TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS AT 31 DECEMBER 2012 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

(ORIGINALLY ISSUED IN TURKISH)

CONTENTS	PAGE

BALANCE SHEETS **1-2**

STATEMENTS OF COMPREHENSIVE INCOME **3**

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY **4**

STATEMENTS OF CASH FLOWS **5**

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS **6-58**

NOTE 1	ORGANISATION AND NATURE OF OPERATIONS	6
NOTE 2	BASIS OF PRESENTATION OF FINANCIAL STATEMENTS	7-20
NOTE 3	CASH AND CASH EQUIVALENTS	21
NOTE 4	FINANCIAL LIABILITIES	21-23
NOTE 5	TRADE RECEIVABLES AND PAYABLES	23-24
NOTE 6	INVENTORIES	25
NOTE 7	PROPERTY, PLANT AND EQUIPMENT	25-26
NOTE 8	INTANGIBLE ASSETS	27
NOTE 9	OTHER ASSETS AND LIABILITIES	28
NOTE 10	OTHER RECEIVABLES AND PAYABLES	28
NOTE 11	PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES	29-30
NOTE 12	PROVISION FOR EMPLOYEE BENEFITS	31-32
NOTE 13	SHAREHOLDERS' EQUITY	32-34
NOTE 14	SALES AND COST OF SALES	34
NOTE 15	RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SELLING AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES	35-36
NOTE 16	EXPENSES BY NATURE	36
NOTE 17	OTHER OPERATING INCOME/EXPENSES	37
NOTE 18	FINANCIAL INCOME	37
NOTE 19	FINANCIAL EXPENSES	37
NOTE 20	TAX ASSETS AND LIABILITIES	38-39
NOTE 21	EARNINGS PER SHARE	40
NOTE 22	RELATED PARTY EXPLANATIONS	40-45
NOTE 23	FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS	45-55
NOTE 24	SUBSEQUENT EVENTS	55

Independent auditors’ report

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

We have audited the accompanying balance sheet of Türk Traktör ve Ziraat Makineleri A.Ş. (the “Company”) as at December 31, 2012 and the comprehensive income statement, statement of changes in shareholders’ equity and cash flows statement for the year then ended and a summary of significant accounting policies and explanatory notes.

Company’s Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the accompanying financial statements present fairly the financial position of Türk Traktör ve Ziraat Makineleri A.Ş. as at December 31, 2012 and its financial performance and cash flows for the year then ended in accordance with financial reporting standards published by the Capital Market Board in Turkey.

Additional paragraph for convenience translation to English:

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

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

Ferzan Ulgen, SMMM
Engagement Partner

February 14, 2013
Istanbul, Turkey

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

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

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

		Audited	Audited
	Notes	**2012**	**2011**
ASSETS			
CURRENT ASSETS		**1.104.322.893**	**1.068.781.411**
Cash and cash equivalents	3	378.971.315	245.351.627
Trade receivables			
- Trade receivables	5	245.730.198	236.217.681
- Due from related parties	22	84.904.276	142.470.708
Inventories	6	292.621.523	307.737.938
Other current assets	9	102.095.581	137.003.457
NON-CURRENT ASSETS		**215.418.228**	**171.176.261**
Trade receivables	5	1.643.344	20.236.571
Other receivables	10	338.238	318.608
Property, plant and equipment	7	156.993.145	109.971.285
Intangible assets	8	34.892.008	26.411.857
Deferred tax assets	20	21.551.493	14.237.940
TOTAL ASSETS		**1.319.741.121**	**1.239.957.672**

The financial statements prepared as at and for the year ended 31 December 2012 have been approved by the Board of Directors on 14 February 2013 and was signed by the General Manager Marco Votta and Vice President of Financial Affairs Memet İlkan Kamber on behalf of the Board of Directors.

The accompanying notes form an integral part of these financial statements

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

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

	Notes	Audited 2012	Audited 2011
LIABILITIES			
CURRENT LIABILITIES		**437.504.381**	**499.647.692**
Financial liabilities	4	160.938.145	112.244.438
Trade payables			
- Trade payables	5	203.283.783	314.885.930
- Due to related parties	22	17.006.021	19.088.320
Other payables	10	10.107.055	10.810.110
Taxation on income	20	4.493.915	10.145.898
Provision for employee benefits	12	7.470.598	4.511.377
Provisions	11	17.502.664	14.323.757
Other current liabilities	9	16.702.200	13.637.862
NON-CURRENT LIABILITIES		**218.446.643**	**144.717.498**
Financial liabilities	4	194.829.967	122.900.032
Provision for employee benefits	12	9.004.102	7.501.348
Provisions	11	14.612.574	14.316.118
SHAREHOLDERS' EQUITY		**663.790.097**	**595.592.482**
Share capital	13	53.369.000	53.369.000
Adjustments to share capital	13	39.014.356	39.014.356
Merger reserve		(5.569.000)	(5.569.000)
Restricted profit reserves		94.435.957	74.702.802
Retained earnings		214.342.169	156.653.755
Net profit for the year		268.197.615	277.421.569
TOTAL LIABILITIES		**1.319.741.121**	**1.239.957.672**
Provisions, contingent assets and contingent liabilities	11		

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 COMPREHENSIVE INCOME FOR THE YEAR ENDED AT 31 DECEMBER 2012
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

	Notes	Audited 1 January - 31 December 2012	Audited 1 January - 31 December 2011
Sales (net)	14	1.974.013.740	1.800.665.445
Cost of sales (-)	14	(1.551.516.667)	(1.375.553.244)
GROSS PROFIT		**422.497.073**	**425.112.201**
Marketing, selling and distribution expenses (-)	15	(88.192.482)	(80.766.073)
General administrative expenses (-)	15	(33.275.175)	(30.079.720)
Research and development expenses (-)	15	(6.751.610)	(3.196.882)
Other operating income	17	13.090.423	14.263.564
Other operating expenses (-)	17	(6.813.665)	(9.756.990)
OPERATING PROFIT		**300.554.564**	**315.576.100**
Financial income	18	256.791.719	363.003.518
Financial expenses (-)	19	(239.195.318)	(336.749.555)
PROFIT BEFORE TAXATION ON INCOME		**318.150.965**	**341.830.063**
Taxes on income	20	(57.266.903)	(65.875.698)
Deferred tax income	20	7.313.553	1.467.204
NET PROFIT FOR THE YEAR		**268.197.615**	**277.421.569**
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		**268.197.615**	**277.421.569**
Earnings per share (TL)	21	0,0503	0,0520

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

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED AT 31 DECEMBER 2012
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

	Share capital	Adjustment to share capital	Merge reserves	Restricted profit reserve	Retained earnings	Net profit for the year	Total shareholders' equity
1 January 2012	**53.369.000**	**39.014.356**	**(5.569.000)**	**74.702.802**	**156.653.755**	**277.421.569**	**595.592.482**
Transfers	-	-	-	19.733.155	257.688.414	(277.421.569)	-
Dividends paid	-	-	-	-	(200.000.000)	-	(200.000.000)
Net profit for the year	-	-	-	-	-	268.197.615	268.197.615
31 December 2012	**53.369.000**	**39.014.356**	**(5.569.000)**	**94.435.957**	**214.342.169**	**268.197.615**	**663.790.097**

	Share capital	Adjustment to share capital	Merge reserves	Restricted profit reserve	Retained earnings	Net profit for the year	Total shareholders' equity
1 January 2011	**53.369.000**	**39.014.356**	**(5.569.000)**	**59.969.647**	**141.669.814**	**179.717.096**	**468.170.913**
Transfers	-	-	-	14.733.155	164.983.941	(179.717.096)	-
Dividends paid	-	-	-	-	(150.000.000)	-	(150.000.000)
Net profit for the year	-	-	-	-	-	277.421.569	277.421.569
31 December 2011	**53.369.000**	**39.014.356**	**(5.569.000)**	**74.702.802**	**156.653.755**	**277.421.569**	**595.592.482**

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

TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED AT 31 DECEMBER 2012

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

	Notes	Audited 2012	Audited 2011
Cash flows from operating activities:			
Profit before taxation on income		318.150.965	341.830.063
Depreciation	7	13.319.291	8.611.294
Amortisation	8	5.552.281	2.579.171
Provision for employment termination benefits	12	3.168.771	713.315
Gain from sales of property, plant and equipment - net	17	(6.669.729)	(614.345)
Interest income	18	(10.830.377)	(10.395.981)
Interest expense	19	15.206.873	4.574.391
Provision for impairment of inventory	6	4.107.405	(859.097)
Expense accruals-net		3.475.363	13.552.419
Provision for doubtful receivables	17	3.765.764	8.865.730
Effect of foreign currency exchange rate		4.270.270	8.169.232
Net cash flow before changes in operating assets and liabilities		**353.516.877**	**377.026.192**
Changes in operating assets and liabilities - net:			
Decrease in trade receivables		2.422.059	15.416.777
Decrease/ increase in due from related parties		59.773.309	(74.931.140)
Decrease/ increase in inventories		11.782.803	(175.602.240)
Decrease/ increase in other current assets		34.907.878	(53.237.465)
(Increase)/decrease in other receivables		(19.630)	10.009
(Decrease)/increase in trade payables		(114.209.533)	119.054.660
(Decrease)/increase in due to related parties		(2.152.303)	9.019.218
(Decrease)/increase in other payables		(703.055)	3.773.368
Decrease in other short-term liabilities		3.064.339	4.679.153
Increase in employee benefit liabilities		2.959.221	2.042.144
Employment termination benefits paid	12	(1.666.017)	(800.011)
Taxes paid		(62.918.886)	(67.886.312)
Net cash provided by operating activities		**286.757.062**	**158.564.353**
Investing activities:			
Capital expenditures		(74.446.464)	(73.475.335)
Gain from sales of property, plant and equipment and intangible assets		6.742.610	806.018
Interest received		11.086.011	10.664.380
Net cash used in investing activities		**(56.617.843)**	**(62.004.937)**
Financing activities:		916.604.973	274.753.736
Proceeds from bank borrowings		(804.394.803)	(226.010.124)
Repayments of bank borrowings		(200.000.000)	(150.000.000)
Dividends paid		(14.509.663)	(3.755.570)
Interest paid			
Net cash used in financing activities		**(102.299.493)**	**(105.011.958)**
Changes in exchange rates impact on cash and cash equivalents		**3.850.539**	**5.424.235**
Net increase/(decrease) in cash and cash equivalents		131.690.265	(3.028.307)
Cash and cash equivalents at the beginning of the year	**3**	**244.528.553**	**247.556.860**
Cash and cash equivalents at the end of the year	**3**	**376.218.818**	**244.528.553**

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Türk Traktör ve Ziraat Makineleri A.Ş. (the "Company") was established in 1954 in Ankara, as Minneapolis Moline Türk Traktör ve Ziraat Makineleri A.Ş. to undertake the manufacturing and trade of farm tractors, harvesters and other agricultural machinery and equipment. The name of the Company was changed as Türk Traktör Ziraat Makineleri A.Ş. in 1968 upon the purchase of 25% of the shares held by Ege Makina ve Ticaret A.Ş., a group company of the Koç Holding A.Ş. ("Koç Holding"). As of 31 December 2012, major shareholders of the Company are Koç Holding and CNH Osterreich GmbH ("CNH Osterreich") (Note 13). The number of personnel working within the Company as of 31 December 2012 is 2.378 (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 126 sales dealers and 96 spare part dealers.

The Company is registered in Turkey in the following address:

Güvercin Yolu No: 111-112
06560 - Gazi Ankara

As of December 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 13).

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

Principles governing the preparation of financial statements

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

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

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

The accompanying financial statements are approved by the Board of Directors on 14 February 2013 and these financial statements can be revised by the Board of Directors or can be changed at the General Meeting.

Functional and representative currency of the Company is TL.

Going concern

The 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.

The company reclassified depreciation expense capitalized to development costs amounting to TL 622.978 to capital expenditures in financial statements as of December 31, 2011.

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

2.3 New and amended standards and interpretations:

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

IAS 12 has been updated to include i) a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale and ii) a requirement that deferred tax on non-depreciable assets, measured using the revaluation model in IAS 16, should always be measured on a sale basis. These amendments will be applied retrospectively. Adoption of this amendment did not have any impact on the financial position or performance of the Company.

IFRS 7 Financial Instruments: Disclosures - Transfers of Financial Assets (Amended)

The purpose of this amendment is to allow users of financial statements to improve their understanding of transfer transactions of financial assets (e.g. securitizations), including understanding the possible effects of any risks that may remain with the entity which transferred the assets. The amendment also requires additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. Comparative disclosures are not required. The amendment affects disclosures only and did not have any 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. The amendments to IAS 1 change only the grouping of items presented in other comprehensive income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time would be presented separately from items which will never be reclassified. The amendments will be applied retrospectively. The amendment affects presentation only and will have no impact on the financial position or performance of the Company.

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

IAS 19 Employee Benefits (Amended)

Amended standard is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. With very few exceptions retrospective application is required. Numerous changes or clarifications are made under the amended standard. Among these numerous amendments, the most important changes are removing the corridor mechanism and making the distinction between short-term and other long-term employee benefits based on expected timing of settlement rather than employee entitlement. The significant impact of the amended standard is reclassification of actuarial gain/loss to other comprehensive income statement which is already disclosed in income statement.

IAS 27 Separate Financial Statements (Amended)

As a consequential amendment to IFRS 10 and IFRS 12, the IASB also amended IAS 27, which is now limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. Transitional requirement of this amendment is similar to IFRS 10. The Company does not expect that this amendment will have any impact on the financial position or performance of the Company.

IAS 28 Investments in Associates and Joint Ventures (Amended)

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

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

The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. 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)

New disclosures would provide users of financial statements with information that is useful in (i) evaluating the effect or potential effect of netting arrangements on an entity's financial position and (ii) analysing and comparing financial statements prepared in accordance with IFRSs and other generally accepted accounting standards. 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.

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

IFRS 9 Financial Instruments – Classification and Measurement

As amended in December 2011, the new standard is effective for annual periods beginning on or after 1 January 2015. Phase 1 of this new IFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to IFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. This standard has not yet been endorsed by the EU. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

IFRS 10 Consolidated Financial Statements

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

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. A new definition of control is introduced, which is used to determine which entities are consolidated. This is a principle based standard and require preparers of financial statements to exercise significant judgment. This amendment will not have any impact on the financial position or performance of the Company.

IFRS 11 Joint Arrangements

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

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

IFRS 12 Disclosure of Interests in Other Entities

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

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

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

IFRS 13 Fair Value Measurement

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

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

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

Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)

The guidance is effective for annual periods beginning on or after 1 January 2013. The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application is defined as 'the beginning of the annual reporting period in which IFRS 10 is applied for the first time'. The assessment of whether control exists is made at 'the date of initial application' rather than at the beginning of the comparative period. If the control assessment is different between IFRS 10 and IAS 27/SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons IASB has also amended IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities to provide transition relief. This guidance has not yet been endorsed by the EU. This amendment will not have any impact on the financial position or performance of the Company.

Improvements to IFRS

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

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

IAS 1 Financial Statement Presentation:
Clarifies the difference between voluntary additional comparative information and the minimum required comparative information.

IAS 16 Property, Plant and Equipment:
Clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

IAS 32 Financial Instruments: Presentation:
Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes. The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders.

IAS 34 Interim Financial Reporting:
Clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment. Total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual financial statements for that reportable segment.

IFRS 10 Consolidated Financial Statements (Amendment)

IFRS 10 is amended to provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with IFRS 9 Financial Instruments. The amendment applies for annual periods beginning on or after 1 January 2014 with earlier application permitted. The amendment has not yet been endorsed by the EU. This amendment will not have any impact on the financial position or performance of the Company.

2.4 Summary of significant accounting policies

The principal accounting policies, consistently applied with prior years, adopted in the preparation of these financial statements are set out below:

Cash and cash equivalents

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

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

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

Revenue recognition

Revenues are recognised on an accrual basis at the time the Company sells a product to the customer, the significant risks and rewards of ownership of the goods is transferred to the buyer, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company at the fair value of considerations received or receivable. Net sales represent the invoiced value of trading goods sold less sales returns, discount and commissions (Note 14).

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

Inventories

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

Property, plant and equipment

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

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

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

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

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

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

Intangible fixed assets

Intangible fixed assets comprise of rights and computer software. Those acquired before 1 January 2005 are carried at cost in the purchasing power of TL as at 31 December 2004; less accumulated depreciation and impairment losses. Those acquired after 1 January 2005 are carried at cost less accumulated depreciation and impairment losses and are depreciated using the straight-line method over their useful lives of four and five years following the acquisition date. Where impairment indicator exists, the carrying amount of any intangible asset is assessed and written down to its recoverable amount (Note 8).

Impairment of assets

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

Impairment loss on assets can be reversed to the extent of previously recorded impairment losses, in cases where increases in the recoverable value of the asset can be associated with events that occur subsequent to the period when the impairment loss was recorded.

Related parties

For the purpose of these financial statements, Company's shareholders, key management personnel and Board members, in each case together with their families and companies controlled by or affiliated with them and associated companies are considered and referred to as related parties (Note 22).

Segment reporting

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

Financial assets

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

Receivables

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

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

Provision for impairment of receivables

A risk provision for trade receivables is established if there is objective evidence that the Company will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other income.

Trade payables

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

Loans

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

Borrowing cost

Borrowing cost related with acquisition, construction or production of a specified asset is capitalized as parts 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 instruments, 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 purchase. Related sales and purchases are generally transactions required delivery of financial assets, regulated by the regulation and forms in the market within the time allowed.

Offsetting

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

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

Foreign currency transactions and balances

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

Earnings per share

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

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

Subsequent events

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

Provisions, contingent assets and contingent liabilities

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

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

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

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

Leases

The Company - as the lessee

Financial Leases

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

Operating Leases

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

Research and development expenses

Research expenditure is recognized as an expense as incurred (Note 15). Costs incurred on development projects (relating to the design and testing of new or improved products) are recognized as intangible assets when the following criteria are fulfilled:

- it is technically feasible to complete the intangible asset so that it will be available for use;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding five years (Note 8).

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

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

Government grants

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

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

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

Taxes on income

Taxes on income included in statement of income comprise current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of prior years (Note 20).

Deferred income tax is provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes with the enacted tax rates as of the balance sheet date (Note 20).

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

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

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

Deferred tax assets and deferred tax liabilities related to income taxes levied by the same taxation authority are offset accordingly, if current tax assets can be offset against current tax liabilities (Note 20).

Employee benefits

a) Defined benefit plans:

According to the enacted laws, the Company is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct, as stated in Labor Law. Provisions for employment termination benefits have been calculated for the net present value of future employment termination benefits and reflected in the financial statements (Note 12).

b) Defined contribution plans:

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

Statement of cash flow

The statement of cash flows reports cash flows during the year classified by operating, investing and financing activities.

Cash flows from operating activities are derived from the principal revenue producing activities of the Company.

Cash flows related to investing activities represent cash flows generated from and used in the investing activities (fixed assets and financial investments) of the Company.

Cash flows related to financing activities represent cash flows generated from Company's financing activities and re-payment of such generated cash-in flows.

Cash and cash equivalents include cash in hand, bank deposits and other short-term highly liquid investments with maturities of three months or less.

Share capital and dividends

Ordinary shares are classified as capital. Dividends distributed over ordinary shares are recorded by deducting from retained earnings within the year in which they are declared.

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

2.5 Significant accounting estimates and decisions

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

Warranties

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

Deferred tax asset

Deferred tax burden is calculated with utmost probability provided that the tax advantage is to be benefited through taxable profit will be derived in future. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The Company has recognised deferred tax assets as of 31 December 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.

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

NOTE 3 - CASH AND CASH EQUIVALENTS

	2012	2011
Banks		
- TL denominated demand deposits	14.752.676	7.799.712
- TL denominated time deposits	127.834.240	84.247.297
- Foreign currency denominated demand deposits	1.280.290	1.112.369
- Foreign currency denominated time deposits	235.104.109	152.192.249
	378.971.315	**245.351.627**

As of 31 December 2012, the weighted average effective annual interest rate for TL and Euro ("EUR") time deposits is 7,78% and 3,29% (2011: TL: 10,19%, EUR: 5,22%, USD:4,40%). As of 31 December 2012 and 2011, remaining time to maturity of time deposits is less than three months.

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

	2012	2011
Banks	378.971.315	245.351.627
Less: Interest accruals	(85.933)	(341.570)
Less: Restricted bank deposits (*)	(2.666.564)	(481.504)
Cash and cash equivalents	**376.218.818**	**244.528.553**

(*) This account consists of receivables collected via the direct debit system as of 31 December 2012. 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	
	2012	2011	2012	2011	2012	2011
TL bank borrowings	-	2.503	-	-	-	2.503
EUR bank borrowings	40.487.130	27.767.782	4,14	3,66	95.213.584	67.858.906
USD bank borrowings	-	10.181.448	-	4,60	-	19.231.736
					95.213.584	**87.093.145**

Current portion of long term bank borrowings

	Original currency amount		Weighted average effective interest rate p.a. (%)		TL Equivalent	
	2012	2011	2012	2011	2012	2011
EUR bank borrowings	27.945.833	10.285.000	5,00	2,70	65.720.216	25.134.483
					65.720.216	**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	
	2012	**2011**	**2012**	**2011**
TL	4.345	16.810	4.345	16.810
			4.345	**16.810**
Total short-term financial liabilities			**160.938.145**	**112.244.438**

b) Long-term financial liabilities

Long-term bank borrowings

	Original currency amount		Weighted average effective interest rate p.a. (%)		TL Equivalent	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**
EUR bank borrowings	82.846.438	50.289.914	4,64	6,55	194.829.967	122.898.491
Total long-term financial liabilities					**194.829.967**	**122.898.491**

Long-term financial lease obligations

	Original currency amount		TL Equivalent	
	2012	**2011**	**2012**	**2011**
TL	-	1.541	-	1.541
		1.541	**-**	**1.541**
Total long-term financial liabilities			**194.829.967**	**122.900.032**

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

	2012
2014	147.795.967
2015	47.034.000
	194.829.967

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

NOTE 4 - FINANCIAL LIABILITIES (Continued)

As of 31 December 2012 and 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**
	2012	**2011**	**2012**	**2011**
Bank borrowings	355.763.767	235.126.119	353.840.083	233.649.127

As of 31 December 2012, fair values of the EUR denominated bank borrowings are determined by using the discounted cash flow method over annual average effective discount rates of 4,84% (2011: EUR and USD bank borrowings 6,35% and 6,10% p.a, respectively).

NOTE 5 - TRADE RECEIVABLES AND PAYABLES

	2012	**2011**
Short-term trade receivables:		
Customer current accounts	217.564.034	180.260.410
Notes receivables	54.013.425	85.983.860
Protested notes	13.275.882	6.459.419
	284.853.341	272.703.689
Less: Provision for doubtful receivables	(37.784.114)	(33.039.870)
Unearned financial income	(1.339.029)	(3.446.138)
Short-term trade receivables	**245.730.198**	**236.217.681**
Due from related parties (Note 22)	84.904.276	142.470.708
Total short-term trade receivables	**330.634.474**	**378.688.389**

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

	2012	**2011**
1 January	**(33.039.870)**	**(36.483.616)**
Transfer from long term	(5.943.263)	(6.331.199)
Collections during the year (Note 17)	4.782.025	12.573.663
Charge during the year (Note 17)	(3.583.006)	(2.798.718)
31 December	**(37.784.114)**	**(33.039.870)**

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

NOTE 5 - TRADE RECEIVABLES AND PAYABLES (Continued)

	2012	2011
Long-term trade receivables:		
Notes receivables	2.182.293	27.635.471
Less: Provision for doubtful receivables	(527.671)	(6.288.176)
Unearned financial income	(11.278)	(1.110.724)
Long-term trade receivables	**1.643.344**	**20.236.571**

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

	2012	2011
1 January	**(6.288.176)**	**(6.552.363)**
Transfer to short term	5.943.263	6.331.199
Collections during the year (Note 17)	-	-
Charge during the year (Note 17)	(182.758)	(6.067.012)
31 December	**(527.671)**	**(6.288.176)**

	2012	2011
Trade payables:		
Supplier current accounts	204.184.018	316.057.902
Less: Unincurred financial expense	(900.235)	(1.171.972)
Trade payables	**203.283.783**	**314.885.930**
Due to related parties (Note 22)	17.006.021	19.088.320
Total trade payables	**220.289.804**	**333.974.250**

NOTE 6 - INVENTORIES

	2012	2011
Raw materials	126.258.219	133.402.427
Work in progress	4.425.778	6.528.610
Finished goods	42.213.817	43.941.293
Commercial goods	53.789.605	48.472.282
Spare parts	18.688.498	16.238.486
Goods in transit (*)	53.015.011	60.816.840
	298.390.928	309.399.938
Provision for impairment of inventory	(5.769.405)	(1.662.000)
	292.621.523	**307.737.938**

The cost of inventories recognised as expense in the current year, amounted to TL1.376.799.536 (2011: TL 1.273.149.207).

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

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

NOTE 6 – INVENTORIES (continued)

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

	2012	2011
1 January	(1.662.000)	(2.521.097)
Released during the year	799.351	2.521.097
Charge during the year for impairment of inventory	(4.906.756)	(1.662.000)
31 December	**(5.769.405)**	**(1.662.000)**

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:

	2012	2011
Raw materials	(967.007)	-
Finished goods	(1.635.028)	(799.352)
Commercial goods	(2.093.081)	-
Spare parts	(1.074.289)	(862.648)
	(5.769.405)	**(1.662.000)**

NOTE 7- PROPERTY, PLANT AND EQUIPMENT

	1 January 2012	Additions	Disposals	Transfers	31 December 2012
Cost					
Land	22.240.313	7.937.800	(7.087)	-	30.171.026
Land improvements	5.329.126	68.244	-	50.872	5.448.242
Buildings	51.177.099	1.246.328	-	528.509	52.951.936
Machinery and equipment	351.600.074	17.329.318	(10.600.311)	21.075.014	379.404.095
Special costs	2.705.188	-	-	-	2.705.188
Motor vehicles	1.791.445	244.748	(129.617)	-	1.906.576
Furniture and fixtures	27.882.315	2.546.545	(675.288)	1.686.491	31.440.063
Construction in progress	9.655.625	31.937.030	-	(23.390.886)	18.201.769
	472.381.185	**61.310.013**	**(11.412.303)**	**(50.000) (*)**	**522.228.895**
Accumulated depreciation					
Land improvements	3.197.561	147.012	-	-	3.344.573
Buildings	35.102.741	1.549.218	-	-	36.651.959
Machinery and equipment	301.110.058	9.826.670	(10.564.595)	-	300.372.133
Special costs	2.620.160	21.473	-	-	2.641.633
Motor vehicles	1.105.003	209.701	(110.084)	-	1.204.620
Furniture and fixtures	19.274.377	2.411.198	(664.743)	-	21.020.832
	362.409.900	**14.165.272**	**(11.339.422)**	**-**	**365.235.750**
Net book value	**109.971.285**				**156.993.145**

(*) Transferred to intangible assets.

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

NOT 7 - PROPERTY, PLANT AND EQUIPMENT (Continued)

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

For the year ended at 31 December 2012, of the total depreciation expense amounting to TL 14.165.272 (2011: TL9.234.272), TL10.456.643 (2011: TL6.229.865) is allocated to production costs, TL2.213.001 (2011: TL1.891.996) is allocated to general administrative expenses, TL896.188 (2011: TL589.423) is allocated to research and development expenses and TL599.440 (2011: TL522.988) is allocated to marketing, selling and distribution expenses. The depreciation expense amounting to TL845.981 (2011: TL622.978) is capitalized during the year as it is related to the development costs.

There is no mortgage on property, plant and equipment as of December 31, 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 December 2012
Cost					
Rights	6.093.469	1.814.432	(2.370)	50.000	7.955.531
Development costs	10.088.545	-	-	17.878.399	27.966.944
Development costs in progress	18.905.977	12.168.000		(17.878.399)	13.195.578
	35.087.991	**13.982.432**	**(2.370)**	**50.000**	**49.118.053**
Accumulated amortisation					
Rights	4.389.345	818.793	(2.370)	-	5.205.768
Development costs	4.286.789	4.733.488	-	-	9.020.277
	8.676.134	**5.552.281**	**(2.370)**	**-**	**14.226.045**
Net book value	**26.411.857**				**34.892.008**

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

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

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

For the year ended at 31 December 2012, of the total amortisation expenses amounting to TL5.552.281 (2011: TL2.579.171), TL604.424 (2011: TL378.788) is allocated to production costs, TL127.918 (2011: TL115.037) is allocated to general administrative expenses, TL4.785.290 (2011: TL2.053.547) is allocated to research and development expenses and TL34.649 (2011: TL31.799) is allocated to marketing, selling and distribution expenses.

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

NOTE 9 - OTHER ASSETS AND LIABILITIES

	2012	2011
a) Other current assets:		
Reclaimed value added tax ("VAT")	53.535.603	72.786.817
Deferred VAT	47.582.310	61.763.621
Prepaid expenses	693.459	1.826.780
Other	284.209	626.239
	102.095.581	**137.003.457**

	2012	2011
b) Other short-term liabilities:		
Advance received (*)	14.087.436	7.569.830
Deferred incentive income (**)	1.689.770	1.375.444
Deferred income (***)	518.552	4.635.188
Other accrued expenses (****)	406.442	57.400
Other short-term liabilities	**16.702.200**	**13.637.862**

(*) Advances have been received in relation to the pre-paid campaign of the combines that will be sold in 2013.
(**) Deferred incentive income, based on completed development projects in 2012 and 2011, refers to the amount of incentive received from The Scientific and Technological Research Council of Turkey. Amount of incentive taken is reflected to income statement in accordance with related project's useful life.
(***) Deferred income represents the sales amount of the tractors for which the invoices are issued but are not yet shipped to customers as of 31 December 2012 and 2011.
(****) As of 31 December 2012, the account consists of accrued liabilities with unreceived invoices.

NOTE 10 – OTHER RECEIVABLES AND PAYABLES

	2012	2011
a) Other long-term receivables		
Deposits and guarantees given	338.238	318.608
	338.238	**318.608**

	2012	2011
b) Other short-term payables:		
Taxes, funds and other related payable	5.785.145	7.332.199
Other payables (*)	4.321.910	3.477.911
	10.107.055	**10.810.110**

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

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

NOTE 11 - PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

a) Short term provisions

	2012	2011
Warranty provision	16.133.521	13.773.700
Provision for legal cases (*)	1.369.143	550.057
	17.502.664	**14.323.757**

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

b) Long term provisions

	2012	2011
Warranty provision	14.612.574	14.316.118
	14.612.574	**14.316.118**

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

	2012	2011
1 January	**28.089.818**	**14.763.037**
Released during the year	(29.952.045)	(17.669.213)
Charge during the year (Note 15)	32.608.322	30.995.994
31 December	**30.746.095**	**28.089.818**

Movements of the lawsuit provisions are as shown below:

	2012	2011
1 January	**550.057**	**324.419**
Charge during the year (Note 17)	819.086	225.638
31 December	**1.369.143**	**550.057**

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

NOTE 11 - PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

c) Contingent Liabilities

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

	2012	2011
A. The total amount of collaterals given on behalf of its own legal entity	23.014.969	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	-	-
	23.014.969	**28.979.898**

As at 31 December 2012, the Company has given its own legal entity on behalf of the original collateral denominated in foreign currency amounts of EUR9.022.848 and USD26.444. (2011: EUR11.552.968 and USD26.444).

d) Contingent Assets

	Foreign Currency amount						TL Equivalent	
			2012			2011		
	EUR	USD	TL	EUR	USD	TL	2012	2011
Letters of guarantees received	-	470.000	274.206.800	252.226	470.000	225.926.980	275.044.623	227.431.153
Direct debit	-	-	179.586.528	-	-	115.793.711	179.586.528	115.793.711
Mortgages	-	-	6.178.980	-	-	6.178.980	6.178.980	6.178.980
Security bonds	-	-	1.872.000	-	-	1.750.000	1.872.000	1.750.000
Cash TL guarantees	-	-	31.462	-	-	31.462	31.462	31.462
Cash guarantees on foreign currency	-	8.363	-	-	8.257	-	14.907	15.597
							462.728.500	**351.200.903**

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

NOT 12 - PROVISION FOR EMPLOYEE BENEFITS

Short term provision for employee benefits

	2012	2011
Due to personnel	6.754.742	3.951.934
Provision for unused vacation rights	715.856	559.443
	7.470.598	**4.511.377**

Movements of the provision for unused vacation rights:

	2012	2011
1 January	**559.443**	**-**
Charge during the year	156.413	559.443
31 December	**715.856**	**559.443**

Long term provision for employee benefits	**2012**	**2011**
Provision for employment termination benefits	9.004.102	7.501.348
	9.004.102	**7.501.348**

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

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

The amount payable consists of one month's salary limited to a maximum of TL3.033,98 for each year of service as of 31 December 2012 (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:

	2012	2011
Discount rate (%)	3,86	4,63
Turnover rate to estimate the probability of retirement (%)	94,19	94,41

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

NOT 12 - PROVISION FOR EMPLOYEE BENEFITS (continued)

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. The maximum amount of TL3.129,25 which is effective from 1 January 2013 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 (Note 16)	3.168.771	713.315
Paid during the year	(1.666.017)	(800.011)
31 December	**9.004.102**	**7.501.348**

NOT 13 - SHAREHOLDERS' EQUITY

Paid-in Share Capital

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

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

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

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

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

- If the difference is due to the inflation adjustment of “share capital” and not yet been transferred to capital should be classified under “Adjustments to Share Capital”;

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

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

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

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

NOTE 13 - SHAREHOLDERS' EQUITY (Continued)

Dividend Distribution

Based on Capital Market Board Decree No. 02/51, dated 27 January 2011, the minimum profit distribution requirement for profits arising from operations in 2011 is determined to be terminated for the quoted entities at the stock exchange and regarding the dividend distribution for the current and following years, the entities are to distribute their profits for the current and following years under the scope of CMB Communiqué No. IV-27, their articles of association and their previously publically declared profit distribution policies. In the case of profit distribution, in accordance with the decision of the General Assembly, the distribution can be made as cash or as bonus shares or as a combination of a certain percentage of cash and bonus shares. It is also permitted to retain this amount in the Company reserves if the first dividend amount is below 5% of the paid in/issued capital; however if the Company has increased its paid-in capital without dividend distribution in the previous year and consequently whose shares are allotted in the form of "old" and "new"; it is mandatory for companies that will make profit distribution from the net distributable profit of the current year to make this first dividend distribution in cash.

The decision of dividend payment amounting to TL200.000.000, to be distributed at the date of 9 April 2012 was taken in the Company's General Assembly dated 2 April 2012 (Note 22).

In the statutory financial statements of the Company has the statutory net profit for the year amounting to TL241.076.598 for the year ended 31 December 2012, legal reserves and retained earnings that can be subject to a possible dividend distribution amounting to TL255.262.186. Also in case of possible dividend distribution the Company has inflation adjustment difference amounting to TL47.110.422 and other capital reserves amounting to TL5.470.878 that will be subject to tax.

NOTE 14 - SALES AND COST OF SALES

	1 January - 31 December 2012	**1 January - 31 December 2011**
Domestic sales	1.517.459.910	1.582.031.830
Export sales	618.873.881	407.596.147
	2.136.333.791	1.989.627.977
Less: Discounts and returns	(162.320.051)	(188.962.532)
Sales income (net)	**1.974.013.740**	**1.800.665.445**
Cost of sales	(1.551.516.667)	(1.375.553.244)
Gross profit	**422.497.073**	**425.112.201**

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

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

	1 January - 31 December 2012	1 January - 31 December 2011
Marketing, selling and distribution expenses:		
Warranty expenses (Note 11)	32.608.322	30.995.994
Personnel expenses	14.679.069	13.118.991
Transportation and insurance expenses	14.476.069	13.880.472
Advertisement and promotion expenses	6.590.633	4.096.516
Fair expenses	4.996.446	5.643.947
Entertainment and travel expenses	2.044.065	2.202.689
Outsourcing expenses	1.849.759	1.240.250
Remuneration of key management personnel (Note 22.v) (*)	1.566.508	1.423.704
Vehicle expenses	1.225.103	1.083.938
Rent expenses	1.052.867	802.074
Service expenses	823.518	1.003.682
Depreciation and amortisation expenses (Note 7,8) (***)	634.089	554.787
Material expenses	548.922	476.423
Provision for employment termination benefits (**)	465.505	97.072
Donations and aids	36.968	-
Other	4.594.639	4.145.534
	88.192.482	**80.766.073**

	1 January - 31 December 2012	1 January - 31 December 2011
General administrative expenses:		
Personnel expenses	9.193.053	7.467.960
Service expenses paid to shareholders	4.550.004	4.000.000
Donations and aids	3.671.680	4.818.240
Remuneration of key management personnel (Note 22) (*)	3.481.659	2.561.152
Depreciation and amortisation expenses (Note 7,8) (***)	2.340.919	2.007.033
Service expenses	1.899.050	1.914.795
Outsourcing expenses	1.602.673	1.442.760
Entertainment and travel expenses	1.415.092	1.368.398
Taxes and other legal expenses	947.539	973.982
Lawsuit and consultancy expenses	703.923	911.870
Subscription fees	581.083	488.230
Material expenses	488.325	486.766
Insurance expenses	431.835	230.563
Vehicle expenses	220.074	169.049
Energy expenses	195.655	153.159
Provision for employment termination benefits (**)	128.039	84.030
Other	1.424.572	1.001.733

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

	33.275.175	**30.079.720**

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

	1 January - 31 December 2012	1 January - 31 December 2011
Research and development expenses:		
Depreciation and amortisation expenses (Note 7,8) (***)	4.835.497	2.019.992
Personnel expenses	671.754	431.104
Project expenses	490.759	79.861
Provision for employment termination benefits (**)	143.301	(64.471)
Outsourcing expenses	138.449	231.583
Remuneration of key management personnel (Note 22.v) (*)	112.602	221.008
Entertainment and travel expenses	69.609	66.011
Material expenses	59.586	27.303
Vehicle expenses	45.771	33.190
Other	184.282	151.301
	6.751.610	**3.196.882**

(*) The amount of remuneration of key management personnel allocated to production costs is TL2.121.363 (2011: TL1.896.554), and capitalized amount is TL774.623 (2011: TL565.485).

(**) The amount of provision for employment termination benefits allocated to production costs is TL2.431.926 (2011: TL596.684).

(***) The amount of depreciation and amortization expenses allocated to production costs TL11.061.067 (2011: TL6.608.653).

NOTE 16 – EXPENSES BY NATURE

	1 January - 31 December 2012	1 January - 31 December 2011
Raw materials	1.131.524.074	1.024.862.181
Cost of merchandise sold	232.698.064	233.526.935
Personnel expenses	113.275.773	95.092.643
Material expenses	47.785.125	42.391.734
Warranty expenses	32.608.322	30.995.994
Transportation and insurance expenses	19.919.067	18.874.401
Depreciation and amortisation expenses	18.871.572	11.190.465
Energy expenses	11.151.458	10.486.364
Remuneration of key management personnel	7.282.132	6.102.418
Changes in finished goods and work in process	3.830.308	(34.678.401)
Donations and aids	3.708.648	4.818.240
Provision for employment termination benefits	3.168.771	713.315
Other	53.912.620	45.219.630
	1.679.735.934	**1.489.595.919**

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

NOTE 17 – OTHER OPERATING INCOME/EXPENSES

	1 January - 31 December 2012	1 January - 31 December 2011
Gain on sales of property, plant and equipment and tangible assets	6.692.936	643.260
Termination of provision for doubtful receivables (Note 5)	4.782.025	12.573.663
Incentive income	482.556	224.585
Other income	1.132.906	822.056
Other operating income	**13.090.423**	**14.263.564**
Provision for doubtful receivables (Note 5)	(3.765.764)	(8.865.730)
Provision for lawsuits (Note 11)	(819.086)	(225.638)
Loss on sales of property, plant and equipment and tangible assets	(23.207)	(28.915)
Other expense	(2.205.608)	(636.707)
Other operating expenses	**(6.813.665)**	**(9.756.990)**

NOTE 18 - FINANCIAL INCOME

	1 January - 31 December 2012	1 January - 31 December 2011
Foreign exchange gain	212.183.939	322.265.783
Financial income from credit sales	33.777.403	30.341.754
Interest income	10.830.377	10.395.981
Financial income	**256.791.719**	**363.003.518**

NOTE 19 - FINANCIAL EXPENSES

	1 January - 31 December 2012	1 January - 31 December 2011
Foreign exchange loss	(199.963.658)	(307.301.030)
Financial expense on credit purchases	(21.937.666)	(23.503.155)
Interest expenses of bank borrowings	(15.206.873)	(4.574.391)
Other	(2.087.121)	(1.370.979)
Financial expenses	**(239.195.318)**	**(336.749.555)**

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

NOTE 20 - TAX ASSETS AND LIABILITIES

	2012	**2011**
Corporate taxes payable	57.266.903	65.875.698
Less: Prepaid taxes	(52.772.988)	(55.729.800)
Total tax payable - net	**4.493.915**	**10.145.898**

	1 January - 31 December 2012	**1 January - 31 December 2011**
Current year corporate tax expense	(57.266.903)	(65.875.698)
Deferred tax income	7.313.553	1.467.204
Tax expense	**(49.953.350)**	**(64.408.494)**

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

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

NOTE 20 - TAX ASSETS AND LIABILITIES (Continued)

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

	Temporary differences		**Deferred tax assets/(liabilities)**	
	2012	**2011**	**2012**	**2011**
Property, plant and equipment and intangible assets, restatement and useful life differences	23.930.275	13.710.807	(4.786.055)	(2.742.161)
Unearned finance income on due from related parties	(20.228)	(217.562)	4.046	43.512
Provision for employment termination benefits	(9.004.102)	(7.501.348)	1.800.820	1.500.270
Capitalized unincurred financial expense on inventory	(1.286.087)	(5.968.097)	257.217	1.193.619
Warranty provision	(30.746.095)	(28.089.818)	6.149.219	5.617.963
Provision for lawsuits	(1.369.142)	(550.057)	273.828	110.011
Unearned finance income on trade receivables	(1.402.658)	(3.186.187)	280.532	637.237
Provision for doubtful receivables	(22.223.495)	(25.764.118)	4.444.699	5.152.824
Provision for impairment of inventory	(5.769.405)	(1.662.000)	1.153.881	332.401
Sales premium accured	(15.369.609)	(9.192.328)	3.073.922	1.838.466
Other provisions	(3.321.045)	(616.843)	664.209	123.369
Investment incentive	(40.632.357)	-	8.126.471	-
Other	(543.523)	(2.152.143)	108.704	430.429
Deferred tax assets			**21.551.493**	**14.237.940**

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

	2012	**2011**
1 January	**14.237.940**	**12.770.736**
Deferred tax income	7.313.553	1.467.204
31 December	**21.551.493**	**14.237.940**

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

	2012	**2011**
Profit before taxation on income	**318.150.965**	**341.830.063**
Tax calculated at enacted tax rate	63.630.193	68.366.013
Investment deduction	(10.349.382)	(1.651.908)
Research and development deductions	(2.259.560)	(2.324.949)
Other exemptions	(1.560.693)	-
Disallowable expenses	492.792	19.338
Total tax charge	**49.953.350**	**64.408.494**

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

NOT 21 - EARNINGS PER SHARE

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

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

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

	1 January - 31 December 2012	1 January - 31 December 2011
Profit for the period	268.197.615	277.421.569
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)	0,0503	0,0520

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

NOT 22 - RELATED PARTY EXPLANATIONS

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

Summary of the intercompany balances as of December 31, 2012 and 2011 and significant intercompany transactions were as follows:

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

	2012	2011
a) Bank deposits and borrowings		
Deposits with related parties:		
Yapı ve Kredi Bankası A.Ş. (“Yapı Kredi”)	40.566.894	2.087.792
	40.566.894	**2.087.792**

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

NOTE 22 - RELATED PARTY EXPLANATIONS (Continued)

	2012	2011
b) Due from related parties		
Due from group companies		
CNH International SA ("CNH International") (*)	76.344.087	133.880.805
Ark İnşaat Sanayi ve Ticaret A.Ş.	3.328.611	-
CNH Latin America Ltda.	2.660.330	3.291.874
CNH Italy SPA ("CNH Italy")	2.459.954	4.940.041
Yapı Kredi Finansal Kiralama A.O.	-	494.395
Other	131.522	81.155
	84.924.504	**142.688.270**
Less: Unearned financial income	(20.228)	(217.562)
	84.904.276	**142.470.708**

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

c) Due to related parties

Trade payable to shareholders

Koç Holding	1.398.132	1.679.738
	1.398.132	**1.679.738**
Due to group companies		
Zer Merkezi Hizmetler ve Ticaret A.Ş. ("Zer")	5.422.826	4.062.351
Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş. ("Opet Fuchs")	2.640.236	309.161
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş. ("Koç Sistem")	2.230.677	1.530.380
New Holland Fiat India Pvt. Ltd.	2.026.510	2.432.182
CNH Services srl	1.240.837	1.335.659
Koçtaş Yapı Marketleri A.Ş. ("Koçtaş")	859.048	558.969
Otokar Otobüs Karoseri Sanayi A.Ş. ("Otokar")	523.164	583.795
Setur Servis Turistik A.Ş. ("Setur")	229.571	198.547
Otokoç Otomotiv San. ve Tic. A.Ş ("Otokoç")	107.700	140.478
Opet Petrolcülük A.Ş. ("Opet")	46.113	4.783.796
Arçelik A.Ş.	-	930.989
Other	332.758	694.403
	15.659.440	**17.560.710**
Less: Unearned financial expenses	(51.551)	(152.128)
	17.006.021	**19.088.320**

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

NOTE 22 - RELATED PARTY EXPLANATIONS (Continued)

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

a) Product sales to related parties

	1 January- 31 December 2012	1 January- 31 December 2011
Product sales to group companies		
CNH International (*)	580.274.575	380.567.637
CNH Latin America Ltda.	33.473.802	17.926.636
CNH Italy	4.504.287	8.259.150
Zer	4.002.596	4.028.462
Other	442.809	1.007.286
	622.698.069	**411.789.171**

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

b) Other income and expenses from related parties

	1 January- 31 December 2012	1 January- 31 December 2011
Other income from group companies		
CNH International	208.755	254.099
Other	53.361	15.967
	262.116	**270.066**
Other expenses from group companies		
CNH Italy	(128.214)	(536.887)
Other	(916)	-
	(129.130)	**(536.887)**

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

NOTE 22 - RELATED PARTY EXPLANATIONS (Continued)

c) Product purchases from related parties

	1 January- 31 December 2012	1 January- 31 December 2011
Product purchases from group companies		
CNH International (*)	121.465.532	93.500.348
Opet Fuchs (**)	27.633.328	1.988.204
Zer	9.800.933	8.694.385
Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	2.232.404	2.380.365
Koç Sistem	2.493.082	2.198.759
Opet (**)	842.995	19.399.209
Other	4.033.514	2.153.490
	168.501.788	**130.314.760**

(*) The company purchases tractors, agricultural machinery, engine and spare parts.
(**) The company makes various oil purchases for use in production and fuel purchases for use in company vehicles. The company has started to make purchases from Opet Fuchs.

d) Service purchases from related parties

	1 January- 31 December 2012	1 January- 31 December 2011
Service purchases from shareholders		
Koç Holding (****)	2.400.058	2.070.446
	2.400.058	**2.070.446**
Service purchases from group companies		
Zer (*)	25.293.376	16.461.465
Otokar (**)	6.829.799	4.739.493
Ark İnşaat San. ve Tic. A.Ş.	6.689.867	-
Setur (***)	3.383.973	4.322.314
Vehbi Koç Vakfı	3.300.000	3.062.185
CNH Services srl (*****)	2.269.280	1.985.931
Otokoç	1.097.511	1.018.580
Ram Sigorta Aracılık Hizmetleri A.Ş. (*****)	701.729	768.890
Koç Sistem	483.828	754.663
Aygaz Doğalgaz Toptan Satış A.Ş.	197.503	2.156.330
Eltek	-	3.673.709
Opet	-	665.099
Koç Net	-	403.215
Other	1.362.886	1.994.361
	51.609.752	42.006.235
	54.009.810	**44.076.681**

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

NOTE 22 - RELATED PARTY EXPLANATIONS (Continued)

(*) Services purchased from Zer are related with security, cleaning, transportation and other services.
(**) Service purchased from Otokar is related with assembly and assembly support services.
(***) Services purchased from Setur are generally arising from plane tickets, accommodation and associated with various organizations within the sales and marketing activities.
(****) Services purchased from Koç Holding and CNH International is related with human resources, strategy development, brokerage and consultancy services.
(*****) Balance as of December 31, 2012 consists of paid and accrued premium amounts in extent of agreements signed with insurance companies through Ram Sigorta Aracılık Hizmetleri A.Ş. that operates as insurance agent.

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

Financial income and expense from group companies

	1 January- 31 December 2012	1 January- 31 December 2011
Interest Income		
Yapı Kredi	1.002.052	326.087

	1 January- 31 December 2012	1 January- 31 December 2011
Interest expense		
Yapı Kredi Finansal Kiralama A.O.	1.451	4.976
Yapı Kredi Yatırım Menkul Değerler A.Ş.	454	500
	1.905	**5.476**

iv) Dividends paid to related parties:

	1 January - 31 December 2012	1 January - 31 December 2011
Koç Holding	75.000.000	56.250.000
CNH Osterreich	75.000.000	56.250.000
Publicly listed	49.867.371	36.487.354
Other	132.629	1.012.646
	200.000.000	**150.000.000**

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

NOTE 22 - RELATED PARTY EXPLANATIONS (Continued)

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

	1 January- 31 December 2012	**1 January- 31 December 2011**
Remuneration of Board of Directors and key management personnel (*)	8.056.755	6.667.903

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

Transactions with related parties

	1 January- 31 December 2012	**1 January- 31 December 2011**
Gain on sale of property, plant and equipment		
Zer	311	56.021
	311	**56.021**

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

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

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

a) Market Risk

Foreign currency risk

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

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

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

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

	2012						
	TL Equivalent	**USD**	**EUR**	**GBP**	**DKK**	**CHF**	**YEN**
1. Trade Receivables	128.358.286	-	54.581.063	-	-	-	-
2. Monetary Financial Assets (Including banks accounts) (Note 3)	236.384.399	101.213	100.437.621	1.451	-	338	-
3.Other	44.039.841	524.117	18.289.972	32.403	-	-	-
4. Current Assets **(1+2+3)**	**408.782.526**	**625.330**	**173.308.656**	**33.854**	**-**	**338**	**-**
5. Trade Receivables	399.530	154.000	53.157	-	-	-	-
6. Other	1.816	1.019	-	-	-	-	-
7. Non-current Assets (5+6)	**401.346**	**155.019**	**53.157**	**-**	**-**	**-**	**-**
8. Total Assets (4+7)	**409.183.872**	**780.349**	**173.361.813**	**33.854**	**-**	**338**	**-**
9. Trade Payables	44.489.201	459.436	18.422.105	50.909	-	-	9.721.001
10. Financial Liabilities (Note 4)	160.933.800	-	68.432.963	-	-	-	-
11. Other Monetary Liabilities	14.108.319	7.036	5.993.867	-	-	-	-
12. Current Liabilities (9+10+11)	**219.531.320**	**466.472**	**92.848.935**	**50.909**	**-**	**-**	**9.721.001**
13. Financial Liabilities (Note 4)	194.829.967	-	82.846.438	-	-	-	-
14. Non-current Liabilities (13)	**194.829.967**	**-**	**82.846.438**	**-**	**-**	**-**	**-**
15. Total Liabilities (12+14)	**414.361.287**	**466.472**	**175.695.373**	**50.909**	**-**	**-**	**9.721.001**
16. Net Foreign Currency Asset/(Liability) Position (8-15)	**(5.177.415)**	**313.877**	**(2.333.560)**	**(17.055)**	**-**	**338**	**(9.721.001)**
17. Net Monetary Foreign Currency Asset/(Liability) Position (8-15)	**(5.177.415)**	**313.877**	**(2.333.560)**	**(17.055)**	**-**	**338**	**(9.721.001)**

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

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

			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 banks accounts) (Note 3)	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 (Note 4)	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 (Note 4)	122.898.491	-	50.289.914	-	-	-	-
14. Non-current Liabilities (13)	**122.898.491**	**-**	**50.289.914**	**-**	**-**	**-**	**-**
15. Total Liabilities (12+14)	**483.854.335**	**10.916.216**	**189.396.432**	**132.909**	**-**	**-**	**-**
16. Net Foreign Currency Asset/(Liability) Position (8-15)	**(44.560.193)**	**(9.300.857)**	**(10.887.035)**	**(132.352)**	**-**	**-**	**-**
17. Net Monetary Foreign Currency Asset/(Liability) Position (8-15)	**(44.560.193)**	**(9.300.857)**	**(10.887.035)**	**(132.352)**	**-**	**-**	**-**

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

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

The import and export amounts of the Company for the years ended 31 December 2012 and 2011 are as follows:

	1 January - 31 December 2012	1 January- 31 December 2011
Total export amount	618.873.881	407.596.147
Total import amount	431.000.548	468.794.660

The Company is exposed to foreign exchange risk primarily with respect to EUR and USD. The effect of the Company's EUR and USD foreign currency position as of 31 December 2012 and 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:

	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	55.952	(55.952)	-	-
Hedged amount against USD risk (-)	-	-	-	-
Net Effect of USD	55.952	(55.952)	-	-
Had TL appreciate/(depreciate) by 10% against EUR				
Profit/(loss) from EUR net liability position	(548.783)	548.783	-	-
Hedged amount against EUR risk (-)	-	-	-	-
Net Effect of EUR	(548.783)	548.783	-	-
Had TL appreciate/(depreciate) by 10% against other				
Profit/(loss) from other net liability position	(24.910)	24.910	-	-
Hedged amount against other (-)	-	-	-	-
Net Effect of Other	(24.910)	24.910	-	-
Total Net Effect	**(517.741)**	**517.741**	**-**	**-**

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

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

	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)

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

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

	2012					
	Trade Receivables		Other Receivables			
	Related Party	**Third Party**	**Related Party**	**Third Party**	**Bank Deposits**	**Derivative Instruments**
Net book value of financial assets which are undue and not impaired	84.882.947	227.108.724	-	338.238	378.971.315	-
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	21.329	7.241.109	-	-	-	-
Net book value of impaired assets	-	13.023.709	-	-	-	-
- Due dated (Gross book value)	-	33.345.154	-	-	-	-
- Provision (-)	-	(20.321.445)	-	-	-	-
- Undue (Gross book value)	-	17.990.340	-	-	-	-
- Provision (-)	-	(17.990.340)	-	-	-	-
Off-balance sheet items exposed to credit risk	-	-	-	-	-	-
Amount exposed to maximum credit risk (*)	**84.904.276**	**247.373.542**	**-**	**338.238**	**378.971.315**	**-**

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

As of 31 December 2012, the guarantee amount of the maximum exposure to credit risk is TL 224.668.841. Besides, all assets which are due but not impaired and are impaired are guaranteed.

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

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

				2011		
	Trade Receivables		Other Receivables			
	Related Party	Third Party	Related Party	Third Party	Bank Deposits	Derivative Instruments
Net book value of financial assets which are undue and not impaired	141.963.241	248.723.633	-	328.616	245.351.627	-
Net book value of restructured financial assets, otherwise that -	-	-	-	-	-	-
will be considered as due dated or impaired	-	-	-	-	-	-
Net book value of due dated but not impaired assets	507.467	6.360.712	-	-	-	-
Net book value of impaired assets	-	1.369.907	-	-	-	-
- Due dated (Gross book value)	-	18.224.027	-	-	-	-
- Provision (-)	-	(16.854.120)	-	-	-	-
- Undue (Gross book value)	-	22.473.926	-	-	-	-
- Provision (-)	-	(22.473.926)	-	-	-	-
Off-balance sheet items exposed to credit risk	-	-	-	-	-	-
Amount exposed to maximum credit risk (*)	**142.470.708**	**256.454.252**	**-**	**328.616**	**245.351.627**	

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

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

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

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

The aging of assets that are past due but not impaired as of 31 December 2012 and 2011 are as follows:

	2012				
	Receivables				
	Trade Receivables	Other Receivables	Bank Deposits	Derivative Instruments	Other
Past due between 1-30 days	2.718.002	-	-	-	-
Past due between 1-3 months	2.067.886	-	-	-	-
Past due between 3-12 months	2.407.990	-	-	-	-
Past due between 1-5 years	68.560	-	-	-	-
Past due over 5 years	-	-	-	-	-
Total past due balance	**7.262.438**	**-**	**-**	**-**	**-**

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

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

c) Liquidity Risk

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

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

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

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

The undiscounted cash flows of liabilities into relevant maturity groupings as of 31 December 2012 and 2011 are disclosed as follows:

			2012			
	Book value	**Up to 3 months**	**3 months to 1 year**	**1 year to 5 years**	**No maturity**	**Total contractual cash outflows**
Financial liabilities	355.768.112	26.300.521	147.000.685	201.209.468	-	374.510.674
Trade payables	203.283.783	204.184.019	-	-	-	204.184.019
Due to related parties	17.006.021	17.057.572	-	-	-	17.057.572
Other payables	10.107.055	10.107.055	-	-	-	10.107.055
Financial liabilities other than derivatives	**586.164.971**	**257.649.167**	**147.000.685**	**201.209.468**	**-**	**605.859.320**
Cash inflow from derivative instruments	-	-	-	-	-	-
Cash outflow from derivative instruments	-	-	-	-	-	-
Financial liabilities from derivative instruments	**-**	**-**	**-**	**-**	**-**	**-**

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

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

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

Capital risk management

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

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.

The Company has not calculated net financial debt/shareholders' equity ratio at 31 December 2012 and 2011 since the Company bears net financial asset position.

	2012	2011
Cash and cash equivalents (Note 3)	378.971.315	245.351.627
Less: Financial liabilities	(355.768.112)	(235.144.470)
Net financial debt	**23.203.203**	**10.207.157**
Total shareholders' equity	663.790.097	595.592.482
Net financial debt/shareholders' equity	**-**	**-**

Fair value of financial assets

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

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realise in a current market exchange.

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

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.

Financial liabilities

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

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

NOTE 24 - SUBSEQUENT EVENT

None.

..…………..