TT2009AR

Two Thousand Nine Annual Report

Türk Traktör

Türk Traktör

2009 ANNUAL REPORT

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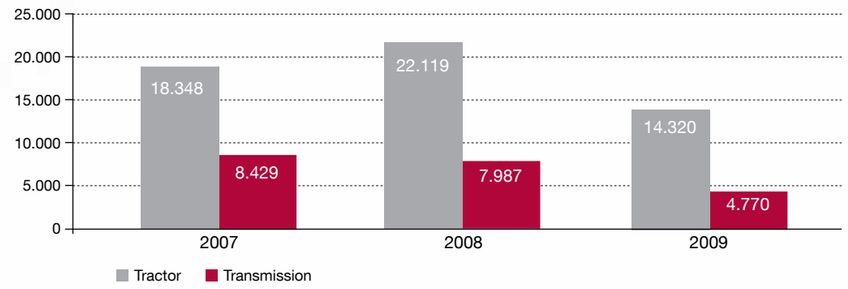
Our Vision:

To be a driving force for modern agriculture –today and tomorrow.

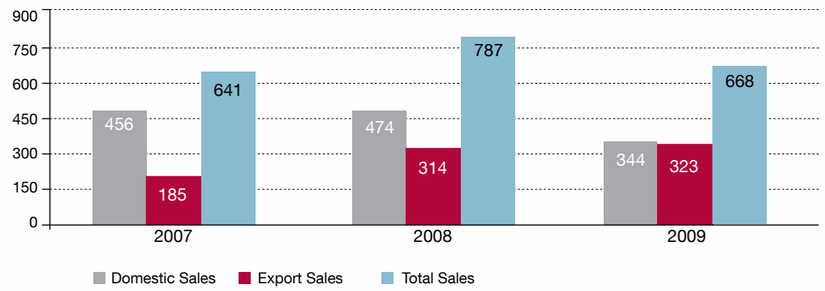
Our Mission

With our experience over half a century, as the leader of the domestic market, one of the top 5 producers in the world, empowered by the prestige and the global leadership of CNH with it's well-known brands, New Holland and Case IH, by developing our own technology and meeting the exact needs of our customers very quickly with our flexible production methods, by introducing modern and technically advanced agricultural equipment to help our customers to become more productive and profitable, by delivering the best experience to our customers in sales and after sales services; we create value for our customers, employees, shareholders, business partners and our country, as a driving force for modern agriculture.

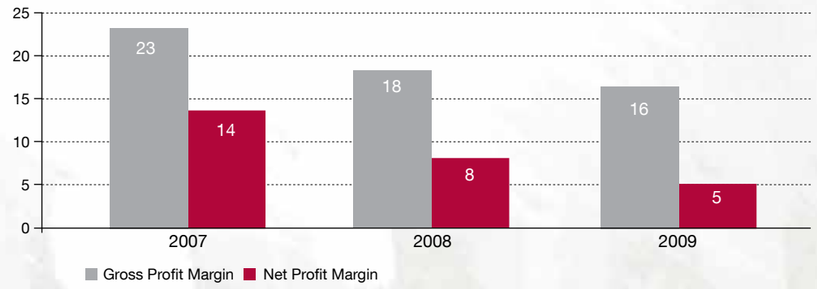
Production Units



Net Sales (Mln TL)



Profit Margin (%)



Milestones

Türk Traktör ve Ziraat Makineleri A.Ş.

Türk Traktör, has aimed for "the better" since the day it was founded and made efforts to achieve its goal all the time. Years were not in vain, many important innovations and improvements were achieved in time. Türk Traktör is the biggest tractor manufacturer and exporter of Turkey and is a joint venture of Koç Holding with CNH Global NV.

1954
Minneapolis Moline Türk Traktör ve Ziraat Makineleri A.Ş. (MMTT) was established as the first local manufacturer of Turkish automotive industry with TL 20 capital in Ankara.

1955
Minneapolis-Moline Co. became the shareholder of the Company after the business and license agreements signed with MMTT.

1963
The commercial cooperation agreement between MMTT - Egemak (Egemak A.Ş. which was established in İzmir with 74% Koç Group participation in 1953, got Turkey distributorship of Fiat tractors in 1954) was signed in parallel with the license agreement signed by Fiat and MMTT. Egemak started to sell the tractors manufactured and assembled at Türk Traktör facilities.

1967
Internazionale Holding Fiat S.A. and Egemak became the shareholders of the Company.

1968
The Company's name changed to "Türk Traktör ve Ziraat Makineleri A.Ş.".

1977
Trakmak which was established with 100% Koç Group participation took over distributorship from Egemak.

1983
Garanti Bank which became shareholder in 1982 transferred its shares to Koç Holding A.Ş. The share of Koç Holding A.Ş. reached to 18%.

1992
State Partnership Administration transferred all its shares to Koç Group on 12.09.1992. At that date, the Company became completely private.

1993
Fiat Geotech S.p.A. (formerly Internazionale Holding Fiat S.A.) company name changed to Fiat S.p.A at the beginning of the year and to New Holland N.V. at the end of the year. Thereby New Holland N.V. became the foreign shareholder of the Company.

1998
Koç Holding and New Holland N.V. registered shares became equal with the joint venture agreement signed between two parties and joint management principles was adopted.

"Türk Fiat" brand became "New Holland" brand.

1999
Türk Traktör was selected as the R&D and manufacturing center of 56-66 series tractors with 50-95 HP within the global network of New Holland at the beginning of the year.

2002
New Holland bought Case company shares and then CNH – Case New Holland became the shareholder of Türk Traktör.

2004
Türk Traktör was granted the "Circle of Excellence" award by Case New Holland following the successful design of the TD/JX models and within the same year those models launched to the market.

C group bearer shares which were hold by Koç Holding A.Ş. were offered to public at Istanbul Stock Exchange with TL 8 price and the Company shares began to be traded in stock exchange.

2007
Türk Traktör paid TL 107,000,000 dividend to shareholders and became one of the companies that distributed highest dividend at IMKB.

Manufacturing of 500,000th tractor was celebrated and 500,000th tractor was donated to Ankara University, Faculty of Agriculture.

2008
Türk Traktör, the well ahead leader in production, and Trakmak, the leader in marketing, sales and after sales in the tractor and agricultural equipments market have merged under the name of Türk Traktör.

2009
Türk Traktör celebrated 55th anniversary.

Türk Traktör, achieved to increase Corporate Governance Rating note to 8.12 over 10. The Company was one of the first 5 companies that entitled to trade in Corporate Governance Index, with 7.52 over 10 rating note in 2007.

Chairman's Statement

Esteemed investors, business partners and employees,

The fluctuations in the financial markets, started due to the mortgage payment defaults in USA during the summer months of 2007, spread as of September 2008 and turned into a global financial crisis. Many banks in USA and Europe went bankrupt, started financial consolidation and public intervention took place. The problems in the financial system and the environment of uncertainty had a negative effect on the investor and consumer confidence. Production in many countries saw a dramatic decline due to the decrease in domestic and foreign demand and the tightening of the loan conditions.

The economic crisis starting in USA and spreading into the whole world demonstrated that the balance in the world has changed, the economic and social systems are questioned and revealed some grave problems existent in the functioning, regulation and supervision of the markets. Slowdown in economic activities urged many countries, particularly USA, to take measures in order to sustain their own economies and industries. The necessity to implement and succeed in series of comprehensive and interrelated measures, so as to reassure the stability in the financial markets, consumer confidence and to make the economic wheels turn with the same speed as before, has emerged.

The global crisis has a negative impact on the Turkish economy, having commercial and financial ties with the rest of the world. Production, export and unemployment indicators were affected negatively due to the decline in both foreign and domestic demand. 2009 was a year which witnessed the macro and micro risks simultaneously and required effective management of the current risks by following the latest developments. Our economy, after growing continuously for 27 quarters, shrank in the years 2008 and 2009. It is obvious that the tax discounts introduced by the government for minimizing the effects of shrinkage, proved to be highly beneficial for our economy. As of the year 2010, all being well, it is expected that the consumer confidence will be reassured and the economy will return to growth.

Recently announced data indicate a relative recovery in the world economy, decrease in financial market instability and a comparative improvement in producer and consumer confidence. The financial crisis on global basis promoted uncertainties in Turkey as well as the rest of the world. The increasing uncertainty affected the environment of confidence and the forward-looking expectations negatively and thus resulted in deferral of investment and consumption decisions and a substantial downturn in economic activities. The increase in Turkey's production capacity was limited and the utilization of current capacity was adversely affected. Then emerged the necessity to implement policies to enhance private sector investment, export and employment with a view to facilitating recovery from the economic crisis and restoring a sustainable structure of growth. However compared to the year 2008, signs of recovery, although small, are observed in the consumer confidence index, stock markets and capacity utilization at the end of year 2009. Turkish economy is projected to return to the growth process in the year 2010 and have acceleration in growth as of the year 2011.

The drought in the world, changes in the prices of food and oil, use of agricultural products for generation of energy, change in consumption habits have reinforced the importance of the agricultural sector. Increase in the food prices has boosted the revenues of the countries with developed agriculture and high export of agricultural products but has caused serious distress to the developing and underdeveloped countries on the other hand. As a result of the dramatic decline in the prices and the effects of the economic crisis felt worldwide in the early months of 2009, agriculture stepped forward as a strategic and buffer sector. The political and socio-economic development in the world necessitate the introduction of an agricultural policy that will ensure rural development in agriculture, steadily raise the agricultural revenue and thus the standard of life, allow effective and productive use of resources.

Creating an organized structure with high competitive power by ensuring food security and safety, safeguarding the sustainable use of natural resources, and accelerating structural transformation by enhancing the production of high value added goods in the manufacturing industry should be adopted as the primary objective.

In order to prevent loss and further strengthen during 2009, when the effects of the economic crisis still persist, we, as Türk Traktör, added to our saving measures of 2008 in the early months of the year and thus managed to maintain our profitability despite the decrease in business volume. You can find a brief summary of our activities in 2009 and the outcomes in our Annual Report.

Our Board of Directors completed its term of duty today. New members of the Board of Directors will be elected and terms of duty will be determined in this meeting. We would like to thank you all for your trust and assistance during our term of service.

Wishing that the success up today will continue in the future, we would like to thank everyone who contributed to these obtained achievements and extend our deepest regards to all on behalf of the Board of Directors.

Dr. Bülent Bulgurlu
Chairman

General Manager's Message

Esteemed investors, business partners and employees,

This year we celebrated the 55th anniversary of the establishment of Türk Traktör. During 55 years period, we provided job opportunities to thousands of families, manufactured hundreds of thousands of tractors, felt proud with the satisfaction of farmers using these tractors to make their farms more fertile, and served for the production of agricultural products feeding millions of individuals. We achieved very significant economic added values for our country.

Only a few companies in Turkey use the words of "Türk" or "Türkiye" in their names. A commercial enterprise can only be entitled to use these words with the approval of the Council of Ministers. We have been working hard for 55 years to maintain our production and services with such diligence worthy of the word "Türk" in our name.

In this period of time we succeeded in developing a good culture of design and technology. We produce, sell and provide after-sales services for every 4 out of 10 tractors operated in Turkey. We managed to export regularly to 65 countries and therefore demonstrated high quality of Türk Traktör to the entire world. We started working towards harmonizing our production and service standards with World Class Manufacturing (WCM) criteria, in other words the world most advanced standards. We have become reference brand for the farmers in the domestic market. Thanks to our products and services, we managed to become the company guiding modern agriculture in Turkey.

The point we have reached in 55 years, which is just a beginning for us, is a very important success achieved by only a few companies in our country and remains a model for the many other firms in our industry. This success is the joint effort of the founders, shareholders and employees of Türk Traktör.

Throughout the year 2009, our sector was negatively affected by the global economic conditions. Thanks to our activities in the field of productivity and the valuable contributions of our personnel, in this environment, we managed to minimize the effects of the crisis.

I strongly believe that in the current challenging crisis and the future days to come, we will continue to guide the development of the sector and provide economic benefit to our customers with our professional knowledge, energy and passion and will complete each year more successfully than the previous one. In the following term of economic growth and development, I am convinced that Türk Traktör will grow much faster than its competitors at a global scale.

You know that Türk Traktör and New Holland Trakmak companies merged last year. This merger enabled us to achieve integration in all the business processes, products and services. This operation, aimed at ensuring continuity in the processes of product development, production, marketing, sales and after-sales, was a step as important as redefining the DNA of our company. We have further reinforced our leader position and competitive power in the market with the cooperation of these two companies, which are absolute leaders in the sector.

I would like to share with you an important development that will let our company work more productively and further increase our competitive power. We initiated Kaizen activities in our company in the year 2007 as a first stage of Lean Production initiative. We decided to continue with the next stage to implement this approach more effectively and started activities towards remodeling our production system under the name of WCM in the year 2009. Having taken the initiative, it has been determined to put this system into practice with the support from the Fiat Group, also including our business partner CNH. I appraise this decision as an expression of the confidence in the future of our company and our human resources.

WCM is an effective way of changing the working style of the company and reaching operational excellence in all processes, with production and logistics being in the first place. It aims to continually improve competence in production by focusing on the fields of occupational safety, quality, productivity, environment and delivery. Another very important contribution of this system is the creation of a strong corporate culture in line with the targets of zero accident, zero breakdown, zero mistake, zero stock, zero wasting. We are aiming to record substantial improvements in the basic parameters such as customer satisfaction, profitability, productivity, employee satisfaction by restructuring and integrating processes of production, quality, maintenance, cost management, development of logistics and human resources according to the lean production principles.

Despite the challenging conditions experienced throughout the year 2009, numerous field demonstrations and product-launching meetings were organized in order to increase our brand awareness and thus establish closer contacts with our farmers. We attended the most important agricultural fairs of Turkey in Konya (18 – 22.03.2009), Diyarbakır (14 -19.04.2009), Çorlu (22 – 26.07.2009), Ankara (13 – 16.08.2009), Bursa (14 – 18.10.2009), Adana (04 – 08.11.2009) with Case IH and New Holland brands. Tractors and equipments exhibited at stands met with 140,000 farmers and our products attracted the attention of Turkish farmers interested in modern agriculture. Case IH Magnum 335, the biggest tractor in Turkey, SPX sprayer which specifications were improved, and TD 5000B range tractor developed by Türk Traktör, were introduced for the first time at the fairs in which CNH and New Holland dealers from many different countries gathered.

Another important development in the year 2009 was the acknowledgement of our successful practices in the field of Corporate Governance once again. The Corporate Governance rating of our company was raised from 78.34 (7.83 over 10) to 81.21 (8.12 over 10). Such rating is determined according to the evaluation carried out for four main areas (Shareholders, Public Information and Transparency, Stakeholders, Board of Directors) which weighted differently as per the relevant resolution of the Capital Markets Board (CMB). Rating of 8.12 indicates that our company has complied with the principles to a considerable extent, implemented the required policies and measures and will increase its efforts to achieve full compliance with the Corporate Governance Principles.

At the end of the 2009 Annual Report, you will find the balance sheet and income statement prepared in line with the International Financial Reporting Standards (IFRS) as per the Capital Markets Legislation and showing the results for the year 2009.

I would like to congratulate the 55th anniversary of our company with full confidence in our bright future and extend my wishes of happiness and success to all investors, business partners and employees.

Hakkı Akkan
General Manager

Board of Directors Report

Dear investors, business partners and employees,

Welcome to the 56th Ordinary General Assembly Meeting of Türk Traktör.

We hereby present for your evaluation the Annual Report for 2009. The report provides general information about the company, management evaluations for the operations in 2009 and developments in our business. The last part of the report contains audited financial statements and accompanying notes as of 31.12.2009. The financial statements presented in this report have been prepared in compliance with International Financial Reporting Standards and Capital Markets Board communiqué Serial XI, No. 29 and related announcements.

Overview of 2009

In 2007 and 2008, we were experiencing a slowdown in the market mainly due to the severe drought and financial difficulties of the farmers. When the current reduction, combined with the negative effects of the global economic crisis, long term contraction occurred in the domestic market. A precaution strategy had been developed against to the slowdown in the domestic market, and we focused on export sales. Through such export strategy we managed to export 60% of our production and maintain our business performance.

Türk Traktör is the production and development center which manufactures for world leader New Holland and Case IH brands globally with an headcount of 1,476 people and 668 million TL revenue in 2009. According to the official traffic records, our market share realized as 49% with NH brand and 3% with Case IH brand in 2009. Türk Traktör managed to maintain the biggest local manufacturer position with the support of its customers in 2009.

In the future, Türk Traktör aims to maintain its leader position in the market by developing the product range which meets the farmers' expectations.

Financial and Operational Results

Our production, export and domestic sales reached to 14,320, 8,808, and 6,946 tractors respectively. In 2009, 4,770 transmissions were produced and 4,767 units of these were exported.

Based on the balance sheet approved by our Board of Directors, domestic sales was TL 344,457,559, export sales was TL 323,245,737 and making our total revenue TL 667,703,295 in 2009 gross profit realized as TL 104,064,263.

Our operating profit was TL 53,581,843 and margin was 8%. Our company has acquired a pre-tax profit of TL 36,736,121 and net period profit after deduction of tax provisions was TL 30,955,024.

The total amount of grants and donations of our Company in 2009 was TL 280,961.80.

On 21.07.2009 our registered shares represented 2.67% of Entek Elektrik Üretimi A.Ş. capital which is in total 52,752,000 units (each worth 5 Kurus) sold to Temel Ticaret ve Yatırım A.Ş. at the value of TL 6,532,755.

Dividend Distribution Proposal

According to our financial statements regarding the fiscal period between 01.01.2009 – 31.12.2009, which were issued within the context of Capital Markets Board (CMB) communiqué serial: XI, number: 29 and in line with regulations and which is also parallel with International Financial Reporting Standards, and audited by independent audit company, Başaran Nas Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., the Company's net income is TL 30,955,024; our proposal for profit distribution -prepared by considering long term group strategies, capital requirements of our shareholders and partnerships with our Company, investment and finance policies, profitability and cash status- is as stated below.

The current period profit calculated in accordance with CMB communiqués;

Dividend to shareholders:	12,247,117.00 TL
Second Type Legal Reserves:	957,866.70 TL
Retained Earnings:	17,750,040.30 TL

The dividend will be distributed;

- to the resident taxpayer shareholders and non-resident taxpayer shareholders obtaining dividend income through an office or a permanent representative in Turkey as gross (=net) 0.2295 kr for each share nominal 1.00 kr (%22.9480) and,

- to foreign-based taxpayer shareholders; as gross 0.2295 kr (0.2065 kr net) for each share nominal 1.00 kr (%20.65) and,

- to the rest of our shareholders as gross 0.2295 kr (0.1951 kr net) for each share nominal 1.00 kr (%19.5058).

It is accepted to distribute the dividend in cash effective from 02 April 2010 and present this proposal to the General Assembly.

Dear investors, business partners and employees,

Our Board of Directors has completed its term of duty today. In this meeting, we shall select our new Board of Directors members and determine their term of duty. We thank you all for your trust and assistance throughout our term of duty.

We have attached a summary of the work we have completed in 2009 and the results achieved together with our annual report. We thank our company employees and executives for the results we have achieved, wishing successful results in the future, as it has done so far and respectfully greet you, our esteemed shareholders on behalf of our Board of Directors.

Dr. Bülent Bulgurlu
Chairman

Capital And Shareholders

During the Ordinary General Assembly meeting held on 27.03.2008, based on the authorization of Capital Markets Board dated 25.02.2008 and numbered B.02.1.SPK.0.13-276/3197, it was decided to merge Türk Traktör and New Holland Trakmak Traktör ve Ziraat Makinaları Ticaret A.Ş., through transfer of all assets and liabilities of New Holland Trakmak Traktör ve Ziraat Makinaları Ticaret A.Ş. into Türk Traktör as a whole under the framework of Turkish Commercial Code decree 451 and other related decrees and Articles 18-20 of Corporate Tax Law.

After the merger registered on 31.03.2008, the issued capital of Türk Traktör changed as TL 53,369,000 but the authorized capital remained unchanged as TL 250,000,000. The shares represent the increased capital, registered with the certificate of Capital Markets Board dated 31.03.2008 and numbered 17/214 in accordance with the Capital Markets Law numbered 2499.

According to the Capital Markets Law numbered 2499, Türk Traktör has adopted authorized capital system, and has changed over to the mentioned system as per the permit of the Capital Markets Board dated 17.03.2005 and number 11/328. The authorized and issued capitals of the Company are TL 250,000,000 (divided into 25,000,000,000 shares) and TL 53,369,000 (divided into 5,336,900,000 shares) respectively and each worth 1 Kurus. Shares representing the capital shall be registered in accordance with the dematerialization principles.

The latest version of the Articles of Association is available at Türk Traktör corporate web site www.turktraktor.com.tr.

The quantity and the amount of all registered A, B and C group shares of the capital have been shown in the following table

SHAREHOLDER	GROUP	NUMBER OF SHARES	CAPITAL (TL)	(%)
Koç Holding A.Ş.	A Group Registered	1.937,647,500	19,376,475.00	36.3066
Koç Holding A.Ş.	C Group Registered	75,631,875	756,318.75	1.4171
Temel Ticaret A.Ş.	A Group Registered	63,690,000	636,900.00	1.1934
Temel Ticaret A.Ş.	C Group Registered	47,767,500	477,675.00	0.8950
CNH Global NV	B Group Registered	2,001,337,500	20,013,375.00	37.5000
Raşel Nahum	C Group Registered	8,080,732	80,807.32	0.1514
Jan Nahum	C Group Registered	12,120,971	121,209.71	0.2271
Klod Nahum	C Group Registered	12,120,971	121,209.71	0.2271
İnan Kıraç	C Group Registered	1,751,475	17,514.75	0.0328
A.Aslıgül Kıraç	C Group Registered	875,738	8,757.38	0.0164
A.Numan Kıraç	C Group Registered	875,738	8,757.38	0.0164
M. Rıfat Diker	C Group Registered	156,772	1,567.72	0.0029
Y. Engin Diker	C Group Registered	10,689	106.89	0.0002
A.W. Huff	C Group Registered	36,190	361.9	0.0007
Portion Publicly Held	C Group Registered	1,174,796,349	11,747,963.49	22.0127
TOTAL		**5,336,900,000**	**53,369,000.00**	

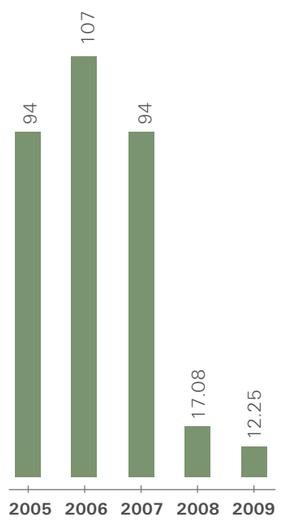
Türk Traktör is registered at the İstanbul Stock Exchange at ISE 100 (XU100), ISE National Industrial (XUSIN), ISE Metal Goods and Industry (XMESY) and ISE Corporate Governance (XKURY) indexes. The consistently updated "Investor Relations" part has been opened at corporate website www.turktraktor.com.tr in order to ensure the investors to reach information about the Company easily. Further information can be requested via invest@turktraktor.com.tr mail address.

As of 31.12.2007, book-entry recordings of undematerialized capital market instruments which are circulating in the stock exchange market and care of Settlement and Custody Bank are followed within the context of the Central Registry Agency (MKK) regulations and the temporary 6th article of the Capital Markets Law. The further information can be accessed through MKK web site www.mkk.com.tr.

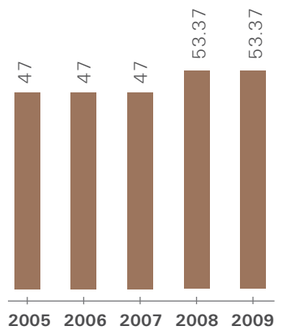
According to the general announcements of MKK related with the dematerialization of the shares and following the temporary article no.6 of the Capital Markets Board, it is not possible for the beneficiary shareholders to use their shareholder rights unless their shares will be dematerialized. The shareholders who physically hold their shares are requested to apply the Investor Relations department at our headquarters or Yapı Kredi Yatırım Menkul Değerler A.Ş. branches under the framework of the temporary 6th article of the Capital Markets Law.

Dividends

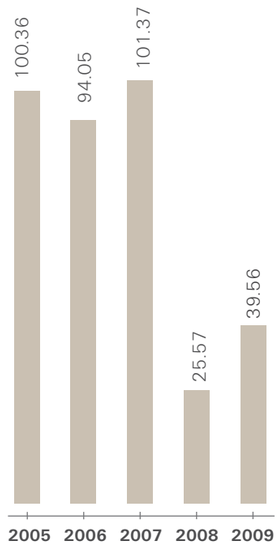
Dividend (Mln TL)



Paid-in Capital (Mln TL)



Dividend (%)



Products

Local

TT

TT 50 > 50 HP
TT 55 > 55 HP
TT 65 > 65 HP
TT 75 > 72 HP

56S

55-56S > 55 HP
65-56S > 65 HP
75-56S > 75 HP

TDS

TD 65S > 65 HP
TD 75S > 72 HP
TD 80S > 80 HP

TDD

TD 65D > 69 HP
TD 75D > 75 HP
TD 80D > 83 HP *
TD 85D > 89 HP
TD 95D > 98 HP

TTB

TT 50B > 50 HP
TT 55B > 55 HP
TT 65B > 65 HP
TT 75B > 72 HP

TD 5000B

TD 5020B > 65 HP *
TD 5030B > 72 HP *
TD 5040B > 80 HP *

* NEW PRODUCT

Import

T3000

T3010 > 38 HP
T3040 > 55 HP

T4000

T4030 De. F-N-V* > 78 HP
T4040 > 88 HP
T4050 > 97 HP
*Deluxe Fruit-Narrow-Vineyard

T5000

T5040 > 86 HP
T5050 > 96 HP
T5060 > 106 HP

T6000

T6020 > 112 HP
T6040 > 121 HP
T6060 > 132 HP
T6080 > 155 HP

T7000

T7030 > 167 HP
T7040 > 182 HP
T7060 > 213 HP

T8000

T8020 > 248 HP
T8040 > 303 HP

JX

70 > 69 HP
80 > 83 HP
90 > 89 HP
95 > 98 HP

JXU

85 > 86 HP
95 > 96 HP
105 > 106 HP

MAXXUM

100 > 101 HP
110 > 112 HP
130 > 132 HP
140 > 141 HP

PUMA

125 > 126 HP
140 > 141 HP
155 > 155 HP
165 > 167 HP
180 > 182 HP
210 > 213 HP

CVX

140 > 141 HP
150 > 150 HP
160 > 160 HP
175 > 175 HP
195 > 195 HP

MAGNUM

250 > 252 HP
280 > 279 HP
310 > 309 HP
335 > 335 HP

Equipment

COMBINES

TC5040 > 170 HP ✻
TC5070 > 207 HP
CS6050 > 240 HP
CS6080 > 272 HP
CX8040 > 286 HP
CX8070 > 326 HP

SELF PROPELLED FORAGE HARVESTERS

FR9050 > 500 HP

ROUND BALERS

BR6090 RF > 125X120cm
BR6090 RC > 125X120cm
BR6090 Combi > 125X120cm
(Bale diameter x Bale width)

SQUARE BALERS

BC5040 HB > 46X36X135cm
BC5060 ET > 46X36X132cm ✻
BB930 A > 80X70X250 cm
BB940 A > 80X90X250 cm
BB950 A > 120X70X250 cm
BB960 A > 120X90X250 cm
(Bale width x Bale height x Bale length)

PLANTERS

DP400 4 rows* ✻
DP600 6 rows* ✻
PP400 4 rows**
PP500 5 rows**
PP600 6 rows**

* Disc Type
** Coulter Type

SPRAYERS

SA1000 > 1000 lt.*
SA1600 > 1600 lt.*
SA2000 > 2000 lt.*
SP600 > 600 lt.**
SP800 > 800 lt.**
SP1000 > 1000 lt.**
SP2000 > 2000 lt.**

* Orchard Sprayer
** Field type Sprayer

✻ NEW PRODUCT

COMBINES

AXIAL FLOW 2377 > 275 HP
AXIAL FLOW 2388 > 305 HP

COTTON PICKERS

2022 (2 ROWS) > 160 HP
COTTON EXPRESS 420 (4-5 ROWS) > 260 HP
COTTON EXPRESS 620 (6 ROWS) > 340 HP

SELF PROPELLED SPRAYERS

SPX3320 > 235 HP

Nazar Emergency Insurance

35% of the population in our country earns a living from agriculture. As a result of researches we have conducted, it has been found out that 73% of our farmers, constituting a significant portion of the population and working under risky conditions, pay their treatment costs themselves. Türk Traktör which stands by the farmers on the hard days, has taken a new initiative called Nazar Emergency Insurance by breaking a new ground in the sector.

Nazar Emergency Health Insurance is provided to each New Holland tractor or combine harvester customer, covering treatment cost of our customers and their families in cases of emergency.

DenizBank - New Holland Cooperation

Global economic crisis adversely affected agricultural sector. During this period, a campaign has been arranged to provide tractors and agricultural equipments required by the farmers under favorable conditions. Türk Traktör, the market leader in agricultural machinery in Turkey, and DenizBank, the pioneer in banking sector, initiated an advantageous loan campaign with the aim of supporting farmers in times of economic crisis. Within the scope of this campaign, DenizBank has provided financing for new and second-hand New Holland tractors and agricultural equipment.

R&D Center

As of 02.07.2009, our R&D Center was officially registered by the Ministry of Industry as per the law no. 5746 on Supporting Research and Development Activities and as per the regulation on implementation and supervision of the mentioned law.

Enlargement of the R&D Center, where 54 engineers and technicians have working as of 2009 end, is planned in a few years time together with the new projects and responsibilities.

Corporate Governance

Considering the importance we attach to corporate governance and improvements we have achieved, rating of our company has been increased to 81.21 (8.12 out of 10) from 78.34 (7.83 out of 10) with the review carried out by Saha Corporate Governance and Rating Services Inc. Detailed information on the revised rating was submitted to İstanbul Stock Exchange with attached information disclosure form on 19.08.2009.

Corporate Governance Principles Compliance Report is available at the end of our report.

Ohsas 18001 Certificate

Within the framework of Safety Culture, which has become a new lifestyle at Türk Traktör, occupational health and safety activities are uninterruptedly ongoing. Improvements have been achieved at work environment and manufacturing processes thanks to activities carried out with active participation of our employees.

Türk Traktör made its occupational health and safety practices compliant with BS OHSAS 18001 standard with the project it has conducted. The audits carried out by TUV-Rheiland within the year completed successfully and thus our Company was entitled to receive BH OHSAS 18001 Occupational Health and Safety Management System Certificate.

Certificate

BS OHSAS 18001:2007

Awards

Türk Traktör was presented the prize for ranking the 20th among taxpayers in Ankara with corporate tax payment of TL 17,096,598 from 2008 profit.

Türk Traktör was awarded due to its high export in 2008, by Ankara Chamber of Industry. The Prime Minister of Turkey Recep Tayyip Erdoğan presented the relevant plaque to Mr. Marco Votta (CFO).

Sprayers

Features and specifications of our products have been developed by means of field demonstrations and R&D studies conducted at different regions of Turkey throughout the year 2009. A wide product range has been created to meet the needs for any type of field condition and agricultural pest control. With the improvement activities carried out, any type of agricultural pest control requirement of farmers can be fulfilled with a total of 9 models of Turbo Atomizers in 3 series and a total of 6 models of pulverizators in 4 series.

Global Trends And Factors In Agriculture Sector

The year 2009 has been a challenging year for Turkey as for many other countries in the world due to the global crisis. It is evident that this financial crisis has affected all other sectors as well as agriculture in a negative manner.

As the demand for agricultural products has decreased and the prices have accordingly dropped with the effects of global economic crisis, the increase in productivity resulted from favorable climatic conditions has not been reflected on the income of farmers. However, these have helped to reduce the negative effects of global crisis on consumers.

As known, food prices remarkably increased in the world in 2008 and this increase resulted in heated debates. Some experts have explained this fact with the decreasing trend in stock/usage rates of main crops in recent years as well as rapidly growing population in the world and high level of welfare. The great leap in food prices is considered as the indicator of transition from the period of excessive supply to a period of supply deficit in agricultural products market in the world. The world population is estimated to reach 9 billion in the year 2050. However, the level of welfare has not increased in parallel with the population growth and this situation makes people from all sectors to understand the socio-economic importance of agriculture better and helps agriculture to gain a more significant place in the agenda of the governments.

The fact that agricultural areas in the world suffer damage due to desertification and erosion and that they will be more and more allocated to energy agriculture, is another global factor supporting the claim that we are now moving towards on supply deficit period. On one hand, energy agriculture creates an area of opportunities for the sector, and on the other hand, it poses a threat for food-oriented agricultural production.

Another important factor threatening agricultural production in the world is the “global warming and climate change”. The growing environmental awareness pushes agricultural production to be more environmentally-friendly every year. Besides, agricultural production takes place in an environment of global competition, which means that it has to be competitive not only domestically but also globally.

In this case, the solution is to produce agricultural products at the lowest cost possible with the effective use of inputs and high level of productivity. Moreover, agricultural production should be sustained with the minimal impact on the nature and the smallest damage to the environment, independent of climate conditions. Thus, it becomes mandatory to quit old fashioned production techniques and vehicles used for them, and to adopt precision agriculture and similar modern production technologies, and consequently to use agricultural mechanization vehicles (such as tractors, agricultural equipments and machineries and other technical equipments) suitable for these new technologies.

Agriculture Sector In Turkey

Turkey is a country maintaining a significant place in the world agricultural production. However, its available agro-ecological potential has not been fully tapped yet due to the density of agricultural population, unfavorable structures of holdings and income insufficient for investment. Thanks to the state investments for improvement of production infrastructure and the Southeastern Anatolia Project (GAP) (envisaged to be completed with a cost of TL 39 billion), it is expected that agricultural population and the number of holdings will decrease, their average size, agricultural income and export will rise in coming years, and thus the demand for agricultural mechanization vehicles will increase accordingly.

Agriculture in Turkey will develop in line with the above mentioned global factors and trends within socio-economic and political conditions of our country. The demand for tractor and agricultural machinery parallel to this improvement will also develop in line with the same factors and trends. Considering the current situation and recent developments, possible evolutions could be estimated as follows:

- Small and medium sized holdings with available irrigation facilities will concentrate on and develop mostly in vegetable and partly in fruit cultivation. In parallel, the demand for tractor and agricultural machinery with suitable features for vegetable and fruit cultivation will increase.

- Medium and large scaled establishments will be specialized in specific crops in fruit and field crop cultivation and they will need tractors and equipments with suitable features and capacity for modern production technologies.

- Funds coming from outside the sector will be concentrated on investments in production of foodstuff of animal origin and fruits, and these will need package solutions for the mechanization of the whole production process.

The biggest fruit producer countries in the world

1. China
2. India
3. Brazil
12. Turkey

The biggest vegetable producer countries in the world

1. China
2. ABD
3. India
4. Turkey

Turkish Tractor Market

Tractor sales dropped down in 2008 in almost all countries, primarily in North America and Europe. Tractor market has reduced by 8% all around the world. When traffic registry data published by Turkish Statistical Institute (TURKSTAT) for Turkish tractor market is analyzed, it has been realized that the market decreased by 49% in 2009 when compared to 2008.

Some trends have become prominent in recent years in the Turkish tractor market:

- Share of 4WD tractors in total sales has increased rapidly.
  Market share of 4WD tractors in total sales has increased by 132% in the last five years and reached to 58% from 25%.

  In spite of this development, the portion of 4WD tractors in the existing tractor park in country is still around 10%, whereas in the EU this ratio is 90%.

- The average power of sold tractors has increased.
  The average power of sold tractors has increased from 65 HP to 67 HP for the last five years in Turkey. In the EU average power is more than 100 HP.

- The demand for vineyard and orchard tractors has increased rapidly.
  The sales of vineyard and orchard tractors have increased by 153% for the last five years, and 16% of total sales is composed of vineyard and orchard tractors.

This increase in demand for vineyard and orchard tractors is the result of improvements in fruit cultivation.

- Currently 1 million 300 thousand tractors are existing in the Turkish tractor park. The average age of these tractors is 23 years and average power is 58 HP. 44% of the park is composed of tractors of over 23 years which have completed their mechanical lives. The aged tractors in such conditions have low performance, high fuel consumption and maintenance and repair costs, excessive exhaust emissions, high noise levels and low safety standards, and thus they cause very significant economic and environmental loss and loss of life and property, and must be definitely renewed.

TD80 Intercooler Tractor

In parallel to the expansion in agricultural sector, integration of new features into products has been accelerated within this context competition and need for systems making savings have significantly increased. Within this scope, TD80 Intercooler tractor was launched in 2009.

Leading Position Of Türk Traktör In Turkish Tractor Market

Türk Traktör has protected its vastly leading position in the Turkish market in 2009. This leadership has been ensured by the best selling brands New Holland and Case IH which has continuously developed their market share since 2007 and the country's most powerful and widespread after sales services network.

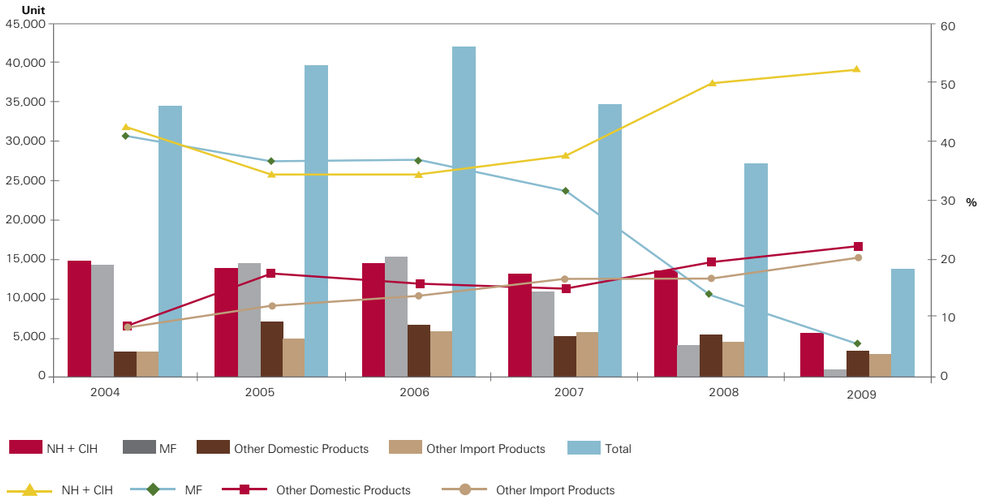
Customer oriented marketing activities have been focused on in 2009 comprehensive trainings on customer satisfaction have been organized and technicians working in sales and services departments have received such trainings in order to boost the quality of services.

Case IH brand has made its mark in sales of the most powerful tractors in 2009 and this has been a sign of consumers' deep trust in the market. Thanks to its developing dealership network, Case IH brand has ensured a good position in regions such as Konya and its vicinity which prefer high performance tractors. This brand's recognition in the market has been increasing and has become more successful in the market when compared to its rivals competing in the market for a longer time.

The introduction of New Holland brand new orchard tractor designed and produced by Türk Traktör was made in October in the agriculture fair in Bursa. As mentioned above, vineyard and orchard tractors have a significant share in the market with 16%, and this ratio is increasing very fast. Vineyard and orchard tractor series are superior to standard models in terms of orchard activities thanks to their favorable geometries, and thus they are preferred by farmers. Moreover, new orchard tractor model with intercooler engine capable of generating 80 HP despite three cylinders will surely attract farmers at the present time when power and fuel saving issues are very significant.

In 2009, introduction of some new equipment renowned for their high performance and functional capacity of New Holland and Case IH brands were made in Turkey. The most significant of these is TC5040, the smaller version of legendary New Holland TC5070 which is the most famous harvester in Turkey. In Turkey, contracting of harvesters during harvesting is very popular. Large scaled farmers wish to use their own harvesters, but since they cannot find at a proper size which they can provide with a small investment, they have to postpone their wish. New Holland TC5040 harvester has been introduced to the market as a model meeting this need. Furthermore, New Holland brand BC5040 HB model baler with chopper has been introduced to the fast growing baler market parallel to the livestock investments in 2009.

Tractor Sales Units & Market Share



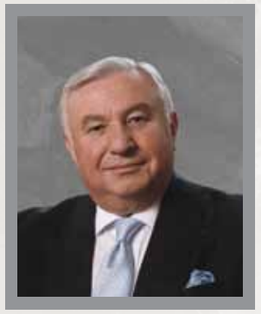
As mentioned above, the year 2009 has been a challenging year for Turkish agricultural sector due to global financial crisis which became deeper in the second half of 2008. During the agricultural season of 2008/2009, high productivity was achieved thanks to favorable climatic conditions; however this increase in productivity could not be reflected on farmers' incomes due to reduction in crop prices. Furthermore, our farmers have suffered financial difficulties due to their previous debts and this situation automatically affected tractor sales negatively. Since a tax reduction support granted to automotive industry has not been given to the tractor sector, Türk Traktör has initiated its own VAT campaigns in order to sustain demand. Our rivals in the market have tried to overcome this difficult period through similar campaigns.

There has been a 49% reduction in the tractor market in 2009 when compared to the previous year; however the same contraction has not been experienced in the equipment market. This has resulted from the fact that there was a significant slowdown in the market due to drought in 2007/2008 agricultural period, and favorable climatic conditions and state support granted to some kind of equipments in 2008/2009 agricultural season brought some relief to the market.

NH TC 5040

New Holland Combine harvester product range was expanded with TC 5040 model which has suitable size for small and fragmented fields. New Holland TC 5040 series of combine harvesters were first introduced in Turkey at Agricultural Fairs in Konya and Diyarbakır.

Board of Directors



Dr. Bülent Bulgurlu - Chairman

He graduated from Ankara Engineering and Architectural Faculty and earned his Ph.D. from Norwegian University of Science and Technology (NTNU). He started his career in 1972 as a Construction Engineer at Elliot Strömme A/S in Oslo. He joined Garanti İnşaat in 1977 as Construction Engineer and worked as Planning and Construction Manager, Site Coordination and Construction Manager, Assistant General Manager and General Manager. He has worked at Koç Holding since 1996 as President of Tourism and Services Group, President of Tourism and Construction Group and President of Consumer Durables and Construction Group. He became CEO and a Member of Koç Holding Board of Directors in May 2007.

Franco Fusignani - Vice Chairman

An electrical engineer, Mr. Fusignani began his career in 1970 at the Fiat Trucks and Buses Company, where he held several positions, and later became responsible for Bus Industrial Operations worldwide. From 1981 to 2002, he worked as worldwide Vice President-After Sales for New Holland, Vice President for European Commercial Operations, Vice President for New Holland International Operations, Senior Vice President for Industrial and Commercial Operations for Fiat. In 2002, he was appointed as the head of the Ag Business for the Europe-Africa-Asia Region at CNH and has been continuing to work as CEO of CNH International S.A since 2007.

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Kudret Önen - Member

He graduated from Gazi University in Mechanical Engineering and joined Koç Holding in 1975 at Ford Otosan. In 1980 he became R&D Department Manager at Koç Holding and was appointed Assistant General Manager of Otokar in 1984. He served as General Manager of Otokar from 1994 to 2005 and was appointed Co-President of Koç Holding Other Automotive Companies Group in 2005. He has been continuing to work as the President of Defense Industry and Other Automotive Group at Koç Holding since 2006.

Hakkı Akkan - Member

He graduated from ODTU in Mechanical Engineering. He started his professional life in Department of Navy as engineer in Naval Ship Construction in 1970. He started to work in Türk Traktör ve Ziraat Makineleri A.Ş in 1972. He worked as Assistant Manager of the Foundry, Engineering Department Manager and Technical Assistant General Manager in previous years and became General Manager in 1996.

Temel Kamil Atay - Member

A graduate of Mechanical Engineering from Istanbul Technical University, he holds an MBA degree from Wayne State University. He joined Koç Group in 1966 and later served as the General Manager of Otoyol Sanayi A.Ş. and Tofaş Türk Otomobil Fabrikası A.Ş. After working in various senior management posts at Koç Holding, he served as the CEO from 2000 to 2001. He became Vice Chairman of Koç Holding Board of Directors in 1998.

Marco Votta - Member

He graduated from Luigi Bocconi Commerce University Business Administration Department. He started his professional life in Pluritec S.p.A. (Industrial Machinery) and then Andersen Consultant as Management Consultant in 1994. He moved to New Holland Business Development Department in 1998. He joined Türk Traktör ve Ziraat Makineleri A.Ş. and New Holland Trakmak Traktör ve Ziraat Makinaları A.Ş. in 1999 as Assistant General Manager (Business Control) and he has been continuing to work as CFO since 2006.

Federico Corradini - Member

A Chemical Engineer, Mr. Corradini, joined Fiat Group in 1972 as a Quality Control Engineer for the Modena Tractors plant, Italy. He held various positions like, project manager, New Holland AG Worldwide Senior Director, Vice President Process Engineering for New Holland, for CNH Head of Agricultural Industrial Governance, CEO and General Manager of CNH Italy. Since 2005 he is responsible for the CNH Engine Governance, also responsible for the Industrial support to the CNH plant in addition, he provides the manufacturing feasibility studies within CNH Business Development.

Dr. Eduardo Teodorani Fabbri - Member

Mr. Teodorani completed his degree in Economics and an MBA in Business Administration at La Sapienza University, Rome. He started his professional life in 1987 with Lazard Freres Inc., New York, in their Mergers & Acquisitions Department. In 1991 Mr. Teodorani joined FIAT SpA in Turin as a Financial Analyst and FIDIS Spain (FIAT Group Financial Services) in Madrid the year after. From 1995 Mr. Teodorani held a number of posts with New Holland Limited, both in Basildon and Brentford, before joining CNH Global N.V. in 2000 where he held various executive positions before appointed as Senior Vice President of Corporate Development in July 2002.

Executive Management

Hakkı Akkan - General Manager

He graduated from ODTU in Mechanical Engineering. He started his professional life in Department of Navy as engineer in Naval Ship Construction in 1970. He started to work in Türk Traktör ve Ziraat Makineleri A.Ş in 1972. He worked as Assistant Manager of the Foundry, Engineering Department Manager and Technical Assistant General Manager in previous years and became General Manager in 1996.

Marco Votta - CFO

He graduated from Luigi Bocconi Commerce University Business Administration Department. He started his professional life in Pluritec S.p.A. (Industrial Machinery) and then Andersen Consultant as Management Consultant in 1994. He moved to New Holland Business Development Department in 1998. He joined Türk Traktör ve Ziraat Makineleri A.Ş. and New Holland Trakmak Traktör ve Ziraat Makinaları A.Ş. in 1999 as Assistant General Manager (Business Control) and he has been continuing to work as CFO since 2006.

Giuliano Morra - Ass. General Manager / Quality

He got his license in Maturità Tecnica Industriale and started his professional life in Fiat in 1963. He worked for Fiat Group for more than 45 years, both in the agricultural and construction sectors and held several manufacturing positions in Italy and Romania. He started to work in Türk Traktör ve Ziraat Makineleri A.Ş in 2001 as Assistant General Manager (Production) and has been continuing to work as Assistant General Manager (Quality) since 2008.

Siyami Eser - Ass. General Manager / Production

A graduate of Mechanical Engineering from ODTU, he holds an MBA degree from same university. He started his professional life as Research Assistant in METU Mechanical Engineering Department in 1980. In 1983, he started to work for Hersek Machine and Steel Construction Company as production responsible and started to work for Türk Traktör ve Ziraat Makineleri A.Ş. as Cutting Tool Engineer. In 1996, he was assigned as Production Engineering Department Manager and he has been continuing to work as Assistant General Manager (Production) since 2008.

Friedrich Wirleitner - Ass. General Manager / Product – R&D

Mr. Wirleitner, has a Masters Degree in Agriculture Machinery and started his professional life in Steyr Daimler Puch AG in 1979. Until 2003 he held various positions such as Head of Steyr Service Team in Middle East, Steyr Product Specialist in the after sales department, responsible of Technical and Warranty area, responsible of after sales, responsible of Product and responsible of Telehandler Product. He was appointed as Product Coordinator in Joint Ventures, India Tractors in 2004. He has been continuing to work as Assistant General Manager (Product – R&D) for Türk Traktör ve Ziraat Makineleri A.Ş. since 2008.

Sedat Tezerişener - Ass. General Manager / Purchasing

He graduated from ODTU in Mechanical Engineering and started his professional life in Türk Traktör ve Ziraat Makineleri A.Ş. in 1984 as Method Engineer. He worked as Machine Shop Manager, Production Planning and Expediting Team Manager and Sectors Manager in previous years. He has been continuing to work as Assistant General Manager (Purchasing) since 2003.

İrfan Özdemir - Ass. General Manager / Sales

He graduated from Istanbul Technical University Management Engineering. He started his professional career in DYO as Marketing Representative in 1991, he worked as Marketing Specialist and Marketing Manager, and in 1994 he moved to Tofas and held various positions such as Zone Sales Manager and Zone Sales Coordinator till 2007. He has been working as Assistant General Manager (Sales) of Türk Traktör ve Ziraat Makineleri A.Ş since 2007.

Matthieu Séjourné - Ass. General Manager / Marketing

He graduated from CESTI- Paris University, Department of Mechanical Engineering and he completed his post graduate studies in SDA Bocconi Milan University, Department of Business Administration. He started his career at CNH Commercial Logistics Department and worked as planner for Asia, Africa, Middle East and Eastern Europe. He was served as Business Manager for CNH within the International Region for the African Continent of French speaker countries then Business Manager of Southern Africa. He was assigned as Assistant General Manager (Marketing) of Türk Traktör ve Ziraat Makineleri A.Ş in 2009.

Auditing Committee

Temel K. Atay - Auditor

A graduate of Mechanical Engineering from Istanbul Technical University, he holds an MBA degree from Wayne State University. He joined Koç Group in 1966 and later served as the General Manager of Otoyol Sanayi A.Ş. and Tofaş Türk Otomobil Fabrikası A.Ş. After working in various senior management posts at Koç Holding, he served as the CEO from 2000 to 2001. He became Vice Chairman of Koç Holding Board of Directors in 1998.

Federico Corradini - Auditor

Mr. Corradini is Chemical Engineer and joined Fiat Group in 1972 as a Quality Control Engineer for the Modena Tractors plant, Italy. He held various positions like, project manager, New Holland AG Worldwide Senior Director, Vice President Process Engineering for New Holland, for CNH Head of Agricultural Industrial Governance, CEO and General Manager of CNH Italy. Since 2005 he is responsible for the CNH Engine Governance, also responsible for the Industrial support to the CNH plant in addition, he provides the manufacturing feasibility studies within CNH Business Development.

Board Of Auditors

Serkan Özyurt - Auditor

He graduated from Ankara University Finance Department. He started his work life in 1990 as Tax Auditor in Ministry of Finance and held various positions such as Chief Tax Auditor and Vice President till 2005. As from 01.01.2005, he has been working as Auditing Group Coordinator for Koç Holding A.Ş.

Culya Varon Habib - Auditor

She graduated from İstanbul University Economy Department. She started her professional life in Valeo Otomotiv ve Dağıtım A.Ş in 1995 as Financial Analyst. She transferred to Inter Yatırım A.Ş. as a Portfolio Management Specialist in 1997 then worked for Filiz Gıda San. ve Tic. A.Ş. as Cash Management and Credit Control Chief between 1999-2003. She started to work as Credit Supervisor responsible for England in Nike European Headquarter, Holland between 2004-2006. She is currently working for CNH Services SRL as Credit Manager responsible for Middle East , Turkey and Caucasus effective since January 2008.

Authorities and Limits of the Members of Board of Directors and Board of Auditors

Chairman of Board of Directors as well as the members thereof have the authorities defined in the relevant articles of Turkish Commercial Code and Article 17 of Articles of Association of the Company. 22th article of the Company's Articles of Association states that duties, authorities and responsibilities of Auditors as well as other matters regarding Auditing are subject to provisions of Turkish Commercial Code.

Members Of The Board Of Directors, Board Of Auditors and Auditing Committee Who Have Served During The Period

Board of Directors	Title	Inception	Expiry
Dr. Bülent Bulgurlu	Chairman	26.03.2009	26.03.2010
Franco Fusignani	Vice Chairman	26.03.2009	26.03.2010
Kudret Önen	Member	26.03.2009	26.03.2010
Temel Kamil Atay	Member	26.03.2009	26.03.2010
Eduardo T. Fabbri	Member	26.03.2009	26.03.2010
Hakkı Akkan	Member	26.03.2009	26.03.2010
Federico Corradini	Member	26.03.2009	26.03.2010
Marco Votta	Member	26.03.2009	26.03.2010

Executive Committe	Title	Inception	Expiry
Franco Fusignani	Chairman	26.03.2009	26.03.2010
Kudret Önen	Member	26.03.2009	26.03.2010

Board of Auditors	Title	Inception	Expiry
Serkan Özyurt	Auditor	26.03.2009	26.03.2010
Culya Varon Habib	Auditor	26.03.2009	26.03.2010

Auditing Committee	Title	Inception	Expiry
Temel Kamil Atay	Auditor	26.03.2009	26.03.2010
Federico Corradini	Auditor	26.03.2009	26.03.2010

Corporate Governance Committee	Title	Inception	Expiry
Eduardo Teodorani Fabbri	Chairman	26.03.2009	26.03.2010
Ayşe Pınar Akyıldız	Member	26.03.2009	26.03.2010

We can summarize the other administrative issues related with our personnel as follows:

- The registered personnel number of the company by December 31st, 2009 is 1,476, 308 of this number are officers and administrators, 938 are workers. No disagreement or worker movement observed during the period in terms of activities.

- Our company is subject to union collective group agreement signed between Turkish Metal Industry and MESS to be valid as of September 1st, 2008. The agreement conducted is for 2 years period and ends up in August 31st, 2010.

- The senior indemnities liability of our company is 6,301,237 TL by December 31st, 2009, reserves are allocated for the entire sum.

- Within the legal regulations our staff's social rights are regularly and periodically provided.

Magnum 335

Case IH Magnum 335, the biggest tractor of Turkey was firstly introduced at Bursa Agricultural Fair in which CNH dealers from different countries met for launch and test drive on the field.

Corporate Governance Declaration

In accordance with the meeting resolution of Capital Markets Board (CMB) dated 10.11.2004 and numbered 48/1588, the companies which are traded in ISE will include the statements regarding Corporate Management Principles in their Annual Reports and internet sites. Application of Corporate Management Principles, in line with development of capital markets and effectiveness of publicly traded companies, is of major importance for our Company in the frame of domestic and international markets.

Our Company has been considering the application of Corporate Management Principles published by Capital Markets Board and of the regulations to be followed, in line with the development of the situation in the capital markets. The company intends to take the required actions for application of the Corporate Management Declaration in its decision-making process and pursuant the actions related to the rights of shareholders, informing the public in full transparency as well as stakeholders and Board of Directors. In this respect, our company adheres to the said principles and targets strict application to equal treatment for shareholders, responsibility to inform and corporate management principles.

SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. (SAHA) that has a rating certificate in accordance with the Corporate Governance Principles of the Capital Market Board. Within this context, SAHA revised corporate management rating score of our company and our note has been raised from 78.34 (7.83 over 10) to 81.21 (8.12 over 10) after the merger with New Holland Trakmak Traktör ve Ziraat Makinaları Ticaret A.Ş.

Our Company is rated with 8.12 as a result of the Corporate Governance study done by SAHA A.Ş. This indicates that our company is mainly complied with the CMB's Corporate Governace Principles, necessary policies and measures has been bring in and our company's corporate governance adoption efforts will go strong.

The distribution of our corporate management rating score as per main topics is as follows.

Subcategories	Weight	The Given Score
Shareholders	0.25	79.75
Public Disclosure and Transparency	0.35	88.30
Stakeholders	0.15	93.99
Board of Directors	0.25	65.09
Total	1.00	81.21

Please find the adoption report detailing the Corporate Management Principles which were applied during 2009 and the ones which were not, in line with legal norms in terms of managerial activities and regulation. You can also access it at the internet site www.turktraktor.com.tr.

Our company will continue to conduct the required studies to constantly improve the implementation of the Corporate Management Principles in the future, and will act in line with the responsibility of the same principles.

Chapter 1: Shareholders: Investor Relations

1- Investor Relations Unit works under Financial Affairs Assistant General Management, responsible for regulating the company's corporate affairs and responsibilities to inform public and their fulfillment, applying and following-up the Corporate Management Principles and ensuring the observance of the said rules by the Company, as well as representing the Company's legal existence before related Ministries, Capital Markets Board, İstanbul Stock Exchange, Settlement and Custody Bank, Central Registration Agency, Independent Auditing Companies and other related agents and organizations, sending statements to İMKB via KAP-BIY, preparing the necessary reports and giving information to the above mentioned organizations and performance of share transactions use of shareholders' rights and addressing information requests of the investors and intermediary agents, holding General Assembly Meetings of Shareholders, organizing the meetings of the Boards of Directors and Auditors and maintaining the related minutes. The Investor Relations unit follows up the arrangements and applications made and to be made under Capital Markets Regulation and provides information to the public under the regulation ranging from capital increase to maintaining records of the shareholders, and fulfillment of information requests of shareholder and up-dating related sections of the internet site of the Company. The authorized manager of the Unit is Ms. Ayşe Pınar Akyıldız and authorized specialist is Mrs. İlkiz Karagüllü. You can access them through invest@turktraktor.com.tr or at telephone: (0312) 211 01 90 and facsimile : (0312) 211 03 73.

Mr. Hakkı Akkan (General Manager), Ms. Ayşe Pınar Akyıldız and Mrs. İlkiz Karagüllü are responsible for KAP (Public Clarification Project) notifications.

Use of Rights to Information by Shareholders

2- Upon offer of bearer shares owned by Koç Holding A.Ş., one of the shareholders of the Company, on 3-4 June 2004 in İstanbul Securities Exchange Market, the Company became publicly traded, and prompt action was taken to enforce the right to information by the shareholders at Türk Traktör ve Ziraat Makineleri A.Ş. Required arrangements have been made in the internet site of the company in order to inform the investors. For that purpose, in addition to publication of the information envisaged under Capital Markets Regulation, a mail address has been put into service for investors only.

The KAP system (Public Informing Platform), whose related technical studies have been carried out by Tübitak, has been set up in the Company and all statements to ISE have been sent with electronic signature.

In addition, actions regarding subscription to Central Registration Agency established for tracking dematerialized capital market instruments have been completed and shares representing the capital shall be registered in accordance with the dematerialization principles.

3- The Articles of Association do not contain any provision about individual rights to appoint a "special auditor" upon request and no such request for appointment of a special auditor was made during the period. Neither current regulations nor general practice has any knowledge and application regarding this matter. However, in future, in case of necessity, necessary revisions can be made in parallel with Capital Markets Board and other legal norms. Our Company is subject to audits by an Independent External Audit firm elected by Board of Directors of the company every year. The audit activity performed by the Independent External Audit Firm is based on the International Financial Reporting Standards (UFRS) and has legal effect. Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., was elected as an independent audit company at the last general assembly, is a member of PricewaterhouseCoopers.

Information about General Assembly Meetings

4- Ordinary General Assembly Meeting of the Shareholders was held on March 26, 2009. General Meeting call has been made to the shareholders in Turkish Trade Registry Gazette and in two national newspapers (Vatan and Milliyet); to the parties holding registered shares in the Shareholders Book in writing, with all the information required by the relevant provisions and within due legal time period. General Assembly Meeting was open to public.

Procedure of general meeting is made to ensure the maximum presence of the shareholders and the minutes of such meetings shall be accessible in writing or electronically at all times.

Financial tables and activity reports are made available at the registered office of the company minimum 15 days prior to General Assembly Meeting. General Assembly Meeting calls are made minimum 3 weeks prior to General Assembly Meeting. Following submission of financial tables to İMKB (İstanbul Securities Exchange Market) and publication of the Activity Report, any information and reports to be discussed at the General Assembly Meeting are sent to the addresses of those requesting by post. Facsimile or e-mail in a manner ensuring the quickest receipt. The records shall be maintained at the locations, including electronic media, where shareholders have the easiest access.

Shareholders are entitled to inquire and express their opinions about the matter at general meetings of our company. Therefore, inquiries of the shareholders, suggestions about the agenda items, delivery of speech regarding the suggestion are provided by the Board of Meeting as per the provisions. All information including Annual Activity Reports, financial tables and independent auditor report, dividend distribution recommendation and General Meeting agenda and if any, form for information and documentation as well as voting in proxy, recent version of Articles of Association, amendment texts thereof, if any, Special Case Explanations, capital shares of the shareholders and Adaptation Report on Corporate Management Principles is also accessible in electronic medium.

Article 3 titled "Objects and Field of Activities" of the Articles of Association covers the activities that might be performed to realize the objects and subjects of the company and unless any resolution to amend them is taken by the General Meeting, the Company is not entitled to perform any other activity. The matters such as merger with other companies, take over of another company or separation shall be resolved by the General Meeting upon suggestion of the Board of Directors. The Articles of Association of the company are accessible from internet site of our Company www.turktraktor.com.tr

HC (High Clearance) Upgrade Tractor

High Clearance tractors with TIER III emission level engines was launched to export market in 2009, with the aim of improving the current product range and increasing the export sales portion through new products.

The minutes and attendance lists of all general meetings of all years can be accessible at Head Office of the Company and the related documents are also available at Trade Registry Office, Turkish Trade Registry Gazette Archive. In addition, it is also possible to access and examine the files of the minutes of general meetings held during last 4 years via our internet site.

Voting Rights and Minority Rights

5- Each share entitles the holder one voting right and there is no voting privilege. (Article 28 of the Articles of Association). Group A and Group B of Preferred Shares entitles the shareholders to nominate members of the Board of Directors and Auditor. (Articles 14, 15, and 21 of the Articles of Association). Voting rights are exercised as per the provisions contained under the Articles of Association (Articles 23, 27, 28 and 29). The requirements of Capital Markets Board regarding voting in proxy shall be observed.

In case of mutual participation, sovereign shareholding is not possible. The Articles of Association do not contain any provision about representation of minority shares in the management or collective voting method. Due to voluntary application matter and no need for sovereign shareholding by the major shareholders, provision on quorum was not applied for the existing General Meeting (Article 27 of the Articles of Association).

Dividend Policy and Dividend Payment Time

6- There is no privilege regarding profit participation and dividend distribution. Article 37 of the Articles of Association about "Profit Distribution" is applied. In profit distribution proposal which is presented to General Assembly's approval, our Company's long-term strategies, investment and finance policies, the profitability and the requirements of the Capital Markets Board regarding profit distribution are taken into consideration and specified legal time period are applied. The dividends are paid to all of the shareholders as of account period and equally without regarding acquisition dates. The said matter has been stipulated under the related article of the Articles of Association and the General Meeting submitted the provision for information of the shareholders. The Company has a dividend policy, as a matter of principle, providing for the distribution of the dividends to the shareholders in the ratio of %60 of the after tax profit, provided that agreed otherwise in General Assembly Meeting. The dividend to be paid can be totally cash or non-cash (from Company's resources) as well as partly cash and partly non-cash.

Transfer of Shares

7- Article 11 of the Articles of Association "Transfer of Shares" has stipulated the provisions to be applied regarding sale and transfer of registered shares of Groups A and B (not publicly held) and there are restrictions on transfer of shares subject to the said rules and arrangements. There are not any restrictions on transfer of registered shares of Group C (publicly held).

Chapter 2:
Giving Information to Public and Transparency
Company's Disclosure Policy

8- The Company aims to give correct, complete, understandable, analyzable, cost effective and easily accessible information to the concerned persons, in due time as per the policy to give information and transparency. Any request for information shall be considered unless the information requested is trade secret. However, the company has briefing activities conducted in accordance with policies of our affiliated domestic and foreign shareholders as well as strategic policies on which the said information, documentation and records are based. In addition, regulations on matters from relations with media to meetings open to public are made. Company Disclosure Policy specify the information to be given to public other than those stipulated under the Regulation or the frequency of public meetings.

Trade secret includes information which are essential for the success and effectiveness of the company in business and economic life and that should not be disclosed no rivals, third parties and public and that can be known only by a limited number of persons and officials of the company with regards to a commercial enterprise or a field of activity of the company. Trade secret is subject to the principles related to Capital Markets Law and other codes and can not be disclosed, used and given.

Our Company completed the studies regarding the Disclosure Policy and after having the approval of the board of directors, the Disclosure Policy has been published at the company's website and intranet that make internal communication, sent to Istanbul Stock Exchange as special case explanation, all shareholders and stakeholders have been informed by this way. Mr. Hakkı Akkan, General Manager, responsible for development and execution of such policies, shall be authorized regarding the matter.

Special Case Explanations

9- Information on special cases is given in written and as electronically via KAP – BIY system with electronic signature. The said explanations shall be released to the public together with the regulation in detail and within due period. In 2009, 19 Special Case Explanations were submitted to İMKB. Special Case Explanations were submitted 13.01.2009, 21.01.2009, 27.01.2009, 02.02.2009, 05.02.2009, 24.02.2009, 25.02.2009, 06.03.2009, 20.03.2009, 26.03.2009, 01.04.2009, 02.04.2009, 07.04.2009, 09.04.2009, 17.04.2009, 03.06.2009, 19.08.2009, 01.10.2009.ve 16.12.2009. In addition, no delay requiring notice from SPK has occurred.

Company's Internet Site and Content

10- The company has an active and updated internet site. The needed information about the company is provided in detail in the internet site. Being updated according to the developments, the internet site also has a section titled "Investor Relations" containing minimum matters as required by Capital Markets Board. Activity Report of the Company can be obtained in hard copy as well as accessible at our internet site. The electronic information requests are promptly replied.

Release of Natural Person Final Majority Shareholder/s

11- Except major shareholders, Koç Holding A.Ş. and CNH Global NV, there is no other shareholders having more than 5% of the shares. You can find information about our major shareholders Koç Holding A.Ş. and CNH Global NV at our website and it is possible to access detailed information via links. The Members of the Board, executive management and shareholders holding more than 5% of the shares of the company directly or indirectly release the information on transactions made regarding capital market instruments and shares and outcomes thereof. Released information are published at stock exchange bulletin.

Announcement of the Persons capable to gain information internally

12- Top Management of the company has taken all actions required to prevent use of the information accessible internally. It is accepted that, the top management and related manager and employees entitled to access the information and strategic decisions and public have a right to be informed about these employees, the said employees names were listed as "Disclosure of Potential Insiders" and disclosed to public, in parallel with the 16th article of Capital Markets Board communique serial : VIII no :54 on .public disclosure of material events.

Chapter 3:
Stake holders:
Information to Stakeholders

13- The stakeholders are employees, suppliers, customers and third persons in direct relationship with the company. The said interest holders are informed regarding the matters concerning them and organizations; briefing and arrangements regarding explanations are all held by the Company. All employees have been informed about all developments via intranet that makes internal communication. Corporate management applications ensures guarantee of rights of the stakeholders stipulated or not yet stipulated under regulation.

Participation of the stakeholders in the Management

14- The participation of beneficiaries in development activities for managerial matters and the applications enabling them to state their opinions actively in this regard and make assessments are active in the company. There are researches like "Working Life Evaluation and Improvement Survey", meetings and training programs, which aim at increasing quality and productivity, and in which both suppliers and customers can reflect their requests and such activities are sustained in parallel with the company policies. In addition, we have a system through which the customer requests are followed by means of our sales and dealers network and they are reported to management and the required feedback is provided by making the needed arrangements.

TD5000B

In line with market researches and customer analyses, it has been recognized that there is a growing need for a new and more economic narrow orchard tractor in vineyard and orchard tractor market. Within this scope, serial production of the project was achieved in September for international market and in October for domestic market.

Human Resource Policy

15- Our Human Resources mission is to establish Human Resources Systems that will ensure the happiness of employees and to develop such systems continuously in connection with the corporate goals. Our vision is to ensure the continuity of Human Resources applications through continuous development in order to meet the needs and expectations of Türk Traktör employees and to make Türk Traktör a preferred workplace. In all of our activities, teamwork and sharing have been adopted as our most important values. We believe that synergism and creating a happy working environment can be achieved with mutual respect, positive approach, honesty, diligence, and solidarity.

Human Resources and Quality Systems Management personnel are tasked with the duty of managing the relations with employees. Conducting the internal communication activities falls within the responsibility and job definition of related personnel and job descriptions shared with all of them. Also, trade union representatives actively partake in the activities to strengthen the communication. Food Committee, Health and Safety Representative, Leave Committee, Disciplinary Board, Time Study Representatives, who are assigned by being either elected or appointed, strengthen the communication by representing employees in the processes. Participation of employees in these processes increases motivation and productivity. There were not any complaint about discrimination received from the employees during the year.

Information about Customer-Supplier Relations

16- Any and all actions to ensure customer satisfaction during marketing, sale and post-sale of the goods and services of the company have been undertaken and put into practice. The demands of the customers, regarding the products they have bought, are met rapidly and the customer is informed of the result. Quality standards and warranties of high quality are provided. The principles and policies for suppliers as well as satisfaction criteria in customer centered product and services are regularly measured and followed up by the related units of the company.

Social Responsibility

17- Social activities for the neighbourhood where the factory is located and the public in general are arranged according to the Corporate social responsibility and effect on public criteria. In this context, the social activities conducted during the period have been detailed in the Activity Report. No complaint regarding any problems caused to the environment have been received and we have records including environmental assessment reports.

Chapter 4:
Board Of Directors:
Structure, Composition and Independent Members of the Board of Directors

18- The Board of directors of the Company consist of 8 members and is composed as per provisions of the related law and the Articles of Association. The members of the Board of directors, including Chairman, have no direct executive nature in the company, except General Manager and CFO. In addition, as the members of the Board are elected as representative of certain shareholding groups, they are not regarded as independent members under the Corporate Management Principles.

The Board of Directors members are; Mr. Dr. Bülent Bulgurlu, Mr. Franco Fusignani, Mr. Kudret Önen, Mr. Temel Atay, Mr. Hakkı Akkan, Mr. Eduardo T. Fabbri, Mr. Federico Corradini, Mr. Marco Votta.

There are no restrictions to the activities of the members of the Board outside the Company other than those stipulated under regulations and rules resolved by the Board of Directors. Their employment in group companies and other matters are subject to provisions of Turkish Trade Code. Articles 14 and 15 of the Articles of Association defines the structure and office period of the member, while articles 17, 18 and 19 regulate powers and quorum of meeting and their functions. The resolutions of the Board of directors are taken with minimum affirmative votes of five members of the Board, provided that at least two are among those appointed by Group A shareholders and at least two from Group B.

Qualifications of the Members of the Board

19- Chairman and Directors of the Board shall be selected in order to ensure the maximum effectiveness. Considering the provisions stipulated under Corporate Management Principles, the members are elected among those having the above qualifications at the time of appointment and competent in management.

Mission and Vision of the company and Strategic Objectives

20- The mission, vision and values of the company have been formulated and published and are regularly revised in line with changes in the situation. The values related to the mission and the vision of the company, defined by the top management of the Company and approved by the Board of directors, have been given within the Activity Report, and the activities related with the formulation and application of the strategic objectives are submitted to the Board of Directors and followed up by the Top management. The Board of Directors reviews and evaluates the previous year performance and decides on the coming year objectives submitted by the top management.

Risk management and Internal Control Mechanism

21- Risk management and internal control procedures are implemented within the financial and administrative activities of the company and their performance and effectiveness is followed up by Assistant Director General responsible for Financial Affairs, according to the related capital market regulation and rules.

Duties and Responsibilities of Members of the Board and the Executives

22- Article 17 of the Articles of Association specifies the powers and authorities of the Board of directors. The Company management is defined in accordance with Turkish Trade code, mainly based on representation and binding of the company, and the activities are exercised pursuant to legal requirements.

Activity Basis of the Board of Directors

23- Resolutions of the Board of directors are prepared and issued periodically and in line with the requirements arising. The number of the meetings of the Board may vary depending on the needs occurring. While 17 board of directors resolutions were taken during 2006, 11 in 2007, such number grew to 31 in 2008 and 19 in 2009. Although no special secretariat has been established for communication, the Investor Relations Unit is responsible for preparing, issuing and following-up the agenda of the meetings of the Board are under responsibility of the Investor Relations department worked under Financial Affairs Assistant General Management. In case of different voting on the resolutions occurs, the case and reasons thereof shall be noted. The resolution shall contain any questions and their answers, if any. The resolution shall be signed by 5 members, minimum 2 from Group A and 2 from Group B in order to be effective and there is no cast vote or veto right.

Restrictions on Business and competition with the Company

24- The members of the Board of directors are banned from conducting business and competition with the company, and in case such actions might cause conflict of interest required measures shall be applied in accordance with the existing legislation.

Ethical Rules

25- The company takes care to observe ethical rules and their applications in general. Our Company completed the studies regarding the Disclosure Policy and after having the approval of the board of directors, the Disclosure Policy has been published at the company's website and intranet that make internal communication, sent to Istanbul Stock Exchange as special case explanation, all shareholders and stakeholders have been informed by this way. Information to the employees and other stakeholders shall be released under policy whenever the need arises

Number, Structure and Independency of Committees to be established under the Board of Directors

26- Pursuant to article 17 of the articles of association an executive committee consisting of 2 persons, 1 one from Group A and 1 from Group B has been established. The committee executes the required actions in the periods between meetings of the Board of directors. Committee members are Mr. Franco Fusignani and Mr. Kudret Onen.

An audit committee is authorized to follow up financial matters, to inspect periodical financial reports and notes under related Communiqué and to submit its proposal based on Independent External Audit Report to the Board of Directors. Committee members are Mr. Temel Kamil Atay and Mr. Federico Corradini.

In order to strenghten the adaptation level of the Corporate Governance Principles the board of directors decided to establish the Corporate Governance Committe within the Company, Mr. Eduardo Teodorani Fabbri, Board of Directors member, and Ms. Ayse Pinar Akyildiz, Financial Control and Investor Relations Manager, were eleceted as the member of the committee and this decision will be presented to the approval of the General Assembly which will be held in 2010.

No other committee is operating other than the mentioned executive committee, the audit committee and the corporate governance committee.

The Board of Directors is periodically informed about the activities performed within the frame of the duties delegated to the said committees. When needed, external specialists can be also appointed to the said committees. The committees shall act in line with their responsibilities and submit their recommendations to the Board. The final decision shall be taken by the Board.

Financial Benefits Allocated to the Board of Directors

27- The Chairman and the Members of the Board of Directors are not granted any benefits other than the fees specified at the General Meeting. No application based on performance or rewarding of the Board is applied.

During the period no debt has been granted to any members of the Board and Top Manager of the company, no credit has been utilized by them and none of them has used benefits through third persons as well as no guarantees in favor of them.

Türk Traktör ve Ziraat Makineleri A.Ş. Ordinary General Assembly Agenda

1 Opening and Election of the Presidential Board

2 Reading and discussing the report of the Board of Directors and Auditor's Report including reports of the Independent Audit Company (Başaran Nas Serbest Muhasebeci Mali Müşavirlik A.Ş - a member of PricewaterhouseCoopers) concerning the activities and accounts for the year 2009; discussing the balance sheet and income statements for the year 2009 and submission for the approval of the General Assembly,

3 Acquitting the members of the Board of Directors and Auditors separately due to the accounts and activities of the company for the year 2009,

4 Selection of BOD members and determination of their service term,

5 Selection of auditors and determination of their service term,

6 Determination of monthly gross remunerations of BOD members and auditors,

7 Full adoption, acceptance by certain changes, or rejection of the Board of Directors' proposal with respect to distribution of the profit for 2009 and date of such profit distribution,

8 Obtaining information for the shareholders regarding our dividend policy according to the Corporate Governance Principles,

9 Approval of the selection of the Independent External Auditing Company in connection with the regulation on Independent External Audit determined by the Capital Markets Board,

10 Giving General Assembly the information about donations granted for charitable purposes to funds and associations 2009,

11 In the case that necessary permissions are obtained from Capital Markets Board and Ministry of Industry and Trade, taking decision on amendments to the article numbered 3 entitled Purpose and Subjects of Activity and article 14 entitled Board of Directors of the Articles of Association,

12 Obtaining information for the general assembly regarding the assurance, pledge, mortgage and bail given in favor of third parties in 2009,

13 Obtaining information regarding the Disclosure Policy of the company in parallel with the Corporate Governance Principles,

14 Approval of the corporate governance committee which was established for strenghtening the adaptation level of the Corporate Governance Principles of Capital Markets Board,

15 Granting of permission to BOD members in accordance with Articles 334 and 335 of Turkish Commercial Code so that they may involve in business activities in the same areas as those of the Company, directly on their own or in the name of others, hold shares in other companies which engage in similar lines of business, and carry out other transactions,

16 Authorization of the Meeting Chairmanship Council for signing the minutes of General Assembly without any need for further signatures,

17 Wishes.

Türk Traktör ve Ziraat Makineleri A.Ş. A and B Group Privileged Shareholders General Assembly Agenda

1) Opening and Election of the Presidential Board,

2) Presenting to the approval of shareholders of the decisions that were taken at the 26.03.2010 dated Ordinary General Assembly and amendments in the Articles of Association article 3 entitled Purpose and Subjects of Activity and article 14 entitled Board of Directors,

3) Authorization of the Meeting Chairmanship Council for signing the minutes of General Assembly without any need for further signatures.

Amendments to the Articles of Association

The General Assembly approved the amendments to the 14th and 23rd articles of the Articles of Association at the meeting held on 26.03.2009. The former and the new texts of the related articles have been published at our Company's web site under Investor Relations part.

Dividend Policy

According to the agreement between Koç Holding and CNH Global NV (formerly New Holland NV) dated 22 April 1998, the Parties adopted for the Company a "Dividend Policy" that provides, as a matter of principle, for the distribution of dividends to the shareholders in the ratio of 60% of the after tax profit of each Company, unless agreed otherwise by the Parties.

Türk Traktör ve Ziraat Makineleri A.Ş.
Auditors Report

To The General Assembly Of Türk Traktör ve Ziraat Makineleri A.Ş.

The results of our audit regarding 2009 account period of the Company are given below for your kind attention.

1-Within the context of Turkish Commercial Code and relevant legislation, it has been observed that;

a- The books and records are maintained duly,

b- The documentation proving the records is preserved regularly,

c- The resolutions regarding the company management are duly recorded in the Resolution Book, which is maintained in accordance with the procedures involved.

2- Considering the situation of the Company, in our opinion, the attached non- consolidated financial statements dated 31.12.2009 which is issued according to the Capital Markets Board communiqué on Accounting Standards in the Capital Markets with serial no: XI and No: 29 and the related announcements, accurately reflect the non-consolidated fiscal position and activity results of the Company as of the mentioned period.

As a consequence, we herewith request the high attention of the General Assembly for the approval of the company transactions given in the report issued by the Board of Directors and the financial statements, which have been issued in accordance with the Capital Markets Legislation, as well as the proposals of the Board of Directors for the period results and for the clearance of the Board of Directors.

İstanbul, 19.02.2010
Yours faithfully,

CULYA VARON HABİB

SERKAN ÖZYURT

Türk Traktör ve Ziraat Makineleri A.Ş.
Auditing Committee Report

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

We convene to examine the non- consolidated financial statements issued by Türk Traktör ve Ziraat Makineleri A.Ş. management as of the date 31.12.2009 in accordance with the formats and International Financial Reporting Standards (UMS/UFRS), which are obligatory for observance under the communiqué by the Capital Markets Board with serial no XI. and No. 29 and the resolution of the Capital Markets Board numbered 11/367 published on 17.03.2005.

In this examination, necessary evaluation regarding the compliance and accuracy of the financial statements that belongs to the accounting period between the dates January 1st – December 31st 2009, which shall be publicized, to the accounting principles observed by the company has been conducted. When deemed necessary, relevant opinions were requested from the auditor of the independent auditing firm and the responsible executives of the company.

As a result of the audit and evaluations undertaken, we have concluded that the non-consolidated financial statements pertaining to January, 1st – December, 31st 2009 are reflecting the company's correct activity results, fiscal position during the mentioned period and in conformity with the accounting principles followed by the company, the real conditions and their correctness; so we herewith present to the approval of the Board of Directors.

İstanbul, 19.02.2010
Yours faithfully,

TEMEL KAMİL ATAY

FEDERICO CORRADINI

Türk Traktör ve Ziraat Makineleri A.Ş.

Convenience Translation Into English Of Financial Statements At 31 December 2009 Together With Independent Auditor's Report

(Originally Issued In Turkish)

PRICEWATERHOUSECOOPERS

Türk Traktör ve Ziraat Makineleri A.Ş.

Convenience Translation Into English Of Independent Auditor's Report Originally Issued In Turkish

Independent Auditor's Report

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

1 We have audited the accompanying financial statements of Türk Traktör ve Ziraat Makineleri A.Ş. (the "Company") which comprise the balance sheet as of 31 December 2009 and the statement of income, the statement of changes in equity and the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

2 Management is responsible for the preparation and fair presentation of these financial statements that have been prepared in accordance with the financial reporting standards issued by the Capital Markets Board. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

3 Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the auditing standards issued by the Capital Markets Board. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PRICEWATERHOUSECOOPERS

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş
a member of
PricewaterhouseCoopers

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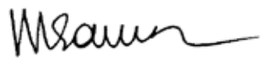
Opinion

4 In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Türk Traktör ve Ziraat Makineleri A.Ş. as of 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with the financial reporting standards issued by the Capital Markets Board (Note 2).

Additional paragraph for convenience translation into English

5 The financial reporting standards described in Note 2 (defined as "CMB Financial Reporting Standards") to the financial statements 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 - 31 December 2005. Accordingly, the accompanying financial statements are not intended to present the financial position, financial performance and cash flows of the Company in accordance with IFRS (Note 25).

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş
a member of
PricewaterhouseCoopers



Murat Sancar, SMMM
Partner

Istanbul, 19 February 2010

Türk Traktör ve Ziraat Makineleri A.Ş.

Balance Sheets At 31 December 2009 And 2008

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

	Notes	2009	2008
ASSETS			
CURRENT ASSETS		538.639.584	721.732.176
Cash and cash equivalents	4	80.690.192	115.684.361
Trade receivables			
- Trade receivables	8	165.029.018	193.836.628
- Due from related parties	23	81.844.883	84.760.004
Inventories	9	140.286.921	275.109.457
Other current assets	12	70.788.570	52.341.726
NON-CURRENT ASSETS		174.568.050	241.412.927
Trade receivables	8	118.152.765	181.016.360
Financial assets	5	-	6.541.500
Property, plant and equipment	10	37.907.359	39.609.588
Intangible assets	11	10.102.274	5.655.667
Deferred tax assets	21	7.923.225	8.200.194
Other non-current assets	12	482.427	389.618
TOTAL ASSETS		713.207.634	963.145.103

The financial statements prepared as at and for the year ended 31 December 2009 have been approved by the Board of Directors on 19 February 2010.

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

Türk Traktör ve Ziraat Makineleri A.Ş.

Balance Sheets At 31 December 2009 And 2008

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

	Notes	2009	2008
LIABILITIES			
CURRENT LIABILITIES		308.149.565	649.380.378
Financial liabilities	6	224.194.075	504.795.652
Other financial liabilities	7	-	6.131.604
Trade payables			
- Trade payables	8	57.055.341	74.433.859
- Due to related parties	23	8.719.008	38.094.856
Taxation on income	21	2.067.464	-
Provisions	13	7.428.952	12.360.035
Other current liabilities	12	8.684.725	13.564.372
NON-CURRENT LIABILITIES		104.357.135	28.211.920
Financial liabilities	6	98.055.898	20.637.929
Provision for employment termination benefits	14	6.301.237	7.573.991
SHAREHOLDERS' EQUITY		300.700.934	285.552.805
Share capital	15	53.369.000	53.369.000
Adjustments to share capital	15	39.014.356	39.014.356
Fair value reserves	15	-	3.634.098
Hedge reserve	7,15	-	(4.905.283)
Merger reserve	15	(5.569.000)	(5.569.000)
Restricted profit reserves	15	59.011.780	56.617.017
Retained earnings	15	123.919.774	76.601.061
Net profit for the year	15	30.955.024	66.791.556
TOTAL LIABILITIES		713.207.634	963.145.103
Provisions, contingent assets and contingent liabilities	13		

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

Türk Traktör ve Ziraat Makineleri A.Ş.

Statements Of Income For The Years Ended At 31 December 2009 And 2008

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

	Notes	1 January - 31 December 2009	1 January - 31 December 2008
Sales (net)	16	667.703.295	787.491.026
Cost of sales (-)	16	(563.639.032)	(649.306.626)
GROSS PROFIT		**104.064.263**	**138.184.400**
Marketing, selling and distribution expenses (-)	17	(30.811.337)	(34.344.444)
General administrative expenses (-)	17	(17.607.801)	(24.691.311)
Research and development expenses (-)	17	(2.063.282)	(2.930.210)
Other operating income	18	7.727.058	1.574.190
Other operating expenses (-)	18	(8.340.157)	(13.095.054)
OPERATING PROFIT		**52.968.744**	**64.697.571**
Financial income	19	350.047.590	239.355.785
Financial expenses (-)	20	(366.280.213)	(221.349.718)
PROFIT BEFORE TAXATION ON INCOME		**36.736.121**	**82.703.638**
Taxes on income (-)	21	(6.539.181)	(17.086.228)
Deferred tax income	21	758.084	1.174.146
NET PROFIT FOR THE YEAR		**30.955.024**	**66.791.556**
Earnings per share (TL)	22	0,0058	0,0125
OTHER COMPREHENSIVE INCOME			
Change in fair value reserves	5	(3.825.366)	1.732.187
Change in hedge reserves	7	6.131.604	10.224.441
Deferred tax (expense)/income on other comprehensive income	7	(1.035.053)	(2.131.497)
OTHER COMPREHENSIVE INCOME (AFTER TAX)		**1.271.185**	**9.825.131**
TOTAL COMPREHENSIVE INCOME		**32.226.209**	**76.616.687**

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

Türk Traktör ve Ziraat Makineleri A.Ş.

Statements Of Changes In Shareholders' Equity For The Years Ended At 31 December 2009 And 2008

(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 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

	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 2008 - as previously reported	47.000.000	39.014.356	1.988.520	-	-	44.075.118	54.383.637	91.066.245	277.527.876
Effect of merger (Notes 2.1 & 3)	6.369.000	-	-	(13.084.836)	(5.569.000)	3.376.899	32.655.661	1.660.518	25.408.242
1 January 2008 - restated	53.369.000	39.014.356	1.988.520	(13.084.836)	(5.569.000)	47.452.017	87.039.298	92.726.763	302.936.118
Transfers	-	-	-	-	-	9.165.000	83.561.763	(92.726.763)	-
Dividends paid	-	-	-	-	-	-	(94.000.000)	-	(94.000.000)
Increase in fair value of available for sale investments	-	-	1.732.187	-	-	-	-	-	1.732.187
Deferred tax calculated on increase in fair value of available for sale investments	-	-	(86.609)	-	-	-	-	-	(86.609)
Increase in the fair value of derivative financial instruments	-	-	-	10.224.441	-	-	-	-	10.224.441
Deferred tax calculated on increase in fair value of derivative financial instruments	-	-	-	(2.044.888)	-	-	-	-	(2.044.888)
Net profit for the year	-	-	-	-	-	-	-	66.791.556	66.791.556
31 December 2008	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

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

Statements Of Cash Flows For The Years Ended At 31 December 2009 And 2008

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

	Notes	2009	2008
Cash flows from operating activities:			
Profit before taxation on income		36.736.121	82.703.638
Depreciation	10	6.529.447	10.410.504
Amortisation	11	989.136	413.697
Provision for employment termination benefits	14	3.771.242	1.384.747
Gain from sales of property, plant and equipment - net	18	85.320	(361.094)
Interest income	19	(6.823.452)	(7.286.889)
Interest expense	20	39.876.844	34.519.310
Provision for impairment of inventory	9	3.246.941	731.907
Expense accruals-net		(4.931.084)	951.241
Provision for doubtful receivables	18	7.907.519	12.497.982
Gain on sale of available for sale financial assets	18	(3.816.621)	-
Net cash flow before changes in operating assets and liabilities		83.571.413	135.965.043
Changes in operating assets and liabilities - net:			
Decrease/(increase) in trade receivables		83.664.463	(138.550.297)
Decrease/(increase) in due from related parties		2.915.121	(27.286.558)
Decrease/(increase) in inventories		131.575.595	(102.898.898)
Increase in other current assets		(18.446.844)	(27.648.269)
(Increase)/decrease in other non-current assets		(92.808)	320.245
(Decrease)/increase in due to related parties		(29.375.848)	19.633.154
(Decrease)/increase in trade payables		(17.378.518)	1.085.400
Decrease in other short-term liabilites		(4.879.648)	(1.263.162)
Employment termination benefits paid	14	(5.043.996)	(1.286.346)
Taxes paid	21	(4.471.717)	(24.988.090)
Net cash provided by/(used in) operating activities		222.037.213	(166.917.778)
Cash flows from investing activities:			
Capital expenditures		(10.973.718)	(11.908.167)
Gain from sales of property, plant and equipment and intangible assets		625.436	715.765
Decrease in financial investments		6.541.500	-
Interest received		6.855.805	7.311.670
Net cash provided by/(used in) investing activities		3.049.023	(3.880.732)
Cash flows from financing activities:			
Proceeds from bank borrowings		-	621.266.882
Repayments of bank borrowings		(194.710.964)	(262.044.121)
Dividends paid		(17.078.080)	(94.000.000)
Interest paid		(48.349.487)	(26.626.743)
Net cash (used in)/provided by financing activities		(260.138.531)	238.596.018
Net (decrease)/increase in cash and cash equivalents		(35.052.295)	67.797.508
Cash and cash equivalents at the beginning of the year	4	115.448.598	47.651.090
Cash and cash equivalents at the end of the year	4	80.396.303	115.448.598

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

Explanatory Notes To The Financial Statements For The Years Ended At 31 December 2009 And 2008

(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 group company of the Koç Holding A.Ş. ("Koç Holding"). As of 31 December 2009, major shareholders of the Company are Koç Holding and CNH Global N.V. ("CNH") (Note 15). The number of personnel working within the Company as of 31 December 2009 is 1.246 (2008: 1.476).

The Company conducts marketing and selling activities in the domestic market, through its 115 sales dealers and 75 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 2009, the free float of the Company is 22% (2008: 22%) whose shares are traded in the İstanbul Stock Exchange ("ISE") (Note 15).

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation
Principles governing the preparation of financial statements

The Capital Markets Board of Turkey ("CMB") regulated the principles and procedures of preparation, presentation and announcement of financial statements prepared by the entities with the Communiqué No: XI-29, "Principles of Financial Reporting in Capital Markets" ("the Communiqué"). This Communiqué is effective for the annual years starting from 1 January 2008 and supersedes the Communiqué No: XI-25 "The Financial Reporting Standards in the Capital Markets". According to the Communiqué, entities shall prepare their financial statements in accordance with International Financial Reporting Standards ("IAS/IFRS") endorsed by the European Union. Until the differences of the IAS/IFRS as endorsed by the European Union from the ones issued by the International Accounting Standards Board ("IASB") are announced by Turkish Accounting Standards Board ("TASB"), IAS/IFRS issued by the IASB shall be applied. Accordingly, Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS") issued by the TASB which are in line with the aforementioned standards shall be considered.

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

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

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 with the promulgation dated 18 April 2008 and 9 January 2009, including the compulsory disclosures. Therefore, previous year financial statements restated, where necessary.

The accompanying financial statements are approved by the Board of Directors on 19 February 2010 and these financial statements can be revised by the Board of Directors or can be changed at the General Meeting.

Comparatives and restatement of prior year financial statements

The financial statements of the Company include comparative financial information to enable the determination of the financial position and performance. As explained in Note 3, the Company has merged with New Holland Trakmak Traktör ve Ziraat Makinaları A.Ş. ("Trakmak") as of 31 March 2008, through transfer of all the assets and liabilities of Trakmak into the Company as a whole. The figures at 1 January 2008 in the comparative changes in shareholders' equity of the Company as of 31 December 2008 have been restated by combining the financial statements of Trakmak as of the same date, prepared in accordance with the CMB Financial Reporting Standards.

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 recogni sed 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 2009 and relevant to the operations of the Company.

IFRS 7 (Amendment), 'Financial instruments-Disclosures' (Effective from 1 January 2009). The amendment requires enhanced disclosures about fair value measurement and liquidity risk. As the change in accounting policy only results in additional disclosures, there is no impact on retained earnings.

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

IAS 1 (Revised), 'Presentation of financial statements' (Effective from 1 January 2009). The revised standard requires the presentation of items of income and expenses in a separate statement (statement of comprehensive income) or two different (statement of income and statement of comprehensice income) statements. Either the separate presentation of the components of other comprehensive income and the deferred tax income and expense on these components or the net of these two is permitted. The income tax amount on comprehensive income is presented on either comprehensive income statement or in explanatory disclosures irrespective of the preferred method.

IAS 38 (Amendment), 'Intangible Assets' (The amendment is part of the IASB's annual improvements project published in April 2009). The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives.

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

IAS 1 (Revised), "Presentation of financial statements" (Effective from 1 January 2009). The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity to be presented in a statement of comprehensive income. As the change in accounting policy only impacts presentation aspects, there is no impact on retained earnings.

IFRS 2 (Amendment), 'Share-based payment' (Effective from 1 January 2009). Revised standard deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with emloyees and others providing similiar services; they would not impact the number of awards expected to vest or valuation there of subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment.

IFRIC 17, 'Distribution of non-cash assets to owners' (Effective from 1 July 2009). 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.

IAS 27 (Revised), 'Consolidated and separate financial statements', (Effective from 1 January 2009). The revised standard requires the effects of all transactions with noncontrolling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss.

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

IFRS 3 (Revised), 'Business combinations' (Effective from 1 January 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. The revised standard provides a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

IFRS 5 (Amendment), 'Measurement of non-current assets (or disposal groups) classified as held-for-sale'. The amendment provides clarification on 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, particularly paragraph 15 of IAS 1.
IAS 1 (Amendment), 'Presentation of financial statements'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification 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 and share-based payment transactions'. 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 guiance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation.

Standards, amendments and interpretations effective in 2009 but not relevant to the operations of the Company

- IFRIC 9, "Re-assessment of embedded derivatives and IAS 39, Financial Instruments: Recognition and Measurement - Embedded Derivatives (Amendments)",
- IFRIC 17, "Distribution of non-cash assets to owners",
- IFRIC 18, "Transfers of assets from customers",
- IFRS 2, "The scope of IFRS 2 and IFRS 3",
- IFRS 5, "Disclosure requirements on Non-current Assets Held for Sale and Discontinued Operations",
- IFRS 8, "Disclosures on Operating segments",
- IAS 1, "Non-current/Current classification of convertible instruments",
- IAS 7, "Classification of expenses on unrecognized assets",
- IAS 17, "Classification of leases on land and buildings",
- IAS 18, "Determining whether an entity is acting as a principal or as an agent",
- IAS 36, "Accounting unit for impairment test on goodwill",
- IAS 38, "Significant additional arrangements arising from IFRS 3 (Amendment)",
- IAS 38, "Measuring the fair value of an intangible asset acquired in a business combination",
- IAS 39, "Treating loan pre-payment penalties as closely related derivatives",
- IAS 39, "The exemption of scope on business combinations",

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

- IAS 39, "The accounting of the cash flow risk hedging",
- IAS 39, "Hedging using internal contracts",
- IFRIC 9 and IFRS 3 (Amendment), "Scope",
- IFRIC 16, "Hedges of a net investment in a foreign operation",

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 16).

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 9). 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.

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,

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

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 10). 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 18).

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 11).

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.

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.

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

Borrowing cost

Bank borrowings are recognised initially at the proceeds received, net of any transaction costs incurred (Note 6). 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 20).

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 23).

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.

Business combinations

The Company has merged with Trakmak as of 31 March 2008, through transfer of all the assets and liabilities of Trakmak into the Company as a whole. Before and after the merge, since the merging companies have been controlled by the same shareholders, the merge has been defined as "business combinations involving entities under common control" and it has been decided to apply an accounting policy in line with the "pooling of interest" method. In the accounting of business combinations which occur under common control, assets and liabilities subject to business combination are accounted in the financial statements at their carrying values, and the income statements have been consolidated as of the beginning of the financial year in which the business combination occurred. As a result of merge, no goodwill or negative goodwill has been calculated. The difference between the capital increase resulted from merge and the capital of the merging company is accounted in "merger reserve" under shareholders' equity (Note 15).

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:

a) Loans and receivables

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-

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

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.

b) Available for sale investments

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, or not classified in any other categories, are classified as available-for -sale; these are included in non-current assets unless management has expressed the intention of holding the investment for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

All financial assets are initially recognized at cost of purchase plus transaction costs, which is the fair value of the asset. If available-for-sale investments have quoted market prices in active markets or their fair values can be reliably measured by use of valuation methodologies they are stated at fair value. However if available-for-sale investments are not quoted in active market, or their fair values cannot be reliably measured through other valuation methods, they are stated at cost restated to the purchasing power of TL at 31 December 2004 for the investments purchased before 1 January 2005 and stated at cost for the items purchased after 1 January 2005, less a provision for impairment (Note 5). The Company accounts for gains and losses from available-for-sale investments, directly in shareholders' equity until those investments are liquidated.

Fair value changes of the available for sale investments are calculated as the difference between the discounted values of these investments and the fair value at the balance sheet date. When the available for sale investments are liquidated, the related gains and losses deferred under shareholders' equity are transferred directly to the statement of income. If there is permanent negative difference between the cost of purchase and the fair value of the investment, this is recognized as loss in the statement of income.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently are re-measured at their fair value. The derivative instruments of the Company mainly consist of forward foreign currency-buy contracts (Note 7).

These derivative financial instruments, because of providing effective economic hedges under the Company's risk management position and qualifying for hedge accounting under the specific rules in IAS 39 "Financial Instruments: Recognition and Measurement", are treated as cash flow hedge in the accompanying financial statements. Changes in the fair value of derivative financial instruments, as assessed to be effective are recognised in "hedge reserve" under shareholders' equity (Note 7).

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

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting under IAS 39, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the committed or forecasted transaction ultimately is recognised in the statement of shareholder's equity. If the committed or forecasted transaction expected to occur in the future is recorded in the income statement or if does not occur, the cumulative gain or loss is reflected into the financial statements as gain or loss to the statement of income.

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 22).

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

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

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 13).

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.

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 10).

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.

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

Research and development expenses

Research expenditure is recognized as an expense as incurred (Note 17). 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.

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 11).

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

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 21).

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 21).

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

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

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 21).

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 14).

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.

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

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.

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 13).

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 2009, since it is probable that future taxable profit will be available against which the temporary differences would be utilised.

NOTE 3 - BUSINESS COMBINATIONS

In the Ordinary General Assembly meeting held on 27 March 2008 based on the authorization of CMB dated 25 February 2008 and numbered B.02.1.SPK.0.13-276/3197, it was decided to merge the Company and Trakmak, through transfer of all the assets and liabilities of Trakmak into the Company as a whole under the framework of Turkish Commercial Code decree 451 and other related decrees and Articles 18-20 of Corporate Tax Law.

Decision of the Ordinary General Assembly and the merger agreement dated 27 March 2008 are registered by the trade registry offices in Ankara and İzmir on 31 March 2008.

The method adopted in the business combination of the Company and Trakmak, was merger over adjusted equities in accordance with IFRS. Merger ratio based on the equity method was determined as 88,067% by an independent expert firm and by dividing the previous share capital of the Company amounting to TL47.000.000 by the merger ratio, share capital after the merger has been determined as TL53.369.000 (Note 2.1).

NOTE 4 - CASH AND CASH EQUIVALENTS

	2009	2008
Cheques received	108.257	-
Banks		
- TL denominated demand deposits	5.554.798	2.018.949
- TL denominated time deposits	20.007.185	72.740.058
- Foreign currency denominated demand deposits	1.709.939	1.805.278
- Foreign currency denominated time deposits	53.310.013	39.120.076
	80.690.192	115.684.361

As of 31 December 2009, the weighted average effective annual interest rate for the TL and Euro ("EUR") time deposits is 8,52% and 2,67% (2008: TL: 16,52%, US Dollar: 1,00%, EUR: 3,01%). As of 31 December 2009 and 2008, remaining time to maturity of time deposits is less than three months.

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

	2009	2008
Banks	80.690.192	115.684.361
Less: Interest accruals	(58.935)	(100.032)
Less: Restricted bank deposits	(234.954)	(135.731)
Cash and cash equivalents	80.396.303	115.448.598

NOTE 5 - FINANCIAL ASSETS

Available for sale financial assets:

	31 December 2009		31 December 2008	
	Share %	TL	Share %	TL
Entek Elektrik Üretimi A.Ş.	-	-	2,67%	6.541.500

As of 31 December 2008, the fair value of Entek Elektrik Üretimi A.Ş has been determined by using the discounted cash flow method. The available for sale investment of the Company is presented in the financial statements with its fair value by adding the difference amounting to TL1.732.187 between carrying value and fair value to the fair value reserve account under shareholders' equity as of 31 December 2008. Valuation is based on the discounted cash flow method considering the profit and the balance sheet projections for 10 years and the discount rate calculated using the Turkish Euro bond yields.

The Company sold its shareholding interest of 2,67% at Entek to Temel Ticaret ve Yatırım A.Ş. ("Temel Ticaret") on 21 July 2009 (Note 23).

NOTE 6 - FINANCIAL LIABILITIES

a) Short-term financial liabilities

Short-term bank borrowings

	Original currency amount		Weighted average effective interest rate p.a. (%)		TL Equivalent	
	2009	2008	2009	2008	2009	2008
TL bank borrowings	18.199.406	164.987.867	7,47	23,48	18.199.406	164.987.867
EUR bank borrowings	95.288.233	117.059.506	4,49	9,06	205.851.169	250.600.991
					224.050.575	415.588.858

Short-term portion of long-term bank borrowings

	Original currency amount		Weighted average effective interest rate p.a. (%)		TL Equivalent	
	2009	2008	2009	2008	2009	2008
EUR bank borrowings	-	41.669.840	-	5,5	-	89.206.794
					-	89.206.794

NOTE 6 - FINANCIAL LIABILITIES (Continued)

Short-term financial lease obligations

	Original currency amount		TL Equivalent	
	2009	2008	2009	2008
TL	143.500	-	143.500	-
			143.500	-
Total short-term financial liabilities			224.194.075	504.795.652

The Company borrowed TL118.816.500 (equivalent of EUR55 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.

b) Long-term financial liabilities

Long-term bank borrowings

	Original currency amount		Weighted average effective interest rate p.a. (%)		TL Equivalent	
	2009	2008	2009	2008	2009	2008
EUR bank borrowings	45.389.945	9.640.288	4,52	5,66	98.055.898	20.637.929
Total long-term financial liabilities					98.055.898	20.637.929

Redemption schedule of the long-term bank borrowings as of 31 December 2009 is as follows:

	2009
2011	76.296.276
2012	21.759.622
	98.055.898

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

	Carrying value		Fair value	
	2009	2008	2009	2008
Bank borrowings	322.106.473	525.433.581	321.885.246	538.869.550

As of 31 December 2009, 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 4,02% and 7,22%, respectively (2008: EUR and TL bank borrowings 4,32% and 16,26% p.a., respectively).

NOTE 7 - OTHER FINANCIAL LIABILITIES

As of 31 December 2009, the Company does not have other financial liabilities.

The Company has obtained forward foreign currency-buy contracts from banks amounting to EUR26.250.000 in order to manage the foreign currency risk arising from the bank borrowings amounting to EUR26.250.000 as of 31 December 2008. Since these derivative financial instruments are assessed to be effective cash flow hedges, related gains/losses arising from these forward transactions are recognised under shareholders' equity. As of 31 December 2008, total contract value of the forward foreign currency-buy transactions is TL64.343.525.

Derivative financial instruments

	2009	2008
Short-term obligations arising from derivative financial instruments	-	6.131.604
Total obligations arising from derivative financial instruments	-	6.131.604

	2009			2008		
	Contract value	Fair value	Fair value difference	Contract value	Fair value	Fair value difference
Forward foreign currency-buy transactions	-	-	-	64.343.525	58.211.921	(6.131.604)

Movements in the hedge reserve during the year are as shown below:

	2009	2008
1 January	(4.905.283)	(13.084.836)
Increase in fair value of derivative financial instruments	-	10.224.441
Deferred tax calculated over the increase in fair value of derivative financial instruments	-	(2.044.888)
Redemption of derivative financial instruments	4.905.283	-
31 December	-	(4.905.283)

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

	2009	2008
Short-term trade receivables:		
Customer current accounts	94.315.825	113.600.059
Notes receivables	74.858.377	95.881.467
Protested notes	20.287.722	6.155.799
	189.461.924	215.637.325
Less: Provision for doubtful receivables	(20.817.960)	(14.114.059)
Unearned financial income	(3.614.946)	(7.686.638)
Short-term trade receivables	165.029.018	193.836.628

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

Movements of the provisions for doubtful receivables for the years ended 31 December 2009 and 2008 are as shown below:

	2009	2008
1 January	14.114.059	1.714.405
Collections during the year (Note 18)	(1.203.618)	(98.328)
Charge during the year (Note 18)	7.907.519	12.497.982
31 December	20.817.960	14.114.059

	2009	2008
Long-term trade receivables:		
Notes receivables	130.114.372	201.545.324
Less: Unearned financial income	(11.961.607)	(20.528.964)
Long-term trade receivables	118.152.765	181.016.360

	2009	2008
Trade payables:		
Supplier current accounts	57.272.662	74.993.571
Less: Unincurred financial expense	(217.321)	(559.712)
	57.055.341	74.433.859

NOTE 9 - INVENTORIES

	2009	2008
Raw materials	41.519.857	73.741.003
Work in progress	1.748.526	3.954.714
Finished goods	13.281.639	41.008.605
Commercial goods	67.643.557	79.583.074
Spare parts	11.465.169	11.783.174
Goods in transit	8.874.410	66.038.183
	144.533.158	276.108.753
Provision for impairment of inventory	(4.246.237)	(999.296)
	140.286.921	275.109.457

The cost of inventories recognised as expense and included in production costs during the current year, amounted to TL467.606.439 (2008: TL581.443.740).

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

	2009	2008
1 January	(999.296)	(267.389)
Charge during the year for impairment of inventory, net	(3.246.941)	(731.907)
31 December	(4.246.237)	(999.296)

During the year 2009, the Company sold raw materials at cost that were impaired in 2008, amounting to TL999.296 and the amount was credited to the cost of goods sold account.

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

	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

	1 January 2008	Additions	Disposals	Transfers	31 December 2008
Cost					
Land	373.095	-	-	-	373.095
Land improvements	4.367.819	111.859	-	-	4.479.678
Buildings	47.797.431	201.763	-	194.103	48.193.297
Machinery and equipment	317.004.923	5.005.669	(10.288.779)	1.617.330	313.339.143
Special costs	2.614.694	-	-	-	2.614.694
Motor vehicles	3.124.761	231.626	(694.823)	-	2.661.564
Furniture and fixtures	19.693.220	1.116.453	(95.037)	-	20.714.636
Construction in progress	416.300	1.771.351	-	(1.811.433)	376.218
	395.392.243	8.438.721	(11.078.639)	-	392.752.325
Accumulated depreciation					
Land improvements	2.714.198	118.862	-	-	2.833.060
Buildings	29.106.848	1.529.244	-	-	30.636.092
Machinery and equipment	300.521.054	7.362.556	(10.288.779)	-	297.594.831
Special costs	2.435.777	51.961	-	-	2.487.738
Motor vehicles	1.296.845	472.934	(340.153)	-	1.429.626
Furniture and fixtures	17.381.480	874.947	(95.037)	-	18.161.390
	353.456.202	10.410.504	(10.723.969)	-	353.142.737
Net book value	41.936.041				39.609.588

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT (Continued)

For the year ended at 31 December 2009, of the total depreciation expense amounting to TL6.529.447 (2008: TL10.410.504), TL4.708.851 (2008: TL8.115.353) is allocated to production costs, TL1.356.784 (2008: TL1.851.380) is allocated to general administrative expenses, TL360.475 (2008: TL428.056) is allocated to research and development expenses and TL103.337 (2008: TL15.715) is allocated to marketting, selling and distribution expenses. The depreciation expense amounting to TL101.143 is capitalized during the year as it is related to the development costs.

NOTE 11 - INTANGIBLE ASSETS

	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

	1 January 2008	Additions	Disposals	Transfers	31 December 2008
Cost					
Rights	4.350.914	218.067	-	-	4.568.981
Development costs	512.897	-	-	2.079.137	2.592.034
Development costs in progress	1.454.846	3.251.379	-	(2.079.137)	2.627.088
	6.318.657	3.469.446	-	-	9.788.103
Accumulated amortisation					
Rights	3.718.739	311.118	-	-	4.029.857
Development costs	-	102.579	-	-	102.579
	3.718.739	413.697	-	-	4.132.436
Net book value	2.599.918				5.655.667

Development costs includes intangible assets generated by the Company. Capitalised 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.

NOTE 11 - INTANGIBLE ASSETS (Continued)

For the year ended at 31 December 2009, of the total amortisation expenses amounting to TL989.136 (2008: TL413.697), TL196.333 (2008: TL242.527) is allocated to production costs, TL56.570 (2008: TL55.798) is allocated to general administrative expenses, TL731.924 (2008: TL115.372) is allocated to research and development expenses and TL4.309 (2008: None) is allocated to marketting, selling and distribution expenses.

NOTE 12 - OTHER ASSETS AND LIABILITIES

	2009	2008
a) Other current assets:		
Reclaimed value added tax ("VAT")	51.478.953	19.602.813
Deferred VAT	19.016.063	27.844.205
Prepaid expenses	232.004	160.523
Prepaid taxes	-	4.315.001
Other	61.550	419.184
	70.788.570	52.341.726

	2009	2008
b) Other non-current assets:		
Deposits and guarantees given	482.427	389.185
Prepaid expenses	-	433
	482.427	389.618

	2009	2008
c) Other short-term liabilities:		
Taxes, funds and other related payable	2.385.011	3.260.609
Deferred income (*)	2.083.825	6.087.574
Payables to personnel	1.096.025	1.666.618
Other	3.119.864	2.549.571
	8.684.725	13.564.372

(*) 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 2009 and 2008.

NOTE 13 - PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

a) Provisions

	2009	2008
Warranty provisions	7.258.630	9.997.787
Provision for lawsuits (*)	119.916	1.754.149
Other provisions	50.406	608.099
	7.428.952	12.360.035

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

As of 31 December 2009 and 2008, the movement of provision for warranty expenses is as follows:

	2009	2008
1 January	9.997.787	9.494.108
Released during the year	(10.400.204)	(10.773.428)
Charge for the year (Note 17)	7.661.047	11.277.107
31 December	7.258.630	9.997.787

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

	2009	2008
1 January	1.754.149	1.593.980
Charge for the year (Note 18)	132.473	160.169
Released during the year (*)	(1.766.706)	-
31 December	119.916	1.754.149

(*) 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:

	2009	2008
1 January	608.099	320.706
Released during the year	(608.099)	(320.706)
Charge for the year	50.406	608.099
31 December	50.406	608.099

NOTE 13 - 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:

	2009	2008
A. The total amount of collaterals given on behalf of its own legal entity	28.847.890	11.355.505
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	7.340.155
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 (*)	-	-
	36.167.380	18.695.660

(*) The Company signed as a guarantor againsts bank borrowings amounting to EUR3.388.182 (2008: EUR3.428.697) of one of its dealers. Mega Otomotiv Zirai Aletler ve Konfeksiyon San. Tic. Ltd. Şti. ("Mega Otomotiv").

The ratio of the guarantees given by the Company to the equity of the Company is 12% (2008: 7%).

c) Contingent Assets

	2009	2008
Letters of guarantees received	150.460.729	139.435.262
Security bonds	1.750.000	1.550.000
Mortgages	1.335.480	1.335.480
Foreign currency guarantees in cash	12.121	11.960
	153.558.330	142.332.702

NOTE 14 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

	2009	2008
Provision for employment termination benefits	6.301.237	7.573.991
	6.301.237	7.573.991

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 TL2.365,16 for each year of service as of 31 December 2009 (2008: TL2.173,19).

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:

	2009	2008
Discount rate (%)	5,92	6,26
Turnover rate to estimate the probability of retirement (%)	95,99	96,84

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. The maximum amount of TL2.427,04 which is effective from 1 January 2010 (1 January 2009: TL2.260,05) 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:

	2009	2008
1 January	7.573.991	7.475.590
Charge during the year (Note 17)	3.771.242	1.384.747
Paid during the year	(5.043.996)	(1.286.346)
31 December	6.301.237	7.573.991

NOTE 15 - SHAREHOLDERS' EQUITY

Paid-in Share Capital

The Company's registered share capital amounts to TL250.000.000 (2008: TL250.000.000).

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

The composition of the Company's statutory share capital at 31 December 2009 and 2008 are as follows:

	2009		2008	
	Participation (%)	Share Amount (TL)	Participation (%)	Share Amount (TL)
Koç Holding	37,7	20.132.794	37,7	20.132.794
CNH	37,5	20.013.375	37,5	20.013.375
Temel Ticaret A.Ş.	2,1	1.114.575	2,1	1.114.575
Public quotation	22,0	11.747.963	22,0	11.747.963
Other	0,7	360.293	0,7	360.293
	100,0	53.369.000	100,0	53.369.000
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.

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 2009, 22% (2008: 22%) of the Company shares are quoted 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.

NOTE 15 - SHAREHOLDERS' EQUITY (Continued)

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

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

Based on CMB Decree No. 02/51, dated 27 January 2010, the minimum profit distribution requirement for profits arising from operations in 2009 is determined to be terminated for the quoted entities at the stock exchange. 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, it is mandatory for companies that will make profit distribution from the net distributable profit of the previous year to make this first dividend distribution in cash.

The total of statutory profit for the year and the other resources subject to a possible dividend distribution for the Company is TL176,085,459.

The Company's shareholders' equity as of 31 December 2009 and 2008 is as follows:

	2009	2008
Share capital	53.369.000	53.369.000
Adjustments to share capital	39.014.356	39.014.356
Fair value reserves	-	3.634.098
Hedge reserve	-	(4.905.283)
Merger reserve	(5.569.000)	(5.569.000)
Restricted profit reserves	59.011.780	56.617.017
Retained earnings	123.919.774	76.601.061
Net profit for the year	30.955.024	66.791.556
Total shareholders' equity	300.700.934	285.552.805

NOTE 16 - SALES AND COST OF SALES

	1 January - 31 December 2009	1 January - 31 December 2008
Domestic sales	387.162.272	533.150.083
Export sales	326.865.378	316.816.734
	714.027.650	849.966.817
Less : Discounts and returns	(46.324.355)	(62.475.791)
Sales income, (net)	667.703.295	787.491.026
Cost of sales	(563.639.032)	(649.306.626)
Gross profit	104.064.263	138.184.400

NOTE 17 - RESARCH AND DEVELOPMENT EXPENSES, MARKETING, SELLING AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES

	1 January - 31 December 2009	1 January - 31 December 2008
Marketing, selling and distribution expenses:		
Personnel expenses	9.474.654	9.032.529
Warranty expenses	7.661.047	11.277.107
Transportation and Insurance expenses	5.497.115	1.997.809
Service expenses	2.107.377	2.705.274
Rent expenses	978.282	967.006
Fair expenses	939.887	2.369.494
Entertainment and travel expenses	844.173	1.444.578
Vehicle expenses	826.266	915.320
Outsourcing expenses	485.958	692.598
Advertisement expenses	490.432	2.073.360
Material expenses	415.863	133.381
Remuneration of key management personnel (Note 23.v) (*)	357.864	400.591
Provision for employment termination benefits (**)	306.571	(122.541)
Depreciation and amortisation expenses (Notes 10,11) (***)	107.646	15.715
Other	318.202	442.223
	30.811.337	34.344.444

NOTE 17 - RESARCH AND DEVELOPMENT EXPENSES, MARKETING, SELLING AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES (Continued)

	1 January - 31 December 2009	1 January - 31 December 2008
General administrative expenses:		
Personnel expenses	5.301.023	7.441.773
Service expenses paid to shareholders	2.201.132	2.453.131
Service expenses	1.789.731	1.621.451
Depreciation and amortisation expenses (Notes 10,11) (***)	1.413.354	1.907.178
Remuneration of key management personnel (Note 23.v) (*)	1.211.078	1.609.545
Outsourcing expenses	1.035.588	1.358.436
Repair, maintenance and energy expenses	800.289	963.981
Taxes and other legal expenses	558.459	1.967.550
Lawsuit and consultancy expenses	506.778	746.908
Entertainment and travel expenses	371.523	535.611
Provision for employment termination benefits (**)	298.307	586.023
Subscription fees	283.189	401.629
Donations and aids	280.962	1.050.447
Material expenses	277.082	363.788
Consultancy expenses	250.959	330.697
Insurance expenses	205.366	374.644
Vehicle expenses	149.636	271.951
Press relations and advertisement expenses	118.009	18.806
Other	555.336	687.762
	17.607.801	24.691.311

	1 January - 31 December 2009	1 January - 31 December 2008
Research and development expenses:		
Depreciation and amortisation expenses (Notes 10,11) (***)	991.256	543.428
Remuneration of key management personnel (Note 23.v) (*)	337.987	175.746
Personnel expenses	329.317	1.169.663
Outsourcing expenses	157.528	60.846
Provision for employment termination benefits (**)	78.986	30.714
Vehicle expenses	50.522	60.964
Travel expenses	25.134	28.367
Project expenses	20.768	680.740
Material expenses	2.574	115.999
Other	69.210	63.743
	2.063.282	2.930.210

(*)The amount of renumeration of key management personnel allocated to production costs is TL1.109.172 (2008: TL1.316.415).
(**)The amount of provision for employment termination benefits allocated to production costs is TL3.087.378 (2008: TL890.551).
(***)The amount of depreciation and amortization expenses allocated to production costs is TL4.905.184 (2008: TL8.357.880).

NOTE 18 - OTHER OPERATING INCOME/EXPENSES

	1 January - 31 December 2009	1 January - 31 December 2008
Gains of sale of financial assets	3.816.621	-
Termination of provision for lawsuits	1.766.705	-
Termination of provision for doubtful receivables (Note 8)	1.203.618	98.328
Gain on sales of property, plant and equipment	178.240	362.721
Commission income	-	176.905
Other income	761.874	936.236
Other operating income	7.727.058	1.574.190
Provision for doubtful receivables (Note 8)	(7.907.519)	(12.497.982)
Loss on sales of property, plant and equipment	(263.560)	(1.627)
Provision for lawsuits	(132.473)	(160.169)
Other expense	(36.605)	(435.276)
Other operating expenses	(8.340.157)	(13.095.054)

NOTE 19 - FINANCIAL INCOME

	1 January - 31 December 2009	1 January - 31 December 2008
Foreign exchange gain	318.067.182	148.764.518
Financial income from credit sales	25.156.956	83.304.378
Interest income	6.823.452	7.286.889
Financial income	350.047.590	239.355.785

NOTE 20 - FINANCIAL EXPENSES

	1 January - 31 December 2009	1 January - 31 December 2008
Foreign exchange loss	319.199.671	155.571.788
Interest expenses of bank borrowings	39.876.844	34.519.310
Financial expense on credit purchases	4.231.915	30.449.763
Other	2.971.783	808.857
Financial expenses	366.280.213	221.349.718

NOTE 21 - TAX ASSETS AND LIABILITIES

	31 December 2009	31 December 2008
Corporation and income taxes payable	6.539.181	17.086.228
Less: Prepaid taxes	(4.471.717)	(17.086.228)
Total tax payable - net	2.067.464	-

	1 January - 31 December 2009	1 January - 31 December 2008
Current year corporate tax expense	(6.539.181)	(17.086.228)
Deferred tax income	758.084	1.174.146
Tax expense	(5.781.097)	(15.912.082)

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% (2008: 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).

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% (2008: 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% (2008: 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.

NOTE 21 - TAX ASSETS AND LIABILITIES (Continued)

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.

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% (2008: 20%).

NOTE 21 - TAX ASSETS AND LIABILITIES (Continued)

The breakdown of cumulative temporary differences and the resulting deferred tax assets/(liabilities) at 31 December 2009 and 2008 are as follows:

	Temporary differences		Deferred tax assets/(liabilities)	
	2009	2008	2009	2008
Property, plant and equipment and intangible assets, restatement and useful life differences	1.237.245	807.674	(247.448)	(161.535)
Unearned finance income on due from related parties	(85.299)	(404.540)	17.059	80.908
Provision for employment termination benefits	(6.301.237)	(7.573.991)	1.260.247	1.514.798
Capitalized unincurred financial expense on inventory	(80.295)	(622.126)	16.059	124.425
Fair value differences on financial assets	-	3.825.359	-	(191.268)
Warranty provision	(7.258.630)	(9.997.787)	1.451.726	1.999.557
Provision for lawsuits	(119.916)	(1.754.149)	23.983	350.830
Unearned finance income on trade receivables	(10.065.035)	(6.492.122)	2.013.007	1.298.424
Provision for doubtful receivables	(12.915.374)	(7.988.958)	2.583.077	1.597.792
Derivative financial instruments fair value differences	-	(6.131.604)	-	1.226.321
Sales premiums	-	(280.031)	-	56.006
Provision for impairment of inventory	(4.246.237)	(999.296)	849.247	199.859
Other provisions	(50.406)	(608.099)	10.081	121.619
Elimination of profit margin of the sales to free zone branch	(698.116)	(1.500.021)	139.623	300.006
Other	967.179	1.587.742	(193.436)	(317.548)
Deferred tax assets			7.923.225	8.200.194

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

	2009	2008
1 January	8.200.194	9.157.545
Deferred tax income	758.084	1.174.146
Charged to fair value reserve	191.268	(86.609)
Charged to hedge reserve	(1.226.321)	(2.044.888)
31 December	7.923.225	8.200.194

NOTE 21 - TAX ASSETS AND LIABILITIES (Continued)

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

	2009	2008
Profit before taxation on income	36.736.121	82.703.637
Tax calculated at enacted tax rate	7.347.224	16.540.727
Research and development deductions	(1.122.007)	(554.039)
Disallowable expenses	145.823	274.356
Deduction of financial losses	-	(335.979)
75% of profit from sales of subsidiary	(572.990)	
-		
Other	(16.953)	(12.983)
Total tax charge	5.781.097	15.912.082

NOTE 22 - 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 2009	1 January - 31 December 2008
Profit for the year	30.955.024	66.791.556
Weighted average number of the ordinary shares	5.336.900.000	5.336.900.000
Earnings per share (in full TL per share)	0,0058	0,0125

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

NOTE 23 - RELATED PARTY EXPLANATIONS

i) Balances with related parties as of 31 December 2009 and 2008:

	2009	2008
a) Bank deposits and borrowings		
Deposits with related parties		
Yapı ve Kredi Bankası A.Ş. ("Yapı Kredi")	146.687	39.504.246
	146.687	39.504.246
Borrowings from related parties		
Yapı Kredi	21.781.585	10.524.445
Yapı Kredi Finansal Kiralama A.O. ("Yapı Kredi Finansal Kiralama")	143.500	-
	21.925.085	10.524.445

	2009	2008
b) Due from related parties		
CNH International SA ("CNH International")	77.175.799	81.404.378
CNH Italy SPA ("CNH Italy")	1.926.647	730.003
Otokoç Otomotiv Tic ve San A.Ş. ("Otokoç")	1.199.553	53.980
New Holland Fiat India Pvt. Ltd. (*)	498.476	907.154
Yapı Kredi Finansal Kiralama	434.711	986.264
CNH France S.A ("CNH France")	367.309	338.710
Fiat Group Purchasing SRL	125.422	124.290
Harranova Besi ve Tarım A.Ş.	51.132	241.400
New Holland India Ag	-	133.987
Other	151.133	244.378
	81.930.182	85.164.544
Less: Unearned financial income	(85.299)	(404.540)
	81.844.883	84.760.004

(*) As of 1 January 2009, the title of Fiat India Pvt. Ltd. was changed as New Holland Fiat India Pvt. Ltd.

NOTE 23 - RELATED PARTY EXPLANATIONS (Continued)

	2009	2008
c) Due to related parties		
CNH International	4.449.433	33.779.543
Opet Petrolcülük A.Ş. ("Opet")	1.168.956	712.487
Zer Merkezi Hizmetler ve Ticaret A.Ş. ("Zer")	1.073.157	2.171.539
Koç Holding	597.187	933.923
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş. ("Koç Sistem")	494.996	315.164
Otokoç	255.908	62.650
New Holland Fiat India Pvt. Ltd.	169.318	-
Koçtaş Yapı Marketleri A.Ş.	133.500	60.652
Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş.	101.164	134.838
Koç Net Haberleşme Teknolojileri ve İletişim Hizmetleri A.Ş. ("Koç Net")	85.750	41.877
Setur Servis Turistik A.Ş. ("Setur")	37.201	105.162
Palmira Turizm Ticaret A.Ş. ("Palmira")	-	42.858
Koç Allianz Sigorta A.Ş. ("Koç Allianz ") (*)	-	16.333
CNH Italy	-	4.605
Other	208.080	67.518
	8.774.650	38.449.149
Less: Unearned financial expenses	(55.642)	(354.293)
	8.719.008	38.094.856

(*) Allianz A.G. purchased all interest of Koç Holding at Koç Allianz on April 2008. Therefore Koç Allianz is omitted from the scope of related parties.

ii) Significant sales and purchases transactions with related parties for the periods between 1 January - 31 December 2009 and 2008:

	1 January - 31 December 2009	1 January - 31 December 2008
a) Product sales to related parties		
CNH International (*)	312.257.820	302.218.299
CNH Italy	6.562.685	5.122.203
Case IH Machinery	5.681.787	-
Zer	834.842	873.410
Yapı Kredi Finansal Kiralama	-	2.946.119
Beldeyama Motorlu Vasıtalar Sanayi ve Ticaret A.Ş.	-	30.996
Other	4.484.486	8.786.162
	329.821.620	319.977.189

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

NOTE 23 - RELATED PARTY EXPLANATIONS (Continued)

	1 January - 31 December 2009	1 January - 31 December 2008
b) Other income from related parties		
CNH International	247.526	297.293
Palmira	-	42.928
Other	44.067	39.991
	291.593	380.212
c) Product purchases from related parties		
CNH International	35.338.651	49.800.931
Opet	6.253.547	7.502.714
Zer	641.358	492.003
Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	611.316	1.786.591
Koç Sistem	550.296	494.425
CNH France	3.603	649.127
CNH Italy	635	1.077.513
Ford Otomotiv Sanayi ve Ticaret A.Ş.	-	111.191
Other	1.746.830	817.713
	45.146.236	62.732.208
d) Service purchases from related parties		
Zer	3.934.425	4.502.839
Koç Holding (*)	1.837.911	1.556.812
CNH Italy (*)	1.100.000	1.201.089
Ram Sigorta Aracılık Hizmetleri A.Ş.	990.286	4.863.879
Otokoç	925.419	1.339.046
Setur	693.752	2.090.250
Opet	418.865	558.530
Koç Sistem	376.460	321.089
Koç Net	364.607	542.489
Vehbi Koç Vakfı	250.000	1.000.000
Palmira	284	1.139.882
Koç Allianz (**)	-	64.777
Other	528.701	273.542
	11.420.710	19.454.224

(*) Services purchased from Koç Holding and CNH Italy include consultancy services on human resources, strategy development, intermediary and advisory activities.
(*) Allianz A.G. purchased all interest of Koç Holding at Koç Allianz on April 2008. Therefore Koç Allianz is omitted from the scope of related parties.

NOTE 23 - RELATED PARTY EXPLANATIONS (Continued)

iii)Financial income and expenses arising from transactions with related parties for the periods between 1 January - 31 December 2009 and 2008:

	1 January - 31 December 2009	1 January - 31 December 2008
Interest Income		
Yapı Kredi	2.261.907	1.773.099

	1 January - 31 December 2009	1 January - 31 December 2008
Interest expense		
Yapı Kredi	745.150	719.175
Yapı Kredi Finansal Kiralama	49.945	-
	795.095	719.175

iv) Dividends paid to related parties:

	1 January - 31 December 2009	1 January - 31 December 2008
Koç Holding	6.442.494	35.460.335
CNH International	6.404.280	35.250.000
Public quotation	3.759.348	20.691.948
Temel Ticaret	356.664	1.963.126
Other	115.294	634.591
	17.078.080	94.000.000

v) Other transactions with related parties for the periods between 1 January - 31 December 2009 and 2008:

	1 January - 31 December 2009	1 January - 31 December 2008
Remuneration of Board of Directors and key management personnel	3.016.101	3.502.297

	1 January - 31 December 2009	1 January - 31 December 2008
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.

NOTE 23 - RELATED PARTY EXPLANATIONS (Continued)

	1 January - 31 December 2009	1 January - 31 December 2008
Gain on sale of propert, pland and equipment		
Zer	84.617	35.376

NOTE 24 - 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 for recorded and prospective foreign currency denominated 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.

NOTE 24 - 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 2009 and 2008 are as follows:

	2009		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	-	-	-

NOTE 24 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

	2008		2008				
	TL Equivalent	US Dollar	EUR	GBP	DKK	CHF	JPY
Trade Receivables	172.883.415	1.494.152	79.685.885	10.382	33.083	-	-
Monetary Financial Assets (Including cash, banks accounts)	40.925.354	10.776.237	11.504.321	-	-	-	-
Non-monetary Financial Assets	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Current Assets	213.808.769	12.270.389	91.190.206	10.382	33.083	-	-
Trade Receivables	165.051.139	68.040	77.049.814	-	-	-	-
Monetary Financial Assets	-	-	-	-	-	-	-
Non-monetary Financial Assets	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Non-current Assets	165.051.139	68.040	77.049.814	-	-	-	-
Total Assets	378.859.908	12.338.429	168.240.020	10.382	33.083	-	-
Trade Payables	97.475.377	10.258.246	38.168.051	60.989	160.874	1.143	4.189.906
Financial Liabilities	345.939.389	-	161.593.510	-	-	-	-
Other Monetary Liabilities	560.703	158.802	136.428	12.991	-	-	-
Other Non-monetary Liabilities	-	-	-	-	-	-	-
Current Liabilities	443.975.469	10.417.048	199.897.989	73.980	160.874	1.143	4.189.906
Trade Payables	-	-	-	-	-	-	-
Financial Liabilities	20.637.929	-	9.640.288	-	-	-	-
Other Monetary Liabilities	-	-	-	-	-	-	-
Other Non-monetary Liabilities	-	-	-	-	-	-	-
Non-current Liabilities	20.637.929	-	9.640.288	-	-	-	-
Total Liabilities	464.613.398	10.417.048	209.538.277	73.980	160.874	1.143	4.189.906
Total Amount of Hedged Assets	56.196.000	-	26.250.000	-	-	-	-
Total Amount of Hedged Liabilities	-	-	-	-	-	-	-
Net Asset/(Liability) Position of Off-balance Sheet Derivative Instruments	56.196.000	-	26.250.000	-	-	-	-
Net Foreign Currency Asset/(Liability) Position	(29.557.490)	1.921.381	(15.048.257)	(63.598)	(127.791)	(1.143)	(4.189.906)
Net Monetary Foreign Currency Asset/ (Liability) Position	(85.753.490)	1.921.381	(41.298.257)	(63.598)	(127.791)	(1.143)	(4.189.906)

NOTE 24 - 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 2009 and 2008 are as follows:

	1 January - 31 December 2009	1 January - 31 December 2008
Total export amount	326.865.378	316.816.734
Total import amount	137.867.343	226.293.539

As of 31 December 2009 and 2008, percentage of hedging of total foreign currency liabilities through receivables from derivative financial assets are as follows:

	2009	2008
Percentage of hedging of total foreign currency liabilities	-	12%

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 2009 and 2008 under the assumption of the appreciation and depreciation of TL against other currencies by 10% with all other variables held constant, is as follows:

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

	2008			
	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	290.570	(290.570)	-	-
Hedged amount against US Dollar risk (-)	-	-	-	-
Net Effect of US Dollar	290.570	(290.570)	-	-
Had TL appreciate/(depreciate) by 10% against EUR				
Profit/(loss) from EUR net liability position	(8.228.002)	8.228.002	-	-
Hedged amount against EUR risk (-)	-	-	5.619.600	(5.619.600)
Net Effect of EUR	(8.228.002)	8.228.002	5.619.600	(5.619.600)
Total Net Effect	(7.937.432)	7.937.432	5.619.600	(5.619.600)

Price Risk

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

Cash flow and fair value interest rate risk

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

b) Credit Risk

Financial assets are in hand carrying the risk of the inability of fulfilling the requirements of the agreements by the counter parties. . The Company management manages these risks by limiting the average risk to any individual counterparty, by obtaining guarantees where necessary. The Company limits these risks that may arise from its dealers, by restricting the credit limits determined for the dealers according to the amount of the guarantees received, by updating the guarantee amounts regularly and by receiving the pledge of ownership of the tractors sold. Credit limits are regularly monitored by the Company and the customers' credit quality are regularly evaluated by considering the customers' financial position, past experiences and other factors. Trade receivables are evaluated by the management of the Company depending on their past experiences and current economic conditions and are presented in financial statements net of provision for doubtful receivables (Note 8).

NOTE 24 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

b) Credit risk (Continued)

The Company's maximum exposure to credit risk as of 31 December 2009 and 2008 is as follows:

	2009				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 guarantee and bails given by the Company (Note 13b).
(**) 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.

NOTE 24 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

	2008		2008				
	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	56.522.358	314.471.183	-	-	115.684.361	-	-
Net book value of restructured financial assets, otherwise that will be considered as due dated or impaired	-	28.818.408	-	-	-	-	-
Net book value of due dated but not impaired assets	28.237.646	23.497.446	-	-	-	-	-
Net book value of impaired assets	-	8.065.951	-	-	-	-	-
- Due dated (Gross book value)	-	22.180.010	-	-	-	-	-
- Provision (-)	-	(14.114.059)	-	-	-	-	-
- Undue (Gross book value)	-	-	-	-	-	-	-
- Provision (-)	-	-	-	-	-	-	-
Off-balance sheet items exposed to credit risk	-	-	-	-	-	-	18.693.659
Amount exposed to maximum credit risk (**)	84.760.004	374.852.988	-	-	115.684.361	-	18.693.659

(*) Other includes the letters of gurantee and bails given by the Company (Note 13b).
(**) 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 TL142.332.702 (Note 13c). Besides, the guarantee amount of the assets which are due but not impaired and are impaired are TL70.052.980 and TL8.721.000, respectively.

NOTE 24 - 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 2009 and 2008 are as follows:

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	-	-	-	-

2008	Receivables				
	Trade Receivables	Other Receivables	Bank Deposits	Derivative Instruments	Other
Past due between 1-30 days	7.304.323	-	-	-	-
Past due between 1-3 months	62.535.734	-	-	-	-
Past due between 3-12 months	10.713.443	-	-	-	-
Past due between 1-5 years	-	-	-	-	-
Past due over 5 years	-	-	-	-	-
Total past due balance	80.553.500	-	-	-	-
Amount secured by collaterals (*)	103.518.076	-	-	-	-

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

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 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.

NOTE 24 - 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 2009 and 2008 are disclosed as follows:

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	-	-	-	-	-	-

2008	Book value	Up to 3 months	3 months to 1 year	1 year to 5 years	No maturity	Total contractual cash outflows
Financial liabilities	525.433.581	305.437.347	218.390.885	26.063.731	-	549.891.963
Trade payables	74.433.859	74.993.571	-	-	-	74.993.571
Due to related parties	38.094.856	38.449.149	-	-	-	38.449.149
Provisions	12.360.035	2.362.248	9.997.787	-	-	12.360.035
Provision for employment termination benefits	7.573.991	-	-	-	7.573.991	7.573.991
Other financial liabilities	6.131.604	6.131.604	-	-	-	6.131.604
Other current liabilities	13.564.372	13.564.372	-	-	-	13.564.372
Financial liabilities other than derivatives	677.592.298	440.938.291	228.388.672	26.063.731	7.573.991	702.964.685
Cash inflow from derivative instruments	56.196.000	58.013.832	-	-	-	58.013.832
Cash outflow from derivative instruments	62.327.604	64.343.525	-	-	-	64.343.525
Financial liabilities from derivative instruments	6.131.604	6.329.693	-	-	-	6.329.693

NOTE 24 - 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 debt/capital (gearing) ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total payables (including borrowings and trade and other payables, as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as equity, as shown in the balance sheet, plus net debt.

The gearing ratios at 31 December 2009 and 2008 are as follows:

	2009	2008
Total payables	398.776.511	651.526.668
Less: Cash and cash equivalents (Note 4)	(80.396.303)	(115.448.598)
Net debt	318.380.208	536.078.070
Total shareholders' equity	300.700.934	285.552.805
Total capital	619.081.142	821.630.875
Net debt/capital	51%	65%

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.

NOTE 24 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

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

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

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

Financial liabilities

term and long-term bank borrowings are presented in Note 6.

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

NOTE 25 - EXPLANATION ADDED FOR CONVENIENCE TRANSLATION INTO ENGLISH

As of 31 December 2009, 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 and presentation of the basic financial statements and the notes to them. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

55th year

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