TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS AT 31 DECEMBER 2009 TOGETHER WITH INDEPENDENT AUDITOR’S REPORT

(ORIGINALLY ISSUED IN TURKISH)

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Türk Traktör ve Ziraat Makineleri A.Ş.

1. We have audited the accompanying financial statements of Türk Traktör ve Ziraat Makineleri A.Ş. (the "Company") which comprise the balance sheet as of 31 December 2009 and the statement of income, the statement of changes in equity and the 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 that have been prepared in accordance with the financial reporting standards issued by the Capital Markets Board. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the 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 financial statements based on our audit. We conducted our audit in accordance with the auditing standards issued by the Capital Markets Board. 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 risk 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 Türk Traktör ve Ziraat Makineleri A.Ş. as of 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with the financial reporting standards issued by the Capital Markets Board (Note 2).

Additional paragraph for convenience translation into English

5. The financial reporting standards described in Note 2 (defined as "CMB Financial Reporting Standards") to the financial statements 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. Accordingly, the accompanying financial statements are not intended to present the financial position, financial performance and cash flows of the Company in accordance with IFRS (Note 25).

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

ORIGINAL COPY ISSUED AND SIGNED IN TURKISH

Murat Sancar, SMMM
Partner

Istanbul, 19 February 2010

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

FINANCIAL STATEMENTS AND EXPLANATORY NOTES FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2009

CONTENTS **PAGE**

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

BALANCE SHEETS AT 31 DECEMBER 2009 AND 2008

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

	Notes	2009	2008
ASSETS			
CURRENT ASSETS		**538.639.584**	**721.732.176**
Cash and cash equivalents	4	80.690.192	115.684.361
Trade receivables			
- Trade receivables	8	165.029.018	193.836.628
- Due from related parties	23	81.844.883	84.760.004
Inventories	9	140.286.921	275.109.457
Other current assets	12	70.788.570	52.341.726
NON-CURRENT ASSETS		**174.568.050**	**241.412.927**
Trade receivables	8	118.152.765	181.016.360
Financial assets	5	-	6.541.500
Property, plant and equipment	10	37.907.359	39.609.588
Intangible assets	11	10.102.274	5.655.667
Deferred tax assets	21	7.923.225	8.200.194
Other non-current assets	12	482.427	389.618
TOTAL ASSETS		**713.207.634**	**963.145.103**

The financial statements prepared as at and for the year ended 31 December 2009 have been approved by the Board of Directors on 19 February 2010.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

BALANCE SHEETS AT 31 DECEMBER 2009 AND 2008

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

	Notes	2009	2008
LIABILITIES			
CURRENT LIABILITIES		**308.149.565**	**649.380.378**
Financial liabilities	6	224.194.075	504.795.652
Other financial liabilities	7	-	6.131.604
Trade payables			
- Trade payables	8	57.055.341	74.433.859
- Due to related parties	23	8.719.008	38.094.856
Taxation on income	21	2.067.464	-
Provisions	13	7.428.952	12.360.035
Other current liabilities	12	8.684.725	13.564.372
NON-CURRENT LIABILITIES		**104.357.135**	**28.211.920**
Financial liabilities	6	98.055.898	20.637.929
Provision for employment termination benefits	14	6.301.237	7.573.991
SHAREHOLDERS' EQUITY		**300.700.934**	**285.552.805**
Share capital	15	53.369.000	53.369.000
Adjustments to share capital	15	39.014.356	39.014.356
Fair value reserves	15	-	3.634.098
Hedge reserve	7,15	-	(4.905.283)
Merger reserve	15	(5.569.000)	(5.569.000)
Restricted profit reserves	15	59.011.780	56.617.017
Retained earnings	15	123.919.774	76.601.061
Net profit for the year	15	30.955.024	66.791.556
TOTAL LIABILITIES		**713.207.634**	**963.145.103**
Provisions, contingent assets and contingent liabilities	13		

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

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

STATEMENTS OF INCOME FOR THE YEARS ENDED AT 31 DECEMBER 2009 AND 2008

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

	Notes	1 January - 31 December 2009	1 January - 31 December 2008
Sales (net)	16	667.703.295	787.491.026
Cost of sales (-)	16	(563.639.032)	(649.306.626)
GROSS PROFIT		**104.064.263**	**138.184.400**
Marketing, selling and distribution expenses (-)	17	(30.811.337)	(34.344.444)
General administrative expenses (-)	17	(17.607.801)	(24.691.311)
Research and development expenses (-)	17	(2.063.282)	(2.930.210)
Other operating income	18	7.727.058	1.574.190
Other operating expenses (-)	18	(8.340.157)	(13.095.054)
OPERATING PROFIT		**52.968.744**	**64.697.571**
Financial income	19	350.047.590	239.355.785
Financial expenses (-)	20	(366.280.213)	(221.349.718)
PROFIT BEFORE TAXATION ON INCOME		**36.736.121**	**82.703.638**
Taxes on income (-)	21	(6.539.181)	(17.086.228)
Deferred tax income	21	758.084	1.174.146
NET PROFIT FOR THE YEAR		**30.955.024**	**66.791.556**
Earnings per share (TL)	22	0,0058	0,0125
OTHER COMPREHENSIVE INCOME			
Change in fair value reserves	5	(3.825.366)	1.732.187
Change in hedge reserves	7	6.131.604	10.224.441
Deferred tax (expense)/income on other comprehensive income	7	(1.035.053)	(2.131.497)
OTHER COMPREHENSIVE INCOME (AFTER TAX)		**1.271.185**	**9.825.131**
TOTAL COMPREHENSIVE INCOME		**32.226.209**	**76.616.687**

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

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED AT 31 DECEMBER 2009 AND 2008

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

	Share capital	Adjustment to share capital	Fair value reserves	Hedge reserve	Merger reserve	Restricted profit resrerves	Retained earnings	Net profit for the year	Total shareholders' equity
1 January 2009	**53.369.000**	**39.014.356**	**3.634.098**	**(4.905.283)**	**(5.569.000)**	**56.617.017**	**76.601.061**	**66.791.556**	**285.552.805**
Transfers	-	-	-	-	-	2.394.763	64.396.793	(66.791.556)	-
Dividends paid	-	-	-	-	-	-	(17.078.080)	-	(17.078.080)
Increase in fair value of available for sale investments	-	-	(8.745)	-	-	-	-	-	(8.745)
Deferred tax calculated on increase in fair value of available for sale investments	-	-	437	-	-	-	-	-	437
Sale of available for sale investments	-	-	(3.625.790)	-	-	-	-	-	(3.625.790)
Redemption of derivative financial instruments	-	-	-	4.905.283	-	-	-	-	4.905.283
Net profit for the year	-	-	-	-	-	-	-	30.955.024	30.955.024
31 December 2009	**53.369.000**	**39.014.356**	**-**	**-**	**(5.569.000)**	**59.011.780**	**123.919.774**	**30.955.024**	**300.700.934**

	Share capital	Adjustment to share capital	Fair value reserves	Hedge reserve	Merger reserve	Restricted profit resrerves	Retained earnings	Net profit for the year	Total shareholders' equity
1 January 2008 - as previously reported	**47.000.000**	**39.014.356**	**1.988.520**	**-**	**-**	**44.075.118**	**54.383.637**	**91.066.245**	**277.527.876**
Effect of merger (Notes 2.1 and 3)	6.369.000	-	-	(13.084.836)	(5.569.000)	3.376.899	32.655.661	1.660.518	25.408.242
1 January 2008 - restated	**53.369.000**	**39.014.356**	**1.988.520**	**(13.084.836)**	**(5.569.000)**	**47.452.017**	**87.039.298**	**92.726.763**	**302.936.118**
Transfers	-	-	-	-	-	9.165.000	83.561.763	(92.726.763)	-
Dividends paid	-	-	-	-	-	-	(94.000.000)	-	(94.000.000)
Increase in fair value of available for sale investments	-	-	1.732.187	-	-	-	-	-	1.732.187
Deferred tax calculated on increase in fair value of available for sale investments	-	-	(86.609)	-	-	-	-	-	(86.609)
Increase in fair value of derivative financial instruments	-	-	-	10.224.441	-	-	-	-	10.224.441
Deferred tax calculated on increase in fair value of derivative financial instruments	-	-	-	(2.044.888)	-	-	-	-	(2.044.888)
Net profit for the year	-	-	-	-	-	-	-	66.791.556	66.791.556
31 December 2008	**53.369.000**	**39.014.356**	**3.634.098**	**(4.905.283)**	**(5.569.000)**	**56.617.017**	**76.601.061**	**66.791.556**	**285.552.805**

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

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED AT 31 DECEMBER 2009 AND 2008

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

	Notes	2009	2008
Cash flows from operating activities:			
Profit before taxation on income		36.736.121	82.703.638
Depreciation	10	6.529.447	10.410.504
Amortisation	11	989.136	413.697
Provision for employment termination benefits	14	3.771.242	1.384.747
Gain from sales of property, plant and equipment - net	18	85.320	(361.094)
Interest income	19	(6.823.452)	(7.286.889)
Interest expense	20	39.876.844	34.519.310
Provision for impairment of inventory	9	3.246.941	731.907
Expense accruals-net		(4.931.084)	951.241
Provision for doubtful receivables	18	7.907.519	12.497.982
Gain on sale of available for sale financial assets	18	(3.816.621)	-
Net cash flow before changes in operating assets and liabilities		**83.571.413**	**135.965.043**
Changes in operating assets and liabilities - net:			
Decrease/(increase) in trade receivables		83.664.463	(138.550.297)
Decrease/(increase) in due from related parties		2.915.121	(27.286.558)
Decrease/(increase) in inventories		131.575.595	(102.898.898)
Increase in other current assets		(18.446.844)	(27.648.269)
(Increase)/decrease in other non-current assets		(92.808)	320.245
(Decrease)/increase in due to related parties		(29.375.848)	19.633.154
(Decrease)/increase in trade payables		(17.378.518)	1.085.400
Decrease in other short-term liabilites		(4.879.648)	(1.263.162)
Employment termination benefits paid	14	(5.043.996)	(1.286.346)
Taxes paid	21	(4.471.717)	(24.988.090)
Net cash provided by/(used in) operating activities		**222.037.213**	**(166.917.778)**
Cash flows from investing activities:			
Capital expenditures		(10.973.718)	(11.908.167)
Gain from sales of property, plant and equipment and intangible assets		625.436	715.765
Decrease in financial investments		6.541.500	-
Interest received		6.855.805	7.311.670
Net cash provided by/(used in) investing activities		**3.049.023**	**(3.880.732)**
Cash flows from financing activities:			
Proceeds from bank borrowings		-	621.266.882
Repayments of bank borrowings		(194.710.964)	(262.044.121)
Dividends paid		(17.078.080)	(94.000.000)
Interest paid		(48.349.487)	(26.626.743)
Net cash (used in)/provided by financing activities		**(260.138.531)**	**238.596.018**
Net (decrease)/increase in cash and cash equivalents		(35.052.295)	67.797.508
Cash and cash equivalents at the beginning of the year	**4**	**115.448.598**	**47.651.090**
Cash and cash equivalents at the end of the year	**4**	**80.396.303**	**115.448.598**

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Türk Traktör ve Ziraat Makineleri A.Ş. (the "Company") was established in 1954 in Ankara, as Minneapolis Moline Türk Traktör ve Ziraat Makineleri A.Ş. to undertake the manufacturing and trade of farm tractors, harvesters and other agricultural machinery and equipment. The name of the Company was changed as Türk Traktör Ziraat Makineleri A.Ş. in 1968 upon the purchase of 25% of the shares held by Ege Makina ve Ticaret A.Ş., a group company of the Koç Holding A.Ş. ("Koç Holding"). As of 31 December 2009, major shareholders of the Company are Koç Holding and CNH Global N.V. ("CNH") (Note 15). The number of personnel working within the Company as of 31 December 2009 is 1.246 (2008: 1.476).

The Company conducts marketing and selling activities in the domestic market, through its 115 sales dealers and 75 spare part dealers.

The Company is registered in Turkey in the following address:

Güvercin Yolu No: 111-112
06560 - Gazi Ankara

As of 31 December 2009, the free float of the Company whose shares are traded in the İstanbul Stock Exchange ("ISE") is 22% (2008: 22%) (Note 15).

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

Principles governing the preparation of financial statements

The Capital Markets Board of Turkey ("CMB") regulated the principles and procedures of preparation, presentation and announcement of financial statements prepared by the entities with the Communiqué No: XI-29, "Principles of Financial Reporting in Capital Markets" ("the Communiqué"). This Communiqué is effective for the annual years starting from 1 January 2008 and supersedes the Communiqué No: XI-25 "The Financial Reporting 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 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 are in line with the aforementioned standards shall be considered.

With the decision taken on 17 March 2005, the CMB has announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with the accounting and financial reporting principles accepted by the CMB ("CMB Financial Reporting Standards"). Accordingly, the Company did not apply IAS 29 "Financial Reporting in Hyperinflationary Economies" ("IAS 29") issued by IASB in its financial statements for the accounting years starting 1 January 2005.

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

As the differences of the IAS/IFRS endorsed by the European Union from the ones issued by the IASB has not been announced by TASB as of date of preparation of these financial statements, the condensed financial statements have been prepared within the framework of Communiqué XI, No: 29 and related promulgations to this Communiqué as issued by the CMB in accordance with CMB Financial Reporting Standards which is based on IAS/IFRS .The financial statements and the related notes to them are presented in accordance with the formats recommended by the CMB with the promulgation dated 18 April 2008 and 9 January 2009, including the compulsory disclosures. Therefore, previous year financial statements restated, where necessary.

The accompanying financial statements are approved by the Board of Directors on 19 February 2010 and these financial statements can be revised by the Board of Directors or can be changed at the General Meeting.

Comparatives and restatement of prior year financial statements

The financial statements of the Company include comparative financial information to enable the determination of the financial position and performance. As explained in Note 3, the Company has merged with New Holland Trakmak Traktör ve Ziraat Makinaları A.Ş. ("Trakmak") as of 31 March 2008, through transfer of all the assets and liabilities of Trakmak into the Company as a whole. The figures at 1 January 2008 in the comparative changes in shareholders' equity of the Company as of 31 December 2008 have been restated by combining the financial statements of Trakmak as of the same date, prepared in accordance with the CMB Financial Reporting Standards.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.2 Amendments in IFRS

Standards, amendments and interpretations effective in 2009 and relevant to the operations of the Company.

IFRS 7 (Amendment), 'Financial instruments-Disclosures' (Effective from 1 January 2009). The amendment requires enhanced disclosures about fair value measurement and liquidity risk. As the change in accounting policy only results in additional disclosures, there is no impact on retained earnings.

IAS 1 (Revised), 'Presentation of financial statements' (Effective from 1 January 2009). The revised standard requires the presentation of items of income and expenses in a separate statement (statement of comprehensive income) or two different (statement of income and statement of comprehensice income) statements. Either the separate presentation of the components of other comprehensive income and the deferred tax income and expense on these components or the net of these two is permitted. The income tax amount on comprehensive income is presented on either comprehensive income statement or in explanatory disclosures irrespective of the preferred method.

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

IAS 38 (Amendment), 'Intangible Assets' (The amendment is part of the IASB's annual improvements project published in April 2009). The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives.

Standards, amendments and interpretations not yet effective and have not been early adopted by the Company

IAS 1 (Revised), "Presentation of financial statements" (Effective from 1 January 2009). The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity to be presented in a statement of comprehensive income. As the change in accounting policy only impacts presentation aspects, there is no impact on retained earnings.

IFRS 2 (Amendment), 'Share-based payment' (Effective from 1 January 2009). Revised standard deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with emloyees and others providing similiar services; they would not impact the number of awards expected to vest or valuation there of subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment.

IFRIC 17, 'Distribution of non-cash assets to owners' (Effective from 1 July 2009). This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable.

IAS 27 (Revised), 'Consolidated and separate financial statements', (Effective from 1 January 2009). The revised standard requires the effects of all transactions with noncontrolling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss.

IFRS 3 (Revised), 'Business combinations' (Effective from 1 January 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. The revised standard provides a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

IFRS 5 (Amendment), 'Measurement of non-current assets (or disposal groups) classified as held-for-sale'. The amendment provides clarification on the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, particularly paragraph 15 of IAS 1.

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

IAS 1 (Amendment), 'Presentation of financial statements'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time.

IFRS 2 (Amendments), 'Group cash-settled and share-based payment transactions'. In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2 - Group and treasury share transactions', the amendments expand on the guiance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation.

Standards, amendments and interpretations effective in 2009 but not relevant to the operations of the Company

- IFRIC 9, "Re-assessment of embedded derivatives and IAS 39, Financial Instruments: Recognition and Measurement - Embedded Derivatives (Amendments)",
- IFRIC 17, "Distribution of non-cash assets to owners",
- IFRIC 18, "Transfers of assets from customers",
- IFRS 2, "The scope of IFRS 2 and IFRS 3",
- IFRS 5, "Disclosure requirements on Non-current Assets Held for Sale and Discontinued Operations",
- IFRS 8, "Disclosures on Operating segments",
- IAS 1, "Non-current/Current classification of convertible instruments",
- IAS 7, "Classification of expenses on unrecognized assets",
- IAS 17, "Classification of leases on land and buildings",
- IAS 18, "Determining whether an entity is acting as a principal or as an agent",
- IAS 36, "Accounting unit for impairment test on goodwill",
- IAS 38, "Significant additional arrangements arising from IFRS 3 (Amendment)",
- IAS 38, "Measuring the fair value of an intangible asset acquired in a business combination",
- IAS 39, "Treating loan pre-payment penalties as closely related derivatives",
- IAS 39, "The exemption of scope on business combinations",
- IAS 39, "The accounting of the cash flow risk hedging",
- IAS 39, "Hedging using internal contracts",
- IFRIC 9 and IFRS 3 (Amendment), "Scope",
- IFRIC 16, "Hedges of a net investment in a foreign operation",

2.3 Errors and changes in accounting policies/estimations

Material changes in accounting policies or material errors are corrected, retrospectively; restating the prior year financial statements.

Effect of changes in accounting estimates affecting current year is recognized in the current year; effect of changes in accounting estimates affecting current and future years is recognised in the current year and also in future years.

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

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

2.4 Summary of significant accounting policies

The principal accounting policies, consistently applied with prior years, adopted in the preparation of these financial statements are set out below:

Revenue recognition

Revenues are recognised on an accrual basis at the time the Company sells a product to the customer, the significant risks and rewards of ownership of the goods is transferred to the buyer, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company at the fair value of considerations received or receivable. Net sales represent the invoiced value of trading goods sold less sales returns, discount and commissions (Note 16).

Other revenues such as interest income is recognised on an accrual basis using the effective interest rate method, rent income under operating lease agreements is recognised on an accrual basis and dividend income is recognised when the right to receive dividend is established.

Inventories

Inventories are valued at the lower of cost or net realisable value. Net realisable value is the estimated selling price, less the costs of completion and selling expenses (Note 9). Cost elements included in inventories comprise total purchase costs and other costs incurred in bringing the inventories to their present location and condition. The unit cost of inventories is determined on the weighted average basis.

Property, plant and equipment

Property, plant and equipment acquired before 1 January 2005 are carried at cost in purchasing power of TL as at 31 December 2004 less accumulated depreciation and impairment losses. Property, plant and equipment acquired after 1 January 2005 are carried at cost less accumulated depreciation and impairment losses. Depreciation is provided on a straight-line basis based on the estimated useful lives of the assets (Note 10). Land is not depreciated as it is deemed to have an indefinite life.

The estimated useful lives for property, plant and equipment are as follows:

	Useful lives
Buildings	25-50 years
Land improvements	10-25 years
Machinery and equipment	4-10 years
Motor vehicles	4-5 years
Furniture and fixtures	5-6 years
Special costs	4-10 years

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

An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. Gain or losses on disposals of property, plant and equipment with respect to their restated net book values are included in the related income and expense accounts (Note 18).

Repair and maintenance expenditures are charged to the income statement as they are incurred. Repair and maintenance expenditures are capitalised if they result in an enlargement or substantial improvement of the respective assets and depreciated over remaining useful life of related asset.

Intangible fixed assets

Intangible fixed assets comprise of rights and computer software. Those acquired before 1 January 2005 are carried at cost in the purchasing power of TL as at 31 December 2004; less accumulated depreciation and impairment losses. Those acquired after 1 January 2005 are carried at cost less accumulated depreciation and impairment losses and are depreciated using the straight-line method over their useful lives of five and ten years following the acquisition date. Where impairment indicator exists, the carrying amount of any intangible asset is assessed and written down to its recoverable amount (Note 11).

Impairment of assets

Property, plant and equipment and other non-current assets including intangible assets, except deferred tax assets, are reviewed for impairment losses at each balance sheet date whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset or any cash generating unit of that asset exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. Impairment losses are accounted for in the statement of income.

Impairment loss 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.

Borrowing cost

Bank borrowings are recognised initially at the proceeds received, net of any transaction costs incurred (Note 6). In subsequent periods, borrowings are restated at amortised cost using the effective yield method. Any proceeds (net of transaction costs) and the redemption value are recognised in the statement of income over the period of the borrowings. Borrowing costs are expensed as incurred (Note 20).

Related parties

For the purpose of these financial statements, Company's 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 (Note 23).

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

Segment reporting

As the Company operates only in production and trade of agricultural machinery and equipment, in Turkey, segment reporting of the financial information is not disclosed.

Business combinations

The Company has merged with Trakmak as of 31 March 2008, through transfer of all the assets and liabilities of Trakmak into the Company as a whole. Before and after the merge, since the merging companies have been controlled by the same shareholders, the merge has been defined as "business combinations involving entities under common control" and it has been decided to apply an accounting policy in line with the "pooling of interest" method. In the accounting of business combinations which occur under common control, assets and liabilities subject to business combination are accounted in the financial statements at their carrying values, and the income statements have been consolidated as of the beginning of the financial year in which the business combination occurred. As a result of merge, no goodwill or negative goodwill has been calculated. The difference between the capital increase resulted from merge and the capital of the merging company is accounted in "merger reserve" under shareholders' equity (Note 15).

Financial assets

Financial assets are classified in accordance with the intention at acquisition. Company management determines appropriate classification of its investments at the time of purchase and re-evaluates these classifications in each financial year-end. The Company has classified its financial instruments accordingly:

a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet. Loans and receivables are recognised initially at the proceeds received, net of any transaction costs incurred. In subsequent periods, loans are stated at amortised cost using the effective yield method.

b) Available for sale investments

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, or not classified in any other categories, are classified as available-for -sale; these are included in non-current assets unless management has expressed the intention of holding the investment for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

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

All financial assets are initially recognized at cost of purchase plus transaction costs, which is the fair value of the asset. If available-for-sale investments have quoted market prices in active markets or their fair values can be reliably measured by use of valuation methodologies they are stated at fair value. However if available-for-sale investments are not quoted in active market, or their fair values cannot be reliably measured through other valuation methods, they are stated at cost restated to the purchasing power of TL at 31 December 2004 for the investments purchased before 1 January 2005 and stated at cost for the items purchased after 1 January 2005, less a provision for impairment (Note 5). The Company accounts for gains and losses from available-for-sale investments, directly in shareholders' equity until those investments are liquidated.

Fair value changes of the available for sale investments are calculated as the difference between the discounted values of these investments and the fair value at the balance sheet date. When the available for sale investments are liquidated, the related gains and losses deferred under shareholders' equity are transferred directly to the statement of income. If there is permanent negative difference between the cost of purchase and the fair value of the investment, this is recognized as loss in the statement of income.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently are re-measured at their fair value. The derivative instruments of the Company mainly consist of forward foreign currency-buy contracts (Note 7).

These derivative financial instruments, because of providing effective economic hedges under the Company's risk management position and qualifying for hedge accounting under the specific rules in IAS 39 "Financial Instruments: Recognition and Measurement", are treated as cash flow hedge in the accompanying financial statements. Changes in the fair value of derivative financial instruments, as assessed to be effective are recognised in "hedge reserve" under shareholders' equity (Note 7).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting under IAS 39, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the committed or forecasted transaction ultimately is recognised in the statement of shareholder's equity. If the committed or forecasted transaction expected to occur in the future is recorded in the income statement or if does not occur, the cumulative gain or loss is reflected into the financial statements as gain or loss to the statement of income.

Foreign currency transactions and balances

Transactions in foreign currencies during the period have been translated into TL at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TL at the exchange rates prevailing at the balance sheet dates. Foreign 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. Non-monetary assets and liabilities, which are recognised at fair value, have been translated into TL at the exchange rates prevailing at the dates of fair value determined.

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

Earnings per share

Earnings per share disclosed in the statements of income are determined by dividing net income for the period by the weighted average number of shares that have been outstanding during the period (Note 22).

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 revaluation surplus. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the period 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.

Subsequent events

Events after the balance sheet date are those events, even if those events occur after the public announcement of profit or of other selected financial information, that occur between the balance sheet date and the date when the financial statements are authorised for issue. The Company adjusts the amounts recognized in its financial statements to reflect adjusting events after the balance sheet date. The events that occur subsequent to the balance sheet date and not require a correction to be made are disclosed in accompanying notes, where the decisions of the users of financial statements are affected.

Provisions, contingent assets and contingent 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 Company are treated as contingent assets or liabilities. The Company does not recognize contingent assets and liabilities. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed, where an inflow of economic benefits is probable (Note 13).

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are not recognised for future operating losses.

In cases where the time value of money is material, provisions are determined as the present value of expenses required to be made to honor the liability. The rate used to discount provisions to their present values is determined taking into account the interest rate in the related markets and the risk associated with the liability. This discount rate does not consider risks associated with future cash flow estimates and should be pre-tax.

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

Leases

(1) The Company - *as the lessee*

Financial Leases

Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other liabilities and reduced as they are paid. The interest element of the finance cost is charged to the statement of income over the lease period. The property, plant and equipment acquired under finance leases are depreciated over the useful life of the asset (Note 10).

Operating Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

(2) The Company - *as the lessor*

Operating Leases

In the case of operating lease, the leased properties are classified as property, plant and equipment in the balance sheet and the rent revenues generated during the reporting period are reflected to the income statement on a straight-line basis over the period of the lease.

Research and development expenses

Research expenditure is recognized as an expense as incurred (Note 17). Costs incurred on development projects (relating to the design and testing of new or improved products) are recognized as intangible assets when the following criteria are fulfilled:

- it is technically feasible to complete the intangible asset so that it will be available for use;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

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

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding five years (Note 11).

Development assets are tested for impairment annually, in accordance with IAS 36.

Taxes on income

Taxes on income included in statement of income comprise current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of prior years (Note 21).

Deferred income tax is provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes with the enacted tax rates as of the balance sheet date (Note 21).

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. Tax bases of assets and liabilities reflect the amounts affecting the future tax bases under the current tax legislation. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets or liabilities are reflected to the financial statements to the extent that they will provide an increase or decrease in the taxes payable for the future periods where the temporary differences will reverse. Deferred income tax liabilities are recognized for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised. To the extent that deferred income tax assets will not be utilised, the related amounts have been deducted accordingly.

Deferred tax assets and deferred tax liabilities related to income taxes levied by the same taxation authority are offset accordingly, if current tax assets can be offset against current tax liabilities (Note 21).

Employee benefits/Provision for employment termination benefits

According to the enacted laws, the Company is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct, as stated in Labor Law. Provisions for employment termination benefits have been calculated for the net present value of future employment termination benefits and reflected in the financial statements (Note 14).

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

Statement of cash flow

The statement of cash flows reports cash flows during the year classified by operating, investing and financing activities.

Cash flows from operating activities are derived from the principal revenue producing activities of the Company.

Cash flows related to investing activities represent cash flows generated from and used in the investing activities (fixed assets and financial investments) of the Company.

Cash flows related to financing activities represent cash flows generated from Company's financing activities and re-payment of such generated cash-in flows.

Cash and cash equivalents include cash in hand, bank deposits and other short-term highly liquid investments with maturities of three months or less.

Trade receivables and provision for impairment of receivables

Trade receivables that are created by the Company by way of providing service or goods directly to a debtor are carried at amortized cost. Short duration receivables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant.

A 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 amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other income.

Share capital and dividends

Ordinary shares are classified as capital. Dividends distributed over ordinary shares are recorded by deducting from retained earnings within the year in which they are declared.

2.5 Significant accounting estimates and decisions

Preparation of the financial statements requires the usage of the estimates and judgements affecting the amounts of the assets and liabilities as of the balance sheet date and the income and expenses recorded through the year and explanations of contingent assets and liabilities. Estimations and assumptions can differ from actual results in spite of these estimations and assumptions are based on Company management's best knowledge.

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

Warranties

Warranty expenses are recorded as a result of repair and maintenance expenses for products produced and sold, authorised services' labour and material costs for products under the scope of the warranty terms without any charge to the customers, initial maintenance costs and estimated costs based on statistical information for possible future warranty services and returns of products with respect to the products sold during the period (Note 13).

Deferred tax asset

Deferred tax burden is calculated with utmost probability provided that the tax advantage is to be benefited through taxable profit will be derived in future. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The Company has recognised deferred tax assets as of 31 December 2009, since it is probable that future taxable profit will be available against which the temporary differences would be utilised.

NOTE 3 - BUSINESS COMBINATIONS

In the Ordinary General Assembly meeting held on 27 March 2008 based on the authorization of CMB dated 25 February 2008 and numbered B.02.1.SPK.0.13-276/3197, it was decided to merge the Company and Trakmak, through transfer of all the assets and liabilities of Trakmak into the Company as a whole under the framework of Turkish Commercial Code decree 451 and other related decrees and Articles 18-20 of Corporate Tax Law.

Decision of the Ordinary General Assembly and the merger agreement dated 27 March 2008 are registered by the trade registry offices in Ankara and İzmir on 31 March 2008.

The method adopted in the business combination of the Company and Trakmak, was merger over adjusted equities in accordance with IFRS. Merger ratio based on the equity method was determined as 88,067% by an independent expert firm and by dividing the previous share capital of the Company amounting to TL47.000.000 by the merger ratio, share capital after the merger has been determined as TL53.369.000 (Note 2.1).

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

NOTE 4 - CASH AND CASH EQUIVALENTS

	2009	**2008**
Cheques received	108.257	-
Banks		
- TL denominated demand deposits	5.554.798	2.018.949
- TL denominated time deposits	20.007.185	72.740.058
- Foreign currency denominated demand deposits	1.709.939	1.805.278
- Foreign currency denominated time deposits	53.310.013	39.120.076
	80.690.192	**115.684.361**

As of 31 December 2009, the weighted average effective annual interest rate for the TL and Euro ("EUR") time deposits is 8,52% and 2,67% (2008: TL: 16,52%, US Dollar: 1,00%, EUR: 3,01%). As of 31 December 2009 and 2008, remaining time to maturity of time deposits is less than three months.

The cash and cash equivalents included in the statement of cash flows at 31 December 2009 and 2008 are as follows:

	2009	**2008**
Banks	80.690.192	115.684.361
Less: Interest accruals	(58.935)	(100.032)
Less: Restricted bank deposits	(234.954)	(135.731)
Cash and cash equivalents	**80.396.303**	**115.448.598**

NOTE 5 - FINANCIAL ASSETS

Available for sale financial assets:

	31 December 2009		**31 December 2008**	
	Share %	**TL**	**Share %**	**TL**
Entek Elektrik Üretimi A.Ş.	-	-	2,67%	6.541.500

As of 31 December 2008, the fair value of Entek Elektrik Üretimi A.Ş has been determined by using the discounted cash flow method. The available for sale investment of the Company is presented in the financial statements with its fair value by adding the difference amounting to TL1.732.187 between carrying value and fair value to the fair value reserve account under shareholders' equity as of 31 December 2008. Valuation is based on the discounted cash flow method considering the profit and the balance sheet projections for 10 years and the discount rate calculated using the Turkish Euro bond yields.

The Company sold its shareholding interest of 2,67% at Entek to Temel Ticaret ve Yatırım A.Ş. ("Temel Ticaret") on 21 July 2009 (Note 23).

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

NOTE 6 - FINANCIAL LIABILITIES

a) Short-term financial liabilities

Short-term bank borrowings

	Original currency amount		Weighted average effective interest rate p.a. (%)		TL Equivalent	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
TL bank borrowings	18.199.406	164.987.867	7,47	23,48	18.199.406	164.987.867
EUR bank borrowings	95.288.233	117.059.506	4,49	9,06	205.851.169	250.600.991
					224.050.575	**415.588.858**

Short-term portion of long-term bank borrowings

	Original currency amount		Weighted average effective interest rate p.a. (%)		TL Equivalent	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
EUR bank borrowings	-	41.669.840	-	5,5	-	89.206.794
						89.206.794

Short-term financial lease obligations

	Original currency amount		TL Equivalent	
	2009	**2008**	**2009**	**2008**
TL	143.500	-	143.500	-
			143.500	**-**
Total short-term financial liabilities			**224.194.075**	**504.795.652**

The Company borrowed TL118.816.500 (equivalent of EUR55 million), under the scope of the syndicated loan which was extended to be used by Koç Group of Companies and whose agreement was signed between 14 financial institutions and Koç Holding.

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

NOTE 6 - FINANCIAL LIABILITIES (Continued)

b) Long-term financial liabilities

Long-term bank borrowings

	Original currency amount		Weighted average effective interest rate p.a. (%)		TL Equivalent	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
EUR bank borrowings	45.389.945	9.640.288	4,52	5,66	98.055.898	20.637.929
Total long-term financial liabilities					**98.055.898**	**20.637.929**

Redemption schedule of the long-term bank borrowings as of 31 December 2009 is as follows:

	2009
2011	76.296.276
2012	21.759.622
	98.055.898

Carrying values and fair values of the bank borrowings are as shown below:

	Carrying value		Fair value	
	2009	**2008**	**2009**	**2008**
Bank borrowings	322.106.473	525.433.581	321.885.246	538.869.550

As of 31 December 2009, fair values of the EUR and TL denominated bank borrowings are determined by using the discounted cash flow method over annual average effective discount rates of 4,02% and 7,22%, respectively (2008: EUR and TL bank borrowings 4,32% and 16,26% p.a., respectively).

NOTE 7 - OTHER FINANCIAL LIABILITIES

As of 31 December 2009, the Company does not have other financial liabilities.

The Company has obtained forward foreign currency-buy contracts from banks amounting to EUR26.250.000 in order to manage the foreign currency risk arising from the bank borrowings amounting to EUR26.250.000 as of 31 December 2008. Since these derivative financial instruments are assessed to be effective cash flow hedges, related gains/losses arising from these forward transactions are recognised under shareholders' equity. As of 31 December 2008, total contract value of the forward foreign currency-buy transactions is TL64.343.525.

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

NOTE 7 - OTHER FINANCIAL LIABILITIES (Continued)

Derivative financial instruments

	2009	2008
Short-term obligations arising from derivative financial instruments	-	6.131.604
Total obligations arising from derivative financial instruments	**-**	**6.131.604**

	2009			2008		
	Contract value	Fair value	Fair value difference	Contract value	Fair value	Fair value difference
Forward foreign currency-buy transactions	-	-	-	64.343.525	58.211.921	(6.131.604)

Movements in the hedge reserve during the year are as shown below:

	2009	2008
1 January	**(4.905.283)**	**(13.084.836)**
Increase in fair value of derivative financial instruments	-	10.224.441
Deferred tax calculated over the increase in fair value of derivative financial instruments	-	(2.044.888)
Redemption of derivative financial instruments	4.905.283	-
31 December	**-**	**(4.905.283)**

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

	2009	2008
Short-term trade receivables:		
Customer current accounts	94.315.825	113.600.059
Notes receivables	74.858.377	95.881.467
Protested notes	20.287.722	6.155.799
	189.461.924	215.637.325
Less: Provision for doubtful receivables	(20.817.960)	(14.114.059)
Unearned financial income	(3.614.946)	(7.686.638)
Short-term trade receivables	**165.029.018**	**193.836.628**

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

NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)

The Company considers its past experience in collecting receivables when providing provision for doubtful accounts.

Movements of the provisions for doubtful receivables for the years ended 31 December 2009 and 2008 are as shown below:

	2009	2008
1 January	14.114.059	1.714.405
Collections during the year (Note 18)	(1.203.618)	(98.328)
Charge during the year (Note 18)	7.907.519	12.497.982
31 December	**20.817.960**	**14.114.059**

Long-term trade receivables:

	2009	2008
Notes receivables	130.114.372	201.545.324
Less: Unearned financial income	(11.961.607)	(20.528.964)
Long-term trade receivables	**118.152.765**	**181.016.360**

Trade payables:

	2009	2008
Supplier current accounts	57.272.662	74.993.571
Less: Unincurred financial expense	(217.321)	(559.712)
	57.055.341	**74.433.859**

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

NOTE 9 - INVENTORIES

	2009	**2008**
Raw materials	41.519.857	73.741.003
Work in progress	1.748.526	3.954.714
Finished goods	13.281.639	41.008.605
Commercial goods	67.643.557	79.583.074
Spare parts	11.465.169	11.783.174
Goods in transit	8.874.410	66.038.183
	144.533.158	276.108.753
Provision for impairment of inventory	(4.246.237)	(999.296)
	140.286.921	**275.109.457**

The cost of inventories recognised as expense and included in production costs during the current year, amounted to TL467.606.439 (2008: TL581.443.740).

Movement of provision for impairment of inventory during the year is as follows:

	2009	**2008**
1 January	(999.296)	(267.389)
Charge during the year for impairment of inventory, net	(3.246.941)	(731.907)
31 December	**(4.246.237)**	**(999.296)**

During the year 2009, the Company sold raw materials at cost that were impaired in 2008, amounting to TL999.296 and the amount was credited to the cost of goods sold account.

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

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2009	Additions	Disposals	Transfers	31 December 2009
Cost					
Land	373.095	-	-	-	373.095
Land improvements	4.479.678	-	-	-	4.479.678
Buildings	48.193.297	226.695	-	-	48.419.992
Machinery and equipment	313.339.143	2.431.427	(3.108.742)	394.408	313.056.236
Special costs	2.614.694	8.750	-	-	2.623.444
Motor vehicles	2.661.564	463.741	(894.913)	-	2.230.392
Furniture and fixtures	20.714.636	346.294	(288.600)	-	20.772.330
Construction in progress	376.218	2.061.068	-	(394.408)	2.042.878
	392.752.325	**5.537.975**	**(4.292.255)**	**-**	**393.998.045**
Accumulated depreciation					
Land improvements	2.833.060	117.157	-	-	2.950.217
Buildings	30.636.092	1.466.756	-	-	32.102.848
Machinery and equipment	297.594.831	3.794.372	(2.881.847)	-	298.507.356
Special costs	2.487.738	47.844	-	-	2.535.582
Motor vehicles	1.429.626	319.530	(413.295)	-	1.335.861
Furniture and fixtures	18.161.390	783.788	(286.356)	-	18.658.822
	353.142.737	**6.529.447**	**(3.581.498)**	**-**	**356.090.686**
Net book value	**39.609.588**				**37.907.359**

	1 January 2008	Additions	Disposals	Transfers	31 December 2008
Cost					
Land	373.095	-	-	-	373.095
Land improvements	4.367.819	111.859	-	-	4.479.678
Buildings	47.797.431	201.763	-	194.103	48.193.297
Machinery and equipment	317.004.923	5.005.669	(10.288.779)	1.617.330	313.339.143
Special costs	2.614.694	-	-	-	2.614.694
Motor vehicles	3.124.761	231.626	(694.823)	-	2.661.564
Furniture and fixtures	19.693.220	1.116.453	(95.037)	-	20.714.636
Construction in progress	416.300	1.771.351	-	(1.811.433)	376.218
	395.392.243	**8.438.721**	**(11.078.639)**	**-**	**392.752.325**
Accumulated depreciation					
Land improvements	2.714.198	118.862	-	-	2.833.060
Buildings	29.106.848	1.529.244	-	-	30.636.092
Machinery and equipment	300.521.054	7.362.556	(10.288.779)	-	297.594.831
Special costs	2.435.777	51.961	-	-	2.487.738
Motor vehicles	1.296.845	472.934	(340.153)	-	1.429.626
Furniture and fixtures	17.381.480	874.947	(95.037)	-	18.161.390
	353.456.202	**10.410.504**	**(10.723.969)**	**-**	**353.142.737**
Net book value	**41.936.041**				**39.609.588**

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

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

For the year ended at 31 December 2009, of the total depreciation expense amounting to TL6.529.447 (2008: TL10.410.504), TL4.708.851 (2008: TL8.115.353) is allocated to production costs, TL1.356.784 (2008: TL1.851.380) is allocated to general administrative expenses, TL360.475 (2008: TL428.056) is allocated to research and development expenses and TL103.337 (2008: TL15.715) is allocated to marketting, selling and distribution expenses. The depreciation expense amounting to TL101.143 is capitalized during the year as it is related to the development costs.

NOTE 11 - INTANGIBLE ASSETS

	1 January 2009	Additions	Disposals	Transfers	31 December 2009
Cost					
Rights	4.568.981	308.310	-	-	4.877.291
Development costs	2.592.034	-	-	4.397.773	6.989.807
Development costs in progress	2.627.088	5.127.433	-	(4.397.773)	3.356.748
	9.788.103	**5.435.743**	**-**	**-**	**15.223.846**
Accumulated amortisation					
Rights	4.029.857	272.242	-	-	4.302.099
Development costs	102.579	716.894	-	-	819.473
	4.132.436	**989.136**	**-**	**-**	**5.121.572**
Net book value	**5.655.667**				**10.102.274**

	1 January 2008	Additions	Disposals	Transfers	31 December 2008
Cost					
Rights	4.350.914	218.067	-	-	4.568.981
Development costs	512.897	-	-	2.079.137	2.592.034
Development costs in progress	1.454.846	3.251.379	-	(2.079.137)	2.627.088
	6.318.657	**3.469.446**	**-**	**-**	**9.788.103**
Accumulated amortisation					
Rights	3.718.739	311.118	-	-	4.029.857
Development costs	-	102.579	-	-	102.579
	3.718.739	**413.697**	**-**	**-**	**4.132.436**
Net book value	**2.599.918**				**5.655.667**

Development costs includes intangible assets generated by the Company. Capitalized development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use. The amortisation is not calculated for the development costs in progress as the development process has not yet been completed.

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

NOTE 11 - INTANGIBLE ASSETS (Continued)

For the year ended at 31 December 2009, of the total amortisation expenses amounting to TL989.136 (2008: TL413.697), TL196.333 (2008: TL242.527) is allocated to production costs, TL56.570 (2008: TL55.798) is allocated to general administrative expenses, TL731.924 (2008: TL115.372) is allocated to research and development expenses and TL4.309 (2008: None) is allocated to marketting, selling and distribution expenses.

NOTE 12 - OTHER ASSETS AND LIABILITIES

a) Other current assets:

	2009	2008
Reclaimed value added tax ("VAT")	51.478.953	19.602.813
Deferred VAT	19.016.063	27.844.205
Prepaid expenses	232.004	160.523
Prepaid taxes	-	4.315.001
Other	61.550	419.184
	70.788.570	**52.341.726**

b) Other non-current assets:

	2009	2008
Deposits and guarantees given	482.427	389.185
Prepaid expenses	-	433
	482.427	**389.618**

c) Other short-term liabilities:

	2009	2008
Taxes, funds and other related payable	2.385.011	3.260.609
Deferred income (*)	2.083.825	6.087.574
Payables to personnel	1.096.025	1.666.618
Other	3.119.864	2.549.571
	8.684.725	**13.564.372**

(*) Deferred income represents the sales amount of the tractors for which the invoices are issued but are not yet shipped to customers as of 31 December 2009 and 2008.

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

NOTE 13 - PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

a) Provisions

	2009	**2008**
Warranty provisions	7.258.630	9.997.787
Provision for lawsuits (*)	119.916	1.754.149
Other provisions	50.406	608.099
	7.428.952	**12.360.035**

(*) The balance represents provision for business cases which were opened against the Company.

As of 31 December 2009 and 2008, the movement of provision for warranty expenses is as follows:

	2009	**2008**
1 January	9.997.787	9.494.108
Released during the year	(10.400.204)	(10.773.428)
Charge for the year (Note 17)	7.661.047	11.277.107
31 December	**7.258.630**	**9.997.787**

The movement of provision for lawsuits during the year is as follows:

	2009	**2008**
1 January	1.754.149	1.593.980
Charge for the year (Note 18)	132.473	160.169
Released during the year (*)	(1.766.706)	-
31 December	**119.916**	**1.754.149**

(*) The Company releases the provision of the lawsuits won by the Company taking into the account the advice of the legal counsel regarding the appeal processes.

The movement of other provisions during the year is as follows:

	2009	**2008**
1 January	608.099	320.706
Released during the year	(608.099)	(320.706)
Charge for the year	50.406	608.099
31 December	**50.406**	**608.099**

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

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

b) Contingent Liabilities

The commitments and contingent liabilities that are not expected to cause material loss or debts to the Company are summarized below:

	2009	2008
A. The total amount of collaterals given on behalf of its own legal entity	28.847.890	11.355.505
B. The total amount of collaterals given in favor of the companies in the scope of full consolidation	-	-
C. The total amount of collaterals given for the purpose of providing debt to third parties in the course of ordinary business activities	7.319.490	7.340.155
D. The total amount of other collaterals given	-	-
i. The total amount of collaterals given in favor of the parent companies	-	-
ii. The total amount of collaterals given in favor of other group companies which are not in the scope of items B and C	-	-
iii. The total amount of collaterals given in favor of third parties other than the parties stated in item C (*)	-	-
	36.167.380	**18.695.660**

(*) The Company signed as a guarantor againsts bank borrowings amounting to EUR3.388.182 (2008: EUR3.428.697) of one of its dealers. Mega Otomotiv Zirai Aletler ve Konfeksiyon San. Tic. Ltd. Şti. ("Mega Otomotiv").

The ratio of the guarantees given by the Company to the equity of the Company is 12% (2008: 7%).

c) Contingent Assets

	2009	2008
Letters of guarantees received	150.460.729	139.435.262
Security bonds	1.750.000	1.550.000
Mortgages	1.335.480	1.335.480
Foreign currency guarantees in cash	12.121	11.960
	153.558.330	**142.332.702**

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

NOTE 14 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

	2009	**2008**
Provision for employment termination benefits	6.301.237	7.573.991
	6.301.237	**7.573.991**

Provision for employee termination benefit is recorded in line with the legal arrangements explained below:

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

The amount payable consists of one month's salary limited to a maximum of TL2.365,16 for each year of service as of 31 December 2009 (2008: TL2.173,19).

The liability is not funded, as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees.

Communiqué require actuarial valuation methods to be developed to estimate the enterprises' obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	2009	**2008**
Discount rate (%)	5,92	6,26
Turnover rate to estimate the probability of retirement (%)	95,99	96,84

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. The maximum amount of TL2.427,04 which is effective from 1 January 2010 (1 January 2009: TL2.260,05) has been taken into consideration in calculating the provision for employment termination benefits of the Company.

Movements of the provision for employment termination benefits during the year are as follows:

	2009	**2008**
1 January	7.573.991	7.475.590
Charge during the year (Note 17)	3.771.242	1.384.747
Paid during the year	(5.043.996)	(1.286.346)
31 December	**6.301.237**	**7.573.991**

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

NOTE 15 - SHAREHOLDERS' EQUITY

Paid-in Share Capital

The Company's registered share capital amounts to TL250.000.000 (2008: TL250.000.000).

The Company's share capital is composed of 5.336.900.000 units of shares each Kr1 nominal value. The nominal value of share capital is TL53.369.000.

The composition of the Company's statutory share capital at 31 December 2009 and 2008 are as follows:

	2009		2008	
	Participation (%)	**Share Amount (TL)**	**Participation (%)**	**Share Amount (TL)**
Koç Holding	37,7	20.132.794	37,7	20.132.794
CNH	37,5	20.013.375	37,5	20.013.375
Temel Ticaret A.Ş.	2,1	1.114.575	2,1	1.114.575
Public quotation	22,0	11.747.963	22,0	11.747.963
Other	0,7	360.293	0,7	360.293
	100,0	**53.369.000**	**100,0**	**53.369.000**
Adjustments to share capital		**39.014.356**		**39.014.356**
		92.383.356		**92.383.356**

Adjustments to share capital represent the restatement effect of cash and cash equivalent contributions to share capital.

As of 28 November 2005, the shares of the Company are dematerialized and in accordance with the Communiqué No: IV-28 regarding "Principles and Procedures for the Recording of Dematerialized Capital Market Instruments", shares paid to the bearer were made shares paid to the name. The Company's shares were organized as A, B and C Groups. A and B Group shares are privilege shares, and four Board members are selected from Group A's and four Board members are selected from Group B's nominated candidates.

As of 11 June 2004, the Company has been quoted to ISE and its shares started to be traded in the stock exchange market from that date. As of 31 December 2009, 22% (2008: 22%) of the Company shares are quoted at ISE.

Retained Earnings, Restricted Profit Reserves, Fair Value Reserves, and Other Capital Reserves

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. These amounts are classified as "Restricted profit reserves" according to the CMB Financial Reporting Standards.

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

NOTE 15 - SHAREHOLDERS' EQUITY (Continued)

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 amounts. The valuation differences (such as inflation adjustment differences) shall be disclosed as follows:

- If the difference is due to the inflation adjustment of "share capital" and not yet been transfered to capital should be classified under "Adjusments to Share Capital";

- If the difference is 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, it shall be classified under "Retained Earnings".

Other equity items shall be carried at the amounts calculated based on CMB Financial Reporting Standards.

Capital adjustment differences have no other use other than being transferred to share capital.

Based on Capital Market Board Decree No. 02/51, dated 27 January 2010, the minimum profit distribution requirement for profits arising from operations in 2009 is determined to be terminated for the quoted entities at the stock exchange and regarding the dividend distribution for the current and following years, the entities are to distribute their profits for the current and following years under the scope of CMB Communiqué No. IV-27, their articles of association and their previously publically declared profit distribution policies. In the case of profit distribution, in accordance with the decision of the General Assembly, the distribution can be made as cash or as bonus shares or as a combination of a certain percentage of cash and bonus shares. It is also permitted to retain this amount in the Company reserves if the first dividend amount is below 5% of the paid in/issued capital; however if the Company has increased its paid-in capital without dividend distribution in the previous year and consequently whose shares are allotted in the form of "old" and "new"; it is mandatory for companies that will make profit distribution from the net distributable profit of the current year to make this first dividend distribution in cash.

The total of statutory profit for the year and the other resources that can be subject to a possible dividend distribution for the Company is TL176.085.459.

The Company's shareholders' equity as of 31 December 2009 and 2008 is as follows:

	2009	**2008**
Share capital	53.369.000	53.369.000
Adjustments to share capital	39.014.356	39.014.356
Fair value reserves	-	3.634.098
Hedge reserve	-	(4.905.283)
Merger reserve	(5.569.000)	(5.569.000)
Restricted profit reserves	59.011.780	56.617.017
Retained earnings	123.919.774	76.601.061
Net profit for the year	30.955.024	66.791.556
Total shareholders' equity	**300.700.934**	**285.552.805**

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

NOTE 16 - SALES AND COST OF SALES

	1 January - 31 December 2009	1 January - 31 December 2008
Domestic sales	387.162.272	533.150.083
Export sales	326.865.378	316.816.734
	714.027.650	849.966.817
Less : Discounts and returns	(46.324.355)	(62.475.791)
Sales income (net)	**667.703.295**	**787.491.026**
Cost of sales	(563.639.032)	(649.306.626)
Gross profit	**104.064.263**	**138.184.400**

NOTE 17 - RESARCH AND DEVELOPMENT EXPENSES, MARKETING, SELLING AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES

	1 January - 31 December 2009	1 January - 31 December 2008
Marketing, selling and distribution expenses:		
Personnel expenses	9.474.654	9.032.529
Warranty expenses	7.661.047	11.277.107
Transportation and insurance expenses	5.497.115	1.997.809
Service expenses	2.107.377	2.705.274
Rent expenses	978.282	967.006
Fair expenses	939.887	2.369.494
Entertainment and travel expenses	844.173	1.444.578
Vehicle expenses	826.266	915.320
Outsourcing expenses	485.958	692.598
Advertisement expenses	490.432	2.073.360
Material expenses	415.863	133.381
Remuneration of key management personnel (Note 23.v) (*)	357.864	400.591
Provision for employment termination benefits (**)	306.571	(122.541)
Depreciation and amortisation expenses (Notes 10 and 11) (***)	107.646	15.715
Other	318.202	442.223
	30.811.337	**34.344.444**

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

NOTE 17 - RESARCH AND DEVELOPMENT EXPENSES, MARKETING, SELLING AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES (Continued)

General administrative expenses:	**1 January - 31 December 2009**	**1 January - 31 December 2008**
Personnel expenses	5.301.023	7.441.773
Service expenses paid to shareholders	2.201.132	2.453.131
Service expenses	1.789.731	1.621.451
Depreciation and amortisation expenses (Notes 10 and 11) (***)	1.413.354	1.907.178
Remuneration of key management personnel (Note 23.v) (*)	1.211.078	1.609.545
Outsourcing expenses	1.035.588	1.358.436
Repair, maintenance and energy expenses	800.289	963.981
Taxes and other legal expenses	558.459	1.967.550
Lawsuit and consultancy expenses	506.778	746.908
Entertainment and travel expenses	371.523	535.611
Provision for employment termination benefits (**)	298.307	586.023
Subscription fees	283.189	401.629
Donations and aids	280.962	1.050.447
Material expenses	277.082	363.788
Consultancy expenses	250.959	330.697
Insurance expenses	205.366	374.644
Vehicle expenses	149.636	271.951
Press relations and advertisement expenses	118.009	18.806
Other	555.336	687.762
	17.607.801	**24.691.311**

Research and development expenses:	**1 January - 31 December 2009**	**1 January - 31 December 2008**
Depreciation and amortisation expenses (Notes 10 and 11) (***)	991.256	543.428
Remuneration of key management personnel (Note 23.v) (*)	337.987	175.746
Personnel expenses	329.317	1.169.663
Outsourcing expenses	157.528	60.846
Provision for employment termination benefits (**)	78.986	30.714
Vehicle expenses	50.522	60.964
Travel expenses	25.134	28.367
Project expenses	20.768	680.740
Material expenses	2.574	115.999
Other	69.210	63.743
	2.063.282	**2.930.210**

(*) The amount of remuneration of key management personnel allocated to production costs is TL1.109.172 (2008: TL1.316.415).

(**) The amount of provision for employment termination benefits allocated to production costs is TL3.087.378 (2008: TL890.551).

(***) The amount of depreciation and amortization expenses allocated to production costs is TL4.905.184 (2008: TL8.357.880).

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

NOTE 18 - OTHER OPERATING INCOME/EXPENSES

	1 January - 31 December 2009	1 January - 31 December 2008
Gains of sale of financial asset	3.816.621	-
Termination of provision for lawsuits	1.766.705	-
Termination of provision for doubtful receivables (Note 8)	1.203.618	98.328
Gain on sales of property, plant and equipment	178.240	362.721
Commission income	-	176.905
Other income	761.874	936.236
Other operating income	**7.727.058**	**1.574.190**
Provision for doubtful receivables (Note 8)	(7.907.519)	(12.497.982)
Loss on sales of property, plant and equipment	(263.560)	(1.627)
Provision for lawsuits	(132.473)	(160.169)
Other expense	(36.605)	(435.276)
Other operating expenses	**(8.340.157)**	**(13.095.054)**

NOTE 19 - FINANCIAL INCOME

	1 January - 31 December 2009	1 January - 31 December 2008
Foreign exchange gain	318.067.182	148.764.518
Financial income from credit sales	25.156.956	83.304.378
Interest income	6.823.452	7.286.889
Financial income	**350.047.590**	**239.355.785**

NOTE 20 - FINANCIAL EXPENSES

	1 January - 31 December 2009	1 January - 31 December 2008
Foreign exchange loss	319.199.671	155.571.788
Interest expenses of bank borrowings	39.876.844	34.519.310
Financial expense on credit purchases	4.231.915	30.449.763
Other	2.971.783	808.857
Financial expenses	**366.280.213**	**221.349.718**

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

NOTE 21 - TAX ASSETS AND LIABILITIES

	31 December 2009	**31 December 2008**
Corporation and income taxes payable	6.539.181	17.086.228
Less: Prepaid taxes	(4.471.717)	(17.086.228)
Total tax payable - net	**2.067.464**	**-**

	1 January - 31 December 2009	**1 January - 31 December 2008**
Current year corporate tax expense	(6.539.181)	(17.086.228)
Deferred tax income	758.084	1.174.146
Tax expense	**(5.781.097)**	**(15.912.082)**

The Corporate Tax Law was amended by Law No.5520 dated 13 June 2006. Most of the articles of the new Corporate Tax Law in question, No.5520, has come into force effective from 1 January 2006. Corporation tax is payable, at a rate of 20% (2008: 20%) on the total income of the companies registered in Turkey after adjusting for certain disallowable expenses, exempt income and investment and other allowances (e.g. R&D allowance).

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15% (2008: 15%). An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% (2008: 20%) on their corporate income. Advance tax is payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. If, despite offsetting, there remains a paid advance tax amount, it may be refunded or offset against other liabilities to the government.

There is no such application for the reconciliation of payable taxes with the tax authority. Corporate tax returns are submitted to the related tax office by the 25th day of the fourth month following the month when the accounting year ends.

In tax reviews authorized bodies can review the accounting records for the past five years and if errors are detected, tax amounts may change due to tax assessment.

According to Turkish tax legislation, financial losses on the returns can be offset against period income for up to 5 years. However, financial losses cannot be offset against previous years' profits.

NOTE 21 - TAX ASSETS AND LIABILITIES (Continued)

There are many exemptions in Corporate Tax Law regarding corporations. Those concerning the Company are explained as follows:

Dividends obtained from Turkish resident corporations except dividends from investment funds participation certificates and investment partnerships shares are exempt from corporate tax.

75% of the gains derived from the sale of preferential rights, usufruct shares and founding shares from investment equity and real property which has remained in assets for more than two full years are exempt from corporate tax. To be entitled to the exemption, the relevant gain is required to be held in a fund account in the liabilities and it must not be withdrawn from the entity for a period of 5 years. The cost of the sale has to be collected up until the end of the second calendar year following the year the sale was realized.

Accordingly, gains with the above nature which are in the profit/loss figures are taken into consideration, in the calculation of corporate tax.

Apart from the above mentioned exceptions in the determination of the corporate tax base, allowances cited in the articles 8, 9 and 10 of Corporate Tax Law and article 40 of Income Tax Law are taken into consideration.

Deferred Taxes:

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between the financial statements prepared in accordance with the CMB Financial Reporting Standards and their statutory financial statements, using the currently enacted tax rates. These temporary differences result in the recognition of revenue and expenses in different reporting periods for CMB Financial Reporting Standards and tax purposes. The currently enacted tax rate for deferred tax assets and liabilities is 20% (2008: 20%).

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

NOTE 21 - TAX ASSETS AND LIABILITIES (Continued)

The breakdown of cumulative temporary differences and the resulting deferred tax assets/(liabilities) at 31 December 2009 and 2008 are as follows:

	Temporary differences		Deferred tax assets/(liabilities)	
	2009	**2008**	**2009**	**2008**
Property, plant and equipment and intangible assets, restatement and useful life differences	1.237.245	807.674	(247.448)	(161.535)
Unearned finance income on due from related parties	(85.299)	(404.540)	17.059	80.908
Provision for employment termination benefits	(6.301.237)	(7.573.991)	1.260.247	1.514.798
Capitalized unincurred financial expense on inventory	(80.295)	(622.126)	16.059	124.425
Fair value differences on financial asset	-	3.825.359	-	(191.268)
Warranty provision	(7.258.630)	(9.997.787)	1.451.726	1.999.557
Provision for lawsuits	(119.916)	(1.754.149)	23.983	350.830
Unearned finance income on trade receivables	(10.065.035)	(6.492.122)	2.013.007	1.298.424
Provision for doubtful receivables	(12.915.374)	(7.988.958)	2.583.077	1.597.792
Derivative financial instruments fair value differences	-	(6.131.604)	-	1.226.321
Sales premiums	-	(280.031)	-	56.006
Provision for impairment of inventory	(4.246.237)	(999.296)	849.247	199.859
Other provisions	(50.406)	(608.099)	10.081	121.619
Elimination of profit margin of the sales to free zone branch	(698.116)	(1.500.021)	139.623	300.006
Other	967.179	1.587.742	(193.436)	(317.548)
Deferred tax assets			**7.923.225**	**8.200.194**

Movements of deferred tax assets during the year are as follows:

	2009	2008
1 January	8.200.194	9.157.545
Deferred tax income	758.084	1.174.146
Charged to fair value reserve	191.268	(86.609)
Charged to hedge reserve	(1.226.321)	(2.044.888)
31 December	**7.923.225**	**8.200.194**

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

NOTE 21 - TAX ASSETS AND LIABILITIES (Continued)

The reconciliation of the current year tax charge is as follows:

	2009	**2008**
Profit before taxation on income	**36.736.121**	**82.703.637**
Tax calculated at enacted tax rate	7.347.224	16.540.727
Research and development deductions	(1.122.007)	(554.039)
Disallowable expenses	145.823	274.356
Deduction of financial losses	-	(335.979)
75% of profit from sales of subsidiary	(572.990)	-
Other	(16.953)	(12.983)
Total tax charge	**5.781.097**	**15.912.082**

NOTE 22 - EARNINGS PER SHARE

Earnings per share stated in the income statement is calculated by dividing the net income to the weighted average number of ordinary shares outstanding during the year.

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

Basic earnings per share is calculated by dividing the net income attributable to shareholders by the weighted average number of ordinary shares in issue.

	1 January - 31 December 2009	**1 January - 31 December 2008**
Profit for the year	30.955.024	66.791.556
Weighted average number of the ordinary shares	5.336.900.000	5.336.900.000
Earnings per share (in full TL per share)	0,0058	0,0125

There is no difference between basic and diluted earnings per share in any periods.

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

NOTE 23 - RELATED PARTY EXPLANATIONS

i) Balances with related parties as of 31 December 2009 and 2008:

	2009	**2008**
a) Bank deposits and borrowings		
Deposits with related parties		
Yapı ve Kredi Bankası A.Ş. ("Yapı Kredi")	146.687	39.504.246
	146.687	**39.504.246**
Borrowings from related parties		
Yapı Kredi	21.781.585	10.524.445
Yapı Kredi Finansal Kiralama A.O. ("Yapı Kredi Finansal Kiralama")	143.500	-
	21.925.085	**10.524.445**

b) Due from related parties	**2009**	**2008**
CNH International SA ("CNH International")	77.175.799	81.404.378
CNH Italy SPA ("CNH Italy")	1.926.647	730.003
Otokoç Otomotiv Tic ve San A.Ş. ("Otokoç")	1.199.553	53.980
New Holland Fiat India Pvt. Ltd. (*)	498.476	907.154
Yapı Kredi Finansal Kiralama	434.711	986.264
CNH France S.A ("CNH France")	367.309	338.710
Fiat Group Purchasing SRL	125.422	124.290
Harranova Besi ve Tarım A.Ş.	51.132	241.400
New Holland India Ag	-	133.987
Other	151.133	244.378
	81.930.182	**85.164.544**
Less: Unearned financial income	(85.299)	(404.540)
	81.844.883	**84.760.004**

(*) As of 1 January 2009, the title of Fiat India Pvt. Ltd. was changed as New Holland Fiat India Pvt. Ltd.

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

NOTE 23 - RELATED PARTY EXPLANATIONS (Continued)

	2009	**2008**
c) Due to related parties		
CNH International	4.449.433	33.779.543
Opet Petrolcülük A.Ş. ("Opet")	1.168.956	712.487
Zer Merkezi Hizmetler ve Ticaret A.Ş. ("Zer")	1.073.157	2.171.539
Koç Holding	597.187	933.923
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş. ("Koç Sistem")	494.996	315.164
Otokoç	255.908	62.650
New Holland Fiat India Pvt. Ltd.	169.318	-
Koçtaş Yapı Marketleri A.Ş.	133.500	60.652
Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş.	101.164	134.838
Koç Net Haberleşme Teknolojileri ve İletişim Hizmetleri A.Ş. ("Koç Net")	85.750	41.877
Setur Servis Turistik A.Ş. ("Setur")	37.201	105.162
Palmira Turizm Ticaret A.Ş. ("Palmira")	-	42.858
Koç Allianz Sigorta A.Ş. ("Koç Allianz ") (*)	-	16.333
CNH Italy	-	4.605
Other	208.080	67.518
	8.774.650	**38.449.149**
Less: Unearned financial expenses	(55.642)	(354.293)
	8.719.008	**38.094.856**

(*) Allianz A.G. purchased all interest of Koç Holding at Koç Allianz on April 2008. Therefore Koç Allianz is omitted from the scope of related parties.

ii) Significant sales and purchases transactions with related parties for the periods between 1 January - 31 December 2009 and 2008:

	1 January - 31 December 2009	**1 January - 31 December 2008**
a) Product sales to related parties		
CNH International (*)	312.257.820	302.218.299
CNH Italy	6.562.685	5.122.203
Case IH Machinery	5.681.787	-
Zer	834.842	873.410
Yapı Kredi Finansal Kiralama	-	2.946.119
Beldeyama Motorlu Vasıtalar Sanayi ve Ticaret A.Ş.	-	30.996
Other	4.484.486	8.786.162
	329.821.620	**319.977.189**

(*) The Company realizes export sales through CNH International.

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

NOTE 23 - RELATED PARTY EXPLANATIONS (Continued)

	1 January - 31 December 2009	1 January - 31 December 2008
b) Other income from related parties		
CNH International	247.526	297.293
Palmira	-	42.928
Other	44.067	39.991
	291.593	**380.212**

	1 January - 31 December 2009	1 January - 31 December 2008
c) Product purchases from related parties		
CNH International	35.338.651	49.800.931
Opet	6.253.547	7.502.714
Zer	641.358	492.003
Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	611.316	1.786.591
Koç Sistem	550.296	494.425
CNH France	3.603	649.127
CNH Italy	635	1.077.513
Ford Otomotiv Sanayi ve Ticaret A.Ş.	-	111.191
Other	1.746.830	817.713
	45.146.236	**62.732.208**

	1 January - 31 December 2009	1 January - 31 December 2008
d) Service purchases from related parties		
Zer	3.934.425	4.502.839
Koç Holding (*)	1.837.911	1.556.812
CNH Italy (*)	1.100.000	1.201.089
Ram Sigorta Aracılık Hizmetleri A.Ş.	990.286	4.863.879
Otokoç	925.419	1.339.046
Setur	693.752	2.090.250
Opet	418.865	558.530
Koç Sistem	376.460	321.089
Koç Net	364.607	542.489
Vehbi Koç Vakfı	250.000	1.000.000
Palmira	284	1.139.882
Koç Allianz (**)	-	64.777
Other	528.701	273.542
	11.420.710	**19.454.224**

(*) Services purchased from Koç Holding and CNH Italy include consultancy services on human resources, strategy development, intermediation and advisory activities.

(*) Allianz A.G. purchased all interest of Koç Holding at Koç Allianz on April 2008. Therefore Koç Allianz is omitted from the scope of related parties.

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

NOTE 23 - RELATED PARTY EXPLANATIONS (Continued)

iii) Financial income and expenses arising from transactions with related parties for the periods between 1 January - 31 December 2009 and 2008:

	1 January - 31 December 2009	1 January - 31 December 2008
Interest Income		
Yapı Kredi	2.261.907	1.773.099

	1 January - 31 December 2009	1 January - 31 December 2008
Interest expense		
Yapı Kredi	745.150	719.175
Yapı Kredi Finansal Kiralama	49.945	-
	795.095	**719.175**

iv) Dividends paid to related parties:

	1 January - 31 December 2009	1 January - 31 December 2008
Koç Holding	6.442.494	35.460.335
CNH International	6.404.280	35.250.000
Public quotation	3.759.348	20.691.948
Temel Ticaret	356.664	1.963.126
Other	115.294	634.591
	17.078.080	**94.000.000**

v) Other transactions with related parties for the periods between 1 January - 31 December 2009 and 2008:

	1 January - 31 December 2009	1 January - 31 December 2008
Remuneration of Board of Directors and key management personnel	3.016.101	3.502.297

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

NOTE 23 - RELATED PARTY EXPLANATIONS (Continued)

Sale of financial investments	**1 January - 31 December 2009**	**1 January - 31 December 2008**
Temel Ticaret (*)	6.532.755	-

(*) The Company sold its shareholding interest of amounting to 2,67% at Entek to Temel Ticaret on 21 July 2009.

Gain on sale of propert, plant and equipment	**1 January - 31 December 2009**	**1 January - 31 December 2008**
Zer	84.617	35.376

NOTE 24 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks. These risks are market risk, currency risk, fair value interest rate risk, price risk and cash flow interest rate risk, credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

Risk management is carried out in accordance with the program set by the Board of Directors of the Company.

a) Market Risk

Foreign currency risk

The Company is exposed to foreign exchange risks resulting from the foreign currency denominated commercial activities with the foreign companies. Currency risk arises due to foreign currency denominated recorded and prospective transactions resulting as assets and liabilities. These risks are monitored regularly and limited by analyses of the foreign currency position. The Company also utilizes derivative financial instruments to the extent necessary, to minimize the foreign currency risk.

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

NOTE 24 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

The amounts of foreign currency assets, liabilities and TL equivalents of the Company as of 31 December 2009 and 2008 are as follows:

	2009						
	TL Equivalent	**US Dollar**	**EUR**	**GBP**	**DKK**	**CHF**	**JPY**
Trade Receivables	177.226.729	1.118.972	81.258.109	-	-	-	-
Monetary Financial Assets (Including cash, banks accounts)	55.019.952	-	25.468.662	-	-	-	-
Non-monetary Financial Assets	-	-	-	-	-	-	-
Other	2.863.651	-	1.289.126	32.962	-	-	-
Current Assets	235.110.332	1.118.972	108.015.897	32.962	-	-	-
Trade Receivables	114.030.767	45.360	52.753.075	-	-	-	-
Monetary Financial Assets	-	-	-	-	-	-	-
Non-monetary Financial Assets	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Non-current Assets	114.030.767	45.360	52.753.075	-	-	-	-
Total Assets	**349.141.099**	**1.164.332**	**160.768.972**	**32.962**	**-**	**-**	**-**
Trade Payables	50.678.887	454.237	23.132.131	9.459	-	-	-
Financial Liabilities	205.851.169	-	95.288.233	-	-	-	-
Other Monetary Liabilities	83.780	13.686	29.243	-	-	-	-
Other Non-monetary Liabilities	-	-	-	-	-	-	-
Current Liabilities	256.613.836	467.923	118.449.607	9.459	-	-	-
Trade Payables	-	-	-	-	-	-	-
Financial Liabilities	98.055.898	-	45.389.945	-	-	-	-
Other Monetary Liabilities	-	-	-	-	-	-	-
Other Non-monetary Liabilities	-	-	-	-	-	-	-
Non-current Liabilities	98.055.898	-	45.389.945	-	-	-	-
Total Liabilities	**354.669.734**	**467.923**	**163.839.552**	**9.459**	**-**	**-**	**-**
Total Amount of Hedged Assets	-	-	-	-	-	-	-
Total Amount of Hedged Liabilities	-	-	-	-	-	-	-
Net Asset/(Liability) Position of Off-balance Sheet Derivative Instruments	-	-	-	-	-	-	-
Net Foreign Currency Asset/(Liability) Position	**(5.528.635)**	**696.409**	**(3.070.580)**	**23.503**	**-**	**-**	**-**
Net Monetary Foreign Currency Asset/(Liability) Position	**(5.528.635)**	**696.409**	**(3.070.580)**	**23.503**	**-**	**-**	**-**

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

NOTE 24 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

	2008						
	TL Equivalent	**US Dollar**	**EUR**	**GBP**	**DKK**	**CHF**	**JPY**
Trade Receivables	172.883.415	1.494.152	79.685.885	10.382	33.083	-	-
Monetary Financial Assets (Including cash, banks accounts)	40.925.354	10.776.237	11.504.321	-	-	-	-
Non-monetary Financial Assets	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Current Assets	213.808.769	12.270.389	91.190.206	10.382	33.083	-	-
Trade Receivables	165.051.139	68.040	77.049.814	-	-	-	-
Monetary Financial Assets	-	-	-		-	-	-
Non-monetary Financial Assets	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Non-current Assets	165.051.139	68.040	77.049.814	-	-	-	-
Total Assets	**378.859.908**	**12.338.429**	**168.240.020**	**10.382**	**33.083**	**-**	**-**
Trade Payables	97.475.377	10.258.246	38.168.051	60.989	160.874	1.143	4.189.906
Financial Liabilities	345.939.389	-	161.593.510	-	-	-	-
Other Monetary Liabilities	560.703	158.802	136.428	12.991	-	-	-
Other Non-monetary Liabilities	-	-	-	-	-	-	-
Current Liabilities	443.975.469	10.417.048	199.897.989	73.980	160.874	1.143	4.189.906
Trade Payables	-	-	-	-	-	-	-
Financial Liabilities	20.637.929	-	9.640.288	-	-	-	-
Other Monetary Liabilities	-	-	-	-	-	-	-
Other Non-monetary Liabilities	-	-	-	-	-	-	-
Non-current Liabilities	20.637.929	-	9.640.288	-	-	-	-
Total Liabilities	**464.613.398**	**10.417.048**	**209.538.277**	**73.980**	**160.874**	**1.143**	**4.189.906**
Total Amount of Hedged Assets	56.196.000	-	26.250.000	-	-	-	-
Total Amount of Hedged Liabilities	-	-	-	-	-	-	-
Net Asset/(Liability) Position of Off-balance Sheet Derivative Instruments	**56.196.000**	**-**	**26.250.000**	**-**	**-**	**-**	**-**
Net Foreign Currency Asset/(Liability) Position	**(29.557.490)**	**1.921.381**	**(15.048.257)**	**(63.598)**	**(127.791)**	**(1.143)**	**(4.189.906)**
Net Monetary Foreign Currency Asset/(Liability) Position	**(85.753.490)**	**1.921.381**	**(41.298.257)**	**(63.598)**	**(127.791)**	**(1.143)**	**(4.189.906)**

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

NOTE 24 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

The import and export amounts of the Company for the years ended 31 December 2009 and 2008 are as follows:

	1 January - 31 December 2009	1 January - 31 December 2008
Total export amount	326.865.378	316.816.734
Total import amount	137.867.343	226.293.539

As of 31 December 2009 and 2008, percentage of hedging of total foreign currency liabilities through receivables from derivative financial assets are as follows:

	2009	2008
Percentage of hedging of total foreign currency liabilities	-	12%

The Company is exposed to foreign exchange risk primarily with respect to EUR and US Dollar. The effect of the Company's EUR and US Dollar foreign currency position as of 31 December 2009 and 2008 under the assumption of the appreciation and depreciation of TL against other currencies by 10% with all other variables held constant, is as follows:

	2009			
	Profit/Loss		Shareholders' Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Had TL appreciate/(depreciate) by 10% against US Dollar				
Profit/(loss) from US Dollar net asset position	104.858	(104.858)	-	-
Hedged amount against US Dollar risk (-)	-	-	-	-
Net Effect of US Dollar	104.858	(104.858)	-	-
Had TL appreciate/(depreciate) by 10% against EUR				
Profit/(loss) from EUR net liability position	(663.337)	663.337	-	-
Hedged amount against EUR risk (-)	-	-	-	-
Net Effect of EUR	(663.337)	663.337	-	-
Total Net Effect	**(558.479)**	**558.479**	**-**	**-**

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

NOTE 24 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

	2008			
	Profit/Loss		Shareholders' Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Had TL appreciate/(depreciate) by 10% against US Dollar				
Profit/(loss) from US Dollar net asset position	290.570	(290.570)	-	-
Hedged amount against US Dollar risk (-)	-	-	-	-
Net Effect of US Dollar	**290.570**	**(290.570)**	**-**	**-**
Had TL appreciate/(depreciate) by 10% against EUR				
Profit/(loss) from EUR net liability position	(8.228.002)	8.228.002	-	-
Hedged amount against EUR risk (-)	-	-	5.619.600	(5.619.600)
Net Effect of EUR	**(8.228.002)**	**8.228.002**	**5.619.600**	**(5.619.600)**
Total Net Effect	**(7.937.432)**	**7.937.432**	**5.619.600**	**(5.619.600)**

Price Risk

As the equity investments classified under financial assets of the Company are not quoted in an active market, the Company is not exposed to price risk

Cash flow and fair value interest rate risk

As the Company has no interest-bearing debt with a variable interest rate, the Company is not exposed to cash flow interest rate risk. However, borrowings issued at fixed rates expose the Company to fair value interest rate risk and these exposures are managed by using natural hedges by offsetting interest rate sensitive assets and liabilities.

b) Credit Risk

Financial assets are in hand carrying the risk of the inability of fulfilling the requirements of the agreements by the counter parties. . The Company management manages these risks by limiting the average risk to any individual counterparty, by obtaining guarantees where necessary. The Company limits these risks that may arise from its dealers, by restricting the credit limits determined for the dealers according to the amount of the guarantees received, by updating the guarantee amounts regularly and by receiving the pledge of ownership of the tractors sold. Credit limits are regularly monitored by the Company and the customers' credit quality are regularly evaluated by considering the customers' financial position, past experiences and other factors. Trade receivables are evaluated by the management of the Company depending on their past experiences and current economic conditions and are presented in financial statements net of provision for doubtful receivables (Note 8).

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

NOTE 24 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

b) Credit risk (Continued)

The Company's maximum exposure to credit risk as of 31 December 2009 and 2008 is as follows:

	2009						
	Trade Receivables		**Other Receivables**				
	Related Party	**Third Party**	**Related Party**	**Third Party**	**Bank Deposits**	**Derivative Instruments**	**Other (*)**
Net book value of financial assets which are undue and not impaired	78.599.537	253.138.868	-	-	80.690.192	-	-
Net book value of restructured financial assets, otherwise that will be considered as due dated or impaired	-	-	-	-	-	-	-
Net book value of due dated but not impaired assets	3.245.346	26.208.547	-	-	-	-	-
Net book value of impaired assets	-	3.834.368	-	-	-	-	-
- Due dated (Gross book value)	-	24.652.328	-	-	-	-	-
- Provision (-)	-	(20.817.960)	-	-	-	-	-
- Undue (Gross book value)	-	-	-	-	-	-	-
- Provision (-)	-	-	-	-	-	-	-
Off-balance sheet items exposed to credit risk	-	-	-	-	-	-	36.167.380
Amount exposed to maximum credit risk (**)	**81.844.883**	**283.181.783**	**-**	**-**	**80.690.192**	**-**	**36.167.380**

(*) Other includes the letters of guarantee and bails given by the Company (Note 13b).
(**) The factors, increasing the credit reliability and the guarantees received are not taken into consideration in calculation of the amount.

As of 31 December 2009, the guarantee amount of the maximum exposure to credit risk is TL153.558.330. Besides, the guarantee amount of the assets which are due but not impaired and are impaired are TL41.240.800 and TL4.080.00, respectively.

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

NOTE 24 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

	2008						
	Trade Receivables		Other Receivables				
	Related Party	Third Party	Related Party	Third Party	Bank Deposits	Derivative Instruments	Other (*)
Net book value of financial assets which are undue and not impaired	56.522.358	314.471.183	-	-	115.684.361	-	-
Net book value of restructured financial assets, otherwise that will be considered as due dated or impaired	-	28.818.408	-	-	-	-	-
Net book value of due dated but not impaired assets	28.237.646	23.497.446	-	-	-	-	-
Net book value of impaired assets	-	8.065.951	-	-	-	-	-
- Due dated (Gross book value)	-	22.180.010	-	-	-	-	-
- Provision (-)	-	(14.114.059)	-	-	-	-	-
- Undue (Gross book value)	-	-	-	-	-	-	-
- Provision (-)	-	-	-	-	-	-	-
Off-balance sheet items exposed to credit risk	-	-	-	-	-	-	18.693.659
Amount exposed to maximum credit risk (**)	**84.760.004**	**374.852.988**	**-**	**-**	**115.684.361**	**-**	**18.693.659**

(*) Other includes the letters of gurantee and bails given by the Company (Note 13b).
(**) The factors, increasing the credit reliability and the guarantees received are not taken into consideration in calculation of the amount.

As of 31 December 2009, the guarantee amount of the maximum exposure to credit risk is TL142.332.702 (Note 13c). Besides, the guarantee amount of the assets which are due but not impaired and are impaired are TL70.052.980 and TL8.721.000, respectively.

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

NOTE 24 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

The aging of assets that are past due but not impaired as of 31 December 2009 and 2008 are as follows:

	2009				
	Receivables				
	Trade Receivables	**Other Receivables**	**Bank Deposits**	**Derivative Instruments**	**Other**
Past due between 1-30 days	-	-	-	-	-
Past due between 1-3 months	11.589.988	-	-	-	-
Past due between 3-12 months	17.141.804	-	-	-	-
Past due between 1-5 years	722.101	-	-	-	-
Past due over 5 years		-	-	-	-
Total past due balance	**29.453.893**	**-**	**-**	**-**	**-**
Amount secured by collaterals (*)	**41.240.800**	**-**	**-**	**-**	**-**

	2008				
	Receivables				
	Trade Receivables	**Other Receivables**	**Bank Deposits**	**Derivative Instruments**	**Other**
Past due between 1-30 days	7.304.323	-	-	-	-
Past due between 1-3 months	62.535.734	-	-	-	-
Past due between 3-12 months	10.713.443	-	-	-	-
Past due between 1-5 years	-	-	-	-	-
Past due over 5 years	-	-	-	-	-
Total past due balance	**80.553.500**	**-**	**-**	**-**	**-**
Amount secured by collaterals (*)	**103.518.076**	**-**	**-**	**-**	**-**

(*) Collaterals consist of the guarantee letters received from customers, security bonds and mortgages.

c) Liquidity Risk

Liquidity risk is managed by mainintaining cash and marketable securities, the availability of funding through an adequate amount of committed credit lines and the ability to close out market positions.

Funding risk of the current and future liabilities is managed by providing sustainability of the access to sufficient high quality creditors and the sustainability of the sufficient cash flows obtained from operating activities. The Company management, in order to ensure continous liquidity, closely follows up the timely collection of receivables, allocates high intensity focus to prevent any financial burden sourcing from late collections and determines cash and non-cash credit limits to be activated in case of need by the Company.

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

NOTE 24 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

The undiscounted cash flows of liabilities into relevant maturity groupings as of 31 December 2009 and 2008 are disclosed as follows:

	2009					
	Book value	**Up to 3 months**	**3 months to 1 year**	**1 year to 5 years**	**No maturity**	**Total contractual cash outflows**
Financial liabilities	322.249.973	172.621.508	53.573.160	107.110.494	-	333.305.162
Trade payables	57.055.341	57.272.662	-	-	-	57.272.662
Due to related parties	8.719.008	8.774.650	-	-	-	8.774.650
Provisions	7.428.952	170.322	7.258.630	-	-	7.428.952
Provision for employment termination benefits	6.301.237	-	-	-	6.301.237	6.301.237
Other financial liabilities	-	-	-	-	-	-
Other current liabilities	8.684.725	8.684.725	-	-	-	8.684.725
Financial liabilities other than derivatives	**410.439.236**	**247.523.867**	**60.831.790**	**107.110.494**	**6.301.237**	**421.767.388**
Cash inflow from derivative instruments	-	-	-	-	-	-
Cash outflow from derivative instruments	-	-	-	-	-	-
Financial liabilities from derivative instruments	**-**	**-**	**-**	**-**	**-**	**-**

	2008					
	Book value	**Up to 3 months**	**3 months to 1 year**	**1 year to 5 years**	**No maturity**	**Total contractual cash outflows**
Financial liabilities	525.433.581	305.437.347	218.390.885	26.063.731	-	549.891.963
Trade payables	74.433.859	74.993.571	-	-	-	74.993.571
Due to related parties	38.094.856	38.449.149	-	-	-	38.449.149
Provisions	12.360.035	2.362.248	9.997.787	-	-	12.360.035
Provision for employment termination benefits	7.573.991	-	-	-	7.573.991	7.573.991
Other financial liabilities	6.131.604	6.131.604	-	-	-	6.131.604
Other current liabilities	13.564.372	13.564.372	-	-	-	13.564.372
Financial liabilities other than derivatives	**677.592.298**	**440.938.291**	**228.388.672**	**26.063.731**	**7.573.991**	**702.964.685**
Cash inflow from derivative instruments	56.196.000	58.013.832	-	-	-	58.013.832
Cash outflow from derivative instruments	62.327.604	64.343.525	-	-	-	64.343.525
Financial liabilities from derivative instruments	**6.131.604**	**6.329.693**	**-**	**-**	**-**	**6.329.693**

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

NOTE 24 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Company monitors capital on the basis of the net debt/capital (gearing) ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total payables (including borrowings and trade and other payables, as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as equity, as shown in the balance sheet, plus net debt.

The gearing ratios at 31 December 2009 and 2008 are as follows:

	2009	**2008**
Total payables	398.776.511	651.526.668
Less: Cash and cash equivalents (Note 4)	(80.396.303)	(115.448.598)
Net debt	**318.380.208**	**536.078.070**
Total shareholders' equity	300.700.934	285.552.805
Total capital	**619.081.142**	**821.630.875**
Net debt/capital	**51%**	**65%**

Fair value of financial assets

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 Company 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 Company could realise in a current market exchange.

NOTE 24 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

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:

Financial assets

The fair values of balances denominated in foreign currencies, which are translated at year-end exchange rates, are considered to approximate carrying value.

The fair values of cash and cash equivalent are considered to approximate their respective carrying values due to their short-term nature.

The discounted carrying values of trade receivables along with the related allowances for uncollectability are estimated to be their fair values.

The fair value of available for sale financial investments, that are not quoted in active markets is determined using generally accepted valuation methods or is determined at cost less provision for impairment.

Financial liabilities

The fair values of short-term and long-term bank borrowings are presented in Note 6.

Trade payables, which are measured at amortised cost, are considered to approximate their carrying value.

NOTE 25 - EXPLANATION ADDED FOR CONVENIENCE TRANSLATION INTO ENGLISH

As of 31 December 2009, the financial reporting standards (defined as 'CMB Financial Reporting Standards') differ from IFRS issued by the IASB with respect to the application of inflation accounting for the period between 1 January - 31 December 2005. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

……………………..