

Türk Traktör ve Ziraat Makineleri A.Ş.

**Convenience translation into English of
condensed financial statements for the interim
period between 1 January – 30 September 2012
(originally issued in Turkish)**

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TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

INTERIM BALANCE SHEET

AS OF 30 SEPTEMBER 2012

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

		Current period Unaudited	Prior period Audited
	Notes	30 September 2012	31 December 2011
ASSETS			
CURRENT ASSETS		1.078.988.344	1.068.781.411
Cash and cash equivalents	3	288.239.009	245.351.627
Trade receivables			
- Trade receivables	5	254.906.885	236.217.681
- Due from related parties	19	101.968.634	142.470.708
Inventories	6	317.619.972	307.737.938
Other current assets	9	116.253.844	137.003.457
NON-CURRENT ASSETS		191.240.951	171.176.261
Trade receivables	5	708.694	20.236.571
Other receivables		337.894	318.608
Property, plant and equipment	7	131.256.342	109.971.285
Intangible assets	8	31.731.625	26.411.857
Other non-current assets		726.487	-
Deferred tax assets	17	26.479.909	14.237.940
TOTAL ASSETS		1.270.229.295	1.239.957.672

The financial statements prepared as at and for the period ended 30 September 2012 have been approved by the Board of Directors on 31 October 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.

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

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

**INTERIM BALANCE SHEET
AS OF 30 SEPTEMBER 2012**

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

		Current period Unaudited	Prior period Audited
	Notes	30 September 2012	31 December 2011
LIABILITIES			
CURRENT LIABILITIES		534.794.343	499.647.692
Financial liabilities	4	259.448.128	112.244.438
Trade payables			
- Trade payables	5	199.050.242	314.885.930
- Due to related parties	19	10.754.592	19.088.320
Other payables		4.242.302	10.810.110
Taxation on income	17	9.791.488	10.145.898
Provision for employee benefits	11	8.258.143	4.511.377
Provisions	10	17.969.174	14.323.757
Other current liabilities	9	25.280.274	13.637.862
NON-CURRENT LIABILITIES		123.665.261	144.717.498
Financial liabilities	4	100.476.966	122.900.032
Provision for employee benefits	11	8.155.170	7.501.348
Provisions	10	15.033.125	14.316.118
SHAREHOLDERS' EQUITY		611.769.691	595.592.482
Share capital	12	53.369.000	53.369.000
Adjustments to share capital	12	39.014.356	39.014.356
Merger reserve		(5.569.000)	(5.569.000)
Restricted profit reserves		94.435.957	74.702.802
Retained earnings		214.342.169	156.653.755
Net profit for the period		216.177.209	277.421.569
TOTAL LIABILITIES		1.270.229.295	1.239.957.672
Provisions, contingent assets and contingent liabilities	10		

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

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME FOR THE INTERIM PERIOD BETWEEN 1 JANUARY – 30 SEPTEMBER 2012

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

		Unaudited		Unaudited	
	Notes	1 January - 30 September 2012	1 July - 30 September 2012	1 January - 30 September 2011	1 July - 30 September 2011
Sales (net)	13	1.549.108.123	367.649.493	1.317.150.105	422.806.675
Cost of sales (-)	13	(1.210.063.519)	(282.247.902)	(968.292.207)	(326.334.409)
GROSS PROFIT		339.044.604	85.401.591	348.857.898	96.472.266
Marketing, selling and distribution expenses (-)		(66.794.395)	(19.440.236)	(56.913.439)	(19.970.234)
General administrative expenses (-)		(26.721.471)	(8.505.206)	(18.383.376)	(6.609.020)
Research and development expenses (-)		(5.505.664)	(1.763.090)	(2.173.706)	(792.732)
Other operating income	14	10.546.002	820.564	8.795.984	2.227.184
Other operating expenses (-)	14	(7.447.319)	(692.028)	(9.333.203)	(4.007.479)
OPERATING PROFIT		243.121.757	55.821.595	270.850.158	67.319.985
Financial income	15	214.890.162	78.569.178	255.629.596	95.966.530
Finance expenses (-)	16	(198.164.537)	(73.943.637)	(238.004.563)	(84.003.385)
PROFIT BEFORE TAXATION ON INCOME		259.847.382	60.447.136	288.475.191	79.283.130
Taxes on income (-)	17	(55.912.142)	(8.679.415)	(61.605.344)	(16.359.560)
Deferred tax income	17	12.241.969	(1.641.702)	6.800.484	2.694.733
PROFIT FOR THE PERIOD		216.177.209	50.126.019	233.670.331	65.618.303
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME		216.177.209	50.126.019	233.670.331	65.618.303
Earnings per share (TL)	18	0,0405	0,0094	0,0438	0,0123

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

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

**CONDENSED CHANGES IN SHAREHOLDERS' EQUITY
FOR THE INTERIM PERIOD BETWEEN 1 JANUARY – 30 SEPTEMBER 2012**

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

	Share capital	Adjustment to share capital	Merger reserve	Restricted profit reserves	Retained earnings	Net profit for the period	Total shareholders' equity
1 January 2012	53.369.000	39.014.356	(5.569.000)	74.702.802	156.653.755	277.421.569	595.592.482
Transfers	-	-	-	19.733.155	257.688.414	(277.421.569)	-
Dividends paid	-	-	-	-	(200.000.000)	-	(200.000.000)
Net profit for the period	-	-	-	-	-	216.177.209	216.177.209
30 September 2012	53.369.000	39.014.356	(5.569.000)	94.435.957	214.342.169	216.177.209	611.769.691
	Share capital	Adjustment to share capital	Merger reserve	Restricted profit reserves	Retained earnings	Net profit for the period	Total shareholders' equity
1 January 2011	53.369.000	39.014.356	(5.569.000)	59.969.647	141.669.814	179.717.096	468.170.913
Transferler	-	-	-	14.733.155	164.983.941	(179.717.096)	-
Dividends paid	-	-	-	-	(150.000.000)	-	(150.000.000)
Net profit for the period	-	-	-	-	-	233.670.331	233.670.331
30 September 2011	53.369.000	39.014.356	(5.569.000)	74.702.802	156.653.755	233.670.331	551.841.244

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

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

**CONDENSED CASH FLOWS FOR THE INTERIM PERIOD
BETWEEN 1 JANUARY – 30 SEPTEMBER 2012**

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

		Current period	Prior period
		Unaudited	Unaudited
	Notes	30 September	30 September
		2012	2011
Operating activities:			
Profit before taxation on income		259.847.382	288.475.191
Depreciation	7	10.155.424	6.437.411
Amortisation	8	3.833.582	1.908.414
Provision for employment termination benefits	11	1.849.841	546.434
Gain from sales of property, plant and equipment - net	14	(5.186.384)	(578.901)
Interest income	15	(7.610.409)	(7.807.128)
Interest expense	16	11.034.481	3.439.184
Provision for impairment of inventory	6	3.544.052	(700.763)
Expense accruals-net		4.362.423	11.009.359
Provision for doubtful receivables	14	5.134.547	8.564.263
Other non-cash items		12.890.199	(4.459.201)
Net cash flow before changes in operating assets and liabilities		299.855.138	306.834.263
Changes in operating assets and liabilities - net:			
Increase in trade receivables		(4.668.742)	(13.957.033)
Decrease/(increase) in due from related parties		40.940.388	(28.527.178)
Decrease in inventories		(13.302.115)	(153.161.580)
Decrease/(increase) in other current assets		20.749.613	(19.296.957)
(Increase)/ decrease in other receivables		(19.286)	3.555
Increase in other non-current assets		(726.485)	(2.362.241)
Decrease in due to related parties		(8.346.582)	(2.387.849)
(Decrease)/ increase in trade payables		(116.320.947)	60.331.902
Decrease in other payables		(6.567.801)	(2.028.480)
Increase in other short-term liabilities		11.642.412	5.855.500
Increase in employment termination benefit		3.746.766	2.684.820
Employment termination benefits paid	11	(1.196.019)	(708.701)
Taxes paid		(56.266.553)	(52.414.866)
Net cash provided by operating activities		169.519.787	100.865.155
Investing activities:			
Capital expenditures		(40.662.828)	(20.303.045)
Gain from sales of property, plant and equipment and intangible assets		5.255.381	731.415
Interest received		7.849.133	8.383.111
Net cash used in investing activities		(27.558.314)	(11.188.519)
Financing activities:			
Proceeds from bank borrowings		676.246.289	196.717.917
Repayment of financial borrowings		(567.112.292)	(206.757.182)
Dividends paid		(200.000.000)	(150.000.000)
Interest paid		(8.853.821)	(3.206.709)
Net cash used in investing activities		(99.719.824)	(163.245.974)
Effect of change of exchange rate on cash and cash equivalent		641.213	6.032.655
Increase/(decrease) in cash and cash equivalents		42.241.649	(73.569.338)
Cash and cash equivalents at the beginning of the period	3	244.528.553	247.556.860
Cash and cash equivalents at the end of the period	3	287.411.415	180.020.177

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

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD

BETWEEN 1 JANUARY-30 SEPTEMBER 2012 (Continued)

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Türk Traktör ve Ziraat Makineleri A.Ş. (the “Company”) was established in 1954 in Ankara, as Minneapolis Moline Türk Traktör ve Ziraat Makineleri A.Ş. to undertake the manufacturing and trade of farm tractors, harvesters and other agricultural machinery and equipment. The name of the Company was changed as Türk Traktör Ziraat Makineleri A.Ş. in 1968 upon the purchase of 25% of the shares held by Ege Makina ve Ticaret A.Ş., a group company of the Koç Holding A.Ş. (“Koç Holding”). As of 30 September 2012, major shareholders of the Company are Koç Holding and CNH Österreich GmbH (“CNH Österreich”) (Note 12). The number of personnel working within the Company as of 30 September 2012 is 2.455 (31 December 2011: 2.491).

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 Österreich,centered in Austria on 16 February, 2011.

The Company conducts marketing and selling activities in the domestic market, through its 126 sales dealers and 96 spare part dealers.

The Company is registered in Turkey in the following address:

Güvercin Yolu No: 111-112
06560 - Gazi Ankara

As of September 30, 2012, the free float of the Company whose shares are traded in the Istanbul Stock Exchange (“ISE”) is 24,93% (31 December 2011: 24,3%) (Note 12).

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

Principles governing the preparation of financial statements

The condensed interim financial statements have been prepared within the framework of Communiqué XI, No: 29 (referred as “CMB Accounting Standards”) and the related notes to them are presented in accordance with the formats recommended by the CMB.

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD

BETWEEN 1 JANUARY-30 SEPTEMBER 2012 (Continued)

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

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

In accordance with the Communiqué No: XI-29, entities are allowed to prepare a complete or condensed set of interim financial statements in accordance with IAS 34, “Interim Financial Reporting”. In this respect, the Group has preferred to prepare condensed financial statements in the interim periods and prepared the aforementioned condensed financial statements in compliance with CMB Financial Reporting Standards. Condensed financial statements does no included all notes and disclosures that are required for yearend financial statements, therefore, condensed financial statements have to be read in conjunction with financial statements as of 31 December 2011.

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.

Functional and representative currency of the Company is TL.

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. Comparative figures have no reclassification as of September 30, 2012.

2.3 New and amended standards and interpretations:

The accounting policies adopted in preparation of the interim financial statements as at 30 September 2012 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 2012. The effects of these standards and interpretations on the Company’s financial position and performance have been disclosed in the related paragraphs.

The new standards, amendments and interpretations which are effective as at 1 January 2012 are as follows:

- IAS 12 “Income Taxes: Recovery of Underlying Assets (Amendment)” (These amendments will be applied retrospectively. This standard has not yet been endorsed by the EU. Adoption of this amendment did not have any impact on the financial position or performance of the Company.)
- IFRS 7 “Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements (Amended)” (The amendment affects disclosures only and did not have any impact on the financial position or performance of the Company.)

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

**SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL
STATEMENTS FOR THE INTERIM PERIOD**

BETWEEN 1 JANUARY-30 SEPTEMBER 2012 (Continued)

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

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

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 interim 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 amendment affects presentation only and will have no impact on the financial position or performance of the Company.)
- 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. 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)”, (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)”, (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.)
- IAS 32 “Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities (Amended)”, (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.)
- IFRS 7 “Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities (Amended)”, (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. 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 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 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 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 standard has not yet been endorsed by the EU. The amendment will have no impact on the financial position or performance of the Company.)

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD

BETWEEN 1 JANUARY-30 SEPTEMBER 2012 (Continued)

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

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

- 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. The interpretation is not applicable for the Company and will not have any impact on the financial position or performance of the Company.)
- Transition Guidance “Amendments to IFRS 10, IFRS 11 and IFRS 12”, (The guidance is effective for annual periods beginning on or after 1 January 2013. The amendments change the transition guidance to provide further relief from full retrospective application. For the same reasons IASB has also amended IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities to provide transition relief. This guidance has not yet been endorsed by the EU. The Company is in the process of assessing the impact of the guidance on the financial position or performance of the Company.)

Improvements to IFRSs

The IASB has issued the Annual Improvements to IFRSs – 2009 – 2011 Cycle, which contains amendments to its standards. The annual improvements project provides a mechanism for making necessary, but non-urgent, amendments to IFRS. The effective date for the amendments is for annual periods beginning on or after 1 January 2013. Earlier application is permitted in all cases, provided that fact is disclosed. This project has not yet been endorsed by the EU. The Company is in the process of assessing the impact of the project on the financial position or performance of the Company.

- IAS 1 Financial Statement Presentation:
Clarifies the difference between voluntary additional comparative information and the minimum required comparative information.
- IAS 16 Property, Plant and Equipment:
Clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.
- IAS 32 Financial Instruments: Presentation:
Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes. The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders.
- IAS 34 Interim Financial Reporting:
Clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment. Total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity’s previous annual financial statements for that reportable segment.

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD

BETWEEN 1 JANUARY-30 SEPTEMBER 2012 (Continued)

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

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

2.4 Summary of significant accounting policies

The principal accounting policies, consistently applied with prior period.

2.5 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.

NOTE 3 - CASH AND CASH EQUIVALENTS

	30 September 2012	31 December 2011
Banks		
- TL denominated demand deposits	13.150.822	7.799.712
- TL denominated time deposits	72.553.484	84.247.297
- Foreign currency denominated demand deposits	1.876.693	1.112.369
- Foreign currency denominated time deposits	200.658.010	152.192.249
	288.239.009	245.351.627

As of 30 September 2012, the weighted average effective annual interest rate for TL and Euro ("EUR") time deposits is 9,00% and 3,00% (As of 31 December, 2011: TL: 10,19%, EUR: 5,22%, US Dollars ("USD"): 4,40%). As of 30 September 2012 and 31 December 2011, remaining time to maturity of time deposits is less than three months.

The cash and cash equivalents included in the statement of cash flows at 30 September 2012 and 31 December 2011 are as follows:

	30 September 2012	31 December 2011
Banks	288.239.009	245.351.627
Less: Interest accruals	(102.846)	(341.570)
Less: Restricted bank deposits (*)	(724.748)	(481.504)
Cash and cash equivalents	287.411.415	244.528.553

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

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

**SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL
STATEMENTS FOR THE INTERIM PERIOD**

BETWEEN 1 JANUARY-30 SEPTEMBER 2012 (Continued)

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

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	
	30	31	30	31	30	31
	September 2012	December 2011	September 2012	December 2011	September 2012	December 2011
TL bank borrowings	-	2.503	-	-	-	2.503
EUR bank borrowings	70.633.854	27.767.782	3,26	3,66	163.058.253	67.858.906
USD bank borrowings	5.071.875	10.181.448	4,50	4,60	9.051.775	19.231.736
					172.110.028	87.093.145

Current portion of long term bank borrowings

	Original currency amount		Weighted average effective interest rate p.a. (%)		TL Equivalent	
	30	31	30	31	30	31
	September 2012	December 2011	September 2012	December 2011	September 2012	December 2011
EUR bank borrowings	37.830.090	10.285.000	5,14	2,70	87.330.764	25.134.483
					87.330.764	25.134.483

Short-term financial lease obligations

	Original currency amount		TL Equivalent	
	30	31	30	31
	September 2012	December 2011	September 2012	December 2011
TL financial lease obligations			7.336	16.810
			7.336	16.810
Total short-term financial liabilities			259.448.128	112.244.438

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NOTE 4 - FINANCIAL LIABILITIES (Continued)

b) Long-term financial liabilities

Long-term bank borrowings

	Original currency amount		Weighted average effective interest rate p.a. (%)		TL Equivalent	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011	30 September 2012	31 December 2011
EUR bank borrowings	43.524.785	50.289.914	6,16	6,55	100.476.966	122.898.491
					100.476.966	122.898.491

Long-term financial lease obligations

	Original currency amount		TL Equivalent	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
TL financial lease obligations	-	1.541	-	1.541
			-	1.541
Total long-term financial liabilities			100.476.966	122.900.032

Redemption schedule of the long-term bank borrowings as of 30 September 2012 is as follows:

	30 September 2012
2013	7.312.501
2014	73.377.321
2015	9.893.572
2016	9.893.572
	100.476.966

As of 30 September 2012 and 31 December 2011 the Company does not have any floating rate loan.

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

	Taşınan Değer		Makul Değer	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
Bank borrowings	359.917.758	235.126.119	359.460.965	233.649.127

As of 30 September 2012, 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 4,70% and 4,60%, respectively (31 December 2011: EUR and USD bank borrowings 6,35% ve 6,10% p.a, respectively).

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NOTE 5 - TRADE RECEIVABLES AND PAYABLES

	30 September 2012	31 December 2011
Short-term trade receivables:		
Customer current accounts	236.957.424	180.260.410
Notes receivables	48.314.166	85.983.860
Protested notes	7.658.986	6.459.419
	292.930.576	272.703.689
Less: Provision for doubtful receivables	(36.222.179)	(33.039.870)
Unearned financial income	(1.801.512)	(3.446.138)
Short-term trade receivables	254.906.885	236.217.681
Due from related parties (Note 19)	101.968.634	142.470.708
Total short-term trade receivables	356.875.519	378.688.389

Movements of the provisions for short term doubtful receivables for the years ended 30 September 2012 and 2011 are as shown below:

	2012	2011
1 January	(33.039.870)	(36.483.616)
Transfer from long term	(2.829.646)	(2.057.176)
Cancellations during the year (Note 14)	4.648.709	7.045.717
Charge during the year (Note 14)	(5.001.372)	(5.651.310)
30 September	(36.222.179)	(37.146.385)

	30 September 2012	31 December 2011
Long-term trade receivables:		
Notes receivables	4.333.779	27.635.471
Less: Provision for doubtful receivables	(3.591.705)	(6.288.176)
Unearned financial income	(33.380)	(1.110.724)
Long-term trade receivables	708.694	20.236.571

Movements of the provisions for long term doubtful receivables for the years ended 30 September 2012 and 2011 are as shown below:

	2012	2011
1 January	(6.288.176)	(6.552.363)
Transfer to short term	2.829.646	2.057.176
Cancellations during the year (Note 14)	-	423.932
Charge during the year (Note 14)	(133.175)	(2.912.953)
30 September	(3.591.705)	(6.984.208)

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NOTE 5 - TRADE RECEIVABLES AND PAYABLES (Continued)

	30 September 2012	31 December 2011
Trade payables:		
Supplier current accounts	199.595.895	316.057.902
Less: Unincurred financial expense	(545.653)	(1.171.972)
Trade payables	199.050.242	314.885.930
Due to related parties (Note 19)	10.754.592	19.088.320
Total trade payables	209.804.834	333.974.250

NOTE 6 – INVENTORIES

	30 September 2012	31 December 2011
Raw materials	105.642.804	133.402.427
Work in progress	13.271.927	6.528.610
Finished goods	84.035.812	43.941.293
Commercial goods	45.222.598	48.472.282
Spare parts	19.149.298	16.238.486
Goods in transit (*)	55.503.585	60.816.840
	322.826.024	309.399.938
Provision for impairment of inventory	(5.206.052)	(1.662.000)
	317.619.972	307.737.938

The cost of inventories recognised as expense in the current year, amounted to TL1.131.342.028 (30 September 2011: TL917.582.782).

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

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

	2012	2011
1 January	(1.662.000)	(2.521.097)
Released of inventory sold during the period	799.351	988.314
Charge during the period for impairment of inventory	(4.343.403)	(287.551)
30 September	(5.206.052)	(1.820.334)

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NOTE 6 – INVENTORIES (Continued)

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

	30 September 2012	30 September 2011
Raw materials	(812.539)	(1.580.665)
Finished goods	(3.530.864)	(239.669)
Spare parts	(862.649)	-
	(5.206.052)	(1.820.334)

NOTE 7- PROPERTY, PLANT AND EQUIPMENT

	1 January 2012	Additions	Disposals	Transfers	30 September 2012
<u>Cost</u>					
Land	22.240.313	1.654.845	(6.066)	-	23.889.092
Land improvements	5.329.126	34.250	-	-	5.363.376
Buildings	51.177.099	1.006.578	-	218.639	52.402.316
Machinery and equipment	351.600.074	9.816.376	(6.247.137)	16.356.836	371.526.149
Special costs	2.705.188	-	-	-	2.705.188
Motor vehicles	1.791.445	-	(129.617)	-	1.661.828
Furniture and fixtures	27.882.315	1.708.884	(656.479)	1.664.291	30.599.011
Construction in progress	9.655.625	17.338.545	-	(18.289.766)	8.704.404
	472.381.185	31.559.478	(7.039.299)	(50.000) (*)	496.851.364
<u>Accumulated depreciation</u>					
Land improvements	3.197.561	109.826	-	-	3.307.387
Buildings	35.102.741	1.162.796	-	-	36.265.537
Machinery and equipment	301.110.058	6.951.579	(6.214.282)	-	301.847.355
Special costs	2.620.160	17.661	-	-	2.637.821
Motor vehicles	1.105.003	174.720	(110.084)	-	1.169.639
Furniture and fixtures	19.274.377	1.738.842	(645.936)	-	20.367.283
	362.409.900	10.155.424	(6.970.302)		365.595.022
Net book value	109.971.285				131.256.342

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NOT 7 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2011	Additions	Disposals	Transfers	30 September 2011
<u>Cost</u>					
Land	373.095	-	-	-	373.095
Land improvements	4.745.435	581.071	-	-	5.326.506
Buildings	49.149.170	78.100	-	1.260.774	50.488.044
Machinery and equipment	322.507.484	7.037.004	(4.841.891)	7.615.520	332.318.117
Special costs	2.705.188	-	-	-	2.705.188
Motor vehicles	1.918.149	497.722	(539.676)	-	1.876.195
Furniture and fixtures	23.389.573	1.668.767	(1.313.486)	2.876.251	26.621.105
Construction in progress	11.998.368	4.012.330	-	(12.255.026)	3.755.672
	416.786.462	13.874.994	(6.695.053)	(502.481) (*)	423.463.922
<u>Accumulated depreciation</u>					
Land improvements	3.066.503	94.548	-	-	3.161.051
Buildings	33.572.888	1.140.248	-	-	34.713.136
Machinery and equipment	300.991.225	3.839.311	(4.828.412)	-	300.002.124
Special costs	2.581.685	30.376	-	-	2.612.061
Motor vehicles	1.307.407	219.445	(415.651)	-	1.111.201
Furniture and fixtures	19.303.252	1.113.483	(1.298.476)	-	19.118.259
	360.822.960	6.437.411	(6.542.539)	-	360.717.832
Net book value	55.963.502				62.746.090

(*) Transferred to intangible assets.

For the period ended at 30 September 2012, of the total depreciation expense amounting to TL 10.155.424 (30 September 2011: TL 6.437.411), TL 7.430.313 (30 September 2011: TL 4.292.850) is allocated to production costs, TL 1.635.326 (30 September 2011: TL 1.339.640) is allocated to general administrative expenses, TL 649.850 (30 September 2011: TL 414.646) is allocated to research and development expenses and TL 439.935 (30 September 2011: TL 390.275) is allocated to marketing, selling and distribution expenses. The depreciation expense amounting to TL 499.657 (30 September 2011: TL 438.330) is capitalized during the period as it is related to the development costs.

There is no mortgage on property, plant and equipment as of September 30, 2012 (December 31, 2011: none)

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NOTE 8 - INTANGIBLE ASSETS

	1 January 2012	Additions	Disposals	Transfers	30 September 2012
<u>Cost</u>					
Rights	6.093.469	1.345.228	(2.370)	50.000	7.486.327
Development costs	10.088.545	-	-	17.005.571	27.094.116
Development costs in progress	18.905.977	7.758.122	-	(17.005.571)	9.658.528
	35.087.991	9.103.350	(2.370)	50.000	44.238.971
<u>Accumulated amortisation</u>					
Rights	4.389.345	579.134	(2.370)	-	4.966.109
Development costs	4.286.789	3.254.448	-	-	7.541.237
	8.676.134	3.833.582	(2.370)	-	12.507.346
Net book value	26.411.857				31.731.625
	1 January 2011	Additions	Disposals	Transfers	30 September 2011
<u>Cost</u>					
Rights	4.845.814	461.468	-	502.481	5.809.763
Development costs	10.088.545	-	-	-	10.088.545
Development costs in progress	9.489.048	5.966.583	-	-	15.455.631
	24.423.407	6.428.051	-	502.481	31.353.939
<u>Accumulated amortisation</u>					
Rights	3.827.883	395.132	-	-	4.223.015
Development costs	2.269.080	1.513.282	-	-	3.782.362
	6.096.963	1.908.414	-	-	8.005.377
Net book value	18.326.444				23.348.562

Development costs include intangible assets generated by the Company. Capitalized development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use. The amortisation is not calculated for the development costs in progress as the development process has not yet been completed.

For the period ended at 30 September 2012, of the total amortisation expenses amounting to TL3.833.582 (30 September 2011: TL1.908.414), TL 423.729 (30 September 2011: TL263.498) is allocated to production costs, TL 93.258 (30 September 2011: TL 82.228) is allocated to general administrative expenses, TL 3.291.507 (30 September 2011: TL 1.538.733) is allocated to research and development expenses and TL 25.088 (30 September 2011: TL 23.955) is allocated to marketing, selling and distribution expenses.

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NOTE 9 - OTHER ASSETS AND LIABILITIES

	30 September 2012	31 December 2011
a) Other current assets:		
Reclaimed value added tax (“VAT”)	62.747.547	72.786.817
Deferred VAT	51.722.334	61.763.621
Prepaid expenses	1.586.446	1.826.780
Other	197.517	626.239
	116.253.844	137.003.457
	30 September 2012	31 December 2011
b) Other short-term liabilities:		
Advance received (*)	12.658.341	7.569.830
Deferred incentive income (**)	1.417.000	1.375.444
Deferred income (***)	512.174	4.635.188
Other accrued expenses (****)	10.692.759	57.400
Other short-term liabilities	25.280.274	13.637.862

(*) 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, 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.

(***) Deferred income represents the sales amount of the tractors for which the invoices are issued but are not yet shipped to customers as of 30 September 2012 and 31 December 2011.

(****) As of 30 September 2012, the account consists of donations payables and accrued liabilities with unreceived invoices.

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NOTE 10 - PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

a) Short term provisions

	30 September 2012	31 December 2011
Warranty provision	17.419.117	13.773.700
Provision for legal cases (*)	550.057	550.057
	17.969.174	14.323.757

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

b) Long term provisions

	30 September 2012	31 December 2011
Warranty provision	15.033.125	14.316.118
	15.033.125	14.316.118

Movements of the short term and long term warranty provisions for the periods ended 30 September 2012 and 2011 are as shown below:

	2012	2011
1 January	28.089.818	14.763.037
Released during the period	(15.577.296)	(11.303.937)
Charge for the period	19.939.720	22.173.160
30 September	32.452.242	25.632.260

Movements of the lawsuit provisions are as shown below:

	2012	2011
1 January	550.057	324.419
Charge for the period	-	140.136
30 September	550.057	464.555

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**NOTE 10 - 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:

	30 September 2012	31 December 2011
A. The total amount of collaterals given on behalf of its own legal entity	69.487.788	28.979.898
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	-	-
	69.487.788	28.979.898

As at 30 September 2012, the Company has given its own legal entity on behalf of the original collateral denominated in foreign currency amounts of EUR29.322.848 and USD26.444. (31 December 2011: EUR11.552.968 and USD26.444).

d) Contingent Assets

	Foreign currency amount			TL Equivalent				
	30 September 2012			31 December 2011				
	EUR	USD	TL	EUR	USD	TL	30 September 2012	31 December 2011
Letters of guarantees received	-	470.000	268.403.354	252.226	470.000	225.926.980	269.242.163	227.431.153
Direct debit	-	-	147.761.018	-	-	115.793.711	147.761.018	115.793.711
Mortgages	-	-	6.178.980	-	-	6.178.980	6.178.980	6.178.980
Security bonds	-	-	1.750.000	-	-	1.750.000	1.750.000	1.750.000
Cash TL guarantees	-	-	31.462	-	-	31.462	31.462	31.462
Cash foreign currency guarantees	-	8.257	-	-	8.257	-	14.737	15.597
	424.978.360			351.200.903				

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NOT 11 - PROVISION FOR EMPLOYEE BENEFITS

Short term provision for employee benefits

	30 September 2012	31 December 2011
Due to personnel	7.293.549	3.951.934
Provision for unused vacation rights	964.594	559.443
	8.258.143	4.511.377

Movements of the provision for unused vacation rights:

	2012	2011
1 January	559.443	-
Charge for the period	405.151	1.113.648
30 September	964.594	1.113.648

Long term provision for employee benefits

	30 September 2012	31 December 2011
Provision for employment termination benefits	8.155.170	7.501.348
	8.155.170	7.501.348

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 TL3.033,98 for each year of service as of 30 September 2012 (31 December 2011: TL2.623,23).

The liability is not funded, as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. Communiqué require actuarial valuation methods to be developed to estimate the enterprises' obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	30 September 2012	31 December 2011
Discount rate (%)	4,63	4,63
Turnover rate to estimate the probability of retirement (%)	94,45	94,41

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NOTE 11 - 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 TL3.033,98 which is effective from 1 October 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:

	2012	2011
1 January	7.501.348	7.588.044
Charge for the period	1.849.841	546.434
Paid during the period	(1.196.019)	(708.701)
30 September	8.155.170	7.425.777

NOT 12 - SHAREHOLDERS' EQUITY

Paid-in Share Capital

The Company's registered share capital amounts to TL250.000.000 (31 December 2011: 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 30 September 2012 and 31 December 2011 are as follows:

	30 September 2012		31 December 2011	
	Participation	Share	Participation	Share
	(%)	(TL)	(%)	(TL)
Koç Holding	37,50	20.013.375	37,50	20.013.375
CNH Osterreich	37,50	20.013.375	37,50	20.013.375
Public quotation	24,93	13.306.859	24,93	13.306.859
Other	0,07	35.391	0,07	35.391
	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.

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NOTE 12 - 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 five Board members are selected from Group A's and five Board members are selected from Group B's nominated candidates. One of the each A and B Group shares has to have independence qualities which are defined in CMB regulations.

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 30 September 2012, 24,93% (31 December 2011: 24,93%) of the Company shares are quoted at ISE.

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

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

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

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

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

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

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BETWEEN 1 JANUARY-30 SEPTEMBER 2012 (Continued)

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

NOTE 12 - SHAREHOLDERS' EQUITY (Continued)

Dividend Distribution

In the statutory financial statements of the Company, in addition to the statutory profit amounting to TL212.775.035 for the period ended 30 September 2012; there are other resources that can be subject to a possible dividend distribution amounting to TL 254.603.887.

The decision of dividend payment amounting to TL200.000.000, taken in the Company's General Assembly dated 2 April 2012 (Note 19). Dividend payment distribution began at the date of 9 April 2012.

NOTE 13 - SALES AND COST OF SALES

	1 January - 30 September 2012	1 July - 30 September 2012	1 January - 30 September 2011	1 July - 30 September 2011
Domestic sales	1.202.798.187	266.587.224	1.201.232.838	363.677.695
Export sales	475.210.533	125.768.467	244.698.267	103.577.356
	1.678.008.720	392.355.691	1.445.931.105	467.255.051
Less: Discounts and returns	(128.900.597)	(24.706.198)	(128.781.000)	(44.448.376)
Sales income (net)	1.549.108.123	367.649.493	1.317.150.105	422.806.675
Cost of sales	(1.210.063.519)	(282.247.902)	(968.292.207)	(326.334.409)
Gross profit	339.044.604	85.401.591	348.857.898	96.472.266

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NOTE 14 – OTHER OPERATING INCOME/EXPENSES

	1 January - 30 September 2012	1 July - 30 September 2012	1 January - 30 September 2011	1 July - 30 September 2011
Gain on sales of property, plant and equipment	5.209.591	96.430	589.555	401.703
Termination of provision for doubtful receivables (Note 5)	4.648.709	416.869	7.469.650	1.703.014
Incentive income	209.418	86.881	224.585	112.293
Other income	478.284	220.384	512.194	10.174
Other operating income	10.546.002	820.564	8.795.984	2.227.184
Provision for doubtful receivables (Note 5)	(5.134.547)	(225.322)	(8.564.263)	(3.412.217)
Loss on sales of property, plant and equipment	(23.207)	(8.714)	(10.654)	(202)
Other expense	(2.289.565)	(457.992)	(758.286)	(595.060)
Other operating expenses	(7.447.319)	(692.028)	(9.333.203)	(4.007.479)

NOTE 15 - FINANCIAL INCOME

	1 January - 30 September 2012	1 July - 30 September 2012	1 January - 30 September 2011	1 July - 30 September 2011
Foreign exchange gain	177.237.814	68.419.569	227.090.854	86.914.252
Financial income from credit sales	30.041.939	7.361.903	20.731.614	6.778.504
Interest income	7.610.409	2.787.706	7.807.128	2.273.774
Financial income	214.890.162	78.569.178	255.629.596	95.966.530

NOTE 16 - FINANCIAL EXPENSES

	1 January - 30 September 2012	1 July - 30 September 2012	1 January - 30 September 2011	1 July - 30 September 2011
Foreign exchange loss	(164.649.398)	(66.138.742)	(217.194.595)	(76.651.105)
Financial expense on credit purchases	(21.233.430)	(3.210.139)	(16.438.608)	(5.236.802)
Interest expenses on bank borrowings	(11.034.481)	(4.172.486)	(3.439.184)	(1.717.884)
Other	(1.247.228)	(422.270)	(932.176)	(397.594)
Financial expenses	198.164.537	(73.943.637)	(238.004.563)	(84.003.385)

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

NOTE 17 - TAX ASSETS AND LIABILITIES

	30 September 2012	31 December 2011
Corporate taxes payable	55.912.142	65.875.698
Less: Prepaid taxes	(46.120.654)	(55.729.800)
Total tax payable - net	9.791.488	10.145.898

	1 January - 30 September 2012	1 July - 30 September 2012	1 January - 30 September 2011	1 July - 30 September 2011
Current period corporate tax expense	(55.912.142)	(8.679.415)	(61.605.344)	(16.359.560)
Deferred tax income	12.241.969	(1.641.702)	6.800.484	2.694.733
Tax expense	43.670.173	(10.321.117)	(54.804.860)	(13.664.827)

Corporation tax is payable, at a rate of 20% (31 December 2011: 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% (31 December 2011: 20%).

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BETWEEN 1 JANUARY-30 SEPTEMBER 2012 (Continued)

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

NOTE 17 - TAX ASSETS AND LIABILITIES (Continued)

The breakdown of cumulative temporary differences and the resulting deferred tax assets/(liabilities) at 30 September 2012 and 31 December 2011 are as follows:

	Temporary differences		Deferred tax assets/(liabilities)	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
Property, plant and equipment and intangible assets, restatement and useful life differences	17.716.917	13.710.807	(3.543.383)	(2.742.161)
Unearned finance income on due from related parties	(17.850)	(217.562)	3.570	43.512
Provision for employment termination benefits	(8.155.170)	(7.501.348)	1.631.034	1.500.270
Capitalized unincurred financial expense on inventory	(1.619.560)	(5.968.097)	323.912	1.193.619
Warranty provision	(32.452.242)	(28.089.818)	6.490.448	5.617.963
Provision for lawsuits	(550.057)	(550.057)	110.011	110.011
Unearned finance income on trade receivables	(1.434.224)	(3.186.187)	286.845	637.237
Provision for doubtful receivables	(23.870.532)	(25.764.118)	4.774.106	5.152.824
Provision for impairment of inventory	(5.206.052)	(1.662.000)	1.041.210	332.401
Sales premium accrued	(38.725.896)	(9.192.328)	7.745.179	1.838.466
Other provisions	(14.579.037)	(616.843)	2.915.807	123.369
Elimination of profit margin of the sales to free zone branch	-	(2.107)	-	421
Investment incentive	(22.487.407)	-	4.497.481	-
Other	(1.018.448)	(2.150.036)	203.689	430.008
Deferred tax assets			26.479.909	14.237.940

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

	2012	2011
1 January	14.237.940	12.770.736
Deferred tax income	12.241.969	6.800.484
30 September	26.479.909	19.571.220

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

	30 September 2012	30 September 2011
Taxation on income	259.847.382	288.475.191
Tax calculated at enacted tax rate	51.969.476	57.695.038
Investment deduction	(6.712.491)	(1.651.908)
Research and development deductions	(1.776.727)	(1.319.689)
Disallowable expenses	550.395	164.315
Other	(360.480)	(82.896)
Total tax charge	43.670.173	54.804.860

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

NOT 18 - 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 - 30 September 2012	1 July - 30 September 2012	1 January - 30 September 2011	1 July - 30 September 2011
Profit for the period	216.177.209	50.126.019	233.670.331	65.618.303
Weighted average number of the ordinary shares	5.336.900.000	5.336.900.000	5.336.900.000	5.336.900.000
Earnings per share (1 Kr nominal value per share as TL)	0,0405	0,0094	0,0438	0,0123

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

NOT 19 - 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 30 September 2012 and 31 December 2011 and significant intercompany transactions were as follows:

i) Balances with related parties as of 30 September 2012 and 31 December 2011:

	30 September 2012	31 December 2011
a) Bank deposits and borrowings		
Deposits with related parties:		
Yapı ve Kredi Bankası A.Ş. (“Yapı Kredi”)	66.314.145	2.087.792
	66.314.145	2.087.792

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

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

NOTE 19 - RELATED PARTY EXPLANATIONS (Continued)

	30 September 2012	31 December 2011
b) Due from related parties		
Due from group companies		
CNH International SA (“CNH International”) (*)	93.957.938	133.880.805
CNH Italy SPA (“CNH Italy”)	3.084.497	4.940.041
CNH Latin America Ltda.	2.852.451	3.291.874
Ark İnşaat Sanayi ve Ticaret A.Ş.	1.521.260	-
Yapı Kredi Finansal Kiralama A.O. (“Yapı Kredi Finansal”)	238.658	494.395
CNH France S.A (“CNH France”)	17.143	12.727
Other	314.537	68.428
	101.986.484	142.688.270
Less: Unearned financial income	(17.850)	(217.562)
	101.968.634	142.470.708
(*) 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		
Trade payable to shareholders		
Koç Holding	474.538	1.679.738
	474.538	1.679.738
Due to group companies		
Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş. (“Opet Fuchs”)	5.023.233	309.161
New Holland Fiat India Pvt. Ltd.	2.272.490	2.432.182
CNH Services srl	1.014.498	1.335.659
Zer Merkezi Hizmetler ve Ticaret A.Ş. (“Zer”)	780.371	4.062.351
Otokar Otobüs Karoseri Sanayi A.Ş. (“Otokar”)	520.846	583.795
Koçtaş Yapı Marketleri A.Ş. (“Koçtaş”)	152.672	558.969
Otokoç Otomotiv San. ve Tic. A.Ş. (“Otokoç”)	108.711	140.478
Setur Servis Turistik A.Ş. (“Setur”)	44.254	198.547
Opet Petrolcülük A.Ş. (“Opet”)	38.946	4.783.796
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş. (“Koç Sistem”)	14.559	1.530.380
Arçelik A.Ş.	-	930.989
Other	343.944	694.403
	10.314.524	17.560.710
Less: Unearned financial expenses	(34.470)	(152.128)
	10.754.592	19.088.320

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NOTE 19 - RELATED PARTY EXPLANATIONS (Continued)

**ii) Significant sales and purchases transactions with related parties for the periods between
1 January - 30 September 2012 and 2011:**

a) Product sales to related parties

	1 January - 30 September 2012	1 July - 30 September 2012	1 January - 30 September 2011	1 July - 30 September 2011
Product sales to group companies				
CNH International (*)	439.454.845	119.030.573	226.895.488	97.089.417
CNH Latin America Ltda.	31.590.198	5.095.362	10.839.955	4.259.251
Zer	3.328.752	734.117	2.836.384	863.719
CNH Italy	3.459.241	1.284.635	6.355.274	2.096.644
Other	610.861	337.079	724.590	162.207
	478.443.897	126.481.766	247.651.691	104.471.238

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

b) Other income and expenses from related parties

	1 January - 30 September 2012	1 July - 30 September 2012	1 January - 30 September 2011	1 July - 30 September 2011
Other income from group companies				
CNH International	25.006	-	254.099	-
Other	-	-	5.235	-
	25.006	-	259.334	-
Other expenses from group companies				
CNH Italy	(34.678)	-	536.887	502.016
	(34.678)	-	536.887	502.016

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

NOTE 19 - RELATED PARTY EXPLANATIONS (Continued)

c) Product purchases from related parties

	1 January - 30 September 2012	1 July - 30 September 2012	1 January - 30 September 2011	1 July - 30 September 2011
Product purchases from group companies				
CNH International (*)	73.233.666	37.531.179	54.543.422	30.439.975
Opet Fuchs (**)	23.428.059	7.086.089	1.506.011	474.336
Zer	6.427.766	2.016.771	4.888.061	1.763.640
Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	1.888.016	558.084	1.664.467	437.037
Opet (**)	604.003	219.599	14.328.751	4.856.009
Other	4.614.036	2.676.305	2.298.769	1.189.840
	110.195.546	50.088.027	79.229.481	39.160.837

(*) 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. The company started to make oil purchases from Opet Fuchs beginning from 2012.

d) Service purchases from related parties

	1 January - 30 September 2012	1 July - 30 September 2012	1 January - 30 September 2011	1 July - 30 September 2011
Service purchases from shareholders				
Koç Holding (****)	1.617.351	568.751	1.186.540	537.652
	1.617.351	568.751	1.186.540	537.652
Service purchase from group companies				
Zer (*)	12.709.856	4.060.745	9.833.949	3.609.134
Otokar (**)	5.389.994	1.719.673	3.076.023	1.267.164
Setur (***)	2.244.211	462.856	2.961.573	674.716
CNH Services srl (****)	1.568.351	568.751	1.130.468	500.000
Otokoç	816.660	283.605	714.546	273.245
Ram Sigorta Aracılık Hizmetleri A.Ş. (*****)	524.946	47.091	614.301	122.603
Koç Sistem	145.933	145.933	280.797	173.892
Aygaz Doğal Gaz Toptan Satış A.Ş.	119.088	-	1.222.824	220.999
Eltek (*****)	-	-	3.673.709	-
Opet	-	-	496.681	177.537
Other	975.621	450.486	1.195.750	289.649
	24.494.660	7.739.140	25.200.621	7.308.939
	26.112.011	8.307.891	26.387.161	7.846.591

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NOTE 19 - RELATED PARTY EXPLANATIONS (Continued)

- (*) Services purchased from Zer are related with security, cleaning, transportation and other services.
(**) Service purchased from Otokar is related with assembly and assembly support services.
(***) Services purchased from Setur are generally arising from plane tickets, accomodation and associated with various organizations within the sales and marketing activities.
(****) Services purchased from Koç Holding and CNH Services srl is related with human resources, strategy development, and brokerage and consultancy services.
(*****) Balance reflects premium accrued and paid as of 30 September, 2012, arising from insurance policy signed, through Ram Sigorta Aracılık Hizmetleri AŞ, which operates as an insurance agency.
(*****) Service purchased form Eltek is related with the electricity purchase. As of June 2011, electricity is started to be purchased from Başkent Elektrik Dağıtım AŞ.

iii) Financial income and expenses arising from transactions with related parties for the periods between 1 January - 30 September 2012 and 2011:

Financial income and expense from group companies

	1 January - 30 September 2012	1 July - 30 September 2012	1 January - 30 September 2011	1 July - 30 September 2011
Interest income				
Yapı Kredi	597.771	386.517	326.087	101.208
Interest expense				
Yapı Kredi Finansal	1.361	441	3.246	750
Yapı Kredi Yatırım Menkul Değerler A.Ş.	454	-	500	500
	1.815	441	3.746	1.250

iv) Dividends paid to related parties:

	1 January - 30 September 2012	1 January - 30 September 2011
Koç Holding	75.000.000	56.250.000
CNH Osterreich	75.000.000	56.250.000
Public quotation	49.867.371	36.487.354
Other	132.629	1.012.646
	200.000.000	150.000.000

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NOTE 19 - RELATED PARTY EXPLANATIONS (Continued)

v) Other transactions with related parties for the periods between 1 January - 30 September 2012 and 2011:

	1 January - 30 September 2012	1 July - 30 September 2012	1 January - 30 September 2011	1 July - 30 September 2011
Remuneration of key management personnel(*)	2.813.739	1.038.542	1.963.414	663.023

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

Transactions with related parties

Gain / (loss) on sales of fixed asset

	1 January - 30 September 2012	1 July - 30 September 2012	1 January - 30 September 2011	1 July - 30 September 2011
Zer	311	-	60.384	22.300

**NOT 20 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING
FROM FINANCIAL INSTRUMENTS**

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

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

a) Market Risk

Foreign currency risk

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

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

The amounts of foreign currency assets, liabilities and TL equivalents of the Company as of 30 September 2012 and 31 December 2011 are as follows:

	30 September 2012						
	TL Equivalent	USD	EUR	GBP	DKK	CHF	YEN
1. Trade Receivables	166.686.488	7.861	72.199.462	-	-	-	-
2. Monetary Financial Assets (Including cash, banks accounts)	202.534.703	61.274	87.685.482	1.161	-	29	-
3. Other	35.944.712	453.644	15.182.536	23.620	-	9.186	15.610
4. Current Assets (1+2+3)	405.165.903	522.779	175.067.480	24.781	-	9.215	15.610
5. Trade Receivables	708.694	154.000	187.936	-	-	-	-
6. Other	728.304	1.019	314.700	-	-	-	-
7. Non-current Assets (5+6)	1.436.998	155.019	502.636	-	-	-	-
8. Total Assets (4+7)	406.602.901	677.798	175.570.116	24.781	-	9.215	15.610
9. Trade Payables	50.302.425	-	21.790.091	-	-	-	-
10. Financial Liabilities	258.440.792	5.071.875	108.463.944	-	-	-	-
11. Other Monetary Liabilities	12.700.196	4.095	5.498.327	-	-	-	-
12. Current Liabilities (9+10+11)	322.443.413	5.075.970	135.752.362	-	-	-	-
13. Financial Liabilities	100.476.966	-	43.524.785	-	-	-	-
14. Non-current Liabilities (13)	100.476.966	-	43.524.785	-	-	-	-
15. Total Liabilities (12+14)	422.920.379	5.075.970	179.277.147	-	-	-	-
16. Net Foreign Currency Asset/(Liability) Position (8-15)	(16.317.478)	(4.398.172)	(3.707.031)	24.781	-	9.215	15.610
17. Net Monetary Foreign Currency Asset/(Liability) Position (8-15)	(16.317.478)	(4.398.172)	(3.707.031)	24.781	-	9.215	15.610

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.**SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY-30 SEPTEMBER 2012 (Continued)**

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

	31 December 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)	-	-	-

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

**SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL
STATEMENTS FOR THE INTERIM PERIOD**

BETWEEN 1 JANUARY-30 SEPTEMBER 2012 (Continued)

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

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

The import and export amounts of the Company for the periods ended 30 September 2012 and 2011 are as follows:

	1 January - 30 September 2012	1 July - 30 September 2012	1 January - 30 September 2011	1 July - 30 September 2011
Total export amount	475.210.533	125.768.467	244.698.267	103.577.356
Total import amount	329.752.910	81.105.555	323.243.056	107.824.829

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 30 September 2012 and 31 December 2011 under the assumption of the appreciation and depreciation of TL against other currencies by 10% with all other variables held constant, is as follows:

	30 September 2012			
	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	(784.942)	784.942	-	-
Hedged amount against USD risk (-)	-	-	-	-
Net Effect of USD	(784.942)	784.942	-	-
Had TL appreciate/(depreciate) by 10% against EUR				
Profit/(loss) from EUR net liability position	(855.768)	855.768	-	-
Hedged amount against EUR risk (-)	-	-	-	-
Net Effect of EUR	(855.768)	855.768	-	-
Had TL appreciate/(depreciate) by 10% against other				
Profit/(loss) from other net liability position	8.963	(8.963)	-	-
Hedged amount against other (-)	-	-	-	-
Net Effect of other	8.963	(8.963)	-	-
Total Net Effect	(1.631.747)	1.631.747	-	-

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD

BETWEEN 1 JANUARY-30 SEPTEMBER 2012 (Continued)

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

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

	31 December 2011			Shareholders' Equity
	Profit/Loss			
	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	-	-

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).

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

**SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
BETWEEN 1 JANUARY-30 SEPTEMBER 2012 (Continued)**

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

NOT 20 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

The Company's maximum exposure to credit risk as of 30 September 2012 and 31 December 2011 is as follows:

	30 September 2012						
	Trade Receivables		Other Receivables		Bank Deposit	Derivative Instruments	Other (*)
	Related Party	Third Party	Related Party	Third Party			
Net book value of financial assets which are undue and not impaired	101.729.976	219.729.660	-	337.894	288.239.009	-	-
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	238.658	22.881.742	-	-	-	-	-
Net book value of impaired assets	-	13.004.177	-	-	-	-	-
- Due dated (Gross book value)	-	30.141.222	-	-	-	-	-
- Provision (-)	-	(17.137.045)	-	-	-	-	-
- Undue (Gross book value)	-	22.676.839	-	-	-	-	-
- Provision (-)	-	(22.676.839)	-	-	-	-	-
Off-balance sheet items exposed to credit risk	-	-	-	-	-	-	69.487.788
Amount exposed to maximum credit risk (**)	101.968.634	255.615.579	-	337.894	288.239.009	-	69.487.788

(*) Other includes the letters of guarantees given by the Company (Not 10c).

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

As of 30 September 2012, the guarantee amount of the maximum exposure to credit risk is TL251.232.759. Besides, all assets which are due but not impaired and are impaired are guaranteed.

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.**SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
BETWEEN 1 JANUARY-30 SEPTEMBER 2012 (Continued)**

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

NOT 20 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

	31 December 2011						
	Trade Receivables		Other Receivables		Bank Deposit	Derivative Instruments	Other (*)
	Related Party	Third Party	Related Party	Third Party			
Net book value of financial assets which are undue and not impaired	141.963.241	248.723.633	-	318.608	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	-	318.608	245.351.627		28.979.898

(*) Other includes the letters of guarantees given by the Company (Not 10c).

(**) 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 is TL240.080.351. Besides, all assets which are due but not impaired and are impaired are guaranteed.

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD

BETWEEN 1 JANUARY-30 SEPTEMBER 2012 (Continued)

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

NOT 20 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

c) Liquidity Risk

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

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

Capital risk management

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

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.

Since the Company has net financial asset position, related ratio is not calculated as of December 31, 2011.

	30 September 2012	31 December 2011
Cash and cash equivalents	288.239.009	245.351.627
Less: Financial liabilities	(359.925.094)	(235.144.470)
Net financial (debt)/asset	(71.686.085)	10.207.157
Total shareholders' equity	611.769.691	595.592.482
Net financial debt/shareholders' equity	%(12)	-

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, judgement 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.

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**SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL
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BETWEEN 1 JANUARY-30 SEPTEMBER 2012 (Continued)

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

**NOT 20 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING
FROM FINANCIAL INSTRUMENTS (Continued)**

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

Financial assets

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

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

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 21 - SUBSEQUENT EVENT

Application to have Investment Incentive Certificate for planning Adapazari investment has been approved by Ministry of Economy, General Directorate of Incentive Implementation and Foreign Investment as of 3 October 2012. The amount of the certified incentive is 90.397.016 TL. The type of incentives (Vat Exemption, Exemption of Custom Duties, Corporate Tax discounts for large scale investments available and Employers Social Insurance Payment Contribution) for the investment was classified as large scale investment.

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