

Türk Traktör ve Ziraat Makineleri A.Ş.

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

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

**CONDENSED FINANCIAL STATEMENTS AND SELECTED
EXPLANATORY NOTES FOR THE INTERIM PERIOD BETWEEN
1 JANUARY – 30 SEPTEMBER 2011**

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TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

INTERIM BALANCE SHEET

AS OF 30 SEPTEMBER 2011

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

	Notes	Unaudited 30 September 2011	Audited 31 December 2010
ASSETS			
CURRENT ASSETS			
		918.421.623	739.251.159
Cash and cash equivalents	3	180.676.742	248.557.341
Trade receivables			
- Trade receivables	5	248.123.980	214.976.132
- Due from related parties	19	99.059.726	62.152.300
Inventories	6	287.498.226	129.799.394
Other current assets	9	103.062.949	83.765.992
NON-CURRENT ASSETS			
		153.516.593	146.921.396
Trade receivables	5	45.163.419	59.532.098
Other receivables		325.061	328.616
Property, plant and equipment	7	62.746.090	55.963.502
Intangible assets	8	23.348.562	18.326.444
Other fixed assets		2.362.241	-
Deferred tax assets	17	19.571.220	12.770.736
TOTAL ASSETS		1.071.938.216	886.172.555

The condensed interim financial statements prepared for the period ended at 30 September 2011 have been approved by the Board of Directors ("BOD") on 24 October 2011 and signed by General Manager, Marco Votta and Chief Financial Officer, Memet İlkan Kamber on behalf of BOD.

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

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

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

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

	Notes	Unaudited 30 September 2011	Audited 31 December 2010
LIABILITIES			
CURRENT LIABILITIES		449.092.898	369.380.804
Financial liabilities	4	103.717.780	127.922.061
Trade payables			
- Trade payables	5	265.326.801	185.792.694
- Due to related parties	19	7.627.989	9.957.397
Other payables		1.731.313	2.153.111
Taxation on income	17	21.346.990	12.156.512
Provisions	10	27.210.463	15.087.456
Other current liabilities	9	22.131.562	16.311.573
NON-CURRENT LIABILITIES		71.004.074	48.620.838
Financial liabilities	4	63.578.297	41.032.794
Provision for employment termination benefits	11	7.425.777	7.588.044
SHAREHOLDERS' EQUITY		551.841.244	468.170.913
Share capital	12	53.369.000	53.369.000
Adjustment to share capital	12	39.014.356	39.014.356
Merger reserve		(5.569.000)	(5.569.000)
Restricted profit reserves		74.702.802	59.969.647
Retained earnings		156.653.755	141.669.814
Net profit for the period		233.670.331	179.717.096
TOTAL LIABILITIES		1.071.938.216	886.172.555
Provisions, contingent assets and liabilities	10		

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

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

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

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

	Notes	1 January - 30 September 2011	1 July - 30 September 2011	1 January - 30 September 2010	1 July - 30 September 2010
Sales (net)	13	1.317.150.105	422.806.675	843.178.668	298.850.781
Cost of sales (-)	13	(968.292.207)	(326.334.409)	(628.180.086)	(218.635.049)
GROSS PROFIT		348.857.898	96.472.266	214.998.582	80.215.732
Marketing, selling and distribution expenses (-)		(56.913.439)	(19.970.234)	(32.858.437)	(12.593.793)
General administrative expenses (-)		(18.383.376)	(6.609.020)	(16.970.162)	(4.872.817)
Research and development expenses (-)		(2.173.706)	(792.732)	(6.369.288)	(5.282.627)
Other operating income	14	8.795.984	2.227.184	1.724.372	93.531
Other operating expenses (-)	14	(9.333.203)	(4.007.479)	(20.974.650)	(3.256.028)
OPERATING PROFIT		270.850.158	67.319.985	139.550.417	54.303.998
Financial income	15	255.629.596	95.966.530	288.305.821	104.680.095
Finance expenses (-)	16	(238.004.563)	(84.003.385)	(285.477.695)	(102.546.636)
PROFIT BEFORE TAXATION ON INCOME		288.475.191	79.283.130	142.378.543	56.437.457
Taxes on income (-)	17	(61.605.344)	(16.359.560)	(35.688.848)	(13.030.269)
Deferred tax income	17	6.800.484	2.694.733	7.966.062	1.983.073
PROFIT FOR THE PERIOD		233.670.331	65.618.303	114.655.757	45.390.261
Earnings per share (TL)	18	0,0438	0,0123	0,0215	0,0085
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME		233.670.331	65.618.303	114.655.757	45.390.261

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

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

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

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

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

	Share capital	Adjustment to share capital	Merger reserve	Restricted profit reserves	Retained earnings	Net profit for the period	Total shareholders' equity
1 January 2011	53.369.000	39.014.356	(5.569.000)	59.969.647	141.669.814	179.717.096	468.170.913
Transfers	-	-	-	14.733.155	164.983.941	(179.717.096)	-
Dividends paid	-	-	-	-	(150.000.000)	-	(150.000.000)
Net profit for the period	-	-	-	-	-	233.670.331	233.670.331
30 September 2011	53.369.000	39.014.356	(5.569.000)	74.702.802	156.653.755	233.670.331	551.841.244

	Share capital	Adjustment to share capital	Merger reserve	Restricted profit reserves	Retained earnings	Net profit for the period	Total shareholders' equity
1 January 2010	53.369.000	39.014.356	(5.569.000)	59.011.780	123.919.774	30.955.024	300.700.934
Transfers	-	-	-	957.867	29.997.157	(30.955.024)	-
Dividends paid	-	-	-	-	(12.247.117)	-	(12.247.117)
Net profit for the period	-	-	-	-	-	114.655.757	114.655.757
30 September 2010	53.369.000	39.014.356	(5.569.000)	59.969.647	141.669.814	114.655.757	403.109.574

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

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

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

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

	Notes	Unaudited 1 January - 30 September 2011	Unaudited 1 January - 30 September 2010
Operating activities:			
Profit before taxation on income		288.475.191	142.378.543
Depreciation	7	6.437.411	4.919.269
Amortization	8	1.908.414	1.306.659
Provision for employment termination benefits	11	546.434	1.232.135
Gain from sales of property, plant and equipment - net	14	(578.901)	(185.863)
Interest income	15	(7.807.128)	(4.139.080)
Interest expense	16	3.439.184	7.440.185
Provision for impairment of inventory	6	(700.763)	(1.073.278)
Expense accruals-net		12.123.007	3.283.613
Provision for doubtful receivables	14	8.564.263	20.770.767
Other non-cash items		(4.459.201)	(17.675.223)
Net cash flow before changes in operating assets and liabilities		307.947.911	158.257.727
Changes in operating assets and liabilities - net:			
Increase in trade receivables		(5.576.784)	(46.323.161)
(Increase)/decrease in due from related parties		(36.907.426)	16.233.058
(Increase)/ decrease in inventories		(153.161.580)	13.821.480
Increase in other current assets		(19.296.957)	(1.809.730)
Decrease in other receivables		3.555	166.108
Decrease in due to related parties		(2.329.408)	(3.010.016)
Increase in other fixed assets		(2.362.241)	-
Increase in trade payables		60.273.461	81.031.978
Decrease in other payables		(421.798)	(2.399.231)
Increase in other short-term liabilities		5.819.989	13.194.477
Employment termination benefits paid	11	(708.701)	(971.849)
Taxes paid		(52.414.866)	(24.765.810)
Net cash provided by operating activities		100.865.155	203.425.031
Investing activities:			
Capital expenditures		(20.303.045)	(9.289.690)
Gain from sales of property, plant and equipment and intangible assets		731.415	254.756
Interest received		8.383.111	4.074.731
Net cash used in investing activities		(11.188.519)	(4.960.203)
Financing activities:			
Proceeds from bank borrowings		196.717.917	150.623.163
Repayment of financial borrowings		(206.757.182)	(266.028.771)
Dividends paid		(150.000.000)	(12.247.117)
Interest paid		(3.206.709)	(7.300.592)
Net cash used in investing activities		(163.245.974)	(134.953.317)
Effect of change of exchange rate on cash and cash equivalent		6.032.655	(230.937)
(Decrease)/increase in cash and cash equivalents		(73.569.338)	63.511.511
Cash and cash equivalents at the beginning of the period	3	247.556.860	80.396.303
Cash and cash equivalents at the end of the period	3	180.020.177	143.676.877

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

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

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

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Türk Traktör ve Ziraat Makineleri A.Ş. (the “Company”) was established in 1954 in Ankara, as Minneapolis Moline Türk Traktör ve Ziraat Makineleri A.Ş. to undertake the manufacturing and trade of farm tractors, harvesters and other agricultural machinery and equipment. The name of the Company was changed as Türk Traktör Ziraat Makineleri A.Ş. in 1968 upon the purchase of 25% of the shares held by Ege Makina ve Ticaret A.Ş., a company of the Koç Holding A.Ş. (“Koç Holding”). As of 30 September 2011, major shareholders of the Company are Koç Holding and CNH Osterreich GmbH (“CNH Osterreich”) (Note 12). The number of personnel working within the Company as of 30 September 2011 is 2.364 (31 December 2010: 1.817).

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

The method adopted in the business combination of the Company and Trakmak, was merger over adjusted equities in accordance with the International Financial Report Standards. Merger ratio based on the equity method that was determined as 88,067 % by an independent expert firm and by dividing the previous share capital of the Company amounting to TL 47.000.000 by the merger ratio, share capital after the merger has been determined as TL 53.369.000.

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

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

The Company is registered in Turkey in the following address:

Güvercin Yolu No: 111-112
06560 - Gazi Ankara

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

Principles governing the preparation of financial statements

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

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

**SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)
FOR THE INTERIM PERIOD BETWEEN 1 JANUARY-30 SEPTEMBER 2011**

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

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

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

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

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

As the differences of the IAS/IFRS endorsed by the European Union from the ones issued by the IASB has not been announced by TASB as of date of preparation of these financial statements, the condensed financial statements have been prepared within the framework of Communiqué XI, No: 29 and related promulgations to this Communiqué as issued by the CMB in accordance with CMB Financial Reporting Standards which is based on IAS/IFRS. The financial statements and the related notes to them are presented in accordance with the formats recommended by the CMB including the compulsory disclosures.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.2 Amendments in IFRS

- IAS 19 (Amendment) “Employee Benefits” (effective for the reporting periods beginning on or after 1 January 2013).
- IAS 27 (Amendment), “Consolidated and Separate Financial Statements” (effective for the reporting periods beginning on or after 1 January 2011).
- IFRS 3 (Amendment), “Business Combinations” (effective for the reporting periods beginning on or after 1 January 2011).
- IFRS 11 (Amendment), “ Joint Arrangements” (effective for the reporting periods beginning on or after 1 January 2013).
- IFRS 13 (Amendment), “Fair Value Measurement” (effective for the reporting periods beginning on or after 1 January 2013).
- IAS 1 (Amendment), “Presentation of financial statements”, (effective for the reporting periods beginning on or after 1 January 2011).
- IFRS 12 (Amendment),” Disclosure of Interest in Other Entities” (effective for the reporting periods beginning on or after 1 January 2013).

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

**SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)
FOR THE INTERIM PERIOD BETWEEN 1 JANUARY-30 SEPTEMBER 2011**

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

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

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

2.3 Comparative information and corrections of prior years’ financial statements

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

- a) Expense provision amounting to TL 107.798 classified as provisions in the balance sheet as of December 31, 2010 has been classified under the other current liabilities.
- b) Other payables amounting to TL 2.153.111 classified as other current liabilities in the balance sheet as of December 31, 2010 has been classified under the other payables.
- c) Deposits and guarantees given amounting to TL 328.616 classified as other non-current assets in the balance sheet as of December 31,2010 has been classified under the other receivables.

2.4 Seasonality of the operations

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

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

**SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)
FOR THE INTERIM PERIOD BETWEEN 1 JANUARY-30 SEPTEMBER 2011**

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

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

2.5 Convenience Translation into English of Financial Statements

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

NOTE 3 - CASH AND CASH EQUIVALENTS

	30 September 2011	31 December 2010
Banks		
- TL denominated demand deposits	9.278.229	3.116.444
- TL denominated time deposits	114.028.452	191.454.665
- Foreign currency denominated demand deposits	1.223.069	1.998.046
- Foreign currency denominated time deposits	56.146.992	51.988.186
	180.676.742	248.557.341

As of 30 September 2011, the weighted average effective annual interest rate for the TL, Euro and US Dollar time deposits is 9,11%, 3,47% and 4,24% (31 December 2010: TL: 8,92%, EUR: 3,24%). As of 30 September 2011 and 31 December 2010, 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 30 September 2011, 31 December 2010, 30 September 2010 and 31 December 2009 are as follows:

	30 September 2011	31 December 2010	30 September 2010	31 December 2009
Banks	180.676.742	248.557.341	144.078.070	80.690.192
Less: Interest accruals	(33.986)	(609.969)	(123.282)	(58.935)
Less: Restricted bank deposits(*)	(622.579)	(390.512)	(277.911)	(234.954)
Cash and cash equivalents	180.020.177	247.556.860	143.676.877	80.396.303

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

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

**SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)
FOR THE INTERIM PERIOD BETWEEN 1 JANUARY-30 SEPTEMBER 2011**

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

NOTE 4 - FINANCIAL LIABILITIES

a) Short-term financial liabilities

Short-term bank borrowings

	<u>Original currency amount</u>		<u>Weighted average effective interest rate p.a. (%)</u>		<u>TL Equivalent</u>	
	<u>30 September 2011</u>	<u>31 December 2010</u>	<u>30 September 2011</u>	<u>31 December 2010</u>	<u>30 September 2011</u>	<u>31 December 2010</u>
TL bank borrowings (*)	2.351.678	3.528.457	-	7,00	2.351.678	3.528.457
EUR bank borrowings	17.579.017	55.706.458	3,90	2,25	44.223.533	114.146.396
USD bank borrowings	10.063.891	-	4,60	-	18.570.898	-
					65.146.109	117.674.853

(*) As of 30 September 2011, the total credit amounting to TL2.351.678 (31 December 2010: TL1.497.736) are credits obtained from domestic banks to pay the debts of miscellaneous tax and social security withholdings. There is no interest for these credits and terms of payment is 3 days (31 December 2010 : 3 days).

Short term portion of long term bank borrowing

	<u>Original currency amount</u>		<u>Weighted average effective interest rate p.a. (%)</u>		<u>TL Equivalent</u>	
	<u>30 September 2011</u>	<u>31 December 2010</u>	<u>30 September 2011</u>	<u>31 December 2010</u>	<u>30 September 2011</u>	<u>31 December 2010</u>
EUR bank borrowings	15.330.583	5.000.000	2,80	3,00	38.567.148	10.247.208
					38.567.148	10.247.208

Short-term financial lease obligations

	<u>Original currency amount</u>		<u>TL Equivalent</u>	
	<u>30 September 2011</u>	<u>31 December 2010</u>	<u>30 September 2011</u>	<u>31 December 2010</u>
TL financial lease obligations	4.523	-	4.523	-
			4.523	-
Total short-term financial liabilities			103.717.780	127.922.061

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

**SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)
FOR THE INTERIM PERIOD BETWEEN 1 JANUARY-30 SEPTEMBER 2011**

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

NOTE 4 - FINANCIAL LIABILITIES (Continued)

b) Long-term financial liabilities

Long-term bank borrowings

	<u>Original currency amount</u>		<u>Weighted average effective interest rate p.a. (%)</u>		<u>TL Equivalent</u>	
	<u>30 September 2011</u>	<u>31 December 2010</u>	<u>30 September 2011</u>	<u>31 December 2010</u>	<u>30 September 2011</u>	<u>31 December 2010</u>
EUR bank borrowings	25.265.313	20.024.788	4,59	2,98	63.559.947	41.032.794
Total long-term financial liabilities					63.559.947	41.032.794

Long-term financial lease obligations

	<u>Original currency amount</u>		<u>TL Equivalent</u>	
	<u>30 September 2011</u>	<u>31 December 2010</u>	<u>30 September 2011</u>	<u>31 December 2010</u>
TL financial lease obligations	18.350	-	18.350	-
			18.350	-
Total long-term financial liabilities			63.578.297	41.032.794

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

	2011
2012	63.559.947
	63.559.947

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

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

	<u>Carrying value</u>		<u>Fair value</u>	
	<u>30 September 2011</u>	<u>31 December 2010</u>	<u>30 September 2011</u>	<u>31 December 2010</u>
Bank borrowings	167.273.204	168.954.855	163.648.870	167.419.021

As of 30 September 2011, fair values of the EUR and US Dollar denominated bank borrowings are determined by using the discounted cash flow method over annual average effective discount rates of 5,22% and 5,00% p.a., respectively (31 December 2010: EUR and TL bank borrowings 2,66% and 6,50% p.a., respectively).

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NOTE 5 - TRADE RECEIVABLES AND PAYABLES

	30 September 2011	31 December 2010
Short-term trade receivables:		
Customer current accounts	188.450.624	164.100.405
Notes receivables	89.111.637	81.088.271
Protested notes	17.982.229	16.772.681
	295.544.490	261.961.357
Less: Provision for doubtful receivables	(44.130.592)	(43.035.979)
Unearned financial income	(3.289.918)	(3.949.246)
Short-term trade receivables	248.123.980	214.976.132
Due from related parties (Note 19)	99.059.726	62.152.300
Total short-term trade receivables	347.183.706	277.128.432
Movements of the provisions for doubtful receivables for the periods ended 30 September 2011 and 30 September 2010 are as shown below:		
	2011	2010
1 January	(43.035.979)	(20.817.960)
Collections during the year (Note 14)	7.469.650	1.251.875
Charge during the year (Note 14)	(8.564.263)	(20.770.767)
30 September	(44.130.592)	(40.336.852)
	30 September 2011	31 December 2010
Long-term trade receivables:		
Notes receivables	46.890.435	63.998.219
Less: Unearned financial income	(1.727.016)	(4.466.121)
Long-term trade receivables	45.163.419	59.532.098
	30 September 2011	31 December 2010
Trade payables:		
Supplier current accounts	265.962.846	186.504.161
Less: Un-incurred financial expense	(636.045)	(711.467)
Trade payables	265.326.801	185.792.694
Due to related parties (Note 19)	7.627.989	9.957.397
Total trade payables	272.954.790	195.750.091

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NOTE 6 – INVENTORIES

	30 September 2011	31 December 2010
Raw materials	118.056.641	55.807.795
Work in progress	13.323.774	2.968.411
Finished goods	48.111.919	12.823.091
Commercial goods	26.221.725	23.235.584
Spare parts	16.125.560	13.933.438
Goods in transit	67.478.941	23.552.172
	289.318.560	132.320.491
Provision for impairment of inventory	(1.820.334)	(2.521.097)
	287.498.226	129.799.394

The cost of inventories recognized as expense in the current period, amounted to TL917.582.782 (30 September 2010: TL571.297.776).

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

	2011	2010
1 January	(2.521.097)	(4.246.237)
Released during the period	988.314	2.305.377
Charge during the period for impairment of inventory	(287.551)	(1.232.099)
30 September	(1.820.334)	(3.172.959)

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

NOTE 7- PROPERTY, PLANT AND EQUIPMENT

<u>Cost</u>	1 January 2011	Additions	Disposals	Transfers	30 September 2011
Land	373.095	-	-	-	373.095
Land improvements	4.745.435	581.071	-	-	5.326.506
Buildings	49.149.170	78.100	-	1.260.774	50.488.044
Machinery and equipment	322.507.484	7.037.004	(4.841.891)	7.615.520	332.318.117
Special costs	2.705.188	-	-	-	2.705.188
Motor vehicles	1.918.149	497.722	(539.676)	-	1.876.195
Furniture and fixtures	23.389.573	1.668.767	(1.313.486)	2.876.251	26.621.105
Construction in progress	11.998.368	4.012.330	-	(12.255.026)	3.755.672
	416.786.462	13.874.994	(6.695.053)	(502.481) (*)	423.463.922

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NOTE 7- PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2011	Additions	Disposals	Transfers	30 September 2011
<u>Accumulated depreciation</u>					
Land improvements	3.066.503	94.548	-	-	3.161.051
Buildings	33.572.888	1.140.248	-	-	34.713.136
Machinery and equipment	300.991.225	3.839.311	(4.828.412)	-	300.002.124
Special costs	2.581.685	30.376	-	-	2.612.061
Motor vehicles	1.307.407	219.445	(415.651)	-	1.111.201
Furniture and fixtures	19.303.252	1.113.483	(1.298.476)	-	19.118.259
	360.822.960	6.437.411	(6.542.539)	-	360.717.832
Net book value	55.963.502				62.746.090

* Transferred to intangible assets.

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

For the period ended 30 September 2011, of the total depreciation expense amounting to TL 6.437.411 (30 September 2010: TL 4.919.269), TL 4.292.850 (30 September 2010: TL 3.515.138) is allocated to production costs, TL 1.339.640 (30 September 2010: TL 989.162) is allocated to general administrative expenses, TL 414.646 (30 September 2010: TL 265.197) is allocated to research and development expenses and TL 390.275 (30 September 2010: TL 149.772) is allocated to marketing, selling and distribution expenses. The depreciation expense amounting to TL 438.330 (30 September 2010: TL 275.171) is capitalized during the period as it is related to the development costs.

There has not been any mortgage on property, plant and equipment as of 30 September 2011 and 2010.

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NOTE 8 - INTANGIBLE ASSETS

	1 January 2011	Additions	Disposals	Transfers	30 September 2011
<u>Cost</u>					
Rights	4.845.814	461.468	-	502.481	5.809.763
Development costs	10.088.545	-	-	-	10.088.545
Development costs in progress	9.489.048	5.966.583	-	-	15.455.631
	24.423.407	6.428.051	-	502.481	31.353.939
<u>Accumulated amortization</u>					
Rights	3.827.883	395.132	-	-	4.223.015
Development costs	2.269.080	1.513.282	-	-	3.782.362
	6.096.963	1.908.414	-	-	8.005.377
Net book value	18.326.444				23.348.562

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

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

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

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NOTE 8 - INTANGIBLE ASSETS (Continued)

For the period ended 30 September 2011, of the total amortization expenses amounting to TL 1.908.414 (30 September 2010: TL 1.306.659), TL 263.498 (30 September 2010: TL 184.492) is allocated to production costs, TL 82.228 (30 September 2010: TL 51.916) is allocated to general administrative expenses, TL 1.538.733 (30 September 2010: TL 1.062.390) is allocated to research and development expenses and TL 23.955 (30 September 2010: TL 7.861) is allocated to marketing, selling and distribution expenses.

NOTE 9 - OTHER ASSETS AND LIABILITIES

	30 September 2011	31 December 2010
a) Other current assets:		
Deferred value added tax (“VAT”)	72.549.139	34.849.308
Reclaimed VAT	23.870.856	48.639.204
Prepaid expenses	2.016.000	234.068
Other	4.626.954	43.412
	103.062.949	83.765.992

	30 September 2011	31 December 2010
b) Other short-term liabilities:		
Deferred income (*)	5.907.957	2.494.899
Payables to personnel and accrued premiums	4.040.405	2.469.233
Taxes, funds and other related payable	3.276.949	4.883.631
Incentive income for future periods (**)	1.088.229	842.192
Advances taken (***)	150.942	5.513.820
Other accrued expenses (****)	7.667.080	107.798
Other short-term liabilities:	22.131.562	16.311.573

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

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

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

(****)As of 30 September 2011, the account consists of donations payables and accrued liabilities with un-received invoices.

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NOTE 10 - PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

a) Provisions

	30 September 2011	31 December 2010
Warranty provisions	25.632.260	14.763.037
Provisions for unused vacations	1.113.648	-
Provision for lawsuits (*)	464.555	324.419
	27.210.463	15.087.456

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

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

	2011	2010
1 January	14.763.037	7.258.630
Released during the period	(11.303.937)	(6.788.234)
Charge for the period	22.173.160	10.107.847
30 September	25.632.260	10.578.243

As of 30 September 2011 and 2010, the movement of provision for lawsuits is as follows

	2011	2010
1 January	324.419	119.916
Charge for the period (Note 14)	140.136	50.000
Cancelled provisions for the period (Note 14)	-	(86.000)
30 September	464.555	83.916

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

b) Contingent Liabilities

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

	30 September 2011	31 December 2010
A. The total amount of collaterals given on behalf of its own legal entity	11.080.570	40.554.828
B. The total amount of collaterals given in favor of the companies in the scope of full consolidation	-	-
C. The total amount of collaterals given for the purpose of providing debt to third parties in the course of ordinary business activities	-	-
D. The total amount of other collaterals given	-	-
i. The total amount of collaterals given in favor of the parent companies	-	-
ii. The total amount of collaterals given in favor of other group companies which are not in the scope of items B and C	-	-
iii. The total amount of collaterals given in favor of third parties other than the parties stated in item C	-	-
	11.080.570	40.554.828

As of 30 September 2011 the original amount of guarantees given by the corporate name of the Company are EUR 4.090.468 and US Dollar 26.444. (31 December 2010: EUR 17.124.995 and US Dollar 26.444)

c) Contingent Assets

	Original Amounts						TL equivalent	
	30 September 2011			31 December 2010			30 September 2011	31 December 2010
	Euro	US Dollar	TL	Euro	US Dollar	TL		
Letters of guarantees received	184.000	470.000	222.957.303	69.245	660.400	176.697.724	224.287.483	177.860.592
Direct indebtment	-	-	107.190.095	-	-	49.891.109	107.190.095	49.891.109
Mortgages	-	-	6.373.980	-	-	7.719.980	6.373.980	7.719.980
Security bonds	-	-	1.750.000	-	-	1.750.000	1.750.000	1.750.000
TL guarantees in cash	-	-	30.591	-	-	387.099	30.591	387.099
Foreign currency guarantees in cash	-	8.172	-	-	8.153	-	15.080	12.605
							339.647.229	237.621.385

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NOTE 11 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

	30 September 2011	31 December 2010
Provision for employment termination benefits	7.425.777	7.588.044
	7.425.777	7.588.044

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

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

The amount payable consists of one month's salary limited to a maximum of TL 2.731,85 for each year of service as of 30 September 2011 (31 December 2010: TL 2.517,01).

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

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

	30 September 2011	31 December 2010
Discount rate (%)	4,66	4,66
Turnover rate to estimate the probability of retirement (%)	94,72	95,51

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. The maximum amount of TL 2.731,85 which is effective from 1 October 2011 has been taken into consideration in calculating the provision for employment termination benefits of the Company.

Movements of the provision for employment termination benefits during the year are as follows:

	2011	2010
1 January	7.588.044	6.301.237
Charge for the period	546.434	1.232.135
Paid during the period	(708.701)	(971.849)
30 September	7.425.777	6.561.523

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NOTE 12 - SHAREHOLDERS' EQUITY

Paid-in Share Capital

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

The Company's share capital is composed of 5.336.900.000 units of shares each Kr 1 nominal value. The nominal value of share capital is TL 53.369.000.

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

	30 September 2011		31 December 2010	
	Participation (%)	Share Amount (TL)	Participation (%)	Share Amount (TL)
Koç Holding	37,50	20.013.375	37,50	20.013.375
CNH Osterreich	37,50	20.013.375	-	-
CNH Global	-	-	37,50	20.013.375
Public quotation	24,93	13.306.859	24,30	12.981.957
Other	0,07	35.391	0,70	360.293
	100,00	53.369.000	100,00	53.369.000
Adjustments to share capital		39.014.356		39.014.356
		92.383.356		92.383.356

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

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

CNH Global one of the shareholders of company centered in Netherlands, assigned its 2.001.337.500 unit B group all paid shares, having nominal value of TL 20.013.375, to CNH Osterreich Company, affiliate of company with 100%, centered in Austria on 16 February 2011.

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

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NOTE 12 - SHAREHOLDERS' EQUITY (Continued)

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

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

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

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

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

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

Profit Distribution

The decision of dividend payment amounting to TL 150.000.000, taken in the Company's General Assembly dated 25 March 2011 (Note 19). Dividend payment distribution began at the date of 1 April 2011.

In the statutory financial statements of the Company, in addition to the statutory profit amounting to TL 224.261.878 for the period ended 30 September 2011, there are other resources that can be subject to a possible dividend distribution amounting to TL 201.678.913.

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NOT 13 – SALES AND COST OF SALES

	1 January - 30 September 2011	1 July - 30 September 2011	1 January - 30 September 2010	1 July - 30 September 2010
Domestic sales	1.201.232.838	363.677.695	642.042.991	251.738.309
Export sales	244.698.267	103.577.356	272.061.184	79.233.913
	1.445.931.105	467.255.051	914.104.175	330.972.222
Less: Discounts and returns	(128.781.000)	(44.448.376)	(70.925.507)	(32.121.441)
Sales income (net)	1.317.150.105	422.806.675	843.178.668	298.850.781
Cost of sales	(968.292.207)	(326.334.409)	(628.180.086)	(218.635.049)
Gross profit	348.857.898	96.472.266	214.998.582	80.215.732

NOTE 14 - OTHER OPERATING INCOME/EXPENSES

	1 January - 30 September 2011	1 July - 30 September 2011	1 January - 30 September 2010	1 July - 30 September 2010
Termination of provision for doubtful receivables (Note 5)	7.469.650	1.703.014	1.251.875	-
Gain on sales of property, plant and equipment	589.555	401.703	220.604	-
Incentive income	224.585	112.293	-	-
Cancellation of provision for lawsuits	-	-	86.000	86.000
Other income	512.194	10.174	165.893	7.531
Other operating income	8.795.984	2.227.184	1.724.372	93.531
Provision for doubtful receivables (Note 5)	(8.564.263)	(3.412.217)	(20.770.767)	(3.238.002)
Provision for lawsuits (Note 10)	(140.136)	(80.893)	(50.000)	22.813
Loss on sales of property, plant and equipment	(10.654)	(202)	(34.741)	(33.160)
Other expense	(618.150)	(514.167)	(119.142)	(7.679)
Other operating expenses	(9.333.203)	(4.007.479)	(20.974.650)	(3.256.028)

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NOTE 15 - FINANCIAL INCOME

	1 January - 30 September 2011	1 July - 30 September 2011	1 January - 30 September 2010	1 July - 30 September 2010
Foreign exchange gain	227.090.854	86.914.252	267.420.233	96.364.069
Financial income from credit sales	20.731.614	6.778.504	16.746.508	6.434.676
Interest income	7.807.128	2.273.774	4.139.080	1.881.350
Financial income	255.629.596	95.966.530	288.305.821	104.680.095

NOTE 16 - FINANCIAL EXPENSES

	1 January - 30 September 2011	1 July - 30 September 2011	1 January - 30 September 2010	1 July - 30 September 2010
Foreign exchange loss	(217.194.595)	(76.651.105)	(268.346.260)	(95.775.409)
Financial expense on credit purchases	(16.438.608)	(5.236.802)	(8.205.922)	(3.770.651)
Interest expenses on bank borrowings	(3.439.184)	(1.717.884)	(7.440.185)	(2.658.227)
Other	(932.176)	(397.594)	(1.485.328)	(342.349)
Financial expenses	(238.004.563)	(84.003.385)	(285.477.695)	(102.546.636)

NOTE 17 - TAX ASSETS AND LIABILITIES

	30 September 2011	31 December 2010
Corporate taxes payable	61.605.344	47.776.397
Less: Prepaid taxes	(40.258.354)	(35.619.885)
Total tax payable - net	21.346.990	12.156.512

	1 January - 30 September 2011	1 July - 30 September 2011	1 January - 30 September 2010	1 July - 30 September 2010
Current period corporate tax expense	(61.605.344)	(16.359.560)	(35.688.848)	(13.030.269)
Deferred tax income	6.800.484	2.694.733	7.966.062	1.983.073
Tax expense	(54.804.860)	(13.664.827)	(27.722.786)	(11.047.196)

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

**SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)
FOR THE INTERIM PERIOD BETWEEN 1 JANUARY-30 SEPTEMBER 2011**

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

NOTE 17 - TAX ASSETS AND LIABILITIES (Continued)

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

Deferred Taxes:

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

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

	<u>Temporary differences</u>		<u>Deferred tax assets/(liabilities)</u>	
	<u>30 September 2011</u>	<u>31 December 2010</u>	<u>30 September 2011</u>	<u>31 December 2010</u>
Property, plant and equipment and intangible assets, restatement and useful life differences	6.578.481	4.297.083	(1.315.696)	(859.417)
Unearned financial income on due from related parties	(171.818)	(92.155)	34.364	18.431
Provision for employment termination benefits	(7.425.777)	(7.588.044)	1.485.155	1.517.609
Capitalized un-incurred financial expense on inventory	(3.217.516)	(2.323.850)	643.503	464.770
Warranty provision	(25.632.260)	(14.763.037)	5.126.452	2.952.607
Provision for lawsuits	(464.555)	(324.419)	92.911	64.884
Unearned financial income on trade receivables	(2.954.687)	(5.528.446)	590.937	1.105.689
Provision for doubtful receivables	(34.877.374)	(34.553.275)	6.975.475	6.910.655
Provision for impairment of inventory	(1.820.334)	(2.521.097)	364.067	504.219
Accrued sales premium	(18.746.334)	-	3.749.267	-
Other expense provisions	(8.566.853)	(58.974)	1.713.371	11.795
Elimination of profit margin of the sales to free zone branch	(18.976)	(176.999)	3.795	35.400
Other	(538.093)	(220.467)	107.619	44.094
Deferred tax asset			19.571.220	12.770.736

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

**SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)
FOR THE INTERIM PERIOD BETWEEN 1 JANUARY-30 SEPTEMBER 2011**

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

NOTE 17 - TAX ASSETS AND LIABILITIES (Continued)

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

	2011	2010
1 January	12.770.736	7.923.225
Deferred tax income	6.800.484	7.966.062
30 September	19.571.220	15.889.287

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

	30 September 2011	30 September 2010
Taxation on income	288.475.191	142.378.543
Tax calculated at enacted tax rate	57.695.038	28.475.709
Investment deductions	(1.651.908)	-
Research and development deductions	(1.319.689)	(828.501)
Disallowable expenses	164.315	28.369
Other	(82.896)	47.209
Total tax charge	54.804.860	27.722.786

NOTE 18 - EARNINGS PER SHARE

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

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

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

	1 January - 30 September 2011	1 July - 30 September 2011	1 January - 30 September 2010	1 July - 30 September 2010
Profit for the period	233.670.331	65.618.303	114.655.757	45.390.261
Weighted average number of the ordinary shares	5.336.900.000	5.336.900.000	5.336.900.000	5.336.900.000
Earnings per share (1 Kr nominal value per share as TL)	0,0438	0,0123	0,0215	0,0085

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

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

**SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)
FOR THE INTERIM PERIOD BETWEEN 1 JANUARY-30 SEPTEMBER 2011**

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

NOTE 19 - RELATED PARTY DISCLOSURES

The Company is jointly controlled by Koç Holding and CNH Österreich. Related party balances and transactions disclosure is presented by grouping the companies with joint control power and group companies of them.

As of 30 September 2011 and 31 December 2010 due from related party and due to related party balances are presented with the summary of transactions between related parties within the period :

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

	30 September 2011	31 December 2010
a) Bank deposits and borrowings		
Deposits with related parties:		
Yapı ve Kredi Bankası A.Ş. (“Yapı Kredi”)	1.341.448	30.249.236
	1.341.448	30.249.236

	30 September 2011	31 December 2010
b) Due from related parties		
Trade receivables from group companies		
CNH International SA (“CNH International”) (*)	90.659.870	53.077.450
CNH Italy SPA (“CNH Italy”)	3.966.191	2.738.205
CNH Latin America Ltda.	2.918.287	4.582.435
New Holland Fiat India Pvt. Ltd.	708.177	973.924
Yapı Kredi Finansal Kiralama A.O.	512.563	411.087
CNH France S.A (“CNH France”)	-	310.092
Other	466.456	151.262
	99.231.544	62.244.455
Less: Unearned financial income	(171.818)	(92.155)
	99.059.726	62.152.300

(*) Due from related parties is due to the fact that significant part of foreign sales consist of export to CNH International. These receivables are collected regularly within the scope of terms agreed on business agreements.

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

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

NOTE 19 - RELATED PARTY DISCLOSURES (Continued)

c) Due to related parties

	30 September 2011	31 December 2010
Trade payables to shareholders		
Koç Holding	1.067.790	768.797
	1.067.790	768.797
Trade payables to group companies		
Opet Petrolcülük A.Ş. ("Opet")	4.549.961	2.421.872
CNH Services srl	682.069	-
Otokar Otobüs Karoseri Sanayi A.Ş. ("Otokar")	392.309	8.989
Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş. ("Opet Fuchs")	360.849	250.427
Koçtaş Yapı Marketleri A.Ş. ("Koçtaş")	277.277	209.077
Otokoç Otomotiv San. ve Tic. A.Ş. ("Otokoç")	105.141	142.564
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş. ("Koç Sistem")	14.275	2.387.896
Koç Net Haberleşme Teknolojileri ve İletişim Hizmetleri A.Ş. ("Koç Net")	532	45.762
Setur Servis Turistik A.Ş. ("Setur")	-	274.549
Zer Merkezi Hizmetler ve Ticaret A.Ş. ("Zer")	-	1.992.587
Eltek Elektrik Enerjisi İth.İhr.ve Toptan Tic.A.Ş. ("Eltek")	-	658.434
Arçelik A.Ş.	-	350.048
Other	238.049	594.529
	6.620.462	9.336.734
Less: Unearned financial expenses	(60.263)	(148.134)
	7.627.989	9.957.397

ii) Significant sales and purchases transactions with related parties for the period between 1 January - 30 September 2011 and 2010:

a) Product sales to related parties

	1 January - 30 September 2011	1 July - 30 September 2011	1 January - 30 September 2010	1 July - 30 September 2010
Product sales to group companies				
CNH International (*)	226.895.488	97.089.417	248.504.979	61.335.744
CNH Latin America Ltda.	10.839.955	4.259.251	2.929.805	2.029.605
CNH Italy	6.355.274	2.096.644	5.851.160	2.925.779
Zer	2.836.384	863.719	1.438.639	500.312
Harranova Besi ve Tarım Ürünleri A.Ş.	-	-	1.338.519	-
Other	724.590	162.207	3.038.801	1.165.319
	247.651.691	104.471.238	263.101.903	67.956.759

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

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

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

NOTE 19 - RELATED PARTY DISCLOSURES (Continued)

b) Other income and expense from related parties

	1 January - 30 September 2011	1 July - 30 September 2011	1 January - 30 September 2010	1 July - 30 September 2010
Other income from group companies				
CNH International	254.099	-	-	-
CNH Italy	-	-	12.697	-
Other	5.235	-	-	-
	259.334	-	12.697	-

	1 January - 30 September 2011	1 July - 30 September 2011	1 January - 30 September 2010	1 July - 30 September 2010
Other expense from group companies				
CNH Italy	536.887	502.016	-	-

c) Product purchases from group companies

	1 January - 30 September 2011	1 July - 30 September 2011	1 January - 30 September 2010	1 July - 30 September 2010
Product purchases from group companies				
CNH International (*)	54.543.422	30.439.975	35.862.398	12.487.071
Opet (**)	14.328.751	4.856.009	8.253.584	2.700.862
Zer	4.888.061	1.763.640	980.924	504.448
Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	1.664.467	437.037	938.442	287.468
Opet Fuchs	1.506.011	474.336	1.021.123	277.522
Koçtaş	1.007.568	391.343	365.060	146.685
Other	1.291.201	798.497	456.818	131.544
	79.229.481	39.160.837	47.878.349	16.535.600

(*) The company purchases tractor, agricultural machine, engine and spare parts.

(**) The company purchases various lubricants to use in production and oil to use in company cars from Opet.

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

**SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)
FOR THE INTERIM PERIOD BETWEEN 1 JANUARY-30 SEPTEMBER 2011**

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

NOTE 19 - RELATED PARTY DISCLOSURES (Continued)

d) Service purchases from related parties

	1 January - 30 September 2011	1 July - 30 September 2011	1 January - 30 September 2010	1 July - 30 September 2010
Service purchases from shareholders				
Koç Holding (*)	1.186.540	537.652	1.965.656	723.147
	1.186.540	537.652	1.965.656	723.147
Service purchase from group companies				
Zer (**)	9.833.949	3.609.134	3.845.230	1.371.102
Eltek (***)	3.673.709	-	2.346.543	1.312.564
Otokar (****)	3.076.023	1.267.164	-	-
Setur (*****)	2.961.573	674.716	1.002.080	170.296
Aygaz Doğal Gaz Toptan Satış A.Ş.	1.222.824	220.999	-	-
CNH Services srl (*)	1.130.468	500.000	-	-
Otokoç	714.546	273.245	571.802	186.577
Ram Sigorta Aracılık Hizmetleri A.Ş. (*****)	614.301	122.603	644.654	1.515
Opet	496.681	177.537	338.173	69.423
Koç Net	307.751	91.187	265.037	94.906
Koç Sistem	280.797	173.892	280.140	128.039
CNH International (*)	-	-	856.400	304.400
Other	887.999	198.462	357.292	158.993
	25.200.621	7.308.939	10.507.351	3.797.815
	26.387.161	7.846.591	12.473.007	4.520.962

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

(**) Services purchased from Zer are related with the security, cleaning, shipping etc. services.

(***) Service from Eltek is related with the electricity purchase. Services purchased from Eltek as of the end of June 2011 period has begun to be purchase from Başkent Elektrik Dağıtım A.Ş.

(****) Services from Otokar are related with the assembly and assembly support service.

(*****) Services obtained from Setur are related with the flight tickets, accommodations and other various organizations services for mainly sales and marketing operations.

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

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

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

NOTE 19 - RELATED PARTY DISCLOSURES (Continued)

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

Financial income and financial expenses arising from transactions with group companies

	1 January - 30 September 2011	1 July - 30 September 2011	1 January - 30 September 2010	1 July - 30 September 2010
Interest Income				
Yapı Kredi	326.087	101.208	9.882	-

	1 January - 30 September 2011	1 July - 30 September 2011	1 January - 30 September 2010	1 July - 30 September 2010
Interest Expense				
Yapı Kredi Finansal Kiralama A.O.	3.246	750	2.823.565	952.934
Yapı Kredi Yatırım Menkul Değerler A.Ş.	500	500	-	-
Yapı Kredi	-	-	24.519	6.319
	3.746	1.250	2.848.084	959.253

iv) Dividends paid to related parties:

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

v) Other transactions with related parties for the period between 1 January - 30 September 2011 and 2010:

	1 January - 30 September 2011	1 July - 30 September 2011	1 January - 30 September 2010	1 July - 30 September 2010
Remuneration of key management personnel (*)	1.963.414	663.023	2.975.200	594.011

(*) Key management of the company is specified as Board of Directors members, general manager and vice general managers.

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

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

NOTE 19 - RELATED PARTY DISCLOSURES (Continued)

Other transactions with group companies

Gain on sale of property, plant and equipment

	1 January - 30 September 2011	1 July - 30 September 2011	1 January - 30 September 2010	1 July - 30 September 2010
Zer	60.384	22.300	-	-

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

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

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

a) Market Risk

Foreign currency risk

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

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

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

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

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

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

	30 September 2011						
	TL	US Dollar	EUR	GBP	DKK	CHF	YEN
Trade Receivables	212.434.758	1.045.298	83.676.857	-	-	-	-
Monetary Financial Assets (Including cash and bank accounts)	57.370.061	5.128.258	19.043.162	-	-	-	-
Non-monetary Financial Assets	-	-	-	-	-	-	-
Other	57.070.201	1.636.307	21.275.246	195	-	2.818	21.714.100
Current Assets	326.875.020	7.809.863	123.995.265	195	-	2.818	21.714.100
Trade Receivables	44.680.144	253.680	17.574.444	-	-	-	-
Monetary Financial Assets	-	-	-	-	-	-	-
Non-monetary Financial Assets	-	-	-	-	-	-	-
Other	2.362.242	-	939.000	-	-	-	-
Non-current Assets	47.042.386	253.680	18.513.444	-	-	-	-
Total Assets	373.917.406	8.063.543	142.508.709	195	-	2.818	21.714.100
Trade Payables	230.655.618	1.572.596	90.145.291	15.660	-	-	38.676.798
Financial Liabilities	101.361.577	10.063.891	32.909.600	-	-	-	-
Other Monetary Liabilities	153.023	671	60.335	-	-	-	-
Other Non-monetary Liabilities	-	-	-	-	-	-	-
Current Liabilities	332.170.218	11.637.158	123.115.226	15.660	-	-	38.676.798
Trade Payables	-	-	-	-	-	-	-
Financial Liabilities	63.559.947	-	25.265.313	-	-	-	-
Other Monetary Liabilities	-	-	-	-	-	-	-
Other Non-monetary Liabilities	-	-	-	-	-	-	-
Non-current Liabilities	63.559.947	-	25.265.313	-	-	-	-
Total Liabilities	395.730.165	11.637.158	148.380.539	15.660	-	-	38.676.798
Total amount of Hedge Assets	-	-	-	-	-	-	-
Total amount of Hedge Liabilities	-	-	-	-	-	-	-
Net Asset/(Liability) Position of Off-balance Sheet Derivative Instruments	-	-	-	-	-	-	-
Net Foreign Currency Asset/(Liability) Position	(21.812.759)	(3.573.615)	(5.871.830)	(15.465)	-	2.818	(16.962.698)
Net Monetary Foreign Currency Asset/(Liability) Position	(21.812.759)	(3.573.615)	(5.871.830)	(15.465)	-	2.818	(16.962.698)

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

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

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

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

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

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

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

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

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

	1 January - 30 September 2011	1 July - 30 September 2011	1 January - 30 September 2010	1 July - 30 September 2010
Total export amount	244.698.267	103.577.356	272.061.184	79.233.913
Total import amount	323.243.056	107.824.829	158.747.944	59.429.178

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

	30 September 2011			
	Profit/(Loss)		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Had TL appreciate/(depreciate) by 10% against US Dollar				
Profit/(loss) from US Dollar net asset position	(659.439)	659.439	-	-
Hedged amount against US Dollar risk (-)	-	-	-	-
Net Effect of US Dollar	(659.439)	659.439	-	-
Had TL appreciate/(depreciate) by 10% against EUR				
(Loss)/profit from EUR net liability position	(1.477.155)	1.477.155	-	-
Hedged amount against EUR risk (-)	-	-	-	-
Net Effect of EUR	(1.477.155)	1.477.155	-	-
Total Net Effect	(2.136.594)	2.136.594	-	-

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

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

**SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)
FOR THE INTERIM PERIOD BETWEEN 1 JANUARY-30 SEPTEMBER 2011**

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

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

Price Risk

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

Cash flow and fair value interest rate risk

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

b) Credit Risk

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

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

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)
FOR THE INTERIM PERIOD BETWEEN 1 JANUARY-30 SEPTEMBER 2011

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

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

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

	30 September 2011						
	Trade Receivables		Other Receivables		Bank Deposits	Derivative Instruments	Other (*)
	Related Party	Other Party	Related Party	Other Party			
Net book value of financial assets which are undue and not impaired	98.531.550	267.329.508	-	-	180.676.742	-	-
Net book value of restructured financial assets, otherwise that will be considered as past due or impaired	-	-	-	-	-	-	-
Net book value of due dated but not impaired assets	528.176	22.529.332	-	-	-	-	-
Net book value of impaired assets	-	3.428.559	-	-	-	-	-
- Due dated (Gross book value)	-	17.585.835	-	-	-	-	-
- Impairment (-)	-	(14.157.276)	-	-	-	-	-
- Undue (Gross book value)	-	29.973.316	-	-	-	-	-
- Provision (-)	-	(29.973.316)	-	-	-	-	-
Off-balance sheet items exposed to credit risk	-	-	-	-	-	-	11.080.570
Amount exposed to maximum credit risk (**)	99.059.726	293.287.399	-	-	180.676.742	-	11.080.570

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

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

As of 30 September 2011, the guarantee amount of the amount exposed to maximum credit risk is TL339.647.229 . Additionally, the guarantee amounts of the assets which are past due but not impaired and are impaired are TL199.181.116 and TL3.687.209, respectively.

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

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

**SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)
FOR THE INTERIM PERIOD BETWEEN 1 JANUARY-30 SEPTEMBER 2011**

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

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

	31 December 2010						
	Trade Receivables		Other Receivables		Bank Deposits	Derivative Instruments	Other(*)
	Related Party	Other Party	Related Party	Other Party			
Net book value of financial assets which are undue and not impaired	61.610.405	254.647.515	-	-	248.557.341	-	-
Net book value of restructured financial assets, otherwise that will be considered as past due or impaired	-	-	-	-	-	-	-
Net book value of past due but not impaired assets	541.895	10.977.118	-	-	-	-	-
Net book value of impaired assets		8.883.597	-	-	-	-	-
- Due dated (Gross book value)	-	30.112.964	-	-	-	-	-
- Provision (-)		(21.229.367)	-	-	-	-	-
- Undue (Gross book value)	-	21.806.612	-	-	-	-	-
- Provision (-)	-	(21.806.612)	-	-	-	-	-
Off-balance sheet items exposed to credit risk	-	-	-	-	-	-	40.554.828
Amount exposed to maximum credit risk (**)	62.152.300	274.508.230	-	-	248.557.341	-	40.554.828

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

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

As of 31 December 2010, the guarantee amount of the amount exposed to maximum credit risk is TL 237.621.385. Additionally, the guarantee amounts of the assets which are past due but not impaired and are impaired are TL87.197.573 and TL8.948.000, respectively.

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

**SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)
FOR THE INTERIM PERIOD BETWEEN 1 JANUARY-30 SEPTEMBER 2011**

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

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

c) Liquidity Risk

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

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

Capital risk management

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

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

Net financial debt/shareholders' equity ratio at 30 September 2011 and 31 December 2010 are as follows:

	30 September 2011	31 December 2010
Cash and cash equivalents (Note 3)	180.020.177	247.556.860
Less: Financial Liabilities	(167.296.077)	(168.954.855)
Net financial asset	12.724.100	78.602.005
Total equity	551.841.244	468.170.913
Net financial assets/ shareholders' equity	%2	%17

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

**SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)
FOR THE INTERIM PERIOD BETWEEN 1 JANUARY-30 SEPTEMBER 2011**

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

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

Fair value of financial assets

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

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange.

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

Financial assets

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

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

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

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

Financial liabilities

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

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

NOTE 21 - SUBSEQUENT EVENTS

None.

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