b>54,596,788</b>
<b>Cash flows from investing activities:</b>			
Capital expenditures	12,14,15	(1,422,567)	(2,203,117)
Proceeds from sales of property and equipment		152,914	65,4100
<b>Net cash provided by investing activities</b>			
		<b>(1,269,653)</b>	<b>(1,549,017)</b>
<b>Cash flows from financing activities:</b>			
Increase in funds borrowed		28,842,694	20,193,527
Non-cash profit distribution	8	(11,299,565)	-
Interest paid		(32,392,064)	(34,154,208)
<b>Net cash used in financing activities</b>			
		<b>(14,848,935)</b>	<b>(13,960,681)</b>
<b>Effect of changes in foreign currency exchange rate on cash and cash equivalents</b>			
		<b>912,042</b>	<b>(199,189)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>			
		<b>(12,864,532)</b>	<b>39,167,238</b>
<b>Cash and cash equivalents at the beginning of the year</b>			
	6	<b>49,285,005</b>	<b>10,316,956</b>
<b>Cash and cash equivalents at the end of the year</b>			
	6	<b>37,332,516</b>	<b>49,285,006</b>

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









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