Türk Traktör ve Ziraat Makineleri A.Ş.

Convenience translation into English of condensed financial statements for the interim period between 1 January - 31 March 2012

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

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A. Ş.

CONDENSED FINANCIAL STATEMENTS AND SELECTED EXPLANATORY NOTES FOR THE INTERIM PERIOD BETWEEN 1 JANUARY – 31 MARCH 2012

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(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 MARCH 2012
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

	Notes	Unaudited 31 March 2012	Audited 31 December 2011
ASSETS			
CURRENT ASSETS		**1.261.277.636**	**1.068.781.411**
Cash and cash equivalents	3	310.851.118	245.351.627
Trade receivables			
- Trade receivables	5	315.957.313	236.217.681
- Due from related parties	19	143.045.403	142.470.708
Inventories	6	332.892.363	307.737.938
Other current assets	9	158.531.439	137.003.457
NON-CURRENT ASSETS		**177.483.186**	**171.176.261**
Trade receivables	5	11.437.104	20.236.571
Other receivables		320.853	318.608
Property, plant and equipment	7	111.948.960	109.971.285
Intangible assets	8	29.409.689	26.411.857
Deferred tax assets	17	24.366.580	14.237.940
TOTAL ASSETS		**1.438.760.822**	**1.239.957.672**

The interim financial statements prepared as at and for the period ended 31 March 2012 have been approved by the Board of Directors ("BOD") on 27 April 2012 and signed by General Manager, Marco Votta and Vice President of Financial Affairs, Memet İlkan Kamber on behalf of Board of Directors.

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

BALANCE SHEET AT
31 MARCH 2012
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

	Notes	Unaudited 31 March 2012	Audited 31 December 2011
LIABILITIES			
CURRENT LIABILITIES		**612.364.806**	**499.647.692**
Financial liabilities	4	174.127.802	112.244.438
Trade payables			
- Trade payables	5	351.860.147	314.885.930
- Due to related parties	19	12.914.242	19.088.320
Other payables		7.613.456	10.810.110
Taxation on income	17	22.192.813	10.145.898
Provision for employee benefits	11	6.006.741	4.511.377
Provisions	10	16.324.854	14.323.757
Other current liabilities	9	21.324.751	13.637.862
NON-CURRENT LIABILITIES		**166.741.663**	**144.717.498**
Financial liabilities	4	144.029.289	122.900.032
Provision for employee benefits	11	7.718.546	7.501.348
Provisions	10	14.993.828	14.316.118
SHAREHOLDERS' EQUITY		**659.654.353**	**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		74.702.802	74.702.802
Retained earnings		434.075.324	156.653.755
Net profit for the period		64.061.871	277.421.569
TOTAL LIABILITIES		**1.438.760.822**	**1.239.957.672**
Provisions, contingent assets and contingent liabilities	10		

The accompanying notes form an integral part of these financial statements

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

STATEMENT OF COMPREHENSIVE INCOME FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 31 MARCH 2012

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

	Notes	Unaudited 1 January - 31 March 2012	Unaudited 1 January - 31 March 2011
Sales (net)	13	535.433.426	390.778.242
Cost of sales (-)	13	(424.955.478)	(276.769.090)
GROSS PROFIT		**110.477.948**	**114.009.152**
Marketing, selling and distribution expenses (-)		(22.678.438)	(14.778.636)
General administrative expenses (-)		(7.592.772)	(6.009.934)
Research and development expenses (-)		(1.794.096)	(710.891)
Other operating income	14	1.259.733	1.215.216
Other operating expenses (-)	14	(5.896.988)	(3.228.002)
OPERATING PROFIT		**73.775.387**	**90.496.905**
Financial income	15	77.493.862	82.689.453
Financial expenses (-)	16	(74.695.775)	(81.415.208)
PROFIT BEFORE TAXATION ON INCOME		**76.573.474**	**91.771.150**
Taxes on income	17	(22.640.243)	(21.564.440)
Deferred tax income	17	10.128.640	3.488.360
NET PROFIT FOR THE PERIOD		**64.061.871**	**73.695.070**
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		**64.061.871**	**73.695.070**
Earnings per share (TL)	18	0,0120	0,0138

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 31 MARCH 2012
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

	Share capital	Adjustment to share capital	Merger reserve	Restricted profit reserve	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	-	-	-	-	277.421.569	(277.421.569)	-
Dividends paid	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	64.061.871	64.061.871
31 March 2012	**53.369.000**	**39.014.356**	**(5.569.000)**	**74.702.802**	**434.075.324**	**64.061.871**	**659.654.353**

	Share capital	Adjustment to share capital	Merger reserve	Restricted profit reserve	Retained earnings	Net profit for the period	Total shareholders' equity
1 January 2011	**53.369.000**	**39.014.356**	**(5.569.000)**	**59.969.647**	**141.669.814**	**179.717.096**	**468.170.913**
Transfers	-	-	-	14.733.155	164.983.941	(179.717.096)	-
Dividends paid	-	-	-	-	(150.000.000)	-	(150.000.000)
Net profit for the period	-	-	-	-	-	73.695.070	73.695.070
31 March 2011	**53.369.000**	**39.014.356**	**(5.569.000)**	**74.702.802**	**156.653.755**	**73.695.070**	**391.865.983**

The accompanying notes form an integral part of these financial statements

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

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

STATEMENT OF CASH FLOWS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 31 MARCH 2012
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

	Notes	Unaudited 31 March 2012	Unaudited 31 March 2011
Cash flows from operating activities:			
Profit before taxation on income		76.573.474	91.771.150
Depreciation	7	3.142.499	1.934.450
Amortisation	8	999.916	621.801
Provision for employment termination benefits	11	509.025	290.350
Gain from sales of property, plant and equipment - net	14	(192.853)	(59.227)
Interest income	15	(2.723.206)	(3.610.419)
Interest expense	16	2.970.315	843.789
Provision for impairment of inventory	6	2.005.652	(669.178)
Expense accruals-net		2.678.807	3.381.762
Provision for doubtful receivables	14	4.512.302	3.191.448
Other non-cash items		(670.845)	4.455.230
Net cash flow before changes in operating assets and liabilities		**89.805.086**	**102.151.156**
Changes in operating assets and liabilities - net:			
Increase in trade receivables		(75.926.222)	(57.541.702)
Decrease in due from related parties		651.491	6.425.042
Increase in inventories		(26.894.814)	(44.018.855)
Increase in other current assets		(21.527.980)	(374.724)
Decrease in other receivables		(2.245)	(301)
Increase in trade payables		34.841.775	42.944.671
Decrease in due to related parties		(6.200.249)	(228.480)
Increase/(decrease) in other payables		(3.196.654)	(1.850.000)
Increase in other short-term liabilites		7.686.889	12.788.856
Increase/(decrease) in employee benefit liabilities		1.495.364	(105.869)
Employment termination benefits paid	11	(291.827)	(197.135)
Taxes paid		(10.593.329)	(12.782.972)
Net cash provided by operating activities		**(10.152.715)**	**47.209.608**
Investing activities:			
Capital expenditures		(9.171.884)	(3.492.332)
Gain from sales of property, plant and equipment and intangible assets		246.815	71.934
Interest received		2.986.035	4.176.400
Net cash used in investing activities		**(5.939.034)**	**756.002**
Financing activities:			
Proceeds from bank borrowings		127.859.267	67.792.247
Repayments of bank borrowings		(46.605.402)	(134.797.681)
Dividends paid		-	-
Interest paid		(1.211.556)	(1.877.212)
Net cash used in financing activities		**80.042.309**	**(68.882.646)**
Changes in exchange rates impact on cash and cash equivalents		**1.629.379**	**531.145**
Net (decrease)/increase in cash and cash equivalents		63.950.560	(20.917.036)
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**	**310.108.492**	**227.170.969**

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 March 2012, major shareholders of the Company are Koç Holding and CNH Osterreich GmbH ("CNH Osterreich") (Note 12). The number of personnel working within the Company as of 31 March 2012 is 2.608 (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 Osterreich,centered in Austria on 16 February, 2011.

The Company conducts marketing and selling activities in the domestic market, through its 125 sales dealers and 91 spare part dealers.

The Company is registered in Turkey in the following address:

Güvercin Yolu No: 111-112
06560 - Gazi Ankara

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

Principles governing the preparation of financial statements

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

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

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

According to the Communiqué No: XI-29 of CMB, the entities are free to prepare their interim financial statements as a full set or condensed based on IAS 34 “Interim Financial Reporting” standard. In this respect, the Company preferred to prepare condensed financial statements for interim periods and prepared its condensed interim financial statements according to the CMB Financial Reporting Standards. The Company’s interim financial statements does not contain all disclosures and notes that yearend financial statements has to contain therefore they should be reviewed with respect to the yearend December 31, 2011 financial statements.

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

Functional and representative currency of the Company is TL.

Going concern

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

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.

2.3 New and amended standards and interpretations:

The accounting policies adopted in preparation of the financial statements as at 31 March 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. 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)

- IFRS 7 "Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements (Amended)", (The amendment affects disclosures only and will have no impact on the financial position or performance of the Company.)

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. 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 19 "Employee Benefits (Amended)" (Amended standard is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. 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)" (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 of the Company.)
- 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 of the Company.)
- IFRS 7 "Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities (Amended)", (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. 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 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”, (IFRS 13 is effective for annual periods beginning on or after 1 January 2013 and will be adopted prospectively. Early application is permitted 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.)

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.

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 13).

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.

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

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

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 14).

Repair and maintenance expenditures are charged to the income statement as they are incurred. Repair and maintenance expenditures are capitalised if they result in an enlargement or substantial improvement of the respective assets and depreciated over remaining useful life of related asset.

Intangible fixed assets

Intangible fixed assets comprise of rights and computer software. Those acquired before 1 January 2005 are carried at cost in the purchasing power of TL as at 31 December 2004; less accumulated depreciation and impairment losses. Those acquired after 1 January 2005 are carried at cost less accumulated depreciation and impairment losses and are depreciated using the straight-line method over their useful lives of 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.

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

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 19).

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).

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 (Note 16).

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

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.

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 18).

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.

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

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 (Note 10).

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

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

Leases

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).

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

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. 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.

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

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

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 17).

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 17).

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.

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 17).

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 11).

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.

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

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.

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 10). 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.

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

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

The Company has recognised deferred tax assets as of 31 March 2012, 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.

NOTE 3 - CASH AND CASH EQUIVALENTS

	31 March 2012	**31 December 2011**
Banks		
- TL denominated demand deposits	5.973.284	7.799.712
- TL denominated time deposits	42.123.000	84.247.297
- Foreign currency denominated demand deposits	1.507.693	1.112.369
- Foreign currency denominated time deposits	261.247.141	152.192.249
	310.851.118	**245.351.627**

As of 31 March 2012, the weighted average effective annual interest rate for TL and Euro ("EUR") time deposits is %10,00 and %3,91 (31 December 2011: TL: %10,19, EUR: %5,22 and US Dollars ("USD"):4,40%). As of 31 March 2012 and 31 December 2011, remaining time to maturity of time deposits is less than three months.

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

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

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

	31 March 2012	31 December 2011
Banks	310.851.118	245.351.627
Less: Interest accruals	(78.740)	(341.570)
Less: Restricted bank deposits (*)	(663.886)	(481.504)
Cash and cash equivalents	**310.108.492**	**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.

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	
	31 March 2012	31 December 2011	31 March 2012	31December 2011	31 March 2012	31December 2011
TL bank borrowings (*)	231.624	2.503	-	-	231.624	2.503
EUR bank borrowings	50.481.393	27.767.782	3,10	3,66	119.459.167	67.858.906
USD bank borrowings	10.297.722	10.181.448	4,60	4,60	18.256.832	19.231.736
					137.947.623	**87.093.145**

(*) Bank borrowings amounting to TL231.624 (31 December 2011: 2.503 TL) are used for the Social Security and other tax payments without bearing any interest and with three days maturity (31 December 2011: three days maturity).

Current portion of long term bank borrowings

	Original currency amount		Weighted average effective interest rate p.a. (%)		TL Equivalent	
	31 March 2012	31 December 2011	31 March 2012	31December 2011	31 March 2012	31December 2011
EUR bank borrowings	15.283.125	10.285.000	5,48	2,70	36.165.987	25.134.483
					36.165.987	**25.134.483**

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

NOTE 4 - FINANCIAL LIABILITIES (Continued)

Short-term financial lease obligations

	Original currency amount		TL Equivalent	
	31 March 2012	**31 December 2011**	**31 March 2012**	**31 December 2011**
TL	14.192	16.810	14.192	16.810
			14.192	**16.810**
Total short-term financial liabilities			**174.127.802**	**112.244.438**

b) Long-term financial liabilities

Long-term bank borrowings

	Original currency amount		Weighted average effective interest rate p.a. (%)		TL Equivalent	
	31 March 2012	**31 December 2011**	**31 March 2012**	**31 December 2011**	**31 March 2012**	**31 December 2011**
EUR bank borrowings	60.863.653	50.289.914	6,21	6,55	144.027.748	122.898.491
Total long-term financial liabilities					**144.027.748**	**122.898.491**

Long-term financial lease obligations

	Original currency amount		TL Equivalent	
	31 March 2012	**31 December 2011**	**31 March 2012**	**31 December 2011**
TL	1.541	1.541	1.541	1.541
			1.541	**1.541**
Total long-term financial liabilities			**144.029.289**	**122.900.032**

Redemption schedule of the long-term bank borrowings as of 31 March 2012 is as follows:

	31 March 2012
2013	66.274.606
2014	57.469.714
2015	10.141.714
2016	10.141.714
	144.027.748

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

NOTE 4 - FINANCIAL LIABILITIES (Continued)

As of 31 March 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:

	Carrying value		Fair value	
	31 March 2012	**31 December 2011**	**31 March 2012**	**31 December 2011**
Bank borrowings	318.141.358	235.126.119	316.988.102	233.649.127

As of 31 March 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 5,03% and 5,30%, respectively (31 December 2011: EUR and USD denominated bank borrowings 6,35% ve 6,10% p.a, respectively).

NOTE 5 - TRADE RECEIVABLES AND PAYABLES

	31 March 2012	**31 December 2011**
Short-term trade receivables:		
Customer current accounts	271.719.675	180.260.410
Notes receivables	75.568.363	85.983.860
Protested notes	8.720.939	6.459.419
	356.008.977	272.703.689
Less: Provision for doubtful receivables	(35.673.632)	(33.039.870)
Unearned financial income	(4.378.032)	(3.446.138)
Short-term trade receivables:	**315.957.313**	**236.217.681**
Due from related parties (Note 19)	143.045.403	142.470.708
Total short-term trade receivables:	**459.002.716**	**378.688.389**

Movements of the provisions for short term doubtful receivables for the periods ended 31 March 2012 and 2011 are as shown below:

	2012	**2011**
1 January	**(33.039.870)**	**(36.483.616)**
Transfer from long term	-	(377.080)
Cancellations during the period (Note 14)	774.284	809.113
Charge during the period (Note 14)	(3.408.046)	(720.059)
31 March	**(35.673.632)**	**(36.771.642)**

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

NOTE 5 - TRADE RECEIVABLES AND PAYABLES (Continued)

	31 March 2012	31 December 2011
Long-term trade receivables:		
Notes receivables	19.504.372	27.635.471
Less: Provision for doubtful receivables	(7.392.432)	(6.288.176)
Unearned financial income	(674.836)	(1.110.724)
Long-term trade receivables	**11.437.104**	**20.236.571**

Movements of the provisions for long term doubtful receivables for the periods ended 31 March 2012 and 2011 are as shown below:

	2012	2011
1 January	**(6.288.176)**	**(6.552.363)**
Transfer to short term	-	377.080
Cancellations during the year (Note 14)	-	-
Charge during the year (Note 14)	(1.104.256)	(2.471.389)
31 March	**(7.392.432)**	**(8.646.672)**

	31 March 2012	31 December 2011
Trade payables:		
Supplier current accounts	352.660.249	316.057.902
Less: Unincurred financial expense	(800.102)	(1.171.972)
Trade payables	**351.860.147**	**314.885.930**
Due to related parties (Note 19)	12.914.242	19.088.320
Total trade payables	**364.774.389**	**333.974.250**

NOTE 6 – INVENTORIES

	31 March 2012	31 December 2011
Raw materials	121.574.068	133.402.427
Work in progress	12.813.560	6.528.610
Finished goods	81.976.392	43.941.293
Commercial goods	47.796.332	48.472.282
Spare parts	19.012.790	16.238.486
Goods in transit (*)	53.386.873	60.816.840
	336.560.015	309.399.938
Provision for impairment of inventory	(3.667.652)	(1.662.000)
	332.892.363	**307.737.938**

The cost of inventories recognised as expense in the current period, amounted to TL424.228.201 (31 March 2011: TL256.048.823).

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

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

NOTE 6 – INVENTORIES (Continued)

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

	2012	**2011**
1 January	(1.662.000)	(2.521.097)
Released during the period	799.351	849.178
Charge during the period for impairment of inventory	(2.805.003)	(180.000)
31 March	**(3.667.652)**	**(1.851.919)**

During the year 2012, the Company sold finished goods that were impaired in 2011, 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:

	31 March 2012	**31 March 2011**
Raw materials	(362.539)	(1.580.665)
Commercial goods	(2.442.464)	(271.254)
Spare parts	(862.649)	-
	(3.667.652)	**(1.851.919)**

NOTE 7- PROPERTY, PLANT AND EQUIPMENT

	1 January 2012	**Additions**	**Disposals**	**Transfers**	**31 March 2012**
Cost					
Land	22.240.313	26.429	-	-	22.266.742
Land improvements	5.329.126	-	-	-	5.329.126
Buildings	51.177.099	15.669	-	-	51.192.768
Machinery and equipment	351.600.074	3.008.127	(3.510.181)	1.734.161	352.832.181
Special costs	2.705.188	-	-	-	2.705.188
Motor vehicles	1.791.445	-	(129.617)	-	1.661.828
Furniture and fixtures	27.882.315	333.974	(17.907)	267.588	28.465.970
Construction in progress	9.655.625	1.789.937	-	(2.001.749)	9.443.813
	472.381.185	**5.174.136**	**(3.657.705)**	**-**	**473.897.616**
Accumulated depreciation					
Land improvements	3.197.561	36.442	-	-	3.234.003
Buildings	35.102.741	390.349	-	-	35.493.090
Machinery and equipment	301.110.058	2.109.975	(3.484.997)	-	299.735.036
Special costs	2.620.160	6.952	-	-	2.627.112
Motor vehicles	1.105.003	64.353	(110.084)	-	1.059.272
Furniture and fixtures	19.274.377	534.428	(8.662)	-	19.800.143
	362.409.900	**3.142.499**	**(3.603.743)**	**-**	**361.948.656**
Net book value	**109.971.285**				**111.948.960**

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

NOT 7 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2011	Additions	Disposals	Transfers	31 March 2011
Cost					
Land	373.095	-	-	-	373.095
Land improvements	4.745.435	-	-	-	4.745.435
Buildings	49.149.170	3.250	-	-	49.152.420
Machinery and equipment	322.507.484	1.502.911	(734.714)	-	323.275.681
Special costs	2.705.188	-	-	-	2.705.188
Motor vehicles	1.918.149	-	(32.248)	-	1.885.901
Furniture and fixtures	23.389.573	228.159	(1.171.209)	420.787	22.867.310
Construction in progress	11.998.368	521.051	-	(744.735)	11.774.684
	416.786.462	**2.255.371**	**(1.938.171)**	**(323.948)**	**416.779.714**
Accumulated depreciation					
Land improvements	3.066.503	30.817	-	-	3.097.320
Buildings	33.572.888	373.561	-	-	33.946.449
Machinery and equipment	300.991.225	1.162.090	(734.714)	-	301.418.601
Special costs	2.581.685	10.939	-	-	2.592.624
Motor vehicles	1.307.407	63.986	(32.248)	-	1.339.145
Furniture and fixtures	19.303.252	293.057	(1.158.502)	-	18.437.807
	360.822.960	**1.934.450**	**(1.925.464)**	**-**	**360.831.946**
Net book value	**55.963.502**				**55.947.768**

For the period ended at 31 March 2012, of the total depreciation expense amounting to TL3.142.499 (31 March 2011: TL1.934.450), TL2.277.983 (31 March 2011: TL1.314.438) is allocated to production costs, TL535.213 (31 March 2011: TL409.154) is allocated to general administrative expenses, TL187.628 (31 March 2011: TL129.092) is allocated to research and development expenses and TL141.675 (31 March 2011: TL81.766) is allocated to marketing, selling and distribution expenses. The depreciation expense amounting to TL196.060 (31 March 2011: TL135.850) is capitalized during the year as it is related to the development costs.

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

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

NOTE 8 - INTANGIBLE ASSETS

	1 January 2012	Additions	Disposals	Transfers	31 March 2012
Cost					
Rights	6.093.469	148.543	-	-	6.242.012
Development costs	10.088.545	-	-	12.009.526	22.098.071
Development costs in progress	18.905.977	3.849.205	-	(12.009.526)	10.745.656
	35.087.991	**3.997.748**	**-**	**-**	**39.085.739**
Accumulated depreciation					
Rights	4.389.345	161.891	-	-	4.551.236
Development costs	4.286.789	838.025	-	-	5.124.814
	8.676.134	**999.916**	**-**	**-**	**9.676.050**
Net book value	**26.411.857**				**29.409.689**

	1 January 2011	Additions	Disposals	Transfers	31 March 2011
Cost					
Rights	4.845.814	38.195	-	323.948	5.207.957
Development costs	10.088.545	-	-	-	10.088.545
Development costs in progress	9.489.048	1.198.766	-	-	10.687.814
	24.423.407	**1.236.961**	**-**	**323.948**	**25.984.316**
Accumulated depreciation					
Rights	3.827.883	117.374	-	-	3.945.257
Development costs	2.269.080	504.427	-	-	2.773.507
	6.096.963	**621.801**	**-**	**-**	**6.718.764**
Net book value	**18.326.444**				**19.265.552**

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

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

For the period ended at 31 March 2012, of the total amortisation expenses amounting to TL999.916 (31 March 2011: TL621.801), TL117.354 (31 March 2011: TL79.754) is allocated to production costs, TL27.572 (31 March 2011: TL24.826) is allocated to general administrative expenses, TL847.691 (31 March 2011: TL512.260) is allocated to research and development expenses and TL7.299 (31 March 2011: TL4.961) is allocated to marketing, selling and distribution expenses.

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

NOTE 9 - OTHER ASSETS AND LIABILITIES

	31 March 2012	31 December 2011
a) Other current assets:		
Deferred value added tax ("VAT")	95.997.205	61.763.621
Reclaimed VAT	54.578.399	72.786.817
Prepaid expenses	2.077.164	1.826.780
Other	5.878.671	626.239
	158.531.439	**137.003.457**

	31 March 2012	31 December 2011
b) Other short-term liabilities:		
Advance received (*)	6.578.084	7.569.830
Deferred income (**)	5.084.371	4.635.188
Deferred incentive income (***)	1.319.298	1.375.444
Other accrued expenses (****)	8.342.998	57.400
Other short-term liabilities	**21.324.751**	**13.637.862**

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

(**) 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 March 2012 and 31 December 2011.

(***) 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 March 2012, the account consists of accrued liabilities with unreceived invoices.

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

NOTE 10 - PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

a) Short term provisions

	31 March 2012	31 December 2011
Warranty provision	15.697.459	13.773.700
Provision for legal cases (*)	627.395	550.057
	16.324.854	**14.323.757**

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

b) Long term provisions

	31 March 2012	31 December 2011
Warranty provision	14.993.828	14.316.118
	14.993.828	**14.316.118**

Movements of the short term and long term warranty provisions for the periods ended 31 March 2012 and 2011 are as shown below:

	2012	2011
1 January	**28.089.818**	**14.763.037**
Released during the year	(4.452.506)	(2.592.521)
Charge during the year	7.053.975	5.949.273
31 March	**30.691.287**	**18.119.789**

Movements of the lawsuit provisions are as shown below:

	2012	2011
1 January	**550.057**	**324.419**
Charge during the year (Note 14)	77.338	25.010
31 March	**627.395**	**349.429**

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

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:

	31 March 2012	31 December 2011
A. The total amount of collaterals given on behalf of its own legal entity	35.148.850	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	-	-
	35.148.850	**28.979.898**

As at 31 March 2012, the Company has given its own legal entity on behalf of the original collateral denominated in foreign currency amounts of EUR14.186.468 and USD26.444 (31 December 2011: EUR11.552.968 and USD26.444).

d) Contingent Assets

	Foreign currency amount						TL Equivalent	
	31 March 2012			31 December 2011				
	EUR	USD	TL	EUR	USD	TL	31 March 2012	31 December 2011
Letters of guarantees received	45.000	470.000	235.102.550	252.226	470.000	225.926.980	236.042.301	227.431.153
Direct debit	-	-	124.590.037	-	-	115.793.711	124.590.037	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	-	14.639	15.597
							368.607.419	**351.200.903**

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

NOTE 11 - PROVISION FOR EMPLOYEE BENEFITS

Short term provision for employee benefits

	31 March 2012	31 December 2011
Due to personnel	4.577.556	3.951.934
Provision for unused vacation rights	1.429.185	559.443
	6.006.741	**4.511.377**

Movements of the provision for unused vacation rights:

	2012	2011
1 January	**559.443**	**-**
Charge during the year	869.742	-
31 March	**1.429.185**	**-**

Long term provision for employee benefits

	31 March 2012	31 December 2011
Provision for employment termination benefits	7.718.546	7.501.348
	7.718.546	**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 TL2.805,04 for each year of service as of 31 March 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:

	31 March 2012	31 December 2011
Discount rate (%)	4,63	4,63
Turnover rate to estimate the probability of retirement (%)	94,47	94,41

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

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 TL2.805,04 which is effective from 1 April 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 during the year	509.025	290.350
Paid during the year	(291.827)	(197.135)
31 March	**7.718.546**	**7.681.259**

NOTE 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 31 March 2012 and 31 December 2011 are as follows:

	31 March 2012		31 December 2011	
	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	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.

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 March 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 "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 12 - SHAREHOLDERS' EQUITY (Continued)

Dividend Distribution

In the statutory financial statements of the Company, in addition to the statutory profit amounting to TL75.139.074 for the period ended 31 March 2012, there are other resources that can be subject to a possible dividend distribution amounting to TL455.082.549.

The decision of dividend payment amounting to TL200.000.000, taken in the Company's General Assembly dated 02 April 2012. Dividend payment distribution began at the date of 9 April 2012.

NOTE 13 - SALES AND COST OF SALES

	1 January - 31 March 2012	**1 January - 31 March 2011**
Domestic sales	432.405.008	368.870.548
Export sales	151.458.956	54.716.332
	583.863.964	423.586.880
Less: Discounts and returns	(48.430.538)	(32.808.638)
Sales income (net)	**535.433.426**	**390.778.242**
Cost of sales	(424.955.478)	(276.769.090)
Gross profit	**110.477.948**	**114.009.152**

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

NOTE 14 – OTHER OPERATING INCOME/EXPENSES

	1 January - 31 March 2012	1 January - 31 March 2011
Termination of provision for doubtful receivables (Note 5)	774.284	809.113
Gain on sales of property, plant and equipment	207.346	69.671
Incentive income	56.146	56.146
Other income	221.957	280.286
Other operating income	**1.259.733**	**1.215.216**
Provision for doubtful receivables (Note 5)	(4.512.302)	(3.191.448)
Provision for lawsuits (Note 10)	(77.338)	(25.010)
Loss on sales of property, plant and equipment	(14.493)	(10.444)
Other expense	(1.292.855)	(1.100)
Other operating expenses	**(5.896.988)**	**(3.228.002)**

NOTE 15 - FINANCIAL INCOME

	1 January - 31 March 2012	1 January - 31 March 2011
Foreign exchange gain	61.295.486	71.670.591
Financial income from credit sales	13.475.170	7.408.443
Interest income	2.723.206	3.610.419
Financial income	**77.493.862**	**82.689.453**

NOTE 16 - FINANCIAL EXPENSES

	1 January - 31 March 2012	1 January - 31 March 2011
Foreign exchange loss	(58.938.215)	(74.804.815)
Financial expense on credit purchases	(12.379.963)	(5.510.894)
Interest expenses of bank borrowings	(2.970.315)	(843.789)
Other	(407.282)	(255.710)
Financial expenses	**(74.695.775)**	**(81.415.208)**

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

NOTE 17 - TAX ASSETS AND LIABILITIES

	31 March 2012	**31 December 2011**
Corporate taxes payable	22.640.243	65.875.698
Less: Prepaid taxes	(447.430)	(55.729.800)
Total tax payable - net	**22.192.813**	**10.145.898**

	1 January - 31 March 2012	**1 January - 31 March 2011**
Current year corporate tax expense	(22.640.243)	(21.564.440)
Deferred tax income	10.128.640	3.488.360
Tax expense	**(12.511.603)**	**(18.076.080)**

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).

<u>Deferred taxes</u>

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%).

(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 31 March 2012 and 31 December 2011 are as follows:

	Temporary differences		**Deferred tax assets/(liabilities)**	
	31 March 2012	**31 December 2011**	**31 March 2012**	**31 December 2011**
Property, plant and equipment and intangible assets, restatement and useful life differences	13.488.585	13.710.807	(2.697.717)	(2.742.161)
Unearned finance income on due from related parties	(86.064)	(217.562)	17.213	43.512
Provision for employment termination benefits	(7.718.546)	(7.501.348)	1.543.709	1.500.270
Capitalized unincurred financial expense on inventory	(5.134.345)	(5.968.097)	1.026.869	1.193.619
Warranty provision	(30.691.287)	(28.089.818)	6.138.257	5.617.963
Provision for lawsuits	(627.395)	(550.057)	125.479	110.011
Unearned finance income on trade receivables	(4.222.371)	(3.186.187)	844.474	637.237
Provision for doubtful receivables	(26.420.769)	(25.764.118)	5.284.154	5.152.824
Provision for impairment of inventory	(3.667.652)	(1.662.000)	733.530	332.401
Sales premium accured	(34.718.053)	(9.192.328)	6.943.611	1.838.466
Other provisions	(10.600.725)	(616.843)	2.120.145	123.369
Elimination of profit margin of the sales to free zone branch	-	(2.107)	-	421
Investment incentive tax asset	(10.264.565)	-	2.052.913	-
Other	(1.169.706)	(2.150.036)	233.943	430.008
Deferred tax assets			**24.366.580**	**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	10.128.640	3.488.360
31 March	**24.366.580**	**16.259.096**

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

	31 March 2012	**31 March 2011**
Profit before taxation on income	**76.573.474**	**91.771.150**
Tax calculated at enacted tax rate	15.314.695	18.354.230
Investment deduction	(2.052.913)	-
Research and development deductions	(925.574)	(281.104)
Disallowable expenses	130.276	2.954
Other	45.119	-
Total tax charge	**12.511.603**	**18.076.080**

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

NOTE 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 - 31 March 2012	**1 January - 31 March 2011**
Profit for the period	64.061.871	73.695.070
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)	0,0120	0,0138

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

NOTE 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 31 March 2012 and 31 December 2011 and significant intercompany transactions were as follows:

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

	31 March 2012	**31 December 2011**
a) Bank deposits and borrowings		
Deposits with related parties:		
Yapı ve Kredi Bankası A.Ş. ("Yapı Kredi")	767.651	2.087.792
	767.651	**2.087.792**

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

NOTE 19 - RELATED PARTY EXPLANATIONS (Continued)

b) Due from related parties

	31 March 2012	31 December 2011
Due from group companies		
CNH International SA ("CNH International") (*)	130.685.030	133.880.805
CNH Latin America Ltda.	8.890.530	3.291.874
CNH Italy SPA ("CNH Italy")	2.602.535	4.940.041
Yapı Kredi Finansal Kiralama A.O.	724.987	494.395
CNH France S.A ("CNH France")	5.100	12.727
Other	223.285	68.428
	143.131.467	**142.688.270**
Less: Unearned financial income	(86.064)	(217.562)
	143.045.403	**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

	31 March 2012	31 December 2011
Trade payable to shareholders		
Koç Holding	589.764	1.679.738
	589.764	**1.679.738**
Due to group companies		
Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş. ("Opet Fuchs")	7.410.577	309.161
New Holland Fiat India Pvt. Ltd.	2.305.913	2.432.182
Zer Merkezi Hizmetler ve Ticaret A.Ş. ("Zer")	1.134.730	4.062.351
Otokar Otobüs Karoseri Sanayi A.Ş. ("Otokar")	628.896	583.795
Koçtaş Yapı Marketleri A.Ş. ("Koçtaş")	464.944	558.969
Opet Petrolcülük A.Ş. ("Opet")	-	4.783.796
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş. ("Koç Sistem")	-	1.530.380
CNH Services srl	-	1.335.659
Arçelik A.Ş.	-	930.989
Otokoç Otomotiv San. ve Tic. A.Ş ("Otokoç")	-	140.478
Setur Servis Turistik A.Ş. ("Setur")	-	198.547
Other	438.254	694.403
	12.383.314	**17.560.710**
Less: Unearned financial expenses	(58.836)	(152.128)
	12.914.242	**19.088.320**

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

NOTE 19 - RELATED PARTY EXPLANATIONS (Continued)

ii) Significant sales and purchases transactions with related parties for the interim periods between 1 January - 31 March 2012 and 2011:

a) Product sales to related parties

	1 January - 31 March 2012	1 January - 31 March 2011
Product sales to group companies		
CNH International (*)	138.391.255	48.288.064
CNH Latin America Ltda.	12.014.478	3.088.683
Zer	1.273.009	820.960
CNH Italy	827.347	2.304.618
Other	153.033	320.631
	152.659.122	**54.822.956**

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

b) Other income and expenses from related parties

	1 January - 31 March 2012	1 January - 31 March 2011
Other income from group companies		
CNH International	-	251.883
Other	-	4.972
	-	**256.855**
Other expenses from group companies		
CNH Italy	(34.678)	-
CNH International	(24.957)	-
	(59.635)	**-**

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

NOTE 19 - RELATED PARTY EXPLANATIONS (Continued)

c) Product purchases from related parties

	1 January - 31 March 2012	1 January - 31 March 2011
Product purchases from group companies		
CNH International (*)	11.377.461	9.818.975
Opet Fuchs (**)	8.966.352	569.042
Zer	2.229.989	659.798
Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	770.321	653.367
Opet (**)	173.989	4.978.812
Other	779.431	181.674
	24.297.543	**16.861.668**

(*) 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. As of 2012, the purchases are done from Opet Fuchs.

d) Service purchases from related parties

	1 January - 31 March 2012	1 January - 31 March 2011
Service purchases from shareholders		
Koç Holding (****)	499.800	324.444
	499.800	**324.444**
Service purchases from group companies		
Zer (*)	2.936.680	2.482.361
Otokar (**)	1.815.809	-
Setur (***)	1.225.337	683.080
CNH Services srl (****)	545.001	318.600
Ram Sigorta Aracılık Hizmetleri A.Ş. (*****)	419.383	35.712
Otokoç	178.245	206.020
Aygaz Doğalgaz Toptan Satış A.Ş.	93.099	747.886
Eltek (******)	-	1.734.466
Koç Sistem	-	23.894
Opet	-	139.246
Other	204.780	449.463
	7.418.334	6.820.728
	7.918.134	**7.145.172**

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

NOTE 19 - 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.
(****) Services purchased from Koç Holding and CNH Services srl. is related with human resources, strategy development, brokerage and consultacy services.
(*****) Balance reflects premium accrued and paid as of March 31, 2012, arising from insurance policy signed with third party insurance companies, 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 begin purchased from Başkent Elektrik Dağıtımı AŞ.

iii) Financial income and expenses arising from transactions with related parties for the interim periods between 1 January - 31 March 2012 and 2011:

Financial income and expense from gorup companies

	1 January - 31 March 2012	1 January - 31 March 2011
Interest Income		
Yapı Kredi	-	79.354

	1 January - 31 March 2012	1 January - 31 March 2011
Interest expense		
Yapı Kredi Finansal Kiralama A.O.	510	819
Yapı Kredi Yatırım Menkul Değerler A.Ş.	454	-
	964	**819**

iv) Dividends paid to related parties:

	1 January - 31 March 2012	1 January - 31 March 2011
Koç Holding	-	56.250.000
CNH Osterreich	-	56.250.000
Publicly listed	-	36.487.354
Other	-	1.012.646
	-	**150.000.000**

The decision of dividend payment amounting to TL200.000.000, taken in the Company's General Assembly dated 02 April 2012. Dividend payment distribution began at the date of 9 April 2012 (Note 21).

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

NOTE 19 - RELATED PARTY EXPLANATIONS (Continued)

v) Other transactions with related parties for the periods between 1 January - 31 March 2012 and 2011:

	1 January - 31 March 2012	**1 January - 31 March 2011**
Remuneration of key management personnel (*)	751.411	638.218

(*) 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 March 2012	**1 January - 31 March 2011**
(Loss)/gain on sale of propert, plant and equipment		
Zer	(109)	7.458
	(109)	**7.458**

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

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

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

a) Market Risk

Foreign currency risk

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

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

	31 March 2012						
	TL Equivalent	**USD**	**EUR**	**GBP**	**DKK**	**CHF**	**YEN**
1. Trade Receivables	229.327.746	323.880	96.667.317	-	-	-	-
2. Monetary Financial Assets (Including cash, banks accounts)	262.754.834	14.335	111.023.557	1.008	-	212	-
3. Other	31.191.181	1.073.357	12.363.923	765	-	14.315	-
4. Current Assets (1+2+3)	**523.273.761**	**1.411.572**	**220.054.797**	**1.773**	**-**	**14.527**	**-**
5. Trade Receivables	11.919.991	154.000	4.921.807	-	-	-	-
6. Other	1.807	1.019	-	-	-	-	-
7. Non-current Assets (5+6)	**11.921.798**	**155.019**	**4.921.807**	**-**	**-**	**-**	**-**
8. Total Assets (4+7)	**535.195.559**	**1.566.591**	**224.976.604**	**1.773**	**-**	**14.527**	**-**
9. Trade Payables	272.365.239	227.533	114.854.216	60.221	-	-	-
10. Financial Liabilities	173.881.986	10.297.722	65.764.518	-	-	-	-
11. Other Monetary Liabilities	5.966.628	2.641	2.519.416	-	-	-	-
12. Current Liabilities (9+10+11)	**452.213.853**	**10.527.896**	**183.138.150**	**60.221**	**-**	**-**	**-**
13. Financial Liabilities	144.027.748	-	60.863.653	-	-	-	-
14. Non-current Liabilities (13)	**144.027.748**	**-**	**60.863.653**	**-**	**-**	**-**	**-**
15. Total Liabilities (12+14)	**596.241.601**	**10.527.896**	**244.001.803**	**60.221**	**-**	**-**	**-**
16. Net Foreign Currency Asset/(Liability) Position (8-15)	**(61.046.042)**	**(8.961.305)**	**(19.025.199)**	**(58.448)**	**-**	**14.527**	**-**
17. Net Monetary Foreign Currency Asset/(Liability) Position (8-15)	**(61.046.042)**	**(8.961.305)**	**(19.025.199)**	**(58.448)**	**-**	**14.527**	**-**

(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						
	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 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 31 March 2012 and 31 December 2011 are as follows:

	1 January - 31 March 2012	1 January - 31 March 2011
Total export amount	151.458.956	54.716.332
Total import amount	116.582.092	101.365.763

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 March 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:

	31 March 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	(1.588.750)	1.588.750	-	-
Hedged amount against USD risk (-)	-	-	-	-
Net Effect of USD	**(1.588.750)**	**1.588.750**	**-**	**-**
Had TL appreciate/(depreciate) by 10% against EUR				
Profit/(loss) from EUR net liability position	(4.502.123)	4.502.123	-	-
Hedged amount against EUR risk (-)	-	-	-	-
Net Effect of EUR	**(4.502.123)**	**4.502.123**	**-**	**-**
Had TL appreciate/(depreciate) by 10% against other				
Profit/(loss) from other net liability position	(13.731)	13.731	-	-
Hedged amount against other (-)	-	-	-	-
Net Effect of other	**(13.731)**	**13.731**	**-**	**-**
Total Net Effect	**(6.104.604)**	**6.104.604**	**-**	**-**

(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			
	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**	**-**	**-**

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)

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

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

	31 March 2012						
	Trade Receivables		Other Receivables				
	Related Party	Other Party	Related Party	Other Party	Bank Deposits	Derivative Instruments	Other (*)
Net book value of financial assets which are undue and not impaired	142.537.936	304.774.020	-	320.853	310.851.118	-	-
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	12.539.223	-	-	-	-	-
Net book value of impaired assets	-	10.081.174	-	-	-	-	-
- Due dated (Gross book value)	-	28.809.890	-	-	-	-	-
- Provision (-)	-	(18.728.716)	-	-	-	-	-
- Undue (Gross book value)	-	24.337.348	-	-	-	-	-
- Provision (-)	-	(24.337.348)	-	-	-	-	-
Off-balance sheet items exposed to credit risk	-	-	-	-	-	-	35.148.850
Amount exposed to maximum credit risk (**)	**143.045.403**	**327.394.417**	**-**	**320.853**	**310.851.118**	**-**	**35.148.850**

(*) 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 March 2012, the guarantee amount of the maximum exposure to credit risk isTL 182.162.506. Besides, all assets which are due but not impaired and are impaired are guaranteed.

(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						
	Trade Receivables		Other Receivables				
	Related Party	Other Party	Related Party	Other Party	Bank Deposits	Derivative Instruments	Other (*)
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 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 20 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

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.

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.

As the Company holds net financial asset position, the ratio is not calculated as of 31 December 2011.

	31 March 2012	**31 December 2011**
Cash and cash equivalents (Note 3)	310.108.492	244.528.553
Less: Financial liabilities	(318.157.091)	(235.144.470)
Net financial (debt)/asset	**(8.048.599)**	**9.384.083**
Total shareholders' equity	659.654.353	595.592.482
Net financial debt/shareholders' equity	**%(1)**	**-**

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 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

The decision of dividend payment amounting to TL200.000.000, taken in the Company's General Assembly dated 02 April 2012. Dividend payment distribution began at the date of 9 April 2012.

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