

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REVIEW REPORT AND
CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD BETWEEN 1 JANUARY - 30 JUNE 2010**

(ORIGINALLY ISSUED IN TURKISH)

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
INTERIM FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

**SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL
STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY-30 JUNE 2010**

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**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
INTERIM FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

**BALANCE SHEETS
AT 30 JUNE 2010 AND 31 DECEMBER 2009**

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

	Notes	Reviewed 30 June 2010	Audited 31 December 2009
ASSETS			
CURRENT ASSETS		621.085.192	538.639.584
Cash and cash equivalents	3	104.148.274	80.690.192
Trade receivables			
- Trade receivables	5	214.880.183	165.029.018
- Due from related parties	19	98.503.563	81.844.883
Inventories	6	129.177.501	140.286.921
Other current assets	9	74.375.671	70.788.570
NON-CURRENT ASSETS		145.759.271	174.568.050
Trade receivables	5	82.151.223	118.152.765
Property, plant and equipment	7	37.198.377	37.907.359
Intangible assets	8	12.187.138	10.102.274
Deferred tax assets	17	13.906.214	7.923.225
Other non-current assets	9	316.319	482.427
TOTAL ASSETS		766.844.463	713.207.634

These condensed interim financial statements prepared as of and for the interim period ended at 30 June 2010 have been approved for issue by the Board of Directors ("BOD") on 11 August 2010 and signed on its behalf of BOD by General Manager, Marco Votta and Chief Financial Officer, Memet İlkan Kamber.

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

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INTERIM FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

**BALANCE SHEETS
AT 30 JUNE 2010 AND 31 DECEMBER 2009**

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

	Notes	Reviewed 30 June 2010	Audited 31 December 2009
LIABILITIES			
CURRENT LIABILITIES		254.776.907	308.149.565
Financial liabilities	4	57.873.305	224.194.075
Trade payables			
- Trade payables	5	142.865.434	57.055.341
- Due to related parties	19	13.936.677	8.719.008
Taxation on income	17	13.709.837	2.067.464
Provision for liabilities	10	13.377.190	7.428.952
Other current liabilities	9	13.014.464	8.684.725
NON-CURRENT LIABILITIES		154.348.243	104.357.135
Financial liabilities	4	147.549.281	98.055.898
Provision for employment termination benefits	11	6.798.962	6.301.237
EQUITY		357.719.313	300.700.934
Share capital	12	53.369.000	53.369.000
Adjustment to share capital	12	39.014.356	39.014.356
Merger reserve	12	(5.569.000)	(5.569.000)
Restricted profit reserves	12	59.969.647	59.011.780
Retained earnings	12	141.669.814	123.919.774
Net profit for the period	12	69.265.496	30.955.024
TOTAL LIABILITIES		766.844.463	713.207.634

Provisions, contingent assets and liabilities 10

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

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TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

**CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
FOR THE INTERIM PERIODS BETWEEN 1 JANUARY-30 JUNE 2010 AND 2009**

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

	Notes	1 January- 30 June 2010	1 April- 30 June 2010	1 January- 30 June 2009	1 April- 30 June 2009
Sales (net)	13	544.327.887	305.178.381	326.235.025	170.261.167
Cost of sales (-)	13	(409.545.037)	(226.335.190)	(284.275.739)	(141.776.689)
GROSS PROFIT		134.782.850	78.843.191	41.959.286	28.484.478
Marketing, selling and distribution expenses (-)		(20.264.644)	(11.649.613)	(13.083.851)	(7.145.610)
General administrative expenses (-)		(12.097.345)	(6.187.599)	(9.099.669)	(4.384.004)
Research and development expenses (-)		(1.086.661)	(580.975)	(1.403.244)	(823.989)
Other operating income	14	1.630.841	565.326	2.175.520	1.988.623
Other operating expenses (-)	14	(17.718.622)	(7.855.267)	(3.729.750)	(3.665.406)
OPERATING PROFIT		85.246.419	53.135.063	16.818.292	14.454.092
Financial income	15	183.625.726	96.231.364	184.285.706	92.613.390
Finance costs (-)	16	(182.931.059)	(93.369.839)	(194.382.872)	(91.026.438)
PROFIT BEFORE TAXATION ON INCOME		85.941.086	55.996.588	6.721.126	16.041.044
Taxes on income (-)	17	(22.658.579)	(13.943.885)	(1.702.224)	(1.702.224)
Deferred tax income	17	5.982.989	3.057.113	497.445	87.141
PROFIT FOR THE PERIOD		69.265.496	45.109.816	5.516.347	14.425.961
Earnings per share (TL)	18	0,0130	0,0085	0,0010	0,0027
OTHER COMPREHENSIVE INCOME					
Change in financial asset value increase fund		-	-	(8.745)	-
Change in hedge reserve fund		-	-	6.131.604	-
Tax expense on other comprehensive income		-	-	(1.225.884)	-
OTHER COMPREHENSIVE INCOME (AFTER TAX)		-	-	4.896.975	-
TOTAL COMPREHENSIVE INCOME		69.265.496	45.109.816	10.413.322	14.425.961

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

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INTERIM FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE INTERIM PERIODS BETWEEN 1 JANUARY-30 JUNE 2010 AND 2009**

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

	Share capital	Adjustment to share capital	Fair value reserves	Hedge reserve	Merger reserve	Restricted profit reserves	Retained earnings	Net profit for the period	Total equity
1 January 2010	53.369.000	39.014.356	-	-	(5.569.000)	59.011.780	123.919.774	30.955.024	300.700.934
Transfers	-	-	-	-	-	957.867	29.997.157	(30.955.024)	-
Dividends paid	-	-	-	-	-	-	(12.247.117)	-	(12.247.117)
Net profit for the period	-	-	-	-	-	-	-	69.265.496	69.265.496
30 June 2010	53.369.000	39.014.356	-	-	(5.569.000)	59.969.647	141.669.814	69.265.496	357.719.313
	Share capital	Adjustment to share capital	Fair value reserves	Hedge reserve	Merger reserve	Restricted profit reserves	Retained earnings	Net profit for the period	Total 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)
Decrease in the fair value of available for sale investments	-	-	(8.745)	-	-	-	-	-	(8.745)
Deferred tax calculated on decrease in the fair value of available for sale investments	-	-	437	-	-	-	-	-	437
Redemption of derivative financial instruments	-	-	-	4.905.283	-	-	-	-	4.905.283
Net profit for the period	-	-	-	-	-	-	-	5.516.347	5.516.347
30 June 2009	53.369.000	39.014.356	3.625.790	-	(5.569.000)	59.011.780	123.919.774	5.516.347	278.888.047

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TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

**CONDENSED INTERIM STATEMENTS OF CASH FLOW FOR THE INTERIM
PERIODS BETWEEN 1 JANUARY-30 JUNE 2010 AND 2009**

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

	Notes	Reviewed 30 June 2010	Reviewed 30 June 2009
Operating activities:			
Profit before taxation on income		85.941.086	6.721.126
Depreciation	7	3.250.189	3.281.023
Amortisation	8	863.429	396.696
Provision for employment termination benefits	11	1.045.570	3.160.292
(Gain)/loss from sales of property, plant and equipment - net	14	(219.023)	105.129
Interest income	15	(2.257.730)	(5.439.204)
Interest expense	16	4.781.958	27.033.677
Provision for impairment of inventory	6	1.547.758	4.127.657
Expense accruals-net		5.948.238	(1.756.987)
Provision for doubtful receivables	14	17.532.765	3.375.065
Other non-cash items		(12.359.702)	1.931.660
Net cash flow before changes in operating assets and liabilities		106.074.538	42.936.134
Changes in assets and liabilities - net:			
(Increase)/decrease in trade receivables		(44.514.955)	9.921.587
(Increase)/decrease in due from related parties		(16.658.680)	21.521.454
Decrease in inventories		9.338.896	88.850.760
Increase in other current assets		(3.587.101)	(11.373.768)
Decrease in other non-current assets		166.108	11.653
Increase/(decrease) in due to related parties		5.217.669	(26.666.488)
Increase/(decrease) in trade payables		89.849.122	(22.889.888)
Increase/(decrease) in other short-term liabilities		4.329.738	(7.162.235)
Employment termination benefits paid	11	(547.845)	(4.931.466)
Taxes paid		(11.016.206)	(779.157)
Net cash provided by operating activities		138.651.284	89.438.586
Investing activities:			
Capital expenditures		(5.525.307)	(2.976.935)
Proceeds from sales of property, plant and equipment and intangible assets		254.830	519.460
Interest received		2.174.051	5.438.700
Net cash (used in)/provided by investing activities		(3.096.426)	2.981.225
Financing activities:			
Proceeds from bank borrowings		108.142.100	326.083.289
Repayment of financial borrowings		(202.817.949)	(431.515.908)
Dividends paid		(12.247.117)	(17.078.080)
Interest paid		(3.623.961)	(28.508.166)
Net cash used in investing activities		(110.546.927)	(151.018.865)
Currency translation effect		(2.055.165)	(320.137)
Net increase/(decrease) in cash and cash equivalents		25.007.931	(58.599.054)
Cash and cash equivalents at the beginning of the period	3	80.396.303	115.448.598
Cash and cash equivalents at the end of the period	3	103.349.069	56.529.407

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

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TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

**SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL
STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY-30 JUNE 2010**

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

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 company of the Koç Holding A.Ş. (“Koç Holding”). As of 30 June 2010, major shareholders of the Company are Koç Holding and CNH Global N.V. (“CNH”) (Note 12). The number of personnel working within the Company as of 30 June 2010 is 1.684 (31 December 2009: 1.246).

The Company and the New Holland Trakmak Traktör ve Ziraat Makinaları A.Ş. (“Trakmak”), was merged in relation to the merger agreement registered on 31 March 2008, through transfer of all the assets and liabilities of Trakmak into the Company as a whole.

The method adopted in the business combination of the Company and Trakmak, was merger over adjusted equities in accordance with the International Financial Report Standards. Merger ratio based on the equity method that 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.

The Company conducts marketing and selling activities in the domestic market, through its 116 sales dealers and 90 spare part dealers.

The Company is registered in Turkey in the following address:

Güvercin Yolu No: 111-112
Gazi 06560 Ankara

As of 30 June 2010, the free float of the Company whose shares are traded in the İstanbul Stock Exchange (“ISE”) is 22% (31 December 2009: 22%) (Note 12).

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.

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TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

**SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL
STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY-30 JUNE 2010**

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

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

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 from 1 January 2005.

According to the Communiqué No: XI-29 of CMB, the entities are free to prepare their interim financial statements as a full set or condensed based on IAS 34 “Interim Financial Reporting” standard. In this respect, the Company preferred to prepare condensed financial statements for interim periods and prepared its condensed interim financial statements according to the CMB Financial Reporting Standards.

As the differences of the IAS/IFRS endorsed by the European Union from the ones issued by the IASB has not been announced by TIASB 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 including the compulsory disclosures.

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

- IFRS 2 (Amendments), “Group cash-settled and share-based payment transactions”, (effective for the reporting periods beginning on or after 1 January 2010).
- IFRS 5 (Amendment), “Non-current Assets Held for Sale and Discontinued Operations”, (effective for the reporting periods beginning on or after 1 January 2010).
- IFRS 8, “Operating Segments”, (effective for the reporting periods beginning on or after 1 January 2010).
- IAS 1 (Amendment), “Presentation of financial statements”, (effective for the reporting periods beginning on or after 1 January 2010).
- IAS 7 (Revised), “Statements of cash flows”, (effective for the reporting periods beginning on or after 1 January 2010).
- IAS 17 (Revised), “Leases”, (effective for the reporting periods beginning on or after 1 January 2010).
- IAS 36 (Revised), “Impairment of Assets”, (effective for the reporting periods beginning on or after 1 January 2010).
- IAS 38 (Amendment), “Intangible Assets”, (effective for the reporting periods beginning on or after 1 January 2010).
- IAS 39 (Revised), “Financial instruments: Recognition and measurement”, (effective for annual periods beginning on or after 1 January 2010).

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TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

**SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL
STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY-30 JUNE 2010**

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

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

- IAS 32 (Amendment), “Financial Instruments: Presentation”, (effective for the reporting periods beginning on or after 1 February 2010).
- IAS 24 (Amendment), “Related party disclosures”, (effective for the reporting periods beginning on or after 1 January 2011).
- IFRS 9, “Financial Instruments”, (issued at November 2009 and effective for the reporting periods beginning on or after 1 January 2013).

2.3 Errors and changes in accounting policies/estimations

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

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

2.4 Summary of significant accounting policies

The condensed interim financial statements for the period ended 30 June 2010 have been prepared in accordance with IAS 34, which is related to interim financial reporting. In addition, the condensed interim financial statements as of 30 June 2010 are prepared by using accounting policies that are consistent with the accounting policies used in preparation of the financial statements for the year ended 31 December 2009. Therefore, these condensed interim financial statements shall be considered together with the financial statements for the year ended 31 December 2009.

NOTE 3 - CASH AND CASH EQUIVALENTS

	30 June 2010	31 December 2009
Cheques received	-	108.257
Banks		
- TL denominated demand deposits	2.710.194	5.554.798
- TL denominated time deposits	65.998.248	20.007.185
- Foreign currency denominated demand deposits	549.340	1.709.939
- Foreign currency denominated time deposits	34.890.492	53.310.013
	104.148.274	80.690.192

As of 30 June 2010, the weighted average effective annual interest rate for TL and EURO (“EUR”) time deposits are 9,73% and 4,10%, respectively (31 December 2009: TL: 8,52%, EUR: 2,67%). As of 30 June 2010 and 31 December 2009, time to maturity of time deposits is less than three months.

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**SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL
STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY-30 JUNE 2010**

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

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

The cash and cash equivalents included in the statements of cash flows at 30 June 2010, 31 December 2009, 30 June 2009 and 31 December 2008 is as follows:

	30 June 2010	31 December 2009	30 June 2009	31 December 2008
Banks	104.148.274	80.690.192	56.642.164	115.684.361
Less: Interest accruals	(142.614)	(58.935)	(100.535)	(100.032)
Less: Restricted bank deposits	(656.591)	(234.954)	(12.222)	(135.731)
Cash and cash equivalents	103.349.069	80.396.303	56.529.407	115.448.598

NOTE 4 - FINANCIAL LIABILITIES

a) Short-term financial liabilities

Short-term bank borrowings

	<u>Original currency amount</u>		<u>Weighted average effective interest rate p.a. (%)</u>		<u>TL equivalent</u>	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009	30 June 2010	31 December 2009
TL bank borrowings	10.637.285	18.199.406	7,00	7,47	10.637.285	18.199.406
EUR bank borrowings	24.537.861	95.288.233	3,28	4,49	47.154.408	205.851.169
					57.791.693	224.050.575

Short-term financial lease obligations

	<u>Original currency amount</u>		<u>TL equivalent</u>	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009
TL	81.612	143.500	81.612	143.500
			81.612	143.500
Total short-term financial liabilities			57.873.305	224.194.075

b) Long-term financial liabilities

Long-term bank borrowings

	<u>Original currency amount</u>		<u>Weighted average effective interest rate p.a. (%)</u>		<u>TL equivalent</u>	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009	30 June 2010	31 December 2009
EUR bank borrowings	76.780.601	45.389.945	4,10	4,52	147.549.281	98.055.898
Total long-term financial liabilities					147.549.281	98.055.898

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STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY-30 JUNE 2010**

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

NOTE 4 - FINANCIAL LIABILITIES (Continued)

As of 30 June 2010, the Company borrowed TL76,868,000 (2009: TL118.816.500) (equivalent of 40 million EUR (31 December 2009: 55 million EUR)), under the scope of the syndicated loan which was extended to be used by Koç Group of Companies and whose agreement was signed between Koç Holding and various financial institutions.

Redemption schedule of the long-term bank borrowings as of 30 June 2010 is as follows:

	2010
2011	69.400.941
2012	78.148.340
	147.549.281

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

	<u>Carrying value</u>		<u>Fair value</u>	
	<u>30 June 2010</u>	<u>31 December 2009</u>	<u>30 June 2010</u>	<u>31 December 2009</u>
Bank borrowings	205.340.974	322.106.473	207.349.734	321.885.246

As of 30 June 2010, 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 4,59% and 7,00%, respectively (31 December 2009: EUR and TL bank borrowings of 4,02% and 7,22% p.a., respectively).

NOTE 5 - TRADE RECEIVABLES AND PAYABLES

	30 June 2010	31 December 2009
Short-term trade receivables:		
Customer current accounts	163.837.918	94.315.825
Notes receivables	69.780.992	74.858.377
Protested notes	19.423.653	20.287.722
	253.042.563	189.461.924
Less: Provision for doubtful receivables	(37.098.850)	(20.817.960)
Unearned financial income	(1.063.530)	(3.614.946)
Short-term trade receivables	214.880.183	165.029.018
Due from related parties (Note 19)	98.503.563	81.844.883
Total short-term trade receivables	313.383.746	246.873.901

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NOTE 5 - 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 periods ended 30 June 2010 and 2009 are as shown below:

	2010	2009
1 January	20.817.960	14.114.059
Collections during the period (Note 14)	(1.251.875)	(8.514)
Additions during the period (Note 14)	17.532.765	3.375.065
30 June	37.098.850	17.480.610

	30 June 2010	31 December 2009
Long-term trade receivables:		
Notes receivable	92.026.710	130.114.372
Less: Unearned financial income	(9.875.487)	(11.961.607)
Total long-term trade receivables	82.151.223	118.152.765

	30 June 2010	31 December 2009
Trade payables:		
Supplier current accounts	143.386.872	57.272.662
Less: Unincurred finance costs	(521.438)	(217.321)
Trade payables	142.865.434	57.055.341
Due to related parties (Note 19)	13.936.677	8.719.008
Total trade payables	156.802.111	65.774.349

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NOTE 6 - INVENTORIES

	30 June 2010	31 December 2009
Raw materials	34.164.576	41.519.857
Work in progress	9.535.875	1.748.526
Finished goods	23.189.035	13.281.639
Trade goods	48.213.877	67.643.557
Spare parts	12.683.750	11.465.169
Goods in transit	7.184.383	8.874.410
	134.971.496	144.533.158
Provision for impairment of inventory	(5.793.995)	(4.246.237)
	129.177.501	140.286.921

The cost of inventories recognised as expense in the current period is amounting to TL384.430.195 (30 June 2009: TL226.382.187).

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

	2010	2009
1 January	(4.246.237)	(999.296)
Provision for impairment charge of inventory for the period, net	(1.547.758)	(4.127.657)
30 June	(5.793.995)	(5.126.953)

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NOTE 7 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2010	Additions	Disposals	30 June 2010
<u>Cost</u>				
Land	373.095	-	-	373.095
Land improvements	4.479.678	-	-	4.479.678
Buildings	48.419.992	-	-	48.419.992
Machinery and equipment	313.056.236	1.737.160	(896.491)	313.896.905
Special costs	2.623.444	73.566	-	2.697.010
Motor vehicles	2.230.392	-	(316.938)	1.913.454
Furniture and fixtures	20.772.330	292.505	(58.197)	21.006.638
Construction in progress	2.042.878	471.420	-	2.514.298
	393.998.045	2.574.651	(1.271.626)	395.301.070
<u>Accumulated depreciation</u>				
Land improvements	2.950.217	56.806	-	3.007.023
Buildings	32.102.848	730.798	-	32.833.646
Machinery and equipment	298.507.356	1.916.370	(896.491)	299.527.235
Special costs	2.535.582	23.730	-	2.559.312
Motor vehicles	1.335.861	137.086	(283.494)	1.189.453
Furniture and fixtures	18.658.822	385.399	(58.197)	18.986.024
	356.090.686	3.250.189	(1.238.182)	358.102.693
Net book value	37.907.359			37.198.377
	1 January 2009	Additions	Disposals	30 June 2009
<u>Cost</u>				
Land	373.095	-	-	373.095
Land improvements	4.479.678	-	-	4.479.678
Buildings	48.193.297	220.695	-	48.413.992
Machinery and equipment	313.339.143	689.325	(3.053.502)	310.974.966
Special costs	2.614.694	-	-	2.614.694
Motor vehicles	2.661.564	255.801	(871.927)	2.045.438
Furniture and fixtures	20.714.636	87.019	(127.881)	20.673.774
Construction in progress	376.218	-	-	376.218
	392.752.325	1.252.840	(4.053.310)	389.951.855
<u>Accumulated depreciation</u>				
Land improvements	2.833.060	58.609	-	2.891.669
Buildings	30.636.092	732.060	-	31.368.152
Machinery and equipment	297.594.831	1.900.062	(2.904.517)	296.590.376
Special costs	2.487.738	24.103	-	2.511.841
Motor vehicles	1.429.626	161.836	(398.111)	1.193.351
Furniture and fixtures	18.161.390	404.353	(126.093)	18.439.650
	353.142.737	3.281.023	(3.428.721)	352.995.039
Net book value	39.609.588			36.956.816

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NOTE 7 - PROPERTY, PLANT AND EQUIPMENT (Continued)

For the period ended 30 June 2010, of the total depreciation expense amounting to TL3.250.189 (30 June 2009: TL3.281.023), TL2.351.837 (30 June 2009: TL2.186.589) is allocated to production costs, TL678.012 (30 June 2009: TL630.373) is allocated to general administrative expenses, TL181.998 (30 June 2009: TL428.413) is allocated to research and development expenses and TL38.342 (30 June 2009: TL35.648) is allocated to marketing, selling and distribution expenses. The depreciation expense amounting to TL176.650 is capitalized during the period as it is related to the development costs.

NOTE 8 - INTANGIBLE ASSETS

	1 January 2010	Additions	Disposals	30 June 2010
<u>Cost</u>				
Rights	4.877.291	238.342	(842.217)	4.273.416
Development costs	6.989.807	-	-	6.989.807
Development costs in progress	3.356.748	2.712.314	-	6.069.062
	15.223.846	2.950.656	(842.217)	17.332.285
<u>Accumulated amortisation</u>				
Rights	4.302.099	164.448	(839.854)	3.626.693
Development costs	819.473	698.981	-	1.518.454
	5.121.572	863.429	(839.854)	5.145.147
Net book value	10.102.274			12.187.138
	1 January 2009	Additions	Disposals	30 June 2009
<u>Cost</u>				
Rights	4.568.981	37.332	-	4.606.313
Development costs	2.592.034	-	-	2.592.034
Development costs in progress	2.627.088	1.686.763	-	4.313.851
	9.788.103	1.724.095	-	11.512.198
<u>Accumulated amortisation</u>				
Rights	4.029.857	137.492	-	4.167.349
Development costs	102.579	259.204	-	361.783
	4.132.436	396.696	-	4.529.132
Net book value	5.655.667			6.983.066

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.

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NOTE 8 - INTANGIBLE ASSETS (Continued)

For the period ended 30 June 2010, of the total amortisation expenses amounting to TL863.429 (30 June 2009: TL396.696), TL118.995 (30 June 2009: TL99.489) is allocated to production costs, TL34.305 (30 June 2009: TL28.682) is allocated to general administrative expenses, TL708.189 (30 June 2009: TL266.902) is allocated to research and development expenses and TL1.940 (30 June 2009: TL1.623) is allocated to marketing, selling and distribution expenses.

NOTE 9 - OTHER ASSETS AND LIABILITIES

a) Other current assets:

	30 June 2010	31 December 2009
Refundable value added tax ("VAT")	43.508.271	51.478.953
Deductable VAT	30.264.777	19.016.063
Prepaid expenses	491.604	232.004
Other	111.019	61.550
	74.375.671	70.788.570

b) Other non-current assets:

	30 June 2010	31 December 2009
Deposits and guarantees given	316.319	482.427
	316.319	482.427

c) Other short term liabilities:

	30 June 2010	31 December 2009
Deferred income (*)	6.749.109	2.083.825
Taxes and funds payable	2.314.853	2.385.011
Payables to personnel	1.537.888	1.096.025
Other	2.412.614	3.119.864
	13.014.464	8.684.725

(*) Deferred income represents the sales amount of tractors for which the invoices are issued but are not yet delivered to customers as of 30 June 2010 and 31 December 2009.

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NOTE 10 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Provisions

	30 June 2010	31 December 2009
Warranty provisions	8.527.687	7.258.630
Provision for lawsuits (*)	192.729	119.916
Other provisions (**)	4.656.774	50.406
	13.377.190	7.428.952

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

(**) As of 30 June 2010, the balance consists of provision for staff bonus, donations, grants and other expense provisions.

The movements of provision for warranty expenses during the period ended 30 June 2010 and 2009 are as follows:

	2010	2009
1 January	7.258.630	9.997.787
Released during the period	(5.159.302)	(4.461.923)
Charge for the period	6.428.359	2.758.736
30 June	8.527.687	8.294.600

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

	2010	2009
1 January	119.916	1.754.149
Charge for the period (Note 14)	72.813	78.829
Released during the period (Note 14)	-	(1.751.978)
30 June	192.729	81.000

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

	2010	2009
1 January	50.406	608.099
Released during the period	(50.406)	(608.099)
Charge for the period	4.656.774	2.227.450
30 June	4.656.774	2.227.450

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NOTE 10 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

b) Contingent Liabilities

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

	30 June 2010	31 December 2009
A. The total amount of collaterals given on behalf of its own legal entity	30.390.221	28.847.890
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
D. The total amount of other collaterals given	-	-
i. The total amount of collaterals given in favor of the parent company	-	-
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	-	-
	30.390.221	36.167.380

(*) As of 31 December 2009, the Company signed as guarantor against bank borrowings, amounting to EUR3.388.182, 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 8,5% (31 December 2009: 12%).

c) Contingent Assets

	30 June 2010	31 December 2009
Letters of guarantee received	158.939.659	150.460.729
Mortgages	7.969.980	1.335.480
Security bonds	1.750.000	1.750.000
Foreign currency guarantees in cash	554.619	12.121
	169.214.258	153.558.330

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NOTE 11 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

	30 June 2010	31 December 2009
Provision for employment termination benefits	6.798.962	6.301.237
	6.798.962	6.301.237

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

Under the 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 TL2.427,04 for each year of service as of 30 June 2010 (31 December 2009: TL2.365,16).

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:

	30 June 2010	31 December 2009
Discount rate (%)	5,92	5,92
Turnover rate to estimate the probability of retirement (%)	96,15	95,99

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 TL2.517,01 (1 January 2010: TL2.427,04) which is effective from 1 July 2010 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 period are as follows:

	2010	2009
1 January	6.301.237	7.573.991
Increase during the period	1.045.570	3.160.292
Paid during the period	(547.845)	(4.931.466)
30 June	6.798.962	5.802.817

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NOTE 12 - EQUITY

Share Capital

The Company's registered share capital amounts to TL250.000.000 (31 December 2009: 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 30 June 2010 and 31 December 2009 are as follows:

	30 June 2010		31 December 2009	
	Participation (%)	Amount (TL)	Participation (%)	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
Adjustment to share capital		39.014.356		39.014.356
		92.383.356		92.383.356

Adjustment to share capital represents 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 30 June 2010, 22% (31 December 2009: 22%) of the Company shares are quoted at ISE.

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NOTE 12 - EQUITY (Continued)

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 profit 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.

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 transferred to capital should be classified under "Adjustments 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.

Dividend distribution

In the Ordinary General Meeting of the Company held on 26 March 2010, it was decided to distribute dividend amounting to TL12.247.117 (Note 19).

In the statutory financial statements of the Company, in addition to the statutory profit amounting to TL88.916.390 for the period ended 30 June 2010, there are other resources that can be subject to a possible dividend distribution amounting to TL163.838.342.

The Company's equity as of 30 June 2010 and 31 December 2009 is as follows:

	30 June 2010	31 December 2009
Share capital	53.369.000	53.369.000
Adjustment to share capital	39.014.356	39.014.356
Merger reserve	(5.569.000)	(5.569.000)
Restricted profit reserves	59.969.647	59.011.780
Retained earnings	141.669.814	123.919.774
Net profit for the period	69.265.496	30.955.024
Total equity	357.719.313	300.700.934

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NOTE 13 - SALES AND COST OF SALES

	1 January- 30 June 2010	1 April- 30 June 2010	1 January- 30 June 2009	1 April- 30 June 2009
Domestic sales	390.304.682	234.712.663	182.028.892	125.950.414
Export sales	192.827.271	95.124.092	166.265.671	60.566.475
	583.131.953	329.836.755	348.294.563	186.516.889
Less: Discounts and returns	(38.804.066)	(24.658.374)	(22.059.538)	(16.255.722)
Sales income (net)	544.327.887	305.178.381	326.235.025	170.261.167
Cost of sales	(409.545.037)	(226.335.190)	(284.275.739)	(141.776.689)
Gross profit	134.782.850	78.843.191	41.959.286	28.484.478

NOTE 14 - OTHER OPERATING INCOME/EXPENSES

	1 January- 30 June 2010	1 April- 30 June 2010	1 January- 30 June 2009	1 April- 30 June 2009
Cancellation of provision for doubtful receivables	1.251.875	330.825	8.514	8.514
Gain on sales of property, plant and equipment	220.604	143.164	158.020	94.816
Cancellation of provision for lawsuits	-	-	1.751.978	1.751.978
Other income	158.362	91.337	257.008	133.315
Other operating income	1.630.841	565.326	2.175.520	1.988.623
Provision for doubtful receivables	(17.532.765)	(8.212.151)	(3.375.065)	(3.375.065)
Provision for lawsuits	(72.813)	469.664	(78.829)	(49.138)
Loss on sales of property, plant and equipment	(1.581)	(1.581)	(263.149)	(241.194)
Other expense	(111.463)	(111.199)	(12.707)	(9)
Other operating expenses	(17.718.622)	(7.855.267)	(3.729.750)	(3.665.406)

NOTE 15 - FINANCIAL INCOME

	1 January- 30 June 2010	1 April- 30 June 2010	1 January- 30 June 2009	1 April- 30 June 2009
Foreign exchange gain	171.056.164	89.132.092	161.850.146	83.780.391
Financial income from credit sales	10.311.832	5.648.209	16.996.356	7.031.163
Interest income	2.257.730	1.451.063	5.439.204	1.801.836
Financial income	183.625.726	96.231.364	184.285.706	92.613.390

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NOTE 16 - FINANCE COSTS

	1 January- 30 June 2010	1 April- 30 June 2010	1 January- 30 June 2009	1 April- 30 June 2009
Foreign exchange loss	(172.570.851)	(88.266.059)	(161.151.435)	(77.142.896)
Interest expenses on bank borrowings	(4.781.958)	(2.161.175)	(27.033.677)	(12.625.108)
Finance charges on credit purchases	(4.435.271)	(2.729.232)	(3.957.530)	(859.531)
Other	(1.142.979)	(213.373)	(2.240.230)	(398.903)
Finance costs	(182.931.059)	(93.369.839)	(194.382.872)	(91.026.438)

NOTE 17 - TAX ASSETS AND LIABILITIES

	30 June 2010	31 December 2009
Corporation and income taxes payable	22.658.579	6.539.181
Less: Prepaid taxes	(8.948.742)	(4.471.717)
Total tax payable - net	13.709.837	2.067.464

	1 January- 30 June 2010	1 April- 30 June 2010	1 January- 30 June 2009	1 April- 30 June 2009
Current period corporate tax expense	(22.658.579)	(13.943.885)	(1.702.224)	(1.702.224)
Deferred tax income	5.982.989	3.057.113	497.445	87.141
Tax expense	(16.675.590)	(10.886.772)	(1.204.779)	(1.615.083)

In Turkey, the corporate tax rate is 20% for 2010 (31 December 2009: 20%). Corporate tax is payable on the total income of the companies registered in Turkey after adjusting for certain disallowable expenses, exempt income (e.g. exemption for income from participations) and investment and other allowances (e.g. R&D allowance).

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 Laws. The currently enacted tax rate for deferred tax assets and liabilities is 20% (31 December 2009: 20%).

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NOTE 17 - TAX ASSETS AND LIABILITIES (Continued)

The breakdown of cumulative temporary differences and the resulting deferred tax assets/(liabilities) at 30 June 2010 and 31 December 2009 are as follows:

	<u>Temporary differences</u>		<u>Deferred tax assets/(liabilities)</u>	
	<u>30 June 2010</u>	<u>31 December 2009</u>	<u>30 June 2010</u>	<u>31 December 2009</u>
Property, plant and equipment and intangible assets, restatement and useful life differences	404.058	1.237.245	(80.812)	(247.448)
Unearned finance income on due from related parties	(112.971)	(85.299)	22.594	17.059
Provision for employment termination benefits	(6.798.962)	(6.301.237)	1.359.792	1.260.247
Finance charge on inventory	(2.388.294)	(80.295)	477.659	16.059
Warranty provision	(8.527.687)	(7.258.630)	1.705.537	1.451.726
Provision for lawsuits	(192.729)	(119.916)	38.546	23.983
Unearned finance income on trade receivables	(7.405.059)	(10.065.035)	1.481.012	2.013.007
Provision for doubtful receivables	(28.983.623)	(12.915.374)	5.796.725	2.583.077
Sales premium accrual	(4.846.039)	-	969.208	-
Provision for impairment of inventory	(5.793.995)	(4.246.237)	1.158.799	849.247
Other provisions	(4.656.774)	(50.406)	931.355	10.081
Elimination of profit margin on purchases from free zone branch	(932.055)	(698.116)	186.411	139.623
Other	703.053	967.179	(140.612)	(193.436)
Deferred tax asset			13.906.214	7.923.225

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

	2010	2009
1 January	7.923.225	8.200.194
Deferred tax income	5.982.989	497.445
Charged to fair value reserve	-	437
Charged to hedge reserve	-	(1.226.321)
30 June	13.906.214	7.471.755

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NOTE 17 - TAX ASSETS AND LIABILITIES (Continued)

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

	30 June 2010	30 June 2009
Profit before taxation on income	85.941.086	6.721.126
Tax calculated at enacted tax rate	17.188.217	1.344.225
Research and development deductions	(558.336)	(166.967)
Disallowable expenses	372.505	42.272
Other deductions	(363.984)	-
Other	37.188	(14.751)
Total tax charge	16.675.590	1.204.779

NOTE 18 - EARNINGS PER SHARE

Earnings per share stated in the income statement are 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 are calculated by dividing the net income attributable to shareholders by the weighted average number of ordinary shares in issue.

	1 January- 30 June 2010	1 April- 30 June 2010	1 January- 30 June 2009	1 April- 30 June 2009
Profit for the period	69.265.496	45.109.816	5.516.347	14.425.961
Weighted average number of the ordinary shares	5.336.900.000	5.336.900.000	5.336.900.000	5.336.900.000
Earnings per share (in full TL per share)	0,0130	0,0085	0,0010	0,0027

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

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NOTE 19 - RELATED PARTY DISCLOSURES

i) Balances with related parties as of 30 June 2010 and 31 December 2009:

a) Bank deposits and borrowings

	30 June 2010	31 December 2009
Deposits with related parties:		
Yapı ve Kredi Bankası A.Ş. (“Yapı Kredi”)	873.675	146.687
	873.675	146.687

Borrowings from related parties:

Yapı Kredi	19.685.041	21.781.585
Yapı Kredi Finansal Kiralama A.O. (“Yapı Kredi Finansal Kiralama”)	81.613	143.500
	19.766.654	21.925.085

b) Due from related parties

	30 June 2010	31 December 2009
CNH International SA (“CNH International”)	91.334.039	77.175.799
CNH Italy SPA (“CNH Italy”)	2.155.270	1.926.647
New Holland Fiat India Pvt. Ltd.	1.668.113	498.476
Harranova Besi ve Tarım A.Ş. (“Harranova”)	1.567.204	51.132
Yapı Kredi Finansal Kiralama	397.142	434.711
Otokoç Otomotiv Tic. ve San. A.Ş. (“Otokoç”)	346.456	1.199.553
CNH France S.A. (“CNH France”)	308.038	367.309
Fiat Group Purchasing SRL	111.570	125.422
Other	728.702	151.133
	98.616.534	81.930.182
Less: Unearned financial income	(112.971)	(85.299)
	98.503.563	81.844.883

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NOTE 19 - RELATED PARTY DISCLOSURES (Continued)

c) Due to related parties

	30 June 2010	31 December 2009
CNH International	9.374.086	4.449.433
Opet Petrolcülük A.Ş. ("Opet")	2.574.440	1.168.956
Koç Holding	676.765	597.187
Otokoç	492.617	255.908
Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş.	343.222	101.164
New Holland Fiat India Pvt. Ltd.	177.077	169.318
Zer Merkezi Hizmetler ve Ticaret A.Ş. ("Zer")	70.473	1.073.157
Setur Servis Turistik A.Ş. ("Setur")	64.774	37.201
Koç Net Haberleşme Teknolojileri ve İletişim Hizmetleri A.Ş. ("Koç Net")	45.131	85.750
Koçtaş Yapı Marketleri A.Ş. ("Koçtaş")	12.068	133.500
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş. ("Koç Sistem")	6.608	494.996
Other	206.868	208.080
	14.044.129	8.774.650
Less: Unearned financial expenses	(107.452)	(55.642)
	13.936.677	8.719.008

ii) Significant sales and purchases transactions with related parties for the interim periods between 1 January - 30 June 2010 and 2009:

a) Product sales to related parties

	1 January - 30 June 2010	1 April - 30 June 2010	1 January - 30 June 2009	1 April - 30 June 2009
CNH International (*)	187.169.235	92.136.728	162.575.936	57.336.805
CNH Italy	2.925.381	1.471.520	3.203.395	1.893.211
Harranova	1.338.519	558.001	164.847	76.885
Zer	938.327	603.010	434.038	239.144
Other	2.773.682	1.330.236	1.282.347	719.678
	195.145.144	96.099.495	167.660.563	60.265.723

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

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NOTE 19 - RELATED PARTY DISCLOSURES (Continued)

b) Other income from related parties

	1 January - 30 June 2010	1 April - 30 June 2010	1 January - 30 June 2009	1 April - 30 June 2009
CNH International	-	-	12.582	2.563
CNH Italy	12.697	-	-	-
Other	-	-	40.695	35.522
	12.697	-	53.277	38.085

c) Product purchases from related parties

	1 January - 30 June 2010	1 April - 30 June 2010	1 January - 30 June 2009	1 April - 30 June 2009
CNH International	23.375.327	13.886.522	18.362.051	3.088.810
Opet	5.552.722	2.617.766	3.109.286	1.839.851
Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş. ("Akpa")	650.974	358.033	290.962	101.516
Zer	476.476	383.174	104.747	11.445
Koç Sistem	225.847	64.015	105.394	19.956
Koçtaş	218.375	169.697	651.336	72.645
Other	843.028	456.701	340.443	250.076
	31.342.749	17.935.908	22.964.219	5.384.299

d) Service purchases from related parties

	1 January - 30 June 2010	1 April - 30 June 2010	1 January - 30 June 2009	1 April - 30 June 2009
Zer	2.474.128	1.195.471	1.271.976	764.400
Koç Holding (*)	1.242.509	305.815	1.432.421	530.990
Entek Elektrik İhracat ve Toptan Ticaret A.Ş.	1.033.979	1.033.979	-	-
Setur	831.784	521.477	349.480	163.246
Ram Sigorta Aracılık Hizmetleri A.Ş. (**)	643.139	54.201	823.349	36.991
CNH International (*)	552.000	276.000	625.200	312.600
Otokoç	385.225	192.519	395.586	199.777
Opet	268.750	147.086	181.335	107.552
Koç Net	170.131	97.941	164.311	84.254
Koç Sistem	152.101	115.665	163.229	82.756
Other	198.299	121.692	81.335	75.732
	7.952.045	4.061.846	5.488.222	2.358.298

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NOTE 19 - RELATED PARTY DISCLOSURES (Continued)

(*) Services purchased from Koç Holding and CNH International includes consultancy services related to human resources, strategy development, intermediation and advisory activities.

(**) Includes paid and accrued premium for the period ended 30 June 2010 in relation with the insurance policies that are signed by insurance agents that are not related parties, through Ram Sigorta Aracılık Hizmetleri A.Ş., acting as an insurance agent.

iii) Financial income and finance costs arising from transactions with related parties for the interim periods between 1 January - 30 June 2010 and 2009:

	1 January - 30 June 2010	1 April - 30 June 2010	1 January - 30 June 2009	1 April - 30 June 2009
Interest income				
Yapı Kredi	9.882	4.807	2.321.169	902.348

	1 January - 30 June 2010	1 April - 30 June 2010	1 January - 30 June 2009	1 April - 30 June 2009
Interest expense				
Yapı Kredi	1.870.631	857.941	552.944	174.788
Yapı Kredi Finansal Kiralama	18.200	7.476	25.537	18.585
	1.888.831	865.417	578.481	193.373

iv) Dividends paid to related parties:

	1 January - 30 June 2010	1 January - 30 June 2009
Koç Holding	4.620.073	6.442.494
CNH	4.592.669	6.404.280
Public quotation	2.695.922	3.759.348
Temel Ticaret A.Ş.	255.773	356.664
Other	82.680	115.294
	12.247.117	17.078.080

v) Other transactions with related parties for the interim periods between 1 January - 30 June 2010 and 2009:

	1 January - 30 June 2010	1 April - 30 June 2010	1 January - 30 June 2009	1 April - 30 June 2009
Remuneration of Board of Directors and key management personnel	2.381.189	585.953	1.042.563	523.600

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**NOTE 20 - 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.

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NOTE 20 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

The amount of foreign currency assets, liabilities and TL equivalents of the Company as of 30 June 2010 and 31 December 2009 are as follows:

	30 June 2010						
	TL Equivalent	US Dollar	EUR	GBP	DKK	CHF	YEN
Trade Receivables	186.508.659	1.392.031	95.900.531	10.372	-	-	-
Monetary Financial Assets (Including cash and bank accounts)	35.439.832	99.920	18.360.037	-	19	-	-
Non-monetary Financial Assets	-	-	-	-	-	-	-
Other	6.746.205	18.560	3.454.773	32.892	-	-	-
Current Assets	228.694.696	1.510.511	117.715.341	43.264	19	-	-
Trade Receivables	80.166.124	45.360	41.679.084	-	-	-	-
Monetary Financial Assets	-	-	-	-	-	-	-
Non-monetary Financial Assets	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Non-current Assets	80.166.124	45.360	41.679.084	-	-	-	-
Total Assets	308.860.820	1.555.871	159.394.425	43.264	19	-	-
Trade Payables	122.058.678	42.933	63.453.282	22.324	-	-	-
Financial Liabilities	47.154.408	-	24.537.861	-	-	-	-
Other Monetary Liabilities	170.674	70.644	30.926	-	-	-	-
Other Non-monetary Liabilities	-	-	-	-	-	-	-
Current Liabilities	169.383.760	113.577	88.022.069	22.324	-	-	-
Trade Payables	-	-	-	-	-	-	-
Financial Liabilities	147.549.281	-	76.780.601	-	-	-	-
Other Monetary Liabilities	-	-	-	-	-	-	-
Other Non-monetary Liabilities	-	-	-	-	-	-	-
Non-current Liabilities	147.549.281	-	76.780.601	-	-	-	-
Total Liabilities	316.933.041	113.577	164.802.670	22.324	-	-	-
Total amount of Hedge Assets	-	-	-	-	-	-	-
Total amount of Hedge Liabilities	-	-	-	-	-	-	-
Net Asset/(Liability) Position of Off-balance Sheet Derivative Instruments	-	-	-	-	-	-	-
Net Foreign Currency Asset/(Liability) Position	(8.072.221)	1.442.294	(5.408.245)	20.940	19	-	-
Net Monetary Foreign Currency Asset/(Liability) Position	(8.072.221)	1.442.294	(5.408.245)	20.940	19	-	-

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NOTE 20 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

	31 December 2009						
	TL Equivalent	US Dollar	EUR	GBP	DKK	CHF	YEN
Trade Receivables	177.226.729	1.118.972	81.258.109	-	-	-	-
Monetary Financial Assets (Including cash and 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	-	-	-

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**NOTE 20 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS
ARISING FROM FINANCIAL INSTRUMENTS (Continued)**

The import and export amount of the Company for the period ended 30 June 2010 and 2009 are as follows:

	1 January- 30 June 2010	1 April- 30 June 2010	1 January- 30 June 2009	1 April- 30 June 2009
Total export amount	192.827.271	95.124.092	166.265.671	60.566.475
Total import amount	99.318.766	54.443.074	69.909.147	30.741.620

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 30 June 2010 and 31 December 2009 under the assumption of the appreciation and depreciation of TL against other currencies by 10% with all other variables held constant, is as follows:

	30 June 2010			
	Profit/(Loss)		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	227.118	(227.118)	-	-
Hedged amount against US Dollar risk (-)	-	-	-	-
Net Effect of US Dollar	227.118	(227.118)	-	-
Had TL appreciate/(depreciate) by 10% against EUR				
(Loss)/profit from EUR net liability position	(1.039.302)	1.039.302	-	-
Hedged amount against EUR risk (-)	-	-	-	-
Net Effect of EUR	(1.039.302)	1.039.302	-	-
Total Net Effect	(812.184)	812.184	-	-

	30 June 2009			
	Profit/(Loss)		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	34.920	(34.920)	-	-
Hedged amount against US Dollar risk (-)	-	-	-	-
Net Effect of US Dollar	34.920	(34.920)	-	-
Had TL appreciate/(depreciate) by 10% against EUR				
(Loss)/profit from EUR net liability position	(1.003.710)	1.003.710	-	-
Hedged amount against EUR risk (-)	-	-	-	-
Net Effect of EUR	(1.003.710)	1.003.710	-	-
Total Net Effect	(968.790)	968.790	-	-

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**NOTE 20 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS
ARISING FROM FINANCIAL INSTRUMENTS (Continued)**

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 arising from offsetting interest rate sensitive assets and liabilities.

b) Credit Risk

Holding financial assets carries the risk that counterparty cannot fulfill its obligations in the agreement. The Company management manages these risks by limiting the average risk to any individual counterparty, by obtaining guarantees where necessary. The Company manages this risk that may mainly stem 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 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 5).

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
INTERIM FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

**SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
BETWEEN 1 JANUARY-30 JUNE 2010**

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

NOTE 20 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

As of 30 June 2010 and 31 December 2009, the Company's maximum exposure to credit risk is as follows:

	30 June 2010						
	Trade Receivables		Other Receivables		Bank Deposits	Derivative Instruments	Other (*)
	Related Party	Other Party	Related Party	Other Party			
Net book value of financial assets which are neither past due nor impaired	97.686.022	268.522.233	-	-	104.148.274	-	-
Net book value of restructured financial assets, otherwise that will be considered as past due or impaired	-	-	-	-	-	-	-
Net book value of past due but not impaired assets	817.541	24.110.331	-	-	-	-	-
Net book value of impaired assets	-	4.398.842	-	-	-	-	-
- Past due (Gross book value)	-	28.655.432	-	-	-	-	-
- Impairment (-)	-	(24.256.590)	-	-	-	-	-
- Undue (Gross book value)	-	12.842.260	-	-	-	-	-
- Impairment (-)	-	(12.842.260)	-	-	-	-	-
Off-balance sheet items exposed to credit risk	-	-	-	-	-	-	30.390.221
Amount exposed to maximum credit risk (**)	98.503.563	297.031.406	-	-	104.148.274	-	30.390.221

(*) Other includes the letters of guarantee given by the Company (Note 10b).

(**) The factors increasing the credit reliability and the guarantees received are not taken into consideration during the calculation of the amount.

As of 30 June 2010, the guarantee amount of the amount exposed to maximum credit risk is TL169.214.258. Additionally, the guarantee amount of the assets which are past due but not impaired and are impaired are TL43.311.947 and TL4.428.000, respectively.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
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TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

**SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
BETWEEN 1 JANUARY-30 JUNE 2010**

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

NOTE 20 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

	31 December 2009						
	Trade Receivables		Other Receivables		Bank Deposits	Derivative Instruments	Other (*)
	Related Party	Other Party	Related Party	Other Party			
Net book value of financial assets which are neither past due nor impaired	78.599.537	253.138.868	-	-	80.690.192	-	-
Net book value of restructured financial assets, otherwise that will be considered as past due or impaired	-	-	-	-	-	-	-
Net book value of past due but not impaired assets	3.245.346	26.208.547	-	-	-	-	-
Net book value of impaired assets	-	3.834.368	-	-	-	-	-
- Past due (Gross book value)	-	24.652.328	-	-	-	-	-
- Impairment (-)	-	(20.817.960)	-	-	-	-	-
- Undue (Gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
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 10b).

(**) The factors increasing the credit reliability and the guarantees received are not taken into consideration during the calculation of the amount.

As of 31 December 2009, the guarantee amount of the amount exposed to maximum credit risk is TL153.558.330. Additionally, the guarantee amount of the assets which are past due but not impaired and are impaired are TL41.240.800 and TL4.080.000, respectively.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
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TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

**SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL
STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY-30 JUNE 2010**

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

**NOTE 20 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS
ARISING FROM FINANCIAL INSTRUMENTS (Continued)**

c) Liquidity Risk

Liquidity risk is managed by maintaining 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 continuous 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.

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 30 June 2010 and 31 December 2009 were as follows:

	30 June 2010	31 December 2009
Total liabilities	388.948.998	398.776.511
Less: Cash and cash equivalents (Note 3)	(103.349.069)	(80.396.303)
Net debt	285.599.929	318.380.208
Total equity	357.719.313	300.700.934
Total capital	643.319.242	619.081.142
Net debt/capital ratio	44%	51%

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.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
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TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

**SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL
STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY-30 JUNE 2010**

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

**NOTE 20 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS
ARISING FROM FINANCIAL INSTRUMENTS (Continued)**

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realise in a current market exchange.

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practical to estimate fair value:

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 certain financial assets carried at amortised cost, including cash and cash equivalent are considered to approximate their respective carrying values due to their short-term nature.

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

The fair values of financial instruments which are not traded in active markets are determined by using generally accepted valuation techniques or are carried at cost adjusted for impairment.

Financial liabilities

The fair values of long and short term bank borrowings are disclosed in Note 4.

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

NOTE 21 - SUBSEQUENT EVENTS

On 7 July 2010, Supply Agreement, enabling the Company to produce a new tractor model for overseas markets and Licence Agreement, enabling the Company to produce new model tractors for 10 years were signed between the Company and CNH Group. It is also anticipated that new model tractors can be sold to domestic market depending on the market demand.

**NOTE 22 - EXPLANATION ADDED FOR CONVENIENCE TRANSLATION INTO
ENGLISH**

As of 30 June 2010, the CMB Financial Reporting Standards differ from International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period 1 January - 31 December 2005. Accordingly, the accompanying condensed interim financial statements are not intended to present the financial position and results of operations in accordance with IFRS.