TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS AT 31 DECEMBER 2011 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

(ORIGINALLY ISSUED IN TURKISH)

Independent auditors' report

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

We have audited the accompanying balance sheet of Türk Traktör ve Ziraat Makineleri A.Ş. (the "Company") as at December 31, 2011 and the comprehensive income statement, statement of changes in shareholders' equity and cash flows statement for the year then ended and a summary of significant accounting policies and explanatory notes.

Company's Management's responsibility for the financial statements

Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with financial reporting standards issued by Capital Market Board. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of 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

Our responsibility is to express an opinion on these financial statements based on our audit. Our audit was conducted in accordance with standards on auditing issued by the CMB. Those standards require that ethical requirements are complied and independent audit is planned and performed to obtain reasonable assurance whether the financial statements are free from material misstatement.

An independent audit involves performing independent audit procedures to obtain independent audit evidence about the amounts and disclosures in the financial statements. The independent audit procedures selected depend on our professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error and/or fraud. In making those risk assessments, the Company's internal control system is considered. Our purpose, however, is not to express an opinion on the effectiveness of internal control system, but to design independent audit procedures that are appropriate for the circumstances in order to identify the relation between the financial statements prepared by the Company and its internal control system. Our independent audit includes also evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company's management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying financial statements present fairly the financial position of Türk Traktör ve Ziraat Makineleri A.Ş. as at December 31, 2011 and its financial performance and cash flows for the year then ended in accordance with financial reporting standards published by the Capital Market Board in Turkey.

Other matter

The financial statements of Türk Traktör ve Ziraat Makineleri A.Ş. prepared in accordance with financial reporting standards issued by Capital Market Board as of December 31, 2010, was audited by another audit firm whose independent auditors' report thereon dated February 18, 2011 expressed an unqualified opinion.

Additional paragraph for convenience translation to English:

As described in Note 2 to the accompanying financial statements, accounting principles and standards applied in the accompanying financial statements (CMB financial accounting standards) are based on International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board except for the adoption of an earlier date for discontinuation of application of IAS 29 (Financial Reporting in Hyperinflationary Economies). As per CMB financial accounting standards application of inflation accounting was ceased effective as of January 1, 2005, whereas per IFRS it was ceased effective January 1, 2006.

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

Erdem Tecer, SMMM
Engagement Partner

February 16, 2012
Istanbul, Turkey

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TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

BALANCE SHEET AT 31 DECEMBER 2011

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

	Notes	Audited 2011	Audited 2010
ASSETS			
CURRENT ASSETS		**1.068.781.411**	**745.803.522**
Cash and cash equivalents	3	245.351.627	248.557.341
Trade receivables			
- Trade receivables	5	236.217.681	221.528.495
- Due from related parties	22	142.470.708	62.152.300
Inventories	6	307.737.938	129.799.394
Other current assets	9	137.003.457	83.765.992
NON-CURRENT ASSETS		**171.176.261**	**140.369.033**
Trade receivables	5	20.236.571	52.979.735
Other receivables	10	318.608	328.616
Property, plant and equipment	7	109.971.285	55.963.502
Intangible assets	8	26.411.857	18.326.444
Deferred tax assets	20	14.237.940	12.770.736
TOTAL ASSETS		**1.239.957.672**	**886.172.555**

The financial statements prepared as at and for the year ended 31 December 2011 have been approved by the Board of Directors on 16 February 2012 and was signed by the General Manager Marco Votta and Vice President of Financial Affairs Memet İlkan Kamber on behalf of the Board of Directors.

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH – SEE NOTE 2.6)

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

BALANCE SHEET AT
31 DECEMBER 2011
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

	Notes	Audited 2011	Audited 2010
LIABILITIES			
CURRENT LIABILITIES		**499.647.692**	**361.766.389**
Financial liabilities	4	112.244.438	127.922.061
Trade payables			
- Trade payables	5	314.885.930	185.792.694
- Due to related parties	22	19.088.320	9.957.397
Other payables	10	10.810.110	7.036.742
Taxation on income	20	10.145.898	12.156.512
Provision for employee benefits	12	4.511.377	2.469.233
Provisions	11	14.323.757	7.473.041
Other current liabilities	9	13.637.862	8.958.709
NON-CURRENT LIABILITIES		**144.717.498**	**56.235.253**
Financial liabilities	4	122.900.032	41.032.794
Provision for employee benefits	12	7.501.348	7.588.044
Provisions	11	14.316.118	7.614.415
SHAREHOLDERS' EQUITY		**595.592.482**	**468.170.913**
Share capital	13	53.369.000	53.369.000
Adjustments to share capital	13	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 year		277.421.569	179.717.096
TOTAL LIABILITIES		**1.239.957.672**	**886.172.555**
Provisions, contingent assets and contingent liabilities	11		

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

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED AT 31 DECEMBER 2011
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

	Notes	Audited 1 January - 31 December 2011	Audited 1 January - 31 December 2010
Sales (net)	14	1.800.665.445	1.193.396.040
Cost of sales (-)	14	(1.375.553.244)	(874.684.726)
GROSS PROFIT		**425.112.201**	**318.711.314**
Marketing, selling and distribution expenses (-)	15	(80.766.073)	(52.833.551)
General administrative expenses (-)	15	(30.079.720)	(23.666.630)
Research and development expenses (-)	15	(3.196.882)	(2.175.092)
Other operating income	17	14.263.564	2.673.388
Other operating expenses (-)	17	(9.756.990)	(24.245.302)
OPERATING PROFIT		**315.576.100**	**218.464.127**
Financial income	18	363.003.518	376.035.940
Financial expenses (-)	19	(336.749.555)	(371.854.085)
PROFIT BEFORE TAXATION ON INCOME		**341.830.063**	**222.645.982**
Taxes on income	20	(65.875.698)	(47.776.397)
Deferred tax income	20	1.467.204	4.847.511
NET PROFIT FOR THE YEAR		**277.421.569**	**179.717.096**
OTHER COMPREHENSIVE INCOME		**-**	**-**
TOTAL COMPREHENSIVE INCOME		**277.421.569**	**179.717.096**
Earnings per share (TL)	21	0,0520	0,0337

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

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED AT 31 DECEMBER 2011

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

	Share capital	Adjustment to share capital	Merge reserves	Restricted profit reserve	Retained earnings	Net profit for the year	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 year	-	-	-	-	-	277.421.569	277.421.569
31 December 2011	**53.369.000**	**39.014.356**	**(5.569.000)**	**74.702.802**	**156.653.755**	**277.421.569**	**595.592.482**

	Share capital	Adjustment to share capital	Merge reserves	Restricted profit reserve	Retained earnings	Net profit for the year	Total shareholders' equity
1 January 2010	**53.369.000**	**39.014.356**	**(5.569.000)**	**59.011.780**	**123.919.774**	**30.955.024**	**300.700.934**
Transfers	-	-	-	957.867	29.997.157	(30.955.024)	-
Dividends paid	-	-	-	-	(12.247.117)	-	(12.247.117)
Net profit for the year	-	-	-	-	-	179.717.096	179.717.096
31 December 2010	**53.369.000**	**39.014.356**	**(5.569.000)**	**59.969.647**	**141.669.814**	**179.717.096**	**468.170.913**

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

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED AT 31 DECEMBER 2011

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

	Notes	Audited 2011	Audited 2010
Cash flows from operating activities:			
Profit before taxation on income		341.830.063	222.645.982
Depreciation	7	9.234.272	6.703.563
Amortisation	8	2.579.171	1.815.241
Provision for employment termination benefits	12	713.315	2.335.862
Gain from sales of property, plant and equipment - net	17	(614.345)	(228.214)
Interest income	18	(10.395.981)	(7.475.170)
Interest expense	19	4.574.391	10.293.451
Provision for impairment of inventory	6	(859.097)	(1.725.140)
Expense accruals-net		13.552.419	7.708.911
Provision for doubtful receivables	17	8.865.730	23.847.482
Other non-cash items		8.169.232	(14.037.647)
Net cash flow before changes in operating assets and liabilities		**377.649.170**	**251.884.321**
Changes in operating assets and liabilities - net:			
Decrease/(increase) in trade receivables		15.416.777	(10.336.825)
(Increase)/decrease in due from related parties		(74.931.140)	21.742.290
(Increase)/decrease in inventories		(175.602.240)	12.523.806
Increase in other current assets		(53.237.465)	(12.977.420)
Decrease in other receivables		10.009	153.810
Increase in trade payables		119.054.660	126.013.545
Increase in due to related parties		9.019.218	1.168.645
Increase in other payables		3.773.368	1.531.868
Increase in other short-term liabilites		4.679.153	6.824.477
Increase in employee benefit liabilities		2.042.144	1.373.208
Employment termination benefits paid	12	(800.011)	(1.049.055)
Taxes paid		(67.886.312)	(37.687.349)
Net cash provided by operating activities		**159.187.331**	**361.165.321**
Investing activities:			
Capital expenditures		(74.098.313)	(34.935.219)
Gain from sales of property, plant and equipment and intangible assets		806.018	361.948
Interest received		10.664.380	6.926.501
Net cash used in investing activities		**(62.627.915)**	**(27.646.770)**
Financing activities:			
Proceeds from bank borrowings		274.753.736	193.097.863
Repayments of bank borrowings		(226.010.124)	(336.498.506)
Dividends paid		(150.000.000)	(12.247.117)
Interest paid		(3.755.570)	(12.280.992)
Net cash used in financing activities		**(105.011.958)**	**(167.928.752)**
Changes in exchange rates impact on cash and cash equivalents		**5.424.235**	**1.570.758**
Net (decrease)/increase in cash and cash equivalents		(3.028.307)	167.160.557
Cash and cash equivalents at the beginning of the year	**3**	**247.556.860**	**80.396.303**
Cash and cash equivalents at the end of the year	**3**	**244.528.553**	**247.556.860**

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Türk Traktör ve Ziraat Makineleri A.Ş. (the "Company") was established in 1954 in Ankara, as Minneapolis Moline Türk Traktör ve Ziraat Makineleri A.Ş. to undertake the manufacturing and trade of farm tractors, harvesters and other agricultural machinery and equipment. The name of the Company was changed as Türk Traktör Ziraat Makineleri A.Ş. in 1968 upon the purchase of 25% of the shares held by Ege Makina ve Ticaret A.Ş., a group company of the Koç Holding A.Ş. ("Koç Holding"). As of 31 December 2011, major shareholders of the Company are Koç Holding and CNH Osterreich GmbH ("CNH Osterreich") (Note 13). The number of personnel working within the Company as of 31 December 2011 is 2.491 (31 December 2010: 1.817).

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

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

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 16 February, 2011.

The Company conducts marketing and selling activities in the domestic market, through its 123 sales dealers and 95 spare part dealers.

The Company is registered in Turkey in the following address:

Güvercin Yolu No: 111-112
06560 - Gazi Ankara

As of December 31, 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 13).

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

Principles governing the preparation of financial statements

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

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

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

The accompanying financial statements are approved by the Board of Directors on 16 February 2012 and these financial statements can be revised by the Board of Directors or can be changed at the General Meeting.

Functional and representative currency of the Company is TL.

Going concern

The Group prepared financial statements in accordance with the going concern assumption.

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

2.2 Comparatives and restatement of prior periods' financial statements

The financial statements of the Company include comparative financial information to enable the determination of the financial position and performance. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the current year financial statements and the significant changes are explained. Recalssification of financial statements as of December 31,2010 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 with TL 2.153.111, and taxes and funds payable amounting with TL4.883.631 in "other current liabilities" in the balance sheet as of December 31,2010 are reclassified to ' other payables'.

c) Deposits and guarantees given amounting with TL 328.616 in 'other non current assets' in the balance sheet as of December 31,2010 is reclassified to 'other receivables'.

d) Long term doubtful receivables provision amounting with TL 6.552.363 in 'trade receivables' in the balance sheet as of December 31,2010 is reclassified to 'non-current trade receivables'.

e) Employment termination benefit amounting with TL7.588.044 in 'non current liabilities' in the balance sheet as of December 31,2010 is reclassified to 'provision for employee benefits'.

f) Due to personnel and premium accruals amounting with TL 2.469.233 in 'non current liabilities' in the balance sheet as of December 31,2010 is reclassified to 'provision for employee benefits'.

g) Non current portion of warranty provision amounting to TL 7.614.415 in 'provisions' in the balance sheet as of December 31,2010 is reclassified to ' non current provisions'.

2.3 New and amended standards and interpretations:

The accounting policies adopted in preparation of the financial statements as at 31 December 2011 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of 1 January 2011. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs.

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

The new standards, amendments and interpretations which are effective as at 1 January 2011 are as follows:

IFRIC 14 IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction— Prepayments of a Minimum Funding Requirement (Amended)

The amendment removes an unintended consequence when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognised as a pension asset. The Company is not subject to minimum funding requirements, therefore the amendment of the interpretation has no effect on the financial position or performance of the Company.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

This interpretation addresses the accounting treatment when there is a renegotiation between the entity and the creditor regarding the terms of a financial liability and the creditor agrees to accept the entity's equity instruments to settle the financial liability fully or partially. IFRIC 19 clarifies such equity instruments are "consideration paid" in accordance with paragraph 41 of IAS 39. As a result, the financial liability is derecognized and the equity instruments issued are treated as consideration paid to extinguish that financial liability. This interpretation does not apply when the creditor is acting in the capacity of a shareholder, in common control transactions or when the issue of equity shares was part of the original terms of the liability. The adoption of the interpretation did not have any impact on the financial position or performance of the Company.

IAS 32 Financial Instruments: Presentation - Classifications on Rights Issues (Amended)

The amendment alters the definition of a financial liability in IAS 32 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment has no effect on the financial position or performance of the Company because the Company did not have these types of instruments.

IAS 24 Related Party Disclosures (Revised)

Amended standard clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. In addition, the revised standard introduces a partial exemption of general disclosure requirements for transactions with government-related entities. The adoption of the amendment did not have any impact on the financial position or performance of the Company.

Improvements to IFRS

In May 2010 the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. The adoption of the following amendments resulted in changes to accounting policies, but no impact on the financial position or performance of the Company. There are separate transitional provisions for each standard. The amendments that are effective as at 1 January 2011 are as follows:

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

IFRS 3 Business Combinations

i)Transition requirements for contingent consideration from a business combination that occurred before the effective date of revised IFRS

This improvement clarifies that the amendments to IFRS 7 Financial Instruments: Disclosures, IAS 32 Financial Instruments: Presentation and IAS 39 Financial Instruments: Recognition and Measurement, that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of IFRS 3 (as revised in 2008).

ii)Measurement of non-controlling interests

This improvement limits the scope of the measurement choices (fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets) only to the components of non-controlling interest that are present ownership interests that entitle their holders to a proportionate share of the entity's net assets.

iii) Unreplaced or voluntarily replaced share-based payment awards

This improvement requires an entity (in a business combination) to account for the replacement of the acquiree's share-based payment transactions (whether obliged or voluntarily), i.e., split between consideration paid and post combination expenses.

IFRS 7 Financial Instruments: Disclosures

This improvement gives clarifications of disclosures required by IFRS 7 and emphasizes the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments. Among others, the improvement remove the disclosure requirement of the collateral held as security and other credit enhancements and estimate of their fair value for financial assets that are past due but not impaired and that are individually impaired; and instead include a disclosure requirement of financial effect of collateral held as security and other credit enhancements for all financial assets.

IAS 1 Presentation of Financial Statements

This amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

IAS 27 Consolidated and Separate Financial Statements

This improvement clarifies that the consequential amendments from IAS 27 made to IAS 21 "The Effect of Changes in Foreign Exchange Rates", IAS "28 Investments in Associates" and IAS 31 "Interests in Joint Ventures" apply prospectively for annual periods beginning on or after 1 July 2009 or earlier when IAS 27 is applied earlier.

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

IAS 34 Interim Financial Reporting

This improvement provides guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements on i) the circumstances likely to affect fair values of financial instruments and their classification, ii) transfers of financial instruments between different levels of the fair value hierarchy, iii) changes in classification of financial assets, and iv) changes in contingent liabilities and assets.

IFRIC 13 Customer Loyalty Programmes

This improvement clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.

Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the financial statements are as follows. The Company will make the necessary changes if not indicated otherwise, which will be affecting the financial statements and disclosures, after the new standards and interpretations become in effect.

IAS 1 Presentation of Financial Statements (Amended) – Presentation of Items of Other Comprehensive Income

The amendments are effective for annual periods beginning on or after 1 July 2012, but earlier application is permitted. The amendments to IAS 1 change only the grouping of items presented in other comprehensive income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time would be presented separately from items which will never be reclassified. The amendments will be applied retrospectively. This standard has not yet been endorsed by the EU. The amendment affects presentation only and will have no impact on the financial position or performance of the Company.

IAS 12 Income Taxes: Recovery of Underlying Assets (Amendment)

The amendments are mandatory for annual periods beginning on or after 1 January 2012, but earlier application is permitted. IAS 12 has been updated to include i) a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale and ii) a requirement that deferred tax on non-depreciable assets, measured using the revaluation model in IAS 16, should always be measured on a sale basis. These amendments will be applied retrospectively. This standard has not yet been endorsed by the EU. The Company does not expect that this amendment will have significant impact on the financial position or performance of the Company.

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

IAS 19 Employee Benefits (Amended)

Amended standard is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. With very few exceptions retrospective application is required. Numerous changes or clarifications are made under the amended standard. Among these numerous amendments, the most important changes are removing the corridor mechanism and making the distinction between short-term and other long-term employee benefits based on expected timing of settlement rather than employee entitlement. This standard has not yet been endorsed by the EU. The Company is in the process of assessing the impact of the amended standard on the financial position or performance of the Company.

IAS 27 Separate Financial Statements (Amended)

As a consequential amendment to IFRS 10 and IFRS 12, the IASB also amended IAS 27, which is now limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. Transitional requirement of this amendment is similar to IFRS 10. This standard has not yet been endorsed by the EU. This amendment will not have any impact on the financial position or performance of the Company.

IAS 28 Investments in Associates and Joint Ventures (Amended)

As a consequential amendment to IFRS 11 and IFRS 12, the IASB also amended IAS 28, which has been renamed IAS 28 Investments in Associates and Joint Ventures, to describe the application of the equity method to investments in joint ventures in addition to associates. Transitional requirement of this amendment is similar to IFRS 11. This standard has not yet been endorsed by the EU. The Company does not expect that this amendment will have any impact on the financial position or performance of the Company.

IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities (Amended)

The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. This standard has not yet been endorsed by the EU. These amendments are to be retrospectively applied for annual periods beginning on or after 1 January 2014. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

IFRS 7 Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements (Amended)

The purpose of this amendment is to allow users of financial statements to improve their understanding of transfer transactions of financial assets (e.g. securitizations), including understanding the possible effects of any risks that may remain with the entity which transferred the assets. The amendment also requires additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. This amendment has not yet been endorsed by the EU. The amendment is effective for annual periods beginning on or after 1 July 2011.Comparative disclosures are not required. The amendment affects disclosures only and will have no impact on the financial position or performance of the Company.

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

IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities (Amended)

New disclosures would provide users of financial statements with information that is useful in (a) evaluating the effect or potential effect of netting arrangements on an entity's financial position and (b) analysing and comparing financial statements prepared in accordance with IFRSs and other generally accepted accounting standards. This standard has not yet been endorsed by the EU. The amendments are to be retrospectively applied for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The amendment affects disclosures only and will have no impact on the financial position or performance of the Company.

IFRS 9 Financial Instruments – Classification and measurement

As amended in December 2011, the new standard is effective for annual periods beginning on or after 1 January 2015. Phase 1 of this new IFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to IFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. This standard has not yet been endorsed by the EU. The amendment will have no impact on the financial position or performance of the Company.

IFRS 10 Consolidated Financial Statements

The standard is effective for annual periods beginning on or after 1 January 2013 and is applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities should be also adopted early.

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. A new definition of control is introduced, which is used to determine which entities are consolidated. This is a principle based standard and require preparers of financial statements to exercise significant judgment. This standard has not yet been endorsed by the EU. The amendment will have no impact on the financial position or performance of the Company.

IFRS 11 Joint Arrangements

The standard is effective for annual periods beginning on or after 1 January 2013 and is applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 10 Consolidated Financial Statements and IFRS 12 Disclosure of Interests in Other Entities should be also adopted early.

The standard describes the accounting for joint ventures and joint operations with joint control. Among other changes introduced, under the new standard, proportionate consolidation is not permitted for joint ventures. This standard has not yet been endorsed by the EU. This standard will not have an impact on the financial position or performance of the Company.

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

IFRS 12 Disclosure of Interests in Other Entities

The standard is effective for annual periods beginning on or after 1 January 2013 and is applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 10 Consolidated Financial Statements and IFRS 11 Joint Arrangements should be also adopted early.

IFRS 12 includes all of the disclosures that were previously in IAS 27 Consolidated and Separate Financial Statements related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 Interests in Joint Ventures and IAS 28 Investment in Associates. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. This standard has not yet been endorsed by the EU. This standard will not have an impact on the financial position or performance of the Company.

IFRS 13 Fair Value Measurement

The new Standard provides guidance on how to measure fair value under IFRS but does not change when an entity is required to use fair value. It is a single source of guidance under IFRS for all fair value measurements. The new standard also brings new disclosure requirements for fair value measurements. IFRS 13 is effective for annual periods beginning on or after 1 January 2013 and will be adopted prospectively. Early application is permitted. The new disclosures are only required for periods beginning after IFRS 13 is adopted — that is, comparative disclosures for prior periods are not required. This standard has not yet been endorsed by the EU. The Company is in the process of assessing the impact of the new standard on the financial position or performance of the Company.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

The Interpretation is effective for annual periods beginning on or after 1 January 2013 with earlier application permitted. Entities will be required to apply its requirements for production phase stripping costs incurred from the start of the earliest comparative period presented. The Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. This standard has not yet been endorsed by the EU. The interpretation is not applicable for the Company and will not have any impact on the financial position or performance of the Company.

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:

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held with banks, other short-term highly liquid investments with original maturities of three months or less (Note 3). Deposits with Turkish lira is recognised with cost, foreign currency deposits are translated into Turkish lira by using of the buying exchange rate of the Central Bank of the Republic of Turkey. Time deposits include interest accrued as of balance sheet date.

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

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

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 14).

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

Inventories

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

Property, plant and equipment

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

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

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

An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. Gain or losses on disposals of property, plant and equipment with respect to their restated net book values are included in the related income and expense accounts (Note 17).

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.

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

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 four and five years following the acquisition date. Where impairment indicator exists, the carrying amount of any intangible asset is assessed and written down to its recoverable amount (Note 8).

Impairment of assets

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

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.

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 22).

Segment reporting

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

Financial assets

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

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Receivables are included in trade and other receivables in the balance sheet. Receivables are recognised initially at the proceeds received, net of any transaction costs incurred. In subsequent periods, receivables are stated at amortised cost using the effective yield method. (Note 5).

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

Provision for impairment of receivables

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.

Trade payables

In subsequent periods, payables are stated at amortised cost using the effective yield method. (Note 5).

Loans

Bank borrowings are recognised initially at the proceeds received, net of any transaction costs incurred (Note 4). In subsequent periods, borrowings are restated at amortised cost using the effective yield method. Any proceeds (net of transaction costs) and the redemption value are recognised in the statement of income over the period of the borrowings. Borrowing costs are expensed as incurred (Note 19).

Borrowing cost

Borrowing cost related with acquisition, construction or production of a specified asset are capitalized as a a part of the asset, costs, which are not considered in this description are recorded in income statement.

Recognition of derecognition of financial assets and liabilities

The Company reflects financial asset or liability reflects the balance sheet when the Company becomes a part of financial instrument agreement. The company derecognises a part of all financial instrument, only if the Company loses controls rights over the related financial asset. The company derecognise a financial instrument if only when obligation is removed, cancelled or expired.

All financial instruments are reflected to the financial statements at the commitment date of sales or purhcase. Related sales and purchases are generally transactions required delivery of financial assets, regulated by the regulation and forms in the market within the time allowed.

Offsetting

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

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

Foreign currency transactions and balances

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

Earnings per share

Earnings per share disclosed in the statements of income are determined by dividing net income for the period by the weighted average number of shares that have been outstanding during the period (Note 21).

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

Subsequent events

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

Provisions, contingent assets and contingent liabilities

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company are treated as contingent assets or liabilities. The Company does not recognize contingent assets and liabilities. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed, where an inflow of economic benefits is probable (Not 11).

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

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

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

Leases

The Company - as the lessee

Financial Leases

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

Operating Leases

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

Research and development expenses

Research expenditure is recognized as an expense as incurred (Not 15). 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 8).

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

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

Government grants

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

There are investment incentive certificates to which the Company has been entitled by the official authorities in connection with certain capital expenditures. The rights of the Company due to these incentives are as follows:

a) 100% exemption from customs duty on machinery and equipment to be imported,
b) Value-added tax exemption with respect to purchases of investment goods both from domestic and export markets,
c) Incentives under the jurisdiction of the research and development law (100% corporate tax exemption, Social Security Institution incentives, etc.),
d) Inward processing permission certificates,
e) Cash refund from Tübitak - Teydeb for research and development expenses,
f) Discounted corporate tax incentive,
g) Exemption of taxes and funds,
h) Incentive of environnemental costs support by law 9715
I) Patent incentives

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 20).

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 20).

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

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

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

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 20).

Employee benefits/Provision for employment termination benefits

a) Defined benefit plans:

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 12).

b) Defined contribution plans:

The Company pays contributions to the Social Security Institution of Turkey on a mandatory basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

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.

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.

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

2.5 Significant accounting estimates and decisions

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

Warranties

Warranty expenses are recorded as a result of repair and maintenance expenses for products produced and sold, authorised services' labour and material costs for products under the scope of the warranty terms without any charge to the customers, initial maintenance costs and estimated costs based on statistical information for possible future warranty services and returns of products with respect to the products sold during the period (Note 11). The company estimates ratio based on statistical information for possible future warranty services and returns of products, and calculates provision amount with respect to the products sold during the period. The company gives guarantee services for each tractor sold during two years. The company reflects estimated cost incurred in one year to short term.

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 2011, since it is probable that future taxable profit will be available against which the temporary differences would be utilised.

2. 6 Convenience translation into English of financial statements originally issued in Turkish

The accompanying financial statements, accounting principles and standards applied in the accompanying financial statements (CMB financial accounting standards) are based on International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board except for the adoption of an earlier date for discontinuation of application of IAS 29 (Financial Reporting in Hyperinflationary Economies). As per CMB financial accounting standards application of inflation accounting was ceased effective as of January 1, 2005, whereas per IFRS it was ceased effective January 1, 2006.

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

NOTE 3 - CASH AND CASH EQUIVALENTS

	2011	2010
Banks		
- TL denominated demand deposits	7.799.712	3.116.444
- TL denominated time deposits	84.247.297	191.454.665
- Foreign currency denominated demand deposits	1.112.369	1.998.046
- Foreign currency denominated time deposits	152.192.249	51.988.186
	245.351.627	**248.557.341**

As of 31 December 2011, the weighted average effective annual interest rate for TL, Euro (“EUR”) and US Dollars (“USD”) time deposits is %10,19, %5,22 and %4,40 (2010: TL: %8,92, EUR: %3,24). As of 31 December 2011 and 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 31 December 2011 and 2010 are as follows:

	2011	2010
Banks	245.351.627	248.557.341
Less: Interest accruals	(341.570)	(609.969)
Less: Restricted bank deposits (*)	(481.504)	(390.512)
Cash and cash equivalents	**244.528.553**	**247.556.860**

(*)This account consists of receivables collected via the direct debit system as of 31 December 2011. The blockage on this account is terminated following the closure of the term.

NOTE 4 - FINANCIAL LIABILITIES

a) Short-term financial liabilities

Short-term bank borrowings

	Original currency amount		Weighted average effective interest rate p.a. (%)		TL Equivalent	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
TL bank borrowings (*)	2.503	3.528.457	-	7,00	2.503	3.528.457
EUR bank borrowings	27.767.782	55.706.458	3,66	2,25	67.858.906	114.146.396
USD bank borrowings	10.181.448	-	4,60	-	19.231.736	-
					87.093.145	**117.674.853**

(*) Bank borrowings amounting to TL2.503 (2010: TL 1.497.736) are used for the Social Security and other tax payments without bearing any interest and with three days maturity (2010: three days maturity).

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

NOTE 4 - FINANCIAL LIABILITIES (Continued)

Current portion of long term bank borrowings

	Original currency amount		Weighted average effective interest rate p.a. (%)		TL Equivalent	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
EUR bank borrowings	10.285.000	5.000.000	2,70	3,00	25.134.483	10.247.208
					25.134.483	**10.247.208**

Short-term financial lease obligations

	Original currency amount		TL Equivalent	
	2011	**2010**	**2011**	**2010**
TL	16.810	-	16.810	-
			16.810	**-**
Total short-term financial liabilities			**112.244.438**	**127.922.061**

b) Long-term financial liabilities

Long-term bank borrowings

	Original currency amount		Weighted average effective interest rate p.a. (%)		TL Equivalent	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
EUR bank borrowings	50.289.914	20.024.788	6,55	2,98	122.898.491	41.032.794
Total long-term financial liabilities					**122.898.491**	**41.032.794**

Long-term financial lease obligations

	Original currency amount		TL Equivalent	
	2011	**2010**	**2011**	**2010**
TL	1.541	-	1.541	-
			1.541	**-**
Total long-term financial liabilities			**122.900.032**	**41.032.794**

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

NOTE 4 - FINANCIAL LIABILITIES (Continued)

Redemption schedule of the long-term bank borrowings as of 31 December 2011 is as follows:

	2011
2013	67.040.204
2014	34.911.429
2015	10.473.429
2016	10.473.429
	122.898.491

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

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

	Carrying value		**Fair value**	
	2011	**2010**	**2011**	**2010**
Bank borrowings	235.126.119	168.954.855	233.649.127	167.419.021

As of 31 December 2011, fair values of the EUR and USD denominated bank borrowings are determined by using the discounted cash flow method over annual average effective discount rates of 6,35% and 6,10%, respectively (2010: EUR and TL bank borrowings 2,66% ve 6,50% p.a, respectively).

NOTE 5 - TRADE RECEIVABLES AND PAYABLES

	2011	**2010**
Short-term trade receivables:		
Customer current accounts	180.260.410	164.100.405
Notes receivables	85.983.860	81.088.271
Protested notes	6.459.419	16.772.681
	272.703.689	261.961.357
Less: Provision for doubtful receivables	(33.039.870)	(36.483.616)
Unearned financial income	(3.446.138)	(3.949.246)
Short-term trade receivables	**236.217.681**	**221.528.495**
Due from related parties (Note 22)	142.470.708	62.152.300
Total short-term trade receivables	**378.688.389**	**283.680.795**

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

NOTE 5 - TRADE RECEIVABLES AND PAYABLES (Continued)

Movements of the provisions for short term doubtful receivables for the years ended 31 December 2011 and 2010 are as shown below:

	2011	2010
1 January	**(36.483.616)**	**(20.817.960)**
Transfer from long term	(6.331.199)	-
Collections during the year (Note 17)	12.573.663	1.629.463
Charge during the year (Note 17)	(2.798.718)	(17.295.119)
31 December	**(33.039.870)**	**(36.483.616)**

	2011	2010
Long-term trade receivables:		
Notes receivables	27.635.471	63.998.219
Less: Provision for doubtful receivables	(6.288.176)	(6.552.363)
Unearned financial income	(1.110.724)	(4.466.121)
Long-term trade receivables	**20.236.571**	**52.979.735**

Movements of the provisions for long term doubtful receivables for the years ended 31 December 2011 and 2010 are as shown below:

	2011	2010
1 January	**(6.552.363)**	**-**
Transfer to short term	6.331.199	-
Collections during the year (Note 17)	-	-
Charge during the year (Note 17)	(6.067.012)	(6.552.363)
31 December	**(6.288.176)**	**(6.552.363)**

	2011	2010
Trade payables:		
Supplier current accounts	316.057.902	186.504.161
Less: Unincurred financial expense	(1.171.972)	(711.467)
Trade payables	**314.885.930**	**185.792.694**
Due to related parties (Note 22)	19.088.320	9.957.397
Total trade payables	**333.974.250**	**195.750.091**

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

NOTE 6 - INVENTORIES

	2011	2010
Raw materials	133.402.427	55.807.795
Work in progress	6.528.610	2.968.411
Finished goods	43.941.293	12.823.091
Commercial goods	48.472.282	23.235.584
Spare parts	16.238.486	13.933.438
Goods in transit (*)	60.816.840	23.552.172
	309.399.938	132.320.491
Provision for impairment of inventory	(1.662.000)	(2.521.097)
	307.737.938	**129.799.394**

The cost of inventories recognised as expense in the current year, amounted to TL 1.273.149.207 (2010: TL 784.096.803).

(*) Goods in transit comprised of commercial goods and spare parts are not arrived, but invoices are received as of year end.

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

	2011	2010
1 January	(2.521.097)	(4.246.237)
Released during the year	2.521.097	3.125.805
Charge during the year for impairment of inventory	(1.662.000)	(1.400.665)
31 December	**(1.662.000)**	**(2.521.097)**

During the year 2011, the Company sold commercial goods that were impaired in 2009 and raw materials that were impared in 2010, the amount was credited to the cost of goods sold account.

Allocation of the provision for impairment on inventories in terms of inventory type is as follows:

	2011	2010
Raw materials	-	(1.400.665)
Finished goods	(799.352)	(1.120.432)
Spare parts	(862.648)	-
	(1.662.000)	**(2.521.097)**

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

NOTE 7- PROPERTY, PLANT AND EQUIPMENT

	1 January 2011	Additions	Disposals	Transfers	31 December 2011
Cost					
Land	373.095	21.867.218	-	-	22.240.313
Land improvements	4.745.435	583.691	-	-	5.329.126
Buildings	49.149.170	106.664	(7.759)	1.929.024	51.177.099
Machinery and equipment	322.507.484	22.477.143	(5.544.947)	12.160.394	351.600.074
Special costs	2.705.188	-	-	-	2.705.188
Motor vehicles	1.918.149	497.723	(624.427)	-	1.791.445
Furniture and fixtures	23.389.573	3.143.715	(1.661.873)	3.010.900	27.882.315
Construction in progress	11.998.368	15.273.026	-	(17.615.769)	9.655.625
	416.786.462	**63.949.180**	**(7.839.006)**	**(515.451) (*)**	**472.381.185**
Accumulated depreciation					
Land improvements	3.066.503	131.058	-	-	3.197.561
Buildings	33.572.888	1.533.923	(4.070)	-	35.102.741
Machinery and equipment	300.991.225	5.628.516	(5.509.683)	-	301.110.058
Special costs	2.581.685	38.475	-	-	2.620.160
Motor vehicles	1.307.407	284.879	(487.283)	-	1.105.003
Furniture and fixtures	19.303.252	1.617.421	(1.646.296)	-	19.274.377
	360.822.960	**9.234.272**	**(7.647.332)**	**-**	**362.409.900**
Net book value	**55.963.502**				**109.971.285**

(*) Transferred to intangible assets.

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

NOT 7 - PROPERTY, PLANT AND EQUIPMENT (Continued)

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

For the year ended at 31 December 2011, of the total depreciation expense amounting to TL 9.234.272 (2010: TL6.703.563), TL 6.229.865 (2010: TL4.755.534) is allocated to production costs, TL1.891.996 (2010: TL1.343.209) is allocated to general administrative expenses, TL589.423 (2010: TL390.956) is allocated to research and development expenses and TL522.988 (2010: TL213.864) is allocated to marketing, selling and distribution expenses. The depreciation expense amounting to TL622.978 (2010: TL393.408) is capitalized during the year as it is related to the development costs.

There is no mortgage on property, plant and equipment as of December 31, 2011 (December 31, 2010: none)

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

NOTE 8 - INTANGIBLE ASSETS

	1 January 2011	Additions	Disposals	Transfers	31 December 2011
Cost					
Rights	4.845.814	732.204	-	515.451	6.093.469
Development costs	10.088.545	-	-	-	10.088.545
Development costs in progress	9.489.048	9.416.929	-	-	18.905.977
	24.423.407	**10.149.133**	**-**	**515.451**	**35.087.991**
Accumulated amortisation					
Rights	3.827.883	561.462	-	-	4.389.345
Development costs	2.269.080	2.017.709	-	-	4.286.789
	6.096.963	**2.579.171**	**-**	**-**	**8.676.134**
Net book value	**18.326.444**				**26.411.857**

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

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

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

For the year ended at 31 December 2011, of the total amortisation expenses amounting to TL2.579.171 (2010: TL1.815.214), TL378.788 (2010: TL259.382) is allocated to production costs, TL115.037 (2010: TL73.263) is allocated to general administrative expenses, TL2.053.547 (2010: TL1.470.931) is allocated to research and development expenses and TL31.799 (2010: TL11.665) is allocated to marketing, selling and distribution expenses.

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

NOTE 9 - OTHER ASSETS AND LIABILITIES

a) Other current assets:

	2011	2010
Reclaimed value added tax ("VAT")	72.786.817	48.639.204
Deferred VAT	61.763.621	34.849.308
Prepaid expenses	1.826.780	234.068
Other	626.239	43.412
	137.003.457	**83.765.992**

b) Other short-term liabilities:

	2011	2010
Deferred income (*)	4.635.188	2.494.899
Advance received (**)	7.569.830	5.513.820
Deferred incentive income (***)	1.375.444	842.192
Other accrued expenses (****)	57.400	107.798
Other short-term liabilities	**13.637.862**	**8.958.709**

(*) 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 2011 and 2010.

(**) Advances have been received in relation to the pre-paid campaign of the combines that will be sold in 2012.

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

(****) As of 31 December 2011, the account consists of accrued liabilities with unreceived invoices.

NOTE 10 – OTHER RECEIVABLES AND PAYABLES

a) Other long-term receivables

	2011	2010
Deposits and guarantees given	318.608	328.616
	318.608	**328.616**

b) Other short-term payables:

	2011	2010
Taxes, funds and other related payable	7.332.199	4.883.631
Other payables (*)	3.477.911	2.153.111
	10.810.110	**7.036.742**

(*) Account consists of other payables arising from Company's service purchases such as dining services, office arrangements, cleaning services, IT and internet infrastructure services.

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

NOTE 11 - PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

a) Short term provisions

	2011	2010
Warranty provision	13.773.700	7.148.622
Provision for legal cases (*)	550.057	324.419
	14.323.757	**7.473.041**

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

b) Long term provisions

	2011	2010
Warranty provision	14.316.118	7.614.415
	14.316.118	**7.614.415**

Movements of the short term and long term warranty provisions for the years ended 31 December 2011 and 2010 are as shown below:

	2011	2010
1 January	**14.763.037**	**7.258.630**
Released during the year	(17.669.213)	(10.368.571)
Charge during the year (Note 15)	30.995.994	17.872.978
31 December	**28.089.818**	**14.763.037**

Movements of the lawsuit provisions are as shown below:

	2011	2010
1 January	**324.419**	**119.916**
Charge during the year (Note 17)	225.638	204.503
31 December	**550.057**	**324.419**

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

NOTE 11 - PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (Continued)

c) Contingent Liabilities

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

	2011	2010
A. The total amount of collaterals given on behalf of its own legal entity	28.979.898	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	-	-
	28.979.898	**40.554.828**

As at 31 December 2011, the Company has given its own legal entity on behalf of the original collateral denominated in foreign currency amounts of EUR11.552.968 and USD26.444. (2010: EUR17.124.995 and USD26.444).

d) Contingent Assets

	Foreign Currency amount						TL Equivalent	
	2011			2010				
	EUR	USD	TL	EUR	USD	TL	2011	2010
Letters of guarantees received	252.226	470.000	225.926.980	69.245	660.400	176.697.724	227.431.153	177.860.592
Direct debit	-	-	115.793.711	-	-	49.891.109	115.793.711	49.891.109
Mortgages	-	-	6.178.980	-	-	7.719.980	6.178.980	7.719.980
Security bonds	-	-	1.750.000	-	-	1.750.000	1.750.000	1.750.000
Cash TL guarantees	-	-	31.462	-	-	387.099	31.462	387.099
Cash foreign currency guarantees	-	8.257	-	-	8.153	-	15.597	12.605
							351.200.903	**237.621.385**

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

NOT 12 - PROVISION FOR EMPLOYEE BENEFITS

Short term provision for employee benefits

Due to personnel	3.951.934	2.469.233
Provision for unused vacation rights	559.443	-
	4.511.377	**2.469.233**

Movements of the provision for unused vacation rights:

	2011	2010
1 January	**-**	**-**
Charge during the year	559.443	-
31 December	**559.443**	**-**

Long term provision for employee benefits	**2011**	**2010**
Provision for employment termination benefits	7.501.348	7.588.044
	7.501.348	**7.588.044**

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

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

The amount payable consists of one month's salary limited to a maximum of TL2.623,23 for each year of service as of 31 December 2011 (2010: TL2.517,01).

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:

	2011	2010
Discount rate (%)	4,63	4,66
Turnover rate to estimate the probability of retirement (%)	94,41	95,51

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

NOTE 12 - PROVISION FOR EMPLOYEE BENEFITS (Continued)

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 TL2.805,04 which is effective from 1 January 2012 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 during the year (Note 15)	713.315	2.335.862
Paid during the year	(800.011)	(1.049.055)
31 December	**7.501.348**	**7.588.044**

NOT 13 - SHAREHOLDERS' EQUITY

Paid-in Share Capital

The Company's registered share capital amounts to TL250.000.000 (2010: 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 2011 and 2010 are as follows:

	2011		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.

NOTE 13 - SHAREHOLDERS' EQUITY (Continued)

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,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.

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 2011, 24,93% (31 December 2010: 24,3%) of the Company shares are quoted at ISE.

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

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

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

- If the difference is due to the inflation adjustment of "share capital" and not yet been transferred to capital should be classified under "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.

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

NOTE 13 - SHAREHOLDERS' EQUITY (continued)

Dividend Distribution

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

The decision of dividend payment amounting to TL150.000.000, taken in the Company's General Assembly dated 25 March 2011 (Note 22). 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 TL253.601.335 for the period ended 31 December 2011, there are other resources that can be subject to a possible dividend distribution amounting to TL201.678.913.

NOTE 14 - SALES AND COST OF SALES

	1 January - 31 December 2011	**1 January - 31 December 2010**
Domestic sales	1.582.031.830	971.147.727
Export sales	407.596.147	331.955.074
	1.989.627.977	1.303.102.801
Less: Discounts and returns	(188.962.532)	(109.706.761)
Sales income (net)	**1.800.665.445**	**1.193.396.040**
Cost of sales	(1.375.553.244)	(874.684.726)
Gross profit	**425.112.201**	**318.711.314**

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

NOTE 15 - RESARCH AND DEVELOPMENT EXPENSES, MARKETING, SELLING AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES

	1 January - 31 December 2011	1 January - 31 December 2010
Marketing, selling and distribution expenses:		
Warranty expenses (Note 11)	30.995.994	17.872.978
Personnel expenses	13.118.991	11.035.093
Transportation and insurance expenses	13.880.472	9.947.204
Fair expenses	5.643.947	2.646.041
Advertisement and promotion expenses	4.096.516	722.529
Entertainment and travel expenses	2.202.689	1.370.809
Outsourcing expenses	1.240.250	1.260.883
Vehicle expenses	1.083.938	771.268
Remuneration of key management personnel (Note 22.v) (*)	1.423.704	859.727
Service expenses	1.003.682	2.229.726
Rent expenses	802.074	827.565
Depreciation and amortisation expenses (Note 7,8) (***)	554.787	225.529
Material expenses	476.423	812.970
Provision for employment termination benefits (**)	97.072	271.581
Other	4.145.534	1.979.648
	80.766.073	**52.833.551**

	1 January - 31 December 2011	1 January - 31 December 2010
General administrative expenses:		
Personnel expenses	7.467.960	6.150.538
Donations and aids	4.818.240	2.255.781
Service expenses paid to shareholders	4.000.000	2.350.000
Remuneration of key management personnel (Note 22) (*)	2.561.152	3.030.418
Depreciation and amortisation expenses (Note 7,8) (***)	2.007.033	1.416.472
Service expenses	1.914.795	1.675.557
Outsourcing expenses	1.442.760	1.412.643
Entertainment and travel expenses	1.368.398	426.442
Taxes and other legal expenses	973.982	686.980
Lawsuit and consultancy expenses	911.870	678.799
Subscription fees	488.230	410.992
Material expenses	486.766	201.264
Insurance expenses	230.563	187.372
Vehicle expenses	169.049	192.297
Energy expenses	153.159	1.126.574
Provision for employment termination benefits (**)	84.030	251.834
Other	1.001.733	1.212.667
	30.079.720	**23.666.630**

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

NOTE 15 - RESARCH AND DEVELOPMENT EXPENSES, MARKETING, SELLING AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES (Continued)

	1 January - 31 December 2011	1 January - 31 December 2010
Research and development expenses:		
Depreciation and amortisation expenses (Note 7,8) (***)	2.019.992	1.468.479
Personnel expenses	431.104	305.968
Outsourcing expenses	231.583	8.366
Remuneration of key management personnel (Note 22.v) (*)	221.008	167.046
Project expenses	79.861	18.898
Entertainment and travel expenses	66.011	5.668
Vehicle expenses	33.190	39.430
Material expenses	27.303	15.978
Provision for employment termination benefits (**)	(64.471)	79.864
Other	151.301	65.395
	3.196.882	**2.175.092**

(*) The amount of remuneration of key management personnel allocated to production costs is TL1.896.554 (2010: TL1.446.902), and capitalized amount is TL565.485 (2010: TL301.665).

(**) The amount of provision for employment termination benefits allocated to production costs is TL596.684 (2010: TL1.732.583).

(***) The amount of depreciation and amortization expenses allocated to production costs TL6.608.653 (2010: TL5.014.916).

NOTE 16 – EXPENSES BY NATURE

	1 January - 31 December 2011	1 January - 31 December 2010
Raw materials	1.024.862.181	613.516.023
Cost of merchandise sold	233.526.935	161.409.563
Personnel expenses	95.092.643	69.576.526
Material expenses	42.391.734	26.983.696
Warranty expenses	30.995.994	17.872.978
Transportation and insurance expenses	18.874.401	8.674.538
Depreciation and amortisation expenses	11.190.465	8.125.396
Energy expenses	10.486.364	9.060.362
Remuneration of key management personnel	6.102.418	5.504.093
Provision for employment termination benefits	713.315	2.335.862
Changes in finished goods and work in process	(34.678.401)	(761.337)
Other	50.037.870	31.062.299
	1.489.595.919	**953.359.999**

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

NOTE 17 – OTHER OPERATING INCOME/EXPENSES

	1 January - 31 December 2011	1 January - 31 December 2010
Termination of provision for doubtful receivables (Note 5)	12.573.663	1.629.463
Gain on sales of property, plant and equipment	643.260	257.498
Incentive income	224.585	280.731
Other income	822.056	505.696
Other operating income	**14.263.564**	**2.673.388**
Provision for doubtful receivables (Note 5)	(8.865.730)	(23.847.482)
Provision for lawsuits (Note 11)	(225.638)	(204.503)
Loss on sales of property, plant and equipment	(28.915)	(29.284)
Other expense	(636.707)	(164.033)
Other operating expenses	**(9.756.990)**	**(24.245.302)**

NOTE 18 - FINANCIAL INCOME

	1 January - 31 December 2011	1 January - 31 December 2010
Foreign exchange gain	322.265.783	345.771.702
Financial income from credit sales	30.341.754	22.789.068
Interest income	10.395.981	7.475.170
Financial income	**363.003.518**	**376.035.940**

NOTE 19 - FINANCIAL EXPENSES

	1 Ocak - 31 Aralık 2011	1 Ocak - 31 Aralık 2010
Foreign exchange loss	(307.301.030)	(348.391.663)
Financial expense on credit purchases	(23.503.155)	(11.187.850)
Interest expenses of bank borrowings	(4.574.391)	(10.293.451)
Other	(1.370.979)	(1.981.121)
Financial expenses	**(336.749.555)**	**(371.854.085)**

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

NOTE 20 - TAX ASSETS AND LIABILITIES

	2011	2010
Corporate taxes payable	65.875.698	47.776.397
Less: Prepaid taxes	(55.729.800)	(35.619.885)
Total tax payable - net	**10.145.898**	**12.156.512**

	1 January - 31 December 2011	1 January - 31 December 2010
Current year corporate tax expense	(65.875.698)	(47.776.397)
Deferred tax income	1.467.204	4.847.511
Tax expense	**(64.408.494)**	**(42.928.886)**

Corporation tax is payable, at a rate of 20% (2010: 20%) on the total income of the companies registered in Turkey after adjusting for certain disallowable expenses, exempt income and investment and other allowances (e.g. R&D allowance).

Deferred taxes

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

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

NOTE 20 - TAX ASSETS AND LIABILITIES (Continued)

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

	Temporary differences		Deferred tax assets/(liabilities)	
	2011	**2010**	**2011**	**2010**
Property, plant and equipment and intangible assets, restatement and useful life differences	13.710.807	4.297.083	(2.742.161)	(859.417)
Unearned finance income on due from related parties	(217.562)	(92.155)	43.512	18.431
Provision for employment termination benefits	(7.501.348)	(7.588.044)	1.500.270	1.517.609
Capitalized unincurred financial expense on inventory	(5.968.097)	(2.323.850)	1.193.619	464.770
Warranty provision	(28.089.818)	(14.763.037)	5.617.963	2.952.607
Provision for lawsuits	(550.057)	(324.419)	110.011	64.884
Unearned finance income on trade receivables	(3.186.187)	(5.528.446)	637.237	1.105.689
Provision for doubtful receivables	(25.764.118)	(34.553.275)	5.152.824	6.910.655
Provision for impairment of inventory	(1.662.000)	(2.521.097)	332.401	504.219
Sales premium accured	(9.192.328)	-	1.838.466	-
Other provisions	(616.843)	(58.974)	123.369	11.795
Elimination of profit margin of the sales to free zone branch	(2.107)	(176.999)	421	35.400
Other	(2.150.036)	(220.467)	430.008	44.094
Deferred tax assets			**14.237.940**	**12.770.736**

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

	2011	**2010**
1 January	**12.770.736**	**7.923.225**
Deferred tax income	1.467.204	4.847.511
31 December	**14.237.940**	**12.770.736**

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

	2011	**2010**
Profit before taxation on income	**341.830.063**	**222.645.982**
Tax calculated at enacted tax rate	68.366.013	44.529.196
Investment deduction	(1.651.908)	-
Research and development deductions	(2.324.949)	(1.646.880)
Disallowable expenses	19.338	46.570
Total tax charge	**64.408.494**	**42.928.886**

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

NOT 21 - 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. Nominal value of one share of company is 1 Kuruş.

	1 January - 31 December 2011	**1 January - 31 December 2010**
Profit for the period	277.421.569	179.717.096
Weighted average number of the ordinary shares	5.336.900.000	5.336.900.000
Earnings per share (1 Kr nominal value per share as TL)	0,0520	0,0337

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

NOT 22 - RELATED PARTY EXPLANATIONS

The Company is jointly controlled by Koç Holding and CNH Osterreich. Related party balances and transaction disclosure are grouped by joint venture companies and group companies of joint venture companies.

Summary of the intercompany balances as of December 31, 2011 and 2010 and significant intercompany transactions were as follows:

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

	2011	**2010**
a) Bank deposits and borrowings		
Deposits with related parties:		
Yapı ve Kredi Bankası A.Ş. ("Yapı Kredi")	2.087.792	30.249.236
	2.087.792	**30.249.236**

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

NOTE 22 - RELATED PARTY EXPLANATIONS (Continued)

b) Due from related parties

	2011	2010
Due from group companies		
CNH International SA ("CNH International") (*)	133.880.805	53.077.450
CNH Italy SPA ("CNH Italy")	4.940.041	2.738.205
CNH Latin America Ltda.	3.291.874	4.582.435
Yapı Kredi Finansal Kiralama A.O.	494.395	411.087
CNH France S.A ("CNH France")	12.727	310.092
New Holland Fiat India Pvt. Ltd.	-	973.924
Other	68.428	151.262
	142.688.270	**62.244.455**
Less: Unearned financial income	(217.562)	(92.155)
	142.470.708	**62.152.300**

(*) Due from related parties is arising from export sales of the Company realized via CNH International. These receivables are collected on a regular basis in specified maturities within the business deals.

c) Due to related parties

	2011	2010
Trade payable to shareholders		
Koç Holding	1.679.738	768.797
	1.679.738	**768.797**
Due to group companies		
Opet Petrolcülük A.Ş. ("Opet")	4.783.796	2.421.872
Zer Merkezi Hizmetler ve Ticaret A.Ş. ("Zer")	4.062.351	1.992.587
New Holland Fiat India Pvt. Ltd.	2.432.182	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş. ("Koç Sistem")	1.530.380	2.387.896
CNH Services srl	1.335.659	-
Arçelik A.Ş.	930.989	350.048
Otokar Otobüs Karoseri Sanayi A.Ş. ("Otokar")	583.795	8.989
Koçtaş Yapı Marketleri A.Ş. ("Koçtaş")	558.969	209.077
Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş. ("Opet Fuchs")	309.161	250.427
Otokoç Otomotiv San. ve Tic. A.Ş ("Otokoç")	140.478	142.564
Setur Servis Turistik A.Ş. ("Setur")	198.547	274.549
Koç Net Haberleşme Teknolojileri ve İletişim Hizmetleri A.Ş. ("Koç Net") (*)	-	45.762
Eltek Elektrik Enerjisi İth.İhr.ve Toptan Tic.A.Ş. ("Eltek")	-	658.434
Other	694.403	594.529
	17.560.710	**9.336.734**
Less: Unearned financial expenses	(152.128)	(148.134)
	19.088.320	**9.957.397**

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

(*) Koç Net is excluded from related party companies as of November 30, 2011.

NOTE 22 - RELATED PARTY EXPLANATIONS (Continued)

ii) Significant sales and purchases transactions with related parties for the periods between 1 January - 31 December 2011 and 2010:

a) Product sales to related parties

	1 January- 31 December 2011	1 January- 31 December 2010
Product sales to group companies		
CNH International (*)	380.567.637	300.293.762
CNH Latin America Ltda.	17.926.636	8.485.775
CNH Italy	8.259.150	7.773.856
Zer	4.028.462	2.133.926
Yapı Kredi Finansal Kiralama	-	193.314
Other	1.007.286	4.791.496
	411.789.171	**323.672.129**

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

b) Other income and expenses from related parties

	1 January- 31 December 2011	1 January- 31 December 2010
Other income from group companies		
CNH International	254.099	163.772
Other	15.967	41.916
	270.066	**205.688**

Other expenses from group companies		
CNH Italy	(536.887)	-

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

NOTE 22 - RELATED PARTY EXPLANATIONS (Continued)

c) Product purchases from related parties

	1 January- 31 Aralık 2011	1 Ocak- 31 Aralık 2010
Product purchases from group companies		
CNH International (*)	93.500.348	45.011.207
Opet (**)	19.399.209	11.152.054
Zer	8.694.385	2.510.140
Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	2.380.365	1.444.616
Koç Sistem	2.198.759	4.044.024
Other	4.141.694	2.734.240
	130.314.760	**66.896.281**

(*) The company purchases tractors, agricultural machinery,engine and spare parts.
(**) The company makes various oil purchases for use in production and fuel purchases for use in company vehicles.

d) Service purchases from related parties

	1 January- 31 December 2011	1 January- 31 December 2010
Service purchases from shareholders		
Koç Holding (*****)	2.070.446	2.304.200
	2.070.446	**2.304.200**
Service purchases from group companies		
Zer (*)	16.461.465	5.945.597
Otokar (**)	4.739.493	-
Setur (***)	4.322.314	2.141.979
Eltek (****)	3.673.709	3.986.095
Vehbi Koç Vakfı	3.062.185	2.000.000
Aygaz Doğalgaz Toptan Satış A.Ş.	2.156.330	40.246
CNH Services srl (*****)	1.985.931	-
Otokoç	1.018.580	769.482
Ram Sigorta Aracılık Hizmetleri A.Ş. (******)	768.890	687.969
Koç Sistem	754.663	689.111
Opet	665.099	490.002
Koç Net	403.215	442.693
CNH International (*****)	-	1.175.000
Other	1.994.361	920.030
	42.006.235	19.288.204
	44.076.681	**21.592.404**

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

NOTE 22 - RELATED PARTY EXPLANATIONS (Continued)

(*) Services purchased from Zer is related with security, cleaning, transportation and other services.
(**) Service purchased from Otokar is related with assembly and assembly support services.
(***) Services purchased from Setur is generally arising from plane tickets, accomodation and associated with various organization within the sales and marketing activities.
(****) Service purchased form Eltek is related with the electricity purchase. As of June 2011, electricity begin purchased from Başkent Elektrik Dağıtımı AŞ.
(*****) Services purchased from Koç Holding and CNH International is related with human resources, strategy development, brokerage and consultacy services. As of 2011, services purchased form CNH International is begun to purchase from CNH Services srl.
(******)Balance reflects premium accrued and paid as of December 31, 2011, arising from insurance policy signed with non related companies, through Ram Sigorta Aracılık Hizmetleri AŞ, which operates as an insurance agency,

iii) Financial income and expenses arising from transactions with related parties for the periods between 1 January - 31 December 2011 and 2010:

Financial income and expense from gorup companies

	1 January- 31 December 2011	1 January- 31 December 2010
Interest Income		
Yapı Kredi	326.087	49.519

	1 January- 31 December 2011	1 January- 31 December 2010
Interest expense		
Yapı Kredi Finansal Kiralama A.O.	4.976	28.191
Yapı Kredi Yatırım Menkul Değerler A.Ş.	500	-
Yapı Kredi	-	3.657.509
	5.476	**3.685.700**

iv) Dividends paid to related parties:

	1 January - 31 December 2011	1 January - 31 December 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**

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

NOTE 22 - RELATED PARTY EXPLANATIONS (Continued)

v) Other transactions with related parties for the periods between 1 January - 31 December 2011 and 2010:

	1 January- 31 December 2011	1 January- 31 December 2010
Remuneration of Board of Directors and key management personnel (*)	6.667.903	5.805.758

(*) Key management personnels are identified as Board of Directors, general manager and vice general managers..

Transactions with related parties

Gain on sale of propert, plant and equipment	**1 January- 31 December 2011**	**1 January- 31 December 2010**
Zer	56.021	3.972
Yapı Kredi Finansal Kiralama	-	356
	56.021	**4.328**

NOT 23 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

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

a) Market Risk

Foreign currency risk

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

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

NOTE 23 - 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 2011 and 2010 are as follows:

	2011						
	TL Equivalent	**USD**	**EUR**	**GBP**	**DKK**	**CHF**	**YEN**
1. Trade Receivables	229.867.380	252.895	93.865.982	-	-	-	-
2. Monetary Financial Assets (Including cash, banks accounts)	153.304.618	753.040	62.149.580	362	-	-	-
3.Other	36.217.983	373.885	14.531.133	195	-	-	-
4. Current Assets **(1+2+3)**	**419.389.981**	**1.379.820**	**170.546.695**	**557**	**-**	**-**	**-**
5. Trade Receivables	19.895.587	231.000	7.962.702	-	-	-	-
6. Other	8.574	4.539	-	-	-	-	-
7. Non-current Assets (5+6)	**19.904.161**	**235.539**	**7.962.702**	**-**	**-**	**-**	**-**
8. Total Assets (4+7)	**439.294.142**	**1.615.359**	**178.509.397**	**557**	**-**	**-**	**-**
9. Trade Payables	240.544.427	734.247	97.704.318	132.909	-	-	-
10. Financial Liabilities	112.225.125	10.181.448	38.052.782	-	-	-	-
11. Other Monetary Liabilities	8.186.292	521	3.349.418	-	-	-	-
12. Current Liabilities (9+10+11)	**360.955.844**	**10.916.216**	**139.106.518**	**132.909**	**-**	**-**	**-**
13. Financial Liabilities	122.898.491	-	50.289.914	-	-	-	-
14. Non-current Liabilities (13)	**122.898.491**	**-**	**50.289.914**	**-**	**-**	**-**	**-**
15. Total Liabilities (12+14)	**483.854.335**	**10.916.216**	**189.396.432**	**132.909**	**-**	**-**	**-**
16. Net Foreign Currency Asset/(Liability) Position (8-15)	**(44.560.193)**	**(9.300.857)**	**(10.887.035)**	**(132.352)**	**-**	**-**	**-**
17. Net Monetary Foreign Currency Asset/(Liability) Position (8-15)	**(44.560.193)**	**(9.300.857)**	**(10.887.035)**	**(132.352)**	**-**	**-**	**-**

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

NOTE 23 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

	2010						
	TL Equivalent	**USD**	**EUR**	**GBP**	**DKK**	**CHF**	**YEN**
1. Trade Receivables	143.199.955	1.495.506	68.755.992	-	-	-	-
2. Monetary Financial Assets (Including cash, banks accounts)	53.986.232	162.809	26.223.337	121	-	-	-
3.Other	18.382.526	187.920	8.495.873	195	62.594	-	35.146.868
4. Current Assets (1+2+3)	**215.568.713**	**1.846.235**	**103.475.202**	**316**	**62.594**	**-**	**35.146.868**
5. Trade Receivables	58.392.007	22.680	28.479.305	-	-	-	-
6.Tangible Assets (5)	**58.392.007**	**22.680**	**28.479.305**	**-**	**-**	**-**	**-**
7. Non-current Assets (4+6)	**273.960.720**	**1.868.915**	**131.954.507**	**316**	**62.594**	**-**	**35.146.868**
8. Trade Payables	141.066.059	640.616	68.279.181	68.993	-	-	-
9. Financial Liabilities	124.393.604	-	60.706.458	-	-	-	-
10. Other Monetary Liabilities	5.618.950	54.545	2.701.002	-	-	-	-
11. Current Liabilities (8+9+10)	**271.078.613**	**695.161**	**131.686.641**	**68.993**	**-**	**-**	**-**
12. Financial Liabilities	41.032.794	-	20.024.788	-	-	-	-
13. Non-current Liabilities (12)	**41.032.794**	**-**	**20.024.788**	**-**	**-**	**-**	**-**
14. Total Liabilities (11+13)	**312.111.407**	**695.161**	**151.711.429**	**68.993**	**-**	**-**	**-**
15. Net Foreign Currency Asset/(Liability) Position (7-14)	**(38.150.687)**	**1.173.754**	**(19.756.922)**	**(68.677)**	**62.594**	**-**	**35.146.868**
16. Net Monetary Foreign Currency Asset/(Liability) Position (7-14)	**(38.150.687)**	**1.173.754**	**(19.756.922)**	**(68.677)**	**62.594**	**-**	**35.146.868**

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

NOTE 23 - 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 2011 and 2010 are as follows:

	1 January - 31 December 2011	1 January- 31 December 2010
Total export amount	407.596.147	331.955.074
Total import amount	468.794.660	232.901.274

The Company is exposed to foreign exchange risk primarily with respect to EUR and USD. The effect of the Company's EUR and USD foreign currency position as of 31 December 2011 and 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:

	2011			
	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 USD				
Profit/(loss) from USD net asset position	(1.756.838)	1.756.838	-	-
Hedged amount against USD risk (-)	-	-	-	-
Net Effect of USD	**(1.756.838)**	**1.756.838**	**-**	**-**
Had TL appreciate/(depreciate) by 10% against EUR				
Profit/(loss) from EUR net liability position	(2.660.574)	2.660.574	-	-
Hedged amount against EUR risk (-)	-	-	-	-
Net Effect of EUR	**(2.660.574)**	**2.660.574**	**-**	
Had TL appreciate/(depreciate) by 10% against other				
Profit/(loss) from other net liability position	(38.607)	38.607	-	-
Hedged amount against other (-)	-	-	-	-
Net Effect of other	**(38.607)**	**38.607**	**-**	**-**
Total Net Effect	**(4.456.019)**	**4.456.019**	**-**	**-**

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

NOTE 23 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

	2010			
	Profit/Loss		Shareholders' Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Had TL appreciate/(depreciate) by 10% against USD				
Profit/(loss) from USD net asset position	181.462	(181.462)	-	-
Hedged amount against USD risk (-)	-	-	-	-
Net Effect of USD	**181.462**	**(181.462)**	-	-
Had TL appreciate/(depreciate) by 10% against EUR				
Profit/(loss) from EUR net liability position	(4.048.392)	4.048.392	-	-
Hedged amount against EUR risk (-)	-	-	-	-
Net Effect of EUR	**(4.048.392)**	**4.048.392**	-	-
Had TL appreciate/(depreciate) by 10% against other				
Profit/(loss) from other net liability position	51.862	(51.862)	-	-
Hedged amount against other risk (-)	-	-	-	-
Net Effect of other	**51.862**	**(51.862)**	**-**	**-**
Total Net Effect	**(3.815.068)**	**3.815.068**	**-**	**-**

Price Risk

The Company does not have financial assets exposed to price risk.

Cash flow and fair value interest rate risk

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

b) Credit Risk

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

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

NOT 23 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

The Company's maximum exposure to credit risk as of 31 December 2011 and 2010 is as follows:

	2011						
	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	141.963.241	248.723.633	-	328.616	245.351.627	-	-
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	507.467	6.360.712	-	-	-	-	-
Net book value of impaired assets	-	1.369.907	-	-	-	-	-
- Due dated (Gross book value)	-	18.224.027	-	-	-	-	-
- Provision (-)	-	(16.854.120)	-	-	-	-	-
- Undue (Gross book value)	-	22.473.926	-	-	-	-	-
- Provision (-)	-	(22.473.926)	-	-	-	-	-
Off-balance sheet items exposed to credit risk	-	-	-	-	-	-	28.979.898
Amount exposed to maximum credit risk (**)	**142.470.708**	**256.454.252**	**-**	**328.616**	**245.351.627**		**28.979.898**

(*) Other includes the letters of guarantee and bails given by the Company (Not 11c).
(**) The factors, increasing the credit reliability and the guarantees received are not taken into consideration in calculation of the amount.

As of 31 December 2011, the guarantee amount of the maximum exposure to credit risk isTL 240.080.351. Besides, all assets which are due but not impaired and are impaired are guaranteed.

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

NOTE 23 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

	2010						
	Trade Receivables		Other Receivables				
	Related Party	Third Party	Related Party	Third Party	Bank Deposits	Derivative Instruments	Other (*)
Net book value of financial assets which are undue and not impaired	61.610.405	254.647.515	-	318.608	248.557.341	-	-
Net book value of restructured financial assets, otherwise that	-	-	-	-	-	-	-
will be considered as due dated or impaired	-	-	-	-	-	-	-
Net book value of due dated but not impaired assets	541.895	10.977.118	-	-	-	-	-
Net book value of impaired assets		8.883.597	-	-	-	-	-
- Due dated (Gross book value)	-	30.112.964	-	-	-	-	-
- Provision (-)		(21.229.367)	-	-	-	-	-
- Undue (Gross book value)	-	21.806.612	-	-	-	-	-
- Provision (-)	-	(21.806.612)	-	-	-	-	-
Off-balance sheet items exposed to credit risk	-	-	-	-	-	-	40.554.828
Amount exposed to maximum credit risk (**)	**62.152.300**	**274.508.230**	**-**	**318.608**	**248.557.341**	**-**	**40.554.828**

(*) Other includes the letters of gurantee and bails given by the Company (Not 11c).
(**) The factors, increasing the credit reliability and the guarantees received are not taken into consideration in calculation of the amount.

As of 31 December 2010, the guarantee amount of the maximum exposure to credit risk is 141.475.812 TL. Besides, all assets which are due but not impaired and are impaired are guaranteed.

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

NOTE 23 - 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 2011 and 2010 are as follows:

	2011				
	Receivables				
	Trade Receivables	Other Receivables	Bank Deposits	Derivative Instruments	Other
Past due between 1-30 days	1.651.696	-	-	-	-
Past due between 1-3 months	677.737	-	-	-	-
Past due between 3-12 months	1.290.215	-	-	-	-
Past due between 1-5 years	3.248.531	-	-	-	-
Past due over 5 years	-	-	-	-	-
Total past due balance	**6.868.179**	**-**	**-**	**-**	**-**

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

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

c) Liquidity Risk

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

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

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

NOTE 23 - 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 2011 and 2010 are disclosed as follows:

	2011					
	Book value	**Up to 3 months**	**3 months to 1 year**	**1 year to 5 years**	**No maturity**	**Total contractual cash outflows**
Financial liabilities	235.144.470	43.608.239	78.894.116	135.188.262	-	257.690.617
Trade payables	314.885.930	316.057.901	-	-	-	316.057.901
Due to related parties	19.088.320	19.240.448	-	-	-	19.240.448
Other payables	10.810.110	10.810.110	-	-	-	10.810.110
Financial liabilities other than derivatives	**579.928.830**	**389.716.698**	**78.894.116**	**135.188.262**	**-**	**603.799.076**
Cash inflow from derivative instruments	-	-	-	-	-	-
Cash outflow from derivative instruments	-	-	-	-	-	-
Financial liabilities from derivative instruments	**-**	**-**	**-**	**-**	**-**	**-**

	2010					
	Book value	**Up to 3 months**	**3 months to 1 year**	**1 year to 5 years**	**No maturity**	**Total contractual cash outflows**
Financial liabilities	168.954.855	118.026.489	10.557.134	42.933.625	-	171.517.248
Trade payables	185.792.694	186.504.161	-	-	-	186.504.161
Due to related parties	9.957.397	10.105.531	-	-	-	10.105.531
Other payables	7.036.742	7.036.742	-	-	-	7.036.742
Financial liabilities other than derivatives	**371.741.688**	**321.672.923**	**10.557.134**	**42.933.625**	**-**	**375.163.682**
Cash inflow from derivative instruments	-	-	-	-	-	-
Cash outflow from derivative instruments	-	-	-	-	-	-
Financial liabilities from derivative instruments	**-**	**-**	**-**	**-**	**-**	**-**

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

NOTE 23 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Capital risk management

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

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

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

	2011	**2010**
Cash and cash equivalents (Note 3)	244.528.553	247.556.860
Less: Financial liabilities	(235.144.470)	(168.954.855)
Net financial debt	**9.384.083**	**78.602.005**
Total shareholders' equity	595.592.482	468.170.913
Net financial debt/shareholders' equity	**%2**	**%17**

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.

NOTE 23 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Aşağıdaki yöntem ve varsayımlar, makul değeri belirlenebilen finansal varlıkların makul değerlerinin tahmininde kullanılmıştır:

Financial assets

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

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

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

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

Financial liabilities

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

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

NOTE 24 - SUBSEQUENT EVENT

None.

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