

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 |

| | 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.

İhlas Yayın Holding A.Ş.

Consolidated Statement of Changes In Shareholders' Equity as of January 1 - December 31, 2012 and January 1 - December 31, 2011

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

| | Reference | Paid-in Capital | | Capital Correction Differences | | Restricted Reserves Derived from Profit | | Other Reserves | | Profit / (Loss) for the Previous Year | | Net Profit / (Loss) for the Period | | Consolidated equity of Participations | | Total Shareholders' Equity |
|------------------------------------|-----------|--------------------|--------------------|--------------------------------|-------------------|---|---------------------|---------------------|---------------------|---------------------------------------|--------------------|------------------------------------|----------------|---------------------------------------|--|----------------------------|
| | | Capital | Reference | Capital | Differences | Reserves from Profit | Derived from Profit | Reserves | Other Reserves | Previous Year | Participations | the Period | Participations | Equity | | |
| January 1, 2012 | 27 | 200,000,000 | 200,000,000 | 22,039,497 | 22,039,497 | 6,950,444 | 6,950,444 | - | - | (52,431,569) | 4,991,968 | 98,602,897 | 280,153,237 | | | |
| Efficient Share Changes | 27 | - | - | - | - | (65) | (65) | - | - | (47,376) | - | 163,237 | 115,796 | | | |
| Minority Share Acquisitions | 27 | - | - | - | - | - | - | (19,814,896) | - | - | - | (2,810,104) | (22,625,000) | | | |
| Transfers | 27 | - | - | - | - | - | - | - | 4,991,968 | - | (4,991,968) | - | - | | | |
| Net Profit / (Loss) for the Period | 36 | - | - | - | - | - | - | - | - | - | (6,580,644) | (1,000,124) | (7,580,768) | | | |
| December 31, 2012 | | 200,000,000 | 200,000,000 | 22,039,497 | 22,039,497 | 6,950,379 | 6,950,379 | (19,814,896) | (47,486,977) | (6,580,644) | 94,955,906 | 250,063,265 | | | | |
| January 1, 2011 | 27 | 200,000,000 | 200,000,000 | 22,039,497 | 22,039,497 | 6,949,691 | 6,949,691 | - | - | - | 1,348,456 | 98,249,491 | 274,807,110 | | | |
| Capital Payment | 27 | - | - | - | - | - | - | 753 | - | - | - | 1,395,000 | 1,395,000 | | | |
| Efficient Share Changes | 27 | - | - | - | - | - | - | - | - | - | - | 23,906 | 24,659 | | | |
| Transfers | 27 | - | - | - | - | - | - | - | 1,348,456 | - | (1,348,456) | - | - | | | |
| Net Profit / (Loss) for the Period | 36 | - | - | - | - | - | - | - | - | - | 4,991,968 | (1,065,500) | 3,926,468 | | | |
| December 31, 2011 | | 200,000,000 | 200,000,000 | 22,039,497 | 22,039,497 | 6,950,444 | 6,950,444 | (52,431,569) | 4,991,968 | 98,602,897 | 280,153,237 | | | | | |

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 Medya, 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.

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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.)

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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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.

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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 |

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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 leaseings 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.

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 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.

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

(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 |

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.)

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).

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 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 |

İhlas Yayın Holding A.Ş.

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

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.

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(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 |

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(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) |

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(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 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.

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 |

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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.)

| 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.

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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.)

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) |