

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD BETWEEN 1 JANUARY - 30 SEPTEMBER 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.

**CONDENSED FINANCIAL STATEMENTS AND SELECTED
EXPLANATORY NOTES FOR THE INTERIM PERIOD BETWEEN
1 JANUARY – 30 SEPTEMBER 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 SEPTEMBER 2010 AND 31 DECEMBER 2009

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

			Audited
	Notes	30 September 2010	31 December 2009
ASSETS			
CURRENT ASSETS			
		644.279.577	538.639.584
Cash and cash equivalents	3	144.078.070	80.690.192
Trade receivables			
- Trade receivables	5	234.490.514	165.029.018
- Due from related parties	19	65.611.825	81.844.883
Inventories	6	127.500.868	140.286.921
Other current assets	9	72.598.300	70.788.570
NON-CURRENT ASSETS			
		140.012.079	174.568.050
Trade receivables	5	72.801.976	118.152.765
Property, plant and equipment	7	37.943.708	37.907.359
Intangible assets	8	13.060.789	10.102.274
Deferred tax assets	17	15.889.287	7.923.225
Other non-current assets	9	316.319	482.427
TOTAL ASSETS			
		784.291.656	713.207.634

These condensed interim financial statements prepared as of and for the interim period ended at 30 September 2010 have been approved for issue by the Board of Directors (“BOD”) on 27 October 2010 and signed on its behalf of BOD by General Manager, Marco Votta and Chief Financial Officer, Memet İlkan Kamber.

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INTERIM FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

BALANCE SHEETS

AT 30 SEPTEMBER 2010 AND 31 DECEMBER 2009

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

	Notes	30 September 2010	Audited 31 December 2009
LIABILITIES			
CURRENT LIABILITIES		284.821.360	308.149.565
Financial liabilities	4	98.294.322	224.194.075
Trade payables			
- Trade payables	5	137.635.008	57.055.341
- Due to related parties	19	5.708.992	8.719.008
Taxation on income	17	12.990.502	2.067.464
Provision for liabilities	10	23.910.332	7.428.952
Other current liabilities	9	6.282.204	8.684.725
NON-CURRENT LIABILITIES		96.360.722	104.357.135
Financial liabilities	4	89.799.199	98.055.898
Provision for employment termination benefits	11	6.561.523	6.301.237
EQUITY		403.109.574	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	114.655.757	30.955.024
TOTAL LIABILITIES		784.291.656	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 SEPTEMBER 2010 AND 2009**

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

	Notes	1 January - 30 September 2010	1 July- 30 September 2010	1 January - 30 September 2009	1 July- 30 September 2009
Sales (net)	13	843.178.668	298.850.781	475.418.768	149.183.743
Cost of sales (-)	13	(628.180.086)	(218.635.049)	(405.726.490)	(121.450.751)
GROSS PROFIT		214.998.582	80.215.732	69.692.278	27.732.992
Marketing, selling and distribution expenses (-)		(32.858.437)	(12.593.793)	(20.988.222)	(7.904.371)
General administrative expenses (-)		(16.970.162)	(4.872.817)	(13.320.396)	(4.220.727)
Research and development expenses (-)		(6.369.288)	(5.282.627)	(1.677.431)	(274.187)
Other operating income	14	1.724.372	93.531	6.157.288	3.981.768
Other operating expenses (-)	14	(20.974.650)	(3.256.028)	(6.132.032)	(2.402.282)
OPERATING PROFIT		139.550.417	54.303.998	33.731.485	16.913.193
Financial income	15	288.305.821	104.680.095	266.305.361	82.019.655
Finance costs (-)	16	(285.477.695)	(102.546.636)	(280.868.339)	(86.485.467)
PROFIT BEFORE TAXATION ON INCOME		142.378.543	56.437.457	19.168.507	12.447.381
Taxes on income (-)	17	(35.688.848)	(13.030.269)	(4.528.733)	(2.826.509)
Deferred tax income	17	7.966.062	1.983.073	1.814.636	1.317.191
PROFIT FOR THE PERIOD		114.655.757	45.390.261	16.454.410	10.938.063
Earnings per share (TL)	18	0,0215	0,0085	0,0031	0,0021
OTHER COMPREHENSIVE INCOME					
Change in financial asset value increase fund		-	-	(3.825.366)	(3.816.621)
Change in hedge reserve fund		-	-	6.131.604	-
Tax expense on other comprehensive income		-	-	(1.035.053)	190.831
OTHER COMPREHENSIVE INCOME (AFTER TAX)		-	-	1.271.185	(3.625.790)
TOTAL COMPREHENSIVE INCOME		114.655.757	45.390.261	17.725.595	7.312.273

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 CHANGES IN EQUITY
FOR THE INTERIM PERIODS BETWEEN 1 JANUARY-30 SEPTEMBER 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	-	-	-	-	-	-	-	114.655.757	114.655.757
30 September 2010	53.369.000	39.014.356	-	-	(5.569.000)	59.969.647	141.669.814	114.655.757	403.109.574

	Share capital	Adjustment to share capital	Değer 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
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 period	-	-	-	-	-	-	-	16.454.410	16.454.410
30 September 2009	53.369.000	39.014.356	-	-	(5.569.000)	59.011.780	123.919.774	16.454.410	286.200.320

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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 SEPTEMBER 2010 AND 2009**

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

	Notes	30 September 2010	30 September 2009
Operating activities:			
Profit before taxation on income		142.378.543	19.168.507
Depreciation	7	4.919.269	4.910.519
Amortisation	8	1.306.659	592.425
Provision for employment termination benefits	11	1.232.135	3.302.536
(Gain)/loss from sales of property, plant and equipment - net	14	(185.863)	87.880
Interest income	15	(4.139.080)	(5.985.667)
Interest expense	16	7.440.185	34.789.805
Provision for impairment of inventory	6	(1.073.278)	1.052.956
Expense accruals - net		16.481.380	(1.632.663)
Provision for doubtful receivables	14	20.770.767	5.469.427
Gain on sale of available for sale financial assets		-	(3.825.366)
Other non-cash items		(17.675.223)	1.590.058
Net cash flow before changes in operating assets and liabilities		171.455.494	59.520.417
Changes in assets and liabilities - net:			
(Increase)/decrease in trade receivables		(46.323.161)	45.779.154
Decrease in due from related parties		16.233.058	15.110.387
Decrease in inventories		13.821.480	99.009.686
Increase in other current assets		(1.809.731)	(14.484.506)
Decrease/(increase) in other non-current assets		166.108	(10.970)
Decrease in due to related parties		(3.010.016)	(32.116.936)
Increase/(decrease) in trade payables		81.031.978	(29.603.940)
Decrease in other short-term liabilities		(2.402.522)	(4.030.652)
Employment termination benefits paid	11	(971.849)	(5.022.593)
Taxes paid		(24.765.810)	(1.682.592)
Net cash provided by operating activities		203.425.029	132.467.455
Investing activities:			
Capital expenditures		(9.289.690)	(5.573.383)
Proceeds from sales of property, plant and equipment and intangible assets		254.756	614.488
Decrease in available for sale financial assets		-	6.541.500
Interest received		4.074.733	6.082.971
Net cash provided (used in)/ by investing activities		(4.960.201)	7.665.576
Cash flows from financing activities:			
Proceeds from bank borrowings		150.623.163	392.031.651
Repayments of bank borrowings		(266.028.771)	(567.641.955)
Dividends paid		(12.247.117)	(17.078.080)
Interest paid		(7.300.592)	(36.261.798)
Net cash used in financing activities		(134.953.317)	(228.950.182)
Currency translation effect		(230.937)	(292.943)
Net increase/(decrease) in cash and cash equivalents		63.280.574	(89.110.094)
Cash and cash equivalents at the beginning of the year	3	80.396.303	115.448.598
Cash and cash equivalents at the end of the year	3	143.676.877	26.338.504

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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 SEPTEMBER 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 September 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 September 2010 is 1.779 (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 117 sales dealers and 93 spare part dealers.

The Company is registered in Turkey in the following address:

Güvercin Yolu No: 111-112
Gazi 06560 Ankara

As of 30 September 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.

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 SEPTEMBER 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 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 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

- IAS 27 (Amendment), “Consolidated and non-consolidated Financial Statements” (effective for the reporting periods beginning on or after 1 July 2009).
- IFRS 3 (Amendment), “Business Combinations” (effective for the reporting periods beginning on or after 1 July 2009).
- IAS 38 (Amendment), “Intangible Assets”, (effective for the reporting periods beginning on or after 1 July 2009).
- IFRS 5 (Amendment), “Non-current Assets Held for Sale and Discontinued Operations”, (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).
- IFRS 2 (Amendments), “Group cash-settled and share-based payment transactions”, (effective for the reporting periods beginning on or after 1 January 2010).
- IFRS Interpretation 17, “Non monetary assets distribution to shareholders” (effective for the reporting periods beginning on or after 1 July 2009).
- IFRS Interpretation 18, “Asset Transfers from Customers” (effective for the reporting periods beginning on or after 1 July 2009).
- IFRS 9, “Financial Instruments”, (effective for the reporting periods beginning on or after 1 January 2013).
- IAS 24 (Amendment), “Related party disclosures”, (effective for the reporting periods beginning on or after 1 January 2011).

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

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

2.2 Amendments in IFRS (Continued)

- IAS 32 (Amendment), "Financial Instruments: Presentation", (effective for the reporting periods beginning on or after 1 February 2010).
- IFRIC 14 (Amendment), "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interact project" (effective for the reporting periods beginning on or after 1 January 2011).
- Developments on Financial Reporting Standards as of 2010.

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 September 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 September 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 September 2010	31 December 2009
Cheques received	-	108.257
Banks		
- TL denominated demand deposits	3.523.455	5.554.798
- TL denominated time deposits	109.036.451	20.007.185
- Foreign currency denominated demand deposits	1.249.255	1.709.939
- Foreign currency denominated time deposits	30.268.909	53.310.013
	144.078.070	80.690.192

As of 30 September 2010, the weighted average effective annual interest rate for TL, EUR and US Dollar time deposits are 8,72%, 2,39% and 2,25%, respectively (31 December 2009: TL: 8,52%, EUR: 2,67%, US Dollar: None). As of 30 September 2010 and 31 December 2009, time to maturity of time deposits is less than three months.

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

	30 September 2010	31 December 2009	30 September 2009	31 December 2008
Banks	144.078.070	80.690.192	26.353.124	115.684.361
Less: Interest accruals	(123.282)	(58.935)	(2.727)	(100.032)
Less: Restricted bank deposits	(277.911)	(234.954)	(11.893)	(135.731)
Cash and cash equivalents	143.676.877	80.396.303	26.338.504	115.448.598

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**SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL
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1 JANUARY-30 SEPTEMBER 2010**

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

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>	
	<u>30 September 2010</u>	<u>31 December 2009</u>	<u>30 September 2010</u>	<u>31 December 2009</u>	<u>30 September 2010</u>	<u>31 December 2009</u>
TL bank borrowings	16.785.400	18.199.406	7,00	7,47	16.785.400	18.199.406
EUR bank borrowings	20.286.806	95.288.233	3,10	4,49	40.074.556	205.851.169
					56.859.956	224.050.575

Short-term portion of long-term bank borrowings

	<u>Original currency amount</u>		<u>Weighted average effective interest rate p.a. (%)</u>		<u>TL equivalent</u>	
	<u>30 September 2010</u>	<u>31 December 2009</u>	<u>30 September 2010</u>	<u>31 December 2009</u>	<u>30 September 2010</u>	<u>31 December 2009</u>
EUR bank borrowings	20.950.444	-	4,70	-	41.385.508	-
					41.385.508	-

Short-term financial lease obligations

	<u>Original currency amount</u>		<u>TL equivalent</u>	
	<u>30 September 2010</u>	<u>31 December 2009</u>	<u>30 September 2010</u>	<u>31 December 2009</u>
TL			48.858	143.500
			48.858	143.500

Total short-term financial liabilities

98.294.322 224.194.075

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 karşılığı</u>	
	<u>30 September 2010</u>	<u>31 December 2009</u>	<u>30 September 2010</u>	<u>31 December 2009</u>	<u>30 September 2010</u>	<u>31 December 2009</u>
EUR bank borrowings	45.458.742	45.389.945	3,88	4,52	89.799.199	98.055.898
Total long-term financial liabilities					89.799.199	98.055.898

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**SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL
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1 JANUARY-30 SEPTEMBER 2010**

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

NOTE 4 - FINANCIAL LIABILITIES (Continued)

As of 30 September 2010, the Company borrowed TL79.016.000 (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 September 2010 is as follows:

	2010
2011	10.171.254
2012	79.627.945
	89.799.199

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

	<u>Carrying value</u>		<u>Fair value</u>	
	<u>30 September 2010</u>	<u>31 December 2009</u>	<u>30 September 2010</u>	<u>31 December 2009</u>
Bank borrowings	188.044.663	322.106.473	190.934.526	321.885.246

As of 30 September 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 3,30% 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 September 2010	31 December 2009
Short-term trade receivables:		
Customer current accounts	182.678.830	94.315.825
Notes receivables	70.650.032	74.858.377
Protested notes	22.171.105	20.287.722
	275.499.967	189.461.924
Less: Provision for doubtful receivables	(40.336.852)	(20.817.960)
Unearned financial income	(672.601)	(3.614.946)
Short-term trade receivables	234.490.514	165.029.018
Due from related parties (Note 19)	65.611.825	81.844.883
Total short-term trade receivables	300.102.339	246.873.901

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

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NOTE 5 - TRADE RECEIVABLES AND PAYABLES (Continued)

Movements of the provisions for doubtful receivables for the periods ended 30 September 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)	20.770.767	5.469.427
30 September	40.336.852	19.574.972
	30 September 2010	31 December 2009
Long-term trade receivables:		
Notes receivable	81.885.961	130.114.372
Less: Unearned financial income	(9.083.985)	(11.961.607)
Total long-term trade receivables	72.801.976	118.152.765
	30 September 2010	31 December 2009
Trade payables:		
Supplier current accounts	138.142.245	57.272.662
Less: Unincurred finance costs	(507.237)	(217.321)
Trade payables	137.635.008	57.055.341
Due to related parties (Note 19)	5.708.992	8.719.008
Total trade payables	143.344.000	65.774.349

NOTE 6 - INVENTORIES

	30 September 2010	31 December 2009
Raw materials	52.953.700	41.519.857
Work in progress	6.362.470	1.748.526
Finished goods	15.266.424	13.281.639
Trade goods	30.222.096	67.643.557
Spare parts	13.421.898	11.465.169
Goods in transit	12.447.239	8.874.410
	130.673.827	144.533.158
Provision for impairment of inventory	(3.172.959)	(4.246.237)
	127.500.868	140.286.921

The cost of inventories recognised as expense in the current period is amounting to TL571.297.776 (30 September 2009: TL345.245.643).

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NOTE 6 – INVENTORIES (Continued)

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	1.073.278	(1.052.956)
30 September	(3.172.959)	(2.052.252)

NOTE 7 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2010	Additions	Disposals	30 September 2010
<u>Cost</u>				
Land	373.095	-	-	373.095
Land improvements	4.479.678	232.498	-	4.712.176
Buildings	48.419.992	161.480	-	48.581.472
Machinery and equipment	313.056.236	3.120.697	(896.491)	315.280.442
Special costs	2.623.444	73.750	-	2.697.194
Motor vehicles	2.230.392	15.628	(348.376)	1.897.644
Furniture and fixtures	20.772.330	486.540	(59.846)	21.199.024
Construction in progress	2.042.878	931.556	-	2.974.434
	393.998.045	5.022.149	(1.304.713)	397.715.481
<u>Accumulated depreciation</u>				
Land improvements	2.950.217	85.576	-	3.035.793
Buildings	32.102.848	1.097.254	-	33.200.102
Machinery and equipment	298.507.356	2.918.824	(896.491)	300.529.689
Special costs	2.535.582	34.925	-	2.570.507
Motor vehicles	1.335.861	202.207	(283.494)	1.254.574
Furniture and fixtures	18.658.822	580.483	(58.197)	19.181.108
	356.090.686	4.919.269	(1.238.182)	359.771.773
Net book value	37.907.359			37.943.708

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NOTE 7 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2009	Additions	Disposals	Transfers	30 September 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	1.421.107	(3.099.325)	394.408	312.055.333
Special costs	2.614.694	-	-	-	2.614.694
Motor vehicles	2.661.564	463.741	(894.913)	-	2.230.392
Furniture and fixtures	20.714.636	136.683	(221.096)	-	20.630.223
Construction in progress	376.218	145.975	-	(394.408)	127.785
	392.752.325	2.394.201	(4.215.334)	-	390.931.192
Accumulated depreciation					
Land improvements	2.833.060	87.895	-	-	2.920.955
Buildings	30.636.092	1.099.823	-	-	31.735.915
Machinery and equipment	297.594.831	2.853.480	(2.880.482)	-	297.567.829
Special costs	2.487.738	35.912	-	-	2.523.650
Motor vehicles	1.429.626	239.721	(413.295)	-	1.256.052
Furniture and fixtures	18.161.390	593.688	(219.189)	-	18.535.889
	353.142.737	4.910.519	(3.512.966)	-	354.540.290
Net book value	39.609.588				36.390.902

For the period ended 30 September 2010, of the total depreciation expense amounting to TL4.919.269 (30 September 2009: TL4.910.519), TL3.515.138 (30 September 2009: TL3.269.485) is allocated to production costs, TL989.162 (30 September 2009: TL940.027) is allocated to general administrative expenses, TL265.197 (30 September 2009: TL640.829) is allocated to research and development expenses and TL149.772 (30 September 2009: TL60.178) is allocated to marketing, selling and distribution expenses. The depreciation expense amounting to TL275.171 is capitalized during the period as it is related to the development costs.

NOTE 8 - INTANGIBLE ASSETS

	1 January 2010	Additions	Disposals	30 September 2010
Cost				
Rights	4.877.291	462.349	(842.217)	4.497.423
Development costs	6.989.807	-	-	6.989.807
Development costs in progress	3.356.748	3.805.192	-	7.161.940
	15.223.846	4.267.541	(842.217)	18.649.170
Accumulated amortisation				
Rights	4.302.099	258.188	(839.850)	3.720.437
Development costs	819.473	1.048.471	-	1.867.944
	5.121.572	1.306.659	(839.850)	5.588.381
Net book value	10.102.274			13.060.789

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NOTE 8 - INTANGIBLE ASSETS (Continued)

	1 January 2009	Additions	Disposals	30 September 2009
<u>Cost</u>				
Rights	4.568.981	55.238	-	4.624.219
Development costs	2.592.034	-	-	2.592.034
Development costs in progress	2.627.088	3.123.944	-	5.751.032
	9.788.103	3.179.182	-	12.967.285
<u>Accumulated amortisation</u>				
Rights	4.029.857	203.620	-	4.233.477
Development costs	102.579	388.805	-	491.384
	4.132.436	592.425	-	4.724.861
Net book value	5.655.667			8.242.424

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.

For the period ended 30 September 2010, of the total amortisation expenses amounting to TL1.306.659 (30 September 2009: TL592.425), TL184.492 (30 September 2009: TL147.230) is allocated to production costs, TL51.916 (30 September 2009: TL42.331) is allocated to general administrative expenses, TL1.062.390 (30 September 2009: TL400.154) is allocated to research and development expenses and TL7.861 (30 September 2009: TL2.710) is allocated to marketing, selling and distribution expenses.

NOTE 9 - OTHER ASSETS AND LIABILITIES

	30 September 2010	31 December 2009
a) Other current assets:		
Refundable value added tax ("VAT")	42.178.977	51.478.953
Deductable VAT	29.880.191	19.016.063
Prepaid expenses	393.407	232.004
Other	145.725	61.550
	72.598.300	70.788.570
	30 September 2010	31 December 2009
b) Other non-current assets:		
Deposits and guarantees given	316.319	482.427
	316.319	482.427

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NOTE 9 - OTHER ASSETS AND LIABILITIES (Continued)

	30 September 2010	31 December 2009
c) Other short term liabilities:		
Taxes and funds payable	2.464.743	2.385.011
Payables to personnel	1.615.635	1.096.025
Deferred income (*)	1.481.193	2.083.825
Other	720.633	3.119.864
	6.282.204	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 September 2010 and 31 December 2009.

NOTE 10 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Provisions

	30 September 2010	31 December 2009
Warranty provisions	10.578.243	7.258.630
Provision for lawsuits (*)	83.916	119.916
Other provisions (**)	13.248.173	50.406
	23.910.332	7.428.952

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

(**) As of 30 September 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 September 2010 and 2009 are as follows:

	2010	2009
1 January	7.258.630	9.997.787
Released during the period	(10.107.847)	(7.341.216)
Charge for the period	13.427.460	4.838.376
30 September	10.578.243	7.494.947

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)	50.000	93.557
Released during the period (Note 14)	(86.000)	(1.766.706)
30 September	83.916	81.000

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

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	13.248.173	3.151.425
30 September	13.248.173	3.151.425

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 September 2010	31 December 2009
A. The total amount of collaterals given on behalf of its own legal entity	23.173.006	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	-	-
	23.173.006	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 6% (31 December 2009: 12%).

c) Contingent Assets

	30 September 2010	31 December 2009
Letters of guarantee received	169.331.614	150.460.729
Mortgages	7.969.980	1.335.480
Security bonds	1.750.000	1.750.000
Foreign currency guarantees in cash	564.035	12.121
	179.615.629	153.558.330

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NOTE 11 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

	30 September 2010	31 December 2009
Provision for employment termination benefits	6.561.523	6.301.237
	6.561.523	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 TL2.517,01 for each year of service as of 30 September 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 September 2010	31 December 2009
Discount rate (%)	5,92	5,92
Turnover rate to estimate the probability of retirement (%)	95,90	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 October 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	1.232.135	3.302.536
Paid during the period	(971.849)	(5.022.593)
30 September	6.561.523	5.853.934

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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 September 2010 and 31 December 2009 are as follows:

	<u>30 September 2010</u>		<u>31 December 2009</u>	
	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 September 2010, 22% (31 December 2009: 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 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.

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NOTE 12 - 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 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 TL135.622.101 for the period ended 30 September 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 September 2010 and 31 December 2009 is as follows:

	30 September 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	114.655.757	30.955.024
Total equity	403.109.574	300.700.934

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NOTE 13 - SALES AND COST OF SALES

	1 January - 30 September 2010	1 July- 30 September 2010	1 January - 30 September 2009	1 July- 30 September 2009
Domestic sales	642.042.991	251.738.309	273.212.534	91.183.642
Export sales	272.061.184	79.233.913	235.659.754	69.394.083
	914.104.175	330.972.222	508.872.288	160.577.725
Less: Discounts and returns	(70.925.507)	(32.121.441)	(33.453.520)	(11.393.982)
Sales income (net)	843.178.668	298.850.781	475.418.768	149.183.743
Cost of sales	(628.180.086)	(218.635.049)	(405.726.490)	(121.450.751)
Gross profit	214.998.582	80.215.732	69.692.278	27.732.992

NOTE 14 - OTHER OPERATING INCOME/EXPENSES

	1 January - 30 September 2010	1 July- 30 September 2010	1 January - 30 September 2009	1 July- 30 September 2009
Cancellation of provision for doubtful receivables	1.251.875	-	8.514	-
Gain on sales of property, plant and equipment	220.604	-	175.680	17.660
Cancellation of provision for lawsuits	86.000	86.000	1.766.706	14.727
Sales gain of available for sale investments	-	-	3.825.366	3.825.366
Other income	165.893	7.531	381.022	124.015
Other operating income	1.724.372	93.531	6.157.288	3.981.768
Provision for doubtful receivables	(20.770.767)	(3.238.002)	(5.469.427)	(2.094.361)
Provision for lawsuits	(50.000)	22.813	(93.557)	(14.728)
Loss on sales of property, plant and equipment	(34.741)	(33.160)	(263.560)	(411)
Other expense	(119.142)	(7.679)	(305.488)	(292.782)
Other operating expenses	(20.974.650)	(3.256.028)	(6.132.032)	(2.402.282)

NOTE 15 - FINANCIAL INCOME

	1 January - 30 September 2010	1 July- 30 September 2010	1 January - 30 September 2009	1 July- 30 September 2009
Foreign exchange gain	267.420.233	96.364.069	238.986.241	77.136.095
Financial income from credit sales	16.746.508	6.434.676	21.333.453	4.337.097
Interest income	4.139.080	1.881.350	5.985.667	546.463
Financial income	288.305.821	104.680.095	266.305.361	82.019.655

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TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

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NOTE 16 - FINANCE COSTS

	1 January - 30 September 2010	1 July- 30 September 2010	1 January - 30 September 2009	1 July- 30 September 2009
Foreign exchange loss	(268.346.260)	(95.775.409)	(239.352.696)	(78.201.261)
Finance charges on credit purchases	(8.205.922)	(3.770.651)	(4.153.249)	(195.719)
Interest expenses on bank borrowings	(7.440.185)	(2.658.227)	(34.789.805)	(7.756.128)
Other	(1.485.328)	(342.349)	(2.572.589)	(332.359)
Finance costs	(285.477.695)	(102.546.636)	(280.868.339)	(86.485.467)

NOTE 17 - TAX ASSETS AND LIABILITIES

	30 September 2010	31 December 2009
Corporation and income taxes payable	35.688.848	6.539.181
Less: Prepaid taxes	(22.698.346)	(4.471.717)
Total tax payable - net	12.990.502	2.067.464

	1 January - 30 September 2010	1 July- 30 September 2010	1 January - 30 September 2009	1 July- 30 September 2009
Current period corporate tax expense	(35.688.848)	(13.030.269)	(4.528.733)	(2.826.509)
Deferred tax income	7.966.062	1.983.073	1.814.636	1.317.191
Tax expense	(27.722.786)	(11.047.196)	(2.714.097)	(1.509.318)

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 September 2010 and 31 December 2009 are as follows:

	<u>Temporary differences</u>		<u>Deferred tax assets/(liabilities)</u>	
	<u>30 September 2010</u>	<u>31 December 2009</u>	<u>30 September 2010</u>	<u>31 December 2009</u>
Property, plant and equipment and intangible assets, restatement and useful life differences	540.053	1.237.245	(108.011)	(247.448)
Unearned finance income on due from related parties	(99.536)	(85.299)	19.907	17.059
Provision for employment termination benefits	(6.561.523)	(6.301.237)	1.312.305	1.260.247
Finance charge on inventory	(1.379.852)	(80.295)	275.970	16.059
Warranty provision	(10.578.243)	(7.258.630)	2.115.649	1.451.726
Provision for lawsuits	(83.916)	(119.916)	16.783	23.983
Unearned finance income on trade receivables	(6.522.996)	(10.065.035)	1.304.599	2.013.007
Provision for doubtful receivables	(31.884.807)	(12.915.374)	6.376.961	2.583.077
Sales premium accrual	(6.788.789)	-	1.357.758	-
Provision for impairment of inventory	(3.172.959)	(4.246.237)	634.592	849.247
Other provisions	(13.248.173)	(50.406)	2.649.635	10.081
Elimination of profit margin on purchases from free zone branch	(383.961)	(698.116)	76.792	139.623
Other	718.270	967.179	(143.653)	(193.436)
Deferred tax asset			15.889.287	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	7.966.062	1.814.636
Charged to fair value reserve	-	191.268
Charged to hedge reserve	-	(1.226.321)
30 September	15.889.287	8.979.777

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

	30 September 2010	30 September 2009
Profit before taxation on income	142.378.543	19.168.507
Tax calculated at enacted tax rate	28.475.709	3.833.701
Research and development deductions	(828.501)	(633.626)
Disallowable expenses	28.369	48.356
75% of profit from sales of subsidiary	-	(573.725)
Other	47.209	39.391
Total tax charge	27.722.786	2.714.097

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NOTE 18 - 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 - 30 September 2010	1 July- 30 September 2010	1 January - 30 September 2009	1 July- 30 September 2009
Profit for the period	114.655.757	45.390.261	16.454.410	10.938.063
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)	0,0215	0,0085	0,0031	0,0021

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

NOTE 19 - RELATED PARTY DISCLOSURES

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

30 September 2010 31 December 2009

a) Bank deposits and borrowings

Deposits with related parties:

Yapı ve Kredi Bankası A.Ş. (“Yapı Kredi”)	1.107.223	146.687
	1.107.223	146.687

Borrowings from related parties:

Yapı Kredi	-	21.781.585
Yapı Kredi Finansal Kiralama A.O. (“Yapı Kredi Finansal Kiralama”)	48.858	143.500
	48.858	21.925.085

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NOTE 19 - RELATED PARTY DISCLOSURES (Continued)

	30 September 2010	31 December 2009
b) Due from related parties		
CNH International SA ("CNH International")	55.412.948	77.175.799
CNH Italy SPA ("CNH Italy")	3.722.858	1.926.647
New Holland Fiat India Pvt. Ltd.	2.281.727	498.476
Harranova Besi ve Tarım A.Ş. ("Harranova")	1.430.584	51.132
Yapı Kredi Finansal Kiralama	381.456	434.711
CNH France S.A ("CNH France")	323.092	367.309
Otokoç Otomotiv Tic ve San A.Ş. ("Otokoç")	-	1.199.553
Fiat Group Purchasing SRL	8.827	125.422
Other	2.149.869	151.133
	65.711.361	81.930.182
Less: Unearned financial income	(99.536)	(85.299)
	65.611.825	81.844.883

	30 September 2010	31 December 2009
c) Due to related parties		
Opet Petrolcülük A.Ş. ("Opet")	2.569.256	1.168.956
CNH International	1.620.152	4.449.433
Koç Holding	878.719	597.187
Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş.	196.211	101.164
New Holland Fiat India Pvt. Ltd.	163.189	169.318
Otokoç	72.274	255.908
Koç Net Haberleşme Teknolojileri ve İletişim Hizmetleri A.Ş. ("Koç Net")	42.264	85.750
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş. ("Koç Sistem")	34.103	494.996
Koçtaş Yapı Marketleri A.Ş. ("Koçtaş")	26.897	133.500
Zer Merkezi Hizmetler ve Ticaret A.Ş. ("Zer")	-	1.073.157
Setur Servis Turistik A.Ş. ("Setur")	-	37.201
Other	157.327	208.080
	5.760.392	8.774.650
Less: Unearned financial expense	(51.400)	(55.642)
	5.708.992	8.719.008

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NOTE 19 - RELATED PARTY DISCLOSURES (Continued)

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

a) Product sales to related parties

	1 January - 30 September 2010	1 July- 30 September 2010	1 January - 30 September 2009	1 July- 30 September 2009
CNH International (*)	248.504.979	61.335.744	223.698.722	61.122.786
CNH Italy	5.851.160	2.925.779	4.691.257	1.487.862
Zer	1.438.639	500.312	614.320	180.282
Harranova	1.338.519	-	164.847	-
Case IH Machinery	-	-	5.462.318	5.462.318
Other	5.968.606	3.194.924	2.415.610	1.133.263
	263.101.903	67.956.759	237.047.074	69.386.511

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

b) Other income from related parties

	1 January - 30 September 2010	1 July- 30 September 2010	1 January - 30 September 2009	1 July- 30 September 2009
CNH Italy	12.697	-	-	-
CNH International	-	-	28.783	16.201
Other	-	-	42.483	1.788
	12.697	-	71.266	17.989

c) Product purchases from related parties

	1 January - 30 September 2010	1 July- 30 September 2010	1 January - 30 September 2009	1 July- 30 September 2009
CNH International	35.862.398	12.487.071	26.558.002	8.195.951
Opet	8.253.584	2.700.862	4.661.396	1.552.110
Zer	980.924	504.448	191.791	87.044
Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş. ("Akpa")	938.442	287.468	427.654	136.692
Koçtaş	365.060	146.685	751.116	99.780
Koç Sistem	326.627	100.780	163.072	57.678
Other	1.151.314	308.286	564.137	223.694
	47.878.349	16.535.600	33.317.168	10.352.949

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NOTE 19 - RELATED PARTY DISCLOSURES (Continued)

d) Service purchases from related parties

	1 January - 30 September 2010	1 July- 30 September 2010	1 January - 30 September 2009	1 July- 30 September 2009
Zer	3.845.230	1.371.102	2.396.912	1.124.936
Entek Elektrik İhracat ve Toptan Ticaret A.Ş.	2.346.543	1.312.564	-	-
Koç Holding (*)	1.965.656	723.147	1.969.820	537.399
Setur	1.002.080	170.296	478.611	129.131
CNH International (*)	856.400	304.400	862.599	237.399
Ram Sigorta Aracılık Hizmetleri A.Ş. (**)	644.654	1.515	895.552	72.203
Otokoç	571.802	186.577	603.547	207.961
Opet	338.173	69.423	306.678	125.343
Koç Sistem	280.140	128.039	259.290	96.061
Koç Net	265.037	94.906	254.845	90.534
Other	357.292	158.993	127.919	46.584
	12.473.007	4.520.962	8.155.773	2.667.551

(*) 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 September 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 September 2010 and 2009:

	1 January - 30 September 2010	1 July- 30 September 2010	1 January - 30 September 2009	1 July- 30 September 2009
Interest income				
Yapı Kredi	9.882	-	2.323.879	2.710

	1 January - 30 September 2010	1 July- 30 September 2010	1 January - 30 September 2009	1 July- 30 September 2009
Interest expense				
Yapı Kredi	2.823.565	952.934	565.605	12.661
Yapı Kredi Finansal Kiralama	24.519	6.319	41.605	16.068
	2.848.084	959.253	607.210	28.729

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NOTE 19 - RELATED PARTY DISCLOSURES (Continued)

iv) Dividends paid to related parties:

	1 January - 30 September 2010	1 January - 30 September 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	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 September 2010 and 2009:

	1 January - 30 September 2010	1 July- 30 September 2010	1 January - 30 September 2009	1 July- 30 September 2009
Remuneration of Board of Directors and key management personnel	2.975.200	594.011	1.560.039	517.476
	1 January - 30 September 2010	1 July- 30 September 2009	1 January - 30 September 2009	1 July- 30 September 2009

Sale of financial investments

Temel Ticaret (*)	-	-	6.532.755	6.532.755
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(*) The Company sold its shareholding interest of amounting to 2,67% at Entek to Temel Ticaret on 21 July 2009.

**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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**NOT 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 September 2010 and 31 December 2009 are as follows:

	30 September 2010						
	TL Equivalent	US Dollar	EUR	GBP	DKK	CHF	YEN
Trade Receivables	162.428.525	1.501.814	81.122.351	-	-	-	-
Monetary Financial Assets (Including cash and bank accounts)	31.518.164	311.010	15.726.853	-	-	-	-
Non-monetary Financial Assets	-	-	-	-	-	-	-
Other	11.430.166	19.392	5.756.591	13.278	-	-	-
Current Assets	205.376.855	1.832.216	102.605.795	13.278	-	-	-
Trade Receivables	71.796.010	45.360	36.311.726	-	-	-	-
Monetary Financial Assets	-	-	-	-	-	-	-
Non-monetary Financial Assets	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Non-current Assets	71.796.010	45.360	36.311.726	-	-	-	-
Total Assets	277.172.865	1.877.576	138.917.521	13.278	-	-	-
Trade Payables	110.277.926	-	55.825.618	-	-	-	-
Financial Liabilities	81.460.064	-	41.237.250	-	-	-	-
Other Monetary Liabilities	172.946	51.933	49.398	-	-	-	-
Other Non-monetary Liabilities	-	-	-	-	-	-	-
Current Liabilities	191.910.936	51.933	97.112.266	-	-	-	-
Trade Payables	-	-	-	-	-	-	-
Financial Liabilities	89.799.199	-	45.458.742	-	-	-	-
Other Monetary Liabilities	-	-	-	-	-	-	-
Other Non-monetary Liabilities	-	-	-	-	-	-	-
Non-current Liabilities	89.799.199	-	45.458.742	-	-	-	-
Total Liabilities	281.710.135	51.933	142.571.008	-	-	-	-
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	(4.537.270)	1.825.643	(3.653.487)	13.278	-	-	-
Net Monetary Foreign Currency Asset/(Liability) Position	(4.537.270)	1.825.643	(3.653.487)	13.278	-	-	-

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**NOT 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 bank 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 Hedge Assets	-	-	-	-	-	-	-
Total amount of Hedge 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 September 2010 and 2009 are as follows:

	1 January - 30 September 2010	1 July- 30 September 2010	1 January - 30 September 2009	1 July- 30 September 2009
Total export amount	272.061.184	79.233.913	235.659.754	69.394.083
Total import amount	158.747.944	59.429.178	94.427.312	24.518.165

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 September 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 September 2010			
	Kar/(Zarar)		Özkaynaklar	
	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	264.937	(264.937)	-	-
Hedged amount against US Dollar risk (-)	-	-	-	-
Net Effect of US Dollar	264.937	(264.937)	-	-
Had TL appreciate/(depreciate) by 10% against EUR				
(Loss)/profit from EUR net liability position	(721.710)	721.710	-	-
Hedged amount against EUR risk (-)	-	-	-	-
Net Effect of EUR	(721.710)	721.710	-	-
Total Net Effect	(456.773)	456.773	-	-
	30 September 2009			
	Kar/(Zarar)		Özkaynaklar	
	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	594.090	(594.090)	-	-
Hedged amount against US Dollar risk (-)	-	-	-	-
Net Effect of US Dollar	594.090	(594.090)	-	-
Had TL appreciate/(depreciate) by 10% against EUR				
(Loss)/profit from EUR net liability position	(842.531)	842.531	-	-
Hedged amount against EUR risk (-)	-	-	-	-
Net Effect of EUR	(842.531)	842.531	-	-
Total Net Effect	(248.441)	248.441	-	-

**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 SEPTEMBER 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)**

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).

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

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

	30 September 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	63.846.277	277.786.185	-	-	144.078.070	-	-
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	1.765.548	18.688.141	-	-	-	-	-
Net book value of impaired assets	-	10.818.164	-	-	-	-	-
- Past due (Gross book value)	-	34.002.814	-	-	-	-	-
- Impairment (-)	-	(23.184.649)	-	-	-	-	-
- Undue (Gross book value)	-	17.152.203	-	-	-	-	-
- Impairment (-)	-	(17.152.203)	-	-	-	-	-
Off-balance sheet items exposed to credit risk	-	-	-	-	-	-	23.173.006
Amount exposed to maximum credit risk (**)	65.611.825	307.292.490	-	-	144.078.070	-	23.173.006

(*) 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 September 2010, the guarantee amount of the amount exposed to maximum credit risk is TL179.615.629. Additionally, the guarantee amount of the assets which are past due but not impaired and are impaired are TL58.567.755 and TL11.643.000, respectively.

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(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 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.

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(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 September 2010 and 31 December 2009 were as follows:

	30 September 2010	31 December 2009
Total liabilities	350.710.227	398.776.511
Less: Cash and cash equivalents (Note 3)	(143.676.877)	(80.396.303)
Net debt	207.033.350	318.380.208
Total equity	403.109.574	300.700.934
Total capital	610.142.924	619.081.142
Net debt/capital ratio	%34	%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.

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**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

As of 15 October 2010; according to the decision taken during the BOD meeting of Koç Holding that was held at 31 March 2009; following the merger between business partners, Company and New Holland Trakmak, in order to equalize the shares held by Koç Group and CNH at the Company, Koç Holding shares with TL756.318,75 nominal value which equals to 2,312% of Company' s capital, were sold to investors for TL13.235.578,13 and Temel Ticaret shares with TL477.675 nominal value, were sold to investors for TL8.359.312,50.

Furthermore, Temel Ticaret shares with TL636.900 nominal value were bought by Koç Holding, for TL 11.145.750. Following these transactions, Temel Ticaret has no shares in the Company' s capital.

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

NOTE 21 - SUBSEQUENT EVENTS (Continued)

The composition of the Company's statutory share capital at 15 October 2010 is as follows:

	15 October 2010	
	Participation	Amount
	(%)	(TL)
Koç Holding	37,5	20.013.375
CNH	37,5	20.013.375
Public quotation	24,3	12.981.957
Other	0,7	360.293
	100,0	53.369.000

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

As of 30 September 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.

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