TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS AT 31 DECEMBER 2010 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

(ORIGINALLY ISSUED IN TURKISH)

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

FINANCIAL STATEMENTS AND EXPLANATORY NOTES FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2010

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CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

BALANCE SHEETS AT
31 DECEMBER 2010 AND 2009
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

	Notes	2010	2009
ASSETS			
CURRENT ASSETS		**739.251.159**	**538.639.584**
Cash and cash equivalents	3	248.557.341	80.690.192
Trade receivables			
- Trade receivables	5	214.976.132	165.029.018
- Due from related parties	20	62.152.300	81.844.883
Inventories	6	129.799.394	140.286.921
Other current assets	9	83.765.992	70.788.570
NON-CURRENT ASSETS		**146.921.396**	**174.568.050**
Trade receivables	5	59.532.098	118.152.765
Property, plant and equipment	7	55.963.502	37.907.359
Intangible assets	8	18.326.444	10.102.274
Deferred tax assets	18	12.770.736	7.923.225
Other non-current assets	9	328.616	482.427
TOTAL ASSETS		**886.172.555**	**713.207.634**

The financial statements prepared as at and for the year ended 31 December 2010 have been approved by the Board of Directors on 18 February 2011 and was signed by the General Manager Marco Votta and Vice President of Financial Affairs Memet İlkan Kamber on behalf of the Board of Directors.

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

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

BALANCE SHEETS AT 31 DECEMBER 2010 AND 2009

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

	Notes	2010	2009
LIABILITIES			
CURRENT LIABILITIES		**369.380.804**	**308.149.565**
Financial liabilities	4	127.922.061	224.194.075
Trade payables			
- Trade payables	5	185.792.694	57.055.341
- Due to related parties	20	9.957.397	8.719.008
Taxation on income	18	12.156.512	2.067.464
Provisions	10	15.195.254	7.428.952
Other current liabilities	9	18.356.886	8.684.725
NON-CURRENT LIABILITIES		**48.620.838**	**104.357.135**
Financial liabilities	4	41.032.794	98.055.898
Provision for employment termination benefits	11	7.588.044	6.301.237
SHAREHOLDERS' EQUITY		**468.170.913**	**300.700.934**
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 year	12	179.717.096	30.955.024
TOTAL LIABILITIES		**886.172.555**	**713.207.634**
Provisions, contingent assets and contingent liabilities	10		

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

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED AT 31 DECEMBER 2010 AND 2009

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

	Notes	1 January - 31 December 2010	1 January - 31 December 2009
Sales (net)	13	1.193.396.040	667.703.295
Cost of sales (-)	13	(874.684.726)	(563.639.032)
GROSS PROFIT		**318.711.314**	**104.064.263**
Marketing, selling and distribution expenses (-)	14	(52.833.551)	(30.811.337)
General administrative expenses (-)	14	(23.666.630)	(17.607.801)
Research and development expenses (-)	14	(2.175.092)	(2.063.282)
Other operating income	15	2.673.388	7.727.058
Other operating expenses (-)	15	(24.245.302)	(8.340.157)
OPERATING PROFIT		**218.464.127**	**52.968.744**
Financial income	16	376.035.940	350.047.590
Financial expenses (-)	17	(371.854.085)	(366.280.213)
PROFIT BEFORE TAXATION ON INCOME		**222.645.982**	**36.736.121**
Taxes on income	18	(47.776.397)	(6.539.181)
Deferred tax income	18	4.847.511	758.084
NET PROFIT FOR THE YEAR		**179.717.096**	**30.955.024**
Earnings per share (TL)	19	0,0337	0,0058
OTHER COMPREHENSIVE INCOME			
Change in fair value reserves		-	(3.825.366)
Change in hedge reserves		-	6.131.604
Deferred tax (expense)/income on other comprehensive income		-	(1.035.053)
OTHER COMPREHENSIVE INCOME (AFTER TAX)		**-**	**1.271.185**
TOTAL COMPREHENSIVE INCOME		**179.717.096**	**32.226.209**

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

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED AT 31 DECEMBER 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 resrerves	Retained earnings	Net profit for the year	Total shareholders' 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 year	-	-	-	-	-	-	-	179.717.096	179.717.096
31 December 2010	**53.369.000**	**39.014.356**	**-**	**-**	**(5.569.000)**	**59.969.647**	**141.669.814**	**179.717.096**	**468.170.913**

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

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

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED AT 31 DECEMBER 2010 AND 2009

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

	Notes	2010	2009
Cash flows from operating activities:			
Profit before taxation on income		222.645.982	36.736.121
Depreciation	7	6.703.563	6.529.447
Amortisation	8	1.815.241	989.136
Provision for employment termination benefits	11	2.335.862	3.771.242
Gain from sales of property, plant and equipment - net	15	(228.214)	85.320
Interest income	16	(7.475.170)	(6.823.452)
Interest expense	17	10.293.451	39.876.844
Provision for impairment of inventory	6	(1.725.140)	3.246.941
Expense accruals-net		7.766.302	(4.931.084)
Provision for doubtful receivables	15	23.847.482	7.907.519
Gain on sale of available for sale financial assets	15	-	(3.816.621)
Other non-cash items		(14.037.647)	2.719.823
Net cash flow before changes in operating assets and liabilities		**251.941.712**	**86.291.236**
Changes in operating assets and liabilities - net:			
(Increase)/decrease in trade receivables		(8.287.118)	85.100.943
Decrease in due from related parties		19.692.583	2.915.121
Decrease in inventories		12.523.806	131.582.212
Decrease/(increase) in other current assets		(12.977.420)	(18.446.844)
ncrease/(decrease) in other non-current assets		153.810	(92.808)
Increase/(decrease) in due to related parties		1.238.389	(29.375.848)
Increase/(decrease) in trade payables		125.943.801	(17.485.372)
Increase/(decrease) in other short-term liabilites		9.672.162	(4.879.648)
Employment termination benefits paid	11	(1.049.055)	(5.043.996)
Taxes paid		(37.687.349)	(4.471.717)
Net cash provided by operating activities		**361.165.321**	**226.093.279**
Investing activities:			
Capital expenditures		(34.935.217)	(10.973.718)
Gain from sales of property, plant and equipment and intangible assets		361.948	625.436
Decrease in financial investments		-	6.541.500
Interest received		6.926.499	6.855.807
Net cash (used in)/provided by investing activities		**(27.646.770)**	**3.049.025**
Financing activities:			
Proceeds from bank borrowings		193.097.863	538.341.452
Repayments of bank borrowings		(336.498.506)	(737.076.873)
Dividends paid		(12.247.117)	(17.078.080)
Interest paid		(12.280.992)	(48.349.487)
Net cash used in financing activities		**(167.928.752)**	**(264.162.988)**
Changes in exchange rates impact on cash and cash equivalents		**1.570.758**	**(31.611)**
Net increase/(decrease) in cash and cash equivalents		167.160.557	(35.052.295)
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**	**247.556.860**	**80.396.303**

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Türk Traktör ve Ziraat Makineleri A.Ş. (the "Company") was established in 1954 in Ankara, as Minneapolis Moline Türk Traktör ve Ziraat Makineleri A.Ş. to undertake the manufacturing and trade of farm tractors, harvesters and other agricultural machinery and equipment. The name of the Company was changed as Türk Traktör Ziraat Makineleri A.Ş. in 1968 upon the purchase of 25% of the shares held by Ege Makina ve Ticaret A.Ş., a group company of the Koç Holding A.Ş. ("Koç Holding"). As of 31 December 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 December 2010 is 1.817 (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 Reporting Standards. Merger ratio based on the equity method was determined by an independent expert firm as 88,067% and by dividing the previous share capital of the Company amounting to TL47.000.000 by the merger ratio, reaching share capital amounting to TL53.369.000 after the merger.

The Company conducts marketing and selling activities in the domestic market, through its 117 sales dealers and 101 spare part dealers.

The Company is registered in Turkey in the following address:

Güvercin Yolu No: 111-112
06560 - Gazi Ankara

As of 31 December 2010, the free float of the Company whose shares are traded in the İstanbul Stock Exchange ("ISE") is 24,3% (2009: 22,0%) (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.

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.

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.

The accompanying financial statements are approved by the Board of Directors on 18 February 2011 and these financial statements can be revised by the Board of Directors or can be changed at the General Meeting.

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

Revised IAS 24 (Revised), "Related Party Disclosures", issued in November 2009. It supersedes IAS 24, "Related Party Disclosures", issued in 2003. IAS 24 (Revised) is mandatory for periods beginning on or after 1 January 2010. Earlier application, in whole or in part, is permitted. However, the standard has not yet been endorsed by the EU.

IAS 38 (Amendment), "Intangible Assets", effective 1 January 2010. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives.

IAS 36 (Amendment), "Impairment of Assets", effective 1 January 2010. The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of IFRS 8, "Operating Segments" (that is, before the aggregation of segments with similar economic characteristics).

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

Standards, amendments and interpretations not yet effective in 2010 and have not been early adopted by the Company

IFRIC 17, "Distribution of Non-Cash Assets to Owners" (effective on or after 1 July 2009). The interpretation was published in November 2008. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable.

IFRIC 18, "Transfers of Assets from Customers", effective for transfer of assets received on or after 1 July 2009. This interpretation clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). In some cases, the entity receives cash from a customer that must be used only to acquire or construct the item of property, plant, and equipment in order to connect the customer to a network or provide the customer with ongoing access to a supply of goods or services (or to do both).

IFRIC 16, "Hedges of a Net Investment in a Foreign Operation" effective 1 July 2009. This amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of IAS 39 that relate to a net investment hedge are satisfied. In particular, the group should clearly document its hedging strategy because of the possibility of different designations at different levels of the group.

IFRIC 9, "Reassessment of Embedded Derivatives and IAS 39, Financial Instruments: Recognition and Measurement", effective 1 July 2009. This amendment to IFRIC 9 requires an entity to assess whether an embedded derivative should be separated from a host contract when the entity reclassifies a hybrid financial asset out of the 'fair value through profit or loss' category. This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. If the entity is unable to make this assessment, the hybrid instrument must remains classified as at fair value through profit or loss in its entirety.

IFRS 3 (Revised), "Business Combinations", and consequential amendments to IAS 27, "Consolidated and Separate Financial Statements", IAS 28, "Investments in Associates", and IAS 31, "Interests in Joint Ventures", are effective prospectively to business combinations forwhich the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re- measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

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

IFRS 9, "Financial Instruments", issued in November 2009. This standard is the first step in the process to replace IAS 39, "Financial İnstruments: Recognition and Measurement". IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. However, the standard has not yet been endorsed by the EU.

The group is yet to assess IFRS 9's full impact. However, initial indications are that it may affect the group's accounting for its debt available-for-sale financial assets, as IFRS 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading.

IAS 32 (Amendment), "Classification of Rights Issues", issued in October 2009. The amendment applies to annual periods beginning on or after 1 February 2010. Earlier application is permitted. The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment applies retrospectively in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The group will apply the amended standard from 1 January 2011.

IFRS 5 (Amendment), "Non-Current Assets Held for Sale and Discontinued Operations". The amendment clarificaties that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1.

IAS 1 (Amendment), "Presentation of Financial Statements". The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time.

IFRS 2 (Amendments), "Group Cash-Settled Share-Based Payment Transactions", effective form 1 January 2010. In addition to incorporating IFRIC 8, "Scope of IFRS 2", and IFRIC 11, "IFRS 2 - Group and Treasury Share Transactions", the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation.

"Prepayments of a Minimum Funding Requirement" (Amendments to IFRIC 14). The amendments correct an unintended consequence of IFRIC 14, "IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction". Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct this. The amendments are effective for annual periods beginning 1 January 2011. Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented. The group will apply these amendments for the financial reporting period commencing on 1 January 2011.

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

IFRIC 19, "Extinguishing Financial Liabilities with Equity Instruments", effective 1 July 2010. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. The group will apply the interpretation from 1 January 2011, subject to endorsement by the EU. It is not expected to have any impact on the group or the parent entity's financial statements.

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

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

Revenue recognition

Revenues are recognised on an accrual basis at the time the Company sells a product to the customer, the significant risks and rewards of ownership of the goods is transferred to the buyer, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company at the fair value of considerations received or receivable. Net sales represent the invoiced value of trading goods sold less sales returns, discount and commissions (Note 13).

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

Inventories

Inventories are valued at the lower of cost or net realisable value. Net realisable value is the estimated selling price, less the costs of completion and selling expenses (Note 6). Cost elements included in inventories comprise total purchase costs and other costs incurred in bringing the inventories to their present location and condition. The unit cost of inventories is determined on the weighted average basis.

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

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

Property, plant and equipment

Property, plant and equipment acquired before 1 January 2005 are carried at cost in purchasing power of TL as at 31 December 2004 less accumulated depreciation and impairment losses. Property, plant and equipment acquired after 1 January 2005 are carried at cost less accumulated depreciation and impairment losses. Depreciation is provided on a straight-line basis based on the estimated useful lives of the assets (Note 7). Land is not depreciated as it is deemed to have an indefinite life.

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

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

An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. Gain or losses on disposals of property, plant and equipment with respect to their restated net book values are included in the related income and expense accounts (Note 15).

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

Intangible fixed assets

Intangible fixed assets comprise of rights and computer software. Those acquired before 1 January 2005 are carried at cost in the purchasing power of TL as at 31 December 2004; less accumulated depreciation and impairment losses. Those acquired after 1 January 2005 are carried at cost less accumulated depreciation and impairment losses and are depreciated using the straight-line method over their useful lives of five and ten years following the acquisition date. Where impairment indicator exists, the carrying amount of any intangible asset is assessed and written down to its recoverable amount (Note 8).

Impairment of assets

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

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

Impairment loss on assets can be reversed to the extent of previously recorded impairment losses, in cases where increases in the recoverable value of the asset can be associated with events that occur subsequent to the period when the impairment loss was recorded.

Borrowing cost

Bank borrowings are recognised initially at the proceeds received, net of any transaction costs incurred (Note 4). In subsequent periods, borrowings are restated at amortised cost using the effective yield method. Any proceeds (net of transaction costs) and the redemption value are recognised in the statement of income over the period of the borrowings. Borrowing costs are expensed as incurred (Note 17).

Related parties

For the purpose of these financial statements, Company's shareholders, key management personnel and Board members, in each case together with their families and companies controlled by or affiliated with them and associated companies are considered and referred to as related parties (Note 20).

Segment reporting

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

Financial assets

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

<u>Loans and receivables</u>

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

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

Foreign currency transactions and balances

Transactions in foreign currencies during the period have been translated into TL at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TL at the exchange rates prevailing at the balance sheet dates. Foreign exchange gains or losses arising from the settlement of such transactions and from the translation of monetary assets and liabilities are recognised in the statement of income. Non-monetary assets and liabilities, which are recognised at fair value, have been translated into TL at the exchange rates prevailing at the dates of fair value determined.

Earnings per share

Earnings per share disclosed in the statements of income are determined by dividing net income for the period by the weighted average number of shares that have been outstanding during the period (Note 19).

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

Subsequent events

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

Provisions, contingent assets and contingent liabilities

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company are treated as contingent assets or liabilities. The Company does not recognize contingent assets and liabilities. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed, where an inflow of economic benefits is probable (Note 10).

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

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

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

Leases

(1) The Company - as the lessee

Financial Leases

Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other liabilities and reduced as they are paid. The interest element of the finance cost is charged to the statement of income over the lease period. The property, plant and equipment acquired under finance leases are depreciated over the useful life of the asset (Note 7).

Operating Leases

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

(2) The Company - as the lessor

Operating Leases

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

Research and development expenses

Research expenditure is recognized as an expense as incurred (Note 14). Costs incurred on development projects (relating to the design and testing of new or improved products) are recognized as intangible assets when the following criteria are fulfilled:

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

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

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding five years (Note 8).

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

Government Grants and Assistance

All government grants, including non-monetary government grants followed up at fair values, are taken into account in the financial statements when there is reasonable assurance that the Company will comply with the conditions attaching to it and that the grant will be received or when the grant is actually received by the Company. Government grants shall be recognized in profit or loss on a systematic and pro rata basis over periods in which the entity recognizes as expenses the related costs for which the grants are intended to compensate.

Taxes on income

Taxes on income included in statement of income comprise current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of prior years (Note 18).

Deferred income tax is provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes with the enacted tax rates as of the balance sheet date (Note 18).

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

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

Deferred tax assets and deferred tax liabilities related to income taxes levied by the same taxation authority are offset accordingly, if current tax assets can be offset against current tax liabilities (Note 18).

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

Employee benefits/Provision for employment termination benefits

According to the enacted laws, the Company is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct, as stated in Labor Law. Provisions for employment termination benefits have been calculated for the net present value of future employment termination benefits and reflected in the financial statements (Note 11).

Statement of cash flow

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

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

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

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

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

Trade receivables and provision for impairment of receivables

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

A risk provision for trade receivables is established if there is objective evidence that the Company will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

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

Share capital and dividends

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

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

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

2.5 Significant accounting estimates and decisions

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

Warranties

Warranty expenses are recorded as a result of repair and maintenance expenses for products produced and sold, authorised services' labour and material costs for products under the scope of the warranty terms without any charge to the customers, initial maintenance costs and estimated costs based on statistical information for possible future warranty services and returns of products with respect to the products sold during the period (Note 10).

Deferred tax asset

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

The Company has recognised deferred tax assets as of 31 December 2010, since it is probable that future taxable profit will be available against which the temporary differences would be utilised.

NOTE 3 - CASH AND CASH EQUIVALENTS

	2010	**2009**
Cheques received	-	108.257
Banks		
- TL denominated demand deposits	3.116.444	5.554.798
- TL denominated time deposits	191.454.665	20.007.185
- Foreign currency denominated demand deposits	1.998.046	1.709.939
- Foreign currency denominated time deposits	51.988.186	53.310.013
	248.557.341	**80.690.192**

As of 31 December 2010, the weighted average effective annual interest rate for TL and Euro ("EUR") time deposits is 8,92% and 3,24% (2009: TL: 8,52%, EUR: 2,67%). As of 31 December 2010 and 2009, remaining time to maturity of time deposits is less than three months.

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

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

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

	2010	2009
Banks	248.557.341	80.690.192
Less: Interest accruals	(609.969)	(58.935)
Less: Restricted bank deposits	(390.512)	(234.954)
Cash and cash equivalents	**247.556.860**	**80.396.303**

NOTE 4 - FINANCIAL LIABILITIES

a) Short-term financial liabilities

Short-term bank borrowings

	Original currency amount		Weighted average effective interest rate p.a. (%)		TL Equivalent	
	2010	2009	2010	2009	2010	2009
TL bank borrowings	3.528.457	18.199.406	7,00	7,47	3.528.457	18.199.406
EUR bank borrowings	60.706.458	95.288.233	3,22	4,49	124.393.604	205.851.169
					127.922.061	**224.050.575**

Short-term financial lease obligations

	Original currency amount		TL Equivalent	
	2010	2009	2010	2009
TL	-	143.500	-	143.500
			-	**143.500**
Total short-term financial liabilities			**127.922.061**	**224.194.075**

The Company borrowed TL81.964.000 (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 14 financial institutions and Koç Holding.

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

NOTE 4 - FINANCIAL LIABILITIES (Continued)

b) Long-term financial liabilities

Long-term bank borrowings

	Original currency amount		Weighted average effective interest rate p.a. (%)		TL Equivalent	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**
EUR bank borrowings	20.024.788	45.389.945	2,98	4,52	41.032.794	98.055.898
Total long-term financial liabilities					**41.032.794**	**98.055.898**

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

	2010
2012	41.032.794
	41.032.794

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

	Carrying value		Fair value	
	2010	**2009**	**2010**	**2009**
Bank borrowings	168.954.855	322.106.473	168.878.505	321.885.246

As of 31 December 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 2,66% and 6,50%, respectively (2009: EUR and TL bank borrowings 4,02% and 7,22% p.a., respectively).

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

NOTE 5 - TRADE RECEIVABLES AND PAYABLES

	2010	2009
Short-term trade receivables:		
Customer current accounts	164.100.405	94.315.825
Notes receivables	81.088.271	74.858.377
Protested notes	16.772.681	20.287.722
	261.961.357	189.461.924
Less: Provision for doubtful receivables	(43.035.979)	(20.817.960)
Unearned financial income	(3.949.246)	(3.614.946)
Short-term trade receivables	**214.976.132**	**165.029.018**

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

	2010	2009
1 January	**20.817.960**	**14.114.059**
Collections during the year (Note 15)	(1.629.463)	(1.203.618)
Charge during the year (Note 15)	23.847.482	7.907.519
31 December	**43.035.979**	**20.817.960**

Long-term trade receivables:		
Notes receivables	63.998.219	130.114.372
Less: Unearned financial income	(4.466.121)	(11.961.607)
Long-term trade receivables	**59.532.098**	**118.152.765**

	2010	2009
Trade payables:		
Supplier current accounts	186.504.161	57.272.662
Less: Unincurred financial expense	(711.467)	(217.321)
	185.792.694	**57.055.341**

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

NOTE 6 - INVENTORIES

	2010	**2009**
Raw materials	55.807.795	41.519.857
Work in progress	2.968.411	1.748.526
Finished goods	12.823.091	13.281.639
Commercial goods	23.235.584	67.643.557
Spare parts	13.933.438	11.465.169
Goods in transit	23.552.172	8.874.410
	132.320.491	144.533.158
Provision for impairment of inventory	(2.521.097)	(4.246.237)
	129.799.394	**140.286.921**

The cost of inventories recognised as expense in the current year, amounted to TL784.096.803 (2009: TL467.606.439).

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

	2010	**2009**
1 January	(4.246.237)	(999.296)
Released during the year	3.125.805	-
Charge during the year for impairment of inventory	(1.400.665)	(3.246.941)
31 December	**(2.521.097)**	**(4.246.237)**

During the year 2010, the Company sold commercial goods that were impaired in 2009, the amount was credited to the cost of goods sold account.

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

NOTE 7 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2010	Additions	Disposals	Transfers	31 December 2010
Cost					
Land	373.095	-	-	-	373.095
Land improvements	4.479.678	265.757	-	-	4.745.435
Buildings	48.419.992	729.178	-	-	49.149.170
Machinery and equipment	313.056.236	7.540.548	(1.556.938)	3.467.638	322.507.484
Special costs	2.623.444	81.744	-	-	2.705.188
Motor vehicles	2.230.392	57.022	(369.265)	-	1.918.149
Furniture and fixtures	20.772.330	2.796.064	(178.821)	-	23.389.573
Construction in progress	2.042.878	13.423.128	-	(3.467.638)	11.998.368
	393.998.045	**24.893.441**	**(2.105.024)**	**-**	**416.786.462**
Accumulated depreciation					
Land improvements	2.950.217	116.286	-	-	3.066.503
Buildings	32.102.848	1.470.040	-	-	33.572.888
Machinery and equipment	298.507.356	3.992.424	(1.508.555)	-	300.991.225
Special costs	2.535.582	46.103	-	-	2.581.685
Motor vehicles	1.335.861	264.945	(293.399)	-	1.307.407
Furniture and fixtures	18.658.822	813.765	(169.335)	-	19.303.252
	356.090.686	**6.703.563**	**(1.971.289)**	**-**	**360.822.960**
Net book value	**37.907.359**				**55.963.502**

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

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

NOTE 7 - PROPERTY, PLANT AND EQUIPMENT (Continued)

For the year ended at 31 December 2010, of the total depreciation expense amounting to TL6.703.563 (2009: TL6.529.447), TL4.755.534 (2009: TL4.708.851) is allocated to production costs, TL1.343.209 (2009: TL1.356.784) is allocated to general administrative expenses, TL390.956 (2009: TL360.475) is allocated to research and development expenses and TL213.864 (2009: TL103.337) is allocated to marketing, selling and distribution expenses. The depreciation expense amounting to TL393.408 (2009: TL101.143) is capitalized during the year as it is related to the development costs.

NOTE 8 - INTANGIBLE ASSETS

	1 January 2010	Additions	Disposals	Transfers	31 December 2010
Cost					
Rights	4.877.291	810.740	(842.217)	-	4.845.814
Development costs	6.989.807	-	-	3.098.738	10.088.545
Development costs in progress	3.356.748	9.231.038	-	(3.098.738)	9.489.048
	15.223.846	**10.041.778**	**(842.217)**	**-**	**24.423.407**
Accumulated amortisation					
Rights	4.302.099	365.634	(839.850)	-	3.827.883
Development costs	819.473	1.449.607	-	-	2.269.080
	5.121.572	**1.815.241**	**(839.850)**	**-**	**6.096.963**
Net book value	**10.102.274**				**18.326.444**

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

Development costs includes intangible assets generated by the Company. Capitalized development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

The amortisation is not calculated for the development costs in progress as the development process has not yet been completed.

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

NOTE 8 - INTANGIBLE ASSETS (Continued)

For the year ended at 31 December 2010, of the total amortisation expenses amounting to TL1.815.214 (2009: TL989.136), TL259.382 (2009: TL196.333) is allocated to production costs, TL73.263 (2009: TL56.570) is allocated to general administrative expenses, TL1.470.931 (2009: TL731.924) is allocated to research and development expenses and TL11.665 (2009: TL4.309) is allocated to marketing, selling and distribution expenses.

NOTE 9 - OTHER ASSETS AND LIABILITIES

	2010	2009
a) Other current assets:		
Reclaimed value added tax ("VAT")	48.639.204	51.478.953
Deferred VAT	34.849.308	19.016.063
Prepaid expenses	234.068	232.004
Other	43.412	61.550
	83.765.992	**70.788.570**

	2010	2009
b) Other non-current assets:		
Deposits and guarantees given	328.616	482.427
	328.616	**482.427**

	2010	2009
c) Other short-term liabilities:		
Advance received (*)	5.513.820	-
Taxes, funds and other related payable	4.883.631	2.385.011
Deferred income (**)	2.494.899	2.083.825
Payables to personnel	2.469.233	1.096.025
Deferred incentive income (***)	842.192	-
Other	2.153.111	3.119.864
	18.356.886	**8.684.725**

(*) Advances have been received in relation to the pre-paid campaign of the harvesters that will be sold in 2011.

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

(***) Deferred incentive income , based on completed development projects in 2010, refers to the amount of incentive received from The Scientific and Technological Research Council of Turkey.

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

NOTE 10 - PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

a) Provisions

	2010	2009
Warranty provisions	14.763.037	7.258.630
Provision for lawsuits (*)	324.419	119.916
Other provisions	107.798	50.406
	15.195.254	**7.428.952**

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

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

	2010	2009
1 January	**7.258.630**	**9.997.787**
Released during the year	(10.368.571)	(10.400.204)
Charge for the year (Note 14)	17.872.978	7.661.047
31 December	**14.763.037**	**7.258.630**

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

	2010	2009
1 January	**119.916**	**1.754.149**
Charge for the year (Note 15)	204.503	132.473
Released during the year (Note 15) (*)	-	(1.766.706)
31 December	**324.419**	**119.916**

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

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

	2010	2009
1 January	**50.406**	**608.099**
Released during the year	(50.406)	(608.099)
Charge for the year	107.798	50.406
31 December	**107.798**	**50.406**

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

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:

	2010	**2009**
A. The total amount of collaterals given on behalf of its own legal entity	40.554.828	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 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	-	-
	40.554.828	**36.167.380**

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

As at 31 December 2010, the Company has given its own legal entity on behalf of the original collateral denominated in foreign currency amounts of EUR17.124.995 and USD26.444 (2009: EUR9.257.147).

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

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

c) Contingent Assets

	Foreign Currency amount 2010			Foreign Currency amount 2009			TL Equivalent	
	EUR	**US Dollar**	**TL**	**EUR**	**US Dollar**	**TL**	**2010**	**2009**
Letters of guarantees received	69.245	660.400	176.697.724	-	470.000	149.753.050	177.860.592	150.460.729
Mortgages	-	-	7.719.980	-	-	1.335.480	7.719.980	1.335.480
Security bonds	-	-	1.750.000	-	-	1.750.000	1.750.000	1.750.000
Cash TL guaranteess	-	-	387.099	-	-	-	387.099	-
Cash foreign currency guarantees	-	8.153	-	-	8.050	-	12.605	12.121
							187.730.276	**153.558.330**

NOTE 11 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

	2010	**2009**
Provision for employment termination benefits	7.588.044	6.301.237
	7.588.044	**6.301.237**

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 TL2.517,01 for each year of service as of 31 December 2010 (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.

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

NOTE 11 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS (Continued)

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:

	2010	**2009**
Discount rate (%)	4,66	5,92
Turnover rate to estimate the probability of retirement (%)	95,51	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 TL2.623,23 which is effective from 1 January 2011 (1 January 2010: TL2.427,04) 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:

	2010	**2009**
1 January	**6.301.237**	**7.573.991**
Charge during the year (Note 14)	2.335.862	3.771.242
Paid during the year	(1.049.055)	(5.043.996)
31 December	**7.588.044**	**6.301.237**

NOTE 12 - SHAREHOLDERS' EQUITY

Paid-in Share Capital

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

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

NOTE 12 - SHAREHOLDERS' EQUITY (Continued)

The composition of the Company's statutory share capital at 31 December 2010 and 2009 are as follows:

	2010		2009	
	Participation (%)	Share Amount (TL)	Participation (%)	Share Amount (TL)
Koç Holding	37,5	20.013.375	37,7	20.132.794
CNH	37,5	20.013.375	37,5	20.013.375
Temel Ticaret ve Yatırım A.Ş. ("Temel Ticaret")	-	-	2,1	1.114.575
Public quotation	24,3	12.981.957	22,0	11.747.963
Other	0,7	360.293	0,7	360.293
	100,0	**53.369.000**	**100,0**	**53.369.000**
Adjustments to share capital		**39.014.356**		**39.014.356**
		92.383.356		**92.383.356**

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

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

On 15 October 2010; according to the decision taken during the Board of Directors meeting of Koç Holding, held on 31 March 2009; following the merger of the 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 the Company's share 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 TL11.145.750. Following these transactions, Temel Ticaret has no shares in the Company's share capital.

As of 11 June 2004, the Company has been quoted to ISE and its shares started to be traded in the stock exchange market from that date. As of 31 December 2010, 24,3% (2009: 22,0%) of the Company shares are quoted at ISE.

NOTE 12 - SHAREHOLDERS' EQUITY (Continued)

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

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory 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.

In accordance with the Communiqué No:XI-29 and related announcements of CMB, effective from 1 January 2009, "Share capital", "Restricted Reserves" and "Share Premiums" shall be carried at their statutory amounts. The valuation differences (such as inflation adjustment differences) shall be disclosed as follows:

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

- If the difference is due to the inflation adjustment of "Restricted Reserves" and "Share Premium" and the amount has not been utilised in dividend distribution or capital increase yet, it shall be classified under "Retained Earnings".

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

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

Dividend Distribution

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

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

NOTE 12 - SHAREHOLDERS' EQUITY (Continued)

As of 31 December 2010, the Company's statutory profit for the year amounts to TL187.840.572 and the other resources subject to a possible dividend distribution amounts to TL163.838.342.

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

	2010	2009
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 year	179.717.096	30.955.024
Total shareholders' equity	**468.170.913**	**300.700.934**

NOTE 13 - SALES AND COST OF SALES

	1 January - 31 December 2010	1 January - 31 December 2009
Domestic sales	971.147.727	387.162.272
Export sales	331.955.074	326.865.378
	1.303.102.801	714.027.650
Less : Discounts and returns	(109.706.761)	(46.324.355)
Sales income (net)	**1.193.396.040**	**667.703.295**
Cost of sales	(874.684.726)	(563.639.032)
Gross profit	**318.711.314**	**104.064.263**

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

NOTE 14 - RESARCH AND DEVELOPMENT EXPENSES, MARKETING, SELLING AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES

	1 January - 31 December 2010	1 January - 31 December 2009
Marketing, selling and distribution expenses:		
Warranty expenses (Note 10)	17.872.978	7.661.047
Personnel expenses	11.035.093	9.474.654
Transportation and insurance expenses	9.947.204	5.497.115
Fair expenses	2.646.041	939.887
Service expenses	2.229.726	2.107.377
Entertainment and travel expenses	1.370.809	844.173
Outsourcing expenses	1.260.883	485.958
Remuneration of key management personnel (Note 20.v) (*)	859.727	357.864
Rent expenses	827.565	978.282
Material expenses	812.970	415.863
Vehicle expenses	771.268	826.266
Advertisement expenses	303.832	490.432
Provision for employment termination benefits (**)	271.581	306.571
Depreciation and amortisation expenses (Note 7,8) (***)	225.529	107.646
Other	2.398.345	318.202
	52.833.551	**30.811.337**

	1 January - 31 December 2010	1 January - 31 December 2009
General administrative expenses:		
Personnel expenses	6.150.538	5.301.023
Remuneration of key management personnel (Note 20.v) (*)	3.030.418	1.211.078
Service expenses paid to shareholders	2.350.000	2.201.132
Donations and aids	2.255.781	280.962
Service expenses	1.675.557	1.789.731
Depreciation and amortisation expenses (Notes 7,8) (***)	1.416.472	1.413.354
Outsourcing expenses	1.412.643	1.035.588
Repair, maintenance and energy expenses	1.126.574	800.289
Taxes and other legal expenses	686.980	558.459
Lawsuit and consultancy expenses	678.799	506.778
Entertainment and travel expenses	426.442	371.523
Subscription fees	410.992	283.189
Provision for employment termination benefits (**)	251.834	298.307
Material expenses	201.264	277.082
Vehicle expenses	192.297	149.636
Insurance expenses	187.372	205.366
Audit expenses	173.014	250.959
Press relations and advertisement expenses	140.130	118.009
Other	899.523	555.336
	23.666.630	**17.607.801**

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

NOTE 14 - RESARCH AND DEVELOPMENT EXPENSES, MARKETING, SELLING AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES (Continued)

	1 January - 31 December 2010	1 January - 31 December 2009
Research and development expenses:		
Depreciation and amortisation expenses (Note 7,8) (***)	1.468.479	991.256
Remuneration of key management personnel (Note 20.v) (*)	468.711	337.987
Provision for employment termination benefits (**)	79.864	78.986
Vehicle expenses	39.430	50.522
Project expenses	18.898	20.768
Material expenses	15.978	2.574
Travel expenses	5.668	25.134
Outsourcing expenses	4.245	157.528
Personnel expenses	4.304	329.317
Other	69.515	69.210
	2.175.092	**2.063.282**

(*) The amount of remuneration of key management personnel allocated to production costs is TL1.446.902 (2009: TL1.109.172).

(**) The amount of provision for employment termination benefits allocated to production costs is TL1.732.583 (2009: TL3.087.378).

(***) The amount of depreciation and amortization expenses allocated to production costs is TL5.014.916 (2009: TL4.905.184).

NOTE 15 - OTHER OPERATING INCOME/EXPENSES

	1 January - 31 December 2010	1 January - 31 December 2009
Termination of provision for doubtful receivables (Note 5)	1.629.463	1.203.618
Incentive income	280.731	-
Gain on sales of property, plant and equipment	257.498	178.240
Gains of sale of financial asset	-	3.816.621
Termination of provision for lawsuits (Note 10)	-	1.766.706
Other income	505.696	761.873
Other operating income	**2.673.388**	**7.727.058**
Provision for doubtful receivables (Note 5)	(23.847.482)	(7.907.519)
Provision for lawsuits (Note 10)	(204.503)	(132.473)
Loss on sales of property, plant and equipment	(29.284)	(263.560)
Other expense	(164.033)	(36.605)
Other operating expenses	**(24.245.302)**	**(8.340.157)**

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

NOTE 16 - FINANCIAL INCOME

	1 January - 31 December 2010	1 January - 31 December 2009
Foreign exchange gain	345.771.702	318.067.182
Financial income from credit sales	22.789.068	25.156.956
Interest income	7.475.170	6.823.452
Financial income	**376.035.940**	**350.047.590**

NOTE 17 - FINANCIAL EXPENSES

	1 January - 31 December 2010	1 January - 31 December 2009
Foreign exchange loss	(348.391.663)	(319.199.671)
Financial expense on credit purchases	(11.187.850)	(4.231.915)
Interest expenses of bank borrowings	(10.293.451)	(39.876.844)
Other	(1.981.121)	(2.971.783)
Financial expenses	**(371.854.085)**	**(366.280.213)**

NOTE 18 - TAX ASSETS AND LIABILITIES

	31 December 2010	31 December 2009
Corporate taxes payable	47.776.397	6.539.181
Less: Prepaid taxes	(35.619.885)	(4.471.717)
Total tax payable - net	**12.156.512**	**2.067.464**

	1 January - 31 December 2010	1 January - 31 December 2009
Current year corporate tax expense	(47.776.397)	(6.539.181)
Deferred tax income	4.847.511	758.084
Tax expense	**(42.928.886)**	**(5.781.097)**

The Corporate Tax Law was amended by Law No.5520 dated 13 June 2006. Most of the articles of the new Corporate Tax Law in question, No.5520, has come into force effective from 1 January 2006. Corporation tax is payable, at a rate of 20% (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).

NOTE 18 - TAX ASSETS AND LIABILITIES (Continued)

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15% (2009: 15%). An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% (2009: 20%) on their corporate income. Advance tax is payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. If, despite offsetting, there remains a paid advance tax amount, it may be refunded or offset against other liabilities to the government.

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

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

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

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

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

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

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

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

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

NOTE 18 - TAX ASSETS AND LIABILITIES (Continued)

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% (2009: 20%).

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

	Temporary differences		Deferred tax assets/(liabilities)	
	2010	**2009**	**2010**	**2009**
Property, plant and equipment and intangible assets, restatement and useful life differences	4.297.083	1.237.245	(859.417)	(247.448)
Unearned finance income on due from related parties	(92.155)	(85.299)	18.431	17.059
Provision for employment termination benefits	(7.588.044)	(6.301.237)	1.517.609	1.260.247
Capitalized unincurred financial expense on inventory	(2.323.850)	(80.295)	464.770	16.059
Warranty provision	(14.763.037)	(7.258.630)	2.952.607	1.451.726
Provision for lawsuits	(324.419)	(119.916)	64.884	23.983
Unearned finance income on trade receivables	(5.528.446)	(10.065.035)	1.105.689	2.013.007
Provision for doubtful receivables	(34.553.275)	(12.915.374)	6.910.655	2.583.077
Provision for impairment of inventory	(2.521.097)	(4.246.237)	504.219	849.247
Other provisions	(58.974)	(50.406)	11.795	10.081
Elimination of profit margin of the sales to free zone branch	(176.999)	(698.116)	35.400	139.623
Other	(220.467)	967.179	44.094	(193.436)
Deferred tax assets			**12.770.736**	**7.923.225**

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

	2010	**2009**
1 January	**7.923.225**	**8.200.194**
Deferred tax income	4.847.511	758.084
Charged to fair value reserve	-	191.268
Charged to hedge reserve	-	(1.226.321)
31 December	**12.770.736**	**7.923.225**

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

NOTE 18 - TAX ASSETS AND LIABILITIES (Continued)

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

	2010	**2009**
Profit before taxation on income	**222.645.982**	**36.736.121**
Tax calculated at enacted tax rate	44.529.196	7.347.224
Research and development deductions	(1.646.880)	(1.694.997)
Disallowable expenses	46.570	145.823
Other	-	(16.953)
Total tax charge	**42.928.886**	**5.781.097**

NOTE 19 - EARNINGS PER SHARE

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

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

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

	1 January - 31 December 2010	**1 January - 31 December 2009**
Profit for the year	179.717.096	30.955.024
Weighted average number of the ordinary shares	5.336.900.000	5.336.900.000
Earnings per share (in full TL per share)	0,0337	0,0058

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

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

NOTE 20 - RELATED PARTY EXPLANATIONS

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

	2010	**2009**
a) Bank deposits and borrowings		
Deposits with related parties		
Yapı ve Kredi Bankası A.Ş. ("Yapı Kredi")	30.249.236	146.687
	30.249.236	**146.687**
Borrowings from related parties		
Yapı Kredi	-	21.781.585
Yapı Kredi Finansal Kiralama A.O. ("Yapı Kredi Finansal Kiralama")	-	143.500
	-	**21.925.085**

	2010	**2009**
b) Due from related parties		
CNH International SA ("CNH International")	53.077.450	77.175.799
CNH Latin America Ltda.	4.582.435	6.334
CNH Italy SPA ("CNH Italy")	2.738.205	1.926.647
New Holland Fiat India Pvt. Ltd.	973.924	498.476
Yapı Kredi Finansal Kiralama	411.087	434.711
CNH France S.A ("CNH France")	310.092	367.309
Fiat Group Purchasing SRL	118.966	125.422
Otokoç Otomotiv Tic ve San A.Ş. ("Otokoç")	-	1.199.553
Harranova Besi ve Tarım A.Ş.	-	51.132
Other	32.296	144.799
	62.244.455	**81.930.182**
Less: Unearned financial income	(92.155)	(85.299)
	62.152.300	**81.844.883**

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

NOTE 20 - RELATED PARTY EXPLANATIONS (Continued)

	2010	**2009**
c) Due to related parties		
Opet Petrolcülük A.Ş. ("Opet")	2.421.872	1.168.956
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş. ("Koç Sistem")	2.387.896	494.996
Zer Merkezi Hizmetler ve Ticaret A.Ş. ("Zer")	1.992.587	1.073.157
Koç Holding	768.797	597.187
Eltek Elektrik Enerjisi İth.İhr.ve Toptan Tic.A.Ş. ("Eltek")	658.434	-
Arçelik A.Ş.	350.048	-
Setur Servis Turistik A.Ş. ("Setur")	274.549	37.201
Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş.	250.427	101.164
Koçtaş Yapı Marketleri A.Ş.	209.077	133.500
Otokoç	142.564	255.908
New Holland Fiat India Pvt. Ltd.	141.939	169.318
Koç Net Haberleşme Teknolojileri ve İletişim Hizmetleri A.Ş. ("Koç Net")	45.762	85.750
CNH International	-	4.449.433
Other	461.579	208.080
	10.105.531	**8.774.650**
Less: Unearned financial expenses	(148.134)	(55.642)
	9.957.397	**8.719.008**

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

	1 January - 31 December 2010	**1 January - 31 December 2009**
a) Product sales to related parties		
CNH International (*)	300.293.762	312.257.820
CNH Latin America Ltda.	8.485.775	23.005
CNH Italy	7.773.856	6.562.685
Zer	2.133.926	834.842
Yapı Kredi Finansal Kiralama	193.314	-
Case IH Machinery	-	5.681.787
Other	4.791.496	4.461.481
	323.672.129	**329.821.620**

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

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

NOTE 20 - RELATED PARTY EXPLANATIONS (Continued)

	1 January - 31 December 2010	1 January - 31 December 2009
b) Other income from related parties		
CNH International	163.772	247.526
Other	41.916	44.067
	205.688	**291.593**
c) Product purchases from related parties		
CNH International	45.011.207	35.338.651
Opet	11.152.054	6.253.547
Koç Sistem	4.044.024	550.296
Zer	2.510.140	641.358
Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	1.444.616	611.316
Otokar Otobüs Karoseri Sanayi A.Ş.	357.000	-
CNH France	15.891	3.603
CNH Italy	2.168	635
Other	2.359.181	1.746.830
	66.896.281	**45.146.236**
d) Service purchases from related parties		
Zer	5.945.597	3.934.425
Eltek	3.986.095	-
Koç Holding (*)	2.304.200	1.837.911
Setur	2.141.979	693.752
Vehbi Koç Vakfı	2.000.000	250.000
CNH International (*)	1.175.000	1.100.000
Otokoç	769.482	925.419
Koç Sistem	689.111	376.460
Ram Sigorta Aracılık Hizmetleri A.Ş.	687.969	990.286
Opet	490.002	418.865
Koç Net	442.693	364.607
Palmira	636	284
Other	959.640	528.701
	21.592.404	**11.420.710**

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

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

NOTE 20 - RELATED PARTY EXPLANATIONS (Continued)

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

	1 January - 31 December 2010	1 January - 31 December 2009
Interest Income		
Yapı Kredi	49.519	2.261.907

	1 January - 31 December 2010	1 January - 31 December 2009
Interest expense		
Yapı Kredi	3.657.509	745.150
Yapı Kredi Finansal Kiralama	28.191	49.945
	3.685.700	**795.095**

iv) Dividends paid to related parties:

	1 January - 31 December 2010	1 January - 31 December 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 periods between 1 January - 31 December 2010 and 2009:

	1 January - 31 December 2010	1 January - 31 December 2009
Remuneration of Board of Directors and key management personnel	5.805.758	3.016.101

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

NOTE 20 - RELATED PARTY EXPLANATIONS (Continued)

	1 January - 31 December 2010	1 January - 31 December 2009
Sale of financial investments		
Temel Ticaret (*)	-	6.532.755

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

	1 January - 31 December 2010	1 January - 31 December 2009
Gain on sale of propert, plant and equipment		
Zer	3.972	84.617
Yapı Kredi Finansal Kiralama	356	-
	4.328	**84.617**

NOTE 21 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

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

a) Market Risk

Foreign currency risk

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

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

NOTE 21 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

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

			2010				
	TL Equivalent	**US Dollar**	**EUR**	**GBP**	**DKK**	**CHF**	**JPY**
Trade Receivables	143.199.955	1.495.506	68.755.992	-	-	-	-
Monetary Financial Assets (Including cash, banks accounts)	53.986.232	162.809	26.223.337	121	-	-	-
Non-monetary Financial Assets	-	-	-	-	-	-	-
Other	18.382.526	187.920	8.495.873	195	62.594	-	35.146.868
Current Assets	215.568.713	1.846.235	103.475.202	316	62.594	-	35.146.868
Trade Receivables	58.392.007	22.680	28.479.305	-	-	-	-
Monetary Financial Assets	-	-	-	-	-	-	-
Non-monetary Financial Assets	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Non-current Assets	58.392.007	22.680	28.479.305	-	-	-	-
Total Assets	**273.960.720**	**1.868.915**	**131.954.507**	**316**	**62.594**	**-**	**35.146.868**
Trade Payables	141.066.059	640.616	68.279.181	68.993	-	-	-
Financial Liabilities	124.393.604	-	60.706.458	-	-	-	-
Other Monetary Liabilities	5.618.950	54.545	2.701.002	-	-	-	-
Other Non-monetary Liabilities	-	-	-	-	-	-	-
Current Liabilities	271.078.613	695.161	131.686.641	68.993	-	-	-
Trade Payables	-	-	-	-	-	-	-
Financial Liabilities	41.032.794	-	20.024.788	-	-	-	-
Other Monetary Liabilities	-	-	-	-	-	-	-
Other Non-monetary Liabilities	-	-	-	-	-	-	-
Non-current Liabilities	41.032.794	-	20.024.788	-	-	-	-
Total Liabilities	**312.111.407**	**695.161**	**151.711.429**	**68.993**	**-**	**-**	**-**
Total Amount of Hedged Assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Amount of Hedged Liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net Asset/(Liability) Position of Off-balance Sheet Derivative Instruments	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net Foreign Currency Asset/(Liability) Position	**(38.150.687)**	**1.173.754**	**(19.756.922)**	**(68.677)**	**62.594**	**-**	**35.146.868**
Net Monetary Foreign Currency Asset/(Liability) Position	**(38.150.687)**	**1.173.754**	**(19.756.922)**	**(68.677)**	**62.594**	**-**	**35.146.868**

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

NOTE 21 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

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

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

NOTE 21 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

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

	1 January - 31 December 2010	1 January - 31 December 2009
Total export amount	331.955.074	326.865.378
Total import amount	232.901.274	137.867.343

The Company is exposed to foreign exchange risk primarily with respect to EUR and US Dollar. The effect of the Company's EUR and US Dollar foreign currency position as of 31 December 2010 and 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:

	2010			
	Profit/Loss		Shareholders' Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Had TL appreciate/(depreciate) by 10% against US Dollar				
Profit/(loss) from US Dollar net asset position	181.462	(181.462)	-	-
Hedged amount against US Dollar risk (-)	-	-	-	-
Net Effect of US Dollar	**181.462**	**(181.462)**	**-**	**-**
Had TL appreciate/(depreciate) by 10% against EUR				
Profit/(loss) from EUR net liability position	(4.048.392)	4.048.392	-	-
Hedged amount against EUR risk (-)	-	-	-	-
Net Effect of EUR	**(4.048.392)**	**4.048.392**	**-**	**-**
Total Net Effect	**(3.866.930)**	**3.866.930**	**-**	**-**

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

NOTE 21 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Price Risk

The Company does not have financial assets 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).

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

NOTE 21 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

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

	2010						
	Trade Receivables		**Other Receivables**				
	Related Party	**Third Party**	**Related Party**	**Third Party**	**Bank Deposits**	**Derivative Instruments**	**Other (*)**
Net book value of financial assets which are undue and not impaired	61.610.405	254.647.515	-	-	248.557.341	-	-
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	541.895	10.977.118	-	-	-	-	-
Net book value of impaired assets		8.883.597	-	-	-	-	-
- Due dated (Gross book value)	-	30.112.964	-	-	-	-	-
- Provision (-)		(21.229.367)	-	-	-	-	-
- Undue (Gross book value)	-	21.806.612	-	-	-	-	-
- Provision (-)	-	(21.806.612)	-	-	-	-	-
Off-balance sheet items exposed to credit risk	-	-	-	-	-	-	40.554.828
Amount exposed to maximum credit risk (**)	**62.152.300**	**274.508.230**	**-**	**-**	**248.557.341**	**-**	**40.554.828**

(*) 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 2010, the guarantee amount of the maximum exposure to credit risk is TL187.730.276. Besides, the guarantee amount of the assets which are due but not impaired and are impaired are TL87.197.573 and TL8.948.000, respectively.

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

NOTE 21 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

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

(*) Other includes the letters of gurantee 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.

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

NOTE 21 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

The aging of assets that are past due but not impaired as of 31 December 2010 and 2009 are as follows:

	2010				
	Receivables				
	Trade Receivables	**Other Receivables**	**Bank Deposits**	**Derivative Instruments**	**Other**
Past due between 1-30 days	1.107.376	-	-	-	-
Past due between 1-3 months	2.668.248	-	-	-	-
Past due between 3-12 months	5.661.896	-	-	-	-
Past due between 1-5 years	2.081.493	-	-	-	-
Past due over 5 years	-	-	-	-	-
Total past due balance	**11.519.013**	**-**	**-**	**-**	**-**
Amount secured by collaterals (*)	**87.197.573**	**-**	**-**	**-**	**-**

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

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

c) Liquidity Risk

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

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

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

NOTE 21 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

The undiscounted cash flows of liabilities into relevant maturity groupings as of 31 December 2010 and 2009 are disclosed as follows:

	2010					
	Book value	**Up to 3 months**	**3 months to 1 year**	**1 year to 5 years**	**No maturity**	**Total contractual cash outflows**
Financial liabilities	168.954.855	118.026.489	10.557.134	42.933.625	-	171.517.248
Trade payables	185.792.694	186.504.161	-	-	-	186.504.161
Due to related parties	9.957.397	10.105.531	-	-	-	10.105.531
Provisions	15.195.254	432.217	14.763.037	-	-	15.195.254
Provision for employment termination benefits	7.588.044	-	-	-	7.588.044	7.588.044
Other financial liabilities	-	-	-	-	-	-
Other current liabilities	18.356.886	18.356.886	-	-	-	18.356.886
Financial liabilities other than derivatives	**405.845.130**	**333.425.284**	**25.320.171**	**42.933.625**	**7.588.044**	**409.267.124**
Cash inflow from derivative instruments	-	-	-	-	-	-
Cash outflow from derivative instruments	-	-	-	-	-	-
Financial liabilities from derivative instruments	**-**	**-**	**-**	**-**	**-**	**-**

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

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

NOTE 21 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Capital risk management

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

Consistent with others in the industry, the Company monitors capital on the basis of the net financial debt/shareholder's equity ratio. Net financial debt calculated as total financial liabilities (including short and long term bank borrowings) less cash and cash equivalents. This ratio is calculated as net financial debt divided by total shareholders' equity.

Net financial debt/shareholders' equity ratio at 31 December 2010 and 2009 are as follows:

	2010	2009
Cash and cash equivalents (Note 3)	247.556.860	80.396.303
Less: Financial liabilities	(168.954.855)	(322.249.973)
Net financial debt	**78.602.005**	**(241.853.670)**
Total shareholders' equity	468.170.913	300.700.934
Net financial debt/shareholders' equity	**%17**	**(%80)**

Fair value of financial assets

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

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

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.

NOTE 21 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

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 4.

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

NOTE 22 - SUBSEQUENT EVENT

TL81.964.000, corresponding to EUR40 million of the loan to be used by Koç Holding companies and provided on 14 January 2010 in accordance with the loan agreement signed between Koç Holding and a consortium comprising various finance institutions, with an annual interest of Euribor +2,75% and a maturity of 27 months, was paid on 28 January 2011 in advance of the maturity date, together with the accrued interest on the basis of the existing financial status and future plans of the Company and market conditions.

CNH Global NV, a Company shareholder based in the Netherlands, transferred 2.001.337.500 Group B shares, in the Company's share capital, which were paid up in full and with a nominal value of TL20.013.375, to its 100% owned subsidiary CNH Österreich GmbH, based in Austria, on 16 February 2011. CNH Österreich GmbH undertakes to be bound by the Partnership Agreement signed between Koç Holding A.Ş. and CNH Global NV in 1998 and to return to CNH Global NV the Company shares it gained in the event it ceases to become a subsidiary of the transferor company. CNH Global NV will continue to be bound by the provisions of the said Agreement.

NOTE 23 - EXPLANATION ADDED FOR CONVENIENCE TRANSLATION INTO ENGLISH

As of 31 December 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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