

Türk Traktör ve Ziraat Makineleri A.Ş.

**Convenience translation into English of condensed
financial statements for the interim period between
1 January – 30 June 2011 (originally issued in Turkish)**

(Convenience translation of a review report originally issued in Turkish – see additional paragraph below for convenience translation)

Report on review of condensed interim financial statements between 1 January – 30 June 2011

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

Introduction

We have reviewed the accompanying condensed balance sheet of Türk Traktör ve Ziraat Makineleri A.Ş. (the “Company”) as of June 30 2010, and the related condensed statement of comprehensive income, changes in shareholders’ equity and cash flows for the six-months period then ended. The Company management is responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with the financial reporting standards as accepted by the Capital Markets Board. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review

Scope of review

We conducted our review in accordance with the principles and standards on the review of interim financial statements as stated in the auditing standards issued by the Capital Markets Board. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with independent auditing standards issued by the Capital Markets Board and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an independent audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with financial reporting standards as accepted by the Capital Markets Board

Other issue

The financial statements of Türk Traktör ve Ziraat Makineleri A.Ş. prepared in accordance with financial reporting standards issued by Capital Markets Board as of December 31, 2010, were audited by another audit firm whose independent auditor's report thereon dated February 18, 2011 expressed an unqualified opinion. The financial statements of the Company prepared in accordance with financial reporting standards issued by Capital Markets Board as of June 30, 2010, were reviewed by the same audit firm whose independent auditor's review report thereon dated August 11, 2010 expressed that nothing had come to their attention that caused them to believe that the interim consolidated financial statements are not prepared, in all material respects, in accordance with financial reporting standards issued by Capital Markets Board.

Additional paragraph for convenience translation to English:

The accounting principles described in Note 2 (defined as CMB Financial Reporting Standards) to the accompanying interim financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the final year of application of inflation accounting and the presentation of the basic financial statements and the notes to them. Accordingly, the accompanying interim financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Erdem Tecer, SMMM
Sorumlu Ortak, Başdenetçi

August 4, 2011
İstanbul, Türkiye

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TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

INTERIM BALANCE SHEET

AS OF 30 JUNE 2011

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

	Notes	Reviewed 30 June 2011	Audited 31 December 2010
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	142.917.672	248.557.341
Trade receivables			
- Trade receivables	5	267.917.260	214.976.132
- Due from related parties	19	89.993.410	62.152.300
Inventories	6	214.179.919	129.799.394
Other current assets	9	91.540.970	83.765.992
NON-CURRENT ASSETS			
Trade receivables	5	60.787.981	59.532.098
Other receivables		324.084	328.616
Property, plant and equipment	7	58.963.676	55.963.502
Intangible assets	8	20.395.101	18.326.444
Deferred tax assets	17	16.876.487	12.770.736
TOTAL ASSETS		963.896.560	886.172.555

The condensed interim financial statements prepared for the period ended at 30 June 2011 have been approved by the Board of Directors (“BOD”) on 4 August 2011 and signed by General Manager, Marco Votta and Chief Financial Officer, Memet İlkan Kamber on behalf of BOD.

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

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

**INTERIM BALANCE SHEET
AS OF 30 JUNE 2011**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Reviewed 30 June 2011	Audited 31 December 2010
LIABILITIES			
CURRENT LIABILITIES		446.167.835	369.380.804
Financial liabilities	4	70.588.963	127.922.061
Trade payables			
- Trade payables	5	300.395.070	185.792.694
- Due to related parties	19	6.842.394	9.957.397
Other Payables		1.163.413	2.153.111
Taxation on income	17	24.333.887	12.156.512
Provisions	10	22.606.904	15.087.456
Other current liabilities	9	20.237.204	16.311.573
NON-CURRENT LIABILITIES		31.505.784	48.620.838
Financial liabilities	4	23.926.028	41.032.794
Provision for employment termination benefits	11	7.579.756	7.588.044
SHAREHOLDERS' EQUITY		486.222.941	468.170.913
Share capital	12	53.369.000	53.369.000
Adjustment to share capital	12	39.014.356	39.014.356
Merger reserve		(5.569.000)	(5.569.000)
Restricted profit reserves		74.702.802	59.969.647
Retained earnings		156.653.755	141.669.814
Net profit for the period		168.052.028	179.717.096
TOTAL LIABILITIES		963.896.560	886.172.555
Provisions, contingent assets and liabilities	10		

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

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME FOR THE INTERIM PERIOD BETWEEN 1 JANUARY – 30 JUNE 2011

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

	Notes	Reviewed 1 January- 30 June 2011	1 April- 30 June 2011	Reviewed 1 January- 30 June 2010	1 April- 30 June 2010
Sales (net)	13	894.343.430	503.565.188	544.327.887	305.178.381
Cost of sales (-)	13	(641.957.798)	(365.188.708)	(409.545.037)	(226.335.190)
GROSS PROFIT		252.385.632	138.376.480	134.782.850	78.843.191
Marketing, selling and distribution expenses (-)		(36.943.205)	(22.164.569)	(20.264.644)	(11.649.613)
General administrative expenses (-)		(11.774.356)	(5.764.422)	(12.097.345)	(6.187.599)
Research and development expenses (-)		(1.380.974)	(670.083)	(1.086.661)	(580.975)
Other operating income	14	6.568.800	5.353.584	1.630.841	565.326
Other operating expenses (-)	14	(5.325.724)	(2.097.722)	(17.718.622)	(7.855.267)
OPERATING PROFIT		203.530.173	113.033.268	85.246.419	53.135.063
Financial income	15	159.663.066	76.973.613	183.625.726	96.231.364
Finance expenses (-)	16	(154.001.178)	(72.585.970)	(182.931.059)	(93.369.839)
PROFIT BEFORE TAXATION ON INCOME		209.192.061	117.420.911	85.941.086	55.996.588
Taxes on income (-)	17	(45.245.784)	(23.681.344)	(22.658.579)	(13.943.885)
Deferred tax income	17	4.105.751	617.391	5.982.989	3.057.113
PROFIT FOR THE PERIOD		168.052.028	94.356.958	69.265.496	45.109.816
Earnings per share (TL)	18	0,0315	0,0177	0,0130	0,0085
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME		168.052.028	94.356.958	69.265.496	45.109.816

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

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

**CONDENSED CHANGES IN SHAREHOLDERS' EQUITY
FOR THE INTERIM PERIOD BETWEEN 1 JANUARY – 30 JUNE 2011**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Share capital	Adjustment to share capital	Merger reserve	Restricted profit reserves	Retained earnings	Net profit for the period	Total shareholders' equity
1 January 2011	53.369.000	39.014.356	(5.569.000)	59.969.647	141.669.814	179.717.096	468.170.913
Transfers	-	-	-	14.733.155	164.983.941	(179.717.096)	-
Dividends paid	-	-	-	-	(150.000.000)	-	(150.000.000)
Net profit for the period	-	-	-	-	-	168.052.028	168.052.028
30 June 2011	53.369.000	39.014.356	(5.569.000)	74.702.802	156.653.755	168.052.028	486.222.941
	Share capital	Adjustment to share capital	Merger reserves	Restricted profit reserves	Retained earnings	Net profit for the period	Total shareholder's equity
1 January 2010	53.369.000	39.014.356	(5.569.000)	59.011.780	123.919.774	30.955.024	300.700.934
Transfers	-	-	-	957.867	29.997.157	(30.955.024)	-
Dividends paid	-	-	-	-	(12.247.117)	-	(12.247.117)
Net profit for the period	-	-	-	-	-	69.265.496	69.265.496
30 June 2010	53.369.000	39.014.356	(5.569.000)	59.969.647	141.669.814	69.265.496	357.719.313

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

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

CONDENSED CASH FLOWS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY – 30 JUNE 2011

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

	Notes	Reviewed 1 January - 30 June 2011	Reviewed 1 January - 30 June 2010
Operating activities:			
Profit before taxation on income		209.192.061	85.941.086
Depreciation	7	4.101.826	3.250.189
Amortisation	8	1.258.575	863.429
Provision for employment termination benefits	11	442.222	1.045.570
Gain from sales of property, plant and equipment - net	14	(177.400)	(219.023)
Interest income	15	(5.533.354)	(2.257.730)
Interest expense	16	1.721.300	4.781.958
Provision for impairment of inventory	6	(700.763)	1.547.758
Expense accruals-net		7.519.448	1.341.870
Provision for doubtful receivables	14	5.152.046	17.532.765
Other non-cash items		4.560.230	(12.359.703)
Net cash flow before changes in operating assets and liabilities		227.536.191	101.468.169
Changes in operating assets and liabilities - net:			
Increase in trade receivables		(50.876.172)	(44.514.955)
Increase in due from related parties		(27.841.110)	(16.658.680)
(Increase)/ decrease in inventories		(82.692.935)	9.338.896
Increase in other current assets		(7.774.978)	(3.587.101)
Decrease in other receivables		4.532	166.108
(Decrease)/increase in due to related parties		(3.115.003)	5.217.669
Increase in trade payables		105.070.071	89.849.122
Decrease in other payables		(989.698)	(707.250)
(Decrease)/increase in other short-term liabilities		3.925.631	9.643.357
Employment termination benefits paid	11	(450.510)	(547.845)
Taxes paid		(33.068.409)	(11.016.206)
Net cash provided by operating activities		129.727.610	138.651.284
Investing activities:			
Capital expenditures		(10.447.735)	(5.525.307)
Gain from sales of property, plant and equipment and intangible assets		195.903	254.830
Interest received		6.113.168	2.174.051
Net cash used in investing activities		(4.138.664)	(3.096.426)
Financing activities:			
Proceeds from bank borrowings		86.515.692	108.142.100
Repayment of financial borrowings		(168.744.631)	(202.817.949)
Dividends paid		(150.000.000)	(12.247.117)
Interest paid		(2.080.238)	(3.623.961)
Net cash used in investing activities		(234.309.177)	(110.546.927)
Effect of change of exchange rate on cash and cash equivalent			
(Decrease)/increase in cash and cash equivalents		(108.720.231)	25.007.931
Cash and cash equivalents at the beginning of the period		247.556.860	80.396.303
Cash and cash equivalents at the end of the period		140.770.324	103.349.069

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

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY-30 JUNE 2011

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Türk Traktör ve Ziraat Makineleri A.Ş. (the “Company”) was established in 1954 in Ankara, as Minneapolis Moline Türk Traktör ve Ziraat Makineleri A.Ş. to undertake the manufacturing and trade of farm tractors, harvesters and other agricultural machinery and equipment. The name of the Company was changed as Türk Traktör Ziraat Makineleri A.Ş. in 1968 upon the purchase of 25% of the shares held by Ege Makina ve Ticaret A.Ş., a company of the Koç Holding A.Ş. (“Koç Holding”). As of 30 June 2011, major shareholders of the Company are Koç Holding and CNH Österreich GmbH (“CNH Österreich”) (Note 12). The number of personnel working within the Company as of 30 June 2011 is 2.216 (31 December 2010: 1.817).

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

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

CNH Global NV (“CNH Global”), centered in Netherland, one of the "Company" shareholders has transferred its fully paid 2.001.337.500 Group B shares with a nominal of TL 20.013.375 to its 100% owned subsidiary CNH Österreich, centered in Austria on February 16, 2011.

The Company conducts marketing and selling activities in the domestic market, through its 124 sales dealers and 88 spare part dealers.

The Company is registered in Turkey in the following address:

Güvercin Yolu No: 111-112
06560 - Gazi Ankara

As of June 30 2011, the free float of the Company whose shares are traded in the Istanbul Stock Exchange (“ISE”) is 24,93% (31 December 2010: 24,3%) (Note 12).

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

**SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD BETWEEN 1 JANUARY-30 JUNE 2011**

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

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.

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

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

The Company’s interim financial statements does not contain all disclosures and notes that yearend financial statements has to contain therefore they should be reviewed with respect to the yearend December 31, 2010 financial statements.

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.

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

**SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD BETWEEN 1 JANUARY-30 JUNE 2011**

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

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

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 recognized amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.2 Amendments in IFRS

- IAS 19 (Amendment) “Employee Benefits” (effective for the reporting periods beginning on or after 1 January 2013).
- IAS 27 (Amendment), “Consolidated and Separate Financial Statements” (effective for the reporting periods beginning on or after 1 July 2009).
- IFRS 3 (Amendment), “Business Combinations” (effective for the reporting periods beginning on or after 1 July 2009).
- IFRS 11 (Amendment), “ Joint Arrangements” (effective for the reporting periods beginning on or after 1 January 2013).
- IFRS 13 (Amendment), “Fair Value Measurement” (effective for the reporting periods beginning on or after 1 January 2013).
- IAS 1 (Amendment), “Presentation of financial statements”, (effective for the reporting periods beginning on or after 1 January 2011).
- IFRS 12 (Amendment),” Disclosure of Interest in Other Entities” (effective for the reporting periods beginning on or after 1 January 2013).
- IFRIC 13 Customer Loyalty Programmes, (Applicable to all unexpired contracts for annual periods beginning on or after 1 January 2011)
- IFRS 9, “Financial Instruments”, (effective for the reporting periods beginning on or after 1 January 2013).
- IAS 24 (Amendment), “Related Party Disclosures” (effective for the reporting periods beginning on or after 1 January 2011).
- IAS 28 (Amendment), “Investments in Associates and Joint Ventures” (This standard has not been approved by the European Union),
- IFRS 7 (Amendment), “Financial Instruments, Disclosures” (effective for the reporting periods beginning on or after 1 January 2011).
- IFRS 7 (Amendment), “Financial Instruments- Disclosures as parts of its comprehensive review of off-balance sheet activities” (effective for the reporting periods beginning on or after 1 July 2011).
- IAS 32 (Amendment), “Financial Instruments: Presentation and Disclosure”, (effective for the reporting periods beginning on or after 1 January 2011).
- IFRIC 14 (Amendment), “The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interact project” (effective for the reporting periods beginning on or after 1 January 2011).
- IAS 34 (Amendment), “Interim Financial Reporting“ (effective for the reporting periods beginning on or after 1 January 2011).
- IFRS 10 (Amendment), “Consolidated Financial statements” ” (effective for the reporting periods beginning on or after 1 January 2013).
- IFRIC 19 (Amendment), Extinguishing Financial Liabilities with Equity Instruments” (effective for the reporting periods beginning on or after 1 January 2011).
- IAS 12 (Amendment), “Income Taxes- Deferred Taxes” (effective for the reporting periods beginning on or after 1 January 2012).

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

**SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD BETWEEN 1 JANUARY-30 JUNE 2011**

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

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

2.3 Comparative informations and corrections of prior years' financial statements

In order to determine the financial position and performance trends, the Company's condensed financial statements are presented with comparison of the prior year's financial statements. For presentation purposes, the comparative information were reclassified. As of 31 December 2010, the reclassifications in the financial statements are as follows:

- a) Expense provision amounting to TL107.789 classified as provisions in the balance sheet as of December 31,2010 has been classified under the other current liabilities.
- b) Other payables amounting to TL2.153.111 classified as other current liabilities in the balance sheet as of December 31,2010 has been classified under the other payables.
- c) Deposits and guarantees given amounting to TL328.616 classified as other non-current assets in the balance sheet as of December 31,2010 has been classified under the other receivables.

2.4 Seasonality of the operations

There are no effects of seasonality on the condensed interim financial statements of the Company.

2.5 Convenience Translation into English of Financial Statements

The accounting principles described in Note 2.1 to the financial statements (defined as CMB Financial Reporting Standards) differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January and 31 December 2005. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

NOTE 3 - CASH AND CASH EQUIVALENTS

	30 June 2011	31 December 2010
Banks		
- TL denominated demand deposits	6.676.707	3.116.444
- TL denominated time deposits	116.287.913	191.454.665
- Foreign currency denominated demand deposits	1.157.210	1.998.046
- Foreign currency denominated time deposits	18.795.842	51.988.186
	142.917.672	248.557.341

As of 30 June 2011, the weighted average effective annual interest rate for the TL and Euro time deposits is 8,76% and 4,35 % (31 December 2010: TL: 8,92%, EUR: 3,24%). As of 30 June 2011 and 31 December 2010, remaining time to maturity of time deposits is less than three months.

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

**SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD BETWEEN 1 JANUARY-30 JUNE 2011**

(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 30 June 2011, 31 December 2010, 30 June 2010 and 31 December 2009 are as follows:

	30 June 2011	31 December 2010	30 June 2010	31 December 2009
Banks	142.917.672	248.557.341	104.148.274	80.690.192
Less: Interest accruals	(30.152)	(609.969)	(142.614)	(58.935)
Less: Restricted bank deposits(*)	(2.117.196)	(390.512)	(656.591)	(234.954)
Cash and cash equivalents	140.770.324	247.556.860	103.349.069	80.396.303

(*) This account consists of receivables collected via the direct debit system as of 30 June 2011. The blockage on this account is terminated following the closure of the term.

NOTE 4 - FINANCIAL LIABILITIES

a) Short-term financial liabilities

Short-term bank borrowings

	<u>Original currency amount</u>		<u>Weighted average effective interest rate p.a. (%)</u>		<u>TL Equivalent</u>	
	30 June 2011	31 December 2010	30 June 2011	31 December 2010	30 June 2011	31 December 2010
TL bank borrowings	11.217.133	3.528.457	6,50	7,00	11.217.133	3.528.457
EUR bank borrowings	10.047.026	55.706.458	1,80	2,25	23.602.474	114.146.396
					34.819.607	117.674.853

Short term portion of long term bank barrowing

	<u>Original currency amount</u>		<u>Weighted average effective interest rate p.a. (%)</u>		<u>TL Equivalent</u>	
	30 June 2011	31 December 2010	30 June 2011	31 December 2010	30 June 2011	31 December 2010
EUR bank borrowings	15.223.250	5.000.000	2,80	3,00	35.762.459	10.247.208
					35.762.459	10.247.208

Convenience translation into English of condensed interim financial statements originally issued in Turkish (NOTE 2.5)

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY-30 JUNE 2011

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

NOTE 4 - FINANCIAL LIABILITIES (Continued)

Short-term financial lease obligations

	Original currency amount		TL Equivalent	
	30 June 2011	31 December 2010	30 June 2011	31 December 2010
TL financial lease obligations	6.897	-	6.897	-
			6.897	-
Total short-term financial liabilities			70.588.963	127.922.061

Long-term financial liabilities

Long-term bank borrowings

	Original currency amount		Weighted average effective interest rate p.a. (%)		TL Equivalent	
	30 June 2011	31 December 2010	30 June 2011	31 December 2010	30 June 2011	31 December 2010
EUR bank borrowings	10.176.945	20.024.788	3,25	2,98	23.907.678	41.032.794
Total long-term financial liabilities					23.907.678	41.032.794

Long-term financial lease obligations

	Original currency amount		TL Equivalent	
	30 June 2011	31 December 2010	30 June 2011	31 December 2010
TL financial lease obligations	18.350	-	18.350	-
			18.350	-
Total long-term financial liabilities			23.926.028	41.032.794

Redemption schedule of the long-term bank borrowings as of 30 June 2011 is as follows:

	2011
2012	23.907.678
	23.907.678

As of 30 June 2011 and 31 December 2010 the Company does not have any floating rate loan.

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

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NOTE 4 - FINANCIAL LIABILITIES (Continued)

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

	Carrying value		Fair value	
	30 June 2011	31 December 2010	30 June 2011	31 December 2010
Bank borrowings	94.489.744	168.954.855	91.440.701	167.419.021

As of 30 June 2011, fair values of the EUR and TL denominated bank borrowings are determined by using the discounted cash flow method over annual average effective discount rates of 4,23% and 6,50%, respectively (31 December 2010: EUR and TL bank borrowings 2,66% and 6,50% p.a., respectively).

NOTE 5 - TRADE RECEIVABLES AND PAYABLES

	30 June 2011	31 December 2010
Short-term trade receivables:		
Customer current accounts	212.057.515	164.100.405
Notes receivables	83.619.877	81.088.271
Protested notes	18.330.530	16.772.681
	314.007.922	261.961.357
Less: Provision for doubtful receivables	(42.421.389)	(43.035.979)
Unearned financial income	(3.669.273)	(3.949.246)
Short-term trade receivables	267.917.260	214.976.132
Due from related parties (Note 19)	89.993.410	62.152.300
Total short-term trade receivables	357.910.670	277.128.432

Movements of the provisions for doubtful receivables for the periods ended 30 June 2011 and 30 June , 2010 are as shown below:

	2011	2010
1 January	(43.035.979)	(20.817.960)
Collections during the year (Note 14)	5.766.636	1.251.875
Charge during the year (Note 14)	(5.152.046)	(17.532.765)
30 June	(42.421.389)	(37.098.850)

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NOTE 5 - TRADE RECEIVABLES AND PAYABLES (continued)

	30 June 2011	31 December 2010
Long-term trade receivables:		
Notes receivables	63.460.854	63.998.219
Less: Unearned financial income	(2.672.873)	(4.466.121)
Long-term trade receivables	60.787.981	59.532.098
	30 June 2011	31 December 2010
Trade payables:		
Supplier current accounts	301.221.529	186.504.161
Less: Unincurred financial expense	(826.459)	(711.467)
Trade Payables	300.395.070	185.792.694
Due to related parties (Note 19)	6.842.394	9.957.397
Total trade payables	307.237.464	195.750.091

NOTE 6 – INVENTORIES

	30 June 2011	31 December 2010
Raw materials	93.108.487	55.807.795
Work in progress	11.368.906	2.968.411
Finished goods	37.568.836	12.823.091
Commercial goods	25.680.429	23.235.584
Spare part	16.975.704	13.933.438
Goods in transit	31.297.891	23.552.172
	216.000.253	132.320.491
Provision for impairment of inventory	(1.820.334)	(2.521.097)
	214.179.919	129.799.394

The cost of inventories recognized as expense in the current period, amounted to TL612.628.411 (30 June 2010: TL384.430.195).

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NOTE 6 – INVENTORIES (Continued)

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

	2011	2010
1 January	(2.521.097)	(4.246.237)
Released during the period	988.314	649.899
Charge during the period for impairment of inventory	(287.551)	(2.197.657)
30 June	(1.820.334)	(5.793.995)

During the year 2011, the Company sold commercial goods that were impaired in 2009, the amount was credited to the cost of goods sold account.

NOTE 7- PROPERTY, PLANT AND EQUIPMENT

<u>Cost</u>	1 January 2011	Additions	Disposals	Transfers	30 June 2011
Land	373.095	-	-	-	373.095
Land improvements	4.745.435	14.783	-	-	4.760.218
Buildings	49.149.170	19.600	-	775.870	49.944.640
Machinery and equipment	322.507.484	4.006.136	(3.209.361)	3.754.976	327.059.235
Special costs	2.705.188	-	-	-	2.705.188
Motor vehicles	1.918.149	497.723	(32.248)	-	2.383.624
Furniture and fixtures	23.389.573	617.999	(1.295.827)	2.669.333	25.381.078
Construction in progress	11.998.368	2.466.743	-	(7.702.660)	6.762.451
	416.786.462	7.622.984	(4.537.436)	(502.481) (*)	419.369.529

<u>Accumulated depreciation</u>	1 January 2011	Additions	Disposals	Transfers	30 June 2011
Land improvements	3.066.503	61.577	-	-	3.128.080
Buildings	33.572.888	753.450	-	-	34.326.338
Machinery and equipment	300.991.225	2.459.083	(3.203.828)	-	300.246.480
Special costs	2.581.685	21.204	-	-	2.602.889
Motor vehicles	1.307.407	149.238	(32.248)	-	1.424.397
Furniture and fixtures	19.303.252	657.274	(1.282.857)	-	18.677.669
	360.822.960	4.101.826	(4.518.933)	-	360.405.853

Net book value	55.963.502				58.963.676
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*Transferred to intangible assets.

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

**SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS
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NOTE 7- PROPERTY, PLANT AND EQUIPMENT (Continued)

Cost	1 January 2010	Additions	Disposals	30 June 2010
Land	373.095	-	-	373.095
Land improvements	4.479.678	-	-	4.479.678
Buildings	48.419.992	-	-	48.419.992
Machinery and equipment	313.056.236	1.737.160	(896.491)	313.896.905
Special costs	2.623.444	73.566	-	2.697.010
Motor vehicles	2.230.392	-	(316.938)	1.913.454
Furniture and fixtures	20.772.330	292.505	(58.197)	21.006.638
Construction in progress	2.042.878	471.420	-	2.514.298
	393.998.045	2.574.651	(1.271.626)	395.301.070
Accumulated depreciation				
Land improvements	2.950.217	56.806	-	3.007.023
Buildings	32.102.848	730.798	-	32.833.646
Machinery and equipment	298.507.356	1.916.370	(896.491)	299.527.235
Special costs	2.535.582	23.730	-	2.559.312
Motor vehicles	1.335.861	137.086	(283.494)	1.189.453
Furniture and fixtures	18.658.822	385.399	(58.197)	18.986.024
	356.090.686	3.250.189	(1.238.182)	358.102.693
Net book value	37.907.359			37.198.377

For the period ended 30 June 2011, of the total depreciation expense amounting to TL4.101.826 (30 June 2010: TL 3.250.189), TL 2.760.714 (30 June 2010: TL 2.351.837) is allocated to production costs, TL823.514 (30 June 2010: TL678.012) is allocated to general administrative expenses, TL268.419 (30 June 2010: TL181.998) is allocated to research and development expenses and TL249.179 (30 June 2010: TL38.342) is allocated to marketing, selling and distribution expenses. The depreciation expense amounting to TL283.241 (30 June 2010: TL 176.650) is capitalized during the period as it is related to the development costs.

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NOTE 8 - INTANGIBLE ASSETS

	1 January 2011	Additions	Disposals	Transfers	30 June 2011
<u>Cost</u>					
Rights	4.845.814	85.106	-	502.481	5.433.401
Development costs	10.088.545	-	-	-	10.088.545
Development costs in progress	9.489.048	2.739.645	-	-	12.228.693
	24.423.407	2.824.751	-	502.481	27.750.639
<u>Accumulated amortisation</u>					
Rights	3.827.883	249.721	-	-	4.077.604
Development costs	2.269.080	1.008.854	-	-	3.277.934
	6.096.963	1.258.575	-	-	7.355.538
Net book value	18.326.444				20.395.101

	1 January 2010	Additions	Disposals	30 June 2010
<u>Cost</u>				
Rights	4.877.291	238.342	(842.217)	4.273.416
Development costs	6.989.807	-	-	6.989.807
Development costs in progress	3.356.748	2.712.314	-	6.069.062
	15.223.846	2.950.656	(842.217)	17.332.285
<u>Accumulated amortisation</u>				
Rights	4.302.099	164.448	(839.854)	3.626.693
Development costs	819.473	698.981	-	1.518.454
	5.121.572	863.429	(839.854)	5.145.147
Net book value	10.102.274			12.187.138

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

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

For the period ended 30 June 2010, of the total amortisation expenses amounting to TL 1.258.575 (30 June 2010: TL 863.429), TL168.074 (30 June 2010: TL 118.995) is allocated to production costs, TL50.136 (30 June 2010: TL34.305) is allocated to general administrative expenses, TL1.025.195 (30 June 2010: TL708.189) is allocated to research and development expenses and TL15.170 (30 June 2010: TL1.940) is allocated to marketing, selling and distribution expenses.

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

NOTE 9 - OTHER ASSETS AND LIABILITIES

	30 June 2011	31 December 2010
a) Other current assets:		
Deferred value added tax (“VAT”)	52.331.988	34.849.308
Reclaimed VAT	32.054.022	48.639.204
Prepaid expenses	2.142.497	234.068
Other	5.012.463	43.412
	91.540.970	83.765.992

	30 June 2011	31 December 2010
b) Other short-term liabilities:		
Deferred income (*)	6.334.434	2.494.899
Payables to personnel and accrued premiums	3.466.790	2.469.233
Taxes, funds and other related payable	3.012.111	4.883.631
Advances taken (**)	1.251.015	5.513.820
Incentive income for future periods (***)	1.144.375	842.192
Other accrued expenses (****)	5.028.479	107.798
Other short-term liabilities:	20.237.204	16.311.573

(*) Deferred income represents the sales amount of the tractors for which the invoices are issued but are not yet shipped to customers as of 30 June 2011 and 31 December 2010.

(**) Advances taken represent advances, due pre-paid campaign done for 2011 combine sales.

(***) Incentive income for future periods based on completed development projects in 2011 and 2010, refers to the amount of incentive received from The Scientific and Technological Research Council of Turkey. Amount of incentive taken is reflected to income statement in accordance with related project’s useful life.

(****) As of 30 June 2011, the account consists of donations payables and accrued liabilities with unreceived invoices.

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NOTE 10 - PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

a) Provisions

	30 June 2011	31 December 2010
Warranty provisions	22.223.242	14.763.037
Provision for lawsuits (*)	383.662	324.419
	22.606.904	15.087.456

(*) The balance represents provision for law suits that are opened against the Company.

As of 30 June 2011 and 2010, the movement of provision for warranty expenses is as follows:

	2011	2010
1 January	14.763.037	7.258.630
Released during the period	(6.370.786)	(5.159.302)
Charge for the period	13.830.991	6.428.359
30 June	22.223.242	8.527.687

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

	2011	2010
1 January	324.419	119.916
Charge for the period(Note 14)	59.243	72.813
30 June	383.662	192.729

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

b) Contingent Liabilities

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

	30 June 2011	31 December 2010
A. The total amount of collaterals given on behalf of its own legal entity	52.139.670	40.554.828
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	-	-
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	-	-
	52.139.670	40.554.828

As of June 30, 2011 the original amount of guarantees given by the corporate name of the Company are EUR14.140.958 and USD26.444. (31 December 2010: EUR17.124.995 and USD26.444)

As of June 30, 2011 the ratio between the original amount of guarantees given by the corporate name of the Company to equity is 11% (31 December 2010: 9%)

c) Contingent Assets

	Original Amounts						TL equivalent	
	30 June 2011			31 December 2010			30 June 2011	31 December 2010
	Euro	USD	TL	Euro	USD	TL		
Letters of guarantees received	339.749	470.000	219.180.932	69.245	660.400	176.697.724	220.745.264	177.860.592
Direct indebtedment	-	-	93.350.715	-	-	49.891.109	93.350.715	49.891.109
Mortgages	-	-	6.373.980	-	-	7.719.980	6.373.980	7.719.980
Security bonds	-	-	1.750.000	-	-	1.750.000	1.750.000	1.750.000
TL guarantees in cash	-	-	30.591	-	-	387.099	30.591	387.099
Foreign currency guarantees in cash	-	8.172	-	-	8.153	-	13.323	12.605
							322.263.873	237.621.385

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NOTE 11 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

	30 June 2011	31 December 2010
Provision for employment termination benefits	7.579.756	7.588.044
	7.579.756	7.588.044

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 TL 2.623,23 for each year of service as of 30 June 2011 (31 December 2010: TL 2.517,01).

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

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

	30 June 2011	31 December 2010
Discount rate (%)	4,66	4,66
Turnover rate to estimate the probability of retirement (%)	94,98	95,51

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 TL2.731,85 which is effective from 1 July 2011 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:

	2011	2010
1 January	7.588.044	6.301.237
Charge for the period	442.222	1.045.570
Paid during the period	(450.510)	(547.845)
30 June	7.579.756	6.798.962

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NOTE 12 - SHAREHOLDERS' EQUITY

Paid-in Share Capital

The Company's registered share capital amounts to TL250.000.000(31 December 2010:TL 250.000.000).

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

The composition of the Company's statutory share capital at 30 June 2011 and 31 December 2010 are as follows:

	30 June 2011		31 December 2010	
	Participation (%)	Share Amount (TL)	Participation (%)	Share Amount (TL)
Koç Holding	37,50	20.013.375	37,50	20.013.375
CNH Osterreich	37,50	20.013.375	-	-
CNH Global	-	-	37,50	20.013.375
Public quotation	24,93	13.306.859	24,30	12.981.957
Other	0,07	35.391	0,70	360.293
	100,00	53.369.000	100,00	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, based on the decision taken in Board of Directors meeting of Koç Holding A.Ş. on 31 March 2009; after the merger of the Company and Trakmark, to equalize the shares of Koç Community and CNH, shares having nominal value of TL756.318,75 belonging to Koç Holding, which is equal to 2,312% of company equity, sold for TL13.235.578,13 and shares having nominal value of TL477.675 belonging to Temel Ticaret sold for TL8.359.312,50 to investors on stock market.

Furthermore, shares belonging to Temel Ticaret having a nominal value of TL636.900 was bought for TL11.145.750 by Koç Holding A.Ş. After those transactions, Temel Ticaret has no shares on Company's paid in capital.

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NOTE 12 - SHAREHOLDERS' EQUITY (continued)

CNH Global one of the shareholders of company centered in Netherlands, assigned its 2.001.337.500 unit B group all paid shares, having nominal value of TL20.013.375, to CNH Osterreich company, affiliate of company with 100%, centered in Austria on 16 February 2011.

As of 11 June 2004, the Company has been quoted to ISE and its shares started to be traded in the stock exchange market from that date. As of 30 June 2011, 24,93% (31 December 2010: 24,3%) of the Company shares are quoted at ISE.

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

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in capital. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in capital. These amounts are classified as "Restricted profit reserves" according to the CMB Financial Reporting Standards.

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

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

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

Profit Distribution

The decision of dividend payment amounting to TL150.000.000, taken in the Company's General Assembly dated 25 March 2011 (Note 19). Dividend payment distribution began at the date of 1 April 2011.

In the statutory financial statements of the Company, in addition to the statutory profit amounting to TL170.088.214 for the period ended 30 June 2011, there are other resources that can be subject to a possible dividend distribution amounting to TL201.678.913.

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NOTE 13 - SALES AND COST OF SALES

	1 January- 30 June 2011	1 April- 30 June 2011	1 January- 30 June 2010	1 April- 30 June 2010
Domestic sales	837.555.143	468.684.595	390.304.682	234.712.663
Export sales	141.120.911	86.404.579	192.827.271	95.124.092
	978.676.054	555.089.174	583.131.953	329.836.755
Less: Discounts and returns	(84.332.624)	(51.523.986)	(38.804.066)	(24.658.374)
Sales income (net)	894.343.430	503.565.188	544.327.887	305.178.381
Cost of sales	(641.957.798)	(365.188.708)	(409.545.037)	(226.335.190)
Gross profit	252.385.632	138.376.480	134.782.850	78.843.191

NOTE 14 - OTHER OPERATING INCOME/EXPENSES

	1 January- 30 June 2011	1 April- 30 June 2011	1 January- 30 June 2010	1 April- 30 June 2010
Termination of provision for doubtful receivables (Note 5)	5.766.636	4.957.523	1.251.875	330.825
Gain on sales of property, plant and equipment	187.852	118.181	220.604	143.164
Incentive income	112.292	56.146	-	-
Other income	502.020	221.734	158.362	91.337
Other operating income	6.568.800	5.353.584	1.630.841	565.326
Provision for doubtful receivables (Note 5)	(5.152.046)	(1.960.598)	(17.532.765)	(8.212.151)
Provision for lawsuits (Note 10)	(59.243)	(34.233)	(72.813)	469.664
Loss on sales of property, plant and equipment	(10.452)	(8)	(1.581)	(1.581)
Other expense	(103.983)	(102.883)	(111.463)	(111.199)
Other operating expenses	(5.325.724)	(2.097.722)	(17.718.622)	(7.855.267)

NOTE 15 - FINANCIAL INCOME

	1 January- 30 June 2011	1 April- 30 June 2011	1 January- 30 June 2010	1 April- 30 June 2010
Foreign exchange gain	140.176.602	68.506.011	171.056.164	89.132.092
Financial income from credit sales	13.953.110	6.544.667	10.311.832	5.648.209
Interest income	5.533.354	1.922.935	2.257.730	1.451.063
Financial income	159.663.066	76.973.613	183.625.726	96.231.364

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NOTE 16 - FINANCIAL EXPENSES

	1 January- 30 June 2011	1 April- 30 June 2011	1 January- 30 June 2010	1 April- 30 June 2010
Foreign exchange loss	(140.543.490)	(65.738.675)	(172.570.851)	(88.266.059)
Financial expense on credit purchases	(11.201.806)	(5.690.912)	(4.435.271)	(2.729.232)
Interest expenses on bank borrowings	(1.721.300)	(877.511)	(4.781.958)	(2.161.175)
Other	(534.582)	(278.872)	(1.142.979)	(213.373)
Financial expenses	(154.001.178)	(72.585.970)	(182.931.059)	(93.369.839)

NOTE 17 - TAX ASSETS AND LIABILITIES

	30 June 2011	31 December 2010
Corporate taxes payable	45.245.784	47.776.397
Less: Prepaid taxes	(20.911.897)	(35.619.885)
Total tax payable - net	24.333.887	12.156.512

	1 January- 30 June 2011	1 April- 30 June 2011	1 January- 30 June 2010	1 April- 30 June 2010
Current period corporate tax expense	(45.245.784)	(23.681.344)	(22.658.579)	(13.943.885)
Deferred tax income	4.105.751	617.391	5.982.989	3.057.113
Tax expense	(41.140.033)	(23.063.953)	(16.675.590)	(10.886.772)

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

Deferred Taxes:

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

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NOTE 17 - TAX ASSETS AND LIABILITIES (Continued)

The breakdown of cumulative temporary differences and the resulting deferred tax assets/ (liabilities) at 30 June 2011 and 31 December 2010 are as follows:

	<u>Temporary differences</u>		<u>Deferred tax assets/(liabilities)</u>	
	<u>30 June 2011</u>	<u>31 December 2010</u>	<u>30 June 2011</u>	<u>31 December 2010</u>
Property, plant and equipment and intangible assets, restatement and useful life differences	4.785.011	4.297.083	(957.002)	(859.417)
Unearned finance income on due from related parties	(154.303)	(92.155)	30.861	18.431
Provision for employment termination benefits	(7.579.756)	(7.588.044)	1.515.951	1.517.609
Capitalized unincurred financial expense on inventory	(3.384.939)	(2.323.850)	676.988	464.770
Warranty provision	(22.223.242)	(14.763.037)	4.444.649	2.952.607
Provision for lawsuits	(383.662)	(324.419)	76.732	64.884
Unearned finance income on trade receivables	(3.560.171)	(5.528.446)	712.034	1.105.689
Provision for doubtful receivables	(33.480.130)	(34.553.275)	6.696.026	6.910.655
Provision for impairment of inventory	(1.820.334)	(2.521.097)	364.067	504.219
Accrued sales premium	(12.076.449)	-	2.415.290	-
Other expense provisions	(5.014.575)	(58.974)	1.002.915	11.795
Elimination of profit margin of the saalesto free zone branch	(32.558)	(176.999)	6.512	35.400
Other	542.680	(220.467)	(108.536)	44.094
Deferred tax asset			16.876.487	12.770.736

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

	2011	2010
1 January	12.770.736	7.923.225
Deferred tax income	4.105.751	5.982.989
30 June	16.876.487	13.906.214

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

	30 June 2011	30 June 2010
Taxation on income	209.192.061	85.941.086
Tax calculated at enacted tax rate	41.838.412	17.188.217
Research and development deductions	(625.753)	(558.336)
Disallowable expenses	10.269	23.335
Other	(82.895)	22.374
Total tax charge	41.140.033	16.675.590

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NOTE 18 - EARNINGS PER SHARE

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

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

Basic earnings per share are calculated by dividing the net income attributable to shareholders by the weighted average number of ordinary shares in issue. Nominal value of one share of company is 1 Kuruş.

	1 January- 30 June 2011	1 April- 30 June 2011	1 January- 30 June 2010	1 April- 30 June 2010
Profit for the period	168.052.028	94.356.958	69.265.496	45.109.816
Weighted average number of the ordinary shares	5.336.900.000	5.336.900.000	5.336.900.000	5.336.900.000
Earnings per share (1 Kr nominal value per share as TL)	0,0315	0,0177	0,0130	0,0085

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

NOTE 19 - RELATED PARTY DISCLOSURES

i) Balances with related parties as of 30 June 2011 and 31 December 2010:

	30 June 2011	31 December 2010
a) Bank deposits and borrowings		
Deposits with related parties:		
Yapı ve Kredi Bankası A.Ş. (“Yapı Kredi”)	20.169.925	30.249.236
	20.169.925	30.249.236

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NOTE 19 - RELATED PARTY DISCLOSURES (continued)

	30 June 2011	31 December 2010
b) Due from related parties		
Trade receivables from group companies		
CNH International SA (“CNH International”)	82.694.598	53.077.450
CNH Italy SPA (“CNH Italy”)	3.866.961	2.738.205
CNH Latin America Ltda.	2.705.550	4.582.435
Yapı Kredi Finansal Kiralama A.O.	475.347	411.087
New Holland Fiat India Pvt. Ltd.	269.475	973.924
CNH France S.A (“CNH France”)	3.644	310.092
Other	132.138	151.262
	90.147.713	62.244.455
Less: Unearned financial income	(154.303)	(92.155)
	89.993.410	62.152.300
c) Due to related parties		
Trade payables to shareholders		
Koç Holding	640.372	768.797
	640.372	768.797
Trade payables to group companies		
Opet Petrolcülük A.Ş. (“Opet”)	3.850.021	2.421.872
CNH Services srl	644.888	-
Otokar Otobüs Karoseri Sanayi A.Ş. (“Otokar”)	440.404	8.989
Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş. (“Opet Fuchs”)	434.194	250.427
Koçtaş Yapı Marketleri A.Ş. (“Koçtaş”)	246.622	209.077
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş. (“Koç Sistem”)	238.599	2.387.896
Otokoç Otomotiv San. ve Tic. A.Ş (“Otokoç”)	96.411	142.564
Koç Net Haberleşme Teknolojileri ve İletişim Hizmetleri A.Ş. (“Koç Net”)	38.097	45.762
Setur Servis Turistik A.Ş. (“Setur”)	18.411	274.549
Zer Merkezi Hizmetler ve Ticaret A.Ş. (“Zer”)	-	1.992.587
Eltek Elektrik Enerjisi İth. İhr.ve Toptan Tic.A.Ş. (“Eltek”)	-	658.434
Arçelik A.Ş.	-	350.048
Other	249.734	594.529
	6.257.381	9.336.734
Less: Unearned financial expenses	(55.359)	(148.134)
	6.842.394	9.957.397

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NOTE 19 - RELATED PARTY DISCLOSURES (Continued)

**ii) Significant sales and purchases transactions with related parties for the interim periods
between 1 January - 30 June 2011 and 2010:**

a) Product sales to related parties

	1 January- 30 June 2011	1 April- 30 June 2011	1 January- 30 June 2010	1 April- 30 June 2010
Product sales to group companies				
CNH International (*)	129.806.071	81.518.007	187.169.235	92.136.728
CNH Latin America Ltda.	6.580.704	3.492.021	900.200	156.455
CNH Italy	4.258.630	1.954.012	2.925.381	1.471.520
Zer	1.972.665	1.151.705	938.327	603.010
Harranova Besi ve Tarım Ürünleri A.Ş.	-	-	1.338.519	558.001
Other	562.383	241.752	1.873.482	1.173.781
	143.180.453	88.357.497	195.145.144	96.099.495

(*) The Company realizes export sales through CNH International

b) Other income from related parties

	1 January- 30 June 2011	1 April- 30 June 2011	1 January- 30 June 2010	1 April- 30 June 2010
Other income from group companies				
CNH International	254.099	2.216	-	-
CNH Italy	-	-	12.697	-
Other	5.235	263	-	-
	259.334	2.479	12.697	-

c) Product purchases from related parties

	1 January- 30 June 2011	1 April- 30 June 2011	1 January- 30 June 2010	1 April- 30 June 2010
Product purchases from group companies				
CNH International	24.103.447	14.284.472	23.375.327	13.886.522
Opet	9.472.742	4.493.930	5.552.722	2.617.766
Zer	3.124.421	2.464.623	476.476	383.174
Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	1.227.430	574.063	650.974	358.033
Opet Fuchs	1.031.675	462.633	743.601	407.842
Koçtaş	616.225	523.627	218.375	169.697
Other	492.704	403.628	325.274	114.575
	40.068.644	23.206.976	31.342.749	17.937.609

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NOTE 19 - RELATED PARTY DISCLOSURES (Continued)

d) Service purchases from related parties

	1 January- 30 June 2011	1 April- 30 June 2011	1 January- 30 June 2010	1 April- 30 June 2010
Service purchases from shareholders				
Koç Holding (*)	648.888	324.444	1.242.509	305.815
	648.888	324.444	1.242.509	305.815
Service purchase from group companies				
Zer	6.224.815	3.742.454	2.474.128	1.195.471
Eltak	3.673.709	1.939.243	1.033.979	1.033.979
Setur	2.286.857	1.603.777	831.784	521.477
Otokar	1.808.859	1.808.859	-	-
Aygaz Doğal Gaz Toptan Satış A.Ş.	1.001.825	253.939	-	-
CNH Services srl (*)	630.468	311.868	-	-
Ram Sigorta Aracılık Hizmetleri A.Ş. (**)	491.698	455.986	643.139	54.201
Otokoç	441.301	235.281	385.225	192.519
Opet	319.144	179.898	268.750	147.086
Koç Net	216.564	153.916	170.131	97.941
Koç Sistem	106.905	83.012	152.101	115.665
CNH International (*)	-	-	552.000	276.000
Other	689.537	302.721	198.299	121.692
	17.891.682	11.070.954	6.709.536	3.756.031
	18.540.570	11.395.398	7.952.045	4.061.846

(*) Services purchased from Koç Holding and CNH International includes consultancy services related to human resources, strategy development, intermediation and advisory activities. Starting from 2011, the services purchased from CNH International were started to taken from CNH Services srl.

(**) Includes paid and accrued premium for the period ended 30 June 2011 in relation with the insurance policies that are signed by insurance agents that are not related parties, through Ram Sigorta Aracılık Hizmetleri A.Ş., acting as an insurance agent.

iii) Financial income and finance costs arising from transactions with related parties for the interim periods between 1 January - 30 June 2011 and 2010:

Financial income and financial expenses arising from transactions with group companies

	1 January- 30 June 2011	1 April- 30 June 2011	1 January- 30 June 2010	1 April- 30 June 2010
Interest income				
Yapı Kredi	224.879	145.525	9.882	4.807

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NOTE 19 - RELATED PARTY DISCLOSURES (Continued)

	1 January- 30 June 2011	1 April- 30 June 2011	1 January- 30 June 2010	1 April- 30 June 2010
Interest expense				
Yapı Kredi Finansal Kiralama A.O.	2.496	1.677	18.200	7.476
Yapı Kredi	-	-	1.870.631	857.941
	2.496	1.677	1.888.831	865.417

iv) Dividends paid to related parties:

	1 January - 30 June 2011	1 January - 30 June 2010
Koç Holding	56.250.000	4.620.073
CNH Osterreich	56.250.000	-
Public quotation	36.487.354	2.695.922
CNH Global	-	4.592.669
Temel Ticaret	-	255.773
Other	1.012.646	82.680
	150.000.000	12.247.117

v) Other transactions with related parties for the interim periods between 1 January - 30 June 2011 and 2010:

	1 January- 30 June 2011	1 April- 30 June 2011	1 January- 30 June 2010	1 April- 30 June 2010
Remuneration of Board of Directors and key management personnel	1.300.390	662.172	2.381.189	585.953

Other transactions with group companies

Gain on sale of property, plant and equipment

	1 January- 30 June 2011	1 April- 30 June 2011	1 January- 30 June 2010	1 April- 30 June 2010
Zer	38.084	30.626	-	-

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

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

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

a) Market Risk

Foreign currency risk

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

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

The amount of foreign currency assets, liabilities and TL equivalents of the Company as of 30 June 2011 and 31 December 2010 are as follows:

	30 June 2011						
	TL Equivalent	US Dollar	EUR	GBP	DKK	CHF	YEN
Trade Receivables	201.251.086	372.521	85.409.417	-	-	-	-
Monetary Financial Assets (Including cash and bank accounts)	19.953.052	144.350	8.393.382	-	-	-	-
Non-monetary Financial Assets	-	-	-	-	-	-	-
Other	21.503.862	136.576	8.664.019	195	-	-	46.195.685
Current Assets	242.708.000	653.447	102.466.818	195	-	-	46.195.685
Trade Receivables	60.035.587	253.680	25.379.720	-	-	-	-
Monetary Financial Assets	-	-	-	-	-	-	-
Non-monetary Financial Assets	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Non-current Assets	60.035.587	253.680	25.379.720	-	-	-	-
Total Assets	302.743.587	907.127	127.846.538	195	-	-	46.195.685
Trade Payables	244.141.451	1.162.737	102.423.960	27.752	189.048	-	74.714.663
Financial Liabilities	59.364.933	-	25.270.276	-	-	-	-
Other Monetary Liabilities	1.913.913	767.400	282.180	-	-	-	-
Other Non-monetary Liabilities	-	-	-	-	-	-	-
Current Liabilities	305.420.297	1.930.137	127.976.416	27.752	189.048	-	74.714.663
Trade Payables	-	-	-	-	-	-	-
Financial Liabilities	23.907.678	-	10.176.945	-	-	-	-
Other Monetary Liabilities	-	-	-	-	-	-	-
Other Non-monetary Liabilities	-	-	-	-	-	-	-
Non-current Liabilities	23.907.678	-	10.176.945	-	-	-	-
Total Liabilities	329.327.975	1.930.137	138.153.361	27.752	189.048	-	74.714.663
Total amount of Hedge Assets	-	-	-	-	-	-	-
Total amount of Hedge Liabilities	-	-	-	-	-	-	-
Net Asset/(Liability) Position of Off-balance Sheet Derivative Instruments	-	-	-	-	-	-	-
Net Foreign Currency Asset/(Liability) Position	(26.584.388)	(1.023.010)	(10.306.823)	(27.557)	(189.048)	-	(28.518.978)
Net Monetary Foreign Currency Asset/(Liability) Position	(26.584.388)	(1.023.010)	(10.306.823)	(27.557)	(189.048)	-	(28.518.978)

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

	31 December 2010						
	TL Equivalent	US Dollar	EUR	GBP	DKK	CHF	YEN
Trade Receivables	143.199.955	1.495.506	68.755.992	-	-	-	-
Monetary Financial Assets (Including cash and 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

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

The import and export amount of the Company for the period ended 30 June 2011 and 2010 are as follows:

	1 January- 30 June 2011	1 April- 30 June 2011	1 January- 30 June 2010	1 April- 30 June 2010
Total export amount	141.120.911	86.404.579	192.827.271	95.124.092
Total import amount	215.418.227	114.052.464	99.318.766	54.443.074

The Company is exposed to foreign exchange risk primarily with respect to EUR and US Dollar. The effect of the Company's EUR and US Dollar foreign currency position as of 30 June 2011 and 31 December 2010 under the assumption of the appreciation and depreciation of TL against other currencies by 10% with all other variables held constant, is as follows:

	30 June 2011			
	Profit/(Loss)		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Had TL appreciate/(depreciate) by 10% against US Dollar				
Profit/(loss) from US Dollar net asset position	(166.771)	166.771	-	-
Hedged amount against US Dollar risk (-)	-	-	-	-
Net Effect of US Dollar	(166.771)	166.771	-	-
Had TL appreciate/(depreciate) by 10% against EUR				
(Loss)/profit from EUR net liability position	(2.421.279)	2.421.279	-	-
Hedged amount against EUR risk (-)	-	-	-	-
Net Effect of EUR	(2.421.279)	2.421.279	-	-
Total Net Effect	(2.588.050)	2.588.050	-	-

	31 December 2010			
	Profit/(Loss)		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Had TL appreciate/(depreciate) by 10% against US Dollar				
Profit/(loss) from US Dollar net asset position	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				
(Loss)/profit 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	-	-

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

**SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS
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(Amounts expressed in Turkish Lira (TL), unless otherwise indicated)

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

Price Risk

The Company has no any financial assets which exposes to price risk

Cash flow and fair value interest rate risk

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

b) Credit Risk

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).

Convenience translation into English of condensed interim financial statements originally issued in Turkish

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

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

As of 30 June 2011 and 31 December 2010, the Company's maximum exposure to credit risk is as follows:

	30 June 2011						
	Trade Receivables		Other Receivables		Bank Deposits	Derivative Instruments	Other (*)
	Related Party	Other Party	Related Party	Other Party			
Net book value of financial assets which are undue and not impaired	89.511.444	305.498.597	-	-	142.917.672	-	-
Net book value of restructured financial assets, otherwise that will be considered as past due or impaired	-	-	-	-	-	-	-
Net book value of due dated but not impaired assets	481.966	20.131.327	-	-	-	-	-
Net book value of impaired assets	-	3.075.317	-	-	-	-	-
- Due dated (Gross book value)	-	15.202.037	-	-	-	-	-
- Impairment (-)	-	(12.126.720)	-	-	-	-	-
- Undue (Gross book value)	-	30.294.669	-	-	-	-	-
- Provision (-)	-	(30.294.669)	-	-	-	-	-
Off-balance sheet items exposed to credit risk	-	-	-	-	-	-	52.139.670
Amount exposed to maximum credit risk (**)	89.993.410	328.705.241	-	-	142.917.672	-	52.139.670

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

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

As of 30 June 2011, the guarantee amount of the amount exposed to maximum credit risk is TL 322.263.873. Additionally, the guarantee amounts of the assets which are past due but not impaired and are impaired are TL 222.843.898 and TL 3.194.283, respectively.

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**SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD BETWEEN 1 JANUARY-30 JUNE 2011**

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

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

	31 December 2010						
	Trade Receivables		Other Receivables		Bank Deposits	Derivative Instruments	Other(*)
	Related Party	Other Party	Related Party	Other Party			
Net book value of financial assets which are 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 past due or impaired	-	-	-	-	-	-	-
Net book value of past due 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 given by the Company (Note 10b).

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

As of 30 June 2011, the guarantee amount of the amount exposed to maximum credit risk is TL 237.621.385. Additionally, the guarantee amounts of the assets which are past due but not impaired and are impaired are TL 87.197.573 and TL 8.948.000, respectively.

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FOR THE INTERIM PERIOD BETWEEN 1 JANUARY-30 JUNE 2011**

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

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

c) Liquidity Risk

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

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

Capital risk management

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

The Company monitors its 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 30 June 2011 and 31 December 2010 are as follows:

	30 June 2011	31 December 2010
Cash and cash equivalents (Note 3)	140.770.324	247.556.860
Less: Financial Liabilities	(94.514.991)	(168.954.855)
Net financial debt	46.255.333	78.602.005
Total equity	486.222.941	468.170.913
Net financial debt/ shareholders' equity	%10	%17

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**SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS
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(Amounts expressed in Turkish Lira (TL), unless otherwise indicated)

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

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. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange.

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

Financial assets

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

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

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

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

Financial liabilities

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

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

NOTE 21 - SUBSEQUENT EVENTS

None.