

**TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.**

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM  
PERIOD BETWEEN 1 JANUARY – 31 MARCH 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 – 31 MARCH 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 31 MARCH 2010 AND 31 DECEMBER 2009**

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

	Notes	Unaudited 31 March 2010	Audited 31 December 2009
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>		<b>587.185.000</b>	<b>538.639.584</b>
Cash and cash equivalents	3	81.279.588	80.690.192
Trade receivables			
- Trade receivables	5	185.011.442	165.029.018
- Due from related parties	19	102.466.973	81.844.883
Inventories	6	144.356.784	140.286.921
Other current assets	9	74.070.213	70.788.570
<b>NON-CURRENT ASSETS</b>		<b>159.890.444</b>	<b>174.568.050</b>
Trade receivables	5	100.807.302	118.152.765
Property, plant and equipment	7	36.862.111	37.907.359
Intangible assets	8	10.940.471	10.102.274
Deferred tax assets	17	10.849.101	7.923.225
Other non-current assets	9	431.459	482.427
<b>TOTAL ASSETS</b>		<b>747.075.444</b>	<b>713.207.634</b>

The condensed interim financial statements prepared for the period ended at 31 March 2010 have been approved by the Board of Directors on 26 April 2010 and signed by Marco Votta and Memet İlkan Kamber on behalf of Board of Directors .

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

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**TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.**

**BALANCE SHEETS AT 31 MARCH 2010 AND 31 DECEMBER 2009**

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

	Notes	Unaudited 31 March 2010	Audited 31 December 2009
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>		<b>250.738.954</b>	<b>308.149.565</b>
Financial liabilities	4	68.670.328	224.194.075
Trade payables			
- Trade payables	5	125.757.552	57.055.341
- Due to related parties	19	22.951.291	8.719.008
Taxation on income	17	8.622.623	2.067.464
Provisions	10	10.726.479	7.428.952
Other current liabilities	9	14.010.681	8.684.725
<b>NON-CURRENT LIABILITIES</b>		<b>183.726.993</b>	<b>104.357.135</b>
Financial liabilities	4	176.884.395	98.055.898
Provision for employment termination benefits	11	6.842.598	6.301.237
<b>SHAREHOLDERS' EQUITY</b>		<b>312.609.497</b>	<b>300.700.934</b>
Share capital	12	53.369.000	53.369.000
Adjustments 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	24.155.680	30.955.024
<b>TOTAL LIABILITIES</b>		<b>747.075.444</b>	<b>713.207.634</b>
Provisions, contingent assets and contingent liabilities	10		

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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 31 MARCH 2010 AND 31 DECEMBER 2009**

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

	Notes	Unaudited 1 January - 31 March 2010	Unaudited 1 January - 31 March 2009
Sales (net)	13	239.149.506	155.973.858
Cost of sales (-)	13	(183.209.847)	(142.499.050)
<b>GROSS PROFIT</b>		<b>55.939.659</b>	<b>13.474.808</b>
Marketing, selling and distribution expenses (-)		(8.615.031)	(5.484.044)
General administrative expenses (-)		(5.909.746)	(5.212.551)
Research and development expenses (-)		(505.686)	(536.566)
Other operating income	14	1.065.515	186.897
Other operating expenses (-)	14	(9.863.355)	(64.344)
<b>OPERATING PROFIT</b>		<b>32.111.356</b>	<b>2.364.200</b>
Financial income	15	87.394.362	91.672.316
Financial expenses (-)	16	(89.561.220)	(103.356.433)
<b>PROFIT BEFORE TAXATION ON INCOME</b>		<b>29.944.498</b>	<b>(9.319.917)</b>
Taxes on income	17	(8.714.694)	-
Deferred tax income	17	2.925.876	410.304
<b>PROFIT FOR THE PERIOD</b>		<b>24.155.680</b>	<b>(8.909.613)</b>
Earnings per share (TL)	18	0,0045	(0,0017)
<b>OTHER COMPREHENSIVE INCOME</b>			
Change in hedge reserves		-	6.131.604
Deferred tax (expense)/income on other comprehensive income		-	(1.226.321)
<b>OTHER COMPREHENSIVE INCOME (AFTER TAX)</b>		<b>24.155.680</b>	<b>4.905.283</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>24.155.680</b>	<b>(4.004.330)</b>

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

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

**CONDENSED SHAREHOLDERS' EQUITY  
FOR THE INTERIM PERIODS BETWEEN 1 JANUARY - 31 MARCH 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 shareholders' equity
<b>1 January 2010</b>	<b>53.369.000</b>	<b>39.014.356</b>	-	-	<b>(5.569.000)</b>	<b>59.011.780</b>	<b>123.919.774</b>	<b>30.955.024</b>	<b>300.700.934</b>
Transfers	-	-	-	-	-	957.867	29.997.157	(30.955.024)	-
Dividends will be paid	-	-	-	-	-	-	(12.247.117)	-	(12.247.117)
Increase in fair value of available for sale investments	-	-	-	-	-	-	-	-	-
Deferred tax calculated on increase in fair value of available for sale investments	-	-	-	-	-	-	-	-	-
Sale of available for sale investments	-	-	-	-	-	-	-	-	-
Redemption of derivative financial instruments	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	-	24.155.680	24.155.680
<b>31 March 2010</b>	<b>53.369.000</b>	<b>39.014.356</b>	-	-	<b>(5.569.000)</b>	<b>59.969.647</b>	<b>141.669.814</b>	<b>24.155.680</b>	<b>312.609.497</b>
	Share capital	Adjustment to share capital	Fair value reserves	Hedge reserve	Merger reserve	Restricted profit reserves	Retained earnings	Net profit for the period	Total shareholders' equity
<b>1 January 2009</b>	<b>53.369.000</b>	<b>39.014.356</b>	<b>3.634.098</b>	<b>(4.905.283)</b>	<b>(5.569.000)</b>	<b>56.617.017</b>	<b>76.601.061</b>	<b>66.791.556</b>	<b>285.552.805</b>
Transfers	-	-	-	-	-	2.394.763	64.396.793	(66.791.556)	-
Dividends paid	-	-	-	-	-	-	(17.078.080)	-	(17.078.080)
Increase in fair value of available for sale investments	-	-	-	-	-	-	-	-	-
Deferred tax calculated on increase in fair value of available for sale investments	-	-	-	-	-	-	-	-	-
Redemption of derivative financial instruments	-	-	-	4.905.283	-	-	-	-	4.905.283
Net profit for the period	-	-	-	-	-	-	-	(8.909.613)	(8.909.613)
<b>31 March 2009</b>	<b>53.369.000</b>	<b>39.014.356</b>	<b>3.634.098</b>	-	<b>(5.569.000)</b>	<b>59.011.780</b>	<b>123.919.774</b>	<b>(8.909.613)</b>	<b>264.470.395</b>

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**TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.**

**CONDENSED CASH FLOWS FOR THE INTERIM PERIODS  
BETWEEN 1 JANUARY – 31 MARCH 2010 AND 2009**

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

	Notes	31 March 2010	31 March 2009
<b>Cash flows from operating activities:</b>			
Profit before taxation on income		29.944.498	(9.319.917)
Depreciation	7	1.607.695	1.950.382
Amortisation	8	427.513	201.957
Provision for employment termination benefits	11	734.725	3.310.721
Gain from sales of property, plant and equipment - net	14	(77.440)	(41.249)
Interest income	15	(806.667)	(3.637.368)
Interest expense	16	2.620.783	14.408.569
Provision for impairment of inventory	6	506.250	1.791.326
Expense accruals-net		3.297.527	(676.147)
Provision for doubtful receivables	14	9.320.614	-
Other non-cash items		(11.120.756)	6.678.021
<b>Net cash flow before changes in operating assets and liabilities</b>		<b>36.454.742</b>	<b>14.666.295</b>
<b>Changes in operating assets and liabilities - net:</b>			
(Increase)/decrease in trade receivables		(15.519.944)	15.150.892
(Increase)/decrease in due from related parties		(20.622.090)	(23.785.323)
(Increase)/decrease in inventories		(4.676.407)	33.109.848
Increase in other current assets		(3.281.643)	(11.559.087)
Decrease in other non-current assets		50.968	21.114
Increase in due to related parties		14.232.283	2.545.470
Increase/(decrease) in trade payables		69.686.397	(13.799.761)
Increase /(decrease) in other short-term liabilities		5.325.956	(2.863.640)
Employment termination benefits paid	11	(193.364)	(4.897.052)
Taxes paid		(2.159.535)	-
<b>Net cash provided by operating activities</b>		<b>79.297.363</b>	<b>8.588.756</b>
<b>Cash flows from investing activities:</b>			
Capital expenditures		(1.856.267)	(1.829.492)
Gain from sales of property, plant and equipment and intangible assets		105.550	233.080
Interest received		613.814	3.344.081
<b>Net cash (used in)/provided by investing activities</b>		<b>(1.136.903)</b>	<b>1.747.669</b>
<b>Cash flows from financing activities:</b>			
Proceeds from bank borrowings		104.413.113	211.514.195
Repayments of bank borrowings		(166.481.860)	(151.219.425)
Dividends will be paid/ paid		(12.247.117)	(17.078.080)
Interest paid		(2.794.535)	(14.901.109)
<b>Net cash (used in)/provided by financing activities</b>		<b>(77.110.399)</b>	<b>28.315.581</b>
<b>Effect of change of exchange rate on cash and cash equivalent</b>		<b>(463.149)</b>	<b>496.056</b>
Net increase in cash and cash equivalents		1.050.061	38.652.006
<b>Cash and cash equivalents at the beginning of the period</b>	<b>3</b>	<b>80.396.303</b>	<b>115.448.598</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>3</b>	<b>80.983.215</b>	<b>154.596.660</b>

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 - 31 MARCH 2010**

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

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**NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS**

Türk Traktör ve Ziraat Makineleri A.Ş. (the “Company”) was established in 1954 in Ankara, as Minneapolis Moline Türk Traktör ve Ziraat Makineleri A.Ş. to undertake the manufacturing and trade of farm tractors, harvesters and other agricultural machinery and equipment. The name of the Company was changed as Türk Traktör Ziraat Makineleri A.Ş. in 1968 upon the purchase of 25% of the shares held by Ege Makina ve Ticaret A.Ş., a group company of the Koç Holding A.Ş. (“Koç Holding”). As of 31 March 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 31 March 2010 is 1.436 (31 December 2009: 1.246).

The Company has merged with New Holland Trakmak Traktör ve Ziraat Makinaları A.Ş. (“Trakmak”) as of 31 March 2008, through transfer of all the assets and liabilities of Trakmak into the Company as a whole.

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

The Company conducts marketing and selling activities in the domestic market, through its 115 sales dealers and 90 spare part dealers.

The Company is registered in Turkey in the following address:

Güvercin Yolu No: 111-112  
06560 - Gazi Ankara

As of 31 March 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”). 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 - 31 MARCH 2010

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

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#### 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 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 the 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 with the promulgation, 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

*Standards, amendments and interpretations effective in 2010 and relevant to the operations of the Company.*

- IAS 1, "Non-current/Current classification of convertible instruments",
- IAS 7, "Classification of expenses on unrecognized assets",
- IAS 17, "Classification of leases on land and buildings",
- IAS 32, "Classification of rights",
- IAS 36, "Goodwill test acquired in a business combination for impairment",
- IAS 37, "Consolidated and non-consolidated financial statements",
- IAS 39, "Financial Instruments: Recognition and Measurement",
- IFRS 1, "Oil and gas implications"
- IFRS 1, "Notes for financial instruments"
- IFRS 2, "The scope of IFRS 2 and IFRS 3",
- IFRS 2, "Share based payments",
- IFRS 5, "Disclosure requirements on Non-current Assets Held for Sale and Discontinued Operations",
- IFRS 8, "Disclosures on Operating segments",
- IFRIC 15, "Agreements for the Construction of Real Estate",
- IFRIC 16, "Hedges of a Net Investment in a Foreign Operation",
- IFRIC 17, "Distribution of non-cash assets to owners",
- IFRIC 18, "Transfers of assets from customers",

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**SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL  
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BETWEEN 1 JANUARY - 31 MARCH 2010**

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

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

**2.3 Errors and changes in accounting policies/estimations**

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

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

**2.4 Summary of significant accounting policies**

Condensed interim financial statements at 31 March 2010 prepared based on the IAS 34 "Interim Financial Reporting" standard. Besides, the condensed interim financial statements at 31 March 2010 prepared inline with the accounting policies applied to the financial statements at 31 December 2009. Accordingly, related condensed interim financial statements should be evaluated with the financial statements as of 31 December 2009.

**NOTE 3 - CASH AND CASH EQUIVALENTS**

	<b>31 March 2010</b>	<b>31 December 2009</b>
Cheques received	108.257	108.257
Banks		
- TL denominated demand deposits	1.700.142	5.554.798
- TL denominated time deposits	61.766.613	20.007.185
- Foreign currency denominated demand deposits	7.419.546	1.709.939
- Foreign currency denominated time deposits	10.285.030	53.310.013
	<b>81.279.588</b>	<b>80.690.192</b>

As of 31 March 2010, the weighted average effective annual interest rate for the TL and Euro time deposits is 8,52% and 3,10% (31 December 2009: TL: 8,52%, EUR: 2,67%). As of 31 March 2010 and 31 December 2009, remaining time to maturity of time deposits is less than three months.

The cash and cash equivalents included in the statement of cash flows at 31 March 2010, 31 December 2009, 31 March 2009 and 31 December 2008 are as follows:

	<b>31 March 2010</b>	<b>31 December 2009</b>	<b>31 March 2009</b>	<b>31 December 2008</b>
Banks	81.279.588	80.690.192	155.003.417	115.684.361
Less: Interest accruals	(251.788)	(58.935)	(393.321)	(100.032)
Less: Restricted bank deposits	(44.585)	(234.954)	(13.436)	(135.731)
<b>Cash and cash equivalents</b>	<b>80.983.215</b>	<b>80.396.303</b>	<b>154.596.660</b>	<b>115.448.598</b>

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**TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.**

**SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL  
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BETWEEN 1 JANUARY - 31 MARCH 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>31 March 2010</u>	<u>31 December 2009</u>	<u>31 March 2010</u>	<u>31 December 2009</u>	<u>31 March 2010</u>	<u>31 December 2009</u>
TL bank borrowings	18.608.175	18.199.406	7,00	7,47	18.608.175	18.199.406
EUR bank borrowings	24.338.672	95.288.233	3,28	4,49	49.950.257	205.851.169
					<b>68.558.432</b>	<b>224.050.575</b>

**Short-term financial lease obligations**

	<u>Original currency amount</u>		<u>TL Equivalent</u>	
	<u>31 March 2010</u>	<u>31 December 2009</u>	<u>31 March 2010</u>	<u>31 December 2009</u>
TL	111.896	143.500	111.896	143.500
			<b>111.896</b>	<b>143.500</b>
<b>Total short-term financial liabilities</b>			<b>68.670.328</b>	<b>224.194.075</b>

**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>	
	<u>31 March 2010</u>	<u>31 December 2009</u>	<u>31 March 2010</u>	<u>31 December 2009</u>	<u>31 March 2010</u>	<u>31 December 2009</u>
EUR bank borrowings	86.188.372	45.389.945	4,15	4,52	176.884.395	98.055.898
<b>Total long-term financial liabilities</b>					<b>176.884.395</b>	<b>98.055.898</b>

The Company borrowed TL82.092.000 (equivalent of EUR40 million), under the scope of the syndicated loan which was extended to be used by Koç Group of Companies and whose agreement was signed between various of institutions and Koç Holding.

Redemption schedule of the long-term bank borrowings as of 31 March 2010 is as follows:

	<b>2010</b>
2011	73.295.215
2012	103.589.180
	<b>176.884.395</b>

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**NOTE 4 - FINANCIAL LIABILITIES (Continued)**

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

	<b>Carrying value</b>		<b>Fair value</b>	
	<b>31 March 2010</b>	<b>31 December 2009</b>	<b>31 March 2010</b>	<b>31 December 2009</b>
Bank borrowings	245.442.827	322.106.473	243.009.949	321.885.246

As of 31 March 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 4,17% and 7,00%, respectively (31 December 2009: EUR and TL bank borrowings 4,02% and 7,22% p.a., respectively).

**NOTE 5 - TRADE RECEIVABLES AND PAYABLES**

	<b>31 March 2010</b>	<b>31 December 2009</b>
<b>Short-term trade receivables:</b>		
Customer current accounts	122.136.104	94.315.825
Notes receivables	74.416.316	74.858.377
Protested notes	19.957.048	20.287.722
	216.509.468	189.461.924
Less: Provision for doubtful receivables	(29.217.524)	(20.817.960)
Unearned financial income	(2.280.502)	(3.614.946)
<b>Short-term trade receivables</b>	<b>185.011.442</b>	<b>165.029.018</b>
Due from related parties (Note 19)	102.466.973	81.844.883
<b>Total short-term trade receivables</b>	<b>287.478.415</b>	<b>246.873.901</b>

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

Movements of the provisions for doubtful receivables for the years ended 31 March 2010 and 31 December 2009 are as shown below:

	<b>2010</b>	<b>2009</b>
<b>1 January</b>	20.817.960	14.114.059
Collections during the period (Note 14)	(921.050)	-
Charge during the period (Note 14)	9.320.614	-
<b>31 March</b>	<b>29.217.524</b>	<b>14.114.059</b>

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**NOTE 5 - TRADE RECEIVABLES AND PAYABLES (Continued)**

	<b>31 March 2010</b>	<b>31 December 2009</b>
<b>Long-term trade receivables:</b>		
Notes receivables	111.537.247	130.114.372
Less: Unearned financial income	(10.729.945)	(11.961.607)
<b>Long-term trade receivables</b>	<b>100.807.302</b>	<b>118.152.765</b>
	<b>31 March 2010</b>	<b>31 December 2009</b>
<b>Trade payables:</b>		
Supplier current accounts	126.193.876	57.272.662
Less: Unincurred financial expense	(436.324)	(217.321)
<b>Trade payables</b>	<b>125.757.552</b>	<b>57.055.341</b>
Due to related parties (Note 19)	22.951.291	8.719.008
<b>Total trade payables</b>	<b>148.708.843</b>	<b>65.774.349</b>

**NOTE 6 – INVENTORIES**

	<b>31 March 2010</b>	<b>31 December 2009</b>
Raw materials	35.326.789	41.519.857
Work in progress	5.296.411	1.748.526
Finished goods	20.467.357	13.281.639
Commercial goods	61.810.901	67.643.557
Spare parts	12.616.187	11.465.169
Goods in transit	13.591.626	8.874.410
	149.109.271	144.533.158
Provision for impairment of inventory	(4.752.487)	(4.246.237)
	<b>144.356.784</b>	<b>140.286.921</b>

The cost of inventories recognised as expense and included in production costs during the current year, amounted to TL174.478.634 (31 March 2009: TL109.974.799).

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

	<b>2010</b>	<b>2009</b>
<b>1 January</b>	(4.246.237)	(999.296)
Charge during the year for impairment of inventory, net	(506.250)	(1.791.326)
<b>31 March</b>	<b>(4.752.487)</b>	<b>(2.790.622)</b>

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**NOTE 7- PROPERTY, PLANT AND EQUIPMENT**

	<b>1 January 2010</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	<b>31 March 2010</b>
<b><u>Cost</u></b>					
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	458.274	-	-	313.514.510
Special costs	2.623.444	65.533	-	-	2.688.977
Motor vehicles	2.230.392	-	(132.392)	-	2.098.000
Furniture and fixtures	20.772.330	40.009	(6.984)	-	20.805.355
Construction in progress	2.042.878	26.741	-	-	2.069.619
	<b>393.998.045</b>	<b>590.557</b>	<b>(139.376)</b>	<b>-</b>	<b>394.449.226</b>
<b><u>Accumulated depreciation</u></b>					
Land improvements	2.950.217	28.401	-	-	2.978.618
Buildings	32.102.848	365.404	-	-	32.468.252
Machinery and equipment	298.507.356	936.257	-	-	299.443.613
Special costs	2.535.582	12.249	-	-	2.547.831
Motor vehicles	1.335.861	74.214	(104.282)	-	1.305.793
Furniture and fixtures	18.658.822	191.170	(6.984)	-	18.843.008
	<b>356.090.686</b>	<b>1.607.695</b>	<b>(111.266)</b>	<b>-</b>	<b>357.587.115</b>
<b>Net book value</b>	<b>37.907.359</b>				<b>36.862.111</b>
<b><u>Cost</u></b>					
Land	373.095	-	-	-	373.095
Land improvements	4.479.678	-	-	-	4.479.678
Buildings	48.193.297	217.495	-	-	48.410.792
Machinery and equipment	313.339.143	222.585	-	-	313.561.728
Special costs	2.614.694	-	-	-	2.614.694
Motor vehicles	2.661.564	255.026	(589.612)	-	2.326.978
Furniture and fixtures	20.714.636	60.768	(4.047)	-	20.771.357
Construction in progress	376.218	-	-	-	376.218
	<b>392.752.325</b>	<b>755.874</b>	<b>(593.659)</b>	<b>-</b>	<b>392.914.540</b>
<b><u>Accumulated depreciation</u></b>					
Land improvements	2.833.060	29.303	-	-	2.862.363
Buildings	30.636.092	365.156	-	-	31.001.248
Machinery and equipment	297.594.831	961.634	-	-	298.556.465
Special costs	2.487.738	12.074	-	-	2.499.812
Motor vehicles	1.429.626	375.887	(399.568)	-	1.405.945
Furniture and fixtures	18.161.390	206.328	(2.259)	-	18.365.459
	<b>353.142.737</b>	<b>1.950.382</b>	<b>(401.827)</b>	<b>-</b>	<b>354.691.292</b>
<b>Net book value</b>	<b>39.609.588</b>				<b>38.223.248</b>

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**NOTE 7- PROPERTY, PLANT AND EQUIPMENT (Continued)**

For the period ended at 31 March 2010, of the total depreciation expense amounting to TL1.607.695 (31 March 2009: TL1.950.382), TL1.144.227 (31 March 2009: TL1.406.881) is allocated to production costs, TL341.137 (31 March 2009: TL419.245) is allocated to general administrative expenses, TL85.626 (31 March 2009: TL107.159) is allocated to research and development expenses and TL36.705 (31 March 2009: TL17.097) is allocated to marketing, selling and distribution expenses. The depreciation expense amounting to TL88.995 is capitalized during the year as it is related to the development costs.

**NOTE 8 - INTANGIBLE ASSETS**

	1 January 2010	Additions	Disposals	Transfers	31 March 2010
<b><u>Cost</u></b>					
Rights	4.877.291	160.053	-	-	5.037.344
Development costs	6.989.807	-	-	-	6.989.807
Development costs in progress	3.356.748	1.105.657	-	-	4.462.405
	<b>15.223.846</b>	<b>1.265.710</b>	<b>-</b>	<b>-</b>	<b>16.489.556</b>
<b><u>Accumulated amortisation</u></b>					
Rights	4.302.099	78.023	-	-	4.380.122
Development costs	819.473	349.490	-	-	1.168.963
	<b>5.121.572</b>	<b>427.513</b>	<b>-</b>	<b>-</b>	<b>5.549.085</b>
<b>Net book value</b>	<b>10.102.274</b>				<b>10.940.471</b>
	1 January 2009	Additions	Disposals	Transfers	31 March 2009
<b><u>Cost</u></b>					
Rights	4.568.981	18.924	-	-	4.587.905
Development costs	2.592.034	-	-	-	2.592.034
Development costs in progress	2.627.088	1.054.694	-	-	3.681.782
	<b>9.788.103</b>	<b>1.073.618</b>	<b>-</b>	<b>-</b>	<b>10.861.721</b>
<b><u>Accumulated amortisation</u></b>					
Rights	4.029.857	72.355	-	-	4.102.212
Development costs	102.579	129.602	-	-	232.181
	<b>4.132.436</b>	<b>201.957</b>	<b>-</b>	<b>-</b>	<b>4.334.393</b>
<b>Net book value</b>	<b>5.655.667</b>				<b>6.527.328</b>

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 at 31 March 2010, of the total amortisation expenses amounting to TL427.513 (31 March 2009: TL201.957), TL55.529 (31 March 2009: TL145.679) is allocated to production costs, TL16.555 (31 March 2009: TL43.412) is allocated to general administrative expenses, TL353.646 (31 March 2009: TL11.096) is allocated to research and development expenses and TL1.783 (31 March 2009: TL1.770) is allocated to marketing, selling and distribution expenses.

**NOTE 9 - OTHER ASSETS AND LIABILITIES**

**31 March 2010 31 December 2009**

**a) Other current assets:**

Reclaimed value added tax ("VAT")	47.357.390	51.478.953
Deferred VAT	25.589.175	19.016.063
Prepaid expenses	636.307	232.004
Other	487.341	61.550
	<b>74.070.213</b>	<b>70.788.570</b>

**31 March 2010 31 December 2009**

**b) Other non-current assets:**

Deposits and guarantees given	431.459	482.427
	<b>431.459</b>	<b>482.427</b>

**31 March 2010 31 December 2009**

**c) Other short-term liabilities:**

Deferred income (*)	4.752.856	2.083.825
Taxes, funds and other related payable	3.296.416	2.385.011
Payables to personnel	2.311.867	1.096.025
Other	3.649.542	3.119.864
	<b>14.010.681</b>	<b>8.684.725</b>

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



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**NOTE 10 - PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

**a) Provisions**

	<b>31 March 2010</b>	<b>31 December 2009</b>
Warranty provisions	7.864.286	7.258.630
Provision for lawsuits (*)	662.393	119.916
Other provisions	2.199.800	50.406
	<b>10.726.479</b>	<b>7.428.952</b>

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

As of 31 March 2010 and 2009, the movement of provision for warranty expenses is as follows:

	<b>2010</b>	<b>2009</b>
<b>1 January</b>	7.258.630	9.997.787
Released during the period	(2.274.995)	(2.484.869)
Charge for the period	2.880.651	1.188.140
<b>31 March</b>	<b>7.864.286</b>	<b>8.701.058</b>

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

	<b>2010</b>	<b>2009</b>
<b>1 January</b>	119.916	1.754.149
Charge for the period (Note 14)	542.477	29.691
<b>31 March</b>	<b>662.393</b>	<b>1.783.840</b>

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

	<b>2010</b>	<b>2009</b>
<b>1 January</b>	50.406	608.099
Released during the period	(50.406)	(608.099)
Charge for the period	2.199.800	1.198.990
<b>31 March</b>	<b>2.199.800</b>	<b>1.198.990</b>

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

**b) Contingent Liabilities**

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

	<b>31 March 2010</b>	<b>31 December 2009</b>
A. The total amount of collaterals given on behalf of its own legal entity	34.778.792	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 (*)	6.953.565	7.319.490
D. The total amount of other collaterals given	-	-
i. The total amount of collaterals given in favor of the parent companies	-	-
ii. The total amount of collaterals given in favor of other group companies which are not in the scope of items B and C	-	-
iii. The total amount of collaterals given in favor of third parties other than the parties stated in item C	-	-
	<b>41.732.357</b>	<b>36.167.380</b>

(\*) The Company signed as a guarantor againsts bank borrowings amounting to EUR3.388.182 (31 December 2009: 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 13% (31 December 2009: 12%).

**c) Contingent Assets**

	<b>31 March 2010</b>	<b>31 December 2009</b>
Letters of guarantees received	150.348.155	150.460.729
Mortgages	4.118.480	1.335.480
Security bonds	1.750.000	1.750.000
Foreign currency guarantees in cash	544.205	12.121
	<b>156.760.840</b>	<b>153.558.330</b>

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**NOTE 11 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS**

	<b>31 March 2010</b>	<b>31 December 2009</b>
Provision for employment termination benefits	6.842.598	6.301.237
	<b>6.842.598</b>	<b>6.301.237</b>

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

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

The amount payable consists of one month's salary limited to a maximum of TL2.427,04 for each year of service as of 31 March 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:

	<b>31 March 2010</b>	<b>31 December 2009</b>
Discount rate (%)	5,92	5,92
Turnover rate to estimate the probability of retirement (%)	96,51	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 TL2.427,04 which is effective from 1 January 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 year are as follows:

	<b>2010</b>	<b>2009</b>
<b>1 January</b>	6.301.237	7.573.991
Charge during the period	734.725	3.310.721
Paid during the period	(193.364)	(4.897.052)
<b>31 March</b>	<b>6.842.598</b>	<b>5.987.660</b>

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**NOTE 12 - SHAREHOLDERS' EQUITY**

**Paid-in 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 31 March 2010 and 31 December 2009 are as follows:

	<u>31 March 2010</u>		<u>31 December 2009</u>	
	<b>Participation (%)</b>	<b>Share Amount (TL)</b>	<b>Participation (%)</b>	<b>Share Amount (TL)</b>
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
	<b>100,0</b>	<b>53.369.000</b>	<b>100,0</b>	<b>53.369.000</b>
<b>Adjustments to share capital</b>		<b>39.014.356</b>		<b>39.014.356</b>
		<b>92.383.356</b>		<b>92.383.356</b>

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

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

As of 11 June 2004, the Company has been quoted to ISE and its shares started to be traded in the stock exchange market from that date. As of 31 March 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 profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in capital. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in capital. These amounts are classified as "Restricted profit reserves" according to the CMB Financial Reporting Standards.

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**NOT 12 - SHAREHOLDERS' EQUITY (Continued)**

In accordance with the Communiqué No:XI-29 and related announcements of CMB, effective from 1 January 2008, "Share capital", "Restricted Reserves" and "Share Premiums" shall be carried at their statutory amounts. The valuation differences (such as inflation adjustment differences) shall be disclosed as follows:

- If the difference is due to the inflation adjustment of "share capital" and not yet been 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.

**Profit Distribution**

The decision of dividend payment amounting to TL12.247.117, taken in the Company's General Assembly dated 26 March 2010 (Note 19). Dividend payment distribution began at the date of 2 April 2010.

The total of statutory profit for 31 March 2010 and the other resources that can be subject to a possible dividend distribution for the Company is TL197.562.979.

The Company's shareholders' equity as of 31 March 2010 and 31 December 2009 is as follows:

	<b>31 March 2010</b>	<b>31 December 2009</b>
Share capital	53.369.000	53.369.000
Adjustments 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	24.155.680	30.955.024
<b>Total shareholders' equity</b>	<b>312.609.497</b>	<b>300.700.934</b>

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**NOTE 13 - SALES AND COST OF SALES**

	<b>1 January - 31 March 2010</b>	<b>1 January - 31 March 2009</b>
Domestic sales	155.592.019	56.078.478
Export sales	97.703.179	105.699.196
	<b>253.295.198</b>	<b>161.777.674</b>
Less : Discounts and returns	(14.145.692)	(5.803.816)
<b>Sales income (net)</b>	<b>239.149.506</b>	<b>155.973.858</b>
Cost of sales	(183.209.847)	(142.499.050)
<b>Gross profit</b>	<b>55.939.659</b>	<b>13.474.808</b>

**NOTE 14 - OTHER OPERATING INCOME/EXPENSES**

	<b>1 January - 31 March 2010</b>	<b>1 January - 31 March 2009</b>
Termination of provision for doubtful receivables (Note 5)	921.050	-
Gain on sales of property, plant and equipment	77.440	63.204
Other income	67.025	123.693
<b>Other operating income</b>	<b>1.065.515</b>	<b>186.897</b>
Provision for doubtful receivables (Note 5)	(9.320.614)	-
Provision for lawsuits (Note 10)	(542.477)	(29.691)
Loss on sales of property, plant and equipment	-	(21.955)
Other expenses	(264)	(12.698)
<b>Other operating expenses</b>	<b>(9.863.355)</b>	<b>(64.344)</b>

**NOTE 15 - FINANCIAL INCOME**

	<b>1 January - 31 March 2010</b>	<b>1 January - 31 March 2009</b>
Foreign exchange gain	81.924.072	78.069.755
Financial income from credit sales	4.663.623	9.965.193
Interest income	806.667	3.637.368
<b>Financial income</b>	<b>87.394.362</b>	<b>91.672.316</b>

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**NOTE 16 - FINANCIAL EXPENSES**

	<b>1 January - 31 March 2010</b>	<b>1 January - 31 March 2009</b>
Foreign exchange loss	(84.304.792)	(84.008.539)
Interest expenses of bank borrowings	(2.620.783)	(14.408.569)
Financial expense on credit purchases	(1.706.039)	(3.097.999)
Other	(929.606)	(1.841.326)
<b>Financial expenses</b>	<b>(89.561.220)</b>	<b>(103.356.433)</b>

**NOTE 17 - TAX ASSETS AND LIABILITIES**

	<b>31 March 2010</b>	<b>31 December 2009</b>
Corporation and income taxes payable	8.714.694	6.539.181
Less: Prepaid taxes	(92.071)	(4.471.717)
<b>Total tax payable - net</b>	<b>8.622.623</b>	<b>2.067.464</b>

  

	<b>1 January - 31 March 2010</b>	<b>1 January - 31 March 2009</b>
Current year corporate tax expense	(8.714.694)	-
Deferred tax income	2.925.876	410.304
<b>Tax expense</b>	<b>(5.788.818)</b>	<b>410.304</b>

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

**Deferred Taxes**

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between the financial statements prepared in accordance with the CMB Financial Reporting Standards and their statutory financial statements, using the currently enacted tax rates. These temporary differences result in the recognition of revenue and expenses in different reporting periods for CMB Financial Reporting Standards and tax purposes. The currently enacted tax rate for deferred tax assets and liabilities is 20% (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 31 March 2010 and 31 December 2009 are as follows:

	<u>Temporary differences</u>		<u>Deferred tax assets/(liabilities)</u>	
	31 March 2010	31 December 2009	31 March 2010	31 December 2009
Property, plant and equipment and intangible assets, restatement and useful life differences	678.398	1.237.245	(135.680)	(247.448)
Unearned finance income on due from related parties	(98.089)	(85.299)	19.618	17.059
Provision for employment termination benefits	(6.842.598)	(6.301.237)	1.368.520	1.260.247
Capitalized unincurred financial expense on inventory	(1.450.585)	(80.295)	290.117	16.059
Warranty provision	(7.864.286)	(7.258.630)	1.572.857	1.451.726
Provision for lawsuits	(662.393)	(119.916)	132.479	23.983
Unearned finance income on trade receivables	(8.656.846)	(10.065.035)	1.731.369	2.013.007
Provision for doubtful receivables	(20.992.900)	(12.915.374)	4.198.580	2.583.077
Sales premiums	(2.491.519)	-	498.304	-
Provision for impairment of inventory	(4.752.487)	(4.246.237)	950.497	849.247
Other provisions	(2.199.800)	(50.406)	439.960	10.081
Elimination of profit margin of the purchases from free zone branch	(639.044)	(698.116)	127.809	139.623
Other	1.726.646	967.179	(345.329)	(193.436)
<b>Deferred tax assets</b>			<b>10.849.101</b>	<b>7.923.225</b>

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

	2010	2009
<b>1 January</b>	7.923.225	8.200.194
Deferred tax income	2.925.876	410.304
Charged to hedge reserve	-	(1.226.321)
<b>31 March</b>	<b>10.849.101</b>	<b>7.384.177</b>

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

	31 March 2010	31 March 2009
<b>Profit /(loss) before taxation on income</b>	<b>29.944.498</b>	<b>(9.319.917)</b>
Tax calculated at enacted tax rate	5.988.900	(1.863.983)
Research and development deductions	(230.219)	(215.827)
Disallowable expenses	20.053	12.841
Financial loss	-	1.797.447
Other	10.084	(140.782)
<b>Total tax charge</b>	<b>5.788.818</b>	<b>(410.304)</b>



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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 period.

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.

	<b>1 January - 31 March 2010</b>	<b>1 January - 31 March 2009</b>
Profit/(loss) for the period	24.115.680	(8.909.613)
Weighted average number of the ordinary shares	5.336.900.000	5.336.900.000
Earnings per share (in full TL per share)	0,0045	(0,0017)

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

**NOTE 19 - RELATED PARTY EXPLANATIONS**

**i) Balances with related parties as of 31 March 2010 and 31 December 2009:**

	<b>31 March 2010</b>	<b>31 December 2009</b>
<b>a) Bank deposits and borrowings</b>		

**Deposits with related parties:**

Yapı ve Kredi Bankası A.Ş. (“Yapı Kredi”)	206.833	146.687
	<b>206.833</b>	<b>146.687</b>

**Borrowings from related parties:**

Yapı Kredi	20.856.841	21.781.585
Yapı Kredi Finansal Kiralama A.O. (“Yapı Kredi Finansal Kiralama”)	111.896	143.500
	<b>20.968.737</b>	<b>21.925.085</b>

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**NOTE 19 - RELATED PARTY EXPLANATIONS (Continued)**

	<b>31 March 2010</b>	<b>31 December 2009</b>
<b>b) Due from related parties</b>		
CNH International SA ("CNH International")	96.617.314	77.175.799
CNH Italy SPA ("CNH Italy")	2.277.812	1.926.647
Harranova Besi ve Tarım A.Ş.	922.007	51.132
New Holland Fiat India Pvt. Ltd.	640.925	498.476
Yapı Kredi Finansal Kiralama	420.632	434.711
Otokoç Otomotiv Tic ve San A.Ş. ("Otokoç")	346.456	1.199.553
CNH France S.A ("CNH France")	330.035	367.309
Fiat Group Purchasing SRL	119.152	125.422
Other	890.729	151.133

**102.565.062**

**81.930.182**

Less: Unearned financial income

(98.089)

(85.299)

**102.466.973**

**81.844.883**

	<b>31 March 2010</b>	<b>31 December 2009</b>
<b>c) Due to related parties</b>		
CNH International	6.667.627	4.449.433
Koç Holding	5.018.823	597.187
CNH	4.133.402	-
Opet Petrolcülük A.Ş. ("Opet")	3.173.231	1.168.956
Otokoç	484.877	255.908
Temel Ticaret A.Ş.	307.087	24.459
Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş.	214.516	101.164
New Holland Fiat India Pvt. Ltd.	171.095	169.318
Zer Merkezi Hizmetler ve Ticaret A.Ş. ("Zer")	56.722	1.073.157
Koçtaş Yapı Marketleri A.Ş.	33.272	133.500
Koç Net Haberleşme Teknolojileri ve İletişim Hizmetleri A.Ş. ("Koç Net")	25.975	85.750
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş. ("Koç Sistem")	10.162	494.996
Setur Servis Turistik A.Ş. ("Setur")	966	37.201
Other	2.715.552	183.621

**23.013.307**

**8.774.650**

Less: Unearned financial expenses

(62.016)

(55.642)

**22.951.291**

**8.719.008**

The decision of dividend payment amounting to TL12.247.117, taken in the Company's General Assembly dated 26 March 2010. Due to related parties contains net dividend amount amounting to TL11.371.600.

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NOTE 19 - RELATED PARTY EXPLANATIONS (Continued)

ii) Significant sales and purchases transactions with related parties for the interim periods  
between 1 January - 31 March 2010 and 2009:

	1 January- 31 March 2010	1 January- 31 March 2009
a) Product sales to related parties		
CNH International (*)	95.032.507	105.239.131
CNH Italy	1.453.861	1.310.184
Harranova	780.518	87.962
Zer	335.317	194.894
Yapı Kredi Finansal Kiralama	193.314	-
Other	1.250.132	562.669
	<b>99.045.649</b>	<b>107.394.840</b>

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

	1 January- 31 March 2010	1 January- 31 March 2009
b) Other income from related parties		
CNH International	-	9.929
CNH Italy	12.697	-
Other	-	5.173
	<b>12.697</b>	<b>15.102</b>

	1 January- 31 March 2010	1 January- 31 March 2009
c) Product purchases from related parties		
CNH International	9.488.805	14.284.363
Opet	2.934.956	1.248.963
Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	292.941	189.446
Koç Sistem	160.131	87.440
Zer	93.302	22.363
Other	435.005	216.374
	<b>13.405.140</b>	<b>16.048.949</b>

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**NOTE 19 - RELATED PARTY EXPLANATIONS (Continued)**

**d) Service purchases from related parties**

	<b>1 January- 31 March 2010</b>	<b>1 January- 31 March 2009</b>
Zer	1.278.657	516.471
Koç Holding (*)	936.694	962.482
Ram Sigorta Aracılık Hizmetleri A.Ş. (**)	588.938	804.055
Setur	310.307	181.003
CNH International (*)	276.000	312.500
Otokoç	192.706	196.601
Opet	121.664	73.852
Koç Sistem	36.436	78.470
Koç Net	72.190	81.689
Palmira	636	264
Other	75.971	65.148
	<b>3.890.199</b>	<b>3.272.535</b>

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

(\*\*) Includes paid and accrued premium amount done according to the policies signed with the non related insurance companies as of 31 March 2010 with the intermediation of Ram Sigorta Aracılık Hizmetleri A.Ş (which undertake as insurance agency).

**iii) Financial income and expenses arising from transactions with related parties for the interim periods between 1 January - 31 March 2010 and 2009:**

	<b>1 January- 31 March 2010</b>	<b>1 January- 31 March 2009</b>
<b>Interest Income</b>		
Yapı Kredi	5.075	1.418.821
	<b>1 January- 31 March 2010</b>	<b>1 January- 31 March 2009</b>
<b>Interest expense</b>		
Yapı Kredi	1.012.690	378.137
Yapı Kredi Finansal Kiralama	10.724	7.637
	<b>1.023.414</b>	<b>385.774</b>

**iv) Dividends paid to related parties:**

	<b>1 January - 31 December 2009</b>	<b>1 January - 31 December 2008</b>
Koç Holding	4.620.073	6.442.494
CNH	4.592.669	6.404.280
Public quotation	2.695.922	3.759.348
Other	82.680	115.294
	<b>12.247.117</b>	<b>17.078.080</b>

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**NOTE 19 - RELATED PARTY EXPLANATIONS (Continued)**

- v) **Other transactions with related parties for the interim periods between 1 January - 31 March 2010 and 2009:**

	<b>1 January- 31 March 2010</b>	<b>1 January- 31 March 2009</b>
Remuneration of Board of Directors and key management personnel	1.795.236	518.963

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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 amounts of foreign currency assets, liabilities and TL equivalents of the Company as of 31 March 2010 and 31 December 2009 are as follows:

	<b>31 March 2010</b>						
	<b>TL Equivalent</b>	<b>US Dollar</b>	<b>EUR</b>	<b>GBP</b>	<b>DKK</b>	<b>CHF</b>	<b>YEN</b>
Trade Receivables	191.812.557	700.291	92.943.071	-	-	-	-
Monetary Financial Assets (Including cash, banks accounts)	17.704.576	210.045	8.470.957	21	-	-	-
Non-monetary Financial Assets	-	-	-	-	-	-	-
Other	12.981.409	51.179	6.027.180	9.472	-	-	31.219.200
<b>Current Assets</b>	<b>222.498.542</b>	<b>961.515</b>	<b>107.441.208</b>	<b>9.493</b>	<b>-</b>	<b>-</b>	<b>31.219.200</b>
Trade Receivables	97.239.627	45.360	47.347.177	-	-	-	-
Monetary Financial Assets	-	-	-	-	-	-	-
Non-monetary Financial Assets	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Non-current Assets</b>	<b>97.239.627</b>	<b>45.360</b>	<b>47.347.177</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Assets</b>	<b>319.738.169</b>	<b>1.006.875</b>	<b>154.788.385</b>	<b>9.493</b>	<b>-</b>	<b>-</b>	<b>31.219.200</b>
Trade Payables	101.253.214	-	49.327.198	8.291	-	-	-
Financial Liabilities	49.950.257	-	24.338.672	-	-	-	-
Other Monetary Liabilities	166.419	18.523	67.357	-	-	-	-
Other Non-monetary Liabilities	-	-	-	-	-	-	-
<b>Current Liabilities</b>	<b>151.369.890</b>	<b>18.523</b>	<b>73.733.227</b>	<b>8.291</b>	<b>-</b>	<b>-</b>	<b>-</b>
Trade Payables	-	-	-	-	-	-	-
Financial Liabilities	176.884.395	-	86.188.372	-	-	-	-
Other Monetary Liabilities	-	-	-	-	-	-	-
Other Non-monetary Liabilities	-	-	-	-	-	-	-
<b>Non-current Liabilities</b>	<b>176.884.395</b>	<b>-</b>	<b>86.188.372</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>328.254.285</b>	<b>18.523</b>	<b>159.921.599</b>	<b>8.291</b>	<b>-</b>	<b>-</b>	<b>-</b>
Total Amount of Hedged Assets	-	-	-	-	-	-	-
Total Amount of Hedged Liabilities	-	-	-	-	-	-	-
<b>Net Asset/(Liability) Position of Off-balance Sheet</b>							
<b>Derivative Instruments</b>	-	-	-	-	-	-	-
<b>Net Foreign Currency Asset/(Liability) Position</b>	<b>(8.516.116)</b>	<b>988.352</b>	<b>(5.133.214)</b>	<b>1.202</b>	<b>-</b>	<b>-</b>	<b>31.219.200</b>
<b>Net Monetary Foreign Currency Asset/(Liability) Position</b>	<b>(8.516.116)</b>	<b>988.352</b>	<b>(5.133.214)</b>	<b>1.202</b>	<b>-</b>	<b>-</b>	<b>31.219.200</b>

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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, banks accounts)	55.019.952	-	25.468.662	-	-	-	-
Non-monetary Financial Assets	-	-	-	-	-	-	-
Other	2.863.651	-	1.289.126	32.962	-	-	-
<b>Current Assets</b>	<b>235.110.332</b>	<b>1.118.972</b>	<b>108.015.897</b>	<b>32.962</b>	<b>-</b>	<b>-</b>	<b>-</b>
Trade Receivables	114.030.767	45.360	52.753.075	-	-	-	-
Monetary Financial Assets	-	-	-	-	-	-	-
Non-monetary Financial Assets	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Non-current Assets</b>	<b>114.030.767</b>	<b>45.360</b>	<b>52.753.075</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Assets</b>	<b>349.141.099</b>	<b>1.164.332</b>	<b>160.768.972</b>	<b>32.962</b>	<b>-</b>	<b>-</b>	<b>-</b>
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	-	-	-	-	-	-	-
<b>Current Liabilities</b>	<b>256.613.836</b>	<b>467.923</b>	<b>118.449.607</b>	<b>9.459</b>	<b>-</b>	<b>-</b>	<b>-</b>
Trade Payables	-	-	-	-	-	-	-
Financial Liabilities	98.055.898	-	45.389.945	-	-	-	-
Other Monetary Liabilities	-	-	-	-	-	-	-
Other Non-monetary Liabilities	-	-	-	-	-	-	-
<b>Non-current Liabilities</b>	<b>98.055.898</b>	<b>-</b>	<b>45.389.945</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>354.669.734</b>	<b>467.923</b>	<b>163.839.552</b>	<b>9.459</b>	<b>-</b>	<b>-</b>	<b>-</b>
Total Amount of Hedged Assets	-	-	-	-	-	-	-
Total Amount of Hedged Liabilities	-	-	-	-	-	-	-
<b>Net Asset/(Liability) Position of Off-balance Sheet</b>							
Derivative Instruments	-	-	-	-	-	-	-
<b>Net Foreign Currency Asset/(Liability) Position</b>	<b>(5.528.635)</b>	<b>696.409</b>	<b>(3.070.580)</b>	<b>23.503</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Monetary Foreign Currency Asset/(Liability) Position</b>	<b>(5.528.635)</b>	<b>696.409</b>	<b>(3.070.580)</b>	<b>23.503</b>	<b>-</b>	<b>-</b>	<b>-</b>

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**TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.**

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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)**

The import and export amounts of the Company for the periods ended 31 March 2010 and 2009 are as follows:

	<b>1 January - 31 March 2010</b>	<b>1 January - 31 March 2009</b>
Total export amount	97.703.179	105.699.196
Total import amount	44.875.692	39.167.527

The Company is exposed to foreign exchange risk primarily with respect to EUR and US Dollar. The effect of the Company's EUR and US Dollar foreign currency position as of 31 March 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:

	<b>31 March 2010</b>			
	<b>Profit/Loss</b>		<b>Shareholders' Equity</b>	
	<b>Appreciation of foreign currency</b>	<b>Depreciation of foreign currency</b>	<b>Appreciation of foreign currency</b>	<b>Depreciation of foreign currency</b>
<b>Had TL appreciate/(depreciate) by 10% against US Dollar</b>				
Profit/(loss) from US Dollar net asset position	150.378	(150.378)	-	-
Hedged amount against US Dollar risk (-)	-	-	-	-
<b>Net Effect of US Dollar</b>	<b>150.378</b>	<b>(150.378)</b>	-	-
<b>Had TL appreciate/(depreciate) by 10% against EUR</b>				
Profit/(loss) from EUR net liability position	(1.053.490)	1.053.490	-	-
Hedged amount against EUR risk (-)	-	-	-	-
<b>Net Effect of EUR</b>	<b>(1.053.490)</b>	<b>1.053.490</b>	-	-
<b>Total Net Effect</b>	<b>(903.112)</b>	<b>903.112</b>	-	-



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

	31 March 2009			
	Profit/Loss		Shareholders' Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
<b>Had TL appreciate/(depreciate) by 10% against US Dollar</b>				
Profit/(loss) from US Dollar net asset position	44.382	(44.382)	-	-
Hedged amount against US Dollar risk (-)	-	-	-	-
<b>Net Effect of US Dollar</b>	<b>44.382</b>	<b>(44.382)</b>	-	-
<b>Had TL appreciate/(depreciate) by 10% against EUR</b>				
Profit/(loss) from EUR net liability position	(11.761.582)	11.761.582	-	-
Hedged amount against EUR risk (-)	-	-	-	-
<b>Net Effect of EUR</b>	<b>(11.761.582)</b>	<b>11.761.582</b>	-	-
<b>Total Net Effect</b>	<b>(11.717.200)</b>	<b>11.717.200</b>	-	-

*Price Risk*

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

*Cash flow and fair value interest rate risk*

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

b) Credit Risk

Financial assets are in hand carrying the risk of the inability of fulfilling the requirements of the agreements by the counter parties. . The Company management manages these risks by limiting the average risk to any individual counterparty, by obtaining guarantees where necessary. The Company limits these risks that may arise from its dealers, by restricting the credit limits determined for the dealers according to the amount of the guarantees received, by updating the guarantee amounts regularly and by receiving the pledge of ownership of the tractors sold. Credit limits are regularly monitored by the Company and the customers' credit quality are regularly evaluated by considering the customers' financial position, past experiences and other factors. Trade receivables are evaluated by the management of the Company depending on their past experiences and current economic conditions and are presented in financial statements net of provision for doubtful receivables (Note 5).

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

The Company's maximum exposure to credit risk as of 31 March 2010 and 31 December 2009 is as follows:

	31 March 2010						
	Trade Receivables		Other Receivables		Bank Deposit Instruments	Derivative Instruments	Other(*)
	Related Party	Other Party	Related Party	Other Party			
Net book value of financial assets which are undue and not impaired	102.026.575	262.288.791	-	-	81.279.588	-	-
Net book value of restructured financial assets, otherwise that will be considered as due dated or impaired	-	-	-	-	-	-	-
Net book value of due dated but not impaired assets	440.398	20.129.953	-	-	-	-	-
Net book value of impaired assets	-	3.400.000	-	-	-	-	-
- Due dated (Gross book value)	-	26.602.023	-	-	-	-	-
- Provision (-)	-	(23.202.023)	-	-	-	-	-
- Undue (Gross book value)	-	6.015.501	-	-	-	-	-
- Provision (-)	-	(6.015.501)	-	-	-	-	-
Off-balance sheet items exposed to credit risk	-	-	-	-	-	-	41.732.357
<b>Amount exposed to maximum credit risk (**)</b>	<b>102.466.973</b>	<b>285.818.744</b>	<b>-</b>	<b>-</b>	<b>81.279.588</b>	<b>-</b>	<b>41.732.357</b>

(\*) 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 in calculation of the amount.

As of 31 March 2010, the guarantee amount of the maximum exposure to credit risk is TL156.760.840. Besides, the guarantee amount of the assets which are due but not impaired and are impaired are TL96.183.885 and TL3.400.000 respectively.

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

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

(\*) 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 in calculation of the amount.

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

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**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 31 March 2010 and 31 December 2009 are as follows:

	<b>31 March 2010</b>	<b>31 December 2009</b>
Total payables	416.896.870	398.776.511
Less: Cash and cash equivalents (Note 3)	(80.983.215)	(80.396.303)
<b>Net debt</b>	<b>335.913.655</b>	<b>318.380.208</b>
Total shareholders' equity	312.609.497	300.700.934
<b>Total capital</b>	<b>648.523.152</b>	<b>619.081.142</b>
<b>Net debt/capital</b>	<b>%52</b>	<b>%51</b>

**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. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realise in a current market exchange.

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

*Financial assets*

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

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

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

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

*Financial liabilities*

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

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

**NOTE 21 - SUBSEQUENT EVENTS**

None.

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

As of 31 March 2010, the financial reporting standards (defined as 'CMB Financial Reporting Standards') differ from IFRS issued by the IASB with respect to the application of inflation accounting for the period between 1 January - 31 December 2005. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

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