



annual report

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We will always follow his principles.

The principles of Mr. Enver Ören, our dear founder, who inspired us with his personality and enlightened the İhlas Group for many years, shall remain as our guide.

- I have always tried to impart that every person working in the Holding is an owner of their work. What I mean is, I do not own the Holding, and I do not say that the Holding is mine. I endeavor to instill in our people that the secret of our success is us, not me.
- I place more trust in my colleague, to whom I grant authority to, than in myself. I instruct them to work and be accountable not only to me, but also to Almighty Allahü teâla in the hereafter.
- I have never thought about acquiring personal advantages from the opportunities of the Holding and the work of my friends, not even in the slightest bit.
- Whatever their duty may be, I have always considered others to be more valuable than myself. I try never to hurt anyone.
- I accept all employees as my siblings, now and in the hereafter. I have never treated anyone as just a worker.
- I have always responded to everyone's requests as best as I could. I have even explicitly helped some people with their personal issues.
- Whatever someone's duty may be, I have always been on the side of the angels. I try to never allow one person to dominate another.
- I always forgave those who insulted me the most, and continue to endeavor to act benevolently toward them.
- I have always striven to greet everyone with a smile on my face and with kind words, and never to hurt anyone.
- I respect everyone's ideas, and listen to them with patience. In the end, I respond truthfully.
- I fade from the scene as much as possible. I expect everyone to be successful.
- I have always expressed that life is mortal, and one's main purpose should be to receive people's good wishes and earn the consent of Allahü teâla.
- I have been hurt and have suffered a lot, but I have never spat in anyone's face. I've always elected to remain patient.
- I have always tried to communicate that our greatest achievement was unity and solidarity, and we should always avoid getting above ourselves and holding others in contempt.
- I have tried my whole life to observe the law, and encourage everyone to do likewise.

29 May 2000

“All my life I never offended anyone, as best as I could I greeted everyone with a smiling face and sweet tongue.”

F. Özy



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Activities in 2012

İhlas Media Holding Subsidiaries

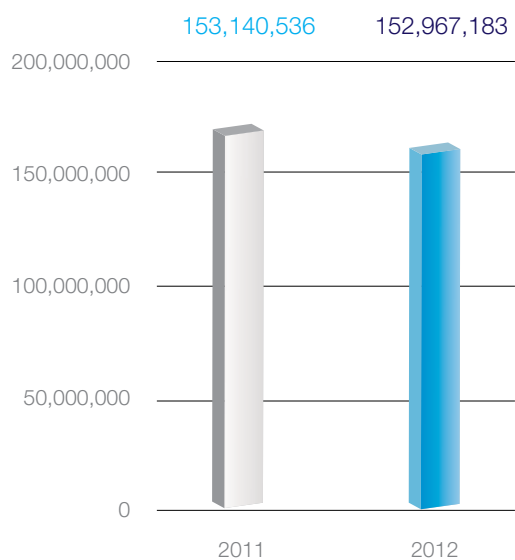
- 16 /** İhlas Gazetecilik / İhlas Journalism (Türkiye Gazetesi / Türkiye Newspaper)
- 20 /** İhlas Haber Ajansı (İHA) / İhlas News Agency
- 24 /** TGRT Haber TV / TGRT News TV
- 26 /** TGRT FM / TGRT FM Radio
- 28 /** TGRT Dijital TV Hizmetleri / TGRT Documentary TV
- 29 /** İhlas Gelişim Yayıncılık / İhlas Publishing Development
- 30 /** İletişim Magazin Gazetecilik / Communication Magazine Journalism
- 34 /** İhlas Fuar Hizmetleri / İhlas Fair Services
- 35 /** Alternatif Medya Görsel İletişim Sistemleri / Alternative Media Visual Communication Systems
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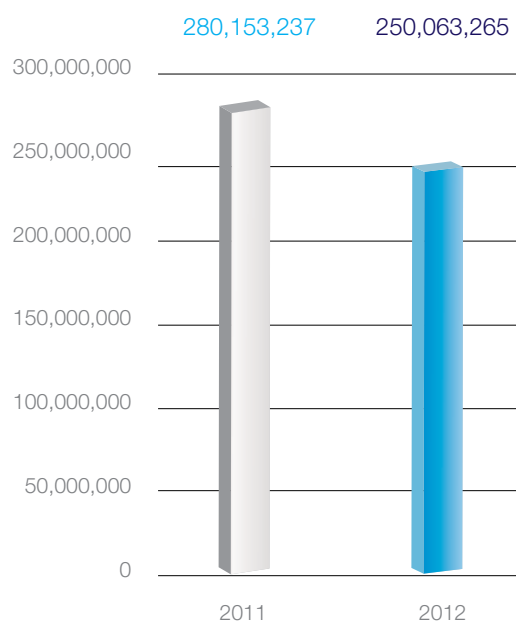
Main Financial Indicators (₹)

According to the consolidated financial statements within the framework of International financial reporting standards (₹).

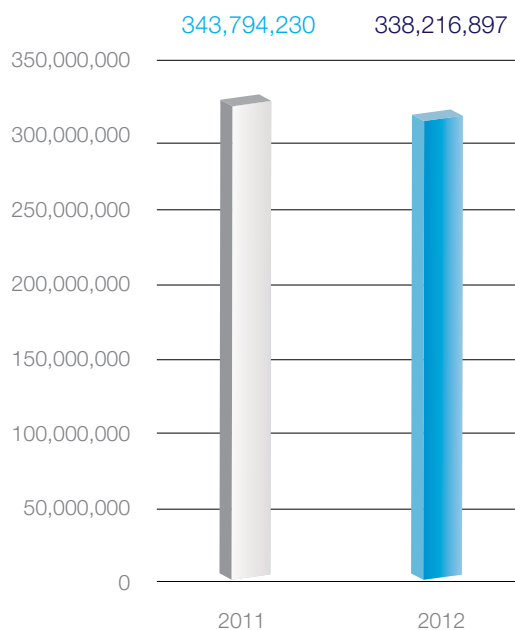
Net Sales Revenues



Shareholders' Equity



Total Assets



Milestones

- July 10, 2003** İhlas Yayın Holding A.Ş. (İhlas Media Holding) was founded.
- July 16, 2003** A participation in İhlas Gazetecilik (Türkiye Gazetesi) and İhlas Haber Ajansı (İHA) was completed.
- July 24, 2003** A participation in Huzur Radyo TV (TGRT) was completed.
- July 15, 2004** TGRT Haber TV A.Ş. was founded.
- July 27, 2004** TGRT Dijital TV Hizmetleri A.Ş. was founded.
- September 28, 2006** Shares of Huzur Radyo TV were sold to News Netherlands Co. (FOX TV).
- August 1, 2007** Fikirevim Reklam Ajansı was taken over and participation in Alternatif Medya Hizmetleri Ltd. Şti. was completed.
- December 1, 2007** A participation in İhlas Gelişim Yayıncılık A.Ş., a company that gathers all magazine and fair works under a single roof, was completed.
- February 10, 2009** A participation in newly established company İhlas İletişim A.Ş. was completed.
- December 24, 2009** In order to be involved in a residential project in Bahçeşehir, a joint venture company (ordinary partnership) was established with İhlas Holding A.Ş. and İhlas Pazarlama A.Ş.
- June 14, 2010** Shares of İhlas Gazetecilik A.Ş. began trading on the Istanbul Stock Exchange.
- August 4, 2010** Public offering was initiated for İhlas Yayın Holding (İhlas Media Holding).
- November 5, 2010** Shares of İhlas Yayın Holding A.Ş. (İhlas Media Holding) began trading on the Istanbul Stock Exchange.
- December 14, 2010** A participation in Promaş A.Ş. and İhlas Reklam Ltd. Şti. was completed.
- January 23, 2012** İhlas Yayın Holding raised its participation stake in İhlas Haber Ajansı (İHA) from 50% to 75%.
- October 22, 2012** İhlas Media Holding 2011 Annual Report came second in the "Vision Awards" competition organized by LACP, the world's most prestigious public relations platform.

Shareholding Structure (as of December 31, 2012)

Name / Title	Share Rate %	Share Amount (₺)
İhlas Holding A.Ş.	69.15	138,300,000
Enver Ören	1.00	2,000,000
Ahmet Mücahid Ören	0.90	1,800,000
Other	0.20	400,000
Publicly-traded	28.75	57,500,000
Total	100.00	200,000,000



About İhlas Yayın Holding A.Ş.

İhlas Yayın Holding (Media Holding) was founded on July 10, 2003 in order to combine all its subsidiaries in the media sector under one roof and improve its administrative efficiency.

İhlas Media Holding oversees all of its subsidiaries' operations, and provides all the necessary support for all types of investments. Its primary target is to step up the synergy among the companies in its media group. To this end, İhlas Media Holding shares its corporate-owned policies with all of its affiliates within the context of certain methods. All of the subsidiaries of İhlas Yayın Holding were established with the principle of broadcasting accurate news objectively, impartially and without agitating the public. They have maintained this consistent style since the day it was founded.

İhlas Media Holding offered its shares to the public on October 25 - 26, 2010, and İhlas Media Holding's shares began trading on the Istanbul Stock Exchange as of November 5, 2010.

Türkiye newspaper, İhlas Yayın Holding's subsidiary in the print media, operates in the media sector as a highly competitive media organ with an experienced management perception, consistent publishing principles, brand awareness and wide readership. Türkiye newspaper provided its readers with the opportunity to be a partner by offering its shares to the public in 2010, with the trust earned by being transparent, reliable and worthwhile. Türkiye newspaper, which continues with the same ownership structure since it was established in 1970, is a newspaper differentiating with its pages, brand, unchanging editorial principles and stable total audience and possesses a high future potential. The newspaper continues to operate with its printing plants equipped with the highest technologies, located in six different Turkish cities.

Operations of İHA, another subsidiary of İhlas Media Holding, provide strong agency support to national, local and regional media channels in terms of rapid and dependable access to information. Using live broadcast trucks manufactured by its own technical services team, İhlas News Agency operates both in and out of Turkey via this system and equipment. Granted the "Best Video", "Best Photograph" and "Best News" awards by the Journalists Associations in Antalya, Aydın, Kayseri, Konya and Çorum in addition to various Non-governmental Organizations and Local Administrations in 2012.

TGRT News TV operates with the principle, "TGRT News only features news" while staying true to its identity as an objective, genuine and honest news carrier. From morning till midnight, TGRT News airs news bulletins every hour, keeping viewers up to date on world and Turkish news. In addition to successful journalism, TGRT News also features television shows in which current affairs are debated by experts in the related topics. In 2013, TGRT News aims to make investments in renovation, renewing most of its equipment and broadcasting with HD quality.

TGRT FM wide spectrum of contests, children's shows, cultural, artistic, women's programs, sport, chat and magazine programs, and audio plays, the radio station appeals to every segment of society. TGRT FM has won an important place in the hearts of the Turkish nation through its radio broadcasting. Audiences listen with pleasure to its journalism, programming and classical radio dramas. TGRT FM uses the latest technology with improved developments.

İHA was granted the “Best Video”, “Best Photograph” and “Best News” awards by the Journalists Associations in Antalya, Aydın, Kayseri, Konya and Çorum in addition to various Non-governmental Organizations and Local Administrations



TGRT Dijital TV has been broadcasting under the name TGRT Belgesel (TGRT Documentary) since April 22, 2010 and serves the purposes of living up to culture, civilization, history and spiritual values as well as providing a service to humanity by following an editorial policy within this scope.

In the competitive environment of the sector, the İhlas Media Planning and Buying Services implements a continuous self renovation process, improves its quality and is known among its peers as a creative, full service agency. With special emphasis on customer satisfaction, the Company has become one of Turkey’s leading advertising agencies.

Media Holding’s subsidiary in the information technology sector, İhlas Communications, was established in 2009 and has been accredited with the MVNO license by the Information Technologies Agency to provide mobile virtual operator services through VipCell - its own brand.

İhlas Gelişim A.Ş. (İhlas Magazine Group) is the parent company for İletişim Magazin (Communication Magazine) and İhlas Fuarçılık (İhlas Fair Services) companies. The group enjoys a strong reputation thanks to its sector magazines, inserts, catalogues, official fair brochures and specific projects overseas. As one of Turkey’s most important magazine groups in the fields of sectoral publishing and international publishing, İhlas Magazine Group enjoys a prominent place in the sector, regularly and continuously offering business development projects to the Turkish economy. The client base of the magazine group consists of SMEs, which also form the client base of Türkiye Newspaper. Another magazine named “Sleep Well”, “Food Turkey”, “Pharma Turkey” and Fiber & Yarn Trends began broadcasting in 2012, bringing the total number of magazines up to 27. İhlas Fair Services (İhlas Fuarçılık), which organizes special fairs on a sectoral basis, has become a major brand in solar energy and pipe fairs. İhlas Fair Services, which organizes domestic and international tourism events, summits etc. is planning to enter new sectors with new fairs.

Alternatif Medya (Alternatif Media), activated its first developed IPTV based Digital Signage application, and launched on the market and continued to design new products with added value by incorporating new technologies through intensive R&D activities. With its Video On Demand system on IPTV base especially developed for universities, the company has broken into the mobile applications market with iPhone and android applications.

Message from the Chairman

Esteemed Shareholders,

We feel the deep sorrow of losing one of the greatest architects of our success, an excellent administrator and role model, Mr. Enver Ören. Mr. Ören, who guided us with his principles on every step we have taken to date, always tied his line to “us” instead of “me”... Everyone who worked with him greatly trusted his personality, adding value to his personal relations with his modesty and fairness. We, the İhlas Group Family, who knew him well, worked in accordance with his principles and enjoyed the pleasure of sharing in his success. We remember our departed Mr. Enver Ören with love, respect and gratitude...

From our perspective, as well as being overshadowed by the loss of Mr. Ören, 2012 was an eventful year in which we experienced many developments of great significance for both Turkey and the world. Especially, the fact that the economic crisis which has held Europe in its vicelike grip, and the accompanying political turmoil, began to unravel, even if only slowly, led to intense news traffic.

At İhlas Media Group, we've put our signature to high-yield reporting activities, and continued to keep our finger on the pulse of the agenda by pulling out all the stops of the information age and technology, thanks to our news oriented channels, objective reporting principles and professional teams. It has been a source of pride for us that İHA was granted several best video, best photograph and best news awards during 2012. Not only was the value of the content, but also the quality of the design placed among the significant titles of 2012 for us... We narrowed the size of the Türkiye Newspaper, which decided to sustain its change through “a new journalism approach”, and made it easier to read with its new dimensions, at the beginning of 2013. Moreover, we are now looking forward to launching HD broadcasting of TGRT News in 2013.

We have succeeded in making considerable changes in technology, design and content by meticulously protecting the vocational traditions and principles. We have carefully analyzed the results of our projects pertaining to production and management of mobile content and taken steps for new collaborations.

İhlas Media Holding, aware of the fact that it is the flagship of media and broadcasting activities, thanks to more than 40 years of experience starting with “Türkiye Newspaper”, will continue to follow a change and competition oriented strategy without compromising on our dear departed Mr. Enver Ören's principles, in the forthcoming period.

I would like to express my sincere thanks on behalf of İhlas Holding to our dedicated employees, loyal readers, audience and subscribers, and to our inestimable shareholders for their trust and courtesy.

Sincerely,



A. Mücahid Ören
Chairman of the Board of Directors

İhlas Media Holding, aware of the fact that it is the flagship of media and broadcasting activities, will continue to follow a change and competition oriented strategy without compromising on our dear departed Mr. Enver Ören's principles, in the forthcoming period



Board of Directors



Ahmet Mücahid ÖREN

Chairman of the Board of Directors

A. Mücahid Ören was born on April 28, 1972, in Istanbul. He completed his university education in Economics at Anadolu University. Between 1989 and 1991, he worked as a Computer Coordinator for Türkiye Newspaper, while also serving as Chief Publishing Advisor for Türkiye Children's Newspaper. He was directly in charge of Türkiye Newspaper's transition to electronic publishing. Hence the paper became one of the first in Turkey to use an entirely electronic system. In 1991, he became General Manager of TGRT, Turkey's first private radio and television channel. He was instrumental in setting up studios, upgrading technical equipment and establishing a new infrastructure for broadcasting. He was appointed General Manager and Deputy Chairman of the Board of Directors of İhlas Holding in 1993. He is a member of several Turkish and international foundations, associations, societies and other groups operating in various sectors and has numerous published articles. Mr. A. Mücahid Ören speaks fluent English.



Mustafa ERDOĞAN

Deputy Chairman of the Board of Directors, Chief Executive Officer and Executive Member of the Board

He was elected by the Board of Directors on January 3, 2013 to perform his duty until the end of his predecessor, Mr. Mustafa R. Selçuk's, term of office, to be submitted for the approval of the next General Assembly pursuant to Article 363 of the Turkish Commercial Code.

Born in 1965 in Istanbul, Mr. Mustafa Erdoğan completed his primary, middle and high school education in Istanbul. He graduated from the Department of Business Administration in the Faculty of Economics and Administrative Sciences at Uludağ University in 1988. He started his professional career in İhlas Holding's Financial Affairs Department in 1990. After serving in various positions in that department, Mr. Mustafa Erdoğan worked for Rehber Certified Public Accountants Office between 1997 and 2000. He then returned to İhlas Holding in 2000 and was appointed Financial Affairs Manager of İhlas Media Holding in 2005. He was elected as a Member of the Board and was appointed Chief Executive Officer of the same company in 2013. He still serves in the same position.



Abdullah TUĞCU

Member of the Board of Directors

He was elected by the Board of Directors on January 22, 2013 to perform his duty until the end of his predecessor, Mr. Mustafa Ruşen Selçuk's, term of office, to be submitted for the approval of the next General Assembly pursuant to Article 363 of the Turkish Commercial Code.

Born in 1982 in Kayseri, Mr. Abdullah Tuğcu completed his primary, secondary and high school education in Kayseri. He graduated from the Faculty of Business Administration at Istanbul University in 2003. He then completed his Master's education in Fiscal Law at Marmara University Department of Public Finance. He started his business career at an Independent Audit Company as an assistant auditor in 2003. He joined İhlas Group in 2008. Besides being a Member of the Board of Directors at İhlas Haber Ajansı, Promaş Profesyonel Medya Reklam ve Film Pazarlama Hizmetleri A.Ş. and İhlas Gelişim Yayıncılık A.Ş., he also serves as the Finance Coordinator of İhlas Yayın Holding and the Financial Affairs Manager of İhlas Madencilik A.Ş. He has been to the USA for a short while for various training studies. Mr. Abdullah Tuğcu holds a Public Accountants License and is also a member of the Istanbul Chamber of Certified Public Accountants (İSMMM), İSMMM Turkish Trade Committee, Corporate Governance Association of Turkey (TKYD) and the Investor Relations Association of Turkey (TÜYİD).



Nuh ALBAYRAK

Member of the Board of Directors

Nuh Albayrak was born in 1960 in Konya where he completed his primary and secondary education. He had a great interest in literature ever since, and proved this interest with many first places in high school essay contests. Mr. Albayrak wrote editorials in a local newspaper named Seydişehir Postası (Seydişehir Journal) for a year. Nuh Albayrak completed his university education in Istanbul at the Faculty of Engineering of İDMM - Galatasaray Engineering graduating as a civil engineer in 1980. After completing a year as an engineer, he returned to his first love, journalism, and started working at Türkiye Newspaper as an "apprentice". Since then, Mr. Albayrak has worked in all the units of the newspaper and after serving as Editorial Director for 12 years he undertook the responsibility of Chief Editor in May 2007. As one of the first people to display an example of the new "total responsibility" management format, Mr. Albayrak has expressed that he continuously experiences the difference in doing journalism in an "engineering kind of way" in the media sector. He is married and has two children. Nuh Albayrak is a member of the Journalists Association of Turkey, TSYD (Sports Journalists Association of Turkey), and MÜSİAD (Independent Industrialists and Businessmen's Association) in addition to carrying out his duties as Member of the Board of Directors of the Press Association.



Fevzi KAHRAMAN

Member of the Board of Directors

Fevzi Kahraman was born in Uşak in 1948 and began his career right after completing his high school education. After completing his military duty in 1974, Mr. Kahraman started working in the finance corps. In 1981 he resigned from his position in the civil service and began working at Türkiye Newspaper. Over time, and within the structure of Türkiye Newspaper, he provided services as a reporter, as a department chief and as manager of the News Centre. Between 1983 and 1986, he served as General Editorial Coordinator to Ege (Aegean) Newspaper, a newspaper in İzmir with economic content. In the same years, he was also the Provincial Board Member of a political party. Between 1987 and 1990, he undertook the responsibilities of being Chairman of the Central District and a Member of Parliament in the İzmir Metropolitan Municipality. Fevzi Kahraman served as a member of the Board of Directors for Sivas Demir Çelik Sanayi A.Ş. (Iron and Steel Industries) in 1988 and 1989, followed by the

Provincial Chairman position he undertook for the same political party in 1990 and 1991. Upon his return to Istanbul in 1991, he started working at Türkiye Newspaper as General Coordinator until 1994. In 1994, Mr. Kahraman started working in İhlas News Agency (İHA) as General Manager in addition to providing services as Editorial Consultant to Türkiye Newspaper until 1997. He was also engaged in television programming in 1996 and 1997. He began working in Türkiye Newspaper as Editor-in-Chief in 1999, followed by his position at İhlas Holding as Assistant General Manager Responsible for Media. He used to be the General Manager of İhlas News Agency between the years 2001 and 2012. Between 1996 and 1998, he participated in seminars as a speaker on Vocational Trainings for Local Journalism, TV Broadcasting and Radio Broadcasting organized by the Journalists Association of Turkey and the Konrad Adenauer Foundation. Having won awards for these accomplishments, in 2011 he was elected by the Journalists Association of Turkey as a member of the jury formed to select successful journalists in the categories of news, photography and video for the year 2010. With over 30 years of experience in the profession, Fevzi Kahraman is a member of both the Journalists Association of Turkey and I.P.I. (International Press Institute). He is also the proud owner of many awards presented by various profession related and non-governmental organizations.

Orhan TANIŞMAN

Member of the Board of Directors and Member of the Corporate Governance Committee

Orhan Tanışman was born in Istanbul in 1969. After graduating in Shipbuilding Engineering at Istanbul Technical University (İTÜ), he got his master's degree from Yıldız Technical University (YTÜ), followed by his doctorate studies in investment planning at Istanbul University (İÜ). Meanwhile, he attended Istanbul University's Graduate School of Business and Economics and graduated in 1999. He served as a Research Assistant at Marmara University's Faculty of Technical Education in 1991 - 1992 and at Istanbul University's Faculty of Engineering between 1992 and 1994. Mr. Tanışman began providing services for İhlas Holding in 1994 and since then, he has been Investor Relations Director of İhlas Holding. Orhan Tanışman is married and has a son and a daughter. He is a member of the Corporate Administration Association of Turkey (TKYD) and the Investor Relations Association of Turkey (TÜYİD).



Melih Rüşan ARVASI

Independent Board Member and Member of the Corporate Governance Committee

Melih Rüşan Arvasi was born in 1971 and completed his middle and high school education in Istanbul. He entered the Department of Business Administration in the Faculty of Economics and Administrative Sciences of Marmara University in 1989 and graduated with a bachelor's degree in 1993. For two years, he did graduate studies in the branch of Financial Economics at the faculty's Finance Department. He began working in the Finance Department at İhlas Group in 1993. In 2001, he parted ways with İhlas Group and worked in the US banking sector, where he provided services in the technology department and foreign exchange markets division for five years. Mr. Arvasi returned to Turkey in 2006 and still continues to work as the distributor and representative of two industrial institutions and one financial institution based in Canada and the USA. Melih Rüşan Arvasi is married. He is the Founding Member of the World Turkmens Education Foundation and Friendship Association where he also serves as a member of the Board of Trustees.



Osman DUMAN

Independent Board Member and Chairman of the Audit Committee

Born in 1970, Osman Duman graduated from Istanbul Atatürk Science High School in 1988. After graduating from the Department of Industrial Engineering in Istanbul Technical University in 1992, he began his career at İhlas Motor Import Department in 1993. Mr. Duman worked at İhlas Holding Finance Department from 1995 - 2000. His position as İhlas Net Finance Manager in 2000 - 2001, was followed by returning to İhlas Holding Finance Department between 2001 and 2005, and then he provided services for Ekstrem Güvenlik A.Ş. in 2005 - 2006. Osman Duman joined Han Construction in 2009 and since then, he has served as Purchasing Manager.



Tolga SÖNMEZ

Independent Board Member and Member of the Audit Committee

Tolga Sönmez was born in Ankara in 1973. He entered the Department of Economics in Anadolu University's Faculty of Economics and Administrative Sciences and graduated in 1996. Then he graduated from the Banking and Finance Certificate Program of London Guildhall University. Mr. Sönmez took a first step into his career when he started working for İhlas Holding A.Ş. as a Finance Officer in 1997. In 2002, he transferred to Ülker Group's leasing company, FFK Fon Finansal Kiralama A.Ş. Tolga Sönmez resigned from his position as Finance Manager at this company in 2008 and continued his career as Finance Manager at Baklavacı Güllüoğlu A.Ş. until March 2011. He worked at Boer Electronics as Financial Affairs Coordinator later on. Tolga Sönmez still serves at Pelsan Aydınlatma as Finance Manager. He is married and has a daughter. In addition to attending to many seminars both at home and abroad, Mr. Sönmez has participated as a speaker in Finance Congresses organized by Middle East Technical University's Finance Club.



Mustafa R. SELÇUK

Member of the Board of Directors

Resigned from his position on January 03, 2013.

Born in 1968, Mustafa Selçuk graduated from Istanbul Saint Joseph French High School for his middle and high school education. He entered the Faculty of Business Administration in Istanbul University in 1986 and graduated in 1990. Mustafa Selçuk was trained in financial management, risk management and financial modeling in the USA, Netherlands and Turkey. He started working for İhlas Group in 1993 at the Finance Department. Mr. Selçuk established the Loans and Fund Management Department and worked as a director until 2003. Mr. Mustafa Selçuk joined İhlas Media Holding in 2003 to establish the Finance Department, and served as İhlas Yayın Holding Finance Coordinator until the end of 2012. In addition to his professional administration duties, Mr. Mustafa Selçuk wrote articles three days a week for Türkiye Newspaper and he had a television show on economics and current issues once a week on TGRT News TV. He currently airs a radio show with a friend once a week on TGRT FM radio channel. He is a member of the Board of Trustees and the Chairman of the Supervisory Board of TESYEV (The Disabled Sports Support And Education Foundation Turkey), a congress member of Beşiktaş Gymnastics Club (BJK), a member of the Board of Trustees of SAJEV (Saint Joseph Educational Foundation) and a member of Saint Joseph Students Association.



Rıdvan BÜYÜKÇELİK

Member of the Board of Directors

Resigned from his position on March 04, 2013.

Rıdvan Büyükcelik was born in 1960 in Edirne's Keşan district. In 1978 he graduated from Keşan High School, followed by his acceptance to Istanbul University's Faculty of Business Administration. After graduating from university in 1982, he started work at İhlas Holding's Accounting Department. Since 1984, he has provided services at various İhlas Group companies in the departments of Fair Journal, Accounting, Imports, Construction and Finance. Mr. Büyükcelik, who is also a member of the Board of Directors of TGRT News TV A.Ş., TGRT Dijital TV A.Ş., Promaş A.Ş. and İhlas Media Holding, is currently serving as the Financial Affairs Manager of İhlas İnşaat A.Ş.





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Subsidiary Management

Nuh ALBAYRAK (1)

Chairman of the Board of Directors and Editor-in-Chief of Türkiye Newspaper

Nuh Albayrak was born in 1960 in Konya where he completed his primary and secondary education. He had a great interest in literature ever since, and proved this interest with many first places in high school essay contests. Mr. Albayrak wrote editorials in a local newspaper named Seydişehir Postası (Seydişehir Journal) for a year. Nuh Albayrak completed his university education in Istanbul at the Faculty of Engineering of İDMMA - Galatasaray, Engineering graduating as a civil engineer in 1980. After completing a year as an engineer, he returned to his first love, journalism, and started working at Türkiye Newspaper as an "apprentice". Since then, Mr. Albayrak has worked in all the units of the newspaper and after serving as Editorial Director for 12 years he undertook the responsibility of Chief Editor in May 2007. As one of the first people to display an example of the new "total responsibility" management format, Mr. Albayrak has expressed that he continuously experiences the difference in doing journalism in an "engineering kind of way" in the media sector. He is married and has two children. Nuh Albayrak is a member of the Journalists Association of Turkey, TSYD (Sports Journalists Association of Turkey), and MÜSİAD (Independent Industrialists and Businessmen's Association) in addition to carrying out his duties as Member of the Board of Directors of the Press Association and Vice President of the Media Ethics Council.

Thomas BONIFIELD (2)

İhlas News Agency (İHA) General Manager

Thomas BONIFIELD, who was born on June 13, 1967 in Fort Knox City, Kentucky, United States of America, graduated from Arizona State University, Department of Journalism with an outstanding graduate award. Bonifield, who had done some academic studies at Leningrad State University, took up an editorial position in a local TV channel in Phoenix County in 1988. He began work as a producer in ABC NEWS in 1998, and also worked for an extended period at FOX NEWS and NBC NEWS as a news reporter and administrator. Bonifield worked as chief clerk in the Moscow branch of the NBC NEWS channel from 2000 - 2007. During this period, he worked in many Asian and Middle Eastern countries such as Iran, Afghanistan, Iraq and Israel as a journalist. He coordinated 12 overseas offices in 2007-2008, while he also used to work as Foreign News Editor in the New York desk of NBC NEWS. After starting work as the General Coordinator in İhlas News Agency (İHA) in August 2008, he was then appointed General Manager of İHA on February 21, 2012. Bonifield, who can speak Russian as fluently as his native language English, is married with 3 children.

Sait EKEN (3)

TGRT News TV and TGRT Documentary TV General Manager

Born in 1960 in Denizli - Babadağ, Mr. Sait Eken completed his primary, middle and high school education in Denizli. After graduating from the Department of English at Istanbul Atatürk Educational Institute in 1980, he worked as an English Teacher in various cities between 1981 and 1988. He received his 1-year Post Graduate Certificate in Education in Edinburgh (Scotland) Moray House College of Education with a scholarship from the Ministry of Education in 1988. Mr. Eken, continuing his career as an English Teacher between 1989 and 1992, served simultaneously as a Trainer at the Ministry of Education In-service Training courses. Working as the Branch Manager at the Ministry of Environment between 1992 and 1993, Mr. Eken started to serve as Program and Broadcasting Director in TGRT Huzur Radio TV in March 1993. As TGRT became FOX TV, he then worked as the Broadcasting Director of FOX TV for two years and retired in 2008. Taking up the reins as Program Director in TGRT NEWS TV in June 2008, Mr. Eken participated in the foundation of TGRT Documentary TV in 2010. He currently serves as the General Manager of TGRT Documentary TV. Mr. Eken is married with two children and speaks English fluently.

H. Ferruh IŞIK (4)

Chairman of İhlas Gelişim (Magazine and Fair) Group

Hüseyin Ferruh Işık was born in Istanbul in 1974. After graduating from Istanbul Fatih Private High School, he completed his college education at the Business Administration Faculty of Anadolu University. He started his first profession, journalism, in 1992, when he began working as editor of "Made in Turkey" newspaper. Afterwards he went through special training in Germany, in the fields of business administration and management, followed by his appointment as General Manager of İhlas Basım Tanıtım A.Ş. In 1996, Mr. Işık was appointed General Manager of İhlas Holding's Magazine Group. During the strengthening process of İhlas Magazine Group's institutional structure, the development of publishing and communication systems, and the establishment of fast and modern printing systems, his efforts made major contributions to the publishing industry. He still serves in this last position. Meanwhile, he is also Chairman of the Board of Directors of İhlas Fuar Hizmetleri A.Ş. and a Member of the Board of Directors of İhlas Gelişim Yayıncılık A.Ş. Mr. Işık speaks fluent English and German, and he is a member of both the Journalists Association of Turkey and the Turkish - American Businessmen Association (TABA).

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Necmi ÇİÇEKÇİ (5)

General Manager of İhlas Medya Planlama ve Satınalma Hizmetleri

Necmi Çiçekçi, who was born in 1963 in Erzincan-Kemah, studied at Istanbul University Faculty of Law, Press and Public Relations in Anadolu University, and in the Faculty of Business Administration in Anadolu University. He has worked for Türkiye Newspaper, Günaydın Newspaper and Milliyet Newspaper during his journalist career, which started in 1979. After leaving Milliyet Newspaper, he founded his first advertising company, Üçboyut Advertising Agency in 1986. He subsequently served as the founding President of İhlas Basım Tanıtım (Printing and Advertising) and İhlas Advertising Agency. He served as a Member of the Board of Directors in İhlas Barter after 1994. He played an important role in the foundation and development of Türkbarter in 2000. He founded Fikirevim Advertising Agency in 2001. Then he founded İhlas Media Agency in 2005. He still serves as the General Manager of Fikirevim Advertising Agency and İhlas Media Agency. Necmi Çiçek is married with two children, and speaks English fluently.

Serdar KAYAOĞLU (6)

General Manager of Alternatif Medya Görsel İletişim Sis. Ltd. Şti.

Born in 1959 in Istanbul, Mr. Serdar Kayaoğlu graduated from Fatih College, Kuleli Military High School and the Turkish Air Force Academy, respectively. He finally graduated from the Department of Computer Engineering at METU. Resigning from the Air Force in 1990, Mr. Kayaoğlu started to serve as the Information Technology Coordinator at İhlas Group. In 2001, Mr. Kayaoğlu resigned from his position in İhlas Finance Corporation as Assistant General Manager Responsible for Technology and founded his own company. Mr. Kayaoğlu resumed working with İhlas Group in 2005 when he started providing services as CIO. He is also a partner and General Manager of Alternatif Medya. Mr. Kayaoğlu is married, has two children and speaks fluent English.

Bülent AYANOĞLU (8)

TGRT News General Manager and Editor in Chief

Resigned from his position on February 11, 2013.

Bülent Ayanoğlu was born in 1963 in Denizli, and graduated from Anadolu University, Faculty of Communication Sciences, Department of Journalism. Ayanoğlu, who started work as a news reporter in Türkiye Newspaper in 1976, obtained one year of training in England in 1987. He took on the positions of News Reporter, Columnist, Intelligence Chief, Deputy News Editor, News Editor, Editor in Chief and General Coordinator, respectively in Türkiye Newspaper. He was appointed to the post of News Editor in the newly established TGRT TV in 1993. Ayanoğlu, who took television broadcasting training in England in 1995, worked as TGRT Assistant General Manager in 1996 and İhlas Net Assistant General Manager in 1997. He pioneered running account broadcasting in Turkey. He served as the Editor-in Chief at Türkiye Newspaper in 2007 before becoming Editor in Chief of TGRT News TV in 2011, and became the General Manager of TGRT News TV in June 2011. Currently, he serves as both General Manager and Editor in Chief of TGRT News TV. He is married with one child.

Activities in 2012

Changes in technology enable existing content to be displayed on other platforms within the media industry, causing the formation of alternative media. It is expected that the development in the Internet would increase the diversity of mediums. Although the essence of the work done in the media industry remains unchanged, the forms of methodology and presentation change rapidly as they keep pace with developing technology.

Rather than establishing their own printing plants, some newspapers in the industry prefer to subcontract their printing workload to the printing plants of other newspapers with higher capacities. On the other hand, some media organizations prefer to set up their own news agencies for the sake of establishing their own news networks and reducing unit costs. Thematic channels stand out in television broadcasting, whereas publishing magazines on the web is preferred to printed magazines and similarly, virtual trade fairs are being organized.

Although the development and spread of the Internet's structure affects printing jobs in the written press, this fluctuation maintains its balance due to the economic development of the country, causing greater need for printed material in different aspects. This, thus, brings about balance. Developing technology can reduce printing costs. Development in the communication sector enhances these needs of society in addition to stepping up the necessity of providing content to meet those needs. Meanwhile, greater purchasing power affects sales prices in a positive way.

The primary policy in strengthening Ihlas Media Holding's performance is to make investments for subsidiaries with the net cash resulting from the production of operation profits. In other words, by using their own resources.

Thematic channels stand out in television broadcasting, whereas publishing magazines on the web is preferred to printed magazines and similarly, virtual trade fairs are being organized.



Ihlas Media Holding has adopted the policy of making investments by primarily utilizing the equity of its subsidiaries in order to enhance its performance





İhlas Media Holding Subsidiaries

İhlas Gazetecilik / İhlas Journalism (Türkiye Gazetesi / Türkiye Newspaper)

Türkiye Newspaper (www.turkiyegazetesi.com.tr) was established on April 22, 1970. Since its establishment, the newspaper's ownership and publishing policy have remained unchanged. Türkiye Newspaper is a newspaper committed to the principle of transmitting accurate and real news, uncompromisingly dedicated to press ethics and principles and faithful to universal and contemporary values.

Türkiye Newspaper is a media organ that has high competitive strength, and has an experienced management perception, consistent publishing principles, brand awareness and wide readership.

In addition to its content, Türkiye Newspaper has a powerful technical and logistics infrastructure. The Newspaper boasts printing facilities in Istanbul, Ankara, Izmir, Adana, Trabzon and Antalya. The capacity of the Istanbul facility alone is 55 thousand newspapers an hour. The individual printing offices in Ankara, Izmir, Adana, Trabzon and Antalya also produce pages supported by local news to report on regional current affairs.

Circulation Table of Türkiye Newspaper in 2012 and 2011

Months	2012 Daily Circulation	2012 Total Circulation	2011 Total Circulation
January	133,758	4,146,501	4,154,070
February	137,607	3,852,993	3,892,749
March	131,870	4,087,960	4,422,651
April	129,976	3,899,266	4,315,723
May	128,841	3,994,086	4,508,260
June	126,577	3,797,302	4,394,003
July	123,220	3,819,835	4,440,474
August	118,388	3,670,015	4,255,458
September	119,404	3,582,116	4,077,509
October	119,595	3,707,460	4,219,994
November	121,712	3,651,353	3,972,963
December	138,061	4,279,877	4,149,459

As well as being sold at newsagents, Türkiye Newspaper is distributed directly to homes and offices by the retailers of İhlas Marketing, one of the İhlas Group companies. Türkiye Newspaper was the first newspaper in Turkey to implement such a system. The manual delivery system, which is used commonly and especially in the USA and Japan, brings about good sales stability, in addition to establishing sound communication with readers. The manual delivery network also provides a strong customer base to İhlas Group's marketing operations.

The design of the Newspaper was completely renewed in the context of “new design and new appearance”. Its size was narrowed at the beginning of 2013 to make it easier to read



With the trust obtained from merits such as being transparent, reliable and valuable, Türkiye Newspaper has provided its readers with the opportunity to be partners in a newspaper they have known and heard of for many years. For 40 years, Türkiye Newspaper has been continuing its business life with the same ownership structure and is a newspaper that is diversified with high future potential due to its pages, brand, stable principles of broadcasting and loyal reader base. İhlas Gazetecilik (İhlas Press), continues operations with printing plants located in six cities.

The shares of İhlas Journalism started trading on June 14, 2010 on the ISE with the code, IHGZT ISIN.

At the end of 2012, İhlas Holding and İhlas Media Holding's stakes in İhlas Gazetecilik stood at 6.92% and 56.55%, respectively.

A first in the Turkish press, “Yeşil Sayfa” (the Green Page) was published to fulfill our social responsibility regarding preservation of the environment and nature. It won the “Environment Award” from the Ministry of Environment and Forestry on World Environment Day.

Editorial and layout innovations were made in conformity with new content and new appearance. In 2010, the page layout and design of the newspaper were completely prepared anew. Türkiye Newspaper size was narrowed at the beginning of 2013 to make it easier to read. Türkiye Newspaper is determined to continue adapting and changing, with the motto of “a new concept of journalism”, while making use of the possibilities and technology offered by the information age. The newspaper has managed to make significant changes in its design and content while preserving its professional traditions and principles. “Special Sections” have become extremely important for advertisers and this innovation has turned out to be one of the most successful aspects of this change and transformation.

In an era where news channels include live broadcasts on a per-minute basis and Internet journalism is threatening the newspaper pages, Türkiye Newspaper has displayed a “Different Kind of Journalism”. Instead of competing with “shallow information”, Türkiye Newspaper prefers to announce information of “depth” and “quality” through “experts” in the related subjects.

“Special Sections” have formed “a new style” in the Turkish press and has developed in a very short time while successfully fulfilling its mission of serving its purpose.

2012 Daily Printing Amounts

Printing Facility	Printing Amount of Türkiye Newspaper	Printing Amount of Other Newspapers	Printing Capacity
Istanbul	64,614	1,278,542	1,351,600
Ankara	30,690	54,154	284,000
Izmir	25,373	33,764	284,000
Adana	17,590	49,541	240,000
Antalya	6,496	17,587	150,000
Trabzon	17,971	20,478	150,000
Total	162,734	1,454,066	2,459,600



Ediz Hun'la Yeşil Sayfa® / The Environment Page

Türkiye Newspaper launched its environment page as part of its social responsibility vision and in recognition of the vital importance of the issue. The page is managed by Turkey's leading environmentalist Ediz Hun. It is a winner of Turkey's prestigious Environment Award. "Yeşil Sayfa" is a registered trademark of the Türkiye Newspaper.

Engelsiz Sayfa® / Empowering People With Disabilities

People with disabilities make up some 10% of the population in Turkey. To serve their needs, Türkiye Newspaper partnered with TESYEV, the most experienced and reputable organization in the field. Together, they publish the first and still the only special page dedicated to the needs of people with disabilities. "Engelsiz Sayfa" is a registered trademark of the Türkiye Newspaper.

Ailenizin Doktoru® / The Family Doctor

Another registered trademark of the newspaper is "Ailenizin Doktoru", focusing on family health matters. On this page, Dr. Hilmi Özkırış provides health tips and advice, and also directs people to the appropriate medical institutions for proper care.

Çalışanın Dünyası / The Social Security Corner

Experts Lütfi Köksal and Şerif Akcan provide specific answers to reader questions on employment, focusing on such matters as employee rights, social security contributions, and benefit and retirement age calculations - a topic that is of critical importance to everyone in the labor force.

“Special Sections” have formed “a new style” in the Turkish press and has developed in a very short time while successfully fulfilling its mission of serving its purpose



Pazar Kahvesi / The Sunday Interview

Betül Altınbaşak and Gurbet Kalay Zorba host the unmissable celebrity interview section for the Sunday paper.

Diplomatik Muhakeme / Diplomatic Analysis

Prof. Dr. Çağrı Erhan brings in-depth analysis of the latest global and political developments and their impact on Turkey.

Kurşun Kalem / Education Section

“Kurşun Kalem” is a unique collaboration effort targeting secondary school students and their families with content produced by a team of education experts in various fields.

Genç Türkiye / Youth Page

Another innovative and unique product of the Türkiye Newspaper. Every week, college students majoring in communication from various universities come together to produce this youth page. Tomorrow’s journalists discover their profession and sharpen their skills while producing compelling content through their cooperation with Türkiye Newspaper.

Dünden Bugüne / History Section

Respected historian Professor Ekrem Buğra Ekinci brings the past to the present through his captivating style. An experienced documentarian, Professor Ekinci delves into the pages of history to find interesting cases that remain very much relevant for our age.

EkoKadın / Shopping Page

A shopping page for ladies. Tips on keeping up with fashion on a budget. A guide on what to find where and how.

ihlas Haber Ajansı (İHA) / İhlas News Agency

İhlas News Agency (İHA), the first news agency in Turkey to broadcast video news, was founded in 1993. İHA, which has always adopted accurate, fast and objective journalism as a principle, and has consistently maintained organizational and technological investments since the day it was established, is currently one of the most successful news agencies in Turkey.

İHA produces a daily average of 160 video news items and 850 printed and photo-news items with over 900 personnel working in cooperation in 140 domestic and international offices. İHA is a respectable Turkish news agency with 1600 subscribers in 2012, consisting of a number of newspapers, web sites, magazines and institutions, together with more than 100 television channels in Turkey and in various other countries. Besides being capable of transmitting video, images or news from almost every town and city in Turkey, in addition to 35 countries around the world, İHA transmits news to subscribers via satellite uplink and the internet. In addition to 250 national and global footage transmission stations, İHA has 32 uplink stations abroad so that it can instantaneously transmit video via satellite to the whole world, by rapidly arriving at the sources of events.

İHA started opening foreign offices in 1996, and has since earned its place among the world's prestigious news agencies, thanks to its news production on 5 continents, and to its satellite operations. In parallel with the improvement in its technological infrastructure, İHA has enhanced its diversity of service. It started providing news in Arabic and English in 1998. With changing global paradigms following the September 11 attacks, İHA has concentrated its activities in Iran, Iraq, Afghanistan, Pakistan, Russia, Greece, Kosovo, Israel, Palestine and the Central Asian Turkic Republics. Widening its operational field in recent years, İHA has established offices in Washington, Cairo, Khartoum, Athens, Islamabad and Tripoli blazoning them with fully organized studios and uplink equipment, and has started to provide more effective and efficient news and broadcasting services all over the world.



Leasing to a value of \$ 464,000 in 2012, IHA purchased 16 HD encoders, and HD broadcasting from many points has become possible subsequent to this purchase



IHA started to make quite a name for itself in the world during the First Gulf Crisis and the wars in Kosovo and Macedonia, between 1998 and 2000. Transmitting news to many international media channels on the war in Afghanistan at the end of 2001, the war in Iraq in 2003, the tsunami disaster in Indonesia, and the explosions in London and Egypt in 2005, IHA also showed live coverage during the Lebanon War in 2006, with broadcasts from Lebanon, Syria and Israel, three fronts of the war. In addition, the agency connected Khartoum to different parts of the world via a teleconference organized on behalf of the President of Sudan, and organized live press conferences in 8 countries on 4 continents. Again, during the terrorist attacks in Mumbai in 2008 and the Israeli attacks named "Operation Cast Lead" in Gaza in 2009, IHA was one of the very few organizations to broadcast both from inside Gaza, and from the Israeli and Egyptian sides of the border.

Having provided widespread broadcasting services to Turkish TV channels from the European Championships in 2008, IHA sent 6 uplinks and a team of 30 people to the 2010 World Cup in South Africa, and provided transition and live broadcasting services to over 300 Turkish and international TV channels during the event. Again in 2010, IHA followed the 2010 general elections in Sudan with five different live broadcast teams. The public movements taking place in Tunisia, Egypt and Libya, which hit the headlines in 2011, were followed by IHA teams, and technical services were provided to television channels from all over the world.

The system of digitally archiving footage was launched with original software developed by IHA's own technical team long before the emergence of similar examples elsewhere in the world. More than 750,000 images have been indexed under this system. 3,000,000 written news texts and 4,078,000 photographs are digitally stored in IHA's digital archive. The project of developing software to enable access to these treasures, and putting them at the service of users, was initiated in 2012, and still continues. The news automation system, the software of which will be developed by IHA, will be put into use to enable direct entry of news into the system from any location with internet access. This innovation will exponentially expand the current news reporter and copy editor network and enable faster transmission of the news to the client.

Leasing to a value of \$ 464,000 in 2012, IHA purchased 16 HD encoders, and HD broadcasting from many points has become possible subsequent to this purchase. The high capacity memory units were put into use, and a server virtualization technology was launched due to investments which have been made since 2011. The 70 TB current capacity of the memory units was augmented by 30 TB with the new unit, to a capacity of 100 TB. An extra capacity of 60 TB will be added in 2013.

It is also planned to initiate HD (High Definition) video service to its national and global subscribers and clients, in addition to HD transmission services



Furthermore, technical services were provided to television channels in many European capital cities, to cover the economic crisis suffered by a number of European countries. As a result of the major focus on Greece due to its excessive debt load, a studio with uplink facility was rapidly opened and activated in Athens.

By the end of 2012, the participation rates of İhlas Holding and İhlas Media Holding in İHA stood at 24 % and 75 %, respectively.

İHA was granted the “Best Video”, “Best Photograph” and “Best News” awards by the Journalists Associations in Antalya, Aydın, Kayseri, Konya and Çorum in addition to various Non-governmental Organizations and Local Administrations in 2012.

It is also planned to expand the number of countries it operates in by launching Paris and Moscow studios, and to initiate HD (High Definition) video service to its national and global subscribers and clients, in addition to HD transmission services.

At the same time, the Company is going to make a revised investment of approximately \$ 1,300,000, and plans to purchase 5 shoulder cameras and 15 semi-professional handy-cams in the first phase, and then continue with six live broadcasting vehicles and flyaway uplink systems.

TGRT Haber TV / TGRT News TV

Having amassed experience in bringing together the news on national and international current affairs through Türkiye Newspaper (İhlas Journalism A.Ş.) and İhlas News Agency (İhlas News A.Ş.), the İhlas Group transferred this amalgamation to TGRT News when it went on air on October 29, 2004.

TGRT News has earned the acclaim and trust of viewers by adopting a stable broadcasting concept that addresses expectations, takes responsibility and does not compromise on its objectivity. Operating with the principle, "Life Itself is the Focal Point of Journalism", the channel has stayed true to its identity as an objective, genuine and honest news carrier.

Since August 2007, TGRT News has been broadcasting its programs in Europe via the Turksat West satellite and has emerged as a new source of information for Turks living in Europe.

TGRT News TV presents news from both Turkey and the world through 24-hour live news bulletins. Both at home and abroad, the news channel transmits the opinions of guests who are experts in agenda related topics to viewers through live broadcasts.

In addition to successful journalism, TGRT News also features television shows in which current topics are debated by experts in the related topics as of the beginning of 2011. In 2013, TGRT News aims to make investments in renewing and up-dating most of its equipment and broadcasting in HD quality.

The participation share of İhlas Yayın Holding (İhlas Media Holding) in TGRT Haber (TGRT News) stands at 98.96%.



At home and abroad, TGRT news channel transmits the opinions of guests who are experts in agenda related topics to viewers through live broadcasts



TGRT FM / TGRT FM Radio

TGRT FM has worked as part of TGRT News with a policy of superior broadcasting quality since October 4, 1993. TGRT FM, presenting quality programs with a professional concept of broadcasting to its listeners, uses up-to-date technologies and program broadcasting.

TGRT FM will be completely digital with equipment for one broadcasting, two recording and two editing studios with up-to-date technologies and an infrastructure to be renewed with IP based sound mixers in 2013. It is also planned to replace the FM transmitters, whose economic lives have expired, with ones which provide more RF power and less energy consumption.

With a broad spectrum of contests, children's shows, cultural, artistic, women's programs, sports, chat and magazine programs, and radio dramas, the radio station appeals to every segment of society. TGRT FM has won an important place in the hearts of the Turkish nation through its radio broadcasting. Audiences listen with pleasure to its journalism, programming and classical radio dramas.

TGRT FM can be received on radio via 125 transmitters throughout Turkey. It can be received via digital satellite transmitters anywhere within Turksat 2A Satellite coverage. TGRT FM, which has been streamed in one format over the internet worldwide since 1998, has been available for streaming in 4 different formats since 2012. You can find updated information about radio frequency and satellite frequency on www.tgrt-fm.com.tr.



TGRT FM will have completely digital equipment for one broadcasting, two recording and two editing studios with up-to-date technologies and an infrastructure to be renewed with IP based sound mixers in 2013

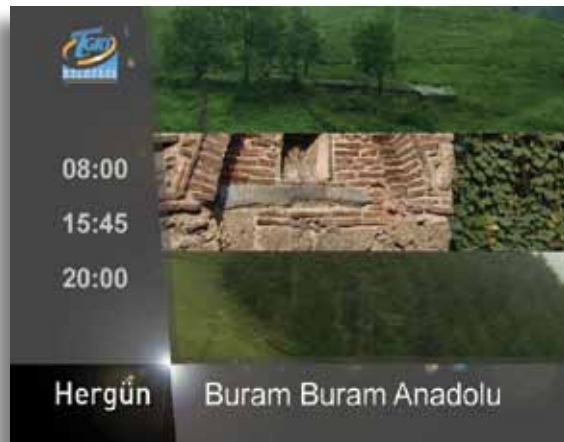


TGRT Dijital TV Hizmetleri / TGRT Documentary TV

TGRT Digital TV changed its former name TGRT Pazarlama (TGRT Marketing) to TGRT Belgesel (TGRT Documentary) on April 22nd, 2010 and has been broadcasting under this name since then.

The contents of TGRT Documentary consist of documentaries dealing with history, civilization, culture, art, nature and spiritual values. The channel broadcasts continuously for 24 hours a day with its educational, relaxing and informative broadcasting policy. The most noteworthy feature of the channel, setting it apart from other documentary channels, is that there are no charges or satellite subscription systems required in order to view the channel.

New productions planned for 2013 include "Life of the Turkish Sultans", "Pioneers of Science" - a production to show the life stories of scientists that have made major contributions to the science world-, supplying foreign sourced new nature and animal documentaries as well as new high quality documentaries produced by professional teams on showing the natural and cultural treasures of Turkey. Moreover, TGRT Documentary's web page is under construction and when it is complete, viewers will be able to watch the broadcast over the Internet.



The most noteworthy feature of TGRT Documentary, setting it apart from other documentary channels, is that there are no charges or satellite subscription systems required in order to view the channel

İhlas Magazine Group enjoys a prominent place in the sector, regularly and continuously offering business development projects to the Turkish economy



İhlas Gelişim Yayıncılık / İhlas Publishing Development

İhlas Gelişim Yayıncılık A.Ş. is an umbrella company that gathers all of the İhlas Group's magazine and fair organization companies. This umbrella company conducts these activities through İletişim Magazin A.Ş. (Communications Magazine) and İhlas Fuar Hizmetleri A.Ş. (Fair Services). İhlas Magazine Group was established in December 2007 under the title "İhlas Gelişim Yayıncılık A.Ş.". İhlas Yayın Holding owns 84% of this parent company.

İhlas Magazine Group enjoys a strong reputation thanks to its sector magazines, inserts, catalogues, official fair brochures and overseas specific projects. İhlas Magazine Group enjoys a prominent place in the sector, regularly and continuously offering business development projects to the Turkish economy.

İhlas Magazine Group (www.img.com.tr) published its first magazine in 1981. With its sector magazines and international publishing activities in particular, it is Turkey's largest magazine group. The magazine group's client base consists of SMEs, which also form the client base of Türkiye Newspaper. The Company began publishing 3 new magazines; one on fiber and yarns called "Fiber & Yarn Trends", one in English called "Food Turkey", and one on cosmetics and personal care products called "Pharma Turkey", in 2012. The total number of published magazines has risen to 27.

Companies of İhlas Fair Services and İhlas Magazine Group have been operating in the service of many different sectors. The Company's client-focused structure and ability to produce new ideas generated great success in satisfying customer needs and provided a real business developing environment in its fairs. İhlas Fair Services, which organizes domestic and international tourism events, summits and similar activities, is planning to introduce new fairs in new sectors in the upcoming years, including the new China Export Products Fair, to be held in December 2013.

İletişim Magazin Gazetecilik / Communication Magazine Journalism

İletişim Magazine (İletişim Magazin) operating under the umbrella of İhlas Gelişim Publishing since 2004, whose main fields of activity are to issue, print, distribute and market newspapers, magazines, books and encyclopedias, publishes the below listed magazines and newspapers:

A- CHILDREN'S MAGAZINES (3 publications)

1- Türkiye Çocuk Dergisi (Children's Magazine Turkey): The magazine is İhlas Holding's first publication after Türkiye Newspaper and has been in circulation since November 1981. The magazine was initially published on a weekly basis. However, since the year 2000, it has been published monthly and has a circulation of 17 thousand. Hand delivered to 9,500 subscribers by the Regional Representatives of İhlas Marketing and marketed by 5 thousand Yay-Sat dealers and sent to 500 subscribers by mail and cargo, the magazine addresses children aged between 7 and 14.

2- Toyuncak Dergisi (Toyuncak Magazine): Published once every two months, the magazine is designed for the toys and teaching tools sectors. 90% of Toyuncak magazine is distributed domestically and it is one of three magazines in its related sector. The magazine's distribution is secured by participating in international fairs in addition to sending issues to manufacturers, wholesalers, importers, markets, schools, nursery schools and kindergartens. The magazine has a bi-monthly circulation of 5 thousand.

3- Baby Store Dergisi (Baby Store Magazine): An inter-industry magazine for companies, which addresses the needs of mothers and infants. The magazine has been in circulation since 2010. Published once every two months, the magazine has a circulation of 5 thousand.

B- TEXTILE AND INTERIOR DECORATION MAGAZINES (8 publications)

4- Tekstil & Teknik Dergisi (Textile & Tech Magazine): The magazine has been published since 1985 in Turkish / English format and has a monthly circulation of 5 thousand. Domestic receivers of the magazine include companies with a manufacturing scope of textile machinery and technologies, related universities, associations and societies; whereas the international audience is made up of manufacturers of textile machinery and technologies.

5- Konfeksiyon Teknik Dergisi (Ready-to-Wear / Apparel Tech Magazine): The magazine has been published since 1995 in Turkish / English format. The contents of the magazine include articles, comments and news related to the Ready-to-wear and apparel sector. The distribution scope of the magazine also consists of organizations related to these sectors.

6- Home Textile Exports Dergisi (Home Textile Exports Magazine): The magazine has been published in English on a monthly basis since 1997. Nine thousand copies of the magazine are printed monthly. Domestic magazine receivers are the exporters of the sector, in addition to importers abroad. The magazine's distribution is carried out through participation with booths in all of the major fairs around the world. Some of these are in China, the USA, the UAE, Brazil, Belgium, Italy, Kazakhstan, Russia, Iran, Germany and the Ukraine.

7- Contract Textile International Dergisi (Contract Textile International Magazine): The magazine was first brought out in January 2010. The scope of the magazine is limited to fireproof and technically enhanced "contract textile", a term used for textiles employed outside the home. The magazine is published three times a year for the most important fairs in the world relevant to its scope, namely Hemitextil - Frankfurt (January), Evtteks - Istanbul (May) and Mood - Brussels (September). The magazine receives a great deal of interest both from within the country and abroad. An agreement of strategic cooperation was signed with UTIB (Uludağ Textile Exporters' Association). According to the agreement, the magazine undertakes the promotion of the association in exchange for services such as consultancy, research and articles regarding the textile industry.

The bimonthly Fiber & Yarn Trends magazine, is the only publication on textiles in Turkey, a textile industry giant. The magazine is currently undergoing a high-paced development process.



8- Home Textile Sourcing Dergisi (Home Textile Sourcing Magazine): The magazine is the only one of its kind in Turkey in the home textiles sub sector and has been published once every two months since January 2010. The magazine is distributed domestically and internationally and its main subjects include curtain accessories and curtain rails in addition to packaging materials, machinery, equipment and other related items used by the home textile sector.

9- Décor Dergisi (Décor Magazine): From January 2006, the magazine was published monthly under the name "Furniture Exports". However, its name was changed to "Décor" on March 1, 2008. Since then, the magazine has continued its publications in the fields of interior decoration, focusing mainly on furniture, carpets and lighting in addition to 90% content about carpeting.

10- Sleep Well Magazine: The magazine about bedding, published once every two months since May 2011, is unique in the Turkish bedding sector. In fact there is only one in Turkey and one in two in the world. The magazine has a circulation of 9,000, and these copies are issued to bed manufacturers, importers, exporters and raw material suppliers. The magazine, which has become one of the Group's most effective publications since its very first issue, is on a steep upward trend.

11- Fiber & Yarn Trends Magazine: The bimonthly magazine, first published in May 2012, is the only publication on textiles in Turkey, a textile industry giant. The magazine is currently undergoing a high-paced development process.

C- CUISINE AND WOMEN MAGAZINES (3 publications)

12- Yemek Zevki Dergisi (Food Pleasure Magazine): After commencing circulation in 1997, the magazine paused publication due to the economic crisis in 2000. It recommenced publishing in 2002 and became one of the most influential magazines of the recipe and cuisine sector.

13- Food Turkey Magazine: The magazine has been published since October 2012 in Turkish/ English format with the aim of internationally promoting Turkey's food exporters. The magazine, effectively participating and being distributed in the largest international fairs of the sector, has managed to corner interest in the sector since its very first issue.

14- Beauty Turkey Dergisi (Beauty Turkey Magazine): The magazine began circulation in 2009 and focuses on personal care products and the beauty sector. Published once every two months, the magazine is domestically distributed to the related sector in addition to product buyers, manufacturers and importers, and internationally delivered to importers by mailing system and hand delivered at fairs.

D- AUTOMOTIVE MAGAZINES (1 publication)

15- Automotive Exports Dergisi (Automotive Exports Magazine): The magazine has been published monthly in English since 1997. The main content and distribution scope of the magazine includes automotive sub sector products. There are approximately 50 magazines in the sector. Automotive Exports Magazine's international distribution is secured through exact point delivery via mailing system and by participating in the industry's leading international fairs. Some of these are in the United Kingdom, Germany, France, Russia, the Ukraine, Kazakhstan, Iran, Algeria, the Czech Republic, Romania, Poland and the UAE.

E- INFORMATICS MAGAZINES (1 publication)

16- IT Network Magazine (IT Network Dergisi): The magazine began circulation in 2009, and since then it has been providing communication between companies with its publications once every 15 days. There are 3 magazines in the related sector.

F- CONSTRUCTION MAGAZINES (4 publications)

17- Construction Materials Magazine (Yapı Malzeme Dergisi): The magazine, published monthly since 1995, is a deep-rooted and effective magazine in the Turkish construction sector. The magazine participates in major fairs of the sector abroad, and 10% of the printed copies are internationally delivered by mail, although the content of the magazine is mostly focused on the domestic market.

18- Hardware Tech Magazine (Nalbur Teknik Dergisi): The magazine is one of the most effective publications in the Turkish hardware and ironmongery sector. It has been in circulation every month since 2004, and is an important means of communication among the suppliers and the buyers of the sector.

The Food Turkey magazine, effectively participating and being distributed in the largest international fairs of the sector, has managed to corner interest in the sector since its very first issue

19- Pipe and Technologies Magazine (Boru ve Teknolojileri Dergisi): The magazine, published on a monthly basis since 2006, introduces pipe products and systems used in various industries, and discusses innovations and the future trends of the sector.

20- Solar Energy and Technologies Magazine (Güneş Enerjisi ve Teknolojileri Dergisi): Solar Energy and Technologies Magazine aims to offer brand new insights to energy sector, based on the fact that energy is a significant indicator of quality of life, as a requirement of social and economic development in today's world. It serves the whole sector in order to boost our energy potential and utilize our country's rich solar energy resources. The Solar Energy and Technologies Magazine has a wide readership with a circulation of 8,000, and is published once every two months in both, Turkish and English.

G- HEALTH MAGAZINES (2 publication)

21- Medical Tech Magazine (Medikal Teknik Dergisi): The magazine has been in circulation every month since 1995, and is one of the most deep-rooted magazines in the Pharmaceutical sector.

22- Pharma Turkey: The scope of the magazine, which has been published since December 2012 in Turkish/English format, is focused on cosmetic products sold from pharmacies.

H- DIGITAL PRINTING, PRINTING PRESS, PAPER AND OFFICE SYSTEMS (3 publications)

20- Digital Tech Magazine (Dijital Teknik Dergisi): It has been published on a monthly basis since 2004, and is the only magazine in the digital printing sector. The magazine, feeling the pulse of the sector, is one of the Group's effective publications.

21- Printing & Publishing Magazine (Matbaa Teknik Dergisi): The magazine, which has been in monthly circulation since 1995, is an effective publication in the printing press - paper sector. The sector follows developments, new trends and technologies through this magazine.

22- Partner Magazine (Partner Dergisi): The magazine is published once every two months and its content focuses on subjects such as office supplies, copying and digital printing. Office Partner Magazine is distributed to related organizations, municipalities, markets, schools and nursery schools.

I- TOURISM ENTERTAINMENT AND ACCOMMODATION MAGAZINES (1 publication)

26- Hi-Tech Magazine: The monthly magazine, published among the Group companies since 1997, was transferred back to İletişim Magazin A.Ş (Communications Magazine) in August, 2010. Hi-Tech Magazine, a sectoral publication focusing on the needs of organizations such as hotels, motels and restaurants, has a monthly circulation of 6,500 copies.

J- ECONOMY PUBLICATIONS (1 publication)

27- Made in Turkey Newspaper (Made in Turkey Gazetesi): A monthly economics newspaper published in English since May 1982. It is the first Turkish exports newspaper to be distributed abroad. It is still the only publication in its field. The international recipients of the newspaper in 107 countries include importing companies, all of Turkey's representative offices around the world, main chambers of commerce and industry and international economic organizations. Domestic recipients of the newspaper include exporting companies, banks and holding companies, government and bureaucracy societies, chambers of commerce and industry and all of the foreign representative offices in Turkey. Moreover, the newspaper is hand delivered by its own team at all the international fairs abroad in which Turkey has a national representation. Monthly circulation varies between 5 thousand and 10 thousand.

With the domestic information technology magazine "IT Network", Communication Magazine for the year 2011 included by putting up a stand at the world's largest fair on informatics, CeBIT in Hannover, and boosted the number of international fairs attended annually.

Among its 2013 targets, the Communications Magazine plans to publish two new magazines, one in the fashion sector and the other in the environment-friendly innovative textile technologies sector. It is also planned to boost the domestic and international circulation of the current magazines, raise advertising sales for the electronic magazines and, in order to further this end, to ensure that the magazines can be read and sold via iPhone, iPad, Android and Windows 8 applications.

İhlas Fuar Hizmetleri / İhlas Fair Services

With about 100 professional events, international congress organizations and sectoral summit programs in fair services, İhlas Fair Services, operating under the umbrella of İhlas Gelişim Yayıncılık, remains at the heart of the economic world, and guides customers with its innovative and solution-based structure.

The Company was established in Istanbul in 1993 with the name "İhlas Fuar Hizmetleri Ticaret A.Ş.". In 1996, the Company's title was changed to "İhlas Fuar Hizmetleri A.Ş.". The Company's main area of activity is organizing domestic and international specialized fairs in Turkey. The first event organized by the company was the Textile Machinery Exhibition (Tex - Con) in 1988.

İhlas Fair Services (İhlas Fuarçılık), which organizes specialized fairs on a sectoral basis, has become a major brand especially in industrial fairs. İhlas Fair Services organizes domestic and international tourism events, summits and similar activities, and is planning to introduce new fairs in new sectors for the upcoming years.

The Company, holding an ISO 9001 Quality and TS Service Compliance Certificate, maintained its successful momentum of the last years and turned heads with the productivity of its projects in 2012. The company having organized almost 100 fairs since its inception, İhlas Fair Services aims to present innovations to the Turkish economic world, and has set up new developments at the fairs it hosts. The Company led the way in making up for information and commercial deficits of the public regarding solar energy, by organizing a fair on the subject, which was very enthusiastically received.

One of the biggest advantages of İhlas Fair Services over other fair services is the fact that the activities organized by İhlas Fair Services are supported by İhlas Magazine Group publications.

It is planned to organize new fairs in new sectors in 2013, and market research and preliminary examinations are currently being conducted.

Fairs organized by İhlas Fair Services in recent years are as follows:

- Pipe and Spare Parts Fair
- Istanbul Paint Fair
- Insulation Equipment Fair
- Greater Anatolia Printing and Paper Technologies Fair
- Istanbul Molds Fair
- Solar Energy and Technologies Fair

Fairs Organized in 2012

Solarex Solar Energy and Technologies Fair: The 5th Solar Energy and Technologies Fair took place in two halls at the Istanbul Exhibition Center on April 12 - 14, 2012. 151 companies, consisting of 101 domestic and 50 international firms, participated in the fair, which was visited by 22,371 people, 19,171 of them Turkish citizens and 3,200 foreign visitors. Some of the major product groups exhibited in the fair were solar energy photoelectric products, solar energy and structural integration products and applications, solar energy thermal protection materials, solar energy new materials and technologies, solar energy photovoltaic products and production equipment, and solar energy charging products and equipment.

Solarex Solar Energy and Technologies Fair, supported by several official institutions and non-governmental organizations, aims to develop the concepts of energy saving and clean energy in Turkey.

İhlas Gelişim Yayıncılık has 92% shares in İhlas Fair Services as of the end of 2012.

Alternative Media has started to broadcast from about 1,000 points in the education, food, retail, health, municipality, technology and finance sectors



Alternatif Medya Görsel İletişim Sistemleri / Alternative Media Visual Communication Systems

With its experienced staff in broadcasting technologies, Alternatif Medya presents its products to customers under the assurance of "Alternatif Medya", with the experience of the "Digiplat" brand, by targeting all kinds of digital broadcasting.

It provides every kind of technical and content support so that companies can reach their target audience. Moreover, with its staff of expert developers, Alternatif Medya provides the facility to establish corporate television channels by developing broadcasting automation technologies and "digital signage" supported solutions.

All the broadcasting and production needs of the companies are fulfilled with the use of interactive services and solutions such as IPTV based systems, Digital Signage broadcasting, web broadcasting, corporate TV broadcasting, interactive information screen applications, broadcasting e-catalogue system through information screens, Video On Demand (VOD) system, iPhone & Android applications and web portals.

Alternatif Medya is currently implementing the VOD project in order to contribute to education by operating in the education sector and creating solutions for media assets owned by universities, and has broken new ground in many fields thanks to its digital library system. Select Watch logical VOD project enables organizations to digitally archive, protect and use data such as DVD, VCD, recorded films, music and sound.

It activated the Triple Play application, using the advantage of the Alternatif Medya brand, in order to support clients fully and spread the system as far and wide as possible. The Digital Signage, Web Portal and Mobile Technology applications, also known as the Technology Trilogy, provide all technological opportunities for the integration of the companies on a digital broadcast platform.

The company, which continues to broadcast from nearly 300 points in the education, food, retail, health, municipality, technology and finance sectors under the Digiplat brand, continues to develop itself in terms of both the sector and the broadcast screen. It continually enlarges its list of references thanks to the success and professionalism of its work.

The company positioned its first developed IPTV based "digital signage" application in the market. It continuously added new products with added values to its portfolio by adding new technologies via R&D activities.

The Company broke into the mobile applications market with iPhone and android applications, and its Video On Demand system with IPTV base, which was specially developed for universities. It has also supported the sectors on issues upon request, by organizing its experience and accumulation of knowledge with respect to the requirements of the companies.

Success was achieved in terms of boosting the number of customers by focusing on sales and marketing activities in 2012. The Company has started to broadcast from about 1,000 points in the education, food, retail, health, municipality, technology and finance sectors as a result of conducted studies and R&D activities.

İhlas Medya Planlama ve Satınalma Hizmetleri / İhlas Media Marketing and Purchasing Services

İhlas Advertising Agency was established in 2005. With a combination of team spirit producing integrated solutions and teamwork, İhlas Media Marketing and Purchase Services operates as a Full Service Advertising Agency. It aims to be a pioneer for innovation, not a follower, and considers the companies it deals with as business partners rather than customers.

İhlas Medya Planlama ve Satınalma Hizmetleri (İhlas Media Marketing and Purchase Services) satisfies all of the requirements of its customers under the title of advertisement activities including promotions, public relations, media purchases and channel marketing.

Under the title of visual operations, İhlas Media Marketing and Purchase Services produces advertising, promotional and educational films, interactive CD / DVDs, 2D-3D animations, cartoons, digital and special effects and web design. Under the title of publishing operations, İhlas Media Marketing and Purchase Services produces print media ads, all forms of printing works, catalogues, brochures, inserts, billboards and signboards, large size vinyl signboards, graphic designs and all related applications. Under the title of audio operations, the İhlas Media Marketing and Purchase Services presents radio advertising, vocalization, dubbing and jingles.

İhlas media marketing and purchase services include printed media, television, radio, indoor - outdoor channel purchase services and marketing activities.

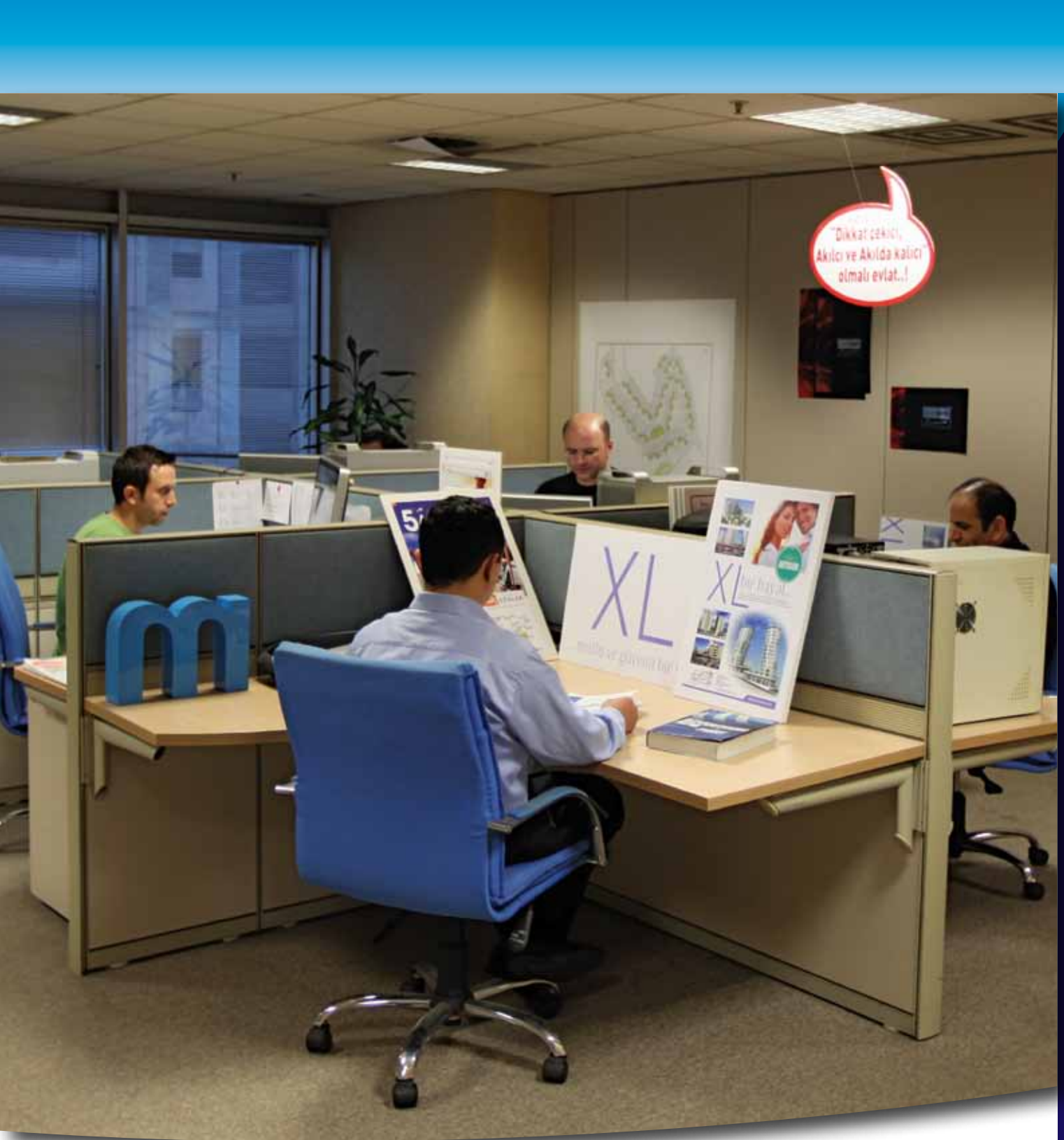
In the highly competitive environment of the sector, İhlas Media Marketing and Purchase Services implements a continuous process of self renovation, enhances its quality and is known as a creative, full service agency among its peers. The Company has adopted customer satisfaction as a key principle.

There has been a fundamental transformation in all sectors in recent times. As markets are integrated locally and globally and the media becomes widespread, competition in all sectors will intensify. If you want to grow against the competition, it is important to be a brand. İhlas media marketing and purchase services aims to make the companies it deals with take a step forward so that they can compete, especially in times of crisis.

İhlas Media Holding's stakes in İhlas Media Marketing and Purchase Services stand at 99%.



In the highly competitive environment of the sector, İhlas Media Marketing implements a continuous process of self renovation and enhances its quality



İhlas İletişim Hizmetleri / İhlas Communications Services

İhlas İletişim (İhlas Communications) was founded in 2009 in order to provide Mobile Virtual Network Operator (MVNO) services. İhlas Communications, which has been accredited with the MVNO license by the Information Technologies Agency, provides services through its own brand, VipCell.

İhlas Media Holding's subsidiary İhlas Communications made a long-term collaboration agreement with Vodafone in October 2009. Within the context of this agreement, İhlas Group employees and their families will be provided with GSM and 3G services by Vodafone. It is planned to continue this cooperation between the two companies on different projects for the foreseeable future.

İhlas Communications, rapidly introducing subscribers to its own brand, VipCell through the number transfer method enabled by Vodafone's service, holds the ISO / IEC27001, Information Security Management System (ISMS) certificate.



Ihlas Communications, rapidly introducing subscribers to its own brand, VipCell, holds the ISO / IEC27001, Information Security Management System (ISMS) certificate





İHLAS YAYIN HOLDİNG A.Ş.

BOARD OF DIRECTORS' REPORT REGARDING
THE ACCOUNTING PERIOD 01.01.2012 / 31.12.2012

İhlas Yayın Holding A.Ş.

Board of Directors' Report

a) Period of the Report: Annual Report for the Period January 1 - December 31, 2012

Company's Name: İhlas Yayın Holding Anonim Şirketi

Names and Surnames, Limits of Authorization, and Terms of Office (Beginning and end Dates) of the Chairpersons and Members Who Took Charge at the Board of Directors and Board of Auditors, as well as Managing Directors:

Position	Name	Limits of Authority	Terms of Office Starting and Ending Date
Chairman	Ahmet Mücahid Ören	Is Independently Authorized to Represent and Have Binding Power Concerning the Company	30.05.2012 *2015
Deputy Chairman, General Manager and Executive Member	Mustafa R. Selçuk	Is Independently Authorized to Represent and Have Binding Power Concerning the Company	30.05.2012 **2015
Board Member	Nuh Albayrak	Is Independently Authorized to Represent and Have Binding Power Concerning the Company	30.05.2012 *2015
Board Member	Fevzi Kahraman	Is Independently Authorized to Represent and Have Binding Power Concerning the Company	30.05.2012 *2015
Board Member	Rıdvan Büyükçelik	Is Independently Authorized to Represent and Have Binding Power Concerning the Company	30.05.2012 **2015
Board Member and Chairman of the Corporate Management Committee	Orhan Tanışman	Is Independently Authorized to Represent and Have Binding Power Concerning the Company	30.05.2012 *2015
Board Member and Chairman of the Corporate Management Committee	Melih Rüçhan Arvasi	Independent Member - Not Authorized to Represent and Have Binding Power Concerning the Company.	30.05.2012 *2015
Board Member and Chairman of the Audit Committee	Osman Duman	Independent Member - Not Authorized to Represent and Have Binding Power Concerning the Company.	30.05.2012 *2015
Board Member and Member of the Audit Committee	Tolga Sönmez	Independent Member - Not Authorized to Represent and Have Binding Power Concerning the Company.	30.05.2012 *2015

* He was elected for three years on May 30, 2012 to do his duty until the next General Meeting that will be held by the end of the third year.

** Mustafa Erdoğan was elected to replace Mr. Mustafa Ruşen Selçuk and Mr. Abdullah Tuğcu was elected to replace Mr. Rıdvan Büyükçelik, both of whom retired from office on January 3, 2013 and March 4, 2013, respectively, to perform their duties until the next General Meeting.

The duties performed by the Members of the Board of Directors outside the Company:

AHMET MÜCAHİD ÖREN

İhlas Holding A.Ş.	Deputy Chairman of the Board and General Manager
İhlas Gazetecilik A.Ş.	Chairman
Kia-İhlas Motor San. ve Tic. A.Ş. (Went into liquidation on February 19, 2013)	Chairman
İhlas Haber Ajansı A.Ş.	Chairman
Tasfiye Halinde İhlas Oxford Mortgage İnş. ve Tic. A.Ş.	Chairman
İhlas İnşaat Holding A.Ş.	Chairman
İhlas Pazarlama Yatırım Holding A.Ş.	Chairman
TGRT Haber TV A.Ş.	Chairman

NUH ALBAYRAK

İhlas Gazetecilik A.Ş.	Board Member and Editor-in-Chief
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MUSTAFA R. SELÇUK

İhlas Gazetecilik A.Ş.	Board Member (Resigned on January 22, 2013)
İhlas Gelişim Yayıncılık A.Ş.	Board Member (Resigned on January 22, 2013)
İhlas Haber Ajansı A.Ş.	Board Member (Resigned on January 22, 2013)
TGRT Haber TV A.Ş.	Board Member (Resigned on February 11, 2013)
TGRT Dijital TV Hizmetleri A.Ş.	Board Member and Finance Coordinator (Resigned on February 18, 2013)
Kiler Alışveriş Hizmetleri Gıda San. ve Tic. A.Ş.	Independent Board Member

RIDVAN BÜYÜKÇELİK

İhlas İnşaat Proje Taahhüt Tur. ve Tic. A.Ş.	Board Member
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ORHAN TANIŞMAN

İhlas Holding A.Ş.	Investor Relations Director
İhlas Gazetecilik A.Ş.	Board Member
İhlas Haber Ajansı A.Ş.	Board Member
Alternatif Medya Görsel İletişim Sist. Ltd. Şti.	Company Director

MELİH RÜÇHAN ARVASI

İstanbul Uluslararası Danışmanlık Hiz. Tic. Ltd. Şti.	Purchasing Manager
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OSMAN DUMAN

Han İnşaat Emlak Yatırım Tic. Ltd. Şti.	Purchasing Manager
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TOLGA SÖNMEZ

Pelsan Aydınlatma San. ve Tic. Ltd. Şti.	Finance Manager
İhlas Gazetecilik A.Ş.	Member of the Board and Audit Committee Chairman
İhlas Ev Aletleri İmalat Sanayi ve Ticaret A.Ş.	Member of the Board and Audit Committee Member

İhlas Yayın Holding A.Ş.

Board of Directors' Report

Elected as Member of the Board to be submitted for the approval of the next General Meeting

MUSTAFA ERDOĞAN

TGRT Haber TV A.Ş.	Board Member (Commenced duty on February 14, 2013)
TGRT Dijital TV Hizmetleri A.Ş.	Board Member (Commenced duty on February 22, 2013)

ABDULLAH TUĞCU

İhlas Gazetecilik A.Ş.	Board Member (Commenced duty on January 22, 2013)
İhlas Gelişim Yayıncılık A.Ş.	Board Member (Commenced duty on January 22, 2013)
İhlas Haber Ajansı A.Ş.	Board Member (Commenced duty on January 22, 2013)
TGRT Haber TV A.Ş.	Board Member (Commenced duty on February 11, 2013)
TGRT Dijital TV Hizmetleri A.Ş.	Board Member (Commenced duty on February 18, 2013)
Promaş Profesyonel Medya Reklam ve Film Pazarlama Hiz. A.Ş.	Board Member (Commenced duty on January 22, 2013)
İhlas Madencilik A.Ş.	Chief Financial Officer

There are no administrative sanctions or charges filed against the Members of the Board of Directors of the Company for acting contrary to the provisions of the legislations.

There have been no conflicts of interest between contractors or audit companies and the Company.

There is no reciprocal shareholding exceeding 5%.

There are no ongoing lawsuits or enforcement proceedings as of December 31, 2012.

b) Main factors influencing the performance of the Enterprise, significant changes in the environment where the Enterprise operates, policies implemented by the Enterprise to deal with such changes, the investment and dividend policy implemented by the Enterprise to strengthen its performance:

The stability in the national economy brought a steadiness to the general level of prices. Rapid changes in technology made the use of technology, which had been more expensive in previous years, cheaper.

It is expected that this tendency will continue in the coming years. Periodical changes are possible in the use of raw materials that depend on natural resources (like paper).

Changes in technology enable the display of existing content in the media sector through different channels. Alternative channels are born. The development of the internet is expected to step up variety in means of communication. The same applies while changing the production and presenting of the business parallel to developing technology.

Some of the newspapers in the sector prefer to outsource printing jobs to the big companies and their facilities instead of setting up their own facilities.

Also some media companies establish their own news agencies in order to create their own news networks and reduce unit cost.

In television broadcasting thematic channels stand out.

In the magazine sector, publishing magazines on the internet is often preferred instead of printing them. Similarly they tend to organize virtual fairs.

Even though the printing business has been negatively affected by the development and spread of the internet, the economic development of the country has kept this negativity at a certain level, while expanding the need for printed material in different fields. This has balanced the use of printing capacity. Developing technology may help to reduce costs. The development of the communications sector raises the need of people to communicate and find different ways to meet this need. Greater purchasing power affects selling prices positively. The most essential element affecting the financial situation of the partnership is political stability. Any fluctuation in this area may harm the financial situation in terms of fixed cost since it can affect revenue. In addition, capital structures with low competitive strength that are willing to enter the sector affect activities, as can strong foreign capital. Frequency configuration in the television sector and possible regulations can also lead to obscurity. In order to reinforce the performance of the corporation we need to conduct a policy in which the investments of the subsidiaries are funded with net profit gained from production, which means they are funded with their own shareholders' equity.

c) Sources of finance and risk management policies of the Enterprise:

Sources of Finance

Required financial resources are provided from the Company's equity capital and/or foreign sources. Due to their costs and taxable liabilities, foreign sources are preferred if they are deemed to be more profitable. Foreign sources include Bank Loans, Leasing, and Factoring.

Risk in Collection

The Group's risk in collection generally arises from its trade receivables. Trade receivables are evaluated by the Group management in the light of past experiences and current market conditions and provisions for doubtful receivables are allocated at reasonable levels. Provisions have been allocated for doubtful receivables until the report date.

Exchange Rate Risk

The exchange rate risk resulting from changes in the value of any financial instrument because of variations in exchange rates. As of the date of preparation of this report, the balance of foreign currency transactions, created through operation, investment and financial activities of the group are stated in Annex 38. Since the net foreign currency positioning of the group is (-) as of 31.12.2012, a foreign currency risk arises in situations where exchange rates fall in favor of the TL (in situations where TL gains value against foreign currency).

Liquidity Risk

Liquidity risk refers to the risk of any enterprise encountering difficulty in raising funds in order to fulfill their commitments regarding financial instruments. The Group manages its liquidity risk by balancing the maturity distribution of its assets and liabilities.

ç) Other matters not included in financial statements, but can be useful for users:

None.

İhlas Yayın Holding A.Ş.

Board of Directors' Report

d) Significant incidents that took place between the closing date of the accounting period and the date of publication of the related financial statements:

Application to CMB for Amendments to the Articles of Association

With the decision (Number 2103-14) taken by the Board of Directors of the Company on February 13, 2013 in order to comply with the Turkish Commercial Code numbered 6102 and Capital Markets Law numbered 6362, the Company applied to the Capital Markets Board (CMB) on February 14, 2013 for the amendments to the Articles of Association for Article 2 (Trade Name of the Company), Article 6 (Capital), Article 7 (Structure, Election and Function of the Board of Directors), Article 9 (Privileges), Article 10 (Meetings and the Quorum of the Board of Directors), Article 11 (Representation of the Company), Article 16 (General Assembly), Article 17 (Place of Meeting), Article 18 (Participation of a Ministry Official in the Meeting), Article 20 (Voting), Article 24 (Method of Voting), Article 26 (Annual Reports) and Article 30 (Reserve Fund).

The final situation of the privileges will be as follows, in the event that this application comes to a conclusion;

Benefits Provided from Privileged Shares

If the General Assembly of the Company decides that the Board of Directors consist of 5 members, at least 4 of the Members of the Board of Directors are selected from among candidates nominated by group (A) shareholders. Similarly, at least 5 of the members are selected among those candidates if a board of 7 people is decided, at least 7 of the members are selected among those candidates if a board of 9 people is decided, and at least 9 of the members are selected among those candidates if a board of 11 people is decided.

In the Ordinary and Extraordinary General Assembly Meetings of the Company, each group B shareholder has 15 (fifteen) voting rights for each share they possess.

Approval of the financial tables

Consolidated financial tables of the Holding dated December 31, 2012 were approved by the Board of Directors on March 8, 2013. Only the Holding's Executive Board has the authority to change the consolidated financial tables of the Holding approved by the Holding Board

e) Projections on the development of the Enterprise

İhlas Media Holding facilitates all kinds of printed, video and audio broadcasting, advertising, news agency and similar sectors. The Holding takes necessary steps in order to enhance its achievements in its areas of activity, assure its regularity, retrench the fiscal burdens of the companies it founded or joined by arranging common service areas, and boost productivity in these companies by means of advanced organization techniques.

TGRT News TV preserves its correct, objective identity promoting accurate news, and announcing as its principle that TGRT News is "Life itself, is the focal point of reporting" TGRT News, which presents its audience with news from Turkey's and the world's agenda through live news bulletins every hour on the hour, 24 hours a day, and features programs on which current issues are discussed by specialists in the related areas, as well as its successful reporting, completely renewed its equipment by investing in renovations in 2012. It is also planning to initiate HD broadcasting with its new mixer console at the new studio, in the first quarter of 2013.

İhlas Gazetecilik's target in 2013 is to even further enhance its editorial quality in its daily, Türkiye Newspaper and to circulate it to large masses. İhlas Gazetecilik is planning to participate in tenders of private and other organizations, and to exert maximum effort in developing printing activities and boosting their capacity utilization.

Leasing to a value of \$ 464,000 in 2012, İHA purchased 16 HD encoders, and HD broadcasting from many points has become possible subsequent to this purchase. Within this framework, the Company is going to continue its HD investments, and plans to purchase 5 shoulder cameras and 10 semi-professional handy-cams by the end of 2013. The high capacity memory units were put into use, and a server virtualization technology was launched due to investments which have been made since 2011. The 70 TB current capacity of the memory units was augmented by 30 TB with the new unit, to a capacity of 100 TB. An extra capacity of 60 TB will be added in 2013. It is also planned to raise the number of countries it operates in by launching studios in Paris and Moscow, and to initiate HD (High Definition) video service to its national and global subscribers and clients in addition to HD transmission services during 2013. The Company is planning to make a revised investment of approximately \$ 1.3 million in 2013 to purchase 5 shoulder cameras and 15 semi-professional handy-cams in the first phase, followed by live broadcasting vehicles and flyaway uplink systems as part of its equipment and system investments.

İletişim Magazin Gazetecilik Sanayi Ticaret A.Ş. published 3 new magazines about yarns, food and cosmetics, and organized the traditional show and awards ceremony, "Printing Press Sector Charts", during the Drupa Fair, which is held once every four years in Dusseldorf, Germany, and hence promoted the sector worldwide. The Company began publishing 3 new magazines; one on fiber and yarns called "Fiber & Yarn Trends", one in English called "Food Turkey", and one on cosmetics and personal care products called "Pharma Turkey", which is sold only in pharmacies. It was also decided to publish a magazine on environment-friendly production technologies in textiles called "Sustainnovation" and a magazine on clothes/fashion called "Fashion Turkey", in January 2013.

İhlas Fuar Hizmetleri (İhlas Fair Services) added the China Export Products Fair to its portfolio. The agreements for this new fair, to be organized in 2013, have already been signed.

f) Report in Compliance with Corporate Governance Principles:

The Corporate Governance Compliance Report below, which has been revised in line with the Corporate Governance Principles set forth in Communiqué Sequence: IV No: 56 prescribed by decision number 4/88 taken on February 1, 2013 in CMB (Capital Markets Board), will be submitted for the information of the shareholders in the first General Assembly meeting to be held in 2013.

The Corporate Governance Principles Compliance Declaration has been drafted by our Company by taking into consideration the Corporate Governance Compliance issued by the Capital Markets Board (CMB). Maximum compliance with the principles in question is targeted and works are carried out in this direction.

1. Declaration of Compliance with Corporate Governance Principles

Our Company was offered to the public and since the public offering we have exerted maximum efforts to comply with the "Corporate Management Principles of the Stock Market" (Principles) in corporate management activities.

The required compliance studies have been performed for maximum compliance with the Corporate Governance Principles, which went into effect after being published on December 30, 2011 and revised in 2012.

Within this scope, no work has yet been undertaken with regard to the following regulations in the Articles of Association, namely:

- The use of the request to appoint a private auditor as an individual right,
- Distribution of profit share advances,
- Participation of female members in the Board of Directors,
- And participation of the Minority Rights representative in the Board of Directors,

as well as these principles which are not yet implemented, have not caused any conflict of interest among stakeholders up to now, and their prompt application according to the plan is requested.

İhlas Yayın Holding A.Ş.

Board of Directors' Report

Our Company established its core contract within the frame of the Principles and developed its organization around these principles. Accordingly, in order to comply with these Principles, our Holding's Executive Board is composed of one executive, five non-executive and three independent members apart from the Chairman of the Assembly and the Chief Executive. This means that eight (8) of our Board is composed of non-executive members and three (3) of them are independent members.

Independent member, Osman Duman is president of the Audit Committee and another independent member, Melih Rüçhan Arvasi is president of the Corporate Management Committee established within the Board of Directors. Tolga Sönmez, one of our independent members, still carries out his duties in the Audit Committee, while the non-executive member Orhan Tanışman is on the Corporate Management Committee.

The subjects that don't fully comply with the principles have not caused any conflict of interest to date.

Mustafa Erdoğan

Deputy Chairman of the Board of Directors,
General Manager and Executive Director

Abdullah Tuğcu

Member of the Board of Directors

SECTION I - SHAREHOLDERS

2. Shareholders Relations Unit

The Company's Shareholder Relations Unit, which was established as the Investor Relations Unit in 2010, has been at the service of all shareholders and investors since then. Sırrı Söztutan was appointed to the Shareholder Relations Unit. Also Ümit Fırat, holding an advanced level license in Capital Market Activities and Expertise in Corporate Governance Rating, was apportioned responsibility to make sure the obligations mentioned in the first paragraph of the article 8 of the Communiqué on Principles Regarding Joint-Stock Corporations Subject to Capital Market Law (serial IV, No:41), and coordinating corporate management activities.

The contact information of the Unit is:

İhlas Yayın Holding A.Ş. Shareholders Relations Unit

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The Shareholder Relations Unit, in essence, performs the following activities:

- Follow changes in legislation relevant to the Capital Markets Board and submit such to the consideration of the relevant units within the Company,
- Protect and facilitate shareholder rights, especially the right to obtain and analyze information,
- Make available to the shareholders such information and disclosures as may have an effect on the exercise of shareholding rights on the Company website in an up-to-date manner,
- Ensure maintenance of the records about Shareholders in a sound, secure and up-to-date manner,
- Respond to Shareholders' and potential investors' written information requests about the Company, apart from those that are not publicly disclosed, or are of a confidential and/or commercial secret nature,
- Ensure that the General Assembly Meetings are convened in accordance with the applicable legislation, the Articles of Association and other internal regulations,

- Prepare all documents that Shareholders can make use of in the General Assembly,
- Ensure that voting results are recorded and the reports thereon are sent to the Shareholders,
- Observe and comply with all considerations pertaining to public disclosure, including the legislation and the Company's Disclosure Policy,
- Ensure representation of our Company in investor relations meetings organized in Turkey or abroad by international establishments through participation in such events,
- To prepare and update as necessary the presentation materials to be used in the meetings.

As of the end of December 2012, 44 e-mails received through these communication channels were responded to, and questions by either domestic or foreign investors were also answered.

It was assured that investors were comprehensively informed by taking active roles in the preparation of the Company's Annual Report. The company's corporate web site was re-designed within the frame of the developing and changing structure of the Company and the Corporate Governance Principles declared by the CMB, under the coordination of the Shareholder Relations Unit. It has been regularly updated since that date within the scope of these principles.

3. The Use of the Shareholders' Right to Obtain Information

During the period, questions regarding the Company's operations and performance in the Stock Exchange were responded to, unless the information had not been publicly disclosed, was deemed as being confidential or contained trade secrets, as defined by the CMB regulations and the Turkish Commercial Code.

The Company's Annual Report and the latest financial statements were presented on the web site. Other questions were also responded to in writing. The electronic medium has been actively used on a daily basis in supplying such information.

No requests for the appointment of a Private Auditor were received, and no individual rights were instituted in this respect.

4. Information on General Assembly Meetings

General Assembly Information 2011

The General Assembly convened at the Holding's Head Office on May 30, 2012 at 13:00 local time, with the attendance of nine participants (all shareholders), holding 71.15% of the capital stock. The announcement for the General Assembly was published in the Istanbul Trade Registry on June 12, 2012 and was also announced in the Turkish Trade Registry Gazette numbered 8092 on June 18, 2012. An announcement of the General Assembly was made in Türkiye and Dünya Newspapers, together with the Turkish Trade Registry Gazette dated May 07, 2012, and the announcement was also published on our web site. Fax or e-mail messages were sent to those who had requested information by telephone. Answers were given to investors among the shareholders who used their right to submit questions. Announcements were made in electronic form to enable participation in the General Assembly. The required documents were presented on the website. The General Assembly minutes were made available to shareholders on the website and at the Financial Affairs Coordination Unit.

No agenda suggestions were made to the answers and the questions answered in written form by the Shareholder Relations Unit.

The Board of Directors Annual Report, Auditors Report, Summary of the Independent Audit Report of İrfan Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş., as well as the Summary of the Balance Sheet and Income Statement which were prepared according to the provisions of CMB's Communiqué - Serial XI, No. 29, and the Balance Sheet and Income Statement prepared according to legal records, and the Board of Directors proposal in respect of the results of the 2011 period, were submitted for the attention of shareholders at the Company's registered office 21 days prior to the date of the Annual General Assembly.

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Board of Directors' Report

The fact that no donations or aid were given in the current period was submitted to the information of the shareholders in the 2011 General Assembly meeting under agenda item number 13. In addition, the Company Donations and Aid Policy, which was prepared as required by the CMB Corporate Governance Principles, was submitted for shareholder approval in the 2011 General Assembly meeting under agenda item number 12.

The General Assembly takes decisions and makes the necessary announcements in accordance with the subjects pertaining to the responsibilities of general assemblies in the Turkish Commercial Code and the Capital Markets Board's Communiqué Serial: IV No. 56 on the Determination and Implementation of Corporate Governance Principles. To facilitate participation in the General Assemblies, the utmost attention is devoted to full compliance with the points stipulated by the legislation, and it is believed that our shareholders do not face any difficulties with regard to participation in General Assemblies. To date, no notifications to the contrary have been received from our Shareholders.

Minutes of the General Assembly meetings are delivered to the shareholders upon conclusion of the meeting, submitted to the Public Disclosure Platform (PDP), and are made available on the Company's corporate internet site, in order to keep non-participating shareholders informed.

General Assembly meeting announcements are submitted to the Public Disclosure Platform (PDP) and are made available in the media and on the Company's corporate internet site. In addition, all information documents about the General Assembly are also published on the Company's corporate internet site.

Care is taken that General Assembly announcements cover:

- The meeting date and hour,
- The meeting location (defined clearly),
- Agenda,
- Necessary information about the agenda items,
- Former and current versions of the amended article(s) as approved by the related authorities, if the agenda covers any amendments to the Articles of Association,
- In the event of an election for a member of the Board of Directors, the reasons, information about the candidates, and the information about the independent members required by the relevant legislations,
- The address at which the annual report, financial statements, and other documents related to the General Assembly can be examined.

Prior to the General Assembly, the Company informs the shareholders on any changes in the management and operational organization that took place in the previous accounting period or are planned for future periods.

Within this scope, the following are made available at the General Assembly to be presented for the information of our Shareholders:

- The Company's explanation and grounds for any changes in the management and operational organization of the Company and its important subsidiaries and affiliates, that took place in the previous accounting period or are planned for future periods
- Annual reports and annual financial statements for the latest two accounting periods of all enterprises that are subject to organization structure change
- Report by the firm, if any, from which consultancy is obtained; in the absence of such a firm, information and documents prepared by our Company in relation to this matter,

In the preparation of the General Assembly agenda, care is paid to include each proposal under a separate heading, to word the agenda headings clearly and in a manner so as to avoid different interpretations, and not to insert any agenda items like "others" or "various" as also prohibited by the applicable legislation.

For Shareholders who will be represented by proxy in the General Assemblies, a specimen of a proxy statement is published along with the meeting announcements, and is also made available to Shareholders on the electronic medium.

The Company's Board Directors, other relevant individuals, officials and auditors responsible for drawing up the financial statements, and an official from the Independent Audit Company auditing the financial statements of the Company are invited to the General Assembly meetings for the special subjects included in the agenda.

The procedures and principles of voting in our Company's General Assemblies are listed below:

- Our Shareholders may participate in the General Assemblies personally or be represented by proxy.
- Open voting with a show of hands is employed in General Assemblies.

The Article about the voting rights of Group A and B shareholders in the General Assembly meetings is given below:

VOTING:
Article - 20:

Any Group A shareholder who takes part in any ordinary or extraordinary Meeting of the General Assembly has 1 (one) vote per one share.

Any Group B shareholder who takes part in any ordinary or extraordinary Meeting of the General Assembly has 100 (one hundred) votes per one share. The Turkish Commercial Code, Article 387 is reserved.

The company applied to the Capital Markets Board for the amendment to the Articles of Association on February 14, 2013. The new format of the aforementioned articles in the Amendments to the Articles of Association text is given below.

NEW FORMAT

VOTING:
Article - 20:

In the Ordinary and Extraordinary General Assembly Meetings of the Company, each group A shareholder has 1 (one) voting right for each share they possess.

In the Ordinary and Extraordinary General Assembly Meetings of the Company, each group B shareholder has 15 (fifteen) voting rights for each share they possess.

Voting rules and methods are also announced to the Shareholders at the beginning of the meeting.

The subjects communicated by the Shareholders to the Shareholder Relations Unit to be included in the agenda are taken into consideration within the bounds of possibility by the Board of Directors.

Pursuant to the Articles of Association, the General Assembly meetings take place at the registered office of the Company or at any convenient place in the city where the Headquarters of the Company is situated.

5. Voting Rights and Minority Rights

As there is no privilege in the Company's Articles of Association for voting rights, Article 9 of the Articles of Association is as below:

If the General Assembly of the Holding decides that the Board of Directors consist of 5 people, at least 4 of the Members of the Board of Directors are selected from among candidates nominated by group (B) shareholders. Similarly, at least 5 of the members are selected among those candidates if a board of 7 people is decided, at least 7 of the members are selected from among those candidates if a board of 9 people is decided, and at least 9 of the members are selected from among those candidates if a board of 11 people is decided.

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Board of Directors' Report

Type A shareholders have 1 (one) vote per share in ordinary and extraordinary meetings of the Board of Directors.

Type B shareholders have 100 (one hundred) votes for each share in ordinary and extraordinary meetings of the Board of Directors. All rights originating from article 387 of the Turkish Trade Act are reserved.

The company applied to the Capital Markets Board for the amendment to the Articles of Association on February 14, 2013. The new format of the aforementioned articles in the Amendments to the Articles of Association text is given below.

NEW FORMAT

a- Member Electing Privilege of the Board of Directors;

If the General Assembly of the Company decides that the Board of Directors consist of 5 people, at least 4 of the Members of the Board of Directors are selected among candidates nominated by group (B) shareholders. Similarly, at least 5 of the members are selected among those candidates if a board of 7 people is decided, at least 7 of the members are selected among those candidates if a board of 9 people is decided, and at least 9 of the members are selected among those candidates if a board of 11 people is decided.

b- Voting Privilege at General Assembly Meetings;

In the Ordinary and Extraordinary General Assembly Meetings of the Company, each group B shareholder has 15 (fifteen) voting rights for each share they possess.

No companies exist with reciprocal shareholding. The affiliated companies have no participations in the company. Minority interests are not represented in the management and no method of cumulative voting is provided in the Articles of Association.

6. Right to Distribution of Profits

There is no privilege regarding participation in the profit of the Company. The Company already has a profit distribution policy disclosed to the public. The Board of Directors determined the below written Profit Distribution Policy at the meeting numbered 2011/07, which was held on March 18, 2011 in accordance with the recommendation of the Corporate Governance Committee dated March 16, 2011 numbered 2011/02. The aforementioned policy was announced to the public on March 18, 2011 through the Public Disclosure Platform (PDP), submitted for the information of the General Assembly at the 2010 Ordinary General Assembly Meeting dated April 8, 2011 and also disclosed to the public through the Company's corporate internet site.

The Company didn't allocate any profit in 2011 since the 2011 profit was set off against the previous period's losses.

The profit distribution policy of the Company disclosed to the public is as below:

DIVIDEND DISTRIBUTION POLICY (Profit Distribution Policy for 2010 and Following Years.)

a) The portion of revenue that should be legally set aside according to the Turkish Trade Act, Tax Procedural Law, Capital Markets Law, Principles of the Capital Markets Board and related articles of the Company's articles of association is set aside. Once set aside, the distributable revenue is determined.

b) Profit will be allocated in proportion with the minimum profit share amount designated by the Capital Markets Board. Arising needs of the Company's growth trend, profitability, strategic objectives, investment projects and net working capital will also be taken into consideration. The related articles of the Turkish

Trade Act, Tax Procedural Law, Capital Markets Law, Principles of the Capital Markets Board and related articles of the Company's articles of association will be complied with. Bearing in mind the potential profit share of the Company, the Executive Board can always decide to share more than the minimum profit allocation amount and propose this to the Board of Directors for approval.

c) Once the profit sharing decision is made, it is up to the Executive Board to decide on the method. It can be either cash and / or opt for a bonus share. This is then proposed to the Board of Directors for approval.

d) A grant in profit allocation is not in question. The profit is distributed equally between all existing shareholders no matter what the issuance and acquisition dates may be.

e) There is no article in the articles of association on profit allocation to managers and workers.

f) The shared profit will be distributed within legal regulations and article 29 of the Company's articles of association following the approval of the General Assembly of Shareholders and on the date decided once again by the Board of Directors.

g) Referring to article 28 of the articles of association, if the Board of Directors authorizes the Executive Board, and with the decision of the Executive Board, it is possible to give advance profit share to our partners.

h) The management informs the public on donations and charity work made during the year and those that are planned to be made at the end of the year.

i) During profit allocation the management pursues a coherent balance between the interests of the shareholders and the Company.

A grant in profit allocation is not an issue. According to article 28 of the Company's articles of association, regarding the principles of profit allocation, and article 29, regarding the date of the allocation;

PROFIT ALLOCATION (Turkish Trade Registry Gazette number 7651, dated September 20, 2010) Article 28:

A. Dividend

Dividend is designated based on the Turkish Trade Act, Capital Markets Law and generally accepted accounting principles. Dividend is the amount left at the end of the accounting year and shown in the annual financial statement after sums such as general expenses and diverse depreciations that must be paid by the Company are deducted. Taxes that must be paid by the corporate body are deducted from the revenue determined at the end of the accounting year. Deficit from previous years, if any, is also deducted from that amount. What is left is allocated according to the following:

Primary Legal Reserve

a. A legal reserve of five percent (5%) of the net profit is separated up to one fifth of the paid-in capital.

First Dividend

b. A first dividend is separated at a rate decided by the Capital Markets Board from the amount remaining after the sum described in paragraph (a) is deducted from the profit.

Second Dividend

c. The General Assembly is authorized to decide whether to allocate some or all of the amount remaining once the sums of dividend described in paragraphs (a) and (b) are deducted from the net profit, or to set aside an auxiliary reserve.

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Board of Directors' Report

Secondary Legal Reserve

d. One tenth of the amount of the profit remaining, after 5% of the paid-up capital is set aside from the sum decided to be allocated to shareholders and other participants, is set aside as secondary legal reserve according to the third sub clause of the second paragraph of article 466 of the Turkish Trade Act.

e. Before the legal reserves that must be put aside according to law, and before the first dividend is distributed in cash and / or as shares, it cannot be decided to separate reserves, endorse profit for the next year and allocate dividend to preferred shareholders, owners of participation, constituent and redeemed shares, members of the Executive Board, officials, clerks, employees, foundations of any sort and individuals and / or institutions of this sort.

f. If not contravening the 15th/last article of the Capital Markets Law, if necessary explanations are given and on condition that donations made during the year are presented to the knowledge of the members of the Board of Directors, it is possible to set aside part of the dividend for members of the Executive Board, officials, clerks, employees, foundations of any sort and individuals and/or institutions of this sort.

g. Dividend is distributed equally to all existing shares by the accounting period no matter what their issuance and acquisition dates may be.

h. The type and the date of the profit allocation are decided by the Board of Directors upon the proposal of the Executive Board. It complies with the articles of Capital Markets Law.

B. Advance Dividend

If authorized by the Board of Directors and complying with article 15 of Capital Markets Law and other communiqués of the Capital Markets Board, the Executive Board can distribute advance dividend limited to the related year. The authorization of distributing dividend, given to the Executive Board by the Board of Directors, is limited to the year that the authorization is given. Before the advance dividend of a previous year is fully entered into account, no extra or new advance dividend can be distributed.

The company applied to the Capital Markets Board for amendment to the Articles of Association on February 14, 2013. The new format of the aforementioned articles in the Amendments to the Articles of Association text is given below.

NEW FORMAT

DISTRIBUTION OF PROFIT:

Article - 28:

The net profit in the annual balance sheet remaining after the amounts, which are subject to be paid and accrued by the Company, such as the general expenses and various amortizations, and the taxes that have to be paid by the legal entity of the Company, are deducted from the Company's incomes at the end of the accounting period, is allocated in the following order after the losses of the previous year (if any exist) are also offset.

Primary Legal Reserve

a) A legal reserve of five percent (5 %) of the net profit is allocated, up to but not exceeding 20 % of the paid-in capital.

First Dividend

b) A first dividend is allocated pursuant to the Turkish Commercial Code and the Capital Markets legislations from the amount, adding donation amounts during the year if any, remaining after the sum described in paragraph (a) is deducted from the profit.

c) After the above deductions are made, the General Assembly has the right to distribute the profit to the Members of the Board of Directors, employees, personnel, blue-collar workers, foundations established for different purposes and to similar individuals and associations.

d) The General Assembly is authorized to distribute, partially or completely, the amount remaining after the sum described in paragraphs (a), (b) and (c) is deducted from the net profit, as a second dividend, or to separate it as a legal reserve according to its own wishes, in accordance with Article 521 of the Turkish Commercial Code.

e) As long as the legal reserves are not allocated as per the legislations, and the first dividend determined for the shareholders in the Articles of Association is not distributed as cash and/or stock; it cannot be decided to allocate another legal reserve, to transfer profit to the following year and to distribute share of profit to the privileged shareholders, to the owners of the participation, founder and redeemed shares, to the members of the Board of Directors and to the employees, personnel and blue-collar workers, foundations established for different purposes and to similar individuals and associations.

f) Dividend is distributed equally to all existing shares by the accounting period without taking their issuance and acquisition dates into consideration.

g) Dividend advance can be distributed if authorized by the Board of Directors and complying with article 20 of the Capital Markets Law and other communiqués of the Capital Markets Board. The total dividend advance allocated in an accounting period cannot exceed half of the previous year's profit. The authorization for dividend distribution, granted to the Board of Directors at the General Assembly, is limited to the year that the authorization is given. As long as the advance dividend of a previous year is not fully entered into account, it cannot be decided to give an extra dividend advance and / or distribute dividend.

**DATE FOR PROFIT DISTRIBUTION (Turkish Trade Registry Gazette number 7651, dated September 20, 2010)
Article 29:**

The date of the profit distribution is decided by the General Assembly upon the proposal of the Executive Board. It complies with the articles of the Capital Markets Law.

7. Transfer of Shares

According to article 8 of our articles of association titled Transfer of Shares; in order to transfer Type B registered stock, it must be offered to other type B shareholders at its current value. If none of the type B shareholders take up the offer within a month, then they can be sold to others. Any possession other than that would be null and void, and cannot be registered in the share ledger.

The above mentioned matters are applied even if there are pledges, confiscations or any other limited property rights. Sales through Compulsory Executions rights described in this article are kept as well. If these principles are not complied with, the Board of Directors' is authorized to absent the sale, assignment or right ownership from the share ledger.

However, if there is an obligatory assignment or transfer of share originating from the mandatory execution of Turkish laws in case of pledges, compulsory executions, heritage and other limited property rights the shares are offered to other Type B shareholders at the current value. If an offer is not taken up within 30 days, sale to others is allowed.

The company applied to the Capital Markets Board for the amendment to the Articles of Association on February 14, 2013. The new format of the aforementioned articles in the Amendments to the Articles of Association text is given below.

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Board of Directors' Report

NEW FORMAT

Article - 8:

Group A and B shares are transferred according to the Capital Markets Law and the Turkish Commercial Code.

SECTION II - PUBLIC DISCLOSURE AND TRANSPARENCY

8. Information Policy

Along with the procedures of the public offering, the Company Information Policy is designed as follows. This policy was submitted for the information of the Shareholders at the 2010 Ordinary Meeting of the General Assembly held on April 08, 2011 and published on the Company's corporate internet site.

Purpose

The primary principle of our Company's information policy is; to publicize any and all developments which might have an impact on the value of all capital market instruments offered by our Company accurately, completely and with sufficient information content in due time; not to make any discrimination among Capital Market Participants (shareholders, investors, capital markets experts, brokerage houses, etc.) in the employment of the right to obtain and analyze information; to offer any and all information published by the Company for the equal use of individuals and corporations who will benefit from the disclosure in making their decisions, in a comprehensible and interpretable manner, and easily accessible at low cost.

Regarding public disclosures, arrangements drawn up by the Capital Markets Board (CMB) and Istanbul Stock Exchange (ISE) are complied with and maximum attention is paid to the implementation of principles set forth in CMB's Principles of Corporate Governance.

It is the primary principle of the Company's Information Policy to use the internet, electronic mail, press releases, and media organizations effectively in addition to the means anticipated by laws and regulations; and to comply with all the rules promulgated or to be promulgated by the CMB.

Responsibility

The Board of Directors is responsible for the monitoring, reviewing and development of the Information Policy. The Corporate Governance Committee provides information and offers suggestions to the Board of Directors, Board of Auditors and Financial Affairs Coordination Unit on the "Information Policy". Mr. Mustafa ERDOĞAN (Financial Affairs Manager) is responsible for the implementation of the Disclosure Policy.

Public Disclosure Methods and Instruments

Due to the responsibility assumed pursuant to the provisions of the Capital Markets Regulations and the Turkish Commercial Code, our Company uses the following basic public disclosure methods:

- To release the necessary special situation announcement to the ISE and to place such announcements on our website www.ihlas.com.tr in accordance with the forms stated in CMB's Communiqué of Principles on the Public Disclosure of Special Situations - Serial VIII, No. 54, if a special situation arises in compliance with the communiqué,
- To announce financial statements and their footnotes, independent audit reports, declarations and annual reports to the Public Disclosure Platform and on our website,
- To include the prospectus in the Turkish Trade Registry Gazette and on our website and to place the circular note in daily newspapers and our website during capital increase,
- To ensure that declarations and announcements such as summons for the General Board, dividend payments, etc. are published in the Turkish Trade Registry Gazette and daily newspapers.

Legislation-based explanations mentioned above, issued by our Company to the capital market participants, are submitted to investors;

- By appearing in written and visual media or through data distribution institutions such as Reuters, Foreks, etc. or
- At informative negotiations and meetings held in person with capital market participants or through teleconference facilities.

Public Disclosure of Financial Statements and Authorized Officers

Our Company's financial statements and their footnotes are prepared on a consolidated basis and in accordance with International Financial Reporting Standards (IFRS). Financial statements are subject to independent audit, based on independent audit standards published by the Capital Markets Board and submitted for the approval of the Board of Directors following the approval of the Audit Committee. After the attestation is signed by the authorized members of the Board of Directors, financial statements are disclosed to the public.

Following the approval of the Board of Directors, financial statements and their footnotes, as well as independent audit reports and their annexes are submitted to the Public Disclosure Platform in electronic form for publication in line with CMB and ISE regulations. Financial statements and their footnotes are also submitted through an electronic environment via KAP (Public Disclosure Platform) Submission.

Public Disclosure of the Annual Report and Authorized Officers

The Annual Report is prepared in accordance with the regulations of the Capital Markets and the Principles Corporate Governance as set out by the CMB, submitted for the approval of the Board of Directors and disclosed to public on the Public Disclosure Platform and on our website.

Capital market participants may obtain the Turkish and/or English version of the Annual Report from our Company's Investor Relations Department.

Public Disclosure of Special Situations and Authorized Officers

The Company's special situation announcements are prepared under the responsibility of the Financial Affairs Coordination Unit and signed and submitted to the Public Disclosure Platform together with the authorized members of the Board of Directors.

Keeping Related Information Confidential Until Special Situations are Disclosed to the Public

In order to keep related information confidential until special situations are disclosed to the public, no information other than that which had already been disclosed to the public is disclosed in one-to-one or collective meetings / negotiations with capital market participants / third persons. Changes related with disclosures made by the Company to the public, that arise afterwards, are disclosed to the public with special situations disclosures.

Officers Authorized to Disclose Information to the Public

Apart from the notifications stated above, written and / or verbal information requests submitted by capital market participants are replied to by the Financial Affairs Coordination Unit or the Investor Relations Department depending on the content of the request, provided that confidential information or trade secrets are excluded.

Only the Members of Board of Directors are allowed to issue press statements to written and / or visual media.

Apart from the above persons, Company employees are not permitted to answer questions forwarded to them by capital market participants, unless they are commissioned especially. Incoming information requests are forwarded to the Investor Relations Department.

In line with the information management policy, information regarding the Company's management, legal status and the Company's projects is only disclosed to the public by the commissioned managers or the members of the Board of Directors, with the exception of information requested in line with respective legislation.

Board of Directors' Report

Criteria Sought in the Determination of People with an Administrative Responsibility

Those who hold administrative responsibilities within the Company are selected from among individuals, who have a high level of knowledge and skill, specific experience and past, and information regarding the Company's field of activity and management, are qualified and preferably university graduates, as stated in the Corporate Governance Principles published by the CMB.

Communication with Capital Market Participants

Our Company does not direct regarding the expectations of the results of semiannual and annual activities. Instead, it prefers to share the critical matters affecting the results of its activities, its strategic approaches and the significant factors that allow the sector and the environment where the Company operates to be better understood with capital market participants.

Unless otherwise stated in the Information Policy, only those officers authorized to disclose information to the public may communicate with capital market participants on behalf of our Company. Any information not yet disclosed to the public or important / private information is disclosed at the non-public negotiations held with capital market participants.

Face-to-Face Meetings or Phone Calls

Face-to-face meetings or meetings held by phone with capital market participants personally or in groups are a significant part of the investor relations development programs. In such environments, our Company shall not disclose any new information, shall not update information which was previously disclosed to the public or shall not disclose any important and/or private information which was not formerly disclosed to the public.

Furthermore, investor information meetings shall be organized where the Company's operations are required to be shared with investors in detail and / or as required by the Board of Directors. Requests for appointment with the Board of Directors or management by the press will be evaluated by the Investor Relations Unit and appointments will be organized with the approval of the Corporate Governance Committee. Use of the internet will be encouraged for forwarding questions in writing by potential investors, shareholders, stakeholders, the press and financial institutions representing investors; however, all questions will be answered by the Investor Relations Unit under the Information Policy.

Informing Small Investors

In order to provide interactive information and prevent speculation, no new information shall be disclosed; information previously disclosed to the public shall not be updated; and private information not previously disclosed to the public shall be disclosed in presentations and/or reports made public in introduction meetings, information meetings or press conferences held with specific groups of investors.

All such disclosures shall without fail be included in the website. The content of the website is updated with special situation announcements, also taking into account the fact that there are investors who lack access to the internet. The primary principle of the Company's Information Policy is to use the internet, electronic mail, press releases, and media organizations effectively in addition to means anticipated by laws and regulations; and to comply with all the rules published or to be published by the CMB.

Internal information shall principally be disclosed to the public by our Company on the date when it becomes a responsibility to do so. However, disclosure of the internal information may be postponed pursuant to Article 15 of the Communiqué by providing the confidentiality of such information when necessary so that the legal interests, rights and benefits of our Company are not harmed. For the disclosure to be postponed, our Company's Board of Directors shall reach a decision regarding the postponed information, the impacts of the postponement on the protection of our Company's legitimate rights, the fact that the postponement poses no risk of misleading investors and the measures taken to protect the confidentiality of such information during the duration of the postponement.

As soon as the reason for the postponement of the disclosure of internal information to the public is removed, related explanations shall immediately be provided to the public and submitted to the ISE by our Company on the basis of such internal information.

Untruthful News and Rumors in the Market

News and rumors about the Company appearing in media organs and in the public are followed by our Investor Relations Directorate on an up-to-date basis.

When news or rumors appear in media organs and/or in the public regarding our Company, and in the event that they are of a degree of significance such that they affect the investment decisions of investors or influence the value of capital market instruments, and which had not been disclosed by individuals authorized to represent our Company (other than information already disclosed to the public through special situation announcements, prospectuses, circular notes, proclamation texts approved by the Board, financial reports and other public disclosure documents), necessary explanations shall be provided by the associates in pursuance with Article 18 "Confirmation of News and Rumors" of the Communiqué on whether such news and / or rumors are true or sufficient.

However, no special situation announcement shall be made if the information in such news and / or rumors is composed of information which had been disclosed through special situation announcements, circular notes, prospectuses, promulgation texts approved by the Board and financial reports and did not include any additional information.

Announcement of Expectations

Our Company may announce its expectations from time to time in compliance with its Information Policy. In written documents in which expectations are stated, the assumptions that such expectations are based on, and the motives they were prepared in accordance with, shall also be explained. Such explanations shall clearly state that the actual results may differ from expectations due to possible risks, uncertainties or various other reasons. Future-oriented information included in public disclosures shall be explained along with the grounds that the forecasts are based on, as well as statistical data. Information shall not include groundless or exaggerated projections, shall not be misleading and shall be associated with the Company's financial status and results of its operations. In public disclosures, in the event that forecasts and their grounds stated in regular financial statements and reports are not realized or understood not to be realized, revised information, statements and reports along with their grounds shall be immediately disclosed to the public.

Expectations shall be announced only by those persons authorized to issue public disclosures and by explicitly expressing the above stated warnings or by making reference to a written document (such as press release, information document, explanation formerly made within the framework of the Capital Markets Legislation, etc.) which is already disclosed to the public. In the event that there is a significant change in the Company's financial status and/or operations or in cases in which it is expected that a significant change will take place in the near future, public disclosure is made within the framework of the Company's Public Disclosure Policy, provided that provisions stated in related regulations are preserved.

Website

In public disclosure, as suggested in the CMB's Corporate Governance Principles, the Company's website on the Corporate Website internet address (www.ihlasyayinholding.com.tr) is actively used. Explanations made on the Company's website shall not replace the notifications and the special situation announcements that have to be made pursuant to Capital Markets Regulations. All public disclosures shall be made available for access through the website.

The website is designed and divided into sections accordingly. All required security measures regarding the website are taken. The website is prepared in Turkish and English, and arranged to follow the form and content as stipulated in the CMB's Principles of Corporate Governance. In particular, room on the website is given over to the announcements for Annual General Meetings, items on the agenda, information documents related to agenda items, other information, documents and reports related to the items on the agenda and information regarding methods of participating in the General Board in a proper manner. Efforts to effect improvements in the website are continuously ongoing.

9. The Company's Website and Content

Consisting of the same title as the Company, the Company's official internet address, www.ihlasyayinholding.com.tr is easy to find and access.

In public disclosure, the Company's corporate website is used actively and the content is updated regularly. The information published on the Company's website is the same as, and/or consistent with, any announcements made pursuant to the relevant regulations. It does not contain contradictory or incomplete information. The Company's corporate internet address is also published on all Company letterheads.

İhlas Yayın Holding A.Ş.

Board of Directors' Report

The Company's corporate website contains the following information: Trade registry information, current shareholding and management structure, detailed information about privileged shares, date and number of the Trade registry gazettes in which the amendments are published, the latest version of the Articles of Association of the Company, material disclosures, financial reports, annual reports, explanatory notes and public offering circulars, agendas of the General Assembly meetings, lists of attendees and minutes of the meetings, and proxy forms and similar forms. The website also contains the profit distribution policy, disclosure policy, aids and donations policy, information on transactions with related parties, rules of ethics formulated by the Company, and the remuneration policy for the Board of Directors and the senior management. Within this context, information pertaining to the last 5 years at least is published on the website.

The committees among the Board of Directors, their fields of responsibility, working principles and the names of the committee members are also published.

Information on the website is also published in English for the benefit of foreign investors.

On the website: The "Corporate" section includes the administrative structure of the Company and information pertaining to all of the activities of the Company. The "Subsidiaries" section includes all information pertaining to the involved activities for public disclosure. The "Corporate Governance" section includes all information that is required to be disclosed pursuant to the Corporate Governance Principles. The "Investor Relations" section includes detailed information such as the structure of the participation and organisation of the company, financial information, material disclosures, internal information and the relevant transactions. The "News" section includes all announcements made by the company and information published in the press. The "Career" section includes application procedures for those seeking employment in our Group. Finally, the "Contact" section includes contact information such as address, telephone and e-mail address.

10. Annual Report

All of the information mentioned in the Capital Markets Board Communiqué (Serial: IV No. 56) on the Determination and Implementation of Corporate Governance Principles is included in the Company's annual reports.

It is prepared in such a way as to enable access by the public to complete and accurate information about the activities of the Company.

Due care is taken to ensure that the following information about the Company is covered in the annual report, at a minimum:

- the Company's field of activity,
- information on the sector in which it operates and its position in the sector,
- analysis and assessments on its financial status and operating results,
- rating by the credit rating agency, if applicable,
- detailed description on foreseeable risks related to operations,
- CVs, duties and responsibilities of members and executives of the Board of Directors, other duties undertaken thereby outside of the Company, and whether the rules set by the Company exclusively in relation to this matter are complied with,
- Distribution of duties among the members of the Board of Directors, duties and authority of the members of the Board of Directors,
- Duties undertaken by the members and the executives of the Board of Directors outside of the Company, and statements of independence of the Board members,
- Analysis of the Board of Directors regarding the working principles and efficiency of the Board of Directors' committees, including the frequency of meetings and the activities conducted.
- The number of meetings of the Board of Directors and the attendance performance of the members of the Board of Directors at the aforementioned meetings,
- Administrative sanctions and fines, if any, imposed due to practices contradicting the provisions of applicable legislation, and explanation on the grounds therewith,

- Amendments to the legislation which might materially affect the Company's operations,
- Material lawsuits brought against the Company, and the possible results,
- Conflicts of interest between the Company and the institutions which provide services concerning subjects such as investment consultancy and rating, and the measures taken by the Company to prevent such conflicts,
- Reciprocal shareholdings above 5%,
- Corporate social responsibility activities regarding the activities of the Company which have social and environmental results, such as the social rights and vocational trainings of the employees,
- Preapproval by the General assembly to the shareholders, members of the Board of Directors, senior executives, and their spouses and blood or affinity relatives up to the second degree, in order that they can make transactions and compete with the Company and its subsidiaries which can cause conflicts of interest, and information about the aforementioned transactions,
- Dividend distribution policy of the Company,
- The reasons in the event that the Board of Directors makes a proposal to the General Assembly in order not to distribute profits, and any information on the utilisation of the profit which is not distributed,
- The practice, process and efficiency of internal controls and internal audits,
- Reasoned information in the event that it is decided that the Chairman of the Board of Directors and the Chief Executive Officer/General Manager will be the same person,

SECTION III - STAKEHOLDERS

11. Informing Stakeholders

The stakeholders are described as any person, institution or interest group that is involved in the activities of the corporation and that helps to achieve its aims. In this regard, our stakeholders are our shareholders, employees, creditors, customers, suppliers and various non-governmental organizations. The Company provides the necessary protection for the rights of the stakeholders as provided via legislations and mutual contracts, in its transactions and operations. In cases where stakeholders' rights are not protected by laws and regulations, stakeholders' interests are protected within the framework of bona fide principles and to the extent of the Company's ability. All questions forwarded by stakeholders during the period have been answered by the relevant units. No special medium was developed for such purposes, and existing information channels were used.

The Company's official web address, ihlasyayinholding.com.tr, has been actively used for both answering questions and making announcements.

12. Participation of Stakeholders in the Management

There are no regulations in the Articles of Association proposing the participation of the stakeholders in the Company management.

A web address, etik@ihlasyayinholding.com.tr, was set up in order that any of our stakeholders (composed of shareholders, clients, suppliers and employees) can communicate the activities they consider to be illegal or in contravention of the Company's rules of ethics to the Audit Committee of the Board of Directors, where the information of the petitioner is kept confidential and the petitioner is informed about the consequences of the application, after all applications are evaluated by the Audit Committee, and the necessary sanctions are decided.

The quality studies conducted in all subsidiaries were also carried out within this context and kept up-to-date. Internal service trainings were provided, all consumer problems were approached under the assumption that the consumer is right, and solutions were worked out with the same perspective.

An e-mail address, insankaynaklari@ihlasyayinholding.com.tr, was introduced and announced to employees, facilitating participation in management and freely communicating all complaints and suggestions. It has been noted that suggestions sent to the official e-mail address, info@ihlasyayinholding.com.tr should also be taken into consideration.

Board of Directors' Report

13. Human Resources Policy

HUMAN RESOURCES VISION

Our company aims to be an exemplary company in which a world-class human resources management approach is adopted, which is most preferred by the qualified professionals in its sector, and of which everyone is proud to be a member.

HUMAN RESOURCES MISSION

It will enhance our competitive strength, both in Turkey and in the world, to contribute to the community by improving people and ensuring their peacefulness and happiness, and to employ people with high corporate loyalty and performance. Therefore, our Company aims to create fair and transparent working systems and environment in order for people to achieve the highest efficiency while working harmoniously.

THE BASIC PRINCIPLES OF THE HUMAN RESOURCES POLICY

The aim of the Human Resources policy is to enable İhlas Yayın Holding to achieve a domestic and international competitive advantage by keeping the employees efficient, effective and happy. The basic principles of the Company's human resources policy to achieve this purpose are stated below;

- 1- To develop and apply candidate supply, testing and orientation systems in order to select and recruit staff whose level of competence fits the qualifications required for a position,
- 2- To ensure that the personnel work in appropriate positions according to their knowledge and skills,
- 3- To maintain the efficiency and effectiveness of Company personnel at the highest level,
- 4- To provide personnel with the opportunity to develop themselves and build their careers by means of an effective training plan and program,
- 5- To ensure that the senior executives are raised from among the body of the Company, except for very special positions, with the implicit approval of the General Manager,
- 6- To maintain the highest level of personnel motivation at all levels,
- 7- To protect and improve the financial and spiritual rights of the personnel,
- 8- To create a business environment which helps develop the will to work of the personnel, including all administrators, and to expend great effort in order to establish healthy human relations.
- 9- To ensure the development of a sense of working for a common cause among all personnel, without any discrimination against language, religion, race, sex and physical attributes,
- 10- To make it attractive to work in the Company by meeting the social and cultural requirements of the personnel to the best of the budget limits, and by ensuring that all personnel benefit from the social services and aids in a balanced manner.

The Human Resources department is responsible for listening to all kinds of employee problems, suggestions and expectations, and for solving these problems within the bounds of possibility. Mr. Sirri Söztutan is in charge of this position in the department. In addition, employees can communicate their complaints and suggestions to the new e-mail address, insankaynaklari@ihlasyayinholding.com.tr. All problems and suggestions sent to this address are evaluated and a response is always provided. The process of writing a procedure about this issue is still in progress since the application has recently been implemented.

No complaints regarding discrimination have been communicated to date. The applications in the company are very clear and transparent. No one has been discriminated against for his/her religion, language, race or sex. This issue is one of the core tenets of our HR policy.

Work analysis studies have been initiated by the Human Resources department in order to establish a fair wage policy by means of the determination of job descriptions, authorities and responsibilities, and the job evaluation of the employees. After the completion of the work analysis, a target and competence based performance assessment system will be developed. Once the system is fully edited, a Performance Assessment manual will be produced, and it will be put into practice after the required trainings are provided to the employees and the administrators. It is aimed to implement the work analysis and wage valuations in the upcoming years.

14. Rules of Ethics and Social Responsibility

The following rules of ethics have been developed by the Board of Directors for the Company and its employees. These rules of ethics have been published, on the website, to Company employees and to the public, in accordance with the Company's disclosure policy.

Rules of Ethics

Our Board of Directors;

Believes that the capital markets are, first and foremost, based on trust, and therefore rules of ethics are crucial. However, first among these rules of ethics should stand the supremacy of law and the defence of this supremacy. The Company's General Manager, the Executive Director of Financial Affairs and Accounting- Finance Department Administrators are entrusted to:

- draw up complete, true, fair, timely and understandable disclosures in all reports and documentation published or submitted to the authorities of the capital markets of which the Company is a member,
- comply with all the laws, regulations and principles binding the Company itself and the Company's relations with its shareholders,
- ensure compliance with the spirit as well as the letter of these rules of ethics; and to expend effort to promote the development of a company culture which forms the basis of compliance with laws and company policies in all activities.

In addition to these, individuals within the Company who are in a position to obtain information regarding the financial statements, which nevertheless is not yet published, are expected to keep such information confidential in accordance with the rules of ethics.

Our employees;

- are honest and reliable people who pay due care to ethical and moral values and make no compromise on these values,
- perform their duties in their units or departments for the benefit of the Company, selflessly and carefully, and in a disciplined and objective manner, in compliance with the principles of confidentiality;
- fulfil their duties in the best possible manner to enhance the Company's profitability and market share;
- are always reasonable and considerate in their language, manners and attire;
- are aware of the significance of hierarchy and customer relations in business life, and organise themselves accordingly;
- have a positive impact on the people they address both within and outside the Company with their respectful, moderate, modest, active and positive attitudes;
- meticulously comply with the laws, professional principles and the relevant regulations;
- take the most effective, sound and appropriate decisions for the Company by evaluating different ideas, perspectives and suggestions with a conciliatory attitude;
- refrain from political, religious, or ethnic arguments involving discrimination and all other unlawful activities;
- possess the requisite knowledge and experience for the job they are performing, and demonstrate continuous effort to develop their general knowledge, professional knowledge and skills. Employees should fulfil their responsibilities in the best possible manner with all these qualities and values that they possess.

Board of Directors' Report

Social Responsibility

Founders and employees of İhlas Group have come together around the maxim, "the best kind of person is one who provides good service". Our priority is to serve humanity regardless of religion, race, sex or age.

Effective and efficient usage of the world's resources, respect for the environment and honoring social responsibilities are indispensable parts of serving humanity. Individual peace of mind is primarily achieved through a good education and a healthy life. For this reason at certain intervals we publish "Green Page" in Türkiye Newspaper, one of our Group's publications. Also, again at certain intervals, we publish a "No-Handicap Page" for the handicapped. Another of our Group's publishing channels, TGRT News, also broadcasts for the environment and the handicapped and also sponsors meetings, conferences and seminars organized on these issues. Our Company performs no activity that may harm or violate the environment. No legal or financial court cases pertaining to this issue have been faced.

SECTION IV - BOARD OF DIRECTORS

15. The Structure and Composition of the Board of Directors

Our Board of Directors, in which the Chairman and the Chief Executive Officer are two different people, is composed of 9 members: one executive, five non-executive and three independent members.

Terms of

Position	Name	Limits of Authority	Office Starting and Ending Date
Chairman	Ahmet Mücahid Ören	Is Independently Authorized to Represent and Have Binding Power Concerning the Company	30.05.2012 *2015
Deputy Chairman, General Manager and Executive Member	Mustafa R. Selçuk	Is Independently Authorized to Represent and Have Binding Power Concerning the Company	30.05.2012 **2015
Board Member	Nuh Albayrak	Is Independently Authorized to Represent and Have Binding Power Concerning the Company	30.05.2012 *2015
Board Member	Fevzi Kahraman	Is Independently Authorized to Represent and Have Binding Power Concerning the Company	30.05.2012 *2015
Board Member	Rıdvan Büyükçelik	Is Independently Authorized to Represent and Have Binding Power Concerning the Company	30.05.2012 **2015
Board Member and Chairman of the Corporate Management Committee	Orhan Tanışman	Is Independently Authorized to Represent and Have Binding Power Concerning the Company	30.05.2012 *2015
Board Member and Chairman of the Corporate Management Committee	Melih Rüçhan Arvasi	Independent Member - Not Authorized to Represent and Have Binding Power Concerning the Company.	30.05.2012 *2015
Board Member and Chairman of the Audit Committee	Osman Duman	Independent Member - Not Authorized to Represent and Have Binding Power Concerning the Company.	30.05.2012 *2015
Board Member and Member of the Audit Committee	Tolga Sönmez	Independent Member - Not Authorized to Represent and Have Binding Power Concerning the Company.	30.05.2012 *2015

* He was elected for three years on May 30, 2012 to do his duty until the next General Meeting that will be held by the end of the third year.

** Mustafa Erdoğan was elected to replace Mr. Mustafa Ruşen Selçuk and Mr. Abdullah Tuğcu was elected to replace Mr. Rıdvan Büyükçelik who retired from their positions on January 3, 2013 and March 4, 2013, respectively, to perform their duties until the next General Meeting.

Resumes of Board Members

Ahmet Mücahid ÖREN

Chairman of the Board of Directors

A. Mücahid Ören was born on April 28, 1972, in Istanbul. He completed his university education in Economics at Anadolu University. Between 1989 and 1991, he worked as a Computer Coordinator for Türkiye Newspaper, while also serving as Chief Publishing Advisor for Türkiye Children's Newspaper. He was directly in charge of Türkiye Newspaper's transition to electronic publishing. Hence the paper became one of the first in Turkey to use an entirely electronic system. In 1991, he became General Manager of TGRT, Turkey's first private radio and television channel. He was instrumental in setting up studios, upgrading technical equipment and establishing a new infrastructure for broadcasting. He was appointed General Manager and Deputy Chairman of the Board of Directors of İhlas Holding in 1993. He is a member of several Turkish and international foundations, associations, societies and other groups operating in various sectors and has numerous published articles. Mr. A. Mücahid Ören speaks fluent English.

Mustafa R. SELÇUK

Member of the Board of Directors

Resigned from his position on January 03, 2013.

Born in 1968, Mustafa Selçuk graduated from Istanbul Saint Joseph French High School for his middle and high school education. He entered the Faculty of Business Administration in Istanbul University in 1986 and graduated in 1990. Mustafa Selçuk was trained in financial management, risk management and financial modeling in the USA, Netherlands and Turkey. He started working for İhlas Group in 1993 at the Finance Department. Mr. Selçuk established the Loans and Fund Management Department and worked as a director until 2003. Mr. Mustafa Selçuk joined İhlas Media Holding in 2003 to establish the Finance Department, and served as İhlas Yayın Holding Finance Coordinator until the end of 2012. In addition to his professional administration duties, Mr. Mustafa Selçuk wrote articles three days a week for Türkiye Newspaper and he had a television show on economics and current issues once a week on TGRT News TV. He currently airs a radio show with a friend once a week on TGRT FM radio channel. He is a member of the Board of Trustees and the Chairman of the Supervisory Board of TESYEV (The Disabled Sports Support And Education Foundation Turkey), a congress member of Beşiktaş Gymnastics Club (BJK), a member of the Board of Trustees of SAJEV (Saint Joseph Educational Foundation) and a member of Saint Joseph Students Association.

Nuh ALBAYRAK

Member of the Board of Directors

Nuh Albayrak was born in 1960 in Konya where he completed his primary and secondary education. He had a great interest in literature ever since, and proved this interest with many first places in high school essay contests. Mr. Albayrak wrote editorials in a local newspaper named Seydişehir Postası (Seydişehir Journal) for a year. Nuh Albayrak completed his university education in Istanbul at the Faculty of Engineering of İDMMA - Galatasaray Engineering graduating as a civil engineer in 1980. After completing a year as an engineer, he returned to his first love, journalism, and started working at Türkiye Newspaper as an "apprentice". Since then, Mr. Albayrak has worked in all the units of the newspaper and after serving as Editorial Director for 12 years he undertook the responsibility of Chief Editor in May 2007. As one of the first people to display an example of the new "total responsibility" management format, Mr. Albayrak has expressed that he continuously experiences the difference in doing journalism in an "engineering kind of way" in the media sector. He is married and has two children. Nuh Albayrak is a member of the Journalists Association of Turkey, TSYD (Sports Journalists Association of Turkey), and MÜSİAD (Independent Industrialists and Businessmen's Association) in addition to carrying out his duties as Member of the Board of Directors of the Press Association.

İhlas Yayın Holding A.Ş.

Board of Directors' Report

Fevzi KAHRAMAN

Member of the Board of Directors

Fevzi Kahraman was born in Uşak in 1948 and began his career right after completing his high school education. After completing his military duty in 1974, Mr. Kahraman started working in the finance corps. In 1981 he resigned from his position in the civil service and began working at Türkiye Newspaper. Over time, and within the structure of Türkiye Newspaper, he provided services as a reporter, as a department chief and as manager of the News Centre. Between 1983 and 1986, he served as General Editorial Coordinator to Ege (Aegean) Newspaper, a newspaper in İzmir with economic content. In the same years, he was also the Provincial Board Member of a political party. Between 1987 and 1990, he undertook the responsibilities of being Chairman of the Central District and a Member of Parliament in the İzmir Metropolitan Municipality. Fevzi Kahraman served as a member of the Board of Directors for Sivas Demir Çelik Sanayi A.Ş. (Iron and Steel Industries) in 1988 and 1989, followed by the Provincial Chairman position he undertook for the same political party in 1990 and 1991. Upon his return to Istanbul in 1991, he started working at Türkiye Newspaper as General Coordinator until 1994. In 1994, Mr. Kahraman started working in İhlas News Agency (İHA) as General Manager in addition to providing services as Editorial Consultant to Türkiye Newspaper until 1997. He was also engaged in television programming in 1996 and 1997. He began working in Türkiye Newspaper as Editor-in-Chief in 1999, followed by his position at İhlas Holding as Assistant General Manager Responsible for Media. He used to be the General Manager of İhlas News Agency between the years 2001 and 2012. Between 1996 and 1998, he participated in seminars as a speaker on Vocational Trainings for Local Journalism, TV Broadcasting and Radio Broadcasting organized by the Journalists Association of Turkey and the Konrad Adanauer Foundation. Having won awards for these accomplishments, in 2011 he was elected by the Journalists Association of Turkey as a member of the jury formed to select successful journalists in the categories of news, photography and video for the year 2010. With over 30 years of experience in the profession, Fevzi Kahraman is a member of both the Journalists Association of Turkey and I.P.I. (International Press Institute). He is also the proud owner of many awards presented by various profession related and non-governmental organizations.

Rıdvan BÜYÜKÇELİK

Member of the Board of Directors

Resigned from his position on March 04, 2013.

Rıdvan Büyükelik was born in 1960 in Edirne's Keşan district. In 1978 he graduated from Keşan High School, followed by his acceptance to Istanbul University's Faculty of Business Administration. After graduating from university in 1982, he started work at İhlas Holding's Accounting Department. Since 1984, he has provided services at various İhlas Group companies in the departments of Fair Journal, Accounting, Imports, Construction and Finance. Mr. Büyükelik, who is also a member of the Board of Directors of TGRT News TV A.Ş., TGRT Dijital TV A.Ş., Promaş A.Ş. and İhlas Media Holding, is currently serving as the Financial Affairs Manager of İhlas İnşaat A.Ş.

Orhan TANIŞMAN

Member of the Board of Directors and Member of the Corporate Governance Committee

Orhan Tanışman was born in Istanbul in 1969. After graduating in Shipbuilding Engineering at Istanbul Technical University (ITU), he got his master's degree from Yıldız Technical University (YTÜ), followed by his doctorate studies in investment planning at Istanbul University (IU). Meanwhile, he attended Istanbul University's Graduate School of Business and Economics and graduated in 1999. He served as a Research Assistant at Marmara University's Faculty of Technical Education in 1991 - 1992 and at Istanbul University's Faculty of Engineering between 1992 and 1994. Mr. Tanışman began providing services for İhlas Holding in 1994 and since then, he has been Investor Relations Director of İhlas Holding. Orhan Tanışman is married and has a son and a daughter. He is a member of the Corporate Administration Association of Turkey (TKYD) and the Investor Relations Association of Turkey (TÜYİD).

Melih Rūçhan ARVASI

Independent Board Member and Member of the Corporate Governance Committee

Melih Rūçhan Arvasi was born in 1971 and completed his middle and high school education in Istanbul. He entered the Department of Business Administration in the Faculty of Economics and Administrative Sciences of Marmara University in 1989 and graduated with a bachelor's degree in 1993. For two years, he did graduate studies in the branch of Financial Economics at the faculty's Finance Department. He began working in the Finance Department at İhlas Group in 1993. In 2001, he parted ways with İhlas Group and worked in the US banking sector, where he provided services in the technology department and foreign exchange markets division for five years. Mr. Arvasi returned to Turkey in 2006 and still continues to work as the distributor and representative of two industrial institutions and one financial institution based in Canada and the USA. Melih Rūçhan Arvasi is married. He is the Founding Member of the World Turkmens Education Foundation and Friendship Association where he also serves as a member of the Board of Trustees.

Osman DUMAN

Independent Board Member and Chairman of the Audit Committee

Born in 1970, Osman Duman graduated from Istanbul Atatürk Science High School in 1988. After graduating from the Department of Industrial Engineering in Istanbul Technical University in 1992, he began his career at İhlas Motor Import Department in 1993. Mr. Duman worked at İhlas Holding Finance Department from 1995 - 2000. His position as İhlas Net Finance Manager in 2000 - 2001, was followed by returning to İhlas Holding Finance Department between 2001 and 2005, and then he provided services for Ekstrem Güvenlik A.Ş. in 2005 - 2006. Osman Duman joined Han Construction in 2009 and since then, he has served as Purchasing Manager.

Tolga SÖNMEZ

Independent Board Member and Member of the Audit Committee

Tolga Sönmez was born in Ankara in 1973. He entered the Department of Economics in Anadolu University's Faculty of Economics and Administrative Sciences and graduated in 1996. Then he graduated from the Banking and Finance Certificate Program of London Guildhall University. Mr. Sönmez took a first step into his career when he started working for İhlas Holding A.Ş. as a Finance Officer in 1997. In 2002, he transferred to Ülker Group's leasing company, FFK Fon Finansal Kiralama A.Ş. Tolga Sönmez resigned from his position as Finance Manager at this company in 2008 and continued his career as Finance Manager at Baklavacı Güllüoğlu A.Ş. until March 2011. He worked at Boer Electronics as Financial Affairs Coordinator later on. Tolga Sönmez still serves at Pelsan Aydınlatma as Finance Manager. He is married and has a daughter. In addition to attending to many seminars both at home and abroad, Mr. Sönmez has participated as a speaker in Finance Congresses organized by Middle East Technical University's Finance Club.

Mustafa ERDOĞAN

Deputy Chairman of the Board of Directors, Chief Executive Officer and Executive Member of the Board (As of 01.03.2013)

Born in 1965 in Istanbul, Mr. Mustafa Erdoğan completed his primary, middle and high school education in Istanbul. He graduated from the Department of Business Administration in the Faculty of Economics and Administrative Sciences at Uludağ University in 1988. He started his professional career in İhlas Holding's Financial Affairs Department in 1990. After serving in various positions in that department, Mr. Mustafa Erdoğan worked for Rehber Certified Public Accountants Office between 1997 and 2000. He then returned to İhlas Holding in 2000 and was appointed Financial Affairs Manager of İhlas Media Holding in 2005. He was elected as a Member of the Board and was appointed Chief Executive Officer of the same company in 2013. He still serves in the same position.

İhlas Yayın Holding A.Ş.

Board of Directors' Report

Abdullah TUĞCU

Member of the Board of Directors (As of 04.03.2013)

Born in 1982 in Kayseri, Mr. Abdullah Tuğcu completed his primary secondary and high school education in Kayseri. He graduated from the Faculty of Business Administration at Istanbul University in 2003. He then completed his Master's education in Fiscal Law at Marmara University Department of Public Finance. He started his business career at an Independent Audit Company as an assistant auditor in 2003. He joined İhlas Group in 2008. Besides being a Member of the Board of Directors at İhlas Haber Ajansı, Promaş Profesyonel Medya Reklam ve Film Pazarlama Hizmetleri A.Ş. and İhlas Gelişim Yayıncılık A.Ş., he also serves as the Finance Coordinator of İhlas Yayın Holding and the Financial Affairs Manager of İhlas Madencilik A.Ş. He has been to the USA for a short while for various training studies. Mr. Abdullah Tuğcu holds a Public Accountants License and is also a member of the Istanbul Chamber of Certified Public Accountants (İSMMM), İSMMM Turkish Trade Committee, Corporate Governance Association of Turkey (TKYD) and the Investor Relations Association of Turkey (TÜYİD).

Information about the Independent Members of the Board of Directors

In its report dated May 4, 2012, the Corporate Governance Committee, which has undertaken the responsibilities of the Nomination Committee, examined the nomination of Osman Duman, Tolga Sönmez and Melih Rüçhan Arvasi to Independent Membership of the Board of Directors and submitted the report to the Board of Directors on May 4, 2012. Among the Independent Board Members, Osman Duman, Tolga Sönmez and Melih Rüçhan Arvasi have declared that they (in person, spouses or relatives to the third degree) have not been involved with any subsidiary or Group company under İhlas Yayın Holding A.Ş. in a position where they have a direct or indirect interest regarding employment, capital or trade, in the past five years. They have also declared that they have not taken part in the independent auditing process in the past five years.

Depending on this report, the Board of Directors submitted the election of the Independent Board of Members for shareholder approval in the General Assembly held on May 30, 2012.

Among the Independent Board Members, Osman Duman, Tolga Sönmez and Melih Rüçhan Arvasi submitted their statements of independence on January 02, 2011 as required by the Communiqué Serial: IV, No: 56 on Principles Regarding Determination and Application of Corporate Governance Principles (date of official gazette: 30.12.2011).

STATEMENT OF INDEPENDENCE

I declare that: I do not have any direct or indirect relationship of interest in terms of employment, capital or trade and commerce between İhlas Media Holding (the Company), its subsidiaries, affiliates or any other group company and myself, my spouse and my blood or affinity relatives to the third degree within the last five years, I have not been previously elected to the Board of Directors as a representative of a certain group of shareholders, I have not been employed in a company, primarily for the audit and consultancy firm, which undertakes full or partial activity or organization of the company under contract and have not held a managerial position therein within the last five years, I have not been previously employed by the external auditor of the company, nor have I been included in the external audit process within the last five years, I have not been previously employed by any firm providing significant amounts of services and products to the company, and I have not held a managerial position therein within the last five years, On behalf of my spouse or any of my relatives by blood and affinity up to the third degree, I do not hold a managerial position nor am I a shareholder holding more than 5% of the total capital or the controlling shareholder by any means, nor do I hold a managerial position, nor am I effective in the control of the company, I possess adequate education, information and experience to duly perform the duties that I will assume as an independent Member of the Board of Directors in the Company, and I will allocate time for the Company to the extent that I can follow the process of the activities of the Company and I can completely fulfill the requirements of my duties, I possess strong ethical standards, professional prestige and experience, so that I can positively contribute to the activities of the Company, I can maintain my objectivity in conflicts of interest of the shareholders of the Company, make independent decisions by taking the rights of the stakeholders into consideration, and I am currently resident in Turkey, and I am independent within the frame of the criteria stated in the legislations, contracts and Corporate Governance Principles issued by the Capital Markets Board.

Melih Rüçhan Arvasi

STATEMENT OF INDEPENDENCE

I declare that: I do not have any direct or indirect relationship of interest in terms of employment, capital or trade and commerce between Ihlas Media Holding (the Company), its subsidiaries, affiliates or any other group company and myself, my spouse and my blood or affinity relatives to the third degree within the last five years, I have not been previously elected to the Board of Directors as a representative of a certain group of shareholders, I have not been employed in a company, primarily for the audit and consultancy firm, which undertakes full or partial activity or organization of the company under contract and have not held a managerial position therein within the last five years, I have not been previously employed by the external auditor of the company, nor have I been included in the external audit process within the last five years, I have not been previously employed by any firm providing significant amounts of services and products to the company, and I have not held a managerial position therein within the last five years, On behalf of my spouse or any of my relatives by blood and affinity up to the third degree, I do not hold a managerial position nor am I a shareholder holding more than 5% of the total capital or the controlling shareholder by any means, nor do I hold a managerial position, nor am I effective in the control of the company, I possess adequate education, information and experience to duly perform the duties that I will assume as an independent Member of the Board of Directors in the Company, and I will allocate time for the Company to the extent that I can follow the process of the activities of the Company and I can completely fulfill the requirements of my duties, I possess strong ethical standards, professional prestige and experience, so that I can positively contribute to the activities of the Company, I can maintain my objectivity in conflicts of interest of the shareholders of the Company, make independent decisions by taking the rights of the stakeholders into consideration, and I am currently resident in Turkey, and I am independent within the frame of the criteria stated in the legislations, contracts and Corporate Governance Principles issued by the Capital Markets Board.

Osman Duman

STATEMENT OF INDEPENDENCE

I declare that: I do not have any direct or indirect relationship of interest in terms of employment, capital or trade and commerce between Ihlas Media Holding (the Company), its subsidiaries, affiliates or any other group company and myself, my spouse and my blood or affinity relatives to the third degree within the last five years, I have not been previously elected to the Board of Directors as a representative of a certain group of shareholders, I have not been employed in a company, primarily for the audit and consultancy firm, which undertakes full or partial activity or organization of the company under contract and have not held a managerial position therein within the last five years, I have not been previously employed by the external auditor of the company, nor have I been included in the external audit process within the last five years, I have not been previously employed by any firm providing significant amounts of services and products to the company, and I have not held a managerial position therein within the last five years, On behalf of my spouse or any of my relatives by blood and affinity up to the third degree, I do not hold a managerial position nor am I a shareholder holding more than 5% of the total capital or the controlling shareholder by any means, nor do I hold a managerial position, nor am I effective in the control of the company, I possess adequate education, information and experience to duly perform the duties that I will assume as an independent Member of the Board of Directors in the Company, and I will allocate time for the Company to the extent that I can follow the process of the activities of the Company and I can completely fulfill the requirements of my duties, I possess strong ethical standards, professional prestige and experience, so that I can positively contribute to the activities of the Company, I can maintain my objectivity in conflicts of interest of the shareholders of the Company, make independent decisions by taking the rights of the stakeholders into consideration, and I am currently resident in Turkey, and I am independent within the frame of the criteria stated in the legislations, contracts and Corporate Governance Principles issued by the Capital Markets Board.

Tolga Sönmez

Within the framework of the permission granted to the Members of the Board of Directors at the General Assembly, the Members of the Board of Directors have served for other companies as their Board of Directors members and have not conducted any transactions on their behalf in accordance with the prohibition of competition.

İhlas Yayın Holding A.Ş.

Board of Directors' Report

The Duties of Members of the Board of Directors outside the Company;

AHMET MÜCAHİD ÖREN

İhlas Holding A.Ş.	Deputy Chairman of the Board and General Manager
İhlas Gazetecilik A.Ş.	Chairman
Kia-İhlas Motor San. ve Tic. A.Ş. (Went into liquidation on February 19, 2013)	Chairman
İhlas Haber Ajansı A.Ş.	Chairman
Tasfiye Halinde İhlas Oxford Mortgage İnş. ve Tic.A.Ş.	Chairman
İhlas İnşaat Holding A.Ş.	Chairman
İhlas Pazarlama Yatırım Holding A.Ş.	Chairman
TGRT Haber TV A.Ş.	Chairman

NUH ALBAYRAK

İhlas Gazetecilik A.Ş.	Board Member and Editor-in-Chief
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MUSTAFA R. SELÇUK

İhlas Gazetecilik A.Ş.	Board Member (Resigned on January 22, 2013)
İhlas Gelişim Yayıncılık A.Ş.	Board Member (Resigned on January 22, 2013)
İhlas Haber Ajansı A.Ş.	Board Member (Resigned on January 22, 2013)
TGRT Haber TV A.Ş.	Board Member (Resigned on February 11, 2013)
TGRT Dijital TV Hizmetleri A.Ş.	Board Member and Finance Coordinator (Resigned on February 18, 2013)
Kiler Alışveriş Hizmetleri Gıda San. ve Tic. A.Ş.	Independent Board Member

RIDVAN BÜYÜKÇELİK

İhlas İnşaat ProjeTaahhüt Tur. ve Tic. A.Ş.	Board Member
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ORHAN TANIŞMAN

İhlas Holding A.Ş.	Investor Relations Director
İhlas Gazetecilik A.Ş.	Board Member
İhlas Haber Ajansı A.Ş.	Board Member
Alternatif Medya Görsel İletişim Sist. Ltd. Şti.	Company Director

MELİH RÜÇHAN ARVASI

İstanbul Uluslararası Danışmanlık Hiz. Tic. Ltd. Şti. (Grup dışı şirket)	Company Director
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OSMAN DUMAN

Han İnşaat Emlak Yatırım Tic. Ltd. Şti. (Grup dışı şirket)	Purchasing Manager
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TOLGA SÖNMEZ

Pelsan Aydınlatma San. ve Tic. Ltd. Şti. (Grup dışı şirket)	Finance Manager
İhlas Gazetecilik A.Ş.	Member of the Board and Audit Committee Chairman
İhlas Ev Aletleri İmalat Sanayi ve Ticaret A.Ş.	Member of the Board and Audit Committee Member

Elected as Member of the Board to be submitted for the approval of the next General Meeting

MUSTAFA ERDOĞAN

TGRT Haber TV A.Ş.	Board Member (Commenced duty on February 14, 2013)
TGRT Dijital TV Hizmetleri A.Ş.	Board Member (Commenced duty on February 22, 2013)

ABDULLAH TUĞCU

İhlas Gazetecilik A.Ş.	Board Member (Commenced duty on January 22, 2013)
İhlas Gelişim Yayıncılık A.Ş.	Board Member (Commenced duty on January 22, 2013)
İhlas Haber Ajansı A.Ş.	Board Member (Commenced duty on January 22, 2013)
TGRT Haber TV A.Ş.	Board Member (Commenced duty on February 11, 2013)
TGRT Dijital TV Hizmetleri A.Ş.	Board Member (Commenced duty on February 18, 2013)
Promaş Profesyonel Medya Reklam ve Film Pazarlama Hiz. A.Ş.	Board Member (Commenced duty on January 22, 2013)
İhlas Madencilik A.Ş.	Chief Financial Officer

16. Principles for the Activities of the Board of Directors

- The agenda for the Board of Directors meeting is identified upon the requests of Company management and committees; with the request made by managers for a meeting in situations where a Board of Directors resolution is required for Company operations, and whenever required by current events during the concerned period. The Board of Directors convenes at least once each month.
- The Board of Directors Secretariat is authorized to organize and announce the Board of Directors' meeting agenda and serve notices for the call to meetings; to inform the Board of Directors members and to draw up all documents related to the Board of Directors. Sırrı Söztutan acts as the Secretary for the Board of Directors. Board members are invited to attend meetings by the Board of Directors Secretariat via e-mail or telephone, informing Board members of the venue, date and time of the meeting.
- Members of the Board held 24 meetings as of 31 December 2012, with an 95% participation rate in each meeting.
- There was no objection which was required to be recorded as of the end of December 2012. No opposing votes were submitted by Independent Members during the same period.
- Personal participation of the Members of the Board of Directors is ensured at all of the Board of Directors meetings.
- Questions forwarded at the meetings are not recorded.
- Members of the Board of Directors members are not entitled to preferential votes and / or veto rights.

The related party transactions and transactions of high importance were approved by the independent members of the Board of Directors.

17. Number, Structure and Independence of the Committees established by the Board of Directors

An Audit Committee and a Corporate Governance Committee have been set up in line with the Company principles. Each committee comprises of two people.

Distribution and qualifications of committee members are as follows:

Audit Committee Chairman Osman Duman (Independent Board Member)
Audit Committee Member Tolga Sönmez (Independent Board Member)
Corporate Management Committee Chairman Melih Rüçhan Arvasi (Independent Board Member)
Corporate Management Committee Member Orhan Tanışman (Non-Executive Member of the Board of Directors)

The members of the Board of Directors do not participate in more than one committee to the extent of the Board's ability.

Since the "Nomination Committee", "Remuneration Committee" and "Early Detection of Risk Committee" could not be established separately due to the structure of the Board of Directors, the Corporate Governance Committee undertakes the responsibilities of these committees in accordance with Article 4.5.1 of the Communiqué of Serial: IV, No: 56 of the Capital Markets Board.

İhlas Yayın Holding A.Ş.

Board of Directors' Report

The procedure to be followed in the performance of Committee activities is designated as: "Committees act within the scope of their authorities and responsibilities and make recommendations to the Board of Directors. The final decision however, lies with the Board of Directors." The audit committee held five meetings and the corporate governance committee held six meetings during the 2012 operating year. All the recommendations of these committees have been adopted by the Board of Directors.

18. Risk Management and Internal Control Mechanism

Responsibilities of the Board Members and Company Executives are identified through laws and regulations, rules of ethics, and Company procedures. No provisions are included in the Company's Articles of Association in this respect.

Since the "Early Detection of Risk Committee" could not be established separately due the structure of the Board of Directors, the Corporate Governance Committee undertakes the responsibility of this committee in accordance with Article 4.5.1 of the Communiqué of Serial: IV, No: 56 of the Capital Markets Board.

The studies conducted by the Corporate Governance Committee in 2012 can be summarised as below:

- A risk evaluation and management process was established by the Corporate Governance Committee within the context of the risk management studies.
- The specific risks that the Company may suffer, and the severity of the impact of these risks, are determined in the risk evaluation statement formed in accordance with this process.

19. Strategic Objectives of the Company

Through its subsidiaries, the Company operates in a number of sectors, including all printed, visual and audio broadcasting, and advertising and news agency. The fundamental strategy of the Company is to further strengthen its position in the media sector, with the synergy generated by providing all types of necessary support in terms of investments in its subsidiaries. The Board of Directors reviews the level of achievement of the objectives, the activities, and the past performance of the Company through financial statements, independent audit reports and annual reports on a quarterly basis.

20. Financial Benefits

The principles of remuneration of the members of the Board of Directors and the senior executives were written by the Corporate Governance Committee and submitted for the information and approval of the shareholders in the 2011 General Assembly, held on May 30, 2012. The aforementioned remuneration principles are given below:

PRINCIPLES ON THE REMUNERATION OF THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES

1. Whether or not a salary will be paid to the members of the Board of Directors and the auditors within the framework of Articles 12 and 15 of the Articles of Association of the company is at the discretion of the General Assembly.
2. Suggestions with regard to the amount of wages to be paid to the members of the Board of Directors and the senior executives of the Company shall be determined by the Corporate Governance Committee and submitted to the Board of Directors. And the Board of Directors shall submit the said suggestions to the shareholders at the meeting of the general assembly.
3. The Corporate Governance Committee shall determine the said amounts in such a manner as to be directly proportional to the performance of the members of the Board of Directors and the senior executives of the company.
4. When determining the salaries to be paid to the members of the Board of Directors and the senior executives of the company, internal balances, strategic objectives and ethical values of the Company are taken into consideration and it is ensured that the determined salaries are in compliance with these criteria.

5. The salaries to be paid to the members of the Board of Directors and the senior executives are not correlated to the short-term performance of the Company, such as profit or revenues of the company. On the contrary, they are determined by considering the long-term goals of the Company.
6. The Corporate Governance Committee assigned by the Company's Board of Directors monitors and audits the wage policies of the Company. The Corporate Governance Committee evaluates the wage policy within the framework of the risk management, and presents the suggestions with regard to these as a report to the Board of Directors every year.
7. In determining the salaries of the independent members of the Board of Directors, share options and payment plans based on the performance of the Company may not be used.
8. Salaries of the independent members of the Board of Directors must be at such a level as to protect their independence.
9. The Company cannot lend money, provide loan facilities, extend the terms and improve the conditions of debts and loans provided, provide personal loans on behalf of third parties, or provide guarantees such as bailments in their favour to the members of the Board of Directors and the senior executives.
10. The information pertaining to the salaries paid and all other benefits provided to the members of the Board of Directors and the senior executives are disclosed to the public through the Company's annual report.

g) Research and Development Studies:

There are no research and development studies.

ğ) Amendment(s) made to the articles of incorporation during the period and their reasons:

With the decision (Number 2012-03) taken by the Board of the Directors of the Company on March 13, 2012, the Company applied to the Capital Markets Board (CMB) on March 14, 2012 for the amendments of the Articles of Association;

a) for Article 4 (Head Office and the Branches of the Company), Article 18 (Participation of a Ministry Official in the Meeting), Article 25 (Amendments to the Articles of Association), and Article 31 (Articles of Association to be sent to the Ministry) since the name of the Ministry mentioned in the Article texts has changed,

b) for Article 7 (Board of Directors and Its Term), Article 10 (Meetings of the Board of Directors), Article 11 (Represent - Bind), Article 12 (Remuneration of the Board of Directors), Article 16 (General Assembly), Article 23 (Announcement) and Article 32 (Legal Provisions) in order to comply with the Communiqué of Serial: IV, No: 56 of the Capital Markets Board.

c) Provisional Article – 1 and Provisional Article – 2 were cancelled due to loss of validity.

The Capital Markets Board responded positively to the aforementioned application with the letter No. 3638 dated March 28, 2012.

The Company also applied to the Ministry of Customs and Trade for the approval of the amendments to the Articles of Association, and the Ministry approved the application with the letter No. 2450 dated April 2, 2012.

The texts of the amendments to the Articles of Association were submitted for the approval of both the shareholders and the privileged shareholders in the Ordinary General Assembly meeting, held on May 30, 2012.

ı) Information regarding the sector in which the enterprise operates and its position in the sector:

The Group is composed of the Holding and its subsidiaries.

İhlas Media Holding is involved in the fields of print, audio and video broadcasting, advertising, news agency activities and in other related sectors. The Holding takes the necessary steps in order to enhance its achievements in its areas of activity, ensure its regularity, retrench the fiscal burdens of the companies it founded or joined by arranging common service areas, and boost productivity in these companies by means of advanced organization techniques.

İhlas Yayın Holding A.Ş.

Board of Directors' Report

One of the group companies, İhlas Journalism is engaged in the following fields of activity: publishing and printing newspapers (including Türkiye Newspaper), magazines, books, encyclopedias, pamphlets and journals that are daily, weekly, monthly, shorter-term, longer-term or of uncertain frequency, in Turkish and in foreign languages, in addition to domestic and international distribution and marketing of these products. İhlas Gazetecilik owns six printing facilities, located in Istanbul, Ankara, Antalya, Izmir, Adana and Trabzon.

İhlas News Agency (İHA) is engaged in the news agency business. The company's main fields of activity consist of generating visual, written and photographic news, in addition to marketing this news via satellite and other means.

The main fields of activity of one of the Group companies, TGRT News TV, consist of production of television and radio broadcasts, production, shooting and vocalization of television films, as well as video and advertising programs, rental of television channels and establishment of radio stations. TGRT FM is engaged in radio broadcasting and operates under the legal entity, TGRT News TV.

The main fields of activity of one of the Group companies, TGRT Digital TV, consist of production of television and radio broadcasts, broadcasts of documentaries, production, shooting and vocalization of television films, as well as video and advertising programs.

The fields of activity of İhlas Development (İhlas Gelişim) consist of the domestic and international sales, distribution and marketing of newspapers and all kinds of other publications, both in Turkish and in foreign languages. İhlas Gelişim is also the main partner of İhlas Fair Services and Communications Magazine.

Communications Magazine (İletişim Magazin) is engaged in the issuing, printing and marketing of magazines, newspapers, books, etc. The company produces 27 publications including 3 children's magazines, 9 magazines on textiles and interior decoration, 1 magazines on food culture and women, 1 automotive magazine, 1 magazine on information technologies, 4 magazines on buildings and construction, 3 health and cosmetic magazine, 3 magazines on digital printing, print houses, paper and office systems, 1 magazine on entertainment, and 1 newspaper in English.

İhlas Fair Services is engaged in organizing trade and promotion purpose fairs and exhibitions, and serving as travel agencies both domestically and internationally.

Alternatif Media is engaged in generating and producing software products for all kinds of audio, video and images, in addition to creating platforms over the internet, and providing data archive services, as well as selling or renting these services and publishing them on the Internet. The fields of activity of İhlas Media Planning and Buying (former title: İhlas Advertisement Agency Services)(İhlas Media) consist of advertising, publicity, photography and billboards, in addition to the company's duties as an advertising agency.

The fields of activity of Promaş Professional Media Advertisement and Film Marketing Services, consist of advertising, publicity, photography and billboards, in addition to the company's duties as an advertising agency.

İhlas Communication Services has obtained the MVNO (Mobile Virtual Network Operator) license from the Information Technologies Authority and it provides MVNO services through its own brand VipCell.

Emlak Pazarlama İnşaat Proje Yönetimi ve Ticaret A.Ş. transferred the rights and liabilities, which are set forth in the contract it signed with respect to the construction project (BİZİMEVLER - 3) titled "İstanbul, Bahçeşehir, İspartakule, Region 2, Section 1, Block 548, Parcel 1 distribution of income after the provision of sale of land", to İhlas Holding - İhlas Media Holding - İhlas Marketing Joint Venture. This project includes a residential construction site with an area of 85,700 m2. The project, consisting of 680 residences and 1 office space, is completed as of 31.12.2011, and the 583 houses were transferred to the owners together with invoices.

j) Developments in investments and incentives and, if incentives were received, at what level:
Our Company received no incentives.

k) The prices of goods and services subject to activity, turnover, sale conditions and developments in all these areas during the year; developments regarding efficiency and productivity measures; reasons for any significant changes in these measures when compared to previous years:

a) Information on departments prepared on the basis of departmental activity is as follows:

Period: January 1 - December 31, 2012;

	Newsprinting and Printing Works	News Services	TV Services	Fair and Magazine	Advertising Agency	Other	In Group Eliminations	Group Total
Sales Revenue (Net)	75,947,888	29,027,531	17,705,797	10,070,142	25,378,996	976,869	(6,140,040)	152,967,183
Cost of Sales (-)	(69,259,238)	(25,208,752)	(8,719,392)	(6,610,350)	(25,238,081)	(469,624)	4,412,252	(131,093,185)
Gross Profit / Loss	6,688,650	3,818,779	8,986,405	3,459,792	140,915	507,245	(1,727,788)	21,873,998
Operating Expenses (-)	(16,830,407)	(4,811,039)	(11,727,776)	(4,548,155)	(429,849)	(3,435,115)	2,240,033	(39,542,308)
Income and Profit								
from Other Operations	3,069,681	290,811	278,655	128,421	-	255,841	(512,245)	3,511,164
Expenses and Losses								
from Other Operations (-)	(1,088,170)	(116,231)	(726,914)	(44,810)	(6,341)	(158,533)	-	(2,140,999)
Operating Profit / Loss	(8,160,246)	(817,680)	(3,189,630)	(1,004,752)	(295,275)	(2,830,562)	-	(16,298,145)
Shares in Profits / Losses								
of Investments Valued with								
the Equity Method	-	-	-	-	-	3,794,380	-	3,794,380
Financing Revenues /								
(Expenses), Net	6,454,374	334,580	(515,202)	27,653	117,266	551,529	-	6,970,200
Profit / Loss Before								
Tax of Continuing								
Operations	(1,705,872)	(483,100)	(3,704,832)	(977,099)	(178,009)	1,515,347	-	(5,533,565)
Total Assets	245,668,758	21,160,906	24,090,706	7,052,444	10,209,956	40,205,742	(10,171,615)	338,216,897
Total Liabilities	38,694,318	11,092,057	19,738,957	5,944,917	7,648,384	15,206,614	(10,171,615)	88,153,632

İhlas Yayın Holding A.Ş.

Board of Directors' Report

Period: January 1 - December 31, 2011;

	Newsprinting and Printing Works	News Services	TV Services	Fair and Magazine	Advertising Agency	Other ^(*)	In Group Eliminations	Group Total
Sales Revenue (Net)	80,268,189	28,164,329	21,616,444	9,408,956	25,536,046	672,782	(12,526,210)	
Cost of Sales (-)	(70,635,907)	(25,615,337)	(15,734,277)	(5,630,233)	(25,241,154)	(329,297)	10,359,970	
Gross Profit / Loss	9,632,282	2,548,992	5,882,167	3,778,723	294,892	343,485	(2,166,240)	
Operating Expenses (-)	(14,880,305)	(4,670,320)	(8,917,323)	(3,711,481)	(131,705)	(3,608,471)	2,642,013	
Income and Profit								
from Other Operations	2,546,681	239,612	491,299	197,776	33,393	1,653,700	(475,773)	
Expenses and Losses								
from Other Operations (-)	(1,627,369)	(615,187)	(747,218)	(583,416)	(81,053)	(130,751)	-	
Operating Profit / Loss	(4,328,711)	(2,496,903)	(3,291,075)	(318,398)	115,527	(1,742,037)	-	
Shares in Profits / Losses								
of Investments Valued with the Equity Method	-	-	-	-	-	8,902,946	-	
Financing Revenues / (Expenses), Net	5,725,056	58,815	(105,250)	97,630	31,622	1,461,033	-	
Profit / Loss Before Tax of Continuing Operations	1,396,345	(2,438,088)	(3,396,325)	(220,768)	147,149	8,621,942	-	
Total Assets	245,889,237	22,825,893	11,269,511	5,293,372	5,143,032	66,308,225	(12,935,040)	
Total Liabilities	37,521,523	12,085,475	10,946,115	3,353,844	2,395,820	10,273,256	(12,935,040)	

l) Basic ratios related to financial status, profitability and solvency, calculated based on financial statements and information prepared within the framework of this Communiqué's provisions:

Balance Sheet	31,12,2012	Ratio Analysis	31,12,2011	Ratio Analysis
Current Assets	116,095,464	34.33%	111,597,159	32.46%
Fixed Assets	222,121,433	65.67%	232,197,071	67.54%
TOTAL ASSETS	338,216,897	100.00%	343,794,230	100.00%
Short-Term Liabilities	50,109,901	14.82%	27,879,473	8.11%
Long-Term Liabilities	38,043,731	11.25%	35,761,520	10.40%
SHAREHOLDERS EQUITY	250,063,265	73.94%	280,153,237	81.49%
Equities Pertaining to the Parent Company	155,107,359	45.86%	181,550,340	52.81%
Minority Shares	94,955,906	28.08%	98,602,897	28.68%
TOPLAM KAYNAKLAR	338,216,897	100.00%	343,794,230	100.00%
Income Statement	31,12,2012	Ratio Analysis	31,12,2011	Ratio Analysis
Sales Revenue	152,967,183	100.00%	153,140,536	100.00%
Cost of Sales (-)	(131,093,185)	-85.70%	(133,953,723)	-87.47%
GROSS PROFIT / LOSS	21,873,998	14.30%	19,186,813	12.53%
Operating Costs	(39,542,308)	-25.85%	(33,044,874)	-21.58%
Other Operating Revenues	3,511,164	2.30%	4,686,688	3.06%
Other Operating Costs (-)	(2,140,999)	-1.40%	(2,890,224)	-1.89%
GROSS PROFIT / LOSS	(16,298,145)	-10.65%	(12,061,597)	-7.88%
PROFIT/LOSS BEFORE TAX FOR CONTINUING OPERATIONS	(5,533,565)	-3.62%	4,110,255	2.68%
Tax Income / Costs for Continuing Operations	(2,047,203)	-1.34%	(183,787)	-0.12%
CEASED OPERATIONS				
Profit / Loss After Tax on Ceased Operations	0	0.00%	0	0.00%
PROFIT / LOSS FOR THE PERIOD	(7,580,768)	-4.96%	3,926,468	2.56%

Breakdown of the Profit / Loss for the Period

Minority Shares	(1,000,124)	-0.65%	(1,065,500)	-0.70%
Parent Company Shares	(6,580,644)	-4.30%	4,991,968	3.26%

Ratios

Liquidity Ratios

	31.12.2012	31.12.2011
Current Ratio	2.32	4.00
Liquidity Ratio	2.13	3.74
Cash Ratio	0.20	0.36

Financial Structure Ratios

Financial Leverage	0.93	0.19
Total Liabilities / Shareholders Equity	0.35	0.23
Short-Term Loans / Total Resources	0.15	0.08
Long-Term Loans / Total Resources	0.11	0.10
Financial Debts / Shareholders Equity	0.05	0.03
Financial Debts / Total Assets	0.04	0.02

m) Measures thought to be taken in order to improve the Enterprise's financial structure:

The Enterprise's financial structure is planned to be improved further by converting its short-term financial debts into long-term debts within the framework of the current economic conditions.

n) Changes to the senior management during the year and names, surnames and professional experience of those still serving:

There was no change in the senior management during the year. Those serving in their positions are listed as follows:

Name, Surname	Duty	Professional Experience
Ahmet Mücahid Ören	Chairman of the Board	23 years
Mustafa R. Selçuk	Deputy Chairman of the Board, General Manager and Executive Manager	19 years
Nuh Albayrak	Member of the Board	33 years
Fevzi Kahraman	Member of the Board	38 years
Ridvan Büyükçelik	Member of the Board	30 years
Orhan Tanışman	Member of the Board and Corporate Management Committee Member	21 years
Melih Rüçhan Arvasi	Member of the Board and Corporate Management Committee Chairman (Independent Member)	19 years
Osman Duman	Member of the Board and Corporate Management Committee Chairman (Independent Member)	19 years
Tolga Sönmez	Member of the Board and Audit Committee Member (Independent Member)	15 years
Mustafa Erdoğan	Financial Affairs Manager	23 years

o) Personnel and employee actions, collective agreements, and rights and benefits provided to the personnel and employees:

The number of employees at İhlas Yayın Holding A.Ş. stood at 23 in the beginning of the period, falling to 20 by the end of the period. A total of 1,179 personnel are working in companies included in the consolidation. No collective agreements are made in our Company.

Personnel expenses included in operating costs in the parent capital within the period stood at TL 1,250,955.54.

In addition to salaries, food (lunch) and transportation are provided for personnel.

ö) Information on donations made during the period:

No donation was made during the period 01.01.2012 - 31.12.2012.

İhlas Yayın Holding A.Ş.

Board of Directors' Report

p) Information on whether there are organizations other than the registered office:

We have no off-center organization.

r) Information on the shares of enterprises subject to the consolidation within the parent capital (mutual association):

There is no mutual subsidiary among the consolidated companies.

s) In relation to the process of preparing the consolidated financial statements, explanations regarding the main components of the Group's internal audit and risk management systems:

The Group's internal control system includes a structure in which goals of the enterprise, risk determination and control activities are associated with each other. Moreover, the Group focuses on the minimization of any kinds of risks which will prevent it from reaching its goals. Components of the internal control system established for this purpose are grouped under three categories.

1- Control Environment

Management's views and approach,
Structure of the organization of the Enterprise,
Functions of the Board of Directors and Board of Auditors
Distribution of rights and responsibilities,
Management's control methods,
Enterprise's personnel policies, procedures, personnel structure and status,
External factors.

2- Accounting System

Enterprise's accounting system and structure,
Whether or not registered transactions do actually exist,
Whether or not transactions are performed based on granted authorization,
Whether or not realized transactions are registered,
Whether or not transactions are appropriately evaluated,
Whether or not transactions are registered to the correct accounts,
Whether or not transactions are registered on time,
Whether or not transactions are reflected to the statements and report as required,
Whether or not there is or not an account plan which is established in accordance with the Enterprise's operations,
Whether or not there is an accounting regulation which sufficiently sets forth the operation of accounts, an effective budget system and a cost accounting system arranged in accordance with operations, a document flow order that keeps transactions under control.

3- Control Procedures

The separation of principle duties,
Appropriate authorization in relation with transactions and operations,
Convenience of documents and registry entries,
Physical control on assets and registry entries,
Independent controls regarding performance.
The Group's internal audit structure is audited by internal auditors under the supervision of the Internal Audit Committee.

A risk assessment process is in place to determine and evaluate any obstacles that may prevent the Group from achieving its purpose during the execution of internal audits.

Elements of the risk assessment process are as follows:

Determination of goals and targets,
Determination of the risk tolerance level,
Determination of controls,
Evaluation of controls,
Improvement of controls,
Permanent monitoring.

İhlas Yayın Holding A.Ş.

İhlas Yayın Holding A.Ş. Proposal on the Distribution of Profits for the Year 2012

By the end of our Company's 2012 accounting period;

The loss for the period was TL 6,580,644.00 according to the consolidated balance sheet prepared according to International Accounting / Financial Reporting Standards, in compliance with the provisions of Communiqué - Serial: XI, No.: 29.

Our net profit for the period prepared in accordance with the unconsolidated Tax Procedure Law (T.P.L.) is TL 1,148,601.00 in our legal records.

However, it has been decided to make a suggestion to the Ordinary General Assembly not to distribute our 2012 profits and to set off the profits against previous period losses, since our loss for the previous periods prepared in accordance with the unconsolidated T.P.L. is TL 29,013,207.32 in our legal records.

Our above explanation, in compliance with the provisions of Communiqué - Serial VIII, No: 54, reflects exact and right information attained us on this subject / subjects; the information is appropriate with the books, records and our documents; we make all efforts to get the exact and right information about the subject and we announce that we are responsible for these explanations.

Respectfully yours,

Mustafa Erdoğan
Deputy Chairman, General Manager,
and Executive Member

Abdullah Tuğcu
Member of the Board

İhlas Yayın Holding A.Ş.

İhlas Yayın Holding A.Ş. Statement of Responsibility

DATE : 08.03.2013

DATE OF THE BOARD OF DIRECTORS' DECISION FOR THE FINANCIAL TABLES AND ANNUAL REPORTS : MARCH 08, 2012
NUMBER OF DECISION : 2013/12

STATEMENT OF RESPONSIBILITY IN ACCORDANCE WITH THE 9TH ARTICLE OF CAPITAL MARKETS BOARD'S "COMMUNIQUE ON THE PRINCIPLES OF FINANCIAL REPORTING IN CAPITAL MARKETS", SERIAL: XI, NO.: 29

We declare that the consolidated financial statements and the Annual Report of İhlas Yayın Holding A.Ş., which were completed by December 31, 2012, in accordance with the International Accounting / Financial Reporting Standards pursuant to the provisions of the Capital Markets Board's "Communiqué on the Principles of Financial Reporting in Capital Markets", Serial: XI, No.: 29,

- a) Were examined by our side;
- b) Did not include any explanation contrary to the facts in respect to important matters or any gaps that could be misleading as of the date when the explanation was made, to the extent of the information we have as per our duty and responsibility within the Enterprise; and
- c) To the extent of the information we have as per our duty and responsibility within the Enterprise, financial statements along with those under the scope of consolidation, which were prepared in accordance with the financial reporting standards in effect, truly reflect the Enterprise's assets, liabilities, financial status and profit / loss; and the Annual Report solely reflects the truth regarding the development and performance of the business; and the Annual Report, along with those under the scope of consolidation, reflects the truth regarding the Enterprise's financial status, significant risks and uncertainties it faces.

Yours faithfully,

Mustafa Erdoğan
Deputy Chairman, General Manager,
and Executive Member

Abdullah Tuğcu
Member of the Board

İhlas Yayın Holding A.Ş.

Audit report abstract for the accounting year 2012

To the General Assembly of İhlas Yayın Holding A.Ş.

Company's Name	: İHLAS YAYIN HOLDİNG A.Ş.
Registered Office	: İstanbul
Capital	: Authorized Capital: 600,000,000.00 TL
Issued Capital:	: 200,000,000.00 TL
Business Lines	: Media, Publishing, Advertising
Auditors / Auditors' Name(s) Status of whether the auditors are shareholders or personnel of the Company	: Mehmet Kürşat Karakebelioğlu Designated on May 30, 2010 for a term of three years. They are neither shareholders nor personnel.
Number of Board of Directors meetings participated in and Audit Committee meetings held	: Participation in 8 Board of Directors meetings, with a review of Board of Directors resolutions. Four Audit meetings held.
Scope of the audit carried out in the Company's accounts Partnership accounts, scope of the audit carried out in the Company's books and records, date of the audit and the result	: It was observed in the quarterly audits made on the statutory books and books and records at the audit dates and in the conclusion documents that the records were in compliance with the documents and accounting standards.
The number and the results of the counts made in the Partnership treasury	: Apart from cash audits carried out in affiliated companies, four cash audits were carried out at the Head Office and it was observed that cash balances were in conformity with the records.
Dates and results of the examinations in the Company records	: The Company records were examined every month, and the presence and compliance with the records were observed for all kinds of securities which were recorded as pledge, guarantee, provision and warranty or received as bail to be maintained in the Company's treasury.
Complaints and information concerning embezzlements, which were referred to us, and procedures followed (if any)	: No complaints and information about embezzlement were referred to us.

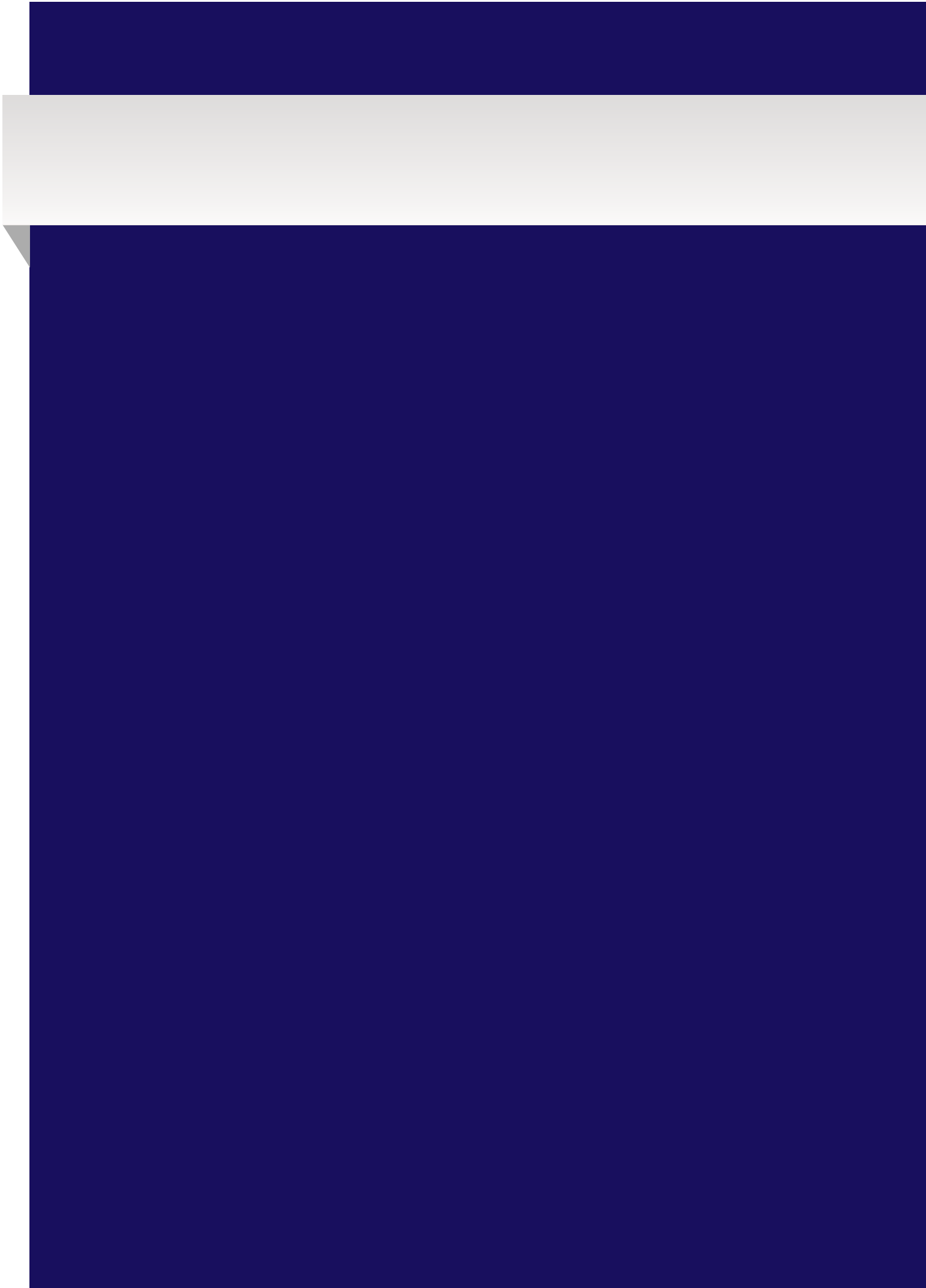
I have audited the accounts and transactions of İhlas Media Holding for the period of January 1, 2012 - December 31, 2012 in accordance with the Turkish Commercial Code, the Company's Articles of Association, other laws and regulations and generally accepted accounting principles and standards.

It is my view that the appended balance sheet drawn up as per December 31, 2012, the contents of which are recognized by me, and the Income Statement for the period January 1, 2012 - December 31, 2012, truly and accurately reflect the Company's financial situation as per the above date and the operating results as per the above period respectively, and that the recommendation for the distribution of profits complies with the laws and the Company's Articles of Association.

I submit the approval of the Balance Sheet and Income Statement, and the discharge of the Board of Directors for your examination.

İstanbul, 08.03.2013

Auditor
Mehmet Kürşat Karakebelioğlu



İHLAS YAYIN HOLDİNG A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT FOR THE
ACCOUNTING YEAR JANUARY 1 - DECEMBER 31, 2012





İRFAN BAĞIMSIZ DENETİM VE YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.

İhlas Yayın Holding Anonim Şirketi
Independent Auditor's Report
for the Accounting Year January 01 - December 31, 2012

To the Board of Directors of İhlas Yayın Holding Anonim Şirketi,

We have audited the accompanying consolidated financial statements (balance sheet) of İhlas Yayın Holding Anonim Şirketi ("the Holding"), applicable for December 31, 2012, and the related comprehensive statements of income, changes in shareholders' equity and cash flows and footnotes to these statements applicable for the same year ending.

The Responsibilities of the Group Management in Relation to the Financial Statements

The management of the Group is responsible for the preparation and correct disclosure of the consolidated financial tables in accordance with the financial reporting standards announced by the Capital Markets Board (CMB). This responsibility incorporates the preparation of consolidated financial tables in a manner free from any material errors which may stem from mistakes and / or deceptions and irregularities, the design, application and maintenance of internal auditing systems to enable a fair representation of the state of the company, the establishment of accounting projections proper for relevant conditions and the determination of proper accounting policies.

The Responsibility of the Independent Audit Company

Our responsibility is to release a view on these consolidated financial tables based on the results of our independent auditing. Our independent audit was carried out in accordance with independent auditing standards set out by the Capital Markets Board. These standards require compliance with ethical standards and the completion of an independent audit to provide sufficient confidence in the ability of the consolidated financial statements to present an accurate reflection of the state of the Holding.

Our independent audit incorporates the use of independent audit techniques in order to provide an independent audit of the consolidated financial tables and footnotes. We were responsible for the determination of the independent audit techniques, including the matter of whether there are any errors, which may stem from mistakes and / or deceptions and irregularities in the consolidated financial tables. The internal risk system of the Group was taken into consideration in this risk appraisal. However, our aim is not to disclose a view on the efficiency of the internal audit system, but to illustrate the relationship between financial tables prepared by the management and the internal audit system in order to develop independent techniques, which are proper for the relevant conditions. Our independent audit also incorporates the appraisal of the compatibility between accounting policies accepted by the Group management and accounting projections, and the presentation of consolidated financial tables as a whole.

We believe in that the independent audit results obtained through our internal audit are sufficient and proper to establish such a view.

Opinion

In our view, the enclosed consolidated financial statements truly and fairly reflect Group's financial status as of December 31, 2012, as well as its financial performance and cash flows for the fiscal year ending on the same date, excluding the impact of matters described in the above Grounds for Qualified Opinion section, within the framework of financial reporting standards published by the Capital Markets Board.

Apart from affecting our opinions, we would like to draw your attention to the following matter:

The consolidated financial statements of the previous period (dated December 31, 2011), presented comparatively with the attached consolidated financial statements of the Group dated December 31, 2012, were audited by another independent auditing firm. Unauthorised positive opinion has been expressed for the aforementioned consolidated financial statements.

ISTANBUL, March 08, 2013

Responsible Partner, Chief Auditor
HAYATİ ÇİFTLİK

İRFAN BAĞIMSIZ DENETİM VE YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.

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İhlas Yayın Holding A.Ş.

**Consolidated Financial Position Statements (Balance Sheets)
as of December 31, 2012 and December 31, 2011**

(All amounts expressed in Turkish Lira ("TL") unless mentioned otherwise.)

	Footnote References	Audited 31.12.2012	Independently Audited 31.12.2011
ASSETS			
Current Assets		116,095,464	111,597,159
Cash and Cash Equivalents	6	2,313,550	10,085,865
Financial Investments	7	7,600,000	-
Trade Receivables	10	75,693,343	69,589,337
- Trade Receivables from Related Parties	10	18,927,497	26,906,905
- Other Trade Receivables	10	56,765,846	42,682,432
Receivables from Finance Sector Operations	12	-	-
Other Receivables	11	407,162	450,909
Inventories	13	9,454,384	7,433,045
Live Assets	14	-	-
Other Current Assets	26	20,627,025	24,038,003
(Sub Total)		116,095,464	111,597,159
Fixed assets Held-for Sale	34	-	-
Fixed Assets		222,121,433	232,197,071
Trade Receivables	10	-	-
Receivables from Finance Sector Operations	12	-	-
Other Receivables	11	61,983	54,679
Financial Investments	7	-	-
Investment by Equity Method	16	470,818	9,097,876
Live Assets	14	-	-
Real Estate Held-for-investment	17	65,631,964	91,809,903
Tangible Assets	18	66,160,573	42,561,760
Intangible Assets	19	56,855,053	57,184,086
Goodwill	20	13,342,728	13,342,728
Deferred Tax Liabilities	35	16,006,073	17,574,536
Other Non-Current Assets	26	3,592,241	571,503
TOTAL ASSETS		338,216,897	343,794,230

The accompanying footnotes form an integral part of the consolidated financial statements.

	Footnote References	Audited 31.12.2012	Independently Audited 31.12.2011
LIABILITIES			
Short-Term Liabilities			
Financial Debts	8	10,184,076	3,796,722
Other Financial Liabilities	9	1,002,816	1,968,805
Trade Payables	10	25,342,417	12,362,485
- Trade Payables to Related Parties	10	2,814,437	1,277,491
- Other Trade Liabilities	10	22,527,980	11,084,994
Other Liabilities	11	2,903,815	1,908,815
Debts from Financial Sector Operations	12	-	-
Government Promotion and Aid	21	-	-
Tax Liability Profit for the Period	35	212,896	94,719
Provision of Debt	22	63,300	84,861
Other Short-Term Liabilities	26	10,400,581	7,663,066
(Sub Total)		50,109,901	27,879,473
Liabilities Related to Fixed Assets Held-for-sale	34	-	-
Long-Term Liabilities			
Financial Debt	8	3,551,038	3,541,907
Other Financial Liabilities	9	-	-
Trade Payables	10	-	-
Other Liabilities	11	-	-
Debts from Financial Sector Operations	12	-	-
Government Promotion and Aid	21	-	-
Provision of Debt	22	623,845	604,262
Allowances Related to Extended Benefit to Employees	24	11,053,492	9,528,218
Deferred Tax Liability	35	21,872,880	21,732,496
Other Long-Term Liabilities	26	942,476	354,637
SHAREHOLDERS' EQUITY			
Shareholders' Equity Belonging to Main Partnership			
Paid-in Capital	27	200,000,000	200,000,000
Capital Correction Discrimination	27	22,039,497	22,039,497
Opposite Affiliate Capital Correction (-)		-	-
Share Premiums		-	-
Value Increase Funds		-	-
FX Conversion Differences		-	-
Restricted Reserves Derived from Profit	27	6,950,379	6,950,444
Other Reserves	27	(19,814,896)	-
Profit / Loss for the Previous Period	27	(47,486,977)	(52,431,569)
Net Profit / Loss for the Period	36	(6,580,644)	4,991,968
Minority Interest			
	27	94,955,906	98,602,897
TOTAL LIABILITIES		338,216,897	343,794,230

The accompanying footnotes form an integral part of the consolidated financial statements.

İhlas Yayın Holding A.Ş.

Consolidated Comprehensive Income Statements as of January 1 - December 31, 2012 and January 1 - December 31, 2011

(All amounts expressed in Turkish Lira ("TL") unless mentioned otherwise.)

		Independently	
	Footnote References	Audited 01.01.2012- 31.12.2012	Audited 01.01.2011- 31.12.2011
CONTINUING OPERATIONS			
Income from Sales	28	152,967,183	153,140,536
Cost of Goods Sold (-)	28	(131,093,185)	(132,826,235)
Gross Profit / (Loss) from Trade Activities		21,873,998	20,314,301
Interest, Fee, Premium, Commission and Other Income	28	-	-
Interest, Fee, Premium, Commission and Other Expenses (-)	28	-	-
Gross Profit / (Loss) from Financial Sector Activities		-	-
GROSS PROFIT / (LOSS)		21,873,998	20,314,301
Marketing Sales and Distribution Expenses (-)	29	(11,390,913)	(10,149,175)
General Administration Expenses (-)	29	(28,151,395)	(23,128,417)
Research and Development Expenses (-)	29	-	-
Other Operating Income	31	3,511,164	4,686,688
Other Operating Expenses (-)	31	(2,140,999)	(3,784,994)
OPERATING PROFIT / (LOSS)		(16,298,145)	(12,061,597)
Shares of Investments Evaluated by Equity			
Method in Profit / (Loss)	16	3,794,380	8,902,946
Financial Income	32	14,351,559	14,716,456
Financial Expenses (-)	33	(7,381,359)	(7,447,550)
PRE-TAX PROFIT / (LOSS) OF CONTINUING OPERATIONS		(5,533,565)	4,110,255
Continuing Operations Tax Income / (Expenditure)		(2,047,203)	(183,787)
- Tax Income / (Expenditure) of the Period	35	(338,357)	(1,158,612)
- Deferred Tax Income / (Expenditure)	35	(1,708,846)	974,825
PROFIT / (LOSS) FOR THE PERIOD OF CONTINUING OPERATIONS	36	(7,580,768)	3,926,468
CEASED OPERATIONS			
Profit / (Loss) After Tax of Ceased Operations	34	-	-
PROFIT / (LOSS) FOR THE PERIOD		(7,580,768)	3,926,468
Distribution of Profit / (Loss) For the Period		(7,580,768)	3,926,468
Minority Interest	36	(1,000,124)	(1,065,500)
Shares of Main Partnership	36	(6,580,644)	4,991,968
Earnings / (Loss) per Share	36	(0.03)	0.02
Earnings / (Loss) per Share from Continuing Operations	36	(0.03)	0.02

The accompanying footnotes form an integral part of the consolidated financial statements.

		Independently	
	Footnote References	Audited 01.01.2012- 31.12.2012	Audited 01.01.2011- 31.12.2011
PROFIT / LOSS FOR THE PERIOD	36	(7,580,768)	3,926,468
OTHER COMPREHENSIVE PROFIT			
Change in Financial Assets Value Increase Fund		-	-
Change in Fixed Assets Value Increase Fund		-	-
Change in the Fund of Protection from Financial Risk		-	-
Change in Foreign Currency Conversion Difference		-	-
Actuarial Gains and Loss in Pension Plans		-	-
Shares of Partnerships, Valued with Equity Method, in Other Comprehensive Income		-	-
Tax Income / Expenditure(s) Related with Other Comprehensive Income Items		-	-
OTHER COMPREHENSIVE INCOME (AFTER TAX)		-	-
TOTAL COMPREHENSIVE INCOME		(7,580,768)	3,926,468
Diversification of Total Comprehensive Income		(7,580,768)	3,926,468
Minority Interest	36	(1,000,124)	(1,065,500)
Main Partnership Shares	36	(6,580,644)	4,991,968

The accompanying footnotes form an integral part of the consolidated financial statements.

Consolidated Cash Flow Statements**as of January 1 - December 31, 2012 and January 1 - December 31, 2011**

(All amounts expressed in Turkish Lira ("TL") unless mentioned otherwise.)

	Footnote References	Independently Audited 31.12.2012	Audited 31.12.2011
Cash flows from operating activities			
Net profit / (loss) for the period	36	(6,580,644)	4,991,968
Mutual agreement between cash flows from operating activities and net profit			
Depreciation	18	5,556,501	5,004,626
Amortization and depletion allowance	19	461,913	200,474
Provisions for severance pay	24	3,876,648	2,705,666
Tax	35	2,047,203	183,787
Minority profit / (loss)	36	(1,000,124)	(1,065,500)
Provisions for Brand Impairment	31	397,820	-
Provisions for Impairment of Investment Properties	31	850,342	894,770
Provision of law suit	31	146,972	431,792
Provisions for Business Advance	30	638,285	812,940
Shares of Investments Valued by Equity Method in Profit / (Loss)	16	(3,794,380)	(8,902,946)
Provision for doubtful accounts out of subject	31	(148,950)	(341,409)
Provision of severance payments out of subject	31	(475,355)	(185,583)
Other provisions out of subject	31	(169,124)	(958,587)
Interest revenue	32	(3,271,447)	(2,945,089)
Interest expenditure	32	2,256,280	941,316
Loss / (profit) on fixed assets sold, net	31	(258,989)	(470,232)
Other expenses / (income) not requiring cash (inflow) / outflow, net		(353,364)	(387,514)
Net operating profit before changes in operating assets and liabilities		179,587	910,479
Changes in assets and liabilities			
Change in the Financial Investments	7	(7,600,000)	-
Changes in trade receivables	10	(6,104,006)	(3,976,186)
Changes in other receivables	11	36,443	460,802
Changes in inventories	13	(2,021,339)	(694,024)
Changes in other current assets	26	3,410,978	(8,674,497)
Changes in other fixed assets	26	(3,020,738)	(440,243)
Changes in trade payables	10	12,979,932	(8,015,140)
Changes in other debts	11	995,000	143,676
Changes in other short and long-term debts	26	3,325,354	1,946,255
Taxes paid	35	(220,180)	(1,488,991)
Paid severance pays	24	(1,876,019)	(1,098,710)
Net cash provided by operating activities		85,012	(20,926,579)
Investment activities			
Tangible fixed asset and held-for-investment real estate purchases	17,18	(5,787,670)	(8,943,763)
Intangible fixed assets purchases	19	(530,700)	(1,245,788)
Cash from fixed assets sales		2,218,942	7,430,757
Dividend Income Derived from Investments Measured by Equity Method	16	12,421,438	-
Cash capital increase of subsidiary (external main partnership)	27	-	1,395,000
Cash Outflows due to Minority Share Acquisitions	27	(22,625,000)	-
Net cash derived from investment operations		(14,302,990)	(1,363,794)
Financial operations:			
Interests Received	31	3,271,447	2,945,089
Interests Paid	32	(2,256,280)	(941,316)
Change in financial debts	8,9	5,430,496	1,256,613
Net cash used in financial operations		6,445,663	3,260,386
Net increase in cash and cash equivalents		(7,772,315)	(19,029,987)
Balance of cash and cash equivalents at the beginning of the period	6	10,085,865	29,115,852
Balance of cash and cash equivalents at the end of the period	6	2,313,550	10,085,865

İhlas Yayın Holding A.Ş.

Footnotes to the Consolidated Financial Statements as of December 31, 2012

(The amounts are expressed in Turkish Lira ("TL"), unless otherwise indicated.)

Note 1 - Organization and Line of Activity of the Group

İhlas Yayın Holding A.Ş.'s ("Holding") field of activity consists of participating or partaking in the capitals, management and controlling of all kinds of partnerships that are or will be established to operate in all kinds of written, audio and video broadcasting, advertising, news agency and other similar sectors as of their establishment or thereafter, in addition to establishing enterprises and companies in these sectors on the Holding's own behalf.

The Holding's headquarters is located at the address: "Merkez Mahallesi 29 Ekim Caddesi İhlas Plaza No:11 B / 31 Yenibosna - Bahçelievler / İstanbul".

The Holding's and its subsidiary companies' number of personnel as of the dates indicated below are as follows:

Periods	Holding	Subsidiary Companies	Group Total
31.12.2012	20	1,159	1,179
31.12.2011	23	1,098	1,121

The Holding's partnership structure as of 31.12.2012 and 31.12.2011 is as follows:

Name / Title	31.12.2012		31.12.2011	
	Share ratio %	Share Amount (TL)	Share ratio %	Share Amount (TL)
İhlas Holding A.Ş.	69.15	138,300,000	69.15	138,300,000
Free Float	28.75	57,500,000	28.75	57,500,000
Enver Ören ^(*)	1.00	2,000,000	1.00	2,000,000
Ahmet Mücahid Ören	0.90	1,800,000	0.90	1,800,000
Mahmut Kemal Aydın	0.10	200,000	0.10	200,000
Other	0.10	200,000	0.10	200,000
Total	100.00	200,000,000	100.00	200,000,000
Distinction from Share Capital Adjustments		22,039,497		22,039,497
Total		222,039,497		222,039,497

Considering the ultimate shareholders of the Holding, the natural or legal persons indirectly sharing the capital are as follows:

Name / Title	31.12.2012		31.12.2011	
	Share ratio %	Share Amount (TL)	Share ratio %	Share Amount (TL)
Free Float	87.71	175,423,124	85.76	171,512,880
Enver Ören ^(*)	8.03	16,053,190	8.65	17,304,259
Other	4.26	8,523,686	5.59	11,182,861
Total	100	200,000,000	100	200,000,000

^(*) The partnership structure hasn't been clarified as of the date of the report due to the death of Mr. Enver Ören, one of the Holding's shareholders, after the date of the Balance Sheet.

The distribution and the benefits of the privileged shares (Group B shares) of the Holding are as follows:

Partner's Name / Title	Bearer / Registered	Quantity	Amount
İhlas Holding A.Ş.	Registered	8,000,000	8,000,000
Enver Ören ^(*)	Registered	1,000,000	1,000,000
Ahmet Mücahid Ören	Registered	900,000	900,000
Mahmut Kemal Aydın	Registered	100,000	100,000
Total		10,000,000	10,000,000

^(*) The situation of the privileged shares hasn't been clarified as of the date of the report due to the death of Mr. Enver Ören, one of the Holding's shareholders, after the date of the Balance Sheet.

Benefits Provided from Preferential Shares

a- Regarding the prerogative of choosing a Member of the Board of Directors;

If the General Assembly of the Holding decides that the Board of Directors consist of 5 people, at least 4 of the Members of the Board of Directors are selected from among candidates nominated by group (B) shareholders. Similarly, at least 5 of the members are selected among those candidates if a board of 7 people is decided, at least 7 of the members are selected among those candidates if a board of 9 people is decided, and at least 9 of the members are selected among those candidates if a board of 11 people is decided.

b- Regarding the prerogative of choosing a Comptroller;

If the General Assembly decides the number of comptrollers as one, this comptroller is selected from among candidates nominated by group (B) shareholders. Similarly, at least two of the comptrollers are selected among those candidates if a comptroller number of three is decided upon.

c- Regarding the prerogative of voting at the General Assembly Meetings;

In the ordinary and the extraordinary General Assembly Meetings of the Holding, each group B shareholder has 100 (one hundred) vote rights for each share they possess.

The Board of Directors of the Holding applied to the Capital Markets Board (CMB) for the amendments of the Articles of Association on February 14, 2013 in order to comply with the Turkish Commercial Code numbered 6102 and the Capital Markets Law numbered 6362. Please refer to Note 40 for detailed information.

The Group's Fields of Activity

The Group consists of the Holding and its subsidiary companies.

One of the group companies, İhlas Gazetecilik A.Ş. (İhlas Gazetecilik) is engaged in the following fields of activity: publishing and printing newspapers, magazines, books, encyclopedias, pamphlets and journals that are daily, weekly, monthly, shorter-term, longer-term or of uncertain frequency, in Turkish and in foreign languages, in addition to distribution and marketing of these products domestically and internationally. İhlas Gazetecilik owns six printing facilities, located in Istanbul, Ankara, Antalya, Izmir, Adana and Trabzon.

One of the Group companies, İhlas Haber Ajansı A.Ş. (İHA), is engaged in the news agency business. The Company's main fields of activity consist of generating visual, written and photographed news, in addition to marketing this news via satellite and other means.

The main fields of activity of one of the Group companies, TGRT Haber TV A.Ş. (TGRT Haber), consist of production of television and radio broadcasts, production, shooting and vocalization of television films, as well as video and advertising programs, rental of television channels and establishment of radio stations. TGRT FM, which has 5 studios consisting of one broadcasting, two recording and two montage studios, operates under the legal entity of TGRT News TV.

The main fields of activity of one of the Group companies, TGRT Dijital TV Hizmetleri A.Ş. (TGRT Dijital), consist of production of television and radio broadcasts, broadcasts of documentaries, production, shooting and vocalization of television films, as well as video and advertising programs.

İletişim Magazin Gazt. ve Tic. A.Ş. (Communications Magazine), one of the Group companies, is engaged in the issuing, printing and marketing of magazines, newspapers, books, etc. The Company produces several magazines on various subjects and a newspaper.

İhlas Yayın Holding A.Ş.

Footnotes to the Consolidated Financial Statements as of December 31, 2012

(The amounts are expressed in Turkish Lira ("TL"), unless otherwise indicated.)

One of the Group companies, İhlas Fuar Hizmetleri A.Ş. (İhlas Fuar), is engaged in organizing trade and promotion purpose fairs and exhibitions, both domestically and internationally. The Company's fields of activity also include providing advertising services within its sector and issuing periodical publications.

The fields of activity of one of the Group companies, İhlas Gelişim Yayıncılık A.Ş. (İhlas Gelişim), consist of the domestic and international selling, distribution and marketing of newspapers and all kinds of other publications, both in Turkish and in foreign languages. İhlas Gelişim is also the main partner of İhlas Fuar and İletişim Magazin.

One of the Group companies, Alternatif Media, is engaged in advertising, publicity, photography and billboards in addition to the company's duties as an advertising agency.

The fields of activity of one of the Group companies, Promaş Profesyonel Medya Reklam ve Film Pazarlama Hizmetleri A.Ş. (Promaş), consist of advertising, publicity, photography, show bills and other similar announcement media, in addition to the Company's duties as an advertising agency.

The fields of activity of one of the Group companies, İhlas Media Planning and Buying (former title: İhlas Advertising Agency Services) (İhlas Media) consist of advertising, publicity, photography and billboards in addition to the company's duties as an advertising agency.

Subsidiary Companies

The Holding's final stock share ratios with its subsidiary companies as of December 31, 2012, and December 31, 2011, are as follows:

	Main Fields of Activity	Ownership Ratio %	
		31.12.2012	31.12.2011
1) İhlas Gazetecilik	Issuing, distribution and marketing of Türkiye Gazetesi, as well as print and press related works	56%	56%
2) İHA	News Agency	75%	50%
3) TGRT Haber	Television broadcasting through TGRT Haber TV and radio broadcasting through TGRT FM	98%	98%
4) TGRT Dijital	Television broadcasting through TGRT Belgesel TV	99%	95%
5) İletişim Magazin	Issuing, printing and marketing of magazines, newspapers, books etc	79%	79%
6) İhlas Fuar	Organizing fairs and exhibitions in addition to issuing periodical publications on subjects related to the Company's fields of activity.	77%	77%
7) İhlas Gelişim	The Company is the main partner of İhlas Fuar Hizmetleri A.Ş. and İletişim Magazin Gazt. San ve Tic. A.Ş.	84%	84%
8) Alternatif Medya	Advertising, publicity, photography and agency regarding show bills and other similar announcement media	93%	93%
9) Promaş	Advertising, publicity, photography and agency regarding show bills and other similar announcement media	96%	96%
10) İhlas Medya	Advertising, publicity, photography and agency regarding show bills and other similar announcement media	99%	99%

Note 2 - Principles Regarding the Presentation of Financial Statements

A. Basic Guidelines Regarding the Presentation

Declaration of Conformity

The Group keeps its accounting records and prepares its legal financial statements according to Uniform Chart of Accounts, Turkish Commercial Code and Turkish Tax Legislation, and in conformity with the generally accepted accounting policies published by the Capital Markets Board (CMB), which apply to all companies listed on the Istanbul Stock Exchange.

With the "Communiqué on Principles Regarding Financial Reporting in Capital Markets" Serial: XI, No. 29, the Capital Markets Board specifies the principles, procedures and guidelines regarding financial reports prepared by entities, their preparation methods and their presentation to the interested parties. This Communiqué was put into effect to cover the financial statements of the first interim that ends after January 1, 2008 and it was repealed with the Capital Market Board's "Communiqué on Accounting Standards in Capital Markets" Serial: XI No. 25. Pursuant to Communiqué Serial: XI, No: 29, businesses apply International Accounting / Financial Reporting Standards (IAS / IFRS), endorsed by the European Union, and they include the provision endorsed by the European Union for IAS / IFRS in the footnotes of their financial statements. Within this context, Turkish Accounting / Financial Reporting Standards (TAS / TFRS), which are not contrary to the adopted standards, published by the Turkish Accounting Standards Board (TASB) (TASB was closed in November 2011 and its duties were transferred to the Public Oversight Accounting and Auditing Standards Authority) shall prevail. However, IASs/IFRSs shall remain in effect until the differences between IASs/IFRSs accepted by the European Union and those standards published by the International Accounting Standards Board (IASB) are announced by the Public Oversight Accounting and Auditing Standards Authority (former title: TASB).

The Group's consolidated financial statements and their attachments were prepared according to CMB's communiqué Serial: XI, No: 29. The consolidated financial statements and their footnotes were presented in compliance with the formats which were imposed as mandatory for implementation in CMB's announcement dated April 14, 2008.

In order to make fair measurements and presentations in accordance with IFRS, the consolidated financial statements of the Group are prepared to include revisions on legal records and re-classifications.

Comparative Information and Correction on the Financial Statements of the Previous Period

In order to provide an opportunity to detect the financial status and performance trends, the Group's consolidated financial statements are prepared by including comparison with the previous period. When the representation or the classification of financial statement items are changed, financial statements of the prior period are re-classified accordingly to provide comparability.

Due to the fact that some account items presented in the extended income table of the Holding, dated January 1 – December 31, 2011 have been reported after reclassification, the Holding's extended income table for the previous period has also been reclassified. Please refer to Note 41 for the information pertaining to the aforementioned reclassification.

In the event of the Group applying an accounting policy in a retrospective manner, or a business adjusting the items of its financial statements in a retrospective manner, or making a re-classification on the items of its financial statements, it is required to present a minimum of a 3 period financial status statement (balance sheet), 2 period of statements for each of the other statements (comprehensive income statement, cash flow statement, changes in shareholders' equity statement) in addition to their related footnotes.

İhlas Yayın Holding A.Ş.

Footnotes to the Consolidated Financial Statements as of December 31, 2012

(The amounts are expressed in Turkish Lira ("TL"), unless otherwise indicated.)

The Group makes the presentation of its consolidated financial status statements in the frequency defined by the periods below:

- as of the end of the current period,
- as of the end of the previous period,
- as of the beginning of the earliest comparative period.

Explanation Concerning Inflation Accounting and the Currency Unit of Reporting

With the decision taken by the Capital Markets Board on March 17, 2005, it was announced that implementation of inflation accounting is no longer required for companies that operate in Turkey and prepare their financial statements in accordance with the CMB Financial Reporting Standards, as of January 1, 2005. Therefore, as of January 1, 2005, the IAS 29 "Financial Reporting in Hyper Inflationary Economies", published by the IASB, was not implemented in the consolidated financial statements dated 31.12.2012.

The consolidated financial statements dated December 31, 2012 and the consolidated financial statements of the prior period to be used for comparative purposes, are prepared by using the currency unit Turkish Lira "TL".

As required by the standard IAS 21 "Effects of Changes in Foreign Exchange Rates", the Group records its foreign currency transactions in the functional currency unit with the amount that is calculated by applying the spot exchange rate between the foreign currency and the functional currency unit on the transaction date.

Closing exchange rates of foreign currencies published by the Central Bank of Turkey (CBT) on the dates December 31, 2012, and December 31, 2011, are listed below.

Currency Type	Exchange Rates (TL / Currency Unit)	
	31.12.2012	31.12.2011
US\$	1.7826	1.8889
EURO	2.3517	2.4438
GBP	2.8708	2.9170
CHF	1.9430	2.0062
SEK	0.2722	0.2722

Netting

Assets - liabilities and revenues - expenses are not deducted unless anticipated or allowed by the Standards or Comments. Assets and liabilities are displayed on a net basis in cases where a legal right is present, an intention to evaluate those assets and liabilities in question on a net basis is present, an acquisition of assets is subjected and where fulfillment of liabilities is taking place simultaneously. Presenting the assets in their net amounts, which is calculated after being deducted by the regulatory accounts such as provision for decrease in value of inventories and provision for doubtful receivables, is not a netting.

Applied Consolidation Guidelines

The consolidated financial statements consist of the Holding's, as the parent company, and the Holding's subsidiary companies' financial statements which end on the date December 31, 2011. Subsidiary companies are included in the consolidation as of the dates on which their control is transferred to the Group, and they are removed from the consolidated subsidiary companies as of the date on which their control is removed from the Group. The consolidated financial statements of the Group represent the companies in which the Group literally has the authority and the power to control financial and operating policies in line with the Group's interests, either by using the authority granted by the Group's voting rights derived from the shares which belong to the Group either directly and / or indirectly if they exceed a 50% ratio, or by using the Group's active control on the companies' financial and operating policies if the Group does not have the authority to use more than 50% of the voting rights. Subsidiary companies were consolidated by using the full consolidation method. Therefore, their registered subsidiary values were netted by their related equities. Shareholders' equities and net profits for the period which belong to the subsidiary companies, and are attributed to the rights owners other than the main partnership, are represented in the consolidated statement of financial position (balance sheet), and in the consolidated comprehensive income statement, as minority shares.

The Group considers buying and selling transactions performed with the minorities, regarding the shares that belong to the partnerships the Group already has control of, as the usage of the expansion of the main partner method. In additional purchase and acquisition transactions of shares outside the parent entity, the difference between the acquisition cost and the book value of the net assets at the acquired rate of the partnership is accounted for as equity. In other words, changes occurring with no loss of control, despite the change of the ownership ratio of a parent entity in its partnership, are accounted for as equity transactions.

Balances and transactions among the Group companies were subjected to elimination, which was conducted by including inter Company profits, unrealized profits and losses. The consolidated financial statements were prepared by using similar accounting principles that are applied on transactions and events under similar conditions.

In the event that the Group holds between 20 % and 50 % of the voting rights of an entity, in which a direct or indirect investment is made, it is accepted that there is a significant impact in the aforementioned transaction and the invested entity is considered as a subsidiary, unless the opposite can be stated.

Investments in the subsidiaries are consolidated through the equity method. According to the equity method, the subsidiary investment is initially recorded with the acquisition cost. After the date of the acquisition, the book value of the investment is raised or lowered in order to reflect the share of the investor in the profit or loss of the invested subsidiary in the financial statements. The share of the investor in the profit or loss of the invested subsidiary is accounted for as the profit or loss of the investor. Also, the goodwill related to the subsidiary is included in the book value of the subsidiary investment. Partnerships subjected to joint management are companies in which an economic activity is undertaken through a contract, and they are subjected to the joint control of the Group and one or more entrepreneur partners. According to the standard IAS 31 "Shares in Joint Ventures", partnerships subjected to joint management are consolidated either by using the proportional consolidation method, or by using the equity method as an alternative to the proportional consolidation method. Accordingly, in the consolidation of the Group's partnership subjected to joint management, the Group has used the alternative method, which is the equity method. According to the equity method, the partnership subjected to joint management is presented in the consolidated balance sheet by adding the Group's shares in the net assets of the partnership subjected to joint management and the post purchase changes to the partnership's costs, and then deducting the related provision if there are any reductions in value. The consolidated comprehensive income statement reflects the Group's shares in the operating results of the partnership subjected to joint management.

As the Group's partnerships is subjected to joint management, The Group classifies "İhlas Holding A.Ş. - İhlas Yayın Holding A.Ş. ve İhlas Pazarlama A.Ş. Ortak Girişimi (Joint Venture - 4)" and İhlas İletişim Hiz. A.Ş. (İhlas İletişim) among the Group's investments that are evaluated by the equity method.

B. Changes in Accounting Policies

Financial statement users should have the opportunity to compare an entity's financial statements over time, so that they can determine the entity's financial situation, performance and cash flow trends. Therefore, the same accounting policies are applied on each interim period and each accounting period.

The following conditions are not considered as changes in accounting policies;

- Implementation of an accounting policy on transactions or events which are different by nature when compared to previous transactions or events,
- Implementation of a new accounting policy on transactions or events which have not occurred before or were not of importance before.

As required by the principle of consistency, the Group implements the same accounting policies on all of the periods.

Implementation of International Financial Reporting Standards which are new and revised:

The accounting policies which were taken as a basis in the preparation of the consolidated financial tables belonging to the accounting period ending December 31, 2012 were applied in compliance with the new and amended standards summarised below, and effective as of January 1, 2012 together with the previous standards, except for the International Financial Reporting Standards Committee (IFRS) comments. The impact of these standards and comments on the financial position and performance of the Group are explained in the relevant paragraphs.

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Footnotes to the Consolidated Financial Statements as of December 31, 2012

(The amounts are expressed in Turkish Lira ("TL"), unless otherwise indicated.)

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 should be applied retrospectively. The amendment did not have any impact on the financial position or performance of the Group.

IFRS 7 Financial Instruments: Disclosures Related with the Transfer Operations of the Financial Assets (Amendment)

The amendments in the standards resulted from the investigation of the International Accounting Standards Board on the offsetting activities. The purpose of this amendment is to allow users of financial statements to improve their understanding of transfer transactions of financial assets, especially by encouraging transparency through reporting of transfer transactions such as the securitisation of the financial assets, including the possible effects of any risks that may remain with the entity which transferred the assets. The amendment did not have any impact on the financial position or performance of the Group.

Standards issued but not yet effective and not adopted early

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the condensed interim consolidated financial statements are as follows:

The Group will make the necessary changes, if not indicated otherwise, which will affect the consolidated financial statements and disclosures, after the new standards and interpretations come into effect.

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

The amendments are effective for annual periods beginning on or after July 1, 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 Group.

IAS 19 Employee Benefits (Amendment)

The amended standard is effective for annual periods beginning on or after January 1, 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 Group is in the process of assessing the impact of the amended standard on the financial position and performance of the Group.

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. The transitional requirement of this amendment is similar to IFRS 10. This amendment is not expected to have an impact on the financial position and performance of the Group.

IAS 28 Investments in Associates and Joint Ventures (Amendment)

As a consequential amendment to IFRS 11 and IFRS 12, the IASB also amended IAS 28, which has been renamed as 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. The transitional requirement of this amendment is similar to IFRS 11. This amendment is not expected to have an impact on the financial position and performance of the Group.

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

The amendments clarify the meaning of “currently has a legally enforceable right to offset” 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 January 1, 2014. This amendment is not expected to have an impact on the financial position and performance of the Group.

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

New disclosures would provide users of financial statements with information that is useful in (a) evaluating the effect or potential effect of netting arrangements on an entity’s financial position and (b) analysing and comparing financial statements prepared in accordance with IFRSs and other generally accepted accounting standards. The amendments are to be retrospectively applied for annual periods beginning on or after January 1, 2013 and interim periods within those annual periods. The amendment affects disclosures only and will have no impact on the financial position and performance of the Group.

IFRS 9 Financial Instruments – Classification and measurement

As amended in December 2011, the new standard is effective for annual periods beginning on or after January 1, 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 Group is in the process of assessing the impact of the new standard on the financial position and performance of the Group.

IFRS 10 Consolidated Financial Statements

The standard is effective for annual periods beginning on or after January 1, 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 also be adopted early.

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Footnotes to the Consolidated Financial Statements as of December 31, 2012

(The amounts are expressed in Turkish Lira ("TL"), unless otherwise indicated.)

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 requires preparers of financial statements to exercise significant judgment. This standard has not yet been endorsed by the EU. The aforementioned standard affects disclosures only and will have no impact on the financial position or performance of the Group.

IFRS 11 Joint Arrangements

The standard is effective for annual periods ending on or after January 1, 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 also be adopted at the same time.

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 no longer permitted for joint ventures. The aforementioned standard is not expected to have an impact on the financial position or performance of the Group.

IFRS 12 Disclosure of Interests in Other Entities

The standard is effective for annual periods ending on or after January 1, 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 also be adopted at the same time.

IFRS 12 includes all of the disclosures that were previously included in IAS 27 Consolidated and Separate Financial Statements pertaining 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. Under the new standard, the Group will provide more comprehensive disclosures for investments in other entities.

IFRS 13 Fair Value Measurement

The new Standard provides guidance on how to measure fair value under IFRS but does not change the procedure when an entity will or 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. It is obligatory to use this Standard for annual periods ending on or after January 1, 2013 and it 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. The aforementioned standard is not expected to have an impact on the financial position or performance of the Group.

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

The Interpretation is effective for annual periods beginning on or after January 1, 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 aforementioned interpretation has not yet been endorsed by the EU and is not expected to have any impact on the financial position or performance of the Group.

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

The amendment is effective for annual periods beginning on or after January 1, 2013. The amendments only 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. The guidance is not expected to have any impact on the financial position or performance of the Group.

Improvements to IFRSs

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

IAS 1 Financial Statement Presentation:

Clarifies the difference between voluntary additional comparative information and the minimum required comparative information.

IAS 16 Fixed Assets:

Clarifies that major spare parts and servicing equipment that meet the definition of fixed assets shouldn't be accounted for as 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.

C. Revisions and Errors in the Accounting Estimates

Revisions and errors in the accounting estimates refer to corrections that are required due to changes in the amount of periodical usage which is caused by the determination of the book value of an asset, a foreign source or their current status, and the evaluation of their benefits or liabilities expected in the future. Revisions in the accounting estimates are caused by new information or a new development. Therefore, it does not mean the correction of errors.

During the preparation of financial statements according to IFRS, the Group management is required to make some estimates and assumptions which would affect the reported active and passive amounts, and the explanations concerning possible assets and liabilities as of the date of the balance sheet. Actual results may vary from the estimates and assumptions. Significant changes in accounting policies and significant accounting errors detected are applied in a retrospective manner and financial statements of the prior period are re-issued. If the revisions in the accounting estimates relate to a single period, they are applied on the current period in which the change occurs. However, if the revisions in the accounting estimates relate to future periods, they are applied both on the current period in which the change occurs and on the next period in a prospective manner.

Footnotes to the Consolidated Financial Statements as of December 31, 2012

(The amounts are expressed in Turkish Lira ("TL"), unless otherwise indicated.)

D. Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalents include cash assets in the cash account, as well as cash money and time deposits in the banks, to be presented in the cash flow statement. Cash and cash equivalent values are shown with the sum of acquisition costs and their accrued interests. As required by the communiqué with Serial: XI, No. 29, financial investments with a maturity of less than three months are reported in the cash and cash equivalents group.

Financial Investments

Financial investments are classified into three groups which are financial assets with trading purposes (their fair value difference is recognized in the income statement), financial investments to be held until maturity, and financial investments that are available-for-sale.

During the initial recognition of financial investments, which have a fair value difference that has not been reflected in the profit or the loss, the transaction costs, which can be directly linked to the acquisition of the related financial asset, are added to the fair value in question.

Financial assets with trading purposes are composed of banks with a maturity longer than three months and marketable securities which are either obtained for generating profit from short-term market fluctuations in prices or similar elements, or are a part of a portfolio that is for generating profit in a short period of time regardless of the cause of acquisition. During their initial recognition, financial assets with trading purposes are measured by their fair values. Transaction costs regarding the acquisition of the related financial asset are added to its fair value, and they are subjected to valuation with their fair values in the periods following their recognition. Gains and losses calculated as a result of the valuation are included in the profit / loss accounts. Trading purpose financial investments without an active market are shown by their cost price in subsequent periods. Interests earned during the possession of marketable securities with trading purposes are firstly shown in the interest income and the dividend income derived from received profit shares. The purchasing and sales transactions of marketable securities with trading purposes are included to and excluded from the records according to their "delivery date".

Investments to be held until maturity are the financial investments which the entity has the intention and opportunity to hold onto until their maturity. These investments include payments of fixed or determinable nature and a fixed maturity date. Financial investments to be held until maturity are shown from their amortized cost price calculated by using the effective interest method in the periods following their recognition. Gains and losses calculated as a result of the valuation are included in the profit / loss accounts.

The effective interest method is a method which includes calculating the amortized costs of financial assets (or a group of financial assets) and distributing the related interest income or expenses to the associated period. The effective interest rate is the rate that exactly reduces the financial instruments' estimated cash payments and collections in the future (through the expected life or for a shorter period of time if applicable) to the net book value of the associated financial asset or liability.

Financial investments available-for-sale are financial investments which are defined as available-for-sale and are not classified as financial investments to be held until maturity, or financial investments that are reflected in the profit or loss. If an active market is present, the financial investments available-for-sale are evaluated over their fair value. All the gains and losses that result from the performed evaluation are shown as part of the equity, until the time the asset in question is sold. However, if an active market is not present, it is evaluated from its cost price.

Trade Receivables

Trade receivables arising from forward sales are evaluated from their amortized costs by using the effective interest method. If the effect of the interest accrued is insignificant, trade receivables without a specified interest rate are evaluated by regarding the invoice amount as a basis.

If the effective interest rates of trade receivables are unknown, a precedent interest rate is taken as a basis. The Group uses LIBOR rates as the active interest rates due to the fact that its receivables and payables don't have a cash value as required by commercial customs, and late interest is not applied to the sales. Promissory notes and post dated checks are classified as trade receivables; they are subjected to re-discounting and their reduced value (amortized cost values), which is calculated through the use of the effective interest rate method, is used when reporting.

According to the standard "IAS 39 Financial Instruments: Recognition and Measurement", the difference between the nominal amount of trade receivables and their amortized value is recognized as an interest expense.

Provision for doubtful receivables is recognized as expenses. The provision is the amount that is reckoned to compensate possible losses estimated by the Group management. These losses may arise from either economic conditions or the risk carried by the account due to its nature. There are various indicators when evaluating whether or not a receivable is a doubtful receivable. These indicators are as follows:

- a) Data regarding the presence of receivables in previous years which could not be collected,
- b) The debtor's ability to pay,
- c) Extraordinary circumstances arising in the sector related to the field of activity, and in the current economic environment.

As a requirement of the standard IAS 1 "Presentation of Financial Statements", trade receivables are classified as short-term, even if they are going to be collected in a period of time that is longer than twelve months from the balance sheet date. This is because they are a part of the business capital used by the entity within the normal operating period.

Inventories

When evaluating the inventories either the cost or the net realizable value is taken as a basis, depending on which of the two is the lower. The cost of inventories includes all purchasing costs, conversion costs and other costs incurred in bringing the inventories to their current condition and location. Unit cost of inventories is determined by the moving weighted average method. The distribution of fixed production overheads over the conversion costs is based on the assumption that production activities would be at normal capacity. Normal capacity is the average amount of production which is expected to be obtained under normal conditions in a period, more than one period, or seasons. It is determined by taking into consideration capacity reductions arising from planned maintenance and repair work. If the actual production levels are close to the normal capacity, then this capacity is accepted as the normal capacity.

The net realizable value is the amount calculated by adding the estimated cost of completion and the estimated cost of sales required to perform the sale, and then deducting this sum from the estimated sale price in the ordinary course of business. The renovation costs of raw materials and supplies might be the best measure that reflects the net realizable value.

The acquisition costs of inventories are reduced to their net realizable values on the basis of each inventory item. This reduction is performed by allocating an allowance for the decline in the value of inventories. This means that if the cost prices of the inventories are greater than their net realizable value, then they are reduced to their net realizable value by allocating a provision for impairment. Otherwise, no action needs to be taken.

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If the acquisition of the inventories was performed with a deferred payment condition or includes a financing element, the difference between the cash purchase price and the price that was actually paid for these elements, is recognized as interest expenses within the period of financing.

Tangible and Intangible Fixed Assets

The cost of a tangible or an intangible fixed asset item is reflected to the financial statements as an asset only in the event of the following conditions:

- a) If it is probable that the future economic benefit regarding this item is going to be reflected to the entity, and
- b) If the cost of the item in question can be measured reliably.

A tangible or an intangible fixed asset item, which meets the conditions of its recognition as an asset, is measured with its cost price during its initial recognition. In subsequent periods, these assets are evaluated by using either their cost or re valuation method.

The initial costs of fixed assets consist of the purchase price, including customs duties, non-refundable purchase taxes and all direct costs until the asset is brought to its operating location, and until it is in running condition.

The cost model is to present a tangible or an intangible fixed asset by deducting the accumulated depreciation and impairments (if there are any) from its cost values.

The revaluation model requires a tangible or an intangible fixed asset item, which has a fair value that can be measured reliably, to be shown with its revalued amount after being recognized as an asset. The revalued amount is the value obtained by deducting the losses of subsequent accumulated depreciation and subsequent accumulated impairment from the asset's fair value on its date of revaluation. Revaluations are done on a regular basis as of the date of the balance sheet, so that there will not be a significant difference between the amount calculated by using the fair value and the book value. The Group goes to revaluation in the event that signs of significant changes are observed for the real estate properties for which it uses the revaluation method. The company uses the cost method for the intangible fixed assets and intangible assets other than its real estate properties since there is no active market for them. As required by the standard IAS 36 "Impairment in Assets", the Group confirmed that there hasn't been an impairment or appreciation in the current period as a result of the studies it conducted on whether there has been impairment or appreciation pertaining to its real estate properties. This was confirmed by specialist people/institutions by taking into consideration criteria such as, fair value less cost to sell (net sales price), location, exemplary transaction of the fixed assets and whether or not they have a market.

When a tangible fixed asset is revalued, the accumulated depreciation on the date of the revaluation is corrected in proportion with the changes in the asset's gross book value, and by doing so, the asset's book value after the revaluation becomes equal to the revalued amount.

The clauses of the standards IAS 2 "Inventories" and IAS 16 "Tangible Fixed Assets" are applied for the transfers of the Group from its inventories to tangible fixed assets in order to be used in operating activities. Accordingly, the fair value as of the transfer date is taken as a basis.

Depreciation is calculated according to normal and accelerated depreciation methods, in addition to the following useful life and methods, by taking the pro rata basis into consideration:

	Useful Life (Years)	Method
Buildings	50	Normal
Machinery, plant and equipment	5-13	Normal
Vehicles, tools and materials	5-10	Normal
Fixtures and fittings	3-15	Normal
Other tangible assets (Film) ⁽¹⁾	2	Normal / Accelerated
Special Costs	5	Normal
Rights	5	Normal
Other intangible fixed assets (computer software)	2-5	Normal

⁽¹⁾ For the calculation of depreciation regarding films, a ratio of 60% was used for the first year and a ratio of 40% was used for the second year.

According to IAS 38, some intangible fixed assets can be placed in or on the physical objects such as compact discs (if it's an item of computer software), legal documents (if it's a license or patent), or films. Films have also been considered within this context and included in tangible fixed assets.

Useful life and depreciation method is reviewed on a regular basis, and accordingly, it is carefully examined to observe whether the method and the depreciation time are compatible with the economic benefits to be obtained from the asset in question. Even when bought together, lands and buildings are separable tangible assets and they are recognized as separate assets. There are no depreciations allocated for assets such as lands and buildings as they have an undetectable useful life span. In other words, their useful life is considered as indefinite.

In case of events and changes in current conditions regarding impossibility of recovery in the carrying amount of tangible fixed assets, it is examined whether there is a decrease in the values of the tangible fixed assets in question. In the events of these kinds of symptoms, or if the carrying values exceed the realizable value, the related assets are reduced to their realizable values. Realizable value is either the net selling price or the use value of an asset, depending on which is the higher. When calculating the use value, estimated future cash flows are reduced to their present day value by using the pre-tax discount rate which reflects the asset specific risks. For assets that do not form large amounts of cash flow by themselves and independently, the realizable value is calculated for the cash forming units to which that asset belongs. The tangible fixed asset in question is depreciated from its estimated remaining useful life. In the income statement, the depreciation amounts and the impairment losses of tangible fixed assets are recorded under General Management Expenses, Marketing Sales and Distribution Expenses and Cost of Sales.

The Group has performed an impairment test for its assets and has determined their net selling prices by considering the assets' "second hand market values", and for those assets without a second hand market, the Group took the assets' "redeemed renovation costs" into consideration. It hasn't been considered necessary to calculate the values in use of these assets and no provision for impairment has been allocated for them since their net selling prices are equal to or greater than their net book values. However, for some other assets (e.g. goodwill), the impairment test is carried out by taking their values in use as a base in the event it's impossible to determine their net selling prices.

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Intangible fixed assets are used to represent brands, rights and other intangible items (such as computer software). For items purchased before January 1, 2005, intangible fixed assets are reflected by use of their corrected cost values due to the effects of inflation as of December 31, 2004. For items bought after December 31, 2004 intangible fixed assets are reflected by deducting the permanent impairment and the accumulated amortizations of their acquisition cost. Amortization regarding intangible fixed assets is allocated by using the straight-line amortization method, as of the date of purchase, over the useful life time of the related assets, provided that their economic life is not exceeded. In the income statement, the amortization of intangible fixed assets is recorded under General Management Expenses, Marketing Sales and Distribution Expenses and Cost of Sales.

The brand "Türkiye" was purchased by İhlas Gazetecilik, one of the Group companies, in the year 2000, and is used as the brand of the newspaper published by this company. Due to the continuity of the entity, the brand is considered to have an indefinite useful life. Therefore, it was not subjected to amortization. As required by IAS 36 "Impairment of Assets", the aforementioned brand is undergoing an impairment test. The higher of the fair value less cost to sell and value in use is considered as a basis in the determination of the recoverable amount of the assets with unlimited useful lives. However, in the event that one of these methods is not reliable or cannot be determined, the other method can be used in the determination of the recoverable amount. The provisions and cancellations of impairment are accounted for under Other Operating Expenses and Other Operating Income, respectively.

Any profits or losses occurring when selling off tangible and intangible fixed assets are determined by comparing their net book value to the sales amounts and in the current period, they are reflected in the related other operating income and expenses accounts.

Investment Purpose Real Estate Properties

Rather than the following purposes, investment purpose real estate properties are real estate properties that are kept in order to obtain a rental income, a gain from an increase in value, or both. These real estate properties are held by either the owner or the tenant, depending on the financial lease agreement. They can consist of land, a building, a part of a building, or both.

- a) To be used for administrative purposes or in the production or supplying of goods or services; or
- b) To be sold under the normal course of business.

Investment purpose real estate properties are held for obtaining rental income, capital gain (capital appreciation) or both.

If the following conditions are met, the Group records an investment purpose real estate property as an asset:

- a) If it is probable that the future economic benefit regarding this real estate property is going to be earned by the entity, and
- b) If the cost of the real estate property in question can be measured reliably.

An investment purpose real estate's initial measurement is performed according to its cost. Operation costs are also included in its initial measurement. However, investment purpose real estate properties purchased through financial leasing are recognized by either their fair values, or by the present value of the minimum lease payments, depending on which of the two is the lower.

Investment purpose real estate properties are valued in subsequent periods by electing to either use the fair value method or the cost method. In the valuation of its investment purpose real estate properties, the Group has chosen to use the fair value method. The fair value of investment purpose real estate properties; is determined as the amount for which an asset could be exchanged or a debt be paid between

knowledgeable, willing parties in an arm's length transaction. The fair value is determined according to the best estimate in the event that the real estate properties do not have a market. From this point of view, the fair value may vary depending on the estimate and any changes in the market conditions. In the assessment of the fair value, characteristic risks, market conditions and the depreciation of the asset based on experts' views are taken into consideration. Within this context, the Group associated the impairment related with the current period with the other expenses in the extended income statement, as a result of the studies conducted on whether or not any impairment or appreciation has occurred on investment purpose real estate properties.

Gains or losses arising from changes of the fair value of an investment purpose real estate property are included in the profit or loss of the period in which they occur, and they are recognized in the other operating income / expenses accounts.

Even when bought together, lands and buildings are separable tangible assets and they are recognized as separate assets. The real estate properties leased to and used by the parent company or subsidiaries are not recognised as investment purpose real estate properties in the consolidated financial statements. These properties are recognised as properties used by their owners and reported among tangible fixed assets.

Goodwill

Goodwill obtained from business mergers represents the payment performed by the acquiring entity for expected future economic benefits that derive from assets, which can neither be determined individually nor allow a separate recognition. Goodwill does not generate cash flows that are independent from other assets or asset groups. Instead, goodwill generally contributes to the cash flows of more than one cash-generating unit. Sometimes goodwill may necessarily be deployed only to a group of cash generating units, instead of individual units that generate cash. As a result, the lowest level of an entity that keeps track of goodwill for in house managerial purposes may sometimes consist of a group of cash generating units which are related to goodwill, but the goodwill cannot be deployed to these units. In business mergers without cash generating units or in business mergers where the cash generating unit does not contribute to the cash flow, and probably will not provide an economic benefit in the future, the generated amounts which cannot be identified as goodwill are directly associated with expenses and they are not capitalized.

Purchasing method is used for the recognition of all business mergers. The implementation of the purchase method is applied by adhering to the following steps:

- a) Identifying the entity that conducts the acquisition,
- b) Identifying the cost of the business merger, and
- c) Deploying the cost of the business merger among the assets acquired, the liabilities undertaken and the contingent liabilities on the date of the business merger.

Goodwill is the difference between the cost of the acquired partnership, or the acquired assets as of the date of the acquisition, and the fair value of their net assets (or just the asset, for acquired assets). If the price of acquisition is more than the fair value of the acquired net assets, then the difference between these is reflected in the balance sheet as goodwill. If the price of acquisition is less than the fair value of the acquired net assets, then the difference is reflected in the income statement as profit derived from business mergers.

According to IFRS 3 "Business Mergers", a provision of impairment in relation to goodwill is allocated if goodwill's recoverable value is less than its book value, and if there are issues that can be considered as an indication of impairment in an asset. Conditions which are considered as an indicator of reduction in the value of an asset include, presence of major changes in the fields of activity of the acquired entity, presence of major changes between the projected estimates made on the acquisition date and the actual results, if the product, service or technology belonging to the acquired entity is outdated or out of use, and the presence of other similar issues indicating that the book value of the asset in question is no longer recoverable.

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Taxation and Deferred Taxes

The Group's tax expense / income consists of the sum of its current tax expense and deferred tax expense / income. Current year tax liability is calculated over the taxable portion of the profit for the period. Taxable profit excludes income or expense items which can be taxed or deducted in other years, and items which are un-taxable or non deductible. Therefore, it may vary from the profit presented in the income statement. The Group's current tax liability was calculated by using the tax rate which is either already enacted, or certain to be enacted as of the date of the balance sheet.

If the current tax amounts to be paid are already paid or are going to be paid to the same tax authority, they are netted with the prepaid tax amounts. Deferred tax assets and liabilities are also netted in the same way.

Deferred taxes are calculated by using the temporary differences between the book values of the assets and liabilities that are included in the financial statements, and the related tax values (balance sheet method / balance sheet liability method). These temporary differences are classified into two categories, which are deductible and taxable. All temporary differences that have a deductible expense nature in tax aspects, are recognized as a deferred tax asset under the following conditions: it should be highly probable that there will be sufficient taxable income in future periods to deduct these expenses, the operation should not be a part of a business merger, and the debt should not be arising from its initial recognition. All taxable temporary differences are recognized as a deferred tax liability. However, a deferred tax liability is not recognized for the temporary differences if they are occurring during the initial recognition of goodwill, if they arise during the initial recognition of an asset or a liability, or if they are caused by operations which are not of a business merger nature.

According to the tax laws, financial losses and tax advantages of the past year, which have not yet been used, are recognized as deferred tax assets if it is probable that a taxable income will be obtained in the subsequent period by an amount that is enough to make them deductible.

According to the tax legislation in force, the valid and enacted tax rates as of the date of the balance sheet are used for calculating the deferred income tax.

Deferred tax liabilities are calculated for all taxable temporary differences. However deferred tax assets arising from deductible temporary differences are calculated only if it is highly probable that a benefit from these differences will be obtained by generating taxable profit in the future (Note 35).

Regarding the deduction of current tax assets from current tax liabilities, tax assets and tax liabilities deferred because of a legally enforceable right shall be mutually deducted from each other, provided that all of these operations are subjected to the same country's tax legislation.

A 75% portion of the gains occurring from sales of the following are exempt from corporate tax: all real estate properties and participation stocks that were among the entities' assets for at least two full years, founder's shares, dividend right certificates and pre-emption rights. In order to benefit from the exemption, the gain in question is required to be kept in a fund account under the liabilities section of the balance sheet and they should not be withdrawn for 5 years; it is also required that the selling price should be collected, at the latest, by the end of the second calendar year following the year in which the sale occurs. Therefore, 25% of the differences regarding these assets are considered as temporary differences.

The brand "Türkiye" was acquired by one of the Group companies, İhlas Gazetecilik, through acquisition and this brand is part of the goodwill. The standard IAS 12 "Income Taxes" indicates that brands are subjected to amortization by the legal authorities. In other words, they are considered as a deduction item when calculating the financial profit. Therefore, the brand was evaluated as a temporary difference and it was subjected to deferred tax as a deferred tax liability.

Leasing

Financial Leasing

Financial leases envisioning the transfer of all risks and benefits related to the ownership of the asset that was leased to the Group, shall be recognized by reflecting one of the following as a basis, depending on which of the two is the lesser amount: the fair value of the asset subjected to leasing, or the present value of lease payments. Financial lease payments are allocated as capital and finance expenses all through the lease term, so that they would generate a constant periodic rate of interest over the remaining debt balance. Financing expenses are directly reflected in the income statement in periods. Capitalized leased assets are subjected to depreciation over the asset's estimated useful life.

The fair value used in financial leasing is the value of the asset used in the acquisition of the asset determined between the parties. The minimum lease payments contain the total liabilities such as capital, interest and taxes. They are accounted for under their acquisition values since their current values aren't lower than the acquisition values (capital).

Operational Lease

The form of leasing in which the lessor party holds all the risks and benefits of the leased asset to themselves is classified as operational leasing. All through the lease term, the operating lease payments are recognized as expenses in the consolidated and comprehensive income statement, using the straight-line method.

Provision for Employee Termination Benefits

Provision for severance pay indicates the reduction of the estimated total provisions for possible future liabilities to the value of the balance sheet date for the following conditions or terms: if the employee of the Group becomes retired in conformity with the "Law on Arrangement of Relationships Between Employees Working In Press and Turkish Labor Law", or if the employee's employment relationship is discontinued after completing at least one year of service (at least five years of service for Press employees), if the employee is called to duty for his military service, or in the event of the employee's death (Note 24). The actuarial valuation method is used for the reduction of liabilities for employee termination benefits. In order to do this, actuarial assumptions were made. The most important of these is the discount rate used in performing the reduction.

The ratio used for discounting the benefit obligations (provisions for employee termination benefits) after the release of the employee is determined by observing market returns regarding high quality corporate bonds on the date of the balance sheet. Due to the lack of a deep market for such bonds, the real interest rate was used by taking the market returns (compound interest rates) of state bonds (on the date of the balance sheet) into consideration. In other words an interest rate (real interest rate) which is net of the effects of inflation is used (Note 24).

Within this context, as an institution subject to business law, a provision for severance pay was calculated in accordance with the "International Accounting Standard Regarding Benefits Provided to Employees" (IAS 19), and by using the actuarial method for future liability amounts which may arise if the entire personnel were to become retired, discontinued their working relations after completing a minimum of one year of service, if they were all called to duty for their military service, or in the event of death, the calculated severance pay is recognized in the attached consolidated financial statements.

The assumptions used in the calculation of provisions for employee termination benefits are described in Note 24.

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Provisions, Contingent Assets and Liabilities

Provisions are recognized only if the Group has a liability (legal or structural) that has been carried over from the past, if there is a probability that the Group's benefit generating resources might have to be sold because of this liability, and if the amount of the liability can be determined in a reliable manner. If another party is expected to partially or entirely compensate the expenditure required for fulfilling the obligations of the liability, the related compensation is also included in the financial statements. However, in this scenario, it must be highly probable that if the Group was to fulfill the obligations of the liability, the related compensation would be acquired by the Group.

When allocating a provision, one of the three methods is applied. The first of these methods is applied when the time value of money is important. When the loss of value encountered by money over time gains importance, provisions are reflected by the reduced value (on the date of the balance sheet) of the expenses likely to occur in the future. When the reduced value is used, the increases that are going to occur in the provisions due to the passage of time are recognized as interest expenses. For the provisions in which the time value of the money is of importance, it is assumed that there are no risks or uncertainties when determining the estimated cash flows. The reduction of these provisions is performed by using the estimated cash flow and the risk free discount rate which is based on similar term government bonds. The second method is the expected value method. This method is applied when the provision is related to a large batch or a large number of incidents. With this method, the liability is estimated by taking all possible results into consideration. Meanwhile, the third method is applied when there is only a single liability or an incident. The application of this method involves reflecting the provision to the financial statements by estimating the most likely outcome. If a liability or an asset is of an uncertain nature, they are not included in the financial statements and they are considered as contingent liabilities and assets. Therefore, they are explained in the footnotes. This uncertain nature might be caused by past events, the asset's or liability's existence within the structure of the Group might be dependent on a condition over which the Group does not have full control, or it might be dependent on an event in the future which is not certain on the reporting date (See: Note 22 - 23).

Revenues

Revenue occurs when it is probable that an economic benefit is going to be received by an entity and it is recognized when the amount of income can be measured in a reliable manner. Revenues are shown in their net forms, which are obtained after deducting discounts, value added tax and sales taxes. For the formation of a revenue, the following criteria are required to be fulfilled.

Sale of Goods (newspaper, magazine, customised products, real estate properties etc.)

Revenue is considered as occurring when the risks and benefits of the goods sold are transferred to the buyer, and when the amount of revenue can be calculated in a reliable manner. Net sales consist of the invoiced selling price, after the deduction of discounts and commissions are performed.

The Group's partnership subjected to joint management, which has been consolidated according to the equity method, does not have a progress price within its construction activities. Therefore, the provisions of IAS 11 are not applied and income regarding construction activities is measured by the standard IAS 18 "Revenue". The terms of reflecting sales of goods and services in financial statements are indicated in IAS 18, and the Group's construction proceeds are reflected in the financial statements in accordance with these terms. For sales that are performed in return for receipt of advance payment, the Group holds the risk until the product has been delivered and invoiced. The Group does not have any revenues until the delivery and invoice time.

Sales of Services (advertising, fair services, TV services etc.)

When income from the sale of a service achieves a measurable completion level, it is considered as having occurred. In cases where a gain obtained from an agreement made cannot be measured reliably, the income is accepted by the recoverable amount of the expenses incurred.

Interest

In cases where the collection is not classified as doubtful, the income is considered to be earned on an accrual basis.

Dividend

The income is considered to be earned when the right to receive a dividend is provided to the partners.

Revenues are measured by the fair value of a fee which is either obtained or will be obtained. If the sales are performed with a maturity, according to the standard "IAS 39 Financial Instruments: Recognition and Measurement", the difference between the nominal amount of the sales price and the fair value (the discounted value) is recognized as an interest income.

In cases where the result of a transaction related to a sale of services can be estimated in a reliable manner, the revenue regarding the transaction is recognized by taking into consideration the completion level of the procedure on the date of the balance sheet.

Level of completion regarding the service transaction is determined by using various methods. Depending on the nature of the transaction, the preference made is based on which method provides a reliable measurement. Depending on the nature of the transaction, these methods are as follows:

- a) investigations related to the work done,
- b) the ratio of the services to be provided until the date of the balance sheet, to the total of the services provided, and
- c) the ratio of total costs incurred until the present day within the estimated total costs.

Financing Income / Expenses which have not been Accrued

Financing income / expenses which have not been accrued, represent financial income and expenses regarding sales and purchases with terms. During the period of the credit sales and purchases, these revenues and expenses are calculated with the use of the effective interest method and they are shown under the item titled financial income and expenses.

Borrowing Costs

Borrowing costs which can be directly linked to the acquisition, construction or production of a qualifying asset, are capitalized as an element of the cost of the qualifying asset in question. If these types of costs can be measured in a reliable manner, and if it is probable that the future economic benefits deriving from them can be of benefit to the entity, they are included in the cost of the related qualifying asset. Borrowing costs other than those mentioned above are recognized as an expense in the period in which they occur.

In the following periods, these borrowing costs are presented in the financial statements at a discounted value. The difference between the provided cash entry and the repayment value is written off in the income statement throughout the borrowing period.

Earnings per Share

Earnings per share is calculated by dividing the part of the net profit or loss for the period that corresponds with the holders of ordinary shares, by the weighted average number of ordinary shares within the period. The weighted average of the total number of shares in circulation during the period is calculated by also taking the shares (bonus) issued into consideration without causing an increase in the sources.

Financial Instruments

Recognition and De-recognition of the Financial Instruments

The Group reflects financial assets or financial liabilities in its balance sheet only and only if the Group is defined as a party in the agreement of the financial instrument. The Group removes the financial asset or a portion of the financial asset from its books only and only if the Group cedes control over its contractual rights regarding the assets in question. The Group removes a financial liability from its books, only and only if the Group's liability as defined in the contract or agreement is eliminated, is cancelled or is subjected to expiry.

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The Fair Value of Financial Instruments

The fair value of a financial instrument represents the amount for which the financial instrument in question can be exchanged between informed and willing parties through a current transaction under circumstances that the amount would not be affected by any relationship between the parties. If applicable, the fair value of a financial instrument is best determined by using a market price.

The estimated fair values of financial instruments are determined by the Group through the use of existing market information and the appropriate valuation methods. However, when estimating a fair value, the interpretation of the market data is left to the Group's decisions. As a result, the estimates presented herein, may not be an indication of the actual values which may be obtained by the Group in a current market transaction.

The following methods and assumptions were used while estimating the fair values of the financial instruments with a determinable fair value:

Financial Assets

Balances denominated in foreign currencies which are traded at the exchange rates at the end of the periods, are considered as an approximate for their book values. The foreign exchange rate expenses / income deriving from these types of financial instruments are reported within the financial expense / income account.

Financial assets presented at their cost price, including cash in hand and bank (including bank deposits), are of short-term nature, and losses of receivables regarding these assets are negligible. Therefore, they are considered as an approximate for their book value.

Foreign exchange rate expenses / income deriving from the appreciation of foreign currency balances, which are included in the cash and demand deposits accounts, are reported within the financial expense / income account. The amount of the term deposit (restricted and unrestricted) is valued according to the effective interest method; and the gains and losses regarding the term deposit are reported within the financial expense / income accounts. Gains and losses regarding investment funds are reported within the financial expense / income accounts as a sales profit / loss of marketable securities.

The fair values of marketable security investments have been estimated on the basis of market price on the date of the balance sheet.

Trade receivables are valued according to the effective interest method. All gains and losses which may derive from these trade receivables are associated with the sales account and the financing expense / income accounts.

Financial Liabilities

Short-term and long-term bank loans are presented with their amortized cost values. Long-term loans with foreign currencies as their currency unit are exchanged by using the foreign exchange rates available at the end of the respective periods. Thus by doing so, their fair values become closer to their book values.

Trade payables are presented with their amortized cost values. As a requirement of the standard IAS 1, trade payables are classified as short-term, even if they are going to be paid in a period of time that is longer than twelve months from the balance sheet date. This is because they are a part of the business capital used by the entity within the normal operating period.

In the event the Group is planning or preferring to re-finance or rotate its financial liability within at least twelve months after the reporting period, this liability is classified as a long-term liability, even if the new payment program is short-termed. However, if the re-financing or the rotation of the liability is not subject to the Group's preference or choice (for example, if a re-financing agreement is not present), the probability of a re-financing is not taken into consideration and the liability is classified as a short-term liability.

Trade payables and financial payables are valued according to the effective interest method. All gains and losses which may derive from these trade payables and financial payables are associated with the cost of sales account and the financing expense / income accounts.

Impairment in Financial Instruments

At the end of each reporting period, the existence of any indicators that a financial asset, or group of similar financial assets, measured at cost or amortised cost may be impaired should be assessed. If such an indicator exists, an impairment loss is evaluated. It may not be possible to determine a unique and separate event that causes impairment. Sometimes, there may be more than one reason. (Please refer to Note 39-e).

Classification of Financial Instruments

According to the standard, IAS 39 "Financial Instruments: Recognition and Measurement", financial assets are classified into four groups and financial liabilities are classified into two groups. Financial assets consist of those with a fair value (FV) difference that is reflected in the income statement, those which will be held until maturity, loans and receivables, and values that are available-for-sale. Financial liabilities are classified into two groups, which are those with a fair value difference that is reflected in the income statement, and other financial liabilities.

The values and the classification of the financial assets and liabilities as of the dates of 31.12.2012 and 31.12.2011 are given below:

	Financial Assets at Fair Value through Income Statement	Financial assets to be kept until maturity	Credits and receivables	Financial Assets that are Ready for Sale	Other/ Debts Measured at Amortised Costs
31.12.2012					
Financial Assets					
Cash and cash equivalents	2,313,550	-	-	-	-
Financial Investments	-	7,600,000	-	-	-
Trade receivables	-	-	75,693,343	-	-
Other receivables	-	-	469,145	-	-
Financial Liabilities					
Financial Debt	-	-	-	-	13,735,114
Other Financial Liabilities	-	-	-	-	1,002,816
Trade Payables	-	-	-	-	25,342,417
Other Payables	-	-	-	-	2,903,815

	Financial Assets at Fair Value through Income Statement	Financial assets to be kept until maturity	Credits and receivables	Financial Assets that are Ready for Sale	Other/ Debts Measured at Amortised Costs
31.12.2011					
Financial Assets					
Cash and cash equivalents	4,445,249	5,640,616	-	-	-
Trade receivables	-	-	69,589,337	-	-
Other receivables	-	-	505,588	-	-
Financial Liabilities					
Financial Debt	-	-	-	-	7,338,629
Other Financial Liabilities	-	-	-	-	1,968,805
Trade Payables	-	-	-	-	12,362,485
Other Payables	-	-	-	-	1,908,815

İhlas Yayın Holding A.Ş.

Footnotes to the Consolidated Financial Statements as of December 31, 2012

(The amounts are expressed in Turkish Lira ("TL"), unless otherwise indicated.)

Fair value measurements are explained in the accounting policies regarding each and every financial asset and liability. There are no other incidents or events that require any valuation process. The book value of the cash and bank accounts are considered as an approximate for their fair value.

Financial Risk Management

Collection Risk

A collection risk might be an issue for the Group, due to the Group's trade receivables in general. Trade receivables are evaluated by the Group management in light of market conditions and by taking past experiences into consideration. After this evaluation, a provision for doubtful receivables is allocated accordingly. A provision is allocated for doubtful receivables which will occur until the date of the report (Note 39).

Foreign Currency Risk

Foreign currency risk occurs due to changes in the value of a financial instrument which depend on changes in foreign currency exchange rates. As of the date of the report, the balances of the Group's transactions in foreign currencies resulting from its operations, investments and financial activities are described in Note 38. Due to the fact that the Group's net foreign currency is (-) as of 31.12.2011, a foreign currency risk arises for conditions where the foreign currency exchange rate falls in a manner that favors TL currency (when TL currency loses value against foreign currencies) (Note 39).

Liquidity Risk

The liquidity risk refers to the risk of encountering difficulties in providing funds to fulfill an entity's commitments regarding its financial instruments. The Group has been managing its liquidity risk by balancing the distribution of its assets and liabilities over time. (Note 39).

Related Parties

IAS 24 "Related Party Disclosures Standard" identifies an organization as an associated organization if the organization in question may directly or indirectly control, or significantly affect the other party through a relationship such as partnership, contractual rights, family relations or by similar means. The related parties also include the capital holders and the Group management. Related party operations consist of the resources and liabilities being transferred among the related parties with or without a fee.

In these financial statements, the parties identified as "related parties" include the Group's partners, companies that have an indirect capital relationship with the Group, members of the Board of Directors, senior managers and other key management personnel. The key management personnel consist of the people who directly or indirectly have the authority and responsibility of planning, managing and controlling the Group's activities and also include any of the directors in the Group (administrative or other). (Note 37).

In general, transactions with the related parties, which occur as a result of ordinary activities of the Group, are performed with prices that are in accordance with market conditions. The companies which have a direct or indirect relationship with the Group other than the subsidiaries, affiliates and joint ventures are as follows:

Related Company Titles

- 1) İhlas Holding A.Ş. (İhlas Holding)
- 2) İhlas Ev Aletleri İmalat San.Tic. A.Ş. (İhlas Home Appliances)
- 3) İhlas Pazarlama A.Ş. (İhlas Marketing)
- 4) Kristal Kola ve Meşrubat Sanayi Ticaret A.Ş. (Kristal Cola)
- 5) İhlas Madencilik A.Ş. (İhlas Mining)
- 6) Kuzuluk Kapl. İnş. Tur. Sağ. Petr. Ür. Tic. A.Ş. (Kuzuluk Holiday Village)
- 7) İhlas Net A.Ş. (İhlas Net)
- 8) İhlas Motor A.Ş. (İhlas Motor)
- 9) Bisan Bisiklet Moped Oto. San. Tic. A.Ş. (Bisan Group)
- 10) Bisiklet Pazarlama ve Tic. A.Ş. (Bicycle Marketing)

- 11) İhlas Yapı Turizm ve Sağlık A.Ş. (İhlas Tourism and Health Projects)
- 12) Kıbrıs Bürosu (Cyprus Office)
- 13) Mir Maden İşletmeciliği Enerji ve Kimya San. Tic. Ltd. Şti. (Mir Mining)
- 14) Detes Enerji Üretim A.Ş. (Detes Energy)
- 15) Armutlu Tatil ve Turizm İşletmeleri A.Ş. (Armutlu Holiday Village)
- 16) İhlas Holding A.Ş. - İhlas Yapı Turizm ve Sağlık A.Ş. Ortak Girişimi 3 (Joint Venture 3)
- 17) İhlas Genel Antrepo Nakliyat ve Tic. A.Ş. (İhlas Antrepo)
- 18) Tasfiye Halinde İhlas Finans Kurumu A.Ş. (İhlas Finans in Liquidity)
- 19) Kia İhlas Motor San ve Tic. A.Ş. (Kia İhlas Motor)
- 20) İhlas Dış Ticaret A.Ş. (İhlas Foreign Trade)
- 21) İhlas İnşaat Proje Taahhüt Turizm ve Tic. A.Ş. (İhlas Construction Project)
- 22) İhlas Net Ltd. Şti. (İhlas Net)
- 23) İhlas Mining Ltd. Şti.
- 24) Tasfiye Halinde İhlas Oxford Mortgage İnş. ve Tic. A.Ş. (İhlas Oxford in Liquidity)
- 25) Doğu Yatırım Holding A.Ş. (Doğu Investment)
- 26) Swiss PB AG
- 27) İhlas Pazarlama Yatırım Holding A.Ş. (Pazarlama Investment Holding)
- 28) İhlas İnşaat Holding A.Ş. (İhlas Construction Holding)
- 29) Kristal Gıda Dağ. Paz. ve Tic. A.Ş. (Kristal Food)
- 30) İhlas Meşrubat Üretim ve Pazarlama A.Ş. (İhlas Beverage)
- 31) Şifa Yemek ve Gıda Üretim Tesisleri Tic. A.Ş. (Şifa Catering)
- 32) KPT Lojistik Taahhüt Tur. Rek. Paz. İç ve Dış Tic. A.Ş. (KPT Logistics)

Events After the Date of the Balance Sheet

Events after the date of the balance sheet refer to those events occurring between the dates of the balance sheet and the date of authorization for the distribution of the balance sheet. These events may be in favor of or against a company. In accordance with the provisions of IAS 10 "International Accounting Standard Regarding Events After the Date of the Balance Sheet", the Group corrects its consolidated financial statements to comply with the requirements of a new situation if the following conditions for a correction are present: if there are new evidences indicating that the events in question are indeed present, or if the events in question are revealed after the date of the balance sheet, and if these events require the correction of the financial statements. If the events in question do not require the correction of the financial statements, the Group explains these aforementioned issues in its related footnotes (See: Note 40).

Cash Flow Statement

In terms of a cash flow statement, cash consists of the cash within the entity and the demand deposits of the entity. Whereas cash equivalents stand for investments which have an amount that can be easily converted into a certain amount of cash, these are short-term investments with high liquidity and the risk derived from changes occurring in their conversion is insignificant. Cash equivalents are assets that are retained for short-term cash liabilities and they are not used for investment purposes or other similar purposes. In order to consider an asset as a cash equivalent, it must be easily converted to a cash amount with a precisely detectable value, and it is essential that the risk of changes in its value should be insignificant. Accordingly, investments with a maturity of 3 months or less are considered as cash equivalent investments. Investments done on marketable securities which represent the shareholders' equity are not considered to be cash equivalents, unless they are fundamentally cash equivalents to begin with (for example, preferential stock shares which have a certain date of amortization written on them and which are acquired in a short period of time before their maturities). Cash and Cash equivalents of the Group are as provided below:

	31.12.2012	31.12.2011
Cash	472,209	1,034,447
Bank	1,605,579	8,273,322
Other cash equivalents	130,544	57,156
Checks that will be expired on the day of the balance sheet	105,218	720,940
Total	2,313,550	10,085,865

İhlas Yayın Holding A.Ş.

Footnotes to the Consolidated Financial Statements as of December 31, 2012

(The amounts are expressed in Turkish Lira ("TL"), unless otherwise indicated.)

The Group prepares its cash flow statements in order to inform the financial statement users about its ability to orient changes in its net assets, its financial structure, the amount of its cash flows and the timing of its cash flows, in accordance with changing conditions.

In the cash flow statement, the cash flow for the period is reported according to the classification made on the basis of its business, investment and financing activities. Cash flows derived from operating activities, represent the cash flows which are derived from issues included in the Group's field of activity. Cash flows related to investment activities indicate the cash flows obtained by the Group through the investing activities (fixed investments and financial investments). Cash flows related to financing activities indicate the sources used by the Group in its financing activities, and the reimbursement of these sources.

Reporting According to Operation Departments

Within the structure of an entity, an operation department can be defined as follows:

(a) An operation department is engaged in the business activities from which the entity is able to obtain revenues and perform payments (including revenues and expenses related to transactions performed with other parts of the same entity),

(b) An operation department is reviewed on a regular basis by the authority assigned by the entity, who is authorized to make decisions in the related activities. The purpose of this review is decision making regarding the resources to be provided for the department, evaluating the operating results and assessing the performance of the department, and

(c) An operation department represents a part of an entity with separate financial information.

Reportable Departments

The Group reports the following information regarding each and every operation department with a separate report:

(i) Those determined as in compliance with the above mentioned paragraphs (paragraphs a, b and c) or the results obtained from combining two or more related departments together, and

(ii) Those exceeding the threshold values presented in the following article consisting of the numerical lower limits, are reported separately.

Numerical Lower Limits

The Group prepares a separate report containing information about an operation department that meets any of the following numerical lower limits:

(a) If the reported revenues obtained by the operation department, including sales to non-business customers and interdepartmental sales or transfers, constitute 10 percent or more of the total values of all operation departments, both inside the entity and outside the entity,

(b) If the absolute amount of the profit or loss reported by an operation department is 10 percent or more than the absolute figures of the profit report prepared by combining all of the operation departments that have not declared a loss, or 10 percent or more than the absolute figures of the loss report prepared by combining all of the operation departments that have declared a loss,

(c) If the assets of an operation department is 10 percent or more than the total assets of all the operation departments. The reportable segments are determined based on the activities of the Group with its subsidiaries, affiliate companies and joint ventures within the context of the consolidation in which each company and the revenue and expenditures can separately be determined. Since each of the companies within the context of the consolidation is considered as reportable activity segments by the Group, the report in Note 5 was prepared in accordance with this criterion. The acquisition-sales of goods and services between these companies are generally performed in compliance with the market values.

E. Significant Accounting Assessments, Estimates and Assumptions, and Sources of Uncertainties

Preparation of financial statements involves the amounts of assets and liabilities reported as of the date of the balance sheet, the disclosure of contingent assets and liabilities and the use of estimates and assumptions which may have an affect over the amounts of income and expenses that are reported throughout the accounting period. Accounting assessments, estimates and assumptions are continuously evaluated by taking reasonable expectations into account. These reasonable accounts involve past experience, other factors and future events based on conditions of the present day. Although these estimates and assumptions are based on the managements' best information regarding current events and transactions, the actual results may vary from the assumptions.

The important estimates and assumptions used by the Group while preparing its consolidated financial statements are included in the following footnotes:

Note 2 / D	Determination of fair values
Note 10 ve 39 / E	Provision for impairment of trade receivables
Note 13	Provision for impairment of inventories
Note 2 / D, 17,18,19	Useful lives and provisions for impairment of investment purpose real estate properties, tangible and intangible fixed assets
Note 20	Provision for Impairment of Goodwill
Note 22-23	Provisions for litigation and other liabilities
Note 24	Provision for employee termination benefits
Note 35 / B	Deferred tax assets and liabilities

The descriptions provided below include assumptions regarding the upcoming period which carry a particular risk that may lead to significant alterations on the assets and liabilities of the balance sheet in the next reporting period. The descriptions also include the sources of uncertainty in the calculations.

- a) Within the framework of the specified accounting policies, the Group subjects intangible fixed assets with unlimited useful lives, and the registered values of goodwill, to an impairment test which may be conducted annually or when conditions indicate the presence of either a reduction in value, or a cancellation. An impairment test is conducted by comparing the intangible fixed assets that have unlimited useful lives and the registered values of goodwill, to their recoverable values. The recoverable values are determined by using the usage value calculations as a basis.
- b) Deferred taxes are recognized in the books only in the event of a detection indicating the probability of a taxable income in the years to come. If a taxable income is considered to be probable, the calculation regarding deferred tax assets is based on the unused accumulated losses and all deductible temporary differences. The Group has reviewed the transferred tax losses as of December 31, 2012.
- c) The management has also used some assumptions and projections during the determination of useful lives, determining the provision for doubtful receivables (Note 10 and 39 / E), the calculation of provisions for litigation and other liabilities (Note 22 - 23), and the calculation of the provision for severance payments (Note 24).

Note 3 - Enterprise Mergers

Current Period: None (Previous Period: None)

Transactions with the partners recorded in equities: The transactions with the partners recorded in the equities are not in the context of the Standard IFRS 3 "Business Mergers", and the aforementioned transactions are explained in detail in Note 27.

İhlas Yayın Holding A.Ş.

Footnotes to the Consolidated Financial Statements as of December 31, 2012

(The amounts are expressed in Turkish Lira ("TL"), unless otherwise indicated.)

Note 4 - Joint Ventures

Partnerships Subjected to Joint Management

The Group has included its partnership subjected to joint management, titled "İhlas Holding A.Ş. - İhlas Yayın Holding A.Ş. ve İhlas Pazarlama A.Ş. Ortak Girişimi" (Joint Venture - 4) in its consolidation, which has been prepared in accordance with the equity method. The partnership was established as an ordinary partnership, in order to jointly supply for works regarding the distribution of income after provision for the sale of land. The Group's active participation in this partnership is 45%, and the financial information regarding this partnership is as follows:

	31.12.2012	31.12.2011
Current / floating assets	30,052,337	68,566,756
Non-current / fixed assets	1,078	189
Total assets	30,053,415	68,566,945
Short-term liabilities	29,177,981	48,703,795
Long-term liabilities	26,641	72,880
Shareholders' Equity	848,793	19,790,270
Total sources	30,053,415	68,566,945
Net sales	41,800,684	112,163,052
Net profit / loss for the period⁽¹⁾	8,661,718	19,795,370

⁽¹⁾ The aforementioned joint venture distributed TL 8,203,685 of the current period profit and TL 19,399,510 of the previous period profit (totally TL 27,603,195) as dividend to the shareholders in the current period, and TL 12,421,438 corresponding to 45 % of this amount, is the dividend paid to the Holding. (Please refer to Note 16)

Emlak Pazarlama İnşaat Proje Yönetimi ve Ticaret A.Ş. transferred their rights and liabilities to this partnership in question. These rights and liabilities are set forth in the contract signed regarding the construction project at Istanbul, Bahçeşehir, İspartakule, Region 2, Section 3, Block 543, Parcel 1 for distribution of income after the provision of sale of land. The project, consisting of 680 residences and 1 office space, is completed as of December 12, 2011 and the 438 houses were transferred to the owners together with invoices.

Note 5 - Reporting on the Basis of Department of Activity

For the period January 01 - December 31, 2012:

	Journalism and Printing Works	News Agency	TV Services	Fair and Magazine	Advertising Agency	Other	Intra-group Eliminations	Group Total
Sales Revenues (net)	75,947,888	29,027,531	17,705,797	10,070,142	25,378,996	976,869	(6,140,040)	152,967,183
Sales Costs (-)	(69,259,238)	(25,208,752)	(8,719,392)	(6,610,350)	(25,238,081)	(469,624)	4,412,252	(131,093,185)
Gross Profit / Loss	6,688,650	3,818,779	8,986,405	3,459,792	140,915	507,245	(1,727,788)	21,873,998
Operating Expenses (-)	(16,830,407)	(4,811,039)	(11,727,776)	(4,548,155)	(429,849)	(3,435,115)	2,240,033	(39,542,308)
Income and Profits from Other Operations	3,069,681	290,811	278,655	128,421	-	255,841	(512,245)	3,511,164
Expenses and Losses from Other Operations (-)	(1,088,170)	(116,231)	(726,914)	(44,810)	(6,341)	(158,533)	-	(2,140,999)
Operating Profit / Loss	(8,160,246)	(817,680)	(3,189,630)	(1,004,752)	(295,275)	(2,830,562)	-	(16,298,145)
Profit / Loss Shares from Investments that are Evaluated by the Equity Method	-	-	-	-	-	3,794,380	-	3,794,380
Financial income / (expenses), net	6,454,374	334,580	(515,202)	27,653	117,266	551,529	-	6,970,200
Pre-tax Profit / Loss from Ongoing Activities	(1,705,872)	(483,100)	(3,704,832)	(977,099)	(178,009)	1,515,347	-	(5,533,565)
Total assets	245,668,758	21,160,906	24,090,706	7,052,444	10,209,956	40,205,742	(10,171,615)	338,216,897
Total Liabilities	38,694,318	11,092,057	19,738,957	5,944,917	7,648,384	15,206,614	(10,171,615)	88,153,632

The distribution of the Group's Sales Revenues (net) is as follows:

	Journalism and Printing Works	News Agency	TV Services	Fair and Magazine	Advertising Agency	Other	Group Total
Sales Revenues (net)	75,947,888	29,027,531	17,705,797	10,070,142	25,378,996	976,869	159,107,223
Intra-Group	2,013,716	544,890	2,457,905	740,790	25,944	356,795	6,140,040
Out-Group	73,934,172	28,482,641	15,247,892	9,329,352	25,353,052	620,074	152,967,183

For the period January 01 - December 31, 2011:

	Journalism and Printing Works	News Agency	TV Services	Fair and Magazine	Advertising Agency	Other	Intra-group Eliminations	Group Total
Sales Revenues (net)	80,268,189	28,164,329	21,616,444	9,408,956	25,536,046	672,782	(12,526,210)	153,140,536
Sales Costs (-)	(70,635,907)	(25,615,337)	(15,734,277)	(5,630,233)	(25,241,154)	(329,297)	10,359,970	(132,826,235)
Gross Profit / Loss	9,632,282	2,548,992	5,882,167	3,778,723	294,892	343,485	(2,166,240)	20,314,301
Operating Expenses (-)	(14,880,305)	(4,670,320)	(8,917,323)	(3,711,481)	(131,705)	(3,608,471)	2,642,013	(33,277,592)
Income and Profits from Other Operations	2,546,681	239,612	491,299	197,776	33,393	1,653,700	(475,773)	4,686,688
Expenses and Losses from Other Operations (-)	(1,627,369)	(615,187)	(747,218)	(583,416)	(81,053)	(130,751)	-	(3,784,994)
Operating Profit / Loss	(4,328,711)	(2,496,903)	(3,291,075)	(318,398)	115,527	(1,742,037)	-	(12,061,597)
Profit / Loss Shares from Investments that are Evaluated by the Equity Method	-	-	-	-	-	8,902,946	-	8,902,946
Financial income / (expenses), net	5,725,056	58,815	(105,250)	97,630	31,622	1,461,033	-	7,268,906
Pre-tax Profit / Loss from Ongoing Activities	1,396,345	(2,438,088)	(3,396,325)	(220,768)	147,149	8,621,942	-	4,110,255
Total assets	245,889,237	22,825,893	11,269,511	5,293,372	5,143,032	66,308,225	(12,935,040)	343,794,230
Total Liabilities	37,521,523	12,085,475	10,946,115	3,353,844	2,395,820	10,273,256	(12,935,040)	63,640,993

The distribution of the Group's Sales Revenues (net) is as follows:

	Journalism and Printing Works	News Agency	TV Services	Fair and Magazine	Advertising Agency	Other	Group Total
Sales Revenues (net)	80,268,189	28,164,329	21,616,444	9,408,956	25,536,046	672,782	165,666,746
Intra-Group	1,749,286	456,689	9,651,207	428,797	-	240,231	12,526,210
Out-Group	78,518,903	27,707,640	11,965,237	8,980,159	25,536,046	432,551	153,140,536

Note 6 - Cash and Cash Equivalents

	31.12.2012	31.12.2011
Cash	472,209	1,034,447
- Turkish lira	264,027	450,270
- Foreign currency	208,182	584,177
Bank	1,605,579	8,273,322
- Demand Deposits	1,605,579	2,632,706
- Turkish lira	771,811	1,161,002
- Foreign currency	833,768	1,471,704
- Time Deposits	-	5,640,616
- Restricted term deposit	-	-
- Unrestricted term deposit	-	5,002,192
- Repo	-	314,000
- Liquid funds	-	324,424
Other Liquid Assets	130,544	57,156
Checks that will be expired on the day of the balance sheet	105,218	720,940
Total	2,313,550	10,085,865

Footnotes to the Consolidated Financial Statements as of December 31, 2012

(The amounts are expressed in Turkish Lira ("TL"), unless otherwise indicated.)

Note 7 - Financial Investments

	31.12.2012	31.12.2011
Short-Term Financial Investments		
Banks	7,600,000	-
- Compensatory deposits of more than 3 months maturity ⁽¹⁾	7,600,000	-
Total	7,600,000	-

⁽¹⁾ Detailed information pertaining to the capitals of compensatory deposits in the current period is given in Notes 22 -23,

The interest rate range of the term deposits compensated until July 4, 2013 in TL as of the date of the Balance Sheet is 7.60 % - 7.90 %.

Previous Period: None

Note 8 - Financial Liabilities

	31.12.2012	31.12.2011
Short-Term Financial Liabilities	10,184,076	3,796,722
Bank Loans	7,933,159	154,401
Financial leasing operations	2,250,917	3,642,321
Long-Term Financial Liabilities	3,551,038	3,541,907
Bank Loans	24,643	39,073
Financial leasing operations	3,526,395	3,502,834

a) Bank Loans

31.12.2012	Currency Unit	Applied Interest Rate		Maturity	Amount
		Minimum	Maximum		in TL
					Currency
Short-term loans	TL	8%	14%	up to 3 months	31,129
	TL	8%	14%	between 3 and 12 months	7,902,030
Total Short-Term Loans					7,933,159
Long-term loans	TL	11%	14%	1-5 years	24,643
Total Long-Term Loans					24,643

31.12.2011	Currency Unit	Applied Interest Rate		Maturity	Amount
		Minimum	Maximum		in TL
					Currency
Short-term loans	TL	9%	18%	up to 3 months	41,903
	TL	9%	18%	between 3 and 12 months	112,498
Total Short-Term Loans					154,401
Long-term loans	TL	15%	15%	1-5 years	39,073
Total Long-Term Loans					39,073

The amortized values and contract values of bank loans are presented in Note 39-F.

The maturity analyses as of December 31, 2012 and December 31, 2011, are shown below:

	31.12.2012	31.12.2011
Up to 3 months	31,129	41,903
Between 3 and 12 months	7,902,030	112,498
1-5 years	24,643	39,073
Total	7,957,802	193,474

b) Financial Leasing Operations

	Currency Unit	Maturity	31.12.2011 Amount in TL Currency	31.12.2010 Amount in TL Currency
Short-Term Leasing Payables	TL	up to 3 months	-	-
	US\$	up to 3 months	289,947	211,750
	EURO	up to 3 months	287,828	850,783
	TL	Between 3 and 12 months	3,605	-
	USD	Between 3 and 12 months	805,710	735,769
	EURO	Between 3 and 12 months	863,827	1,844,019
Total Short-Term Leasing Payables			2,250,917	3,642,321
Long-term Financial Leasing Loans	US\$	Between 1 and 5 months	1,179,848	1,844,118
	EURO	Between 1 and 5 months	2,346,547	1,658,716
Total Long-Term Leasing Payables			3,526,395	3,502,834

The maturity analyses of long-term financial leasing debts as of December 31, 2012 and December 31, 2011, are shown below:

	31.12.2012	31.12.2011
2013	-	1,562,814
2014	1,975,495	1,217,820
2015	1,375,777	649,184
2016	175,123	73,016
Total	3,526,395	3,502,834

As the financial leasing operations are reported over the lower of the current value and the fair value of the minimum lease payments, the fair values (acquisition values, capital payments) were observed to be lower than the current value of the minimum lease payments as a result of the evaluations. As of the date of the Balance Sheet, financial leasings were reported over their fair values.

As of the date of the Balance Sheet, the details of the fair value and minimum lease payments related with the financial leasing debts in the Balance Sheet are as follows:

	Fair Value	Minimum Lease Payments
Up to 1 year	2,250,917	2,541,777
Between 1 and 5 years	3,526,395	3,731,509
Total	5,777,312	6,273,286

The classification of financial debts according to the standard IAS 39 "Financial Instruments: Recognition and Measurement" is presented in the Financial Instruments part of Note 2.

Footnotes to the Consolidated Financial Statements as of December 31, 2012

(The amounts are expressed in Turkish Lira ("TL"), unless otherwise indicated.)

Note 9 - Other Financial Liabilities

Unamortized bank loans as of December 31, 2012 and December 31, 2011, are shown below:

	31.12.2012	31.12.2011
Other Short-Term Financial Liabilities	1,002,816	1,968,805
Unamortized Bank Loans	1,002,816	1,968,805
Other Long-Term Financial Liabilities	-	-
Total	1,002,816	1,968,805

As of the date 31.12.2012 and 31.12.2011 unamortized bank loans consist of revolving loans.

Note 10 - Trade Receivables and Payables

	31.12.2012	31.12.2011
Trade receivables from related parties⁽¹⁾	18,927,497	26,906,905
- Gross amount of trade receivables from related parties	20,378,846	29,128,223
-Doubtful trade receivables	204,120	112,307
-Minus: rediscount regarding trade receivables from related parties	(1,451,349)	(2,221,318)
-Minus: Provision for doubtful receivables ⁽²⁾	(204,120)	(112,307)
Other trade receivables	56,765,846	42,682,432
-Buyers	30,216,536	22,296,280
-Post dated checks and notes receivables	28,160,857	22,022,344
-Doubtful trade receivables	14,459,247	12,256,238
-Minus: rediscount regarding trade receivables	(2,333,479)	(1,998,356)
-Minus: Provision for doubtful receivables ⁽²⁾	(13,737,315)	(11,894,074)
Total	75,693,343	69,589,337

⁽¹⁾ Related details are described in Note 37.⁽²⁾ Reconciliation regarding the provision for doubtful trade receivables as of the beginning and the end of the period is as follows:

	31.12.2012	31.12.2011
Balance as of January 1	(12,006,381)	(9,474,341)
Provisions no longer required in the period	148,950	341,409
The provision amount allocated during the period	(2,084,004)	(2,873,449)
Balance as of the end of the period	(13,941,435)	(12,006,381)

In addition to the allocated provisions, the ageing analysis for those without an allocated provision for impairment, even though they are past due, and for those that are overdue and a provision for impairment was allocated, are described in detail in Note 39-E.

	31.12.2012	31.12.2011
Trade payables to related parties⁽³⁾	2,814,437	1,277,491
- Gross amount of trade payables to related parties	3,058,106	1,331,256
-Minus: rediscount regarding trade payables to related parties	(243,669)	(53,765)
Other trade payables	22,527,980	11,084,994
-Gross amount of vendors	19,146,368	9,710,497
-Post dated checks and the gross amount of notes payable	4,363,056	1,685,526
-Minus: rediscount regarding trade payables	(981,444)	(311,029)
Total	25,342,417	12,362,485

⁽³⁾ Related details are described in Note 37.

The maturity analyses of (net) trade payables which are not past due as of the dates 31.12.2012 and 31.12.2011 are presented in Note 39-F.

Note 11 - Other Receivables and Payables

	31.12.2012	31.12.2011
Receivables from personnel	198,986	253,604
Other receivables	190,358	184,617
Deposits and guarantees given	17,818	12,688
Other Receivables (Short-Term)	407,162	450,909
Deposits and guarantees given	61,983	54,679
Other Receivables (Long-Term)	61,983	54,679

	31.12.2012	31.12.2011
Payables to personnel	2,766,255	1,699,077
- Payables to key personnel	99,475	62,347
- Payables to other personnel	2,666,780	1,636,730
Other various payables	137,560	209,738
Other Payables (Short-Term)	2,903,815	1,908,815

Note 12 - Receivables and Payables Resulting from Financial Sector Operations

31.12.2012: None (31.12.2011: None).

Note 13 - Inventories

	31.12.2012	31.12.2011
Raw materials and supplies	9,052,392	7,034,427
Semi-finished goods	48,502	-
Finished goods	214,225	89,929
Goods	441,678	625,594
Other inventory	110,590	179,070
Provision for impairment of inventory (-)	(413,003)	(495,975)
Total	9,454,384	7,433,045

Reconciliation regarding the provision for impairment of inventory as of the beginning and end of the period is as follows:

	31.12.2012	31.12.2011
Balance as of the beginning of the period	(495,975)	(880,399)
Provision for impairment (-) / provisions that are no longer required (+), net	82,972	384,424
Balance as of the end of the period	(413,003)	(495,975)

Conditions that cause the cancellation of provisions for impairment in inventories are as follows: a) changes in estimated market selling price and expense, b) sales of inventory items for which a provision was allocated, c) current economic conditions, and d) the inventory policy pursued by the Group.

There are no inventories presented as guarantee for the Group's liabilities (Previous period: None).

As the inventories are not covered by the qualifying asset definition in the standard IAS 23 "Borrowing Costs", financing expenses regarding the inventories are associated with the income statement and they are not capitalized.

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(The amounts are expressed in Turkish Lira ("TL"), unless otherwise indicated.)

Note 14 - Biological Assets

31.12.2012: None (31.12.2011: None).

Note 15 - Balances Related to Construction Contracts in Progress

31.12.2012: None (31.12.2011: None).

Note 16 - Investments Evaluated with the Equity Method

31.12.2012

Company Title	Effective Rate %	Amount of Participation	Capital Commitments (-)	Difference in Valuation	Net Value
Joint Venture - 4	45	45,000	-	336,957	381,957
İhlas İletişim	20	200,000	-	(111,139)	88,861
Total		245,000	-	225,818	470,818

31,12,2011

Company Title	Effective Rate %	Amount of Participation	Capital Commitments (-)	Difference in Valuation	Net Value
Joint Venture - 4	45	45,000	-	8,860,622	8,905,622
İhlas İletişim	20	200,000	-	(7,746)	192,254
Total		245,000	-	8,852,876	9,097,876

Shares of Investments Valued by Equity Method in Profit / (Loss)

	01.01-01.01.2012	01.01-01.01.2011
Revaluation Funds for the Beginning of the Period (a)	8,852,876	(50,070)
Revaluation Funds for the End of the Period (b)	225,818	8,852,876
Dividend income obtained during the Period (c)	12,421,438	-
Revaluation Funds During the Period (Increase - Decrease) (c+b-a)	3,794,380	8,902,946

The Group has included its partnership subjected to joint management, titled "İhlas Holding A.Ş. - İhlas Yayın Holding A.Ş. ve İhlas Pazarlama A.Ş. Ortak Girişimi" (Joint Venture - 4) in its consolidation, which has been prepared in accordance with the equity method. The partnership was established as an ordinary partnership, in order to jointly supply for works regarding the distribution of income after provision for the sale of land. The Group's active participation in this partnership is 45%. The summarized financial statement and information regarding the aforementioned partnership's activities are presented in Note 4.

İhlas İletişim is the other company included by the Group in the consolidation, which was prepared according to the equity method. İhlas İletişim's fields of activity include providing all kinds of telephone, telecommunication and similar services, and the summarized information regarding this Company's financial statements dated 31.12.2012 is as follows:

	31.12.2012	31.12.2011
Current Assets	536,491	1,039,709
Fixed Assets	125,451	12,418
Short-Term Liabilities	185,517	65,077
Long-Term Liabilities	32,121	25,778
Shareholders' Equity	444,304	961,272
Net Sales	902,957	1,667,547
Net Profit / Loss for the Period	(516,968)	(22,676)

Note 17 - Investment Property

Investment purpose real estate properties are evaluated in accordance with the fair value method, and the behavior charts according to the periods are as follows:

January 01 - December 31, 2012

	01.01.2012	Inputs	Outputs	Impairment	Transfers ^(*)	31.12.2012
Investment Purpose						
Real Estate Properties						
Lands and Parcels	54,331,522	-	(870,987)	-	(13,969,300)	39,491,235
Buildings	37,478,381	2,280	(1,017,856)	(850,342)	(9,471,734)	26,140,729
Total	91,809,903	2,280	(1,888,843)	(850,342)	(23,441,034)	65,631,964

(*) These real estate properties were transferred to tangible fixed assets from investment purpose real estate properties, and classified in tangible fixed assets since they were mainly used by the Group in the current period.

The total rental income from the investment properties was TL 1,713,473 in the current period (previous period: TL 1,861,570), where the operating expenses were TL 235,481 (previous period: TL 200,092).

The investment purpose real estates received by the Group through financial leasing are as follows:

	01.01.2012	Inputs	Outputs	Impairment	31.12.2012
Investment Purpose					
Real Estate Properties					
Lands and Parcels	17,415,321	-	-	-	17,415,321
Buildings	10,120,914	-	-	(300,643)	9,820,271
Total	27,536,235	-	-	(300,643)	27,235,592

01 Ocak - 31 Aralık 2011

	01.01.2011	Inputs	Outputs	Impairment	31.12.2011
Investment Purpose					
Real Estate Properties					
Lands and Parcels	57,288,536	1,045,184	(4,002,198)	-	54,331,522
Buildings	39,997,001	1,263,345	(2,887,195)	(894,770)	37,478,381
Total	97,285,537	2,308,529	(6,889,393)	(894,770)	91,809,903

The investment purpose real estates received by the Group through financial leasing are as follows:

	01.01.2011	Inputs	Outputs	Impairment	31.12.2011
Investment Purpose					
Real Estate Properties					
Lands and Parcels	17,415,321	-	-	-	17,415,321
Buildings	10,421,556	-	-	(300,642)	10,120,914
Total	27,836,877	-	-	(300,642)	27,536,235

The total amounts of pledges, restrictions or mortgages on the Group's real estate properties with investment purposes are TL 96,400,000 and US\$ 20,500,000 (31.12.2011: TL 125,400,000 and US\$ 25,000,000). The Group has no investment purpose real estate properties that are already being used and have been fully amortized. As investment purpose real estate properties are not covered by the qualifying asset definition in the standard IAS 23 "Borrowing Costs", financing expenses regarding investment purpose real estate properties are associated with the income statement and they are not capitalized.

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(The amounts are expressed in Turkish Lira ("TL"), unless otherwise indicated.)

Note 18 - Tangible Fixed Assets**January 01 - December 31, 2012**

	01.01.2012	Inputs	Outputs	Transfers ⁽¹⁾	31.12.2012
Tangible Fixed Assets					
Lands and Parcels	12,906,139	-	-	13,969,300	26,875,439
Buildings	7,253,176	-	-	9,471,734	16,724,910
Plant, machinery and equipment	81,146,659	3,958,825	(199,564)	-	84,905,920
Vehicles	3,841,490	830,214	(924,489)	-	3,747,215
Fixtures	22,348,155	663,750	(13,635)	-	22,998,270
Other tangible fixed assets	1,869,729	320,400	-	-	2,190,129
Special costs	232,083	12,201	-	-	244,284
Total	129,597,431	5,785,390	(1,137,688)	23,441,034	157,686,167
Minus: Accumulated Depreciation					
Buildings	(256,434)	(145,064)	-	-	(401,498)
Plant, machinery and equipment	(61,740,254)	(4,137,608)	199,564	-	(65,678,298)
Vehicles	(2,414,823)	(467,022)	853,379	-	(2,028,466)
Fixtures	(20,652,780)	(690,292)	13,635	-	(21,329,437)
Other tangible fixed assets	(1,781,729)	(100,125)	-	-	(1,881,854)
Special costs	(189,651)	(16,390)	-	-	(206,041)
Total	(87,035,671)	(5,556,501)	1,066,578	-	(91,525,594)
Tangible Fixed Assets (net)	42,561,760				66,160,573

⁽¹⁾ These real estate properties were transferred to tangible fixed assets from investment purpose real estate properties and classified in tangible fixed assets since they were mainly used by the Group in the current period.

January 01 - December 31, 2011

	01.01.2011	Inputs	Outputs	Transfers ⁽¹⁾	31.12.2011
Tangible Fixed Assets					
Lands and Parcels	12,906,139	-	-	-	12,906,139
Buildings	7,253,176	-	-	-	7,253,176
Plant, machinery and equipment	92,608,784	4,937,950	(16,400,075)	-	81,146,659
Vehicles	3,454,450	833,775	(446,735)	-	3,841,490
Fixtures	22,115,750	742,253	(523,522)	13,674	22,348,155
Other tangible fixed assets	1,827,729	88,000	(46,000)	-	1,869,729
Special costs	198,826	33,257	-	-	232,083
Total	140,364,854	6,635,235	(17,416,332)	13,674	129,597,431
Minus: Accumulated Depreciation					
Buildings	(111,370)	(145,064)	-	-	(256,434)
Plant, machinery and equipment	(74,460,735)	(3,666,666)	16,387,147	-	(61,740,254)
Vehicles	(2,400,010)	(336,776)	321,963	-	(2,414,823)
Fixtures	(20,550,071)	(630,052)	527,343	-	(20,652,780)
Other tangible fixed assets	(1,596,679)	(211,650)	26,600	-	(1,781,729)
Special costs	(175,233)	(14,418)	-	-	(189,651)
Total	(99,294,098)	(5,004,626)	17,263,053	-	(87,035,671)
Tangible Fixed Assets (net)	41,070,756				42,561,760

⁽¹⁾ These are the transfers from the stocks to tangible fixed assets in order to be used in operating activities.

The tangible fixed assets received by the Group through financial leasing are as follows:

	01.01.2012	Inputs	Outputs	31.12.2012
Tangible Fixed Assets				
Plant, machinery and equipment	14,551,228	2,219,645	-	16,770,873
Total	14,551,228	2,219,645	-	16,770,873
Minus: Accumulated Depreciation				
Plant, machinery and equipment	(3,960,809)	(2,004,948)	-	(5,965,757)
Total	(3,960,809)	(2,004,948)	-	(5,965,757)
Tangible Fixed Assets (net)	10,590,419			10,805,115
	01.01.2011	Inputs	Outputs	31.12.2011
Tangible Fixed Assets				
Plant, machinery and equipment	10,524,798	4,026,430	-	14,551,228
Total	10,524,798	4,026,430	-	14,551,228
Minus: Accumulated Depreciation				
Plant, machinery and equipment	(2,305,365)	(1,655,444)	-	(3,960,809)
Total	(2,305,365)	(1,655,444)	-	(3,960,809)
Tangible Fixed Assets (net)	8,219,433			10,590,419

The total amounts of pledges, restrictions or mortgages on the Group's tangible fixed assets are TL 57,830,000 and US\$ 4,500,000. (31.12.2011: TL 28.630.000).

As tangible fixed assets are not covered by the qualifying asset definition in the standard IAS 23 "Borrowing Costs", financing expenses regarding tangible fixed assets are associated with the income statement and they are not capitalized.

The Group does not possess any tangible fixed assets that are temporarily in an inactive condition.

Note 19 - Intangible Fixed Assets

January 01 - December 31, 2012

	01.01.2012	Inputs	Outputs	Provision for Impairment	31.12.2012
Cost					
Brand	56,125,860	-	-	(397,820)	55,728,040
Rights	3,071,572	266,748	-	-	3,338,320
Computer software	1,630,425	263,952	-	-	1,894,377
Total	60,827,857	530,700		(397,820)	60,960,737
Minus: Accumulated Depreciation					
Rights	(3,069,646)	(3,250)	-	-	(3,072,896)
Computer software	(574,125)	(458,663)	-	-	(1,032,788)
Total	(3,643,771)	(461,913)	-	-	(4,105,684)
Intangible Fixed Assets (net)	57,184,086				56,855,053

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January 01 - December 31, 2011

	01.01.2011	Inputs	Outputs	31.12.2011
Cost				
Brand	56,125,860	-	-	56,125,860
Rights	3,071,572	-	-	3,071,572
Computer software	384,637	1,245,788	-	1,630,425
Total	59,582,069	1,245,788	-	60,827,857
Minus: Accumulated Depreciation				
Rights	(3,069,506)	(140)	-	(3,069,646)
Computer software	(373,791)	(200,334)	-	(574,125)
Total	(3,443,297)	(200,474)	-	(3,643,771)
Intangible Fixed Assets (net)	56,138,772			57,184,086

Pledges, restrictions or mortgages over the intangible fixed assets that belong to the Group;

31.12.2012: None (31.12.2011: None).

An impairment test for intangible fixed assets was conducted by the Group on December 31, 2012 and the provisions for impairment for intangible fixed assets with unlimited useful lives was calculated. The summary information, assumptions and methods related to the assessment report of the "Türkiye" brand, which is owned by the Company, being tested for impairment by an assessment company and used as the brand name of the newspaper issued by the Company, are as follows:

- During the brand valuation, the factors taken into consideration by the valuation company were the macroeconomic factors (economic indicators (gross national product, inflation rates), data regarding the media and printing industries (newspaper circulations, advertising revenues, etc.)), in addition to the financial statements and projections regarding İhlas Journalism.

- The Brand Valuation studies were conducted by an independent audit firm. The valuation studies were based on the value in use and the main assumptions used in these studies are as follows:

- Weighted Average Capital Cost, which is calculated as 15.37 %, was used as the discount rate of the value in use within the context of the Financial Assets Pricing Model.
- The projections were converged to infinity by a 2 % discount rate.
- The inflation estimates for the current year and the following two years were determined according to expectations stated in the Inflation Report 2012- V of the Central Bank of the Republic of Turkey.
- The circulations between 2007 and 2011 were taken as a basis in the estimate of the Turkish national newspaper circulations.

The impairment related with the Brand has emerged in Journalism and Printing activities among the business segments of the Group. Accordingly, the provisions for impairment for the aforementioned Brand are as follows:

	31.12.2012	31.12.2011
Book Value of the Brand (a)	79,875,083	79,875,083
Appraisal Value (b)	55,728,040	56,125,860
Provisions for Impairment (b-a)	(24,147,043)	(23,749,223)

TL 397,820 provision for impairment for the aforementioned Brand in the current period was accounted for under other operating expenses in the extended income statement.

Note 20 - Goodwill

Movements of the goodwill between December 31 2012 and December 31, 2011 are given in the following table:

	31.12.2012	31.12.2011
Balance as of January 1	13,342,728	13,342,728
Entries (Note 3)	-	-
Provisions for impairment during the period	-	-
Balance as of December 31	13,342,728	13,342,728

The Group compared the goodwill amounts carried to the consolidated financial statements in the impairment studies with values in use of the relevant cash generating units, as of December 31, 2012. No provision for impairment relating to the goodwill has been allocated as a result of these transactions in the current and the previous periods.

The assumptions used in the impairment test in goodwill are given below:

- Weighted Average Capital Cost, which is calculated between 10 % and 15 %, was used as the discount rate of the value in use within the context of the Financial Assets Pricing Model.
- The projections were converged to infinity by means of the calculated discount rate.
- The inflation estimates for the current year and the following two years were determined according to the expectations of the Central Bank of the Republic of Turkey.
- The trend of the sector of the company whose goodwill is calculated was taken as a base in the determination of the sales income in the projection period.

The aforementioned goodwill carried out in the consolidated financial statements was derived from the acquisition of the companies below:

	31.12.2012	31.12.2011
İhlas Fuar	3,894,202	3,894,202
İletişim Magazin	1,904,525	1,904,525
Promaş	6,015,561	6,015,561
İhlas Medya	1,528,440	1,528,440
Total Goodwill	13,342,728	13,342,728

Note 21 - Government Grants and Incentives

31.12.2012: None (31.12.2011: None).

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Note 22-23 - Provisions, Contingent Assets and Liabilities, Commitments

a) Guarantees, mortgages and pledges given by the Group:

The Group's charts regarding its position for guarantees, pledges and mortgages (GPM) are as follows:

GPMs Given by the Group (31.12.2012)	US\$ Balance	EURO Balance	TL Balance	Total (in TL Currency)
A. The Total Amount of GPMs Given by the Main Partnership in Favor of Its Own Legal Entity	-	-	-	-
B. i. The Total Amount of GPMs Given by the Main Partnership in Favor of Subsidiary Companies Included in The Full Consolidation	1,079,984	-	4,777,935	6,703,114
B. ii. The Total Amount of GPMs Given by the Subsidiary Companies Included in The Full Consolidation in Favor of Their Own Legal Entities and in Favor of Each Others	891,435	-	56,586,588	58,175,660
B. iii. The Total Amount of GPMs Given by the Subsidiary Companies Included in The Full Consolidation in Favor of the Main Partnership	-	-	-	-
C. The Total Amount of GPMs Given by the Group for Assuring the Liabilities of Other 3 rd Parties so that the Group's Ordinary Commercial Activities can be Executed	-	-	-	-
D. The Total Amount of Other GPMs Given by the Group	25,100,000	225,000	111,279,580	156,551,973
i. The Total Amount of GPMs Given by the Group in Favor of the Main Partner	25,100,000	-	110,279,580	155,022,840
ii. The Total Amount of GPMs Given by the Group in Favor of Other Group Companies Which are not Included in the Scopes of Articles B and C	-	225,000	-	529,133
iii. The Total Amount of GPMs Given by the Group in Favor of Third Parties Which are not Included in the Scope of Article C	-	-	1,000,000	1,000,000
Total	27,071,419	225,000	172,644,103	221,430,747
Total Equity of the Group				250,063,265
The Ratio of the Other GPMs Given by the Group over the Equity of the Group				63%

GPMs Given by the Group (31.12.2011)	US\$ Balance	EURO Balance	TL Balance	Total (in TL Currency)
A. The Total Amount of GPMs Given by the Main Partnership in Favor of Its Own Legal Entity	-	-	-	-
B. i. The Total Amount of GPMs Given by the Main Partnership in Favor of Subsidiary Companies Included in The Full Consolidation	1,093,153	-	2,971,389	5,036,246
B. ii. The Total Amount of GPMs Given by the Subsidiary Companies Included in The Full Consolidation in Favor of Their Own Legal Entities and in Favor of Each Others	841,435	88,851	57,497,088	59,303,608
B. iii. The Total Amount of GPMs Given by the Subsidiary Companies Included in The Full Consolidation in Favor of the Main Partnership	-	-	-	-
C. The Total Amount of GPMs Given by the Group for Assuring the Liabilities of Other 3 rd Parties so that the Group's Ordinary Commercial Activities can be Executed	-	-	-	-
D. The Total Amount of Other GPMs Given by the Group	30,103,470	225,000	122,527,640	179,939,939
i. The Total Amount of GPMs Given by the Group in Favor of the Main Partner	25,103,470	-	118,763,640	166,181,584
ii. The Total Amount of GPMs Given by the Group in Favor of Other Group Companies Which are not Included in the Scopes of Articles B and C	5,000,000	225,000	2,764,000	12,758,355
iii. The Total Amount of GPMs Given by the Group in Favor of Third Parties Which are not Included in the Scope of Article C	-	-	1,000,000	1,000,000
Total	32,038,058	313,851	182,996,117	244,279,793
Total Equity of the Group				280,153,237
The Ratio of the Other GPMs Given by the Group over the Equity of the Group				64%

The details requiring explanations pertaining to the contingent assets, liabilities and guarantees presented in the above GPM (guarantees, pledges and mortgages) statement are as follows:

- Term savings deposits worth TL 7,600,000 that belong to TGRT Dijital TV Hizmetleri A.Ş., one of the Group companies, are blocked with the Company's own consent, as a guarantee for loans used by the Parent Company. (Previous Period: None)

b) The summarized information on important litigations and performances related to the Group as of the date 31.12.2012, is as follows:

	Amount
Ongoing lawsuits that were initiated by the Group	382,136
Enforcement proceedings conducted by the Group	3,177,294
Ongoing lawsuits that were initiated against the Group	1,499,776
Enforcement proceedings conducted against the Group	227,991

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c) Details regarding provisions for litigation and provisions for other liabilities of the Group as of the dates December 31, 2012, and December 31, 2011, are as follows:

	31.12.2012	31.12.2011
Provisions for lawsuits	63,300	84,861
Debt Provisions (Short-Term)	63,300	84,861
Provisions for lawsuits	623,845	604,262
Debt Provisions (Long-Term)	623,845	604,262

The transaction information regarding the provisions allocated for lawsuits against the Group as of the dates December 31, 2012, and December 31, 2011, is as follows:

	01.01.-31.12.2012	01.01.-31.12.2011
Balance at the beginning of the period	689,123	325,031
Payments	(5,000)	(57,700)
Provisions for no longer valid lawsuits	(143,950)	(10,000)
Provision expense	146,972	431,792
Balance at the end of the period	687,145	689,123

The Group did not allocate provision for lawsuits against the Group with high probability of winning. However, the Group has allocated provisions for those lawsuits which might be lost, or in other words, which might lead to the loss of economic resources.

Note 24 - Benefits Provided to the Personnel

	31.12.2012	31.12.2011
Long-Term Liabilities		
Provision for employee termination benefits	11,053,492	9,528,218
Total	11,053,492	9,528,218

According to Labor Law, the Group is obliged to pay severance pay to its personnel in the event of the presence of the following situations, provided that the employee has completed at least one full year of service: if the employment of an employee is terminated without any valid reasons, if the employee is called to duty by the military, if the employee dies. The severance pay which the Group is obliged to pay also applies to staff who have retired after completing the required service time, which is 25 years for men and 20 years for women, provided that they have reached their retirement age, which is 58 years of age for women and 60 years of age for men. The amount to be paid is capped at the following amounts and is equal to one month's salary.

- 31.12.2012: TL 3,034

- 31.12.2011: TL 2,732

On the other hand, the Group is subjected to the "Law on Arrangement of the Relationships Between Employees Working in the Press". Therefore, the Group is obliged to pay severance pay to each of its personnel whose employment is terminated after having worked in the Press sector for a minimum of five years, regardless of the grounds of the termination. The compensation to be paid is limited to an amount worth 30 days' salary for each year that the employee has worked. There are no maximum limit applications when calculating severance pay for press staff.

There are no regulations regarding pension commitments, except for the legal regulations explained above.

As it is not required to allocate a fund, no funds were allocated regarding this liability.

Provision for severance pay is calculated at an estimated value that represents the Group's possible liability in the future, which may arise from the retirement of its employees, on the date of the balance sheet.

IAS 19 "Benefits to Employees" requires companies to use actuarial valuation methods when estimating the companies' liabilities within the scope of certain social benefit plans. Accordingly, actuarial assumptions and existing legal obligations were used during calculations regarding the total liability.

The main actuarial estimates and assumptions used are as follows:

	31.12.2012	31.12.2011
Discount rate	3.81%	4.25%
Rate of unpaid severance pay liability (average)	11%	13%

Behavior chart of the net deferred tax assets is as follows:

	31.12.2012	31.12.2011
Balance on January 1	9,528,218	8,106,846
Payments	(1,876,019)	(1,098,710)
Provisions cancelled during the period	(475,355)	(185,583)
Provisions allocated during the period ⁽¹⁾	3,876,648	2,705,665
Balance at the End of the Period	11,053,492	9,528,218

⁽¹⁾ The impact of the discount rate, changing due to the adjustment of actuarial assumptions, on the amount of the provision for severance payments is TL 508,554.

Note 25 - Pension Plans

There are no regulations regarding pension commitments, except for the legal regulations explained in Note 24.

Note 26 - Other Assets and Liabilities

	31.12.2012	31.12.2011
Business advances	16,631,252	19,526,034
Advances given for purchase orders ⁽¹⁾	3,292,008	2,907,338
Expenses for future months	442,946	1,145,905
Prepaid tax claims	121,463	275,246
Value Added Tax to be transferred	139,356	183,480
Other Current / Floating Assets	20,627,025	24,038,003
Expenses for future years	876,619	355,881
Advances paid (for the fixed assets)	2,715,622	215,622
Other Intangible / Fixed Assets	3,592,241	571,503

İhlas Yayın Holding A.Ş.

Footnotes to the Consolidated Financial Statements as of December 31, 2012

(The amounts are expressed in Turkish Lira ("TL"), unless otherwise indicated.)

	31.12.2012	31.12.2011
Advances received for purchase orders	4,010,290	3,435,999
Taxes, fees and other deductions to be paid	3,639,376	2,525,912
Deferred and installed public receivables	2,358,581	1,408,389
Income regarding future months	392,334	292,766
Other Short-Term Liabilities	10,400,581	7,663,066
Deferred and Installed Public Receivables	942,476	329,285
Expenses for future years	-	25,352
Other Long-Term Liabilities	942,476	354,637

Note 27 - Shareholders' Equity

A. Paid-in Capital

The Holding's approved and issued share capital consists of shares and each of these shares have a registered nominal value of TL 1. The Holding's upper limit of registered capital is TL 600,000,000.

As of December 31, 2012, and December 31, 2011, the Holding's approved and issued share capital, and its capital structure are as follows:

Name / Title	31.12.2012		31.12.2011	
	Share ratio %	Share Amount (TL)	Share ratio %	Share Amount (TL)
İhlas Holding A.Ş,	69.15	138,300,000	69.15	138,300,000
Free Float	28.75	57,500,000	28.75	57,500,000
Enver Ören ⁽¹⁾	1.00	2,000,000	1.00	2,000,000
Ahmet Mücahid Ören	0.90	1,800,000	0.90	1,800,000
Mahmut Kemal Aydın	0.10	200,000	0.10	200,000
Other	0.10	200,000	0.10	200,000
Total	100.00	200,000,000	100.00	200,000,000
Distinction from Share Capital Adjustments		22,039,497		22,039,497
Total		222,039,497		222,039,497

Considering the ultimate shareholders of the Holding, the natural or legal persons indirectly sharing the capital are as follows:

Name / Title	31.12.2012		31.12.2011	
	Share ratio %	Share Amount (TL)	Share ratio %	Share Amount (TL)
Free Float	87.71	175,423,124	85.76	171,512,880
Enver Ören ⁽¹⁾	8.03	16,053,190	8.65	17,304,259
Other	4.26	8,523,686	5.59	11,182,861
Total	100.00	200,000,000	100.00	200,000,000

⁽¹⁾ The partnership structure hasn't been clarified as of the date of the report due to the demise of Mr. Enver Ören, one of the Holding's shareholders, after the date of the Balance Sheet.

The distribution and benefits of the privileged shares (Group B shares) of the Holding are as follows:

Partner's Name / Title	Registered / Bearer	Quantity	Amount
İhlas Holding A.Ş,	Registered	8,000,000	8,000,000
Enver Ören ⁽¹⁾	Registered	1,000,000	1,000,000
Ahmet Mücahid Ören	Registered	900,000	900,000
Mahmut Kemal Aydın	Registered	100,000	100,000
Total		10,000,000	10,000,000

⁽¹⁾ The situation of the privileged shares hasn't been clarified as of the date of the report due to the demise of Mr. Enver Ören, one of the Holding's shareholders, after the date of the Balance Sheet.

Benefits Provided from Preferential Shares

a- Regarding the prerogative of choosing a Member of the Board of Directors;

If the General Assembly of the Holding decides that the Board of Directors consist of 5 people, at least 4 of the Members of the Board of Directors are selected from among candidates nominated by group (B) shareholders. Similarly, at least 5 of the members are selected among those candidates if a board of 7 people is decided, at least 7 of the members are selected among those candidates if a board of 9 people is decided and at least 9 of the members are selected among those candidates if a board of 11 people is decided.

b- Regarding the prerogative of choosing a Comptroller;

If the General Assembly decides the number of comptrollers as one, this comptroller is selected among the candidates nominated by group (B) shareholders. Similarly, at least two of the comptrollers are selected among those candidates if a comptroller number of three is decided.

c- Regarding the prerogative of voting at the General Assembly Meetings;

In the ordinary and extraordinary General Assembly Meetings of the Holding, each group B shareholder has 100 (one hundred) vote rights for each share they possess.

The Board of Directors of the Holding applied to the Capital Markets Board (CMB) for the amendments of the Articles of Association on February 13, 2013, in order to comply with the Turkish Commercial Code numbered 6102 and the Capital Markets Law numbered 6362. Please refer to Note 40 for detailed information.

B. Restricted Reserves That are Allocated from Profit

According to the Turkish Commercial Code, legal reserves are classified into two, which are the primary and the secondary legal reserves. Until the primary legal reserves reach 20% of the sum of revalued paid-in capital, they are allocated by an amount that corresponds to 5% of the net profit in the legal financial statements. The secondary legal reserves are allocated as 10% of the sum of dividend distributions exceeding 5% of the revalued capital. Within the framework of TCC provisions, legal reserves are only used for netting the losses; and they are not allowed to be used for any other purpose unless they exceed 50% of the paid in capital.

	31.12.2012	31.12.2011
Legal reserves	95,358	94,670
Statuary reserves	10,015	10,015
Special reserves ⁽¹⁾	6,845,006	6,845,759
Total	6,950,379	6,950,444

⁽¹⁾ TL 5,955,167 of this amount consists of capital reserves paid by the partners to the Group companies in order to cover the taxes paid pursuant to the Law numbered 5811 on Integration of Some Assets into the National Economy, and TL 889,839 of this amount consists of capital reserves paid by the partners to the Group companies in order that the related companies do not experience capital loss, in accordance with the Turkish Commercial Code.

The transaction chart regarding the Legal Reserves according to fiscal period is as follows:

	31.12.2012	31.12.2011
Balance on January 1	94,670	94,670
Changes in active shares	688	-
Balance at the end of the period	95,358	94,670

İhlas Yayın Holding A.Ş.

Footnotes to the Consolidated Financial Statements as of December 31, 2012

(The amounts are expressed in Turkish Lira ("TL"), unless otherwise indicated.)

The transaction chart regarding the Special Reserves according to fiscal period is as follows:

	31.12.2012	31.12.2011
Balance on January 1	6,845,759	6,845,006
Changes in active shares	(753)	753
Balance at the end of the period	6,845,006	6,845,759

C. Revaluation Fund

31.12.2012: None (31.12.2011: None).

D. Other Reserves

	31.12.2012	31.12.2011
Other Reserves (Minority Share Acquisitions)	(19,814,896)	-

The movements of other reserves as of the accounting periods are provided in the table below;

	31.12.2012	31.12.2011
Balance as of January 1	-	-
Minority Share Acquisitions	(19,814,896)	-
Balance as of December 31	(19,814,896)	-

At the Board of Directors Meeting held on January 23, 2012, the Holding acquired all of İhlas Pazarlama's 25 % shareholding in İhlas News Agency (İHA), one of the group companies, corresponding to a nominal value of TL 3,500,000 for a price of TL 22,625,000 according to the valuation report prepared by an independent audit firm based on the "Discounted Future Cash Flow Analysis Method", with respect to the information dated September 30, 2011.

The aforementioned acquisition transaction is considered as a transaction between the partners and as a minority share acquisition, since it didn't result in a control change within the context of the IAS 27. The difference of TL 19,514,896 between TL 2,810,104, which is the share corresponding to the rate of acquisition at fair value of the acquired net assets of the Group, and TL 22,625,000, which is the acquisition amount (purchase price) of the Group, was accounted for as other reserves under equities. The negative impact of the aforementioned transaction to the equities belonging to the Group's main partnership was TL 19,514,896. The shares without power of control were devalued to TL 2,810,104 as a result of this transaction. The negative impact of the aforementioned transaction on the Group's cash flow was TL 22,625,000.

E. Profit / Loss for the Previous Years

According to CMB's communiqué Serial: XI, No: 29, which entered into force as of January 1, 2008, "Paid-in Capital" is required to be presented from the amounts that represent "Restricted Reserves That Are Allocated from Profit" and "Premiums on Sale of Share Certificates" in the legal records. The differences occurring in the valuation during the implementation of the aforementioned communiqué are processed as follows:

- If the difference is derived from "Paid-in Capital" and if the difference has not yet been added to the capital, then the difference is associated with the item "Capital Adjustment Difference" coming right after the item "Paid-in Capital",
- If the difference is derived from "Restricted Reserves That Are Allocated from Profit" and "Premiums on Sale of Share Certificates", and if it is not subjected to profit sharing or share capital increase it is associated with the "Accumulated Profit/Loss of previous years".

The movements of profits/losses of the previous years as of the accounting periods are provided in the table below;

	31.12.2012	31.12.2011
Balance on January 1	(52,431,569)	(53,780,025)
Net profit / (loss) for the previous period	4,991,968	1,348,456
Changes in active shares	(47,376)	-
Balance at the end of the period	(47,486,977)	(52,431,569)

F. Minority shares

The transaction chart regarding minority shares according to fiscal period is as follows:

	31.12.2012	31.12.2011
Balance on January 1	98,602,897	98,249,491
Changes in active shares	163,237	23,906
Minority Share Acquisitions	(2,810,104)	-
Capital payments	-	1,395,000
Profit / loss aside from the main partnership	(1,000,124)	(1,065,500)
Balance at the end of the period	94,955,906	98,602,897

Note 28 - Sales Revenues and Costs

A. Gross Profit / Loss from Commercial Activities

	01.01-31.12.2012	01.01-31.12.2011
Domestic sales	137,221,943	140,253,334
International Sales	21,161,268	19,755,408
Other Sales	49,995	32,907
Total Gross Sales	158,433,206	160,041,649
Sales discounts (-)	(5,466,023)	(6,901,113)
Net Sales	152,967,183	153,140,536
Cost of sales (-) ⁽¹⁾	(131,093,185)	(132,826,235)
Gross Sales Profit	21,873,998	20,314,301

⁽¹⁾ The details of the cost of sales are provided below;

	01.01-31.12.2012	01.01-31.12.2011
Raw Materials Expenses	(34,792,506)	(42,842,641)
Personnel expenses (salaries, cuts etc.)	(31,956,180)	(24,940,031)
Outsourced benefits and services	(30,765,371)	(40,218,959)
Advertising and Promotional Expenses	(25,637,585)	(25,406,103)
Amortisation and Impairment Expenses	(4,321,215)	(4,548,016)
Provisions for severance payments	(2,089,461)	(1,028,691)
Other expenses	(5,943,119)	(4,201,764)
Intra-Group Eliminations	4,412,252	10,359,970
Total	(131,093,185)	(132,826,235)

Footnotes to the Consolidated Financial Statements as of December 31, 2012

(The amounts are expressed in Turkish Lira ("TL"), unless otherwise indicated.)

B. Gross Profit / Loss from Activities in the Finance Sector

01.01 - 31.12.2012: None (01.01-31.12.2011: None).

Note 29 - Operating Costs

	01.01-31.12.2012	01.01-31.12.2011
Marketing, selling and distribution expenses	(11,390,913)	(10,149,175)
General management expenses	(28,151,395)	(23,128,417)
Research and development expenses	-	-
Total	(39,542,308)	(33,277,592)

Note 30 - Qualitative Distribution of Expenses

The details regarding expenses according to their nature for the periods 01.01 - 31.12.2012 and 01.01 - 31.12.2011 are as follows:

	01.01-31.12.2012	01.01-31.12.2011
Gross personnel wage expenses (a)	(3,482,371)	(2,848,362)
Advertising and advertising expenses	(2,001,472)	(1,586,293)
Advertising commission and bonus expenses	(1,268,874)	(1,589,140)
Outsourced benefits and services	(1,253,846)	(619,427)
Promotion expenses	(932,865)	(590,743)
Provision expenses for business advances	(638,285)	(812,940)
Distribution, shipping and postal expenses	(617,795)	(1,142,648)
Expense for the provision of employee termination benefits (c)	(312,372)	(27,141)
Market research expenses	(183,778)	(150,970)
Rent Expenses	(125,225)	(96,340)
Depreciation and amortization expenses (b)	(82,650)	(74,768)
Traveling and accommodation expenses	(63,400)	(87,365)
Maintenance, vehicle rental and insurance expenses	(13,096)	(1,806)
Provision expenses for doubtful receivables	(12,966)	-
Other marketing, sales and distribution expenses	(401,918)	(521,232)
Marketing, Sales and Distribution Expenses	(11,390,913)	(10,149,175)

	01.01-31.12.2012	01.01-31.12.2011
Gross personnel wage expenses (a)	(10,062,399)	(9,306,465)
Outsourced benefits and services	(4,975,649)	(2,997,731)
Provision expenses for doubtful trade receivables	(2,071,038)	(2,873,449)
Consulting, auditing and advisory expenses	(1,701,275)	(514,783)
Rent Expenses	(1,630,146)	(1,448,743)
Expense for the provision of employee termination benefits (c)	(1,474,816)	(1,649,833)
Maintenance and insurance expenses	(1,140,976)	(830,151)
Depreciation and amortization expenses (b)	(764,205)	(582,316)
Court, notary, land registry and membership fees expenses	(697,835)	(658,294)
Taxes, duties and charges	(691,640)	(852,991)
Traveling, transport and accommodation expenses	(216,925)	(240,390)
Other general management expenses	(2,724,491)	(1,173,271)
General Management Expenses	(28,151,395)	(23,128,417)

^(a) Details regarding gross personnel wage expenses, which is included in the operating expenses, are as follows:

	01.01-31.12.2012	01.01-31.12.2011
Gross wage expenses	(10,971,696)	(9,764,467)
Social Security deductions (employee and employer)	(1,830,804)	(1,627,437)
Other expenses	(742,270)	(762,923)
Total	(13,544,770)	(12,154,827)

^(b) The details regarding expenses on depreciation and amortization are as follows:

	01.01-31.12.2012	01.01-31.12.2011
Cost of sales	(5,171,559)	(4,548,016)
Marketing, sales and distribution expenses	(82,650)	(74,768)
General management expenses	(764,205)	(582,316)
Total	(6,018,414)	(5,205,100)

^(c) The details regarding the Group's provision expenses for severance pay are as follows:

	01.01-31.12.2012	01.01-31.12.2011
Cost of sales	(2,089,460)	(1,028,691)
Marketing, sales and distribution expenses	(312,372)	(27,141)
General management expenses	(1,474,815)	(1,649,833)
Total	(3,876,648)	(2,705,665)

Note 31 - Other Operating Incomes / Expenses

The details regarding other income for the periods 01.01 - 31.12.2012 and 01.01 - 31.12.2011 are as follows:

	01.01-31.12.2012	01.01-31.12.2011
Rental income	1,713,473	1,861,570
Provisions that are no longer required	793,429	1,485,579
- Provisions for severance pay that are no longer required	475,355	185,583
- Provision for doubtful receivables that are no longer required	148,950	341,409
- Provisions for no longer valid lawsuits	143,950	10,000
- Provisions no longer required	25,174	198,587
- Cancellation of liabilities deriving from the contract	-	750,000
Financial aids (Social Security Treasury discount)	624,122	552,551
Profit from the sale of fixed assets	258,989	470,232
Other income	121,151	316,756
Total Other Income	3,511,164	4,686,688

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(The amounts are expressed in Turkish Lira ("TL"), unless otherwise indicated.)

The details regarding other expenses for the periods 01.01 - 31.12.2012 and 01.01 - 31.12.2011 are as follows:

	01.01-31.12.2012	01.01-31.12.2011
Provisions for Impairment for Investment Properties	(850,342)	(894,770)
Provisions for Brand Impairment	(397,820)	-
Tax expenses (under article 6111)	(367,546)	(1,882,149)
Commission expenses	(289,017)	(260,904)
Provision expenses for lawsuits	(146,972)	(431,792)
Other expenses	(89,302)	(315,379)
Total Other Expenses	(2,140,999)	(3,784,994)

Note 32 - Financial Revenues

The details regarding financial income for the periods 01.01 - 31.12.2012 and 01.01 - 31.12.2011 are as follows:

	01.01-31.12.2012	01.01-31.12.2011
Rediscounted interest income (including income derived from due date differences)	9,101,797	7,443,399
Interest income	3,271,447	2,945,089
Profit from foreign currencies	1,970,972	4,059,681
Profit from sales of financial investments	7,343	218,887
Other financial income	-	49,400
Total	14,351,559	14,716,456

Note 33 - Financial Expenses

The details regarding financial expenses for the periods 01.01 - 31.12.2012 and 01.01 - 31.12.2011 are as follows:

	01.01-31.12.2012	01.01-31.12.2011
Rediscounted interest expenses (including expenses derived from due date differences)	(3,296,656)	(3,020,831)
Interest expenses	(2,256,280)	(941,316)
Foreign exchange losses	(1,799,588)	(3,467,878)
Other financial expenses	(28,835)	(17,525)
Total	(7,381,359)	(7,447,550)

Note 34 - Non-Current Assets Held-for-Sale and Discontinued Operations**A. Fixed Assets Kept for Sales Purposes**

31.12.2012: None (31.12.2011: None).

B. Discontinued Operations

01.01-31.12.2012: None (01.01-31.12.2011: None).

Note 35 - Tax Assets and Liabilities

A. Tax Assets and Liabilities of the Current Period

Corporate tax rate is 20%. Profit shares (dividends) paid to institutions which obtain a revenue through an office in Turkey or through its permanent representative, and institutions which are established in Turkey, are not subjected to withholding tax. Apart from the above mentioned institutions, all paid dividends are subject to a withholding tax at a rate of 15%. Adding the profit to the capital is not considered as a profit distribution. Therefore, it is not subjected to a withholding tax. Advance tax paid during the year belongs to that year and is deducted from the corporate tax which is to be calculated according to the corporate tax return to be presented in the following year.

A 75% portion of the gains occurring from sales of the following are exempt from corporate tax: all real estate properties and participation stocks that were among the entities' assets for at least two full years, founder's shares, dividend right certificates and pre-emption rights. In order to benefit from the exemption, the gain in question is required to be kept in a fund account under the liabilities section of the balance sheet and they should not be withdrawn for 5 years. It is also required that the selling price should be collected, at the latest, by the end of the second calendar year following the year in which the sale occurs.

According to Corporate Tax Law, all financial losses declared on the returns can be deducted from the corporate tax base of the period, unless they exceed a 5-year period. Returns and related accounting records can be reviewed by the tax authorities for five years in a retrospective manner and tax accounts can be revised.

The main components of the tax expenses as of the dates December 31, 2012, and December 31, 2011, are as follows:

	31.12.2012	31.12.2011
Tax provisions for the current period	338,357	1,158,612
Prepaid taxes (-)	(125,461)	(1,063,893)
Total	212,896	94,719

As of the dates December 31, 2012 and December 31, 2011, tax provisions for the period, and reconciliation of accounting profit regarding the Group's subsidiary companies for which a corporate tax base occurs (İhlas Gazetecilik and Alternatif Medya), are as follows:

	01.01-31.12.2012	01.01-31.12.2011
Accounting Profit / (Loss)	(695,971)	11,484,704
Additions (+)	2,847,953	4,233,690
Discounts (-)	(460,198)	(745,208)
Financial losses used (-)	-	(9,180,126)
Financial Profit / (Loss)	1,691,784	5,793,060
Tax rate	%20	%20
Tax Provision Amount	338,357	1,158,612

The main components of the tax expenses which are reflected in the comprehensive income statement as of the periods January 01 - December 31, 2012, and January 01 - December 31, 2011, are as follows:

	01.01-31.12.2012	01.01-31.12.2011
Current period corporate tax	(338,357)	(1,158,612)
Deferred tax income / (expense)	(1,708,846)	974,825
Balance at the end of the period	(2,047,203)	(183,787)

Footnotes to the Consolidated Financial Statements as of December 31, 2012

(The amounts are expressed in Turkish Lira ("TL"), unless otherwise indicated.)

B. Deferred Tax Assets and Liabilities

The Group calculates the assets and liabilities of the income tax, by taking into consideration the effects of the temporary differences between the evaluations of the items in the balance sheet IFRS and the legal tables. The temporary differences in question are generally caused by the recognition of income and expenses according to IFRS and tax laws in different reporting periods.

Corporate tax rate for the year 2012 is 20% (31.12.2011: 20%). Therefore the tax rate applied to the deferred tax assets and liabilities, which are calculated according to the Liability Over Temporary Differences Method, is 20%.

The detailed list prepared by using the enacted tax rates of the accumulated temporary differences, deferred tax assets and liabilities as of the dates December 31, 2012, and December 31, 2011, is as follows:

Deferred Tax Associated with the Income Statement	31.12.2012		31.12.2011	
	Total Temporary Differences	Deferred Tax Asset / (Liability)	Total Temporary Differences	Deferred Tax Asset / (Liability)
Temporary differences regarding investment purpose real estate properties and tangible fixed assets	(25,402,370)	(5,080,474)	(25,670,783)	(5,134,157)
Temporary differences regarding intangible fixed assets	(82,626,180)	(16,525,236)	(82,595,450)	(16,519,090)
Rediscounts regarding payables	(1,333,737)	(266,747)	(396,222)	(79,244)
Foreign exchange difference income / expense (derived from the differences between foreign exchange rates)	(2,111)	(422)	(25)	(5)
Temporary differences regarding tangible fixed assets	20,474,810	4,094,962	20,110,044	4,022,009
Temporary differences regarding intangible fixed assets	24,390,681	4,878,136	26,589,090	5,317,818
Provisions for employee termination benefits	11,053,492	2,210,698	9,528,218	1,905,644
Provision for doubtful receivables	7,012,864	1,402,573	6,139,324	1,227,865
Rediscounts regarding receivables	3,851,993	770,399	4,197,166	839,434
Provisions for Business Advance	3,956,703	791,341	2,274,252	454,850
Provisions for Inventory Impairment	413,003	82,601	510,934	102,187
Provisions for other liabilities	83,187	16,637	83,187	16,637
Unpaid social security accruals	1,171,360	234,272	221,372	44,274
Provision expenses for lawsuits	442,215	88,443	591,026	118,205
Provisions for other receivables	195,248	39,050	26,200	5,240
Reduced financial losses	6,984,812	1,396,962	17,601,865	3,520,373
Gross deferred tax liability	(109,364,398)	(21,872,880)	(108,662,480)	(21,732,496)
Gross deferred tax asset	80,030,368	16,006,074	87,872,678	17,574,536
Net deferred tax assets / (liabilities)	(29,334,030)	(5,866,806)	(20,789,802)	(4,157,960)

Behavior chart of the net deferred tax assets is as follows:

	01.01-31.12.2012	01.01-31.12.2011
Balance on January 1	(4,157,960)	(5,132,785)
Deferred tax income / (expense)	(1,708,846)	974,825
Balance at the end of the period	(5,866,806)	(4,157,960)

In the Group's consolidated financial statements for the year that ends on December 31, 2012, which were prepared in accordance with International Financial Reporting Standards, the Group has calculated a deferred tax asset for deductible financial losses that amounts to TL 6.984.812 (31.12.2011: TL 17.601.865).

As of December 31, 2012 and December 31, 2011, the maturities of the financial losses in question are as follows:

Expiration (Timeout) Dates	31.12.2012	31.12.2011
2012	-	9,418,017
2013	408,604	1,046,547
2014	660,619	985,051
2015	3,257,107	3,533,232
2016	1,251,485	2,619,018
2017	1,406,997	-
Total	6,984,812	17,601,865

Deferred tax assets are reflected in the books for all deductible temporary differences in proportion with the probability of occurrence of a financial profit that can be benefited. The Group's financial losses, which may be appropriated, and whose deferred tax assets cannot be calculated, and which amounted to TL 8,876,432 as of December 31, 2012 (31.12.2011: TL 4,580,589), and their maturities, are as follows:

	31.12.2012	31.12.2011
2012	-	3,607,292
2013	4,071,938	973,297
2014	1,297,730	-
2015	276,125	-
2016	1,367,533	-
2017	1,863,107	-
Total	8,876,433	4,580,589

Note 36 - Earnings per Share

As of the dates December 31, 2012 and December 31, 2011, the weighted average of the Group's shares, and calculations regarding profit per share, are as follows:

	01.01-31.12.2012	01.01-31.12.2011
Earnings / (loss) obtained from ongoing activities, per share:		
The main partnership's net profit / (loss) for the period, regarding ongoing activities	(6,580,644)	4,991,968
The weighted average number of shares with a value of TL 1, each	200,000,000	200,000,000
Earnings / (loss) obtained from the ongoing activities, per share (TL)	(0.03)	0.02
Earnings / (loss) per share:		
Profit / loss for the period	(7,580,768)	3,926,468
Net profit / (loss) of minority shareholders for the period	(1,000,124)	(1,065,500)
Net profit / (loss) of main partnership for the period	(6,580,644)	4,991,968
The weighted average number of shares with a value of TL 1, each	200,000,000	200,000,000
Earnings / (Loss) per Share (TL)	(0.03)	0.02

İhlas Yayın Holding A.Ş.

Footnotes to the Consolidated Financial Statements as of December 31, 2012

(The amounts are expressed in Turkish Lira ("TL"), unless otherwise indicated.)

The reconciliation of the number of stock shares of the Group at the beginning and by the end of the period is as follows:

	31.12.2012	31.12.2011
The number of weighted stock shares at the beginning of the period	200,000,000	200,000,000
The number of weighted stock shares at the end of the period	200,000,000	200,000,000

No income per dilutive share has been calculated as the Group has no dilutive potential ordinary shares (Previous period: None).

There is no accrued dividends in the current period (Previous period: None).

Note 37 - Related Party Disclosures

A. The Group's existing account balances (net book value) with its partners, indirect capital through its partners, the management, the major companies with whom the Group has a business relationship, and with the Group's key personnel, as of 31 December 2012 and 31 December 2011 are as follows:

Receivables from Shareholders and Parties Associated with Shareholders	31.12.2012	31.12.2011
İhlas Pazarlama ^(*)	14,894,849	19,973,655
İhlas Holding	2,218,172	5,626,358
Armutlu Tatil Köyü	1,160,023	927,302
Ortak Girişim-4	385,146	-
İhlas Net	78,263	-
İhlas Madencilik	69,246	-
Kuzuluk Kaplıcaları	35,798	14,041
Bisan Otomotiv	34,776	-
İhlas İletişim	17,170	-
İhlas İnşaat Proje	11,765	9,064
Kristal Gıda	10,898	-
İhlas Motor	6,157	54,586
İhlas Yapı	3,540	-
Pazarlama Yatırım Holding	1,070	-
İnşaat Holding	624	-
İhlas Ev Aletleri	-	136,843
İhlas Dış Ticaret	-	57,371
İhlas Kimya	-	35,550
Tasfiye Halinde İhlas Finans	-	24,835
Kristal Kola	-	18,139
İhlas Enerji	-	11,457
İhlas Oxford	-	8,973
Detes Enerji	-	5,618
Mir Madencilik	-	3,113
Total	18,927,497	26,906,905

^(*) Besides the receivables deriving from sales of goods, services, advertising and rentals, this balance includes the receivables deriving from the collection of some part of the receivables sourcing from the sales of Türkiye Newspaper, published by İhlas Gazetecilik, by Doğan Dağıtım A.Ş., one of the Doğan Group companies, through İhlas Pazarlama A.Ş. in order to collect the receivables more expediently.

An interest number is processed and an interest is accrued for receivables from the related parties which exceed the limits of commercial size.

Payables to Shareholders and Parties Associated with Shareholders

	31.12.2012	31.12.2011
İhlas Pazarlama	1,273,718	252,143
İhlas Madencilik	461,259	250,875
İhlas Holding	252,236	292,673
İhlas Ev Aletleri	205,582	76,437
Şifa Yemek	198,718	47,289
İhlas Net	187,233	188,926
KPT Lojistik	91,630	71,285
İhlas Antrepo	71,650	642
İhlas Net Ltd,	60,394	35,407
İhlas İnşaat Proje	12,017	61,080
İhlas İletişim	-	662
Kristal Gıda	-	72
Payables to Other Associated Parties (Key Personnel)	99,475	62,347
Total	2,913,912	1,339,838

Advances Given to Related Parties

	31.12.2012	31.12.2011
İhlas Pazarlama	1,629,704	925,596
Total	1,629,704	925,596

B. The Group's sales to and purchases from its partners, indirect capital through its partners, the management and the major companies with whom the Group has a business relationship, within the periods January 1 - December 31, 2012 and January 1 - December 31, 2011, are as follows:

Purchases Made

	01.01-31.12.2012	01.01-31.12.2011
İhlas Pazarlama	4,178,822	3,687,608
İhlas Holding	1,370,011	812,212
Şifa Yemek	1,024,860	445,806
KPT Lojistik	713,095	596,602
İhlas Net	220,642	211,381
İhlas Antrepo	203,377	900
Kuzuluk Kaplıcaları	135,806	16,663
İhlas Net Ltd	54,090	119,797
Armutlu Tatil Köyü	2,686	743
İhlas Ev Aletleri	21	216
İhlas Madencilik	-	60,838
Detes Maden	-	410
Total	7,903,410	5,953,176

İhlas Yayın Holding A.Ş.

Footnotes to the Consolidated Financial Statements as of December 31, 2012

(The amounts are expressed in Turkish Lira ("TL"), unless otherwise indicated.)

Sales Made	01.01-31.12.2012	01.01-31.12.2011
İhlas Pazarlama	3,138,282	3,387,844
Ortak Girişim-3	2,400,000	5,932
Armutlu Tatil Köyü	2,126,966	2,581,900
İhlas Ev Aletleri	470,988	488,495
İhlas Holding	463,087	7,341,159
Kuzuluk Kaplıcaları	132,631	118,702
İhlas İnşaat Proje	83,614	160,326
Bisan Otomotiv	65,045	45,000
Kristal Gıda	36,000	41,423
Şifa Yemek	17,859	12,145
Bispa	16,712	190,053
İhlas Motor	15,220	7,609
İhlas Net	5,625	8,135
Kristal Kola	1,570	56,233
Tasfiye Halinde İhlas Finans	1,350	1,675
KPT Lojistik	884	-
İhlas Madencilik	256	403
Ortak Girişim-4	-	19,348
Mir Maden	-	103
İhlas Net Ltd,	-	22,515
İhlas Antrepo	-	900
Total	8,976,089	14,489,900

C. Interest, rent and other income / expenses that are received or paid by the Group from and to its partners, indirect capital through its partners, the management and the major companies with whom the Group has a business relationship, within the periods January 1 - December 31, 2012 and January 1 - December 31, 2011, are as follows:

Issued Interest Invoices	01.01-31.12.2012	01.01-31.12.2011
İhlas Pazarlama	2,020,067	1,350,149
İhlas Holding	235,128	381,785
İhlas Motor	5,784	-
İhlas Ev Aletleri	1,855	20,011
İhlas Net	1,581	-
Ortak Girişim-4	-	159,493
İhlas Madencilik	-	25,873
İhlas Dış Ticaret	-	1,296
Total	2,264,415	1,938,607

Received Interest Invoices	01.01-31.12.2012	01.01-31.12.2011
İhlas Pazarlama	337,725	56,343
İhlas Madencilik	51,686	6,496
İhlas Holding	26,459	107,618
Şifa Yemek	3,018	-
Ortak Girişim-4	-	122,832
İhlas Net	-	4,126
Total	418,888	297,415

Issued Rent Invoices	01.01-31.12.2012	01.01-31.12.2011
İhlas Holding	586,741	554,862
İhlas Pazarlama	224,434	202,327
Tasfiye Halinde İhlas Finans	147,832	135,900
Ortak Girişimi-3	113,122	4,200
İhlas Motor	96,330	64,126
İhlas İnşaat Proje	13,224	54,736
İhlas Yapı	9,138	8,400
İhlas Dış Ticaret	8,354	7,680
Armutlu Tatil Köyü	4,895	4,500
Ortak Girişimi-4	4,569	103,992
Kuzuluk Kaplıcaları	2,937	2,700
İhlas Ev Aletleri	1,958	1,800
Mir Maden	1,810	1,778
İhlas Oxford	1,044	960
İnşaat Holding	979	900
Pazarlama Yatırım Holding	979	900
Ortak Girişimi-2	-	4,200
Ortak Girişimi-1	-	3,150
İhlas Zahav	-	1,566
Bur-Yal	-	960
İhlas Kimya	-	900
Total	1,218,346	1,160,537
Received Rent Invoices	01.01-31.12.2012	01.01-31.12.2011
İhlas Ev Aletleri	721,104	575,901
İhlas Madencilik	507,492	329,214
İhlas Holding	360,552	463,300
İhlas Net Ltd	10,084	-
İhlas Pazarlama	-	110,735
Detes Maden Ltd	-	14,999
Total	1,599,232	1,494,149
Tangible Fixed Asset Acquisitions	01.01-31.12.2012	01.01-31.12.2011
İhlas İletişim	4,088	-
İhlas Pazarlama	-	15,320
Total	4,088	15,320
Tangible Fixed Asset Sales	01.01-31.12.2012	01.01-31.12.2011
İhlas Pazarlama	123,901	82,267
Total	123,901	82,267
Other Income	01.01-31.12.2012	01.01-31.12.2011
İhlas Holding	-	153,590
İhlas Pazarlama	20,563	2,709
Total	20,563	156,299
Other Expenses	01.01-31.12.2012	01.01-31.12.2011
İhlas Holding	-	59,350
İhlas Pazarlama	-	12,354
Total	-	71,704

İhlas Yayın Holding A.Ş.

Footnotes to the Consolidated Financial Statements as of December 31, 2012

(The amounts are expressed in Turkish Lira ("TL"), unless otherwise indicated.)

D. The short-term benefits provided to the Group's key management personnel in the periods January 1 - December 31, 2012 and January 1 - December 31, 2011 are as follows:

01.01-31.12.2012: TL 1,707,978

01.01-31.12.2011: TL 1,341,130

E. The long-term benefits provided to the Group's key management personnel in the periods January 1 - December 31, 2012 and January 1 - December 31, 2011 are as follows:

None (Previous period: None).

Note 38 - Nature and Extent of Risks Arising from Financial Instruments

The (net) book values of the financial assets and liabilities that are denominated in foreign currencies as of the dates December 31, 2012 and December 31, 2011 are as follows:

	31.12.2012	31.12.2011
A, Foreign currency assets	3,734,790	2,858,362
B, Foreign currency liabilities	11,023,399	10,000,991
Net Foreign Exchange Position (A-B)	(7,288,609)	(7,142,629)

FOREIGN EXCHANGE POSITION CHART

	31.12.2012				31.12.2011			
	TL Equivalent	US\$	EURO	Other	TL Equivalent	US\$	EURO	Other
1, Trade Receivables	1,786,477	293,391	537,262	-	568,937	68,324	179,998	-
2a, Monetary Financial Assets (Including								
Cash and Bank Accounts)	1,786,806	633,047	279,913	33	2,055,881	718,989	285,531	-
2b, Non-Monetary Financial Assets	-	-	-	-	-	-	-	-
3, Other	117,673	66,012	-	-	193,707	94,525	4,100	1,762
4, Current Assets (1+2+3)	3,690,956	992,450	817,175	33	2,818,525	881,838	469,629	1,762
5, Trade Receivables	-	-	-	-	-	-	-	-
6a, Monetary Financial Assets	-	-	-	-	-	-	-	-
6b, Non-Monetary Financial Assets	-	-	-	-	-	-	-	-
7, Other	43,834	24,590	-	-	39,837	21,090	-	-
8, Fixed Assets (5+6+7)	43,834	24,590	-	-	39,837	21,090	-	-
9, Total Assets (4+8)	3,734,790	1,017,040	817,175	33	2,858,362	902,928	469,629	1,762
10, Trade Payables	3,921,251	1,736,626	337,826	35,188	2,621,296	1,198,865	139,386	29,633
11, Financial Liabilities	2,247,313	614,640	489,712	-	3,642,321	501,625	1,102,710	-
12a, Other Monetary Liabilities	-	-	-	-	-	-	-	-
12b, Other Non-Monetary Liabilities	-	-	-	-	-	-	-	-
Liabilities	1,328,009	724,538	15,498	-	233,933	122,582	977	-
13, Short-Term Liabilities (10+11+12)	7,496,573	3,075,804	843,036	35,188	6,497,550	1,823,072	1,243,073	29,633
14, Trade Payables	-	69,999	-	-	-	-	-	-
15, Financial Liabilities	3,526,396	661,869	997,809	-	3,502,834	976,292	678,745	-
16a, Other Monetary Liabilities	430	223	14	-	607	279	33	-
16b, Other Non-Monetary Liabilities	-	-	-	-	-	-	-	-
17, Long-Term Liabilities (14+15+16)	3,526,826	732,091	997,823	-	3,503,441	976,571	678,778	-
18, Total Liabilities (13+17)	11,023,399	3,807,895	1,840,859	35,188	10,000,991	2,799,643	1,921,851	29,633

FOREIGN EXCHANGE POSITION CHART

	31.12.2012				31.12.2011			
	TL Equivalent	US\$	EURO	Other	TL Equivalent	US\$	EURO	Other
19, Net Asset / (Liability) Position of Off-Balance Sheet Derivative Instruments (19a-19b)	-	-	-	-	-	-	-	-
19a, Amount of Off-Balance Sheet Derivative Instruments of an Active Nature, Denominated in Foreign Exchange	-	-	-	-	-	-	-	-
19b, Amount of Off-Balance Sheet Derivative Instruments of a Passive Nature, Denominated in Foreign Exchange	-	-	-	-	-	-	-	-
20, Net Foreign Currency Asset / (Liability) Position (9-18+19)	(7,288,609)	(2,790,855)	(1,023,684)	(35,155)	(7,142,629)	(1,896,715)	(1,452,222)	(27,871)
21, Net Foreign Asset / (Liability) Position of Monetary Items (1+2a+5+6a-10-II-12a-14-15-16a)	(6,122,107)	(2,156,920)	(1,008,186)	(35,155)	(7,142,240)	(1,889,748)	(1,455,345)	(29,633)
22, Total Fair Value of Financial Instruments used for Foreign Exchange Hedge	-	-	-	-	-	-	-	-
23, Amount of Hedged Portion of Foreign Exchange Assets	-	-	-	-	-	-	-	-
24, Amount of Hedged Portion of Foreign Exchange Liabilities	-	-	-	-	-	-	-	-
25, Exports	21,161,268	7,728,291	3,322,779	-	19,342,057	6,981,956	3,226,907	-
26, Imports	29,026,294	10,083,164	4,650,188	4,931	38,107,569	12,880,528	5,481,937	8,319

There is no obligation for the hedging of foreign currency as the Group has no maturity transactions as of the dates December 31, 2012 and December 31, 2011. Hedging ratio of imports from total foreign currency liabilities is exchange rate risk through a derivative instrument liability for returning the total foreign exchange rate.

Note 39 - Financial Instruments

A) Capital risk management

The Group aims to enhance its profit and market value by maintaining an efficient debt and equity balance while trying to ensure continuity of operations in capital management.

The Holding's capital structure, formed by debts and loans which are described in Notes 8 and 9, and the paid-in capital, capital reserves, restricted profit reserves and equity components including prior years' profits/losses explained in Note 27.

İhlas Yayın Holding A.Ş.

Footnotes to the Consolidated Financial Statements as of December 31, 2012

(The amounts are expressed in Turkish Lira ("TL"), unless otherwise indicated.)

Risks associated with each class of capital and the Group's cost of capital are evaluated by the senior management of the Group. During this evaluation, senior management evaluates the risks associated with each class of capital and cost of capital, and presents those dependent on the decision of the Board of Directors for the evaluation of the Board of Directors. The Group optimizes diversification of capital, based on the evaluation of the senior management and the Board of Directors by acquisition of new debt, repayment of existing debt and / or capital increase. The Group's overall strategy is not different from the previous period.

The Group monitors the capital adequacy by using the debt/equity ratio. The calculation of this ratio is performed through dividing the net debt by total shareholders' equity. Net debt is calculated by deducting cash and cash equivalents from the total debt amount (short-and long-term loans in the balance sheet, include trade and other payables).

	31.12.2012	31.12.2011
Total liabilities	88,153,632	63,640,993
Minus: Cash and cash equivalent values (Note 6)	(2,313,550)	(10,085,865)
Net liability	85,840,082	53,555,128
Total shareholders' equity (Note 27)	250,063,265	280,153,237
The ratio of net liability /shareholders' equity	34%	19%

B) Significant accounting policies

The significant accounting policies of the Group regarding financial instruments are described in detail in the "Financial Instruments" section within footnote No: 2 "Summary of Significant Accounting Policies".

C) Financial risk management objectives

Currently, a Group-wide defined risk management model or its active applications are not present. Exchange rate risk, interest rate risk and liquidity risk are among the significant financial risks of the Group. Although there are no defined risk management models, the Group manages its risks through decisions it takes, and through the implementation of these decisions. Forming a corporate risk management model is targeted and this aim is currently a work in progress.

D) The market risk

Due to its activities, the Group is exposed to financial risks regarding fluctuations in currency exchange rates and interest rates. Distribution of revenue and expenses according to foreign exchange types and distribution of debts according to foreign exchange rates, and variable and fixed interest rates are monitored by the Group's management.

The changes in market conditions leading to market risk include benchmark interest rate, price of financial instrument of another company, commodity price, exchange rate or price or differences in the rate index.

Management of changes in inventory prices (price risk)

The Group is subjected to a price risk because of the selling prices being affected by price changes of stocked raw materials. There is no derivative instrument that can be used to avoid the negative effects of price movements on selling price margins. The Group tries to reflect raw material price changes by taking the balances of production-order-purchase according to future price movements for raw materials.

Risk management for foreign currency ratio:

The Group obtains loans at fixed interest rates. Interest rates related to the Group's liabilities are disclosed in detail in Footnotes 6, 7 and 8.

Interest Position Table

		31.12.2012	31.12.2011
Financial instruments with fixed rate			
Financial assets	Financial assets to be kept until maturity	7,600,000	5,640,616
	Financial assets that are ready for sale	-	-
Financial liabilities (bank loans)		13,735,114	7,338,629
Financial instruments with variable interest rate			
Financial assets		-	-
Financial liabilities		1,002,816	1,968,805

As of the dates December 31, 2012 and December 31, 2011, if the base point of interest were to be changed by 100 points, which means if interest rates were changed by 1%, and if all other variables could be held constant, a net interest expense / income would have emerged due to the interest change applied on the financial instruments with fixed interest rates. In this case the pre-tax net profit / loss for the current period would be TL 8,660 (31.12.2011: TL 948) higher / lower.

The Group's interest rate sensitivity is as follows:

Interest Rate Sensitivity Analysis Table

	31 December 2012		31 December 2011	
	Profit / Loss		Profit / Loss	
	Increase of basis point	Decrease of basis point	Increase of basis point	Decrease of basis point
In case basis point is 100 (1%):				
TL	(8,660)	8,660	(948)	948
US\$	-	-	-	-
Total Effect of Financial Instruments with Fixed Rate	(8,660)	8,660	(948)	948
In case basis point is 100 (1%):				
Effect of Financial Instruments with Variable Interest Rate	-	-	-	-
Total	(8,660)	8,660	(948)	948

Foreign currency risk management

There is a natural balance between the income and expenses of the Group in terms of exchange rate risk. It is attempted to protect this balance by including predictions for the future and taking the market conditions into consideration.

As of the dates December 31, 2012 and December 31, 2011, if the currency unit TL were to change by 10% against US\$, EURO and other foreign currency units, and if all other variables could be held constant, the pre-tax net profit / loss derived for the current period, which resulted from the net foreign exchange profit / loss of the assets and liabilities denominated by these currency units, would be TL 728,861 (31.12.2011 : TL 714,263) higher / lower.

Footnotes to the Consolidated Financial Statements as of December 31, 2012

(The amounts are expressed in Turkish Lira ("TL"), unless otherwise indicated.)

The exchange rate sensitivity analysis table regarding the Group's foreign exchange position is as follows:

Exchange Rate Sensitivity Analysis Table

	31 December 2012		31 December 2011	
	Profit / Loss		Profit / Loss	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case of a 10% change in US\$ currency:				
1- Net US\$ assets / (liabilities)	(497,498)	497,498	(358,270)	358,270
2- Part protected from US\$ risk (-)	-	-	-	-
3- US\$ Net Impact (1+2)	(497,498)	497,498	(358,270)	358,270
In case of a 10% change in EURO currency:				
4- Net EURO assets / (liabilities)	(240,740)	240,740	(354,894)	354,894
5- Part protected from EURO risk (-)	-	-	-	-
6- EURO Net Impact (4+5)	(240,740)	240,740	(354,894)	354,894
In case of a 10% change in other currencies:				
7- Net assets in other foreign currency / (liabilities)	9,377	(9,377)	(1,099)	1,099
8- Part protected from other foreign currency risk (-)	-	-	-	-
9- Other Currency Assets				
Net Impact (7+8) (7+8)	9,377	(9,377)	(1,099)	1,099
Total (3+6+9)	(728,861)	728,861	(714,263)	714,263

E) Credits and collection risk management

The credits and collection risk of the Group is basically related to its trade receivables. The amount shown in the balance sheet consists of the net amount which is obtained after the deduction of doubtful receivables predicted by the Group, due to its past experiences and current economic conditions. The Group's credit risk has been distributed as the Group has been working with a large number of customers and there is no significant concentration of credit risk.

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	Receivables				Deposit at Bank	Cash and Other
	Trade Receivables Related Party	Other Party	Other Receivables Related Party	Other Party		
Maximum credit risk exposed as of the reporting date (A+B+C+D+E)⁽¹⁾	18,927,497	56,765,846	-	469,145	9,205,579	707,971
Part of maximum risk secured by Guarantee etc.	-	-	-	-	-	-
A. Net book value of financial assets which are neither overdue nor subjected to impairment ⁽²⁾	18,927,497	56,043,914	-	469,145	9,205,579	707,971
B. Book value of financial assets with renegotiated conditions, which would have been overdue or considered to be subjected to impairment	-	-	-	-	-	-
C. Net book value of assets which are overdue but not subjected to impairment ⁽³⁾	-	-	-	-	-	-
- Part secured by Guarantee etc.	-	-	-	-	-	-
D. Net book value of assets subjected to impairment ⁽⁴⁾	-	721,932	-	-	-	-
- Overdue (gross book value)	204,120	14,459,247	-	-	-	-
- Impairment (-)	(204,120)	(13,737,315)	-	-	-	-
- Part of the net value secured by Guarantee etc.	-	-	-	-	-	-
- Undue (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Part of the net value secured by Guarantee etc.	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

⁽¹⁾ Factors that increase the reliability of credit, such as received guarantees, were not taken into account when determining the amount.

⁽²⁾ An impairment and credit risk is expected for financial assets which are neither overdue nor impaired in their present condition.

⁽³⁾ For financial assets which are overdue but have not been subjected to impairment, impairment is not expected in the future either, as the guarantees and / or maturities regarding these financial assets are short-term. There are no financial assets which are overdue but not subjected to impairment as of December 31, 2012.

Footnotes to the Consolidated Financial Statements as of December 31, 2012

(The amounts are expressed in Turkish Lira ("TL"), unless otherwise indicated.)

⁽⁴⁾ The ageing analysis for financial assets which are overdue and impaired as of 31.12.2012 is as follows:

December 31, 2012	Receivables	
	Overdue Amount	Doubtful Receivables Provisions
Provisions		
1 - 30 days overdue	274,476	(27,448)
1 - 3 months overdue	247,572	(86,975)
3 - 12 months overdue	887,754	(573,447)
1 - 5 years overdue	6,299,063	(6,299,063)
More than 5 years overdue	6,954,502	(6,954,502)
Total	14,663,367	(13,941,435)
Part secured by Guarantee etc.	-	-

December 31, 2011

	Receivables				Deposit at Bank	Cash and Other
	Trade Receivables		Other Receivables			
	Related Party	Other Party	Related Party	Other Party		
Maximum credit risk exposed as of the reporting date (A+B+C+D+E)⁽¹⁾	26,906,905	42,682,432	-	505,588	8,273,322	1,812,543
Part of maximum risk secured by Guarantee etc.	-	-	-	-	-	-
A. Net book value of financial assets which are neither overdue nor subjected to impairment ⁽²⁾	26,906,905	42,320,268	-	505,588	8,273,322	1,812,543
B. Book value of financial assets with renegotiated conditions, which would have been overdue or considered to be subjected to impairment	-	-	-	-	-	-
C. Net book value of assets which are overdue but not subjected to impairment ⁽³⁾	-	-	-	-	-	-
- Part secured by Guarantee etc.	-	-	-	-	-	-
D. Net book value of assets subjected to impairment ⁽⁴⁾	-	362,164	-	-	-	-
- Overdue (gross book value)	112,307	12,256,238	-	-	-	-
- Impairment (-)	(112,307)	(11,894,074)	-	-	-	-
- Part of the net value secured by Guarantee etc.	-	-	-	-	-	-
- Undue (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Part of the net value secured by Guarantee etc.	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

⁽¹⁾ Factors that increase the reliability of credit, such as received guarantees, were not taken into account when determining the amount.⁽²⁾ An impairment and credit risk is expected for financial assets which are neither overdue nor impaired in their present condition.⁽³⁾ For financial assets which are overdue but have not been subjected to impairment, impairment is not expected in the future either, as the guarantees and / or maturities regarding these financial assets are short-term. There are no financial assets which are overdue but not subjected to impairment as of December 31, 2011.

⁽⁴⁾ The ageing analysis for financial assets which are overdue and impaired as of 31.12.2011 is as follows:

December 31, 2011	Overdue Amount	Receivables Doubtful Receivables Provisions
Provisions		
1 - 30 days overdue	276,993	(27,699)
1 - 3 months overdue	18,800	(6,580)
3 - 12 months overdue	405,180	(304,530)
1 - 5 years overdue	11,372,124	(11,372,124)
More than 5 years overdue	295,448	(295,448)
Total	12,368,545	(12,006,381)
Part secured by Guarantee etc.	-	-

F) Liquidity risk management

The Group manages liquidity risk by following the estimated and actual cash flows regularly while supplying sufficient funds and maintaining continuity of debt reserves by matching their maturities and liabilities.

31.12.2012					
Maturities as per the terms of agreement	Book Value	Total Cash Outflows as per the terms of agreement	Less than 3 months	Between 3 - 12 months	Between 1 - 5 years
Non-Derivative Financial Liabilities	24,103,663	25,890,865	6,488,784	14,969,023	4,433,058
Bank Loans	7,957,802	8,088,773	31,427	8,031,105	26,241
Finance Lease Obligations	5,777,312	6,273,285	662,622	1,879,154	3,731,509
Trade Payables ^(*)	4,157,695	5,197,185	1,928,389	2,699,688	569,108
Other Debts and Liabilities ^(**)	6,210,854	6,331,622	3,866,346	2,359,076	106,200
Expected Maturities	Book Value	Total Expected Cash Outflows	Less than 3 months	Between 3 - 12 months	Between 1 - 5 years
Non-Derivative Financial Liabilities	31,123,597	41,188,254	19,186,837	20,418,368	1,583,049
Bank Loans					
(of uncertain maturities) ^(***)	1,002,816	1,002,816	-	1,002,816	-
Trade Payables ^(****)	21,184,722	31,136,664	14,840,357	16,296,307	-
Other Debts and Liabilities	8,936,059	9,048,774	4,346,480	3,119,245	1,583,049

İhlas Yayın Holding A.Ş.

Footnotes to the Consolidated Financial Statements as of December 31, 2012

(The amounts are expressed in Turkish Lira ("TL"), unless otherwise indicated.)

Maturities Expected (or as per the terms of agreement)	Book Value	Total Cash Outflows Expected/ as per the terms of agreement	Less than 3 months	Between 3 - 12 months	Between 1 - 5 years
Derivative Cash Inflows	-	-	-	-	-
Derivative Cash Outflows	-	-	-	-	-

(¹) As indicated by TCC, promissory notes are contracts between two parties. Therefore, notes payable are observed in this group.

(²) Liabilities with legal payment periods, such as tax provisions, tax installments, taxes payable and social security premiums, are observed in this group.

(³) There are revolving loans and they have unidentified maturities. They are observed in the 3 - 12 months section.

(⁴) Suppliers and other trade payables are observed within this group.

31.12.2011

Maturities as per the terms of agreement	Book Value	Total Cash Outflows as per the terms of agreement	Less than 3 months	Between 3 - 12 months	Between 1 - 5 years
Non-Derivative Financial Liabilities	12,955,526	14,061,961	4,691,625	4,665,123	4,705,213
Bank Loans	193,474	230,446	48,729	134,455	47,262
Finance Lease Obligations	7,145,155	8,116,970	1,168,383	2,873,836	4,074,751
Trade Payables(¹)	1,587,878	1,685,526	718,104	384,222	583,200
Other Debts and Liabilities(²)	4,029,019	4,029,019	2,756,409	1,272,610	-

Expected Maturities	Book Value	Total Expected Cash Outflows	Less than 3 months	Between 3 - 12 months	Between 1 - 5 years
Non-Derivative Financial Liabilities	19,424,753	19,873,424	7,544,905	11,369,620	958,899
Bank Loans					
(of uncertain maturities)(³)	1,968,805	1,968,805	-	1,968,805	-
Trade Payables(⁴)	10,774,607	11,041,753	5,069,938	5,971,815	-
Other Debts and Liabilities	6,681,341	6,862,866	2,474,967	3,429,000	958,899

Maturities Expected (or as per the terms of agreement)	Book Value	Total Cash Outflows Expected/ as per the terms of agreement	Less than 3 months	Between 3 - 12 months	Between 1 - 5 years
Derivative Cash Inflows	-	-	-	-	-
Derivative Cash Outflows	-	-	-	-	-

⁽¹⁾ As indicated by TCC, promissory notes are contracts between two parties. Therefore, notes payable are observed in this group.

⁽²⁾ Liabilities with legal payment periods, such as tax provisions, tax installments, taxes payable and social security premiums, are observed in this group.

⁽³⁾ There are revolving loans and they have unidentified maturities. They are observed in the 3 - 12 months section.

⁽⁴⁾ Suppliers and other trade payables are observed within this group.

G) Hedge Accounting

In order to protect derivative products from the buying and selling process and from foreign currencies and / or interest rates (fixed and variable), the Group performs forward, future, option and swap transactions.

Note 40 - Subsequent Events (Events After the Balance Sheet Date)

Application to CMB for Amendments to the Articles of Association

With the decision (Number 2103-04) taken by the Board of the Directors of the Company on February 13, 2013 in order to comply with the Turkish Commercial Code numbered 6102 and Capital Markets Law numbered 6362, the Company applied to the Capital Markets Board (CMB) on February 14, 2013 for the amendments to the Articles of Association for Article 2 (Trade Name of the Company), Article 6 (Capital), Article 7 (Structure, Election and Function of the Board of Directors), Article 9 (Privileges), Article 10 (Meetings and the Quorum), Article 11 (Representation of the Company), Article 16 (General Assembly), Article 17 (Place of Meeting), Article 18 (Participation of a Ministry Official in the Meeting), Article 20 (Voting), Article 24 (Method of Voting), Article 26 (Annual Reports) and Article 30 (Reserve Fund) .

The final situation of the privileges will be as follows, in the event that this application comes to a conclusion;

Benefits Provided from Privileged Shares

If the General Assembly of the Company decides that the Board of Directors consist of 5 people, at least 4 of the Members of the Board of Directors are selected from among candidates nominated by group (A) shareholders. Similarly, at least 5 of the members are selected among those candidates if a board of 7 people is decided, at least 7 of the members are selected among those candidates if a board of 9 people is decided, and at least 9 of the members are selected among those candidates if a board of 11 people is decided. In the Ordinary and Extraordinary General Assembly Meetings of the Company, each group B shareholder has 15 (fifteen) voting rights for each share they possess.

İhlas Yayın Holding A.Ş.

Footnotes to the Consolidated Financial Statements as of December 31, 2012

(The amounts are expressed in Turkish Lira ("TL"), unless otherwise indicated.)

Endorsement of the financial statements

The Holding's consolidated financial statements dated 31.12.2012 were endorsed by the Holding's Board of Directors on 20.03.2012. The only authority with the power to make changes on the consolidated financial statements endorsed by the Holding's Board of Directors is the Holding's General Assembly.

Note 41 - Other Matters that may Affect the Financial Statements to a Significant Extent or Matters which are Required to be Explained in Order for the Financial Statements to be clear, interpretable and understandable

Re-classification

Due to the fact that some expense items presented under the cost of sales and general administration expenses in the extended income table of the Group dated January 1 – December 31, 2011 have been reported under cost of sales, marketing, sales and distribution expenses, general administration expenses and other operating expenses after reclassification, the Holding's extended income table for the previous period has also been reclassified.

The aforementioned reclassification is limited as is given below.

Re-classified Items	Situation before the classification 01.01-31.12.2011	Classified Amount	Re-classified Version 01.01-31.12.2011
Cost of Sales	(133,953,723)	1,127,488	(132,826,235)
Marketing, Sales and Distribution Expenses	(8,037,285)	(2,111,890)	(10,149,175)
General Administration Expenses	(25,007,589)	1,879,172	(23,128,417)
Other Operating Expenses	(2,890,224)	(894,770)	(3,784,994)

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