

Türkiye

At the core of our
news coverage is
humanity,

**at the source
of our common
sense is
consistency.**



Our 2011 Annual Report can be downloaded to your iPads and iPhones from App Store.

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BUSINESS INITIATIVE DIRECTIONS (BID) AWARDED İHLAS JOURNALISM IN THE GOLD CATEGORY FOR TOTAL QUALITY MANAGEMENT



The annual BID International Quality Awards Summit recognizes successful corporations in a wide range of fields based on leadership, quality awareness, innovation, excellence, technology, customer services and satisfaction enabling them to maintain their sustainable competitive structures, and organizes the Quality awards Summit in three categories, Gold, Platinum and Diamond.

Neither individuals, nor institutions or organizations, can nominate themselves as a candidate. The nominees are chosen and voted for during the BID World Congresses based on the following criteria: QC100 principles, Customer Satisfaction, Leadership, Technology, The Best Application, Business results, ISO 9000 and Total Quality Management. Within the context of the QC100 Total Quality Management Model criteria, İhlas Journalism was granted the International Quality Crown (IQC) award in the gold category.

The award was handed out at a ceremony in the Ballroom of the Guoman Tower, during the International Quality Summit, by Jose Prieto, the President of BID, to Nuh Albayrak, Editor in Chief of Türkiye Newspaper. Albayrak expressed that the award made great sense for them, "Because, for the last 3 and a half years, we have been

engaged in an intensive program to strengthen and return our newspaper and brand to the good old days. The appreciation and recognition of these efforts and success by completely independent sources on an international platform have naturally made us feel very happy. This award means that we are on the correct course and our efforts are paying off. For this reason, it has become a new source of strength for us," he added.

Nuh Albayrak, reaffirming that they had the opportunity to communicate with many international organizations attending the award ceremony, continued, "Almost all of the people we talked to work for companies doing business in Turkey. Thereby, once again we have witnessed Turkey's potential in the business world."

Albayrak averred that they are a team with an amateur spirit and added, "This is very meaningful for us, and this award means new strength for us. I think all of my teammates will be very excited with this award, and I believe that we will find ourselves in a much more prestigious and wonderful place by means of this power and excitement."

History of İhlas Gazetecilik

- Türkiye Newspaper was established on April 22, 1970 by Dr. Enver Ören under the name “Hakikat”.
- On April 30, 1972 the name “Hakikat” was changed to “Türkiye”.
- After meeting Asahi Shimbun in the FIEJ (World Association of Newspapers) conference in Japan, Dr. Enver Ören started distribution of the newspaper by hand delivery in 1978.
- In 1980 marketing activities started with the establishment of a newspaper distribution organization.
- In 1981 the Company established its own offset printing facilities.
- On October 1st 1982, the first issue of Türkiye Newspaper’s Children’s Magazine was published.
- On May 1st 1982, the English supplement “Made in Turkey” began life.
- In 1983 the Company started manufacturing products in Ankara, Adana, Erzurum and Samsun facilities.
- In 1985 Türkiye Newspaper raised its number of pages from 8 to 12 and reached a circulation of 119 thousand.
- In 1986 its circulation reached 300 thousand.
- In 1989 Türkiye Newspaper extended its number of pages from 12 to 16.
- It was in print in Europe (Frankfurt) starting from February 3rd 1987.
- On March 17, 1987 it was chosen as “Newspaper of the Year” by the Turkish Press Association.
- On October 24, 1987 Türkiye Newspaper was quoted as the second biggest company among the large companies in publishing in a research by the Istanbul Chamber of Industry.
- On March 28, 1988 the Izmir Printing Facility started its operations.
- On November 29, 1990 the paper had net sales of 1,361,553, still stands for record hard to beat, at the sector
- In 1990 Ankara printing facility was renewed.
- In 1991 the Newspaper started to be prepared in a computerized system and then sent to printing facilities online.
- In 1998 the Newspaper moved to İhlas Media Plaza, one of the most modern and largest media centers in Turkey.
- Parallel to the general structuring tendencies of newspaper and distribution companies, Samsun Printing Facility moved to Trabzon in 2001 and in 2000 Erzurum Printing Facility moved to Antalya.
- On August 15, 2000 İhlas Gazetecilik A.Ş. was established. After that date, Türkiye Newspaper started to be published by İhlas Gazetecilik A.Ş.
- On April 22, 2010 Türkiye Newspaper celebrated its 40th anniversary. In these past 40 years, with its fully owned structure and publishing criteria, Türkiye Newspaper has continued operations as the only national newspaper that has not changed at all since the first day.
- After the procedures for its public offering were completed, stocks started trading on the ISE (Istanbul Stock Exchange) under the code IHGZT ISIN on June 14, 2010.
- The Enterprise Resource Planning System was launched as of January 01, 2012.

Publishing Principles of İhlas Gazetecilik

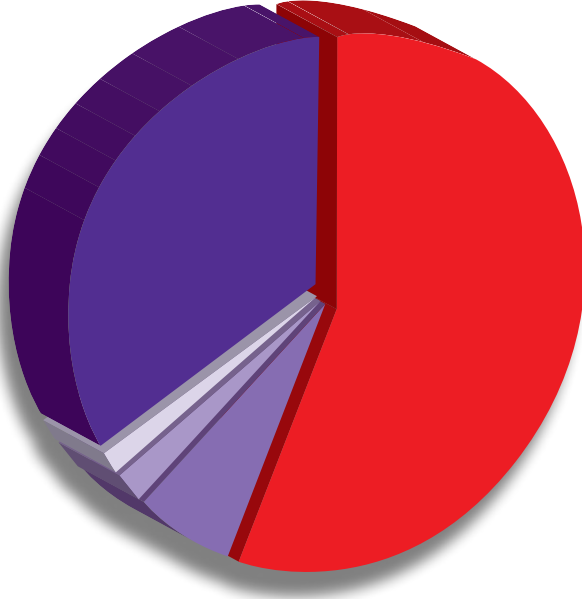
- As can be understood from the carefully chosen anniversary of April 22, proudly bearing the name of our country, Türkiye Newspaper deems the protection of democracy, to which it is bonded at the heart, as its principal duty.
- Türkiye Newspaper publishes what supports the independence and indivisible integrity of the Turkish Republic Government and national benefits.
- Türkiye Newspaper places uncompromising value on its readers' trust, Türkiye Newspaper exerts the maximum effort to preserve the common belief that, "if it is written in Türkiye Newspaper then it is a fact".
- Türkiye Newspaper is a family newspaper.
- Türkiye Newspaper contributes to develop forbearance and tolerance of different opinions.
- Türkiye Newspaper adopts a journalistic character that is objective, follows press ethics and principles and is tied closely to international and contemporary values.
- Türkiye Newspaper, which believes positive news is news too, publishes with a "glass half full" perspective for economic stability.
- Türkiye Newspaper follows a publishing policy allowing understandable and peaceful reading by different social groups and ages.
- Türkiye Newspaper stays away from any type of relationship based on special interest.
- Türkiye Newspaper never offends anyone based on race, sex, religious beliefs, language, social ranking and physical handicap in its publications.
- Türkiye Newspaper does not accept anyone as 'guilty' before being proven so by court ruling and never uses insulting nicknames or statements.
- Türkiye Newspaper does not take part in anyone's private life. Information given in confidentiality is never shared.
- Türkiye Newspaper respects the right of reply of individuals and corporations.

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NEWSPAPER PLACES
UNCOMPROMISING
VALUE ON ITS
READERS' TRUST,
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Shareholding Structure

As of December 31, 2011.

	Share Rate	Share Amount
İhlas Yayın Holding A.Ş.	56.55%	45,239,706
İhlas Holding A.Ş.	6.92%	5,536,050
Enver Ören	2.02%	1,615,514
Other	1.51%	1,208,730
Publicly-traded	33.00%	26,400,000
Total	100.00%	80,000,000

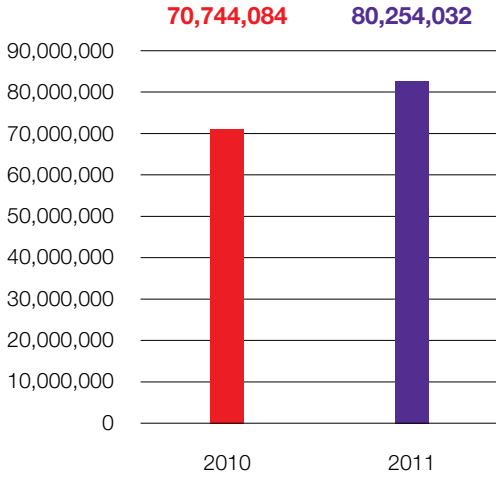


- İhlas Yayın Holding A.Ş.
- İhlas Holding A.Ş.
- Enver Ören
- Other
- Publicly-traded

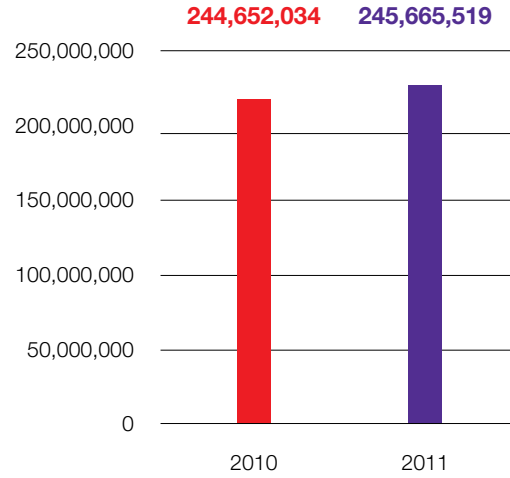
Main Financial Indicators (₺)

According to the financial statements within the framework of international financial reporting standards (₺).

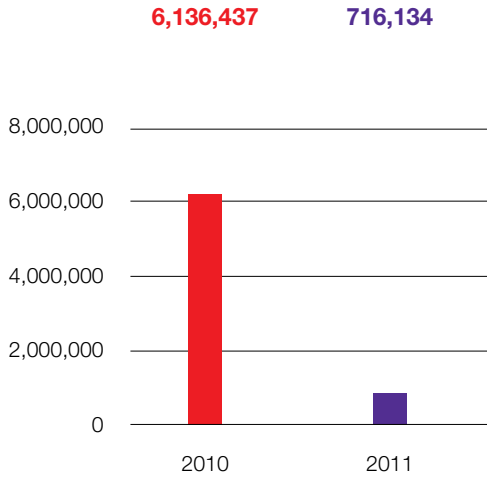
Sales Income



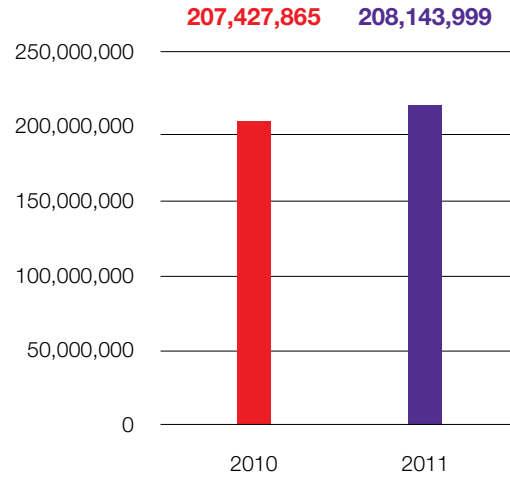
Total Assets



Profit for the Period



Shareholders' Equity



Message from the Chairman

TÜRKİYE
NEWSPAPER,
REPRESENTING THE
ESTABLISHMENT OF
İHLAS GROUP, AND
THEREFORE BEING
THE CORE COMPANY
OF THE GROUP,
HAS ALWAYS HELD
A UNIQUE AND
DIFFERENT PLACE



A. MÜCAHİD ÖREN
The Chairman of the Board of Directors

Esteemed Shareholders,

Türkiye Newspaper, representing the establishment of İhlas Group, and therefore being the core company of the Group, has always held a unique and different place.

The fact that Türkiye Newspaper, which has a priceless nominal value for us, is an invaluable asset for İhlas Group in terms of producing economic value was confirmed by the successful public offering in 2010.

As we explained to our new shareholders during the public offering, the year 2011 was a year in which better and more productive business opportunities started to emerge.

The Enterprise Resource Planning (ERP) project applied by companies with developed corporate infrastructures was launched this year. İhlas Journalism implemented SAP, the largest ERP software in the world, as a pilot application in the Group.

Within the context of the Project, the re-designation of business processes especially related with the printing operations has enhanced the group's competitive and profit-oriented working capacity.

İhlas Journalism prints quite a few daily and weekly papers other than Türkiye Newspaper, and also prepares and prints various weekly or monthly national magazines in its printing facilities.

Media activities should produce not only nominal value, but also considerable added value. Türkiye Newspaper and its publisher, İhlas Journalism will remain as one of the leading channels of the sector with their dynamic structure, which extends to its clientele and total audience, and generates economic value under current competitive conditions.

İhlas Journalism, which we acknowledge as the flagship of the İhlas Group, will remain as a media asset with growing value, thanks to Türkiye Newspaper and to its continually expanding printing activities.

I would like to express my sincere gratitude to all of our employees from the country printing houses to the news center of İhlas Journalism, to our loyal readers and to our valuable shareholders for their trust, courtesy and unrelenting support.

Sincerely,



A. Mücahid Ören
The Chairman of the Board of Directors

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İHLAS GAZETECİLİK
ANNUAL REPORT 2011

Message from the Editor In Chief

WE HAVE SET SAIL FOR
NEW ACHIEVEMENTS
FOR THE
“NEW TURKEY”



NUH **ALBAYRAK**
Editor in Chief

Greetings,

In our 40th anniversary chat, we talked about the efforts we had put in, in order to overcome the decade-long negative impacts of the crisis, the new millennium's gift to Turkey, the revised company structure, and the active management model.

We needed to build new targets after these operations, which carry only infrastructural meaning in our sector, to catch up with our competitors and return to the leading position to which we are accustomed.

For this reason, 2011 was a year in which all our efforts to change came to fruition.

While we were accelerating our operations on a healthy financial and administrative infrastructure in order to prepare a "brand-new newspaper" with enriched content, we also decided to scientifically register all of our acquisitions.

With this aim, we initiated the transition to the complicated ERP (Enterprise Resource Planning) management system applied by all of the world's major companies.

And so, not only did we aim to permanently maintain and institutionalize the steps of change we had made up till then, but also we planned to use all our resources, from human to machine park, in the most efficient way possible.

We reached our target by the appointed time thanks to passing the most critical threshold by setting forth with SAP, a consultancy program with proven success across the globe, and experienced the excitement of the transition to the live system in the very first moments of 2012.

Now, we have a company rooted in four decades, but also as scientific, active and modern as though it had only recently been established. In fact, these very characteristics have captured the attention of organizations thousands of kilometers away, and İhlas Journalism was granted an award by BID (Business Initiative Directions) in the gold category for its total quality management model criteria, and our team's operations, performed with amateur enthusiasm, were awarded the "Golden Crown".

The obstacles have been overcome, dear friends and colleagues.

It is no longer difficult to set sail for new achievements for the "New Turkey".

Our aforementioned target to "catch up with the competition" has "officially" been achieved, and considerable steps have been taken towards the second stage.

Hoping to share further details at our next appointment.

My warmest regards,



Nuh Albayrak
Editor in Chief

Board of Directors



AHMET MÜCAHİD ÖREN

Chairman of the Board of Directors

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



NUH ALBAYRAK

Member of the Board of Directors and Editor-in-Chief

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



M. MUAMMER GÜRBÜZ

Deputy Chairman and CEO

M. Muammer Gürbüz was born in 1954 in Istanbul. He graduated from the Department of Electrical Engineering at Istanbul National Academy of Engineering and Architecture's Işık Engineering Faculty. From 1980 to 30th April 1981 he worked as an electrical engineer in Egesan Elektrik ve Elektronik Gereçler Sanayi. On 1st July 1981 he started to work in İhlas Holding. He worked as Technical Manager, Technical Coordinator and Newspaper Facility Engineer. Still the Deputy Chairman Gürbüz, speaks fluent English. M. Muammer Gürbüz is married with three children.



ÜMİT KÜNAR

Executive Member of the Board of Directors Responsible for Financial Affairs

Ümit Künar was born in 1975 in Tekirdağ. He graduated from Anadolu University, Faculty of Business Administration. He began working at İhlas Holding in 1992 and is now the Member of the Board of Directors Responsible for Financial Affairs for İhlas Gazetecilik A.Ş. He holds an independent accounting and financial advisory license and speaks fluent English. He is married with one child. Mr. Künar is also a member of the Corporate Governance Association of Turkey (TKYD) and the Investor Relations Association of Turkey (TÜYİD).

**MUSTAFA R. SELÇUK****Member of the Board of Directors**

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

**ORHAN TANIŞMAN****Member of the Board of Directors**

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

**NAZMI ÖRS****Independent Member of the Board of Directors**

Born in 1948 in Antalya, Nazmi Örs graduated from Yenişehir Health College, Department of Radiology in 1969. In 1979 he graduated from the Gevher Nesibe Health Education Institute, Department of Public Health in Ankara. He held various posts in the Ministry of Health in Izmir, Kars, Gaziantep and Istanbul. He retired voluntarily in 1999 while working as an Assistant Manager in Bakırköy Psychiatric Hospital. He still runs his own independent business.

**MEHMET REMZİ ESEN****Independent Member of the Board of Directors**

Born in 1956 in Istanbul, Mehmet Remzi Esen graduated from the Faculty of Commercial Science, Department of Business Administration in 1980. In 1976 he worked in the Liquid Capital Accounting Department of the University of Cerrahpaşa Medical School. In 1986 he started to work in Technical Services at the Encyclopedia Department of Türkiye Newspaper. In 1998 he transferred to Türkiye Newspaper's Technical Department. He retired in 2001.

**DOĞUŞ BEKTAŞ****Independent Member of the Board of Directors**

Doğuş Bektaş was born in 1978 in Yozgat. He completed his high school education in Ankara Hasanoğlan Atatürk Anatolian Teachers High School. Following this, he graduated from the Department of Business Administration at Istanbul University's School of Economics. Starting his professional life in 2000, he worked at İrfan Bağımsız Denetim ve Y.M.M. A.Ş. until 2006. After that, until 2010, he worked in Bilgili Bağımsız Denetim ve Y.M.M. A.Ş. He still works as Chief Financial Officer in Kiler Holding. He speaks fluent English. Doğuş Bektaş is married with one child.

Senior Management





NUH **ALBAYRAK** (7)
Editor in Chief

İBRAHİM **ÖNGÜN** (5)
Assistant General Manager - Marketing and Sales

MUSTAFA **BİLİM** (3)
Assistant General Manager - Publishing

MUAVİYE **GÜL** (8)
Assistant General Manager - Printing

ÜMİT **KÜNAR** (10)
Assistant General Manager - Financial Affairs

MUSTAFA ASİM **GÖK** (6)
Assistant General Manager - Support Services

AYDOĞAN **KAÇIRA** (4)
Publishing Coordinator

ALİ **İBRAHİMOĞLU** (11)
European Printing Coordinator

MUSTAFA **KUM** (9)
Printing Coordinator

BEHÇET **FAKİHOĞLU** (1)
Responsible Manager

ADİL **KÜÇÜK** (12)
Economy Department Manager

NACİ **ARKAN** (2)
Manager Responsible for Sports

HAYRETTİN **TURAN** (13)
Foreign News Manager

* ADNAN **TAŞDİZEN**
Editorial Coordinator

* NURİ **ELİBOL**
Ankara Representative

* Not in the photo.



Sectoral Evaluation and the Position of İhlas Gazetecilik in its Sector

The stability in the national economy brought steadiness to the general level of prices. The variety of development channels on the internet is expected to expand. The challenge is to be able to quickly revise the way we make and present the business subject to developing technology, without changing our core values and traditions. Some of the newspapers in the sector prefer to outsource printing work to the big companies and their facilities instead of setting up their own facilities. Magazine publishers prefer to publish magazines through the internet instead of printing them. On a similar trait, they opt to organize virtual fairs.

Even though the printing business has been negatively affected by the development and spread of the internet, the economic development of the country has kept this negativity at a certain level while expanding the need for printed material in different fields. This has balanced the use of printing capacity. The developing technology may help to reduce costs. The

development of the communication sector enhances the need of people to communicate and find different ways to meet this need. Higher purchasing power affects selling prices positively.

Thanks to the principled publishing that İhlas Gazetecilik has held onto for all these years, as a result of devoted work it has emerged the least affected media corporation in the face of ever-growing alternative sources and media web pages. İhlas Gazetecilik, standing tall, boosted its announcement-advertising profit in 2011, a year of heavy impact by the global crisis in this field, and where those who could not follow a consistent strategy lost large amounts of money.



İHLAS GAZETECİLİK HAS
A STRONG TECHNICAL
AND DISTRIBUTION
INFRASTRUCTURE AS
WELL AS CONTENT, AND
MAINTAINS PRINTING
FACILITIES IN ISTANBUL,
ANKARA, İZMİR, ADANA,
TRABZON AND ANTALYA

About İhlas Gazetecilik

Türkiye Newspaper (www.turkiyegazetesi.com.tr), continuing its activities as the only national newspaper under its original ownership structure and publishing policy was established on April 22, 1970.

İhlas Gazetecilik has a strong technical and distribution infrastructure as well as content, and maintains printing facilities in Istanbul, Ankara, Izmir, Adana, Trabzon and Antalya.

Besides retail sales, Türkiye Newspaper was the first to implement direct marketing by hand delivery. The paper distributes directly to houses and offices. This type of distribution also provides a wide customer base for İhlas Holding's other marketing activities.

Valuing protection of the environment, Türkiye Newspaper received an "ENVIRONMENT CERTIFICATE" from the Ministry of Environment and Forestry for "Green Page", the first environmental ecology page generated in order to fulfill social responsibility. The certificate was awarded on World Environment Day.

By the end of 2011, the share of İhlas Holding in İhlas Gazetecilik stood at 6.92%, while 56.55% is held by İhlas Yayın Holding. The Company has 536 employees.

**OSMAN
SAĞIRLI**

GOOD FROM A FAR, BUT FAR FROM GOOD...

There are times when one regrets being a journalist. I felt these emotions very intensely in Somalia. People begging for bread while sitting on uranium, oil, natural gas and gold mines... A country with a coast stretching 3,380 km in which people die of thirst... Occasionally you notice many such things in the countries you visit as a journalist. Up to now, I have had the opportunity to report news on many major issues such as wars, earthquakes, floods and starvation in more than 100 countries. But none of these left scars as deep as Somalia.

NEWS IS HUMANITY...

It reflects
every situation
experienced by
mankind.

Success -

failure, envy

- jealousy,

ambition

- revenge,

emulation -

intolerance...

In short,

all human

emotions

give rise to

newsworthy

occurrences.



I was in the region to carry out some investigations about the famine in Kenya and Somalia in 2011. I had, unfortunately for me, revealed the famine that Somalia was suffering to Turkey. Major campaigns had been initiated and everybody was trying to help the people in the region as much as they could. I was rushing from pillar to post between Somalia and Kenya, and was pursuing the trail of a rumor. People were talking about organ theft. I was forcing hospital doors and playing puss-in-the-corner with UN personnel. Finally, I started to follow up the jet aircraft landing and taking off near the Dadaab Camp, in which over 400,000 people were living on the Kenya Somalia border. The jets were landing at regular times, and UN vehicles were coming and going to and from the UN's airport under high security measures. I sneaked up to the wire fences of the zone. Four land vehicles entered and stopped in front of the stairs of the jet aircraft, whose engines were still turning. They were trying to screen something from view, and I triggered the shutter as soon as I saw the red and blue organ bags in the hands of the doctors. They noticed me. The vehicles approached the wire fence and tried to prevent me from taking pictures. However I managed to save the photos. I had already left the Somalia airport zone before they started to check the camp with the hope of finding me. The news made a tremendous impression across the world.

Somali'yı yardım



Kamplardaki çocukların durumu

KAMPANYA BAŞLATILDI

Türkiye'den, 3.5 milyon burun buruna yaşadığı 5 yaşıyor. Sivil kuruluşlar yardımını sunuyor. Avukatlık da açılan perone için yardım kampanyası Afrika'ya uçaklarla er





ye
eli

kişinin ölümü
Somali'ye yardım
ar bölgede halkın
rupa Birliği Ba-
yesindeki insanlar
su bağlatı. Kızlay,
zak götürdü. 12 DE



The media and many international organizations concerned with organ trafficking used the news and the photos. Some got into contact with me. Humanitarian relief organizations reported the case. But what happened, happened to the children whose organs were stolen.

twitter.com/osmansagirlı



İhlas Journalism Activities

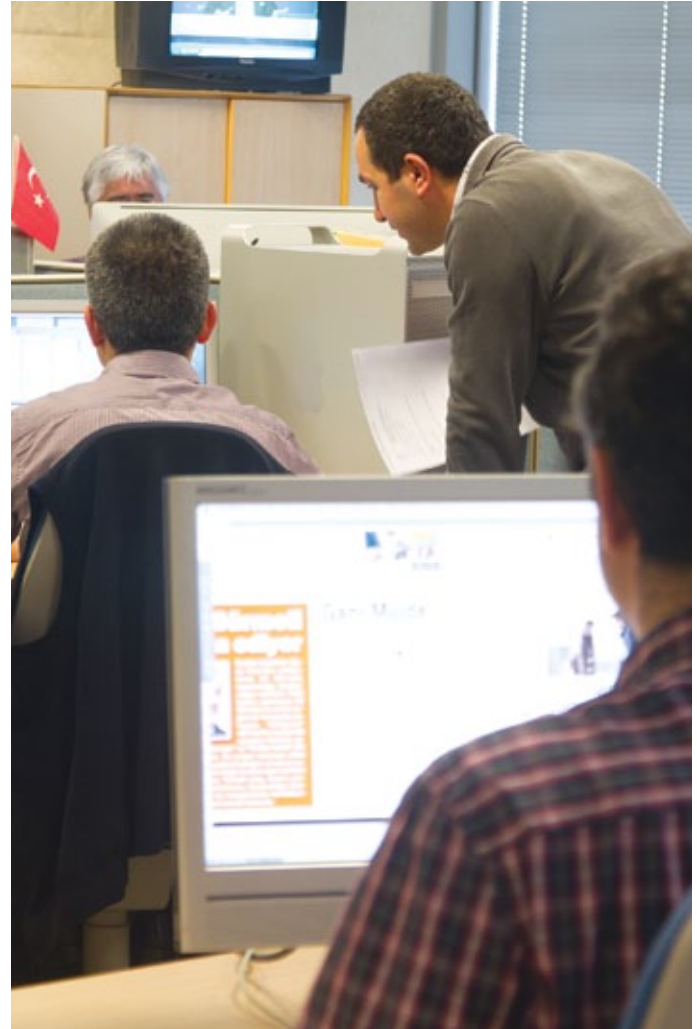
In recent years, crises, one on top of the other, have driven profit margins downwards. One natural outcome of this has been the necessity for more optimal use of company resources. Foreseeing that this situation is not a temporary one, the company has ascertained that it is vital to use all assets, including human resources, a lot more efficiently, and to adapt a management style that facilitates cost reduction to minimal levels. Therefore, it was decided to activate the ERP / ASP management system, which both fulfills expectations and enables all administrators to share the most valuable resource, “information”, as fast as possible. After a successful preparatory period, the most radical and important change since our date of establishment was implemented as of January 2012.

Since both the daily newspaper, which is the major product of the company, and the printing operations, which are the main profit element, are “paper” oriented, besides being negatively impacted by the growing dominance of digital media, the unpredictable price movements of paper led to a decline in the company’s profit margins. However, this has helped to gravitate us more towards another reality, “social media”.

In the meantime, all these developments in Turkey and around the world demonstrate that the irreplaceable “product” in the journalism sector, whose value never falls, is still the “news”. Because, when taking into consideration that, despite the production of newspapers with dazzling printing techniques on coated paper that doesn’t mark one’s hands, and millions of dollars worth of promotions, the present total circulation of the 22 national newspapers published in Turkey is lower than ten years ago, it can be easily understood that quality journalism, which is still lacking, always swings the balance. Moreover, no matter how much the media changes the format from digital to social, the main product, the news, never changes. The only change is in the way it is presented. This fact headed İhlas Journalism towards the search for quality within the “news”, and we are still working diligently on this process.

As a result of operations over the last three years, problems, especially in the distribution infrastructure, have been minimized. İhlas Journalism’s 2012 target is to improve its editorial quality, which has already been considerably enhanced, and to present this quality improvement to a wider audience.

The participation rates of İhlas Holding in İhlas Journalism and İhlas Media Holding as of the end of 2012 are 6.92% and 56.55%, respectively.





Awards and Achievements

The Spanish company, BID (Business Initiative Directions), which is an international quality institution, has evaluated companies in 46 countries in terms of corporate development and adaptation to change in accordance with their own analysis, over the last 25 years. Türkiye Newspaper has entered the list of 50 companies regarded by BID as highly successful.

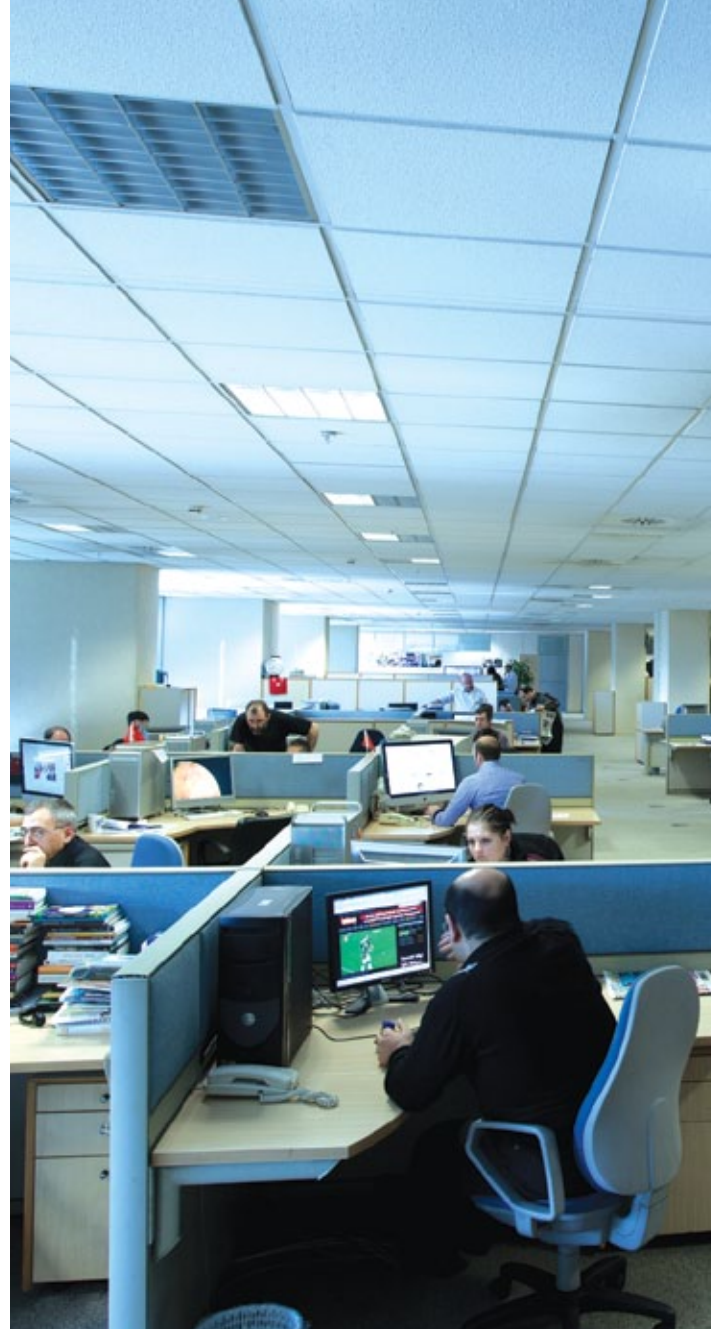
DESPITE THE PRODUCTION OF NEWSPAPERS WITH DAZZLING PRINTING TECHNIQUES ON COATED PAPER THAT DOESN'T MARK ONE'S HANDS, AND MILLION OF DOLLARS WORTH OF PROMOTIONS, THE PRESENT TOTAL CIRCULATION OF THE 22 NATIONAL NEWSPAPERS PUBLISHED IN TURKEY IS LOWER THAN THAT OF TEN NEWSPAPERS TEN YEAR AGO. THE REAL DEFICIENCY IS IN THE QUALITY OF JOURNALISM

Circulation Table of Türkiye Newspaper in 2011 and 2010

Months	2011 Total Circulation	2010 Total Circulation
January	4,154,070	4,465,298
February	3,892,749	3,948,294
March	4,422,651	4,358,699
April	4,315,723	4,210,256
May	4,508,260	4,263,585
June	4,394,003	4,259,337
July	4,440,474	4,326,259
August	4,255,458	4,157,030
September	4,077,509	3,810,039
October	4,219,994	4,055,125
November	3,972,963	3,931,724
December	4,149,459	4,086,546

For 40 years, Türkiye Newspaper has been continuing its business life with the same ownership structure and is a newspaper that is diversified with high future potential due to its pages, brand, stable principles of broadcasting and loyal reader base. İhlas Gazetecilik (İhlas Press), continues operations with printing plants located in six cities.

İhlas Gazetecilik preserves its position in the media sector as a corporation with unmatched competitive strength, wide readership and brand awareness, and with an experienced management perspective and steady publishing. The individual printing offices in Ankara, Izmir, Adana, Trabzon and Antalya also produce pages supported by local news to report on regional current affairs.



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

As part of the "new content and new appearance" theme that started in 2008, continued in 2009 and was reinforced in 2010, the page layout and design of the Newspaper were completely renewed. Planning to continue this change with "a new vision of journalism" by using the opportunities and technology of the information age, Türkiye Newspaper succeeded in changing its design and content while preserving professional traditions and values. These "Special pages", which have become extremely important for those who advertise in the paper, have been the most successful part of this change and evolution.

İhlas Gazetecilik presents "a different kind of journalism" in a period where news channels broadcast live almost every minute and where internet journalism threatens print media. Instead of competing with "shallow information", Türkiye Newspaper prefers to provide its readers information with "depth" and "quality" brought together by "specialists".

By the end of 2011, the share of İhlas Holding in İhlas Gazetecilik stood at 6.92%, while 56.55% is held by İhlas Yayın Holding.

"Special Pages" that generated a "new style" for the first time in Turkey succeeded in fulfilling its mission.

INSTEAD OF COMPETING
WITH "SHALLOW
INFORMATION", TÜRKİYE
NEWSPAPER PREFERS
TO PROVIDE ITS READERS
INFORMATION WITH "DEPTH"
AND "QUALITY" BROUGHT
TOGETHER BY "SPECIALISTS"





THE SADDEST ENCOUNTER

For the sake of example, one of the saddest news items of the year was titled, "He stood face-to-face with the murderers of his three sons in Kandil", published on January 26, 2011. The story is indeed very interesting. We were in PKK controlled territory in Northern Iraq. While having a conversation with a former member of the terrorist organization, we discussed Turkey and especially Kurdish people murdered by the PKK.

The former member of the organization said that Süleyman Özdemir, the father of the three brothers who were killed by PKK mines in Batman, was brought to Kandil and confronted with the murderers of his sons.

He also informed us that the organization strictly cautioned Özdemir against talking to anyone else about it. The news item contained many more details. But since we had heard of this news from only one source, we needed to talk to the source in Turkey. In other words, Süleyman Özdemir, the grieving father whose three sons had been murdered.

So, we found ourselves in Batman as soon as we finished our work in Iraq.

While we were considering how to approach the father, we happened to meet Süleyman Özdemir himself in the village cemetery on the Batman-Hasankeyf roadside.

The old man, standing still by the graves of his three sons, was praying for them with his hands raised and directed to the sky. He was very surprised when we told him the story. He asked, "Who told this to you?" And we replied, "The ones in Kandil".

The old man reluctantly replied, "My! I am deceived one more time!" because he was cautioned not to tell anyone else.

My tears started to flow as the father told his story. I couldn't take any more and left the cemetery and my friend Osman Sağırlı alone with Mr. Özdemir. He had begun to describe what good people were his three lionine sons, now resting in three adjacent graves. I called the news item "the saddest encounter". The organization apologized to the father by means of a so-called judgement, but they continued with the deepest "propaganda" right afterwards.





SMUGGLED LIVES

Another story comes from Kandil. There, people are engaged in deadly smuggling operations in PKK controlled territory.

People smuggling within the Iran-Iraq, Turkey-Iraq and Iran-Turkey triangle are obliged to pay a certain amount of money to the organization in return.

Since the smuggling route is in the organization's pocket, it is impossible to shoot on that location or to interview the smugglers without the permission of the PKK.

The organization, which had let us travel to the region three times previously to interview them, did not grant approval for us to interview the smugglers.

We then decided to go to the region without permission, as journalists

working for the press organizations of the Kurdistan Regional Government. Osman Sağırlı was the only one of our four-man group who couldn't speak Kurdish.

To cover up, we said that Osman was a Kurd who had had an accident and become a deaf mute. Had we done otherwise, and they had understood that we were Turkish journalists, it wouldn't have been possible to do the report.

Sağırlı acted deaf and mute for hours. He made no reaction whatsoever, even to some unbelievable jokes. At the end of the day, everybody, including all of the militants and the Iraqi drivers, believed that Osman was really disabled and they tried to cheer him up. We experienced the joy of returning with incredibly beautiful photos and a revealing newsletter from this story dominated by fear, anxiety and stress.

NEWS IS LIFE...

News encapsulates the taste and feel of life. So news sometimes makes you happy, sometimes annoys you, and sometimes even steams you up.

It sometimes makes you laugh, sometimes smile, and cheers you up at times. But occasionally it can break your heart.





Ediz Hun’la Yeşil Sayfa® / Green Page with Ediz Hun®

Initially, Türkiye Newspaper brought the environmental problem to the table as it has become an issue that affects our lives directly. Together with the experienced environmental scholar, Ediz Hun, the newspaper introduced “the Green Page” to Turkey. The great interest generated by this page resulted in the newspaper being presented with an “Environment Award” and was perceived as a signal indicating how appropriate and timely this new structuring was. “Yeşil Sayfa” is a trademark of the newspaper, registered with the Turkish Patent Institute.

Engelliler İçin “Engelsiz Sayfa”® / “No-Handicap Page” for the Handicapped®

10% of our population is handicapped and in an attempt to do something for them Türkiye Newspaper cooperated with TESYEV, the most experienced and reputable institution that focuses on the handicapped. Together they have commenced publishing the “No-Handicap Page”, the first and still the only newspaper page in Turkey designed for the handicapped. “Engelsiz Sayfa” is also a trademark of the newspaper, registered with the Turkish Patent Institute.

Ailenizin Doktoru® / Your Family Doctor®

Another trademark of the newspaper that is registered with the Turkish Patent Institute is “Ailenizin Doktoru”. On this page, in addition to regular warnings according to the season and developments, Dr. Hilmi Özkırış provides personal recommendations to readers in need, as well as forwarding them to the right contacts.

Sevimli Lezzetler / Lovely Tastes

The famous cuisine specialist Sevim Gökyıldız promotes the culture of Turkish cuisine all around the world, especially in Paris. Each week, she guides food enthusiasts to new flavors on the Lovely Tastes Page.

Türkiye Gençlik / Türkiye Youth

Türkiye Gençlik is prepared by young communication students, as they are the journalists of the future. The page is especially recommended by university teachers to their

students as a vocational education tool. Each week, a different faculty of communication prepares this page and due to its content and preparation format, Türkiye Gençlik is the only page of its kind in Turkey.

Kurşun Kalem / Pencil

“Kurşun Kalem” focuses on secondary school students as its target audience and is presented to the world of education as the product of a rigorous study conducted by a team of experts in their particular fields.

Diplomatik Muhakeme / Diplomatic Reasoning

Prof. Dr. Çağrı Erhan makes an analysis of global political and diplomatic developments and holds his findings up to reason, especially in relation to Turkey.

Çalışanın Dünyası / Employee’s World

In the Employee’s World page, Lütfi Köksal and Şerif Akcan produce tailor made solutions and provide private consultancy to everyone in the business world, be they employee or employer, within the framework of data given and questions asked.

Kadın ve Aile Sayfası / Women and Family Page

Female readers in particular have benefited from the “Women and Family Page” at every stage of their lives due to its broad spectrum varying from emergency home remedies to practical advice on quick careers.

Pazar Sohbetleri / Sunday Chats

Sunday Chats, with different celebrity guests by Betül Altınbaşak and Gurbet Kalay Zorba, have taken the lead over their counterparts in other newspapers.

İz Bırakanlar / Those Who Made a Mark

With his exquisite style, İrfan Özfatıura writes “İz Bırakanlar”, a specialty of Türkiye Newspaper that “points an x-ray” at the lives of people who have left a mark on Turkey and on the world with their personalities and their actions.

NEWS IS CURIOSITY...

News is the curiosity some people feel to learn information about others. In a sense, it is gossip. Who becomes rich and how? How do they live? Who does what, where, and acts together with whom? What is their idea, mind or ideology? Which political party do they support? Who benefits from their actions and how? News provides the answer to many such questions.

GROUND TOP RICE!

I have witnessed quite a few incidents during my 19-year career. I have seen social events, conflicts, accidents, murders, disorders, chaos and fires, just as described in every news reporter's stories, and between the lines. There have been times when I was caught up in the middle of events.

The story of each news item has been written "to the very minute". "Bus raked with gunfire in Hendek" (I heard the passengers screaming), "Gunfight in Bağcılar: 3 terrorists killed" (I was caught in the crossfire), "Provocation in Gazi District" (I was stranded in the middle of the night), "Demonstrators clash with police in Nurtepe" (I was assaulted, trapped between the police riot squad and the demonstrators), "Lynching in Taksim", "Drugs mafia lynches journalist", "Attack on our news reporter" (That reporter was me!) Events witnessed by almost every journalist and adrenaline explosions in many different locations. "Ziraat Bank bombed in Gaziosmanpaşa" (the bomb exploded right under my nose. A narrow escape. But for a car that passed in front.), "Chased by illicit trawlers with meat cleavers." It was your humble correspondent who was chased.

Accidents, murders, funerals or fires, right in front of our eyes, have affected us and our colleagues, who continually employ their defense strategies, maybe not mentally but psychologically.

But... there is an image that remains in my mind's eye, from India, which I will never ever forget and never let others forget it! I have also travelled around Tatarstan, Russia, Syria, Chechnya, Kosovo, and Macedonia. But I never faced anything that burnt my soul and tore my heart like this. No murder has troubled my soul this much. India, the 7th largest country in the world, a democratic country. But people of different cultures with dozens of different beliefs melt in the same pot. Perhaps only 50 million of them live in rich or mid-class conditions. 1.2 billion people, including Brahmins, Hindus, Sikhs, Muslims, Buddhists, and Animists live in squalor. People who worship the Buddha, Shiva, mice, elephants, monkeys, elevators, cows, automobiles and women's navels, not to mention the eaters of the dead and separatist guerillas.





a scene about which I said, "I will never forget this!" Derelict houses, bursting sewage, holes, drug addicts, forget about all of them!

A father feeding his son, in failure and dishonor, with the rice leftovers that probably fell while being carried to the garbage, trying to pick them off the heavily trodden wet ground.

Father and son, taking rice by the handful with an appetite owing to starvation, and a few shots I took shyly.

The turning away of the ashamed father...

It was a sad and bitter photo that tore at my heart and seared itself into my memory...

Such a scene; "Frugal and unaware".

"That small smile!..."

Is that all?...

- Yes..

Why?!

"I, too, am a father!..."

twitter.com/KurtbayOnur



In brief, no cremation ceremonies or tam-tams, fireworks going off into the wee hours in the eyes of Muslims during the Hindu Diwali (The Festival of Lights), fissures or bombs have come to disturb us.

Long midnight journeys, dust, mire or hunger didn't scare or gall us. There was a time when we were used to all these things in Turkey, too. I'm writing this to express, 'Go and see, if you don't believe me.' During my 20-day journey, there had been some incidents that took a strong stomach to approach. Frankly speaking, I didn't have any time! At least I salvaged my reputation by taking pictures of the "burning widow" and made the news.

It is an old journalist tradition to walk through "1000 year-old Delhi" instead of the 1957 model New Delhi. There you can find various places and people every journalist would love to take a picture of. It is difficult to travel by car. You ride the rickshaw as if you are in a mini off-road. It is not nature that obstructs you, but people, motorcycles, oxcarts, carriages, pedestrians, automobiles, trucks, buses, horns, yelling, garbage, holes, mud... even crows or falcons! I am not exaggerating. You can even see vultures in India if you travel well instead of staying at 5 star hotels. You get tired of people pulling at your skirts, arms and legs, entreating "Miskin Babaaa" on the streets. While I was taking pictures of the extreme poverty in the narrow streets of Turkman Gate, the Muslim district, I came across



İhlas Gazetecilik - Printing Facilities

İhlas Gazetecilik, which has a strong technical and distribution infrastructure as well as content, has printing facilities in Istanbul, Ankara, Izmir, Adana, Trabzon and Antalya. İhlas Newspaper's printing capacity in Istanbul alone stands at 55 thousand copies per hour. Along with the other facilities in Ankara, Izmir, Adana, Trabzon and Antalya, İhlas Gazetecilik can address the affairs of each region with local news pages.

The new structures that strengthen integration between the publishing management and the administration of the facilities enables the Company to offer more qualitative printing to national and local papers, publishers and advertising agencies. With this new method, the Company's dynamics became more active, enabling complete printing services from graphic design to actual print. These facilities print many magazines, inserts, brochures and books, and especially local and national newspapers.

THE NEW STRUCTURES THAT STRENGTHEN INTEGRATION BETWEEN THE PUBLISHING MANAGEMENT AND THE ADMINISTRATION OF THE FACILITIES ENABLES THE COMPANY TO OFFER MORE QUALITATIVE PRINTING TO NATIONAL AND LOCAL PAPERS, PUBLISHERS AND ADVERTISING AGENCIES



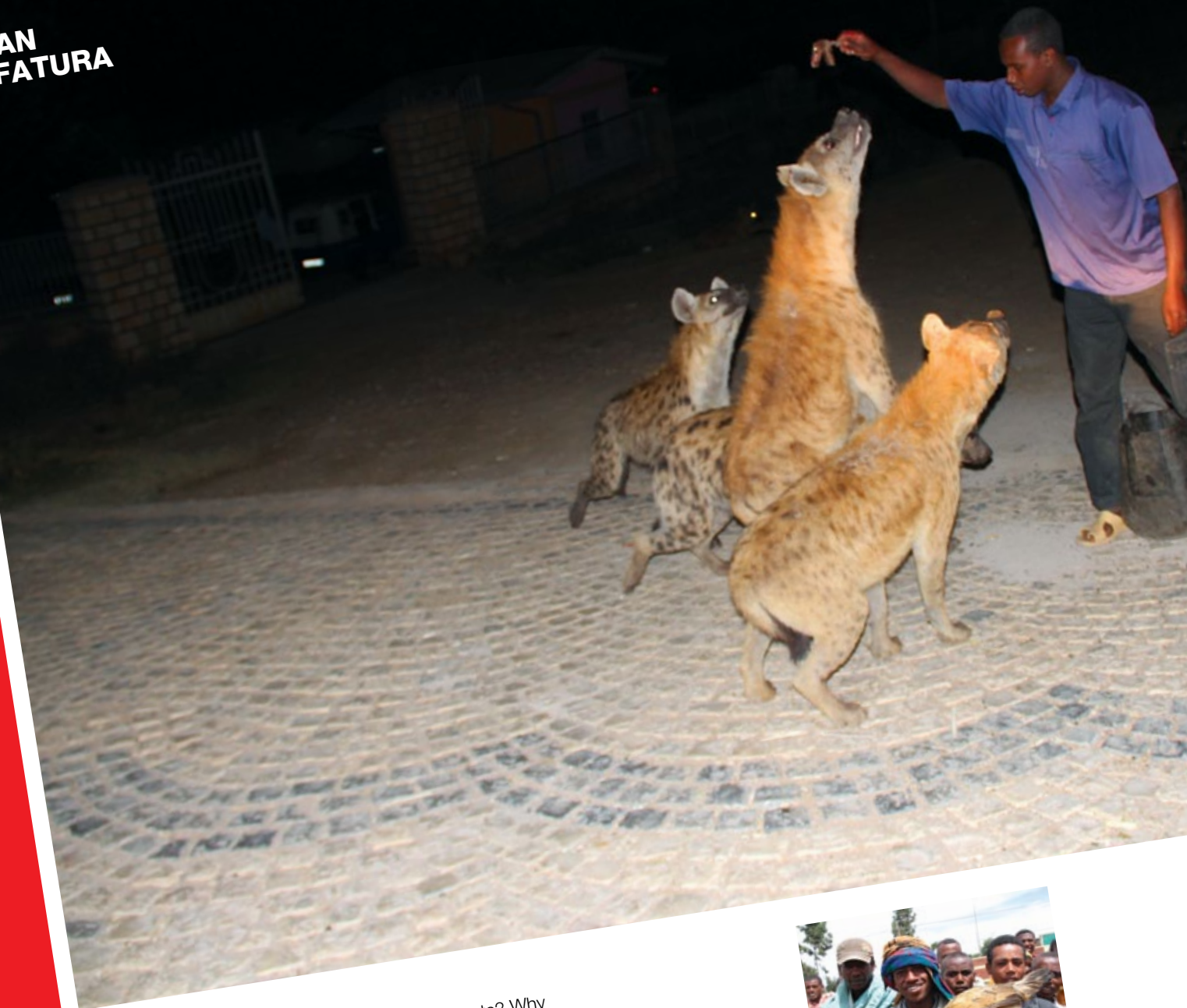


Also, in order to keep up with technological developments, CTP (computer to plate) system that remove the film printing unit and film costs by enabling direct exposure on the plate began to be used in the main facilities. Following a certain investment flow, the same system will also be implemented in the regional facilities.



2011 Daily Printing Amounts

Printing Facility	Printing Amount of Türkiye Newspaper	Printing Amount of Other Newspapers	Printing Capacity
Istanbul	67,126	1,171,436	1,351,600
Ankara	32,965	67,835	284,000
Izmir	26,192	31,808	284,000
Adana	19,392	43,688	240,000
Antalya	6,850	10,590	150,000
Trabzon	18,083	16,580	150,000
Total	170,608	1,341,937	2,459,600



Aaaa, why do these dogs have spots? Why are their eyes like glass, mouths so big, ears so round and fur so sleek..? And what about the cries reminiscent of laughter?

Is that...?

When strangers walking around in Ethiopia's Harar province meet hyenas, they understand, but cannot ascribe it to anything.

You know, hyenas have chins as strong as crocodiles; they walk in groups and browbeat even the lions. Well, but, these... how come... in the city center?

And why don't they attack the scratching chickens, and the children playing in front of them?

That was the question we sought to answer in that news item.

We have experienced different emotions in different cities around the world. Wars, festivals, conflicts. But we could never think of a city whose streets were full of hyenas.



NEWS IS RISK...

And every news item has a story. The obstacles to accessing the news, the reactions after broadcasting it to the public, and the feelings caused by these reactions. They all bring together the... the potential risk in making the news. I mean news is also a risk for those who strive to make it.



twitter.com/irfanofatura



İHLAS GAZETECİLİK ANONİM ŞİRKETİ

**BOARD OF DIRECTORS' REPORT REGARDING
THE ACCOUNTING PERIOD 01.01.2011 - 31.12.2011**

Board of Directors' Report

a) Period of the Report : Annual Report for the Period January 1 - December 31, 2011

Company's Name : İhlas Gazetecilik Anonim Şirketi

Names and surnames, limits of authorization, and terms of office (beginning and end dates) of the Chairpersons and Members who took charge at the Board of Directors and Board of Auditors, as well as Managing Directors:

Position	Name	Limits of Authority	Terms of Office Starting and Ending Date	
Chairman	Ahmet Mücahid Ören	Is Jointly Authorized to Represent and Have Binding Power Concerning the Company.	21.04.2010	*2013
Deputy Chairman and General Manager	M. Muammer Gürbüz	Is Jointly Authorized to Represent and Have Binding Power Concerning the Company.	21.04.2010	*2013
Board Member and Editor-in-Chief	Nuh Albayrak	Is Jointly Authorized to Represent and Have Binding Power Concerning the Company.	21.04.2010	*2013
Board Member and Executive Member Responsible for Financial Affairs	Ümit Künar	Is Jointly Authorized to Represent and Have Binding Power Concerning the Company.	21.04.2010	*2013
Board Member	Mustafa Ruşen Selçuk	Is Jointly Authorized to Represent and Have Binding Power Concerning the Company.	21.04.2010	*2013
Board Member and Corporate Management Committee Member	Orhan Tanışman	Member - Not Authorized to Represent and Have Binding Power Concerning the Company.	21.04.2010	*2013
Board Member and Corporate Management Committee Chairman	Mehmet Remzi Esen	Independent Member - Not Authorized to Represent and Have Binding Power Concerning the Company.	21.04.2010	*2013
Board Member and Audit Committee Chairman	Doğuş Bektaş	Independent Member - Not Authorized to Represent and Have Binding Power Concerning the Company.	21.04.2010	*2013
Board Member and Audit Committee Member	Nazmi Örs	Independent Member - Not Authorized to Represent and Have Binding Power Concerning the Company.	21.04.2010	*2013

* He was elected for three years on April 21, 2010 to do his duty until the next General Meeting that will be held by the end of the third year.

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

AHMET MÜCAHİD ÖREN

İhlas Holding A.Ş.	Deputy Chairman of the Board
İhlas Yayın Holding A.Ş.	Chairman
Kia-İhlas Motor San. ve Tic. A.Ş.	Chairman
İhlas Gelişim Yayıncılık A.Ş.	Chairman
İhlas Haber Ajansı A.Ş.	Chairman
İhlas Oxford Mortgage İnş. ve Tic. A.Ş.	Chairman
İhlas Enerji Üretim Dağ. ve Tic. A.Ş.	Chairman
İhlas İnşaat Holding A.Ş.	Chairman
İhlas Pazarlama Yatırım Holding A.Ş.	Chairman

MUHAMMED MUAMMER GÜRBÜZ

İhlas Madencilik A.Ş.	Chairman
İhlas Enerji Üretim Dağıtım ve Tic. A.Ş.	Board Member
Detes Enerji Üretim A.Ş.	Chairman
Mir İç ve Dış Tic. Maden San. Ltd. Şti.	Company Director

MUSTAFA RUŞEN SELÇUK

İhlas Yayın Holding A.Ş.	Deputy Chairman
İhlas Gelişim Yayıncılık A.Ş.	Board Member
İhlas Haber Ajansı A.Ş.	Board Member
İhlas Enerji Üretim Dağ. ve Tic. A.Ş.	Board Member
TGRT Haber TV A.Ş.	Board Member
TGRT Dijital TV Hizmetleri A.Ş.	Coordinator

ORHAN TANIŞMAN

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

DOĞUŞ BEKTAŞ

Kiler Holding	Financial Affairs Manager
Kiler GYO	Auditor
Nuve Elektrik Üretim A.Ş.	Financial Affairs Director

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

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

There is no reciprocal shareholding exceeding 5%.

The summarized information regarding the Company's ongoing lawsuits as of December 31, 2011, is provided in the chart below:

	Quantity	Amount
Enforcement proceedings conducted in favor of the Company	83	2,523,440
Enforcement proceedings conducted against the Company	2	34,077
Ongoing lawsuits that were commenced in favor of the Company	7	245,311
Ongoing lawsuits that were commenced against the Company	39	672,030

Board of Directors' Report

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

Our Company's field of activity consists of publishing and printing newspapers, magazines, books, encyclopaedias, 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 distributing, selling, delivering and marketing of these products.

Despite the intense competitive environment and market fluctuations in general, worldwide and in Turkey, our Company has earned its rightful place in the related sectors by continuously making innovations in the printing of newspapers and magazines, which are among the Company's main fields of activity.

The newspaper in particular, as the majority income source, has maintained its publication of prints and newspapers with higher quality for the sustainability of quality and modern life, despite the period of crisis experienced by the printing and publishing sectors.

Our Newspaper will continue to contribute to the issue of education and culture with the CDs and books it distributes.

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

Sources of Finance

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

Risk in Collection

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

Exchange Rate Risk

The exchange rate risk resulting from changes in the value of any financial instrument because of variations in exchange rates. FX risk emerges in cases where the TL rises in value against other currencies (or in cases where the value of the TL declines against foreign currencies).

Liquidity Risk

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

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

None.

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

The Company's financial statements dated 31.12.2011 were endorsed by the Company's Board of Directors on 22.02.2012. The only authority with the power to make changes to the financial statements endorsed by the Company's Board of Directors is the Company's General Assembly.

e) Projections on the development of the Company

TÜBİTAK (The Scientific and Technological Research Council of Turkey) and The Presidency of Religious Affairs tenders were won by our Company in 2011, and the tenders were completed by the end of the year. Our Company will participate in private and other organizations' tenders, and maximum effort will be expended in order to enhance capacity usage in the printing activities and to improve the printing activities.

f) Report in Compliance with Corporate Governance Principles:

1. Declaration of Compliance with Corporate Governance Principles

As Türkiye Newspaper completed its 41th year in publishing life, the newspaper's owner İhlas Gazetecilik A.Ş. initiated compliance works regarding Corporate Management Principles before the public offering. Within this scope, the Company rearranged its Board of Directors and set up its Shareholder Relations Unit. In order for the partnership to fulfil the liabilities arising from the capital market legislation, and to ensure coordination in corporate management practices after the public offering, Abdullah Demirer acquired the "Capital Market Activities Advanced Level License" and was appointed as Capital Markets Compliance and Corporate Management Director to Shareholder Relations Unit.

Within the scope of Corporate Management Principles, all annual reports prepared and the corporate website are maintained in compliance with these principles. The Shareholder Relations Unit keeps all the shareholders informed through the website, which is continuously maintained at an up to date status.

One third of the Board of Directors, in which the Chairman of the Board of Directors is different from the Chief Executive Officer, consists of Independent Members. In the Corporate Management Committee, one of the committees created within the Board of Directors, Mehmet Remzi Esen, who is an Independent Member was commissioned as Chairman and Orhan Tanışman was commissioned as a Chairman. Doğuş Bektaş as Chairman and Nazmi Örs as a member were commissioned in the Audit Committee, which is formed entirely of Independent Members.

Our Company has participated in training courses, seminars and panel discussions in order to improve compliance with the principles and follow developments in Corporate Governance.

There are no conflicts of interest arising from any matters of discordance with Corporate Management Principles.

Nuh **Albayrak**
Member of the Board of Directors
and Editor-in-Chief

Ümit **Künar**
Executive Member of the Board
of Directors Responsible for
Financial Affairs

SECTION I - SHAREHOLDERS

2. Shareholders Relations Unit

The Company's Shareholder Relations Unit was established according to the Board of Directors' decision No. 2010-06, dated 19.03.2010.

In order to ensure coordination in corporate management practices after the public offering, Abdullah Demirer was appointed Capital Markets Compliance and Corporate Management Director as of 14.10.2011. Abdullah Demirer also holds the "Advanced Level Certificate for Capital Market Activities". In the Shareholder Relations Unit, Murat Kayalı was assigned manager and Sinan Yılmaz was assigned as the other employee.

Contact information of the Shareholder Relations Unit is as follows:

Name and Last Name	Title	Telephone	E-Mail
Abdullah Demirer	Capital Markets Compliance and Corporate Management Director	(0212) 454 3447	abdullah.demirer@tg.com.tr
Murat Kayalı	Manager	(0212) 454 3015	murat.kayali@tg.com.tr
Sinan Yılmaz	Personnel	(0212) 454 3437	sinan.yilmaz@tg.com.tr

By the end of December 2011 e-mails received at this contact address were answered, and questions from domestic and international investors have also been answered.

The Unit performed an active role in the preparation of the Company's Annual Report. By this way investors are kept fully informed of developments. The Company's Investor Relations Unit updates the corporate website in line with developments and changes in the corporate organization and in accordance with the Corporate Governance Principles issued by the CMB. Since then, it has been updated in accordance with principles.

Board of Directors' Report

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

Information requests received from shareholders are generally responded to via e-mail and telephone. The majority of incoming questions were related to Stock Market performance and the content of the replies included information that was not publicly announced and of confidential nature in commercial terms, while remaining in conformity with the Capital Markets Board legislation and the Turkish Code of Commerce.

The website provided as a service for shareholders is at www.ihlasgazetecilik.com.tr and is continuously updated by the Shareholder Relations Unit.

The appointment of a private auditor was not regulated in the articles of incorporation and there were no demands for such.

4. General Assembly Information

The General Assembly convened at İhlas Holding's registered office on April 08, 2011 at 11:00 AM local time with the participation of 10 people holding 67% of the capital stock. The announcement for the General Assembly was published in the Türkiye Trade Registry Gazette, Türkiye and Dünya newspapers on March 16, 2011 and was also announced on the company website.

Fax or e-mail messages were sent to those who had requested information by telephone. Answers were given to shareholders who exercised their right to submit questions.

No provisions were included in the Articles of Association stating that a General Assembly resolution was required for major issues e.g. division, sale, purchase, leasing of substantial assets.

Announcements were made in electronic form to enable participation in the General Assembly. The required documents were presented on the website. The General Assembly notes were made available to shareholders on the website and at the Financial Affairs Coordination Unit.

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

5. Voting Rights and Minority Rights

In the Ordinary and the Extraordinary General Assembly Meetings of İhlas Gazetecilik A.Ş., group A shareholders have 100 vote rights for each share they possess.

The affiliated companies have no participations in the Company.

Minority interests are not represented in the management and no method of cumulative voting is provided in the Articles of Association of İhlas Gazetecilik A.Ş.

6. Profit Distribution Policy and Date of Profit Distribution

The Board of Directors of the Company aims at stable dividend distribution for as long as circumstances allow. However, the authority of arbitration on dividend distribution in accordance with Turkish Commercial Code belongs to the General Assembly. Within this context, the "net distributable profit for the period" calculated by taking the financial statements prepared to the standard specified by the Capital Markets Board into consideration, will be subject to distribution at the ratio determined by the Capital Markets Board, if an obligation of distribution is imposed by the Capital Markets Board for companies whose shares are traded on the Stock Exchange. However, if an obligation of distribution is not imposed by the Capital Markets Board for companies whose shares are traded on the Stock Exchange, it will be subject to distribution at the ratio determined by the General Assembly. Profit distribution is described in detail in the 29th and 30th articles of our main contract.

- a) The portion of revenue that should be legally set aside according to the Turkish Trade Act, Tax Procedural Law, Capital Markets Law, Principles of the Capital Markets Board and related articles of the Company's articles of association is set aside. Once set aside, the distributable revenue is determined.
- b) Profit will be allocated in proportion with the minimum profit share amount designated by the Capital Markets Board, by taking our Company's investment and financing plans, strategic objectives, fund requirements arising from the working capital and the interests of the shareholders into consideration. Arising needs of the Company's growth trend, profitability, strategic objectives, investment projects and net working capital will also be taken into consideration. The related articles of the Turkish Trade Act, Tax Procedural Law, Capital Markets Law, Principles of the Capital Markets Board and related articles of the Company's articles of association will be complied with. Bearing in mind the potential profit share of the Company, the Executive Board can always decide to share more than the minimum profit allocation amount and propose this to the Board of Directors for approval.
- c) Once the profit sharing decision is made, it is up to the Executive Board to decide on the method. It can be either cash and / or opt for a bonus share. This is then proposed to the Board of Directors for approval.
- d) A grant in profit allocation is not in question. The profit is distributed equally between all existing shareholders no matter what the issuance and acquisition dates may be.
- e) There is no article in the articles of association on profit allocation to managers and employees.
- f) The shared profit will be distributed within legal regulations and article 30 of the Company's articles of association following the approval of the General Assembly of Shareholders and on the date decided once again by the Board of Directors.
- g) Referring to article 29 of the articles of association, if the Board of Directors authorizes the Executive Board, and with the decision of the Executive Board, it is possible to give advance profit share to our partners.
- h) The management informs the public on donations and charity work made during the year and those that are planned to be made at the end of the year. Moreover, donations made and grants given are also included in the Board of Directors' Annual Report which is disclosed to the public in three-month intervals.

The 29th and 30th articles of our main contract are as follows;

DETECTION AND DISTRIBUTION OF PROFIT

Article - 29:

A. Dividend

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

Primary Legal Reserve

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

First Dividend

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

Second Dividend

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

Board of Directors' Report

Secondary Legal Reserve

- d. One tenth of the amount of the profit remaining, after 5% of the paid-up capital is set aside from the sum decided to be allocated to shareholders and other participants, is set aside as secondary legal reserve according to the third sub clause of the second paragraph of article 466 of the Turkish Trade Act.
- e. Before the legal reserves that must be put aside according to law, and before the first dividend is distributed in cash and / or as shares, it cannot be decided to separate reserves, endorse profit for the next year and allocate dividend to preferred shareholders, owners of participation, constituent and redeemed shares, Members of the Executive Board, officials, clerks, employees, foundations of any sort and individuals and / or institutions of this sort.
- f. If not contravening the 15th/last article of the Capital Markets Law, if necessary explanations are given and on condition that donations made during the year are presented to the knowledge of the Members of the Board of Directors, it is possible to set aside part of the dividend for Members of the Executive Board, officials, clerks, employees, foundations of any sort and individuals and/or institutions of this sort.
- g. Dividend is distributed equally to all existing shares by the accounting period no matter what their issuance and acquisition dates may be.
- h. The type and the date of the profit allocation are decided by the Board of Directors upon the proposal of the Executive Board. It complies with the articles of Capital Markets Law.

B. Advance Dividend

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

DATE FOR PROFIT DISTRIBUTION

Article 30:

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

7. Transfer of Shares

According to the 8th article of the Company's main contract, Group A shareholders have the prioritized share purchase rights in the transfers of Group A registered shares. In addition, transfers of Group A shares are subject to endorsement by the Board of Directors.

In the subject of the transfer of B Group shares issued to the bearer, there are no restrictions. These shares can be transferred freely under condition of being in accordance with the Turkish Commercial Code.

SECTION II - PUBLIC DISCLOSURE AND TRANSPARENCY

8. The Company Information Policy

The Informing Policy of İhlas Gazetecilik A.Ş. will be submitted for shareholders' information in the first General Assembly meeting to be held. The information policy included in the Corporate Management Principles Compliance Report is announced to the public through the periodical activity reports and on the Company's corporate website under the title "Corporate Management".

Purpose

The main purpose of the information policy is to ensure the transmission of the necessary information and explanations excluded by the scope of trade secrets, to shareholders, employees, customers, creditors and other related parties in a manner that is timely, accurate, complete, understandable, and accessible in the easiest way, at the lowest cost and under equal conditions.

In order to follow an active and transparent information policy, İhlas Gazetecilik A.Ş. performs its informing and public disclosure activities, including all kinds of necessary financial information, other explanations and notifications within the framework of the relevant legislation in the Turkish Commercial Code and especially the regulations of the Capital Markets Board (SPK) and Istanbul Stock Exchange (İMKB) while remaining within the context of Generally Accepted Accounting Principles.

Responsibility

The Board of Directors is responsible for creating, reviewing and updating the information policy. The Corporate Management Committee makes recommendations to the Board of Directors and related units about the information policy. The information policy presented to the shareholders at the General Assembly is disclosed to the public on the Company website.

Informing Tools and Methods

Tools and methods used by the Company in order to inform and notify the public in accordance with Capital Markets Board (SPK), Istanbul Stock Exchange (İMKB) regulations and the Turkish Commercial Code (TTK) provisions are listed below.

- 1- SPK'nun ilgili tebliğine uygun olarak İMKB bünyesindeki Kamuyu Aydınlatma Platformu'na iletilen özel durum açıklamaları, 1- Special case announcements transmitted to the Public Disclosure Platform within the Istanbul Stock Exchange (İMKB) in accordance with the relevant notification of the Capital Markets Board (SPK),
- 2- The corporate website (www.ihlasgazetecilik.com.tr),
- 3- Financial Statements and their Footnotes, Independent Audit Report, Statements and Annual Reports declared on the Public Disclosure Platform and on the Company website,
- 4- Notices and announcements made by means of the Turkey Trade Registry Gazette and daily newspapers,
- 5- Press releases made to the written and visual media in addition to data distribution companies such as Reuters and Forex,
- 6- Investor meetings, informational and promotional documents prepared for investors,
- 7- Registration statements, communiques, announcements and other documents that are required to be prepared in accordance with Capital Market Regulations,
- 8- Meetings with Capital Market participants that are either face to face or via teleconferencing.

Public Disclosure of Financial Statements and Authorized Officers

Financial statements are subject to independent audit, based on independent audit standards published by the Capital Markets Board and submitted for the approval of the Board of Directors following the approval of the Audit Committee. It is presented to the Board of Directors' endorsement after being approved by the Audit Committee. After the attestation is signed by the authorized Members of the Board of Directors, financial statements are disclosed to the public.

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

Individuals Authorized to Make Statements

All special case statements of İhlas Gazetecilik A.Ş. are made within the scope of the Capital Markets Board's Communique on Principles Regarding Public Disclosure of Special Cases (Series: VIII, No: 54). Special case announcements are prepared within the structure of the Financial Affairs Coordinatorship, with the signatures of the related Members of the Board of Directors, and are disclosed to the public through the Public Disclosure Platform (KAP) and the Company website.

News and Rumors in the Market

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

Board of Directors' Report

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

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

Announcement of Expectations

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

In public disclosures, in the event that forecasts and their grounds stated in regular financial statements and reports are not realized or understood not to be realized, revised information, statements and reports along with their grounds shall be immediately disclosed to the public.

Expectations shall be announced only by those persons authorized to issue public disclosures and by explicitly expressing the above stated warnings or by making reference to a written document (such as press release, information document, explanation formerly made within the framework of the Capital Markets Legislation, etc.) which is already disclosed to the public.

In the event that there is a significant change in the Company's financial status and/or operations or in cases in which it is expected that a significant change will take place in the near future, public disclosure is made within the framework of the Company's Public Disclosure Policy, provided that provisions stated in related regulations are preserved.

Internal Information and Non-Disclosure

Press statements to the written and visual media can only be made under the responsibility of the Executive Board Member responsible for Fiscal Affairs. Apart from this Member, unless specially assigned, none of the Company employees may respond to questions from participants of the capital market. Incoming information requests are forwarded to the Shareholder Relations Unit. Within the scope of information management, information regarding the Company's management, legal status and Company projects, other than those set by legislation, are announced to the public through explanations made by appointed managers and Members of the Board of Directors.

Public Announcements by Insiders with Access to Information

People with access to information of a nature that may affect the value of the Company's capital market tools may be specified as the Board of Directors, Members of the Board of Directors and people involved in senior management as they also have access to insider information. When providing a balance between the policies of full and complete public disclosure, transparency of activities and preserving the Company and investor benefits, it is very important that all Company employees and managers comply with the legal regulations regarding the use of inside information. In this respect, the names of those with access to inside information are published in an updated list at the Company website under the title Corporate Management. None of the employees or managers has the right to use any insider information regarding the Company directly or indirectly. Moreover, they are aware of all restrictions about the nature of this information and the legal regulations, in addition to behaving in compliance with these restrictions and prohibitions.

The Company Website and its Content

The website address of İhlas Gazetecilik A.Ş. is www.ihlasgazetecilik.com.tr. Miscellaneous information that may be requested about the Company is comprehensively included on the Internet address in question. Information disclosed to the public is also published on the website to ensure that everyone may access the same information simultaneously. The website is updated in line with developments and includes a section called "investor relations" in which minimum points predicated by the Capital Markets Boards are included. The Shareholder Relations Unit keeps all the shareholders informed through the website, which is continuously maintained at an up to date status.

9. Special Situation Disclosures

All information on exceptional situations given after our Company was listed on the Istanbul Stock Exchange in 2011 complies with the Capital Markets Board's communique on the principles regarding the explanation of exceptional situations to the public (Serial VII, No: 54). By the end of December 2011 we made 11 exceptional occasion explanations. These explanations made by our Company were prompt and complete and the Capital Markets Board did not request for further explanation.

10. The Company Website and Its Content

Our Company website is www.ihlasgazetecilik.com.tr. Miscellaneous information that may be requested about our Company is comprehensively included on the Internet address in question. Our website is updated in line with developments and includes a section called "Investor Relations" in which minimum points predicated by the Capital Markets Boards are included. Our work on continuous dialogue with investors, and expanding disclosures, is ongoing.

11. Announcement of Individuals who are Ultimate Controlling Shareholders

The Company's shareholding structure is disclosed on the website free from indirect participation relationships. All changes are immediately displayed in the tables.

12. Announcement of Persons Who Have Access to Inside Information

The list of persons who have access to inside information are:

Name	Title
Dr. Enver Ören	Partner of the Company
Ahmet Mücahid Ören	Chairman of the Board and Partner of the Company
Muhammet Muammer Gürbüz	Deputy Chairman of the Board, CEO and Partner of the Company
Nuh Albayrak	Board Member, Editor-in-Chief and Partner of the Company
Ümit Künar	Executive Board Member Responsible for Financial Affairs
Mustafa Ruşen Selçuk	Board Member
Orhan Tanışman	Board Member
Mehmet Remzi Esen	Independent Board Member
Nazmi Örs	Independent Board Member
Doğuş Bektaş	Independent Board Member
Salih Sağlam	Auditor
Abdullah Demirer	Capital Markets Compliance and Corporate Management Director
Murat Kayalı	Investor Relations Unit Manager
Sinan Yılmaz	Investor Relations Unit Officer
Oğuz Fatih Topal	Accountant
Umut Bilen	Secretary to the Board
Şükrü Yavuz	Pür Bağımsız Denetim YMM A.Ş., Responsible Partner Chief Auditor
Hüseyin Perviz Pür	Pür Bağımsız Denetim YMM A.Ş., Responsible Partner Chief Auditor
Ercan Çardak	Pür Bağımsız Denetim YMM A.Ş., Chief Auditor
Uğur Yıldırım	Pür Bağımsız Denetim YMM A.Ş., Chief Auditor
Nilgün Karataş	Pür Bağımsız Denetim YMM A.Ş., Auditor
Şeref Özçelik	Pür Bağımsız Denetim YMM A.Ş., Auditor
Serkan Terzi	Pür Bağımsız Denetim YMM A.Ş., Auditor
Faruk Çardak	Pür Bağımsız Denetim YMM A.Ş., Assistant Auditor
Mustafa Tunca	Pür Bağımsız Denetim YMM A.Ş., Assistant Auditor
Özkan Yavuz	Pür Bağımsız Denetim YMM A.Ş., Assistant Auditor
Gürsoy Orman	Pür Bağımsız Denetim YMM A.Ş., Assistant Auditor

Board of Directors' Report

SECTION III - STAKEHOLDERS

13. Informing Stakeholders

Corporate management practices of İhlas Gazetecilik A.Ş. guarantee the stakeholders' rights defined by legislations, legal regulations and mutual agreements. Company employees, partners and any third parties or organizations carrying on a business relationship with the Company may submit all suggestions or violations of this nature directly to Company authorities.

During the reporting period, all requests and questions from stakeholders were responded to by the related units and the e-mail address ihlasgazetecilik@tg.com.tr was used as the most effective response point.

14. Participation of Stakeholders in the Management

Considering stakeholders, İhlas Gazetecilik A.Ş., continuously improves the quality of products and services to meet customer expectations. During the reporting period, recommendations received through the official e-mail address were taken into consideration and transferred to the relevant units. Works regarding stakeholders' participation in management are ongoing.

15. Human Resources Policy

Our Company's human resources policy is as follows:

Our Vision

İhlas Gazetecilik is an organization with global and strategically oriented thinking; focused on the environment, society and customers; respecting resources, targeting efficiency, commanding scientific and integrated business practices, emphasizing compromise, change and sharing. Thus, for a contemporary Human Resources Management, the Company tries to recruit employees who share and practice these values. In parallel with the developments in management and organizational sciences and human resources management, both in Turkey and the world, the Company aims to maintain a competitive edge among its competitors; to introduce and employ a modern management system in the framework of a progressive vision in line with corporate culture and values.

Our Basic Policy

- Adjusting the organizational structure of İhlas Gazetecilik to ensure it is dynamic and open to change, without diverting from its visions and objectives.
- To ensure an efficient and productive workforce working under the guidance of the Company's main objectives, developing all systems in terms of individual and team performance within the context of process development, improving employees' professional skills to support their own performance, the corporate performance and for their career enhancement.
- Adherence to democratic principles of recruitment by not discriminating between candidates based on religion, language, sex or race during search, selection or during their employment.
- Preference to take disciplinary and regulatory measures rather than impose prohibitions
- Recruitment of employees to İhlas Gazetecilik who have outstanding academic credentials, are ethically conscious, demonstrate high emotional intelligence, display no behavioral problems, are open to dynamism and changes, able to think positively, exhibit superior delegation skills and relate to corporate values.
- To establish and update performance and pay systems in accordance with the structure of the Company, carrying out performance, career and salary appraisals in the fairest way possible.

Functional Policy

- To set up a friendly atmosphere so that all employees will contribute to the Company,
- To treat all employees equally and fairly,
- To provide all employees with equal opportunities so that they can contribute to the company, to the team they work in, and will self-improve to the utmost level,
- To help all employees utilize their skills, mental capacities and value production in the direction of corporate objectives,
- To establish and update systems that offer opportunities to employees for career development in the Company (or subsidiaries), by bearing in mind the needs of the company, individual talents and professional goals,
- To establish and update performance and pay systems in accordance with the structure of the Company; carrying out performance, career and salary appraisals in the fairest way,

- To make sure that employees will have clear and explicit information about how their role, capacities, authorities, responsibilities and work contribute to the main objectives of the Company,
- To notify all employees in advance about a system to be introduced and decisions about targets,
- To achieve multi-dimensional interaction and communication during Human Resources Management practices,
- To collect, sort and update all information, files and administrative data concerning employees,
- To establish an all-embracing and integrative corporate culture,
- To organize social and cultural activities that will prompt feelings owning up to the corporate culture and increase morale/motivation,
- To revise human resources systems steadily to catch up with the developments in the world, while remaining loyal to beliefs / values of the Company,
- To extend training activities in a fair manner, within a certain budget and system to develop personal skills of employees,
- To introduce necessary regulations and drafting procedures so all employees will have the same rights and their performance will be facilitated,
- To offer assistance as soon as possible in case of any personal problems that may befall employees.

16. Information Concerning Customers and Suppliers

For our Company which operates in the written media, customer (readers, advertisers, outsourced newspapers and other printing jobs) satisfaction is extremely important. To this end, qualified publishing and the importance granted to social responsibilities are especially prioritized.

The most important raw material in the Company's production is paper. Paper is obtained from suppliers abroad.

Newspapers, their attachments, and outsource printing for the market are produced in the Company's printing facilities in Istanbul, Ankara, Izmir, Adana, Antalya and Trabzon.

Every effort is made to ensure customer satisfaction.

17. Social Responsibility

Our Company strives to achieve the objective of improving quality of life, supporting economic development and remaining in compliance with laws, environment, consumers, regulations on public health and ethical principles in its operations. Our Company has been following social works for the environment, its region and the general public, while envisaging supporting and leading the appropriate projects.

During the period, no harm was done to the environment. Similarly, there were no conditions present that required an environmental impact assessment report about our Company.

Board of Directors' Report

SECTION IV - BOARD OF DIRECTORS

18. The Structure and Composition of the Board of Directors and Independent Members

Ahmet Mücahid Ören	Chairman of the Board (Non-Executive Member)
Muhammet Muammer Gürbüz	Deputy Chairman of the Board and CEO (Executive Member)
Nuh Albayrak	Board Member and Editor-in-Chief (Executive Member)
Ümit Künar	Board Member and Executive Director Responsible for Financial Affairs (Executive Member)
Mustafa Ruşen Selçuk	Board Member (Non-Executive Member)
Mehmet Remzi Esen	Board Member and Corporate Management Committee Chairman (Independent Member)
Orhan Tanışman	Board Member and Corporate Management Committee Member (Non-Executive Member)
Doğuş Bektaş	Board Member and Audit Committee Chairman (Independent Member)
Nazmi Örs	Board Member and Audit Committee Member (Independent Member)

Our Board of Directors consists of 9 Members including 3 Executive, 3 Non-Executive and 3 Independent Members. Accordingly, one third of the Members of the Board of Directors have executive duties and one third of the Board is made up of Independent Members.

Mehmet Remzi Esen, Doğuş Bektaş and Nazmi Örs, Independent Members of the Board, submitted their statements of independence (copied below) to the General Assembly they were elected on December 30, 2011.

STATEMENT OF INDEPENDENCE

I declare that in the past five years, there has not been any direct or indirect relationship of interest between İhlas Yayın Holding A.Ş. (the Company) or subsidiaries and myself, my spouse or relatives to the third degree with respect to employment, capital or commerce; I have not taken part in the independent auditing process in the past five years; I have not worked and served in any company that provides important amount of service and products to the Company in the past five years, I am independent according to criteria stated in the regulations, contracts and the Corporate Governance Principles issued by the Capital Markets Board.

Mehmet Remzi Esen

STATEMENT OF INDEPENDENCE

I declare that in the past five years, there has not been any direct or indirect relationship of interest between İhlas Yayın Holding A.Ş. (the Company) or subsidiaries and myself, my spouse or relatives to the third degree with respect to employment, capital or commerce; I have not taken part in the independent auditing process in the past five years; I have not worked and served in any company that provides important amount of service and products to the Company in the past five years, I am independent according to criteria stated in the regulations, contracts and the Corporate Governance Principles issued by the Capital Markets Board.

Doğuş Bektaş

STATEMENT OF INDEPENDENCE

I declare that in the past five years, there has not been any direct or indirect relationship of interest between İhlas Yayın Holding A.Ş. (the Company) or subsidiaries and myself, my spouse or relatives to the third degree with respect to employment, capital or commerce; I have not taken part in the independent auditing process in the past five years; I have not worked and served in any company that provides important amount of service and products to the Company in the past five years, I am independent according to criteria stated in the regulations, contracts and the Corporate Governance Principles issued by the Capital Markets Board.

Nazmi Örs

19. Qualifications of Board Members

In principle, candidates for the Membership of the Board are chosen among those with a high level of knowledge and skill, qualified and with a certain experience. Those who have committed any crime against Capital Markets Law, insurance laws, banking laws, money laundering laws and laws on loans and / or those who have served more than five years incarceration, apart from convictions on negligence, may not become Member of the Board. Also, those who have been sentenced to penal service for debt fraud, extortion, bribe, theft, fraud, forgery of legal documents, abuse of trust for service, fraudulent bankruptcy, conspiracy to fix tenders and purchasing,

revealing state secrets, and fiscal evasion through counterfeit. Those, going five years back from the date that they are chosen to the Board, convicted of one of the above crimes, must immediately resign from their duty and they cannot be re-elected in the following five years.

A Board Member is chosen from among qualified people with knowledge about the Company's field of activity and with experience gained through working in the public or private sector.

Besides the general characteristics described above, the minimum requirements sought in a candidate for Board Membership candidacy are as follows:

- a- Being able to read and analyze financial tables,
- b- Having fundamental information of the legal regulations that daily and long-term activities of the Company are subject to,
- c- Possessing the capacity and determination to attend all meetings of the Board that are planned to be held within the related accounting year.

Although minimum qualities required from Board Members are not specified in the Articles of Association, conventionally, all Board Members have these minimum qualifications.

20. Mission, Vision and Strategic Targets of the Company

Mission: The main target of İhlas Gazetecilik is to provide accurate news and information to its readers and other clients and give them honest comments and evaluations, and also to present the highest quality in the print services it offers. The main duty of the Company's directors has always been to manage the Corporation and Newspaper in a manner that protects its independence, which is fundamental, and provides the highest profit possible for shareholders.

Vision: İhlas Gazetecilik stands out with its qualified publishing, quality print, the value placed on its employees and the care in social responsibilities in order to reach its targets. The vision is to maintain its support for social works in the future just as in the past and keep being a pioneer in this field.

Strategic Targets: The strategic targets of İhlas Gazetecilik are to provide a consumer oriented system; develop special products aimed at the reader; produce content with traditional brands; closely follow developments in technology; to diversify and enlarge distribution channels by using management methods; prepare information and entertainment products and tools for individuals and cooperate with the world's leading media corporations.

21. Risk Management and Internal Control Mechanism

An Audit Committee was formed in the Board of Directors and works regarding the setting up of an Internal Audit Department were initiated. Regarding the effective implementation of Internal Audit in our Company, the process time frames will be determined, procedures will be prepared and implementation will be commenced.

22. Authorities and Responsibilities of the Board Members and Company Executives

The Company is represented and managed by the Board of Directors.

For documents given by or agreements to be made by the Company to be valid, a signature of an authority with the power to represent and bind the Company must be present beneath the Company title. The signatures to represent and bind the Company are assigned and determined by the General Assembly.

The Board of Directors selects a President from among its Members and a Deputy Chairman to stand in for him in case of his absence.

Board of Directors' Report

The Board of Directors holds the right to establish as many committees or commissions as needed from its Members to overview the process of operations, to make the necessary preparations for requests, to report on all important issues and especially on the issuing of the balance sheet, in addition to observing the implementation of the decisions taken.

If required by the Company operations, Members of the Board of Directors may select Executive Members or Members and assign them a portion of the related works.

The Board of Directors may also represent and bind the Company through assigning managers.

The Board of Directors keeps the necessary books, issues the balance sheet of the determined business year in accordance with the provisions of the law, and presents the balance sheet for review by shareholders at least 21 days before the General Assembly meeting.

Aside from the balance sheet, the Board of Directors issues a report at the end of each year which shows the Company's commercial, financial and economic status in addition to a summary of the business and operations performed. In the report, the Board of Directors also prepares a proposal regarding the determination of the amount of earnings to be distributed, as well as the amount that constitutes the reserve fund, and presents this report and proposal to the General Assembly. The report and the proposal documents are respectfully submitted for review by the shareholders at least 21 days before the General Assembly meeting.

The Members of the Board of Directors perform the necessary operations to ensure compliance with Corporate Management Principles that already are or will be published by the Capital Markets Board.

The management rights and the representation authorities of the Board of Directors of the Company are not identified in the Articles of Association. However, they are specified with legislation, ethical principles and procedures within the Company.

For any documents given by or agreements to be made by the Company to be authentic, a signature of an authority or authorities with the power to represent and bind the Company must be present beneath the Company title. When representing and binding the Company, Ahmet Mûcahid Ören is authorized with an individual and detached signature as the Chairman of the Board of Directors, and any two Members of the Board of Directors M. Muammer Gürbüz, Nuh Albayrak, Ümit Künar and Mustafa R. Selçuk are authorized with joint signatures.

Company executives perform their duties correctly and transparently, and are accountable and responsible for their performance. Executives comply with laws and regulations, the Company's Articles of Association, and Company rules and policies in the performance of their duties, and inform the Board of Directors accordingly.

23. Principles for the Activities of the Board of Directors

The agenda of the Board of Directors Meeting consists of items that are requested by the Members of the Board of Directors, demands of the Company managers and the recommendations of the committees. As required by the Articles of Association, the Board of Directors meets at least once a month. The actual participation of the Members of the Board of Directors is secured in all of the Board of Directors Meetings.

The Board of Directors Secretariat is authorized to organize and announce the Board of Directors' meeting agenda and serve notices for the call to meetings; to inform the Board Members and to draw up all documents related to the Board of Directors. Umut Bilen acts as the Secretary for the Board of Directors. Board Members are invited to attend meetings by the Board of Directors Secretariat via e-mail or telephone, informing Board Members of the venue, date and time of the meeting.

As of the end of December 2011, the Board of Directors held 19 meetings with an 89% participation rate. There was no objection which was required to be recorded as at the meetings.

Questions forwarded at the meetings are not recorded. Members of the Board of Directors Members are not entitled to preferential votes and / or veto rights.

24. Prohibition of Transactions and Competition with the Company

Prohibition for transactions with the Company was not applied to Board of Directors Members at the end of December 2011 and yet no resulting conflict of interest occurred concerning this policy.

25. Rules of Ethics

With the start of our public offering studies, the following rules of ethics have been developed by the Board of Directors for the Company and its employees. These rules of ethics have been announced to Company employees and publicized on the website in accordance with the Company's information policy.

Our Board of Directors

Believes that the capital markets are, first and foremost, based on trust and therefore rules of ethics are of high importance, and on top these rules of ethics lie the supremacy of the law and the defense of this supremacy. The Company's General Manager, the Chief Financial Officer and Accounting Finance Executives are assumed to:

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

In addition to these,

Individuals within the Company who are in a position to possess knowledge regarding the financial statements, which nevertheless is not yet public, are expected to keep such information confidential in accordance with the rules of ethics.

Our Employees:

- are honest and reliable people who give due care to, and make no compromise on ethical and moral values;
- perform their duties in their units or departments for the benefit of the Company zealously and objectively in a disciplined and careful manner, in compliance with the principles of confidentiality;
- fulfill their duties in the best possible manner to enhance the Company's profitability and market share;
- are always reasonable and considerate in their language, manners and the way they are attired;
- are aware of the significance of proper relations between subordinates- top management and customers in business life, and organize themselves accordingly;
- have a positive impact on the people they address both within and outside the Company with their respectful, moderate, modest, active and positive attitudes;
- meticulously comply with the laws, professional principles and the concerned regulations;
- take the most effective, sound and appropriate decisions for the Company by evaluating different ideas, perspectives and suggestions with a conciliatory attitude;
- refrain from political, religious, ethnic arguments involving discrimination; and all unlawful activities;
- possess the knowledge and experience that the job they are performing requires, and demonstrate continuous effort to develop their general knowledge, professional knowledge and skills. Employees should fulfill their responsibilities in the best possible manner with all these qualifications and values.

Publishing Principles of Türkiye Newspaper

- As can be understood from the carefully chosen anniversary of April 22, proudly bearing the name of our country, Türkiye Newspaper deems the protection of democracy, to which it is bonded at the heart, as its principal duty.
- Türkiye Newspaper publishes what supports the independence and indivisible integrity of the Turkish Republic Government and national benefits.
- Türkiye Newspaper places uncompromising value on its readers' trust, Türkiye Newspaper exerts the maximum effort to preserve the common belief that, "if it is written in Türkiye Newspaper then it is a fact".
- Türkiye Newspaper is a family newspaper.
- Türkiye Newspaper contributes to develop forbearance and tolerance of different opinions.
- Türkiye Newspaper adopts a journalistic character that is objective, follows press ethics and principles and is tied closely to international and contemporary values.
- Türkiye Newspaper, which believes positive news is news too, publishes with a "glass half full" perspective for economic stability.
- Türkiye Newspaper follows a publishing policy allowing understandable and peaceful reading by different social groups and ages.
- Türkiye Newspaper stays away from any type of relationship based on special interest.
- Türkiye Newspaper never offends anyone based on race, sex, religious beliefs, language, social ranking and physical handicap in its publications.
- Türkiye Newspaper does not accept anyone as 'guilty' before being proven so by court ruling and never uses insulting nicknames or statements.
- Türkiye Newspaper does not take part in anyone's private life. Information given in confidentiality is never shared.
- Türkiye Newspaper respects the right of reply of individuals and corporations.

Board of Directors' Report

26. Number, Structure and Independence of the Committees Established by the Board of Directors

In accordance with Corporate Management Principles, a Corporate Management Committee and an Audit Committee were formed within the structure of the Company's Board of Directors. Committee Members are composed of non-executive Members of the Board of Directors.

Distribution and qualifications of Committee Members are as follows:

Corporate Governance Committee Chairman	: Mehmet Remzi Esen (Independent Member)
Corporate Governance Committee Member	: Orhan Tanışman
Audit Committee Chairman	: Doğuş Bektaş (Independent Member)
Audit Committee Member	: Nazmi Örs (Independent Member)

"Committees act within the scope of their authorities and responsibilities and make recommendations to the Board of Directors. The final decision however, lies with the Board of Directors." The committees act by applying this procedure. The Audit Committee held four meetings and the Corporate Governance Committee held seven meetings during the operating year of 2011. All the recommendations of these committees have been adopted by the Board of Directors.

27. Financial Benefits for the Board of Directors

No payments are made to the Members of the Board of Directors other than the rights and benefits designated by the General Assembly. Remunerations are paid to Executive Board Members however, for their executive duties.

No performance based payment method exists which reflects performance within the Company.

The Company does not extend loans or make available credits to Members of the Board and Company managers.

No credits have been made available under the name of personal credit via the mediation of third persons, and no guarantees have been given such as surety in favor.

g) Conducted research and development studies:

We have not performed any research and development studies.

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

No amendments have been made to the Articles of Association of our Company within the period.

h) Type and amount of issued capital market instruments, if any:

There is no capital market instruments during the period.

ı) Information Regarding the Sector in Which the Company Operates and its Position in the Sector:

İhlas Gazetecilik A.Ş. was established on 15.08.2000. After the completion of amendments on the main contract, the core business activity fields of Gazetecilik consist of printing and publishing of newspapers and magazines.

Although the main contract of İhlas Gazetecilik A.Ş was edited thus comprehensively, as of the report date, the Newspaper only operates in the press sector under the umbrella of its own legal entity.

The average daily net sales of daily newspapers published in Turkey in the year 2011 on a monthly basis, and Türkiye Newspaper's place among them, are shown in the table below.

NEWSPAPERS MONTHLY CIRCULATION TABLE IN 2011

1 ZAMAN	894,618
2 POSTA	476,038
3 HÜRRİYET	437,432
4 SABAH	350,391
5 HABERTÜRK	253,282
6 FOTOMAÇ	206,255
7 MİLLİYET	150,928
8 TÜRKİYE	139,527
9 STAR	137,229
10 AKŞAM	125,054
11 VATAN	112,831
12 TAKVİM	111,889
13 YENİŞAFAK	106,534
14 GÜNEŞ	100,955
15 BUGÜN	76,084
16 RADİKAL	55,503
17 CUMHURİYET	52,368
18 YENİÇAĞ	52,331
19 TARAF	52,316
20 Y.AKİT	44,255

i) Developments in Investments, Status in Benefiting from Incentives and the Extent to Which the Company Benefited from Incentives,

Our Company has not benefited from any incentives.

j) Explanations including the Company's qualifications of the production units, capacity utilization rates and related developments, general capacity utilization rate, developments in products and services within the field of operation, quantity, quality, version and prices:

Months	2011	2011 Daily Circulation	2010
January	4,154,070	134,002	4,465,298
February	3,892,749	139,027	3,948,294
March	4,422,651	142,666	4,358,699
April	4,315,723	143,857	4,210,256
May	4,508,260	145,428	4,263,585
June	4,394,003	146,467	4,259,337
July	4,440,474	143,241	4,326,259
August	4,255,458	137,273	4,157,030
September	4,077,509	135,917	3,810,039
October	4,219,994	136,129	4,055,125
November	3,972,963	132,432	3,931,724
December	4,149,459	133,854	4,086,546

The Company's 12 month average capacity utilization rates for the year 2011 are shown below on a printing centre basis;

Board of Directors' Report

Printing Center	Number of Daily Print*	Total Capacity	Ratio
Istanbul	1,238,562	1,351,600	92%
Ankara	100,800	284,000	35%
Izmir	58,000	284,000	20%
Adana	63,080	240,000	26%
Antalya	17,440	150,000	12%
Trabzon	34,663	150,000	23%
Total	1,512,545	2,459,600	61%

* Number of printing includes contract printing amounts besides daily Türkiye Newspaper number of printing.

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

Media Activities	01.01-31.12.2011
Türkiye Gazetesi Sales Income (Net)	18,347,342
Advertising Sales Income (Net)	10,227,564
Income of Contract Manufacturing and Other Sales (Net)	51,679,126
Total Media Sales Income (Net)	80,254,032
Total Media Sales Costs (-)	(71,763,395)
Gross Profit of Media Activities	8,490,637

Sales Conditions:

The Company publishes Türkiye Newspaper. In addition to newsstand sales, Türkiye Newspaper is the first organization to apply the house delivery model in Turkey, and it distributes newspapers directly to homes and offices. Sale prices are collected on a weekly basis from the newsstands by means of the distribution company, and on a monthly basis from subscribers.

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

Balance Sheet	31.12.2011	Ratio Analysis	31.12.2010	Ratio Analysis
Current Assets	68,951,913	28.06%	70,353,511	28.76%
Fixed Assets	176,713,606	71.94%	174,298,523	71.24%
TOTAL ASSETS	245,665,519	100.00%	244,652,034	100.00%
Short-Term Liabilities	10,840,415	4.41%	10,881,732	4.45%
Long-Term Liabilities	26,681,105	10.86%	26,342,437	10.77%
SHAREHOLDERS EQUITY	208,143,999	84.73%	207,427,865	84.78%
TOTAL RESOURCES	245,665,519	100.00%	244,652,034	100.00%

Income Statement	31.12.2011	Ratio Analysis	31.12.2010	Ratio Analysis
Sales Revenue	80,254,032	100.00%	70,744,084	100.00%
Cost of Sales (-)	(71,763,395)	(89.42%)	(58,655,538)	(82.91%)
GROSS PROFIT / LOSS	8,490,637	10.58%	12,088,546	17.09%
Operating Costs	(14,650,024)	(18.25%)	(17,103,807)	(24.18%)
Other Operating Revenues	2,546,681	3.17%	6,928,297	9.79%
Other Operating Costs (-)	(732,599)	(0.91%)	(288,940)	(0.41%)
OPERATING PROFIT / LOSS	(4,345,305)	(5.41%)	1,624,096	(2.30%)
PROFIT/LOSS BEFORE TAX FOR CONTINUING OPERATIONS	1,189,765	1.48%	7,589,225	10.73%
Tax Income / Costs for Continuing Operations	(473,631)	(0.59%)	(1,452,788)	(2.05%)
PROFIT / LOSS FOR CONTINUING OPERATIONS	716,134	0.89%	6,136,437	8.67%
Ceased Operations				
Profit / Loss After Tax for Ceased Operations	0	0.00%	0	0.00%
PROFIT / LOSS FOR THE PERIOD	716,134	0.89%	6,136,437	8.67%

Ratios	31.12.2011	31.12.2010
Liquidity Ratios		
Current Ratio	6.36	6.47
Liquidity Ratio	5.70	5.87
Cash Ratio	0.13	0.56
Financial Structure Ratios		
Financial Leverage	0.15	0.15
Total Liabilities / Shareholders Equity	0.18	0.18
Short-Term Loans / Total Resources	0.04	0.04
Long-Term Loans / Total Resources	0.11	0.11
Financial Debts / Shareholders Equity	0.02	0.02
Financial Debts / Total Assets	0.014	0.017

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

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

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

There was no change in the senior management during the year.

Name, Surname	Duty	Professional Experience
Ahmet Mücahid Ören	Chairman of the Board	22 Years
Muhammet Muammer Gürbüz	Deputy Chairman of the Board and General Manager	40 Years
Nuh Albayrak	Board Member	32 Years
Ümit Künar	Board Member and Executive Member Responsible for Financial Affairs	19 Years
Mustafa Ruşen Selçuk	Board Member	18 Years
Orhan Tanışman	Board Member	20 Years
Mehmet Remzi Esen	Board Member	35 Years
Doğuş Bektaş	Board Member	11 Years
Nazmi Örs	Board Member	42 Years

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

The number of employees at İhlas Gazetecilik A.Ş. stood at 536 by the end of the period. No collective agreements are made in our Company.

Personnel expenses included in operating costs in the parent capital within the period stood at TL 2,340,563.00.

ö) Information on donations made during the period:

No donation was made during the period 01.01.2011 - 31.12.2011.

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

Apart from our registered office, we have offices as stated in the following table.

Ankara Printing Facilities	Samsun Yolu Demirciler Sitesi No: 68 Siteler - ANKARA
Adana Printing Facilities	Ceyhan Yolu Üzeri 4 Km. No: 158 Yüreğir - ADANA
Izmir Printing Facilities	1397 Sok. No: 3 Kahramanlar - İZMİR
Antalya Printing Facilities	Yenigöl Mah. Serik Cad. No: 38 Altınova - ANTALYA
Trabzon Printing Facilities	Organize Sanayi Sitesi Arsin - TRABZON

İhlas Gazetecilik A.Ş.

Proposal on the Distribution of Profit

By the end of our Company's 2011 accounting period;

The profit for the period was TL 716,134.00 according to the consolidated balance sheet prepared according to International Accounting / Financial Reporting Standards, in compliance with the provisions of Communiqué - Serial: XI, No: 29.

The Company has a total of TL 1,200,642.26 period profit in the statutory documents prepared in accordance with the provisions of the Tax Procedure Law (TPL).

However according to our legal records put in order in compliance with Tax Procedure Law, since there is loss of TL 23,170,673.39 from previous years, it was decided to submit proposal to the Ordinary General Meeting of Shareholders about not distributing profit about charging our profit for 2011 from loss for the previous years.

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

Respectfully yours,

Nuh **Albayrak**
Board Member and
Editor-in-Chief

Ümit **Künar**
Board Member and Executive Member
Responsible for Financial Affairs

Audit Report Abstract for the Accounting Year 2011

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İHLAS GAZETECİLİK
ANNUAL REPORT 2011

To the General Assembly of İHLAS GAZETECİLİK A.Ş.

Company's Name	: İHLAS GAZETECİLİK A.Ş.
Registered Office	: İstanbul
Capital	: Authorized Capital: 240,000,000.00 TL Issued Capital: 80,000,000.00 TL
Business Lines	: Publishing, printing and locally and internationally expanding, selling, distributing and marketing of daily, weekly, monthly and shorter or longer termed or without any period newspaper, magazine, book, encyclopedia, brochure and periodical in Turkish and foreign languages
Auditors / Auditors' Name(s)	: Salih Sağlam
Status of whether the auditors are shareholders or personnel of the Company	: Designated at Ordinary General Meeting held on April 21, 2010 for a term of three years. They are neither shareholders nor personnel.
Number of Board of Directors meetings participated in and Audit Committee meetings held	: Participation in seven Board of Directors meetings, with a review of Board of Directors resolutions. Five Audit meetings held.
Scope of the audit carried out in the Company's accounts Partnership accounts, scope of the audit carried out in the Company's books and records, date of the audit and the result	: It was observed in the quarterly audits made on the statutory books and books and records at the audit dates and in the conclusion documents that the records were in compliance with the documents and accounting standards.
Number and results of cash audits made in accordance with sub-paragraph 3, paragraph 1, Article 353 of the TCC	: Apart from cash audits carried out in affiliated companies, five cash audits were carried out at the Head Office and it was observed that cash balances were in conformity with the records.
Dates and results of audits carried out as per sub-paragraph 4, paragraph 1, Article 353 of the TCC	: Company records were audited each month and it was observed that the cited assets existed and complied with records.
Complaints and information concerning embezzlements, which were referred to us, and procedures followed (if any)	: No complaints and information about embezzlement were referred to us.

I have audited the accounts and transactions of İhlas Gazetecilik A.Ş. for the period of January 1, 2011 - December 31, 2011 in accordance with the Turkish Commercial Code, the Company's Articles of Association, other laws and regulations and generally accepted accounting principles and standards.

It is my view that the annexed Balance Sheet drawn up as per December 31, 2011, the contents of which is recognized by me; and the Income Statement for the period January 1, 2011 - December 31, 2011 truly and accurately reflect the Company's financial situation as per the above date and the operating results as per the above period respectively; and the recommendation for the distribution of profits complies with the laws and the Company's Articles of Association.

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

Istanbul, March 02, 2011

Auditor

Salih **Sağlam**

Statement of Responsibility

DATE: March 01, 2012

DATE OF THE BOARD OF DIRECTORS' DECISION FOR THE FINANCIAL TABLES AND ANNUAL REPORTS: MARCH 01, 2012
NUMBER OF DECISION: 2012 / 04

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

We declare that the consolidated financial statements and the Annual Report of İhlas Gazetecilik A.Ş., which were completed by December 31, 2011, in accordance with the International Accounting / Financial Reporting Standards pursuant to the provisions of the Capital Markets Board's "Communique on the Principles of Financial Reporting in Capital Markets", Serial: XI, No: 29,

a) Were examined by our side;

b) Did not include any explanation contrary to the facts in respect to important matters or any gaps that could be misleading as of the date when the explanation was made, to the extent of the information we have as per our duty and responsibility within the Company; and

c) To the extent of the information we have as per our duty and responsibility within the Company, financial statements, which were prepared in accordance with the financial reporting standards in effect, truly reflect the Company's assets, liabilities, financial status and profit / loss; and the Annual Report solely reflects the truth regarding the development and performance of the business; and the annual report, along with those under the scope of consolidation, reflects the truth regarding the Company's financial status, significant risks and uncertainties it faces.

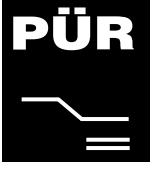
Yours faithfully,

Nuh **Albayrak**
Board Member and
Editor-in-Chief

Ümit **Künar**
Board Member and Executive Member
Responsible for Financial Affairs

İHLAS GAZETECİLİK ANONİM ŞİRKETİ

**Financial Statements and Independent Auditor's Report
for the Accounting Year January 1 - December 31, 2011**



**PÜR BAĞIMSIZ DENETİM
YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.**

Bahariye Cad. Site 64 No.: 25/9 B Blok Kadıköy - İSTANBUL
Tel. : (0216) 449 37 00 (pbx) Fax : (0216) 449 37 71
e-mail : purymm@purymm.com www.purymm.com

Independent Auditor's Report
of İhlas Gazetecilik A.Ş.
for the Accounting Period January 01 - December 31, 2011

To the Board of Directors of İhlas Gazetecilik Anonim Şirketi,

We have audited the following documents regarding İhlas Gazetecilik A.Ş. (the "Company") which were included in the appendix: table of financial conditions (balance sheet) prepared as of December 31, 2011, comprehensive income statement for the year ending on the same date, statement of changes in equity, cash flow statement, summary of significant accounting policies and the footnotes.

Liability of the Company Management Regarding Financial Statements

The Company Management is responsible for preparation and accurate presentation of financial statements in accordance with the financial reporting standards published by the Capital Markets Board. This responsibility includes design, implementation and continuation of the necessary internal control system, estimating the accounting required by conditions and selecting the appropriate accounting policies in order to ensure that financial statements reflect the truth in an honest way and that they are prepared in a manner that does not contain any significant errors derived from mistakes and / or fraud or misconduct.

Responsibility of the Independent Auditing Company

Our responsibility is to express our opinion on these financial statements, based on the independent audit we conduct. Our independent audit has been conducted in accordance with independent auditing standards published by the Capital Markets Board. These standards require compliance with ethical principles, as well as ensuring that the independent audit was planned and executed in a way that ensures a reasonable amount of assurance over whether or not the financial statements reflect the truth in an accurate and honest way.

Our independent audit includes the use of independent auditing techniques in order to gather independent audit evidence regarding the amounts and footnotes included in financial statements. The selection of the independent audit techniques to be used was made according to our professional opinions in a manner that also includes a risk assessment on whether or not the financial statements contain any significant errors derived from mistakes and / or fraud and misconduct. In this risk assessment, the entity's internal control system was also taken into consideration. However, our aim is not to state an opinion on the effectiveness of the internal control system. It is to reveal the relationship between the financial statements prepared by the management of the Company and the internal control system to design the independent auditing techniques in accordance with the conditions. Our independent audit also includes an assessment over the conformity of an aggregate presentation, consisting of accounting policies adopted by and significant accounting estimates made by the Company management and the financial statements.

We believe that the independent auditing evidence we have obtained, make an adequate and appropriate basis in the composing of our opinion.

Opinion

In our opinion, the enclosed financial statements accurately and honestly reflect İhlas Gazetecilik A.Ş.'s financial condition as of December 31, 2011, the Company's financial performance and cash flows regarding the year that ends on the same date, within the framework of financial reporting standards published by the Capital Markets Board.

Istanbul, 01 March 2012

Responsible Partner Chief Auditor

ŞÜKRÜ YAVUZ

PÜR BAĞIMSIZ DENETİM YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.

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Financial Position Statements (Balance Sheets) As of December 31, 2011 and December 31, 2010

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

	Footnote References	Audited 31.12.2011	Independently Audited 31.12.2010
ASSETS			
Current Assets			
Cash and Cash Equivalents	6	1,406,601	6,068,379
Financial Investments	7	-	-
Trade Receivables	10	52,379,384	51,638,270
- Trade Receivables from Related Parties	10	22,560,483	8,026,380
- Other Trade Receivables	10	29,818,901	43,611,890
Receivables from Finance Sector Operations	12	-	-
Other Receivables	11	-	5,200
Inventories	13	7,139,604	6,424,827
Live Assets	14	-	-
Other Current Assets	26	8,026,324	6,216,835
(Sub Total)		68,951,913	70,353,511
Fixed assets Held-for Sale	34	-	-
Fixed Assets			
Trade Receivables	10	-	-
Receivables from Finance Sector Operations	12	-	-
Other Receivables	11	1,728	1,728
Financial Investments	7	-	-
Investment by Equity Method	16	-	-
Live Assets	14	-	-
Real Estate Held-for-investment	17	73,627,572	72,418,658
Tangible Assets	18	34,130,829	34,600,981
Intangible Assets	19	56,998,754	56,125,860
Goodwill	20	-	-
Deferred Tax Liabilities	35	11,739,101	11,125,498
Other Non-Current Assets	26	215,622	25,798
TOTAL ASSETS		245,665,519	244,652,034

	Footnote References	Audited 31.12.2011	Independently Audited 31.12.2010
LIABILITIES			
Short-Term Liabilities		10,840,415	10,881,732
Financial Debts	8	2,427,862	2,456,101
Other Financial Liabilities	9	1,000,000	969,000
Trade Payables	10	2,816,410	3,544,309
- Trade Payables to Related Parties	10	400,910	113,674
- Other Trade Liabilities	10	2,415,500	3,430,635
Other Liabilities	11	1,064,812	969,779
Debts from Financial Sector Operations	12	-	-
Government Promotion and Aid	21	-	-
Tax Liability Profit for the Period	35	-	423,368
Provision of Debt	22-23	-	57,700
Other Short-Term Liabilities	26	3,531,331	2,461,475
(Sub Total)		10,840,415	10,881,732
Liabilities Related to Fixed Assets Held-for-sale	34	-	-
Long-Term Liabilities		26,681,105	26,342,437
Financial Debt	8	931,613	1,760,230
Other Financial Liabilities	9	-	-
Trade Payables	10	-	-
Other Liabilities	11	-	-
Debts from Financial Sector Operations	12	-	-
Government Promotion and Aid	21	-	-
Provision of Debt	22-23	232,180	236,180
Allowances Related to Extended Benefit to Employees	24	6,348,799	5,619,625
Deferred Tax Liability	35	18,865,886	18,726,402
Other Long-Term Liabilities	26	302,627	-
SHAREHOLDERS' EQUITY		208,143,999	207,427,865
Paid-in Capital	27	80,000,000	80,000,000
Capital Correction Discrimination	27	78,494,868	78,494,868
Opposite Affiliate Capital Correction (-)		-	-
Share Premiums		-	-
Value Increase Funds		-	-
FX Conversion Differences		-	-
Restricted Reserves Derived from Profit	27	957,185	957,185
Profit / Loss for the Previous Period	27	47,975,812	41,839,375
Net Profit / Loss for the Period	36	716,134	6,136,437
TOTAL LIABILITIES		245,665,519	244,652,034

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

Comprehensive Income Statements

As of December 31, 2011 And December 31, 2010

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

	Footnote References	Audited 01.01. - 31.12.2011	Independently Audited 01.01. - 31.12.2010
CONTINUING OPERATIONS			
Income from Sales	28	80,254,032	70,744,084
Cost of Goods Sold (-)	28	(71,763,395)	(58,655,538)
Gross Profit / (Loss) from Trade Activities		8,490,637	12,088,546
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)		8,490,637	12,088,546
Marketing Sales and Distribution Expenses (-)	29	(3,245,546)	(5,037,280)
General Administration Expenses (-)	29	(11,404,478)	(12,066,527)
Research and Development Expenses (-)	29	-	-
Other Operating Income	31	2,546,681	6,928,297
Other Operating Expenses (-)	31	(732,599)	(288,940)
OPERATING PROFIT / (LOSS)		(4,345,305)	1,624,096
Shares of Investments Evaluated by Equity Method in Profit / (Loss)	16	-	-
Financial Income	32	8,621,503	9,207,384
Financial Expenses (-)	33	(3,086,433)	(3,242,255)
PRE-TAX PROFIT / (LOSS) OF CONTINUING OPERATIONS		1,189,765	7,589,225
Shares of Investments Evaluated by Equity Method in Profit / (Loss)		(473,631)	(1,452,788)
- Tax Income / (Expense) of the Period	35	(947,750)	(1,897,636)
- Deferred Tax Income / (Expense)	35	474,119	444,848
PROFIT / (LOSS) OF CONTINUING OPERATIONS	36	716,134	6,136,437
CEASED OPERATIONS			
After Tax Profit / (Loss) of Ceased Operations	34	-	-
PROFIT / (LOSS) FOR THE PERIOD		716,134	6,136,437
Earnings / (Loss) per Share	36	0.01	0.08
Earnings / (Loss) per Share from Continuing Operations	36	0.01	0.08

		Independently	
	Footnote References	Audited 01.01.2011 - 31.12.2011	Audited 01.01.2010 - 31.12.2010
PROFIT / LOSS FOR THE PERIOD	36	716,134	6,136,437
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	36	716,134	6,136,437

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

Statement of Changes in Shareholders' Equity As of January 1 - December 31, 2011 and January 1 - December 31, 2010

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

	Footnote References	Paid-in Capital	Capital Correction Differences	Restricted Reserves Derived from Profit	Profit / (Loss) for the Previous Year	Net Profit / (Loss) for the Period	Total Shareholders' Equity
January 01, 2011		80,000,000	78,494,868	957,185	41,839,375	6,136,437	207,427,865
Transfers	27	-	-	-	6,136,437	(6,136,437)	-
Net Profit / (Loss) for the Period	36	-	-	-	-	716,134	716,134
December 31, 2011		80,000,000	78,494,868	957,185	47,975,812	716,134	208,143,999
January 01, 2010		79,520,016	78,494,868	957,185	25,712,098	16,127,277	200,811,444
Capital payment		479,984	-	-	-	-	479,984
Transfers	27	-	-	-	16,127,277	(16,127,277)	-
Net Profit / (Loss) for the Period	36	-	-	-	-	6,136,437	6,136,437
December 31, 2010		80,000,000	78,494,868	957,185	41,839,375	6,136,437	207,427,865

**Cash Flow Statements As of January 1 - December 31, 2011 and
January 1 - December 31, 2010**

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

	Footnote references	Audited 31.12.2011	Independently Audited 31.12.2010
Cash flows from operating activities			
Net profit / (loss) for the period	36	716,134	6,136,437
Mutual agreement between cash flows from operating activities and net profit			
Depreciation	17,18	3,658,778	6,913,305
Amortization and depletion allowance	19	150,205	165
Provisions for severance pay	24	1,307,921	3,459,826
Tax	35	473,631	1,452,788
Cancellation of brand impairment	31	-	(4,249,860)
Provision for law suits	31	6,000	132,400
Cancellation of law suits	22-23	(67,700)	(45,000)
Interest income	32	(1,802,358)	(1,378,120)
Interest expense	33	438,558	965,861
Loss / (profit) on fixed assets sold	31	(149,944)	(4,493)
Net operating profit before changes in operating assets and liabilities		4,731,225	13,383,309
Changes in assets and liabilities			
Changes in trade receivables	10	(741,114)	16,183,013
Changes in other receivables	11	5,200	-
Changes in inventories	13	(714,777)	(2,945,458)
Changes in other current assets	26	(1,809,489)	8,203,167
Changes in other fixed assets	26	(189,824)	18,389,380
Changes in trade payables	10	(727,899)	(9,521,244)
Changes in other debts	11	95,033	126,757
Changes in other short and long-term debts	26	1,372,483	330,289
Taxes paid	35	(1,371,118)	(1,674,014)
Paid severance pays	24	(578,747)	(629,864)
Net cash provided by operating activities (A)		70,973	41,845,335
Investment activities			
Tangible fixed asset and held-for-investment real estate purchases	17,18	(4,785,458)	(42,809,128)
Intangible fixed assets purchases	19	(1,023,099)	-
Cash from fixed assets sales		537,862	217,962
Advances given for fixed assets		-	(25,798)
Net cash extended from investment activities (B)		(5,270,695)	(42,616,964)
Financial activities:			
Taken and paid Interest - net	32,33	1,363,800	412,259
Capital payment		-	479,984
Changes in financial debt	8,9	(825,856)	(882,186)
Net cash used in financial activities (C)		537,944	10,057
Net increase in cash and cash equivalents (D=A+B+C)		(4,661,778)	(761,572)
Outstanding balance of cash and cash equivalents at the beginning of the period (E)	6	6,068,379	6,829,951
Outstanding balance of cash and cash equivalents at the end of the period (D+E)	6	1,406,601	6,068,379

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

Footnotes to Financial Statements as of December 31, 2011

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

Note 1 - Organization and Line of Activity of the Company

The Company's line of activity consists of 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 distributing, selling, delivering and marketing of these products.

The Company's number of personnel as of the dates indicated below is as follows;

December 31, 2011 : 536 personnel
December 31, 2010 : 486 personnel

The Company's headquarters is located at the address "29 Ekim Cad. No: 23 C Blok Kat: 4, Bahçelievler - Yenibosna / Istanbul". Information regarding the printing plants of the Company is as follows:

- Central Printing Facility: 29 Ekim Cad. No:23 B4, Bahçelievler - Yenibosna / Istanbul
- Ankara Printing Facility: Samsun Yolu Demirciler Sitesi No:68 Siteler Altındağ - Ankara
- Antalya Printing Facility: Yenigöl Mah. Serik Cad. No:38 Altınova - Antalya
- Izmir Printing Facility: 1397 Sokak No:3 Kahramanlar Konak - Izmir
- Adana Printing Facility: Ceyhan Yolu Üzeri 4 Km. No:158 Yüreğir - Adana
- Trabzon Printing Facility: Organize Sanayi Bölgesi Arsin - Trabzon

The Company's partnership structure as of 31/12/2011 and 31/12/2010 is as follows:

Name / Title	31.12.2011		31.12.2010	
	Share Ratio %	Share Amount (TL)	Share Ratio %	Share Amount (TL)
İhlas Yayın Holding A.Ş.	56.55	45,239,706	56.55	45,239,706
Free Float	33.00	26,400,000	33.00	26,400,000
İhlas Holding A.Ş.	6.92	5,536,050	6.92	5,536,050
Enver Ören	2.02	1,615,514	2.02	1,615,514
İhlas Ev Aletleri İmalat Sanayi Ticaret A.Ş.	1.03	825,035	1.03	825,035
Other	0.48	383,695	0.48	383,695
Total	100.00	80,000,000	100.00	80,000,000
Distinction from Share Capital Adjustments		78,494,868		78,494,868
Total		158,494,868		158,494,868

The breakdown of the Company's privileged shares (Group A shares) is as follows:

Name / Title of Shareholder	Bearer / Registered	Quantity	Amount
İhlas Yayın Holding A.Ş.	Bearer	6,000,000	6,000,000
İhlas Holding A.Ş.	Bearer	1,600,000	1,600,000
Enver Ören	Bearer	400,000	400,000
Toplam		8,000,000	8,000,000

Benefits Provided from Preferential 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.

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

In the Ordinary and Extraordinary General Assembly Meetings of the Company, each group A shareholder has 100 (one hundred) vote rights for each share they possess.

Note 2 - Principles Regarding the Presentation of Financial Statements

A. Basic Principles Regarding the Presentation

Declaration of Conformity

The Company 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 generally accepted accounting policies.

With the "Communique 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 Communique was put into effect to cover the financial statements of the first interim that ends on January 1, 2008 and it was repealed with the Capital Markets Board's "Communique on Accounting Standards in Capital Markets" Serial: XI No. 25. Pursuant to Communique 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 is not contrary to the adopted standards, published by the Turkish Accounting Standards Board (TASB) shall prevail. However, the IAS / IFRS will be in effect until the differences between the IAS / IFRS adopted by the European Union and those published by the International Accounting Standards Board (IASB) are announced by TASB.

The Company's financial statements and their attachments were prepared according to CMB's communique Serial: XI, No: 29; the 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 financial statements of the Company are prepared to include revisions on legal records and re-classifications.

Comparative Information and Correction of Previous Year's Financial Tables

In order to provide the opportunity to detect the financial status and performance trends, the Company's 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.

In the event of the Company applying an accounting policy in a retrospective manner, 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.

The Company makes the presentation of its 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, and
- as of the beginning of the earliest comparative period.

Explanation Regarding 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, the IAS 29 "Financial Reporting in Hyper Inflationary Economies" published by the IASB was not implemented in the financial statements dated 31.12.2011 as of January 1, 2005.

The attached financial statements, including the financial statements dated December 31, 2011 and the financial data 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 Company 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.

Footnotes to Financial Statements as of December 31, 2011

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

Closing exchange rates of foreign currencies published by the Central Bank of Turkey (CBT) on the dates December 31, 2011, and December 31, 2010, are listed below.

Foreign Exchange Rates (TL / Foreign Exchange Unit Value)

Foreign Exchange Type	31.12.2011	31.12.2010
USD	1.8889	1.5460
EURO	2.4438	2.0491
GBP	2.9170	2.3886
CHF	2.0062	1.6438
SEK	0.2722	0.2262

Net Settlement

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 net settlement.

Explanation Concerning Individual Financial Statements

The Company's financial statements include a single company. Therefore, the attached financial statements include the individual financial statements.

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 significance before.

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

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

New standards, amendments and comments effective as of the date January 1 and December 31, 2011:

IAS 24 (Revision) "Related Party Disclosures" (It is effective for annual periods beginning on or after January 1, 2011 with earlier application permitted.):

The Company will implement the revision in question in the footnotes of the accounting period which begins on January 1, 2011. This amendment was published on July 20, 2010 in the European Union official gazette.

IAS 32 (Amendment) "Classification of Rights Issues"- Amendment made to IAS 32 is applied for the recognition of stocks of the issuer, which are issued in a currency other than the functional currency. It is effective for annual periods beginning on or after February 1, 2010. It is applied to facilitate accounting in foreign currency. The amendment has no impact on the financial position and performance of the Company. This amendment was published on December 20, 2009 in the European Union official gazette.

IFRIC 14 (Amendment) "Reimbursement of Minimum Funding Conditions" (to be valid for accounting periods which begin on January 1, 2011, or later. An early implementation is permitted); this amendment solves the problem of entities not being able to perform recognition of some payments, which they perform voluntarily in advance to provide minimum funding requirements, as assets. The amendment has no effect on the Company's financial performance. This amendment was published on July 20, 2010 in the European Union official gazette.

IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments” (It is effective for annual periods beginning on or after July 1, 2010, with earlier application permitted.): IFRIC 19 only clarifies the accounting that will be applied by entities which export capital instruments to fully or partially extinguish a financial liability. The interpretation has no impact on the financial position and performance of the Company. This amendment was published on July 20, 2010 in the European Union official gazette.

IFRS 7 “Financial Instruments- Disclosures as part of its comprehensive review of off balance sheet activities (Amendment)”: The amendment is effective for annual periods beginning on or after July 1, 2011. This amendment allows users of financial statements to improve their understanding of transfer transactions of financial assets including understanding the possible effects of any risks that may remain with the entity which transferred the assets. The amendment also requires additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. This standard has not yet been endorsed by the EU. The aforementioned standard is not expected to have any impact on the financial position and performance of the Company. This amendment was published on November 23, 2011 in the European Union official gazette.

IFRS 1 “First-time Adoption of IFRS- Other Exceptional Situations” (Amendment): The new standard is effective for annual periods beginning on or after July 1, 2011. The amendment addresses the retrospective application of IFRSs to particular situations and is aimed at ensuring that entities applying the principles of IFRS will not face undue cost or effort in the transition process. And also there are some additional amendments to IFRS 1 in order to provide explanatory information for companies who have recently emerged from an inflationary medium among the first-time adopters of the financial statements according to IFRS. It has not yet been approved by the European Union. The Company is in the process of assessing the impact of the amended standard on the financial position and performance of the Company.

The new standard, amendment and comments which are valid between the date of January 01, 2010 and December 31, 2010

New standards and amendments which do not have any effect on the Company's financial situation or its performance are as follows;

IFRS 1 (Amendment) "First time Implementation of IFRS" - Additional exclusions concerning the first implementation: The amendment has no effect on the Company's financial performance.

IFRS 2 (Amendment) "Share Based Payments" - Share based payment transactions that are paid in cash: The amendment has no effect on the Company's financial performance.

IFRS 3 (Amendment), "Entity Mergers" and IAS 27 (Amendment), "Consolidated and Unconsolidated Financial Statements"

IAS 39 (Amendment), "Financial Instruments: Recognition and Measurement" - Instruments with proper protection: The amendment has no effect on the Company's financial performance.

IFRIC 17, "Distribution of Non-Cash Assets to Shareholders": The amendment has no effect on the Company's financial performance.

Improvements in IFRS (published in 2008): The improvements have no effect on the Company's financial performance.

IFRS 1 (Amendment)- Limited exemption for the comparative IFRS 7 notes (to be valid for the accounting periods which begin on July 1, 2010, or later. However, an early implementation is permitted): The amendment does not affect the Company's financial statements.

Improvements in IFRS (published in 2009): The improvements have no effect on the Company's financial performance.

Improvements in IFRS (published in May 2010):

In May 2010, IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. Various dates were announced for the date of effectiveness, but for the earliest option, the standard is effective for annual periods beginning on or after July 1, 2010 with earlier application permitted. This improvement project was endorsed by the European Union on February 19, 2011.

Revised standards are as follows:

IFRS 1: Changes in accounting policies during the first years of implementation

IFRS 1: Basis of revaluation as an estimated cost

IFRS 1: The estimated use of cost for operations subjected to rate regulation

IFRS 3: Transitional provisions regarding conditional fees arising from entity mergers that have occurred before the date on which the revised IFRS was put into effect.

IFRS 3: The measurement of shares without any control power

IFRS 3: Awards regarding share based payments that are either unchangeable or voluntarily changeable

IFRS 7: Clarification in the footnotes

IAS 1: Clarification in the statement of changes in equity

IAS 27: Transitional provisions for the improvements in the standard IAS 27 "Consolidated and Solo Financial Statements"

IAS 34: Important events and transactions

IFRIC 13: The fair value of gift points

Footnotes to Financial Statements as of December 31, 2011

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

The Company is of the opinion that implementation of the Standards and Comments above will not constitute a significant impact on the Company's financial statements in the future periods.

Standards and interpretations in issue but not effective nor yet adopted in financial statements

IFRS 9 "Financial Instruments": Phase 1 Financial Assets and Liabilities, Classification and Explanation. 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. Early adoption is permitted. This standard has not yet been endorsed by the EU. The Company is in the process of assessing the impact of the amended standard on the financial position and performance of the Company.

IFRS 10 "Consolidated Financial Statements": The new standard is effective for annual periods beginning on or after January 1, 2013. IFRS 10 "Consolidated Financial Statements" replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. Besides, it includes the IFRIC 12 "Consolidation- Special Purpose Entities" Interpretation. IFRS 10 has formed the only control model which is applied to all entities (including special purpose entities and structural entities). This standard has not yet been endorsed by the EU. The aforementioned standard is not expected to have any impact on the financial position and performance of the Company.

IFRS 11 "Joint Regulations": The new standard is effective for annual periods beginning on or after 1 January 2013.

IFRS 11 has replaced the Standard IAS 31 "Interests in Joint Ventures" and the IAS Interpretation 13 "Jointly Controlled Entities — Non-Monetary Contributions by Venturers". IFRS 11 accepts two different types of joint arrangements, namely joint operations and joint ventures. IFRS 11 uses the definition of control in IFRS 10 in order to define joint control. This standard has not yet been endorsed by the EU. The aforementioned standard is not expected to have any impact on the financial position and performance of the Company.

IFRS 12 "Interests in Other Entities ": The new standard is effective for annual periods beginning on or after January 1, 2013.

IFRS 12 includes all of the disclosures that were previously in IAS 27 Consolidated and Separate Financial Statements related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 Interests in Joint Ventures and IAS 28 Investment in Associates. This standard has not yet been endorsed by the EU. The aforementioned standard is not expected to have any impact on the financial position and performance of the Company.

IFRS 13 "Fair Value Measurement": The new standard is effective for annual periods beginning on or after January 1, 2013. It is a single source of guidance under IFRS for all fair value measurements. IFRS 13 provides guidance on how to measure fair value of financial and non-financial assets and debts but does not change when an entity is required to use fair value. This standard has not yet been endorsed by the EU. The aforementioned standard is not expected to have any impact on the financial position and performance of the Company.

IAS 27 "Separate Financial Statements (Amendment)": The amendment is effective for annual periods beginning on or after January 1, 2013. As a part of IAS 27 (2008), the regulation related to the consolidation was removed from this standard and it was re-amended as a result. This standard is now limited to accounting and explanations for subsidiaries, joint ventures and associates in the preparation of the separate financial statements. In the event that an entity presents separate financial statements either of its own will or by requirement of the legislation, this standard is applied in accounting of the investments for subsidiaries, joint ventures and associates. This standard has not yet been endorsed by the EU. The aforementioned standard is not expected to have any impact on the financial position and performance of the Company.

IAS 28 "Investments in Associates and Joint Ventures (Amendment)": The amendment is effective for annual periods beginning on or after January 1, 2013. As a consequential amendment to IFRS 10, IFRS 11 and IFRS 12, this standard is a part of IAS 28(2003). This standard describes the accounting of the investments of the associates and the application of the equity method to investments if accounted, in joint ventures in addition to associates. This standard has not yet been endorsed by the EU. The aforementioned standard is not expected to have any impact on the financial position and performance of the Company.

IAS 12 "Income Taxes - Deferred Taxes: Recovery of Underlying Assets (Amendment)": The amendment is effective for annual periods beginning on or after January 1, 2012. 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 disposal basis. This standard has not yet been endorsed by the EU. The aforementioned standard is not expected to have any impact on the financial position and performance of the Company.

IAS 1 “Presentation of Financial Statements (Amendment)”: The amendment is effective for annual periods beginning on or after July 1, 2012. The amendments to IAS 1 change only the grouping of items presented in other comprehensive income. Items that could be reclassified as profit or loss at a future point in time would be presented separately from items which will never be reclassified. This standard has not yet been endorsed by the EU. The aforementioned standard is not expected to have any impact on the financial position and performance of the Company.

IAS 19 “Employee Benefits (Amendment)”: The amendment is effective for annual periods beginning on or after January 1, 2013. The corridor mechanism was removed with this amendment. The presentation choices of the profit or loss were also removed due to the provision of reporting the amendments at the time they occur. The service cost and the financial cost will be presented in profit or loss, and re-measurements will be presented in other comprehensive income. This standard has not yet been endorsed by the EU. The aforementioned standard is not expected to have any impact on the financial position and performance of the Company.

IFRS 7 “Offsetting Financial Assets and Financial Liabilities - Disclosures (Amendment)” : The amendment is effective for annual periods beginning on or after January 1, 2015. This standard has not yet been endorsed by the EU. The aforementioned standard is not expected to have any impact on the financial position and performance of the Company.

IAS 32 “Offsetting Financial Assets and Financial liabilities” (Amendment): The amendment is effective for annual periods beginning on or after January 1, 2014. This standard has not yet been endorsed by the EU. The aforementioned standard is not expected to have any impact on the financial position and performance of the Company.

IFRIC 20 “Stripping Costs in the Production Phase of a Surface Mine”: This interpretation is effective for annual periods beginning on or after January 1, 2013. The Interpretation clarifies when and under which conditions, production stripping should lead to the accounting of an asset and how that asset should be measured and accounted. This standard has not yet been endorsed by the EU. The aforementioned standard is not expected to have any impact on the financial position and performance of the Company.

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 Company 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 subsequent period in a prospective manner.

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 communique 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 to 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.

Footnotes to Financial Statements as of December 31, 2011

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

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 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, the 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 the 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 on 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 over 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. A precedent interest rate is determined depending on the maturity of the trade receivable, which is followed by calculating an effective interest rate and the effective interest rate is used in the discounting process.

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.

Provisions for doubtful receivables are recognized as expenses. The provision is the amount that is reckoned to compensate possible losses estimated by the Company 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 in which the Company operates, 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 for 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 are based on the assumption that production activities would be at the 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 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 selling 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.

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 financing period.

Tangible and Intangible Fixed Assets

The cost of a tangible or an intangible fixed asset item is reflected in 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 revaluation 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 at 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 Company uses the revaluation model for its tangible fixed assets if there are symptoms indicating significant differences. And the Company uses the cost model for its intangible fixed assets due to lack of an active 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.

Footnotes to Financial Statements as of December 31, 2011

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

Depreciation is calculated according to straight-line method and the following useful life and methods by taking the pro rata basis into consideration:

	Useful Life (Years)	Method
Buildings	50	Straight-line
Machinery, plant and equipments	10	Straight-line
Vehicles, tools and instruments	5-10	Straight-line
Fixtures and fittings	3-10	Straight-line
Other intangible fixed assets (computer software)	3-5	Straight-line

The 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 of tangible fixed assets are recorded under General Management Expenses and Cost of Sales, whereas impairment losses are recorded under Cost of Sales.

The Company has performed an impairment test for its assets and has determined their net selling prices by considering the assets' "second hand market values". For those assets without a second hand market, the Company took the assets' "redeemed renovation costs" into consideration. Net selling prices were either equal to or more than the assets' net book values. Therefore, it was deemed unnecessary to calculate their use values, and no impairment provisions were allocated.

Intangible fixed assets are used to represent brands 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. The amortization of intangible fixed assets is recorded in the income statement under general management expenses..

The brand "Türkiye" was purchased by the Company in the year 2000, and is used as the brand of the newspaper published by the 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", an impairment test was performed.

Information regarding the remaining useful lives of the Company's tangible and intangible fixed assets that are of significance to the Company's financial statements is as follows:

Type of Asset	Date of Entry	Balance Sheet Value	Useful Life (Years)	Remaining Life
Land, Building (Konak - Izmir)	2010	6,675,000 TL	50	49
Land, Building (Konak - Izmir)	2010	5,275,000 TL	50	49
Land, Building (Kepez - Antalya)	2010	5,050,000 TL	50	49
Land, Building (Tekkeköy - Samsun)	2010	1,075,000 TL	50	49
Land, Building (Yüreğir - Adana)	2010	850,000 TL	50	49
Brand	2000	56,125,860 TL	-	-

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 in 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 Company records an investment purpose real estate property as an asset:

- a) If it is probable that the future economic benefits regarding this real estate property are 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 use either the fair value method or the cost method. In the valuation of its investment purpose real estate properties, the Company has chosen to use the fair value method.

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.

Gains or losses arising from the 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.

Depreciation is calculated according to straight-line method and the following useful life and methods by taking the pro rata basis into consideration:

	Useful Life (Years)	Method
Buildings	50	Straight-line

Even when bought together, lands and buildings are separable tangible assets and they are recognized as separate assets. Land shares are reported as separate assets because plots and land which were bought together are considered as a complimentary part of the building. However, the share of land was not shown separately in the Company's appraisal reports. Instead, the land share rate provided separately in the real estate property appraisal report of another independent section was used. The section in question belongs to one of the Company's associated companies within the building in which the Company has some of its investment purpose real estate properties. 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.

Taxation and Deferred Taxes

The Company's tax expense / income consist 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 Company'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 off with the prepaid tax amounts. Deferred tax assets and liabilities are also netted off in the same way.

Footnotes to Financial Statements as of December 31, 2011

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

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 taxable income in future periods sufficient to deduct these expenses; the operation should not be part of a company 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 company 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 the Company through purchase and it is a part of the goodwill. The standard IAS 12 "Income Taxes" indicate that brands are subjected to amortization by the legal authorities, in other words, they are considered as a deductible 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.

Leases

Financial Lease:

Financial leases envisioning the transfer of all the risks and benefits related to the ownership of the asset that was leased to the Company, 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 to the income statement in the respective periods. Capitalized leased assets are subjected to depreciation over the asset's estimated useful life.

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 income statement, using the straight line method.

Provision for Termination Indemnities

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 Company becomes retired in conformity with the "Law on Arrangement of the 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 services, or in case 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 termination.

The ratio used for discounting benefit obligations (provisions for employee termination benefits) after the release of the employee is determined by observing the 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 was 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 with the Company after completing a minimum of one year of service, if they were all called to duty for their military service, or in case of death; the calculated severance pay is recognized in the attached financial statements.

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

Provisions, Contingent Assets and Liabilities

Provisions are recognized only if the Company has a liability (legal or structural) that has been carried over from the past, if there is a probability that the Company's benefit generating sources 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 Company was to fulfill the obligations of the liability, the related compensation would be acquired by the Company.

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 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 Company might be dependent on a condition over which the Company does not have full control, or it might be dependent on an event in the future which is not certain at the reporting date (See: Note 22 - 23).

Revenue

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.

Footnotes to Financial Statements as of December 31, 2011

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

Sales of Goods (Newspaper, Magazine, Other Publications and Time Share Sales):

Revenue is considered as occurring when the risks and the 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 is performed.

The Company does not have a progress price within its construction activities. Therefore, the provisions of IAS 11 are not applied and the Company's income regarding its 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 Company's construction proceeds are reflected in the financial statements in accordance with these terms. For sales that are performed in return for receiving advance payments, the Company holds the risk until the product has been delivered and invoiced. The Company does not have any revenues until the delivery and invoice time.

Sales of Services:

When an 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.

Dividends:

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

The revenue is 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 level of completion 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 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.

Unaccrued Financial Income / Expenses

Financial 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 through 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 into consideration the shares issued without causing an increase in the sources (free shares).

Financial Instruments

Recognition and De-recognition of the Financial Instruments:

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

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 Company 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 Company's decisions. As a result, the estimates presented herein, may not be an indication of the actual values which may be obtained by the Company 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 with their cost price, including cash in hand, bank and 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 financial 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 ends of the respective periods. Thus by doing so, their fair values become closer to their book values.

Trade payables are presented at 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 away 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 case of the Company 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 Company'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.

Footnotes to Financial Statements as of December 31, 2011

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

Trade payables and financial payables are valued according to the effective interest method; and 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.

According to the standards, 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.

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

Risk in Collection:

A collection risk might be an issue for the Company, due to the Company's trade receivables in general. Trade receivables are evaluated by the Company 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 Company's transactions in foreign currencies resulting from its operations, investments and financial activities are described in Note 38. A foreign currency risk occurs when the foreign currency exchange rate rises in a manner that favors TL currency (when TL currency loses its 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 Company 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 Company 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 Company's partners, companies that have an indirect capital relationship with the Company, 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 Company's activities and also include any of the directors in the Company. (Note 37)

In general, transactions with related parties, which occur as a result of ordinary activities of the Company, are performed with prices that are in accordance with market conditions. The companies and real people who have a direct or indirect relationship with the Company are as follows:

Related Company Titles

- 1) İhlas Holding A.Ş.
- 2) İhlas Ev Aletleri İmalat San. Tic. A.Ş.
- 3) İhlas Pazarlama A.Ş.
- 4) İhlas Haber Ajansı A.Ş.
- 5) İhlas Yayın Holding A.Ş.
- 6) Kristal Kola ve Meşrubat Sanayi Ticaret A.Ş.
- 7) İhlas Madencilik A.Ş.
- 8) Promaş Profesyonel Medya Reklam ve Film Hizm. A.Ş.
- 9) Kuzuluk Kapl. İnş. Tur. Sağ. Petr. Ür. Tic. A.Ş.
- 10) İhlas Net A.Ş.
- 11) İhlas Motor A.Ş.
- 12) TGRT Haber TV A.Ş.
- 13) TGRT Dijital TV Hizmetleri A.Ş.
- 14) Bisan Bisiklet Moped Oto. San. Tic. A.Ş.
- 15) Bisiklet Pazarlama ve Tic. A.Ş.
- 16) İletişim Magazin Gazt. Yayın San. ve Tic. A.Ş.
- 17) İhlas Yapı Turizm ve Sağlık A.Ş.
- 18) Cyprus Office
- 19) İhlas Medya Planlama ve Satınalma Hiz. Ltd. Şti.
- 20) Mir İç ve Dış Tic. Maden San. Ltd. Şti.
- 21) İhlas Gelişim Yayıncılık A.Ş.
- 22) İhlas Fuar Hizmetleri A.Ş.
- 23) Detes Enerji Üretim A.Ş.
- 24) Armutlu Tatil ve Turizm İşletmeleri A.Ş.
- 25) İhlas Holding A.Ş. - İhlas Yapı Turizm ve Sağlık A.Ş. Joint Venture 2
- 26) İhlas Holding A.Ş. - İhlas Yapı Turizm ve Sağlık A.Ş. Joint Venture 3
- 27) İhlas Holding A.Ş. - İhlas Yayın Holding A.Ş. ve İhlas Pazarlama A.Ş. Joint Venture
- 28) İhlas Genel Antrepo Nakliyat ve Tic. A.Ş.
- 29) Buryal Bursa Yalova Enerji Dağıtım Ltd. Şti.
- 30) Tasfiye Halinde İhlas Finans Kurumu A.Ş.
- 31) Kia İhlas Motor San ve Tic. A.Ş.
- 32) İhlas Dış Ticaret A.Ş.
- 33) İhlas İnşaat Proje Taahhüt Turizm ve Tic. A.Ş.
- 34) Alternatif Medya Görsel İletişim Sis. Ltd. Şti.
- 35) İhlas Enerji Üretim Dağıtım ve Tic. A.Ş.
- 36) İhlas Net Ltd. Şti.
- 37) İhlas Mining Ltd. Şti.
- 38) İhlas Kimya San. Ltd. Şti.
- 39) İhlas İletişim Hiz. A.Ş.
- 40) İhlas Oxford Mortgage İnş. ve Tic. A.Ş.
- 41) Detes Maden Enerji ve Çevre Tek. Sis. Ltd. Şti.
- 42) Doğu Yatırım Holding A.Ş.
- 43) Swiss PB AG
- 44) Kristal Gıda Dağıtım Pazarlama ve Ticaret A.Ş.
- 45) İhlas Meşrubat Üretim ve Pazarlama A.Ş. (Former Title: Atmaca Gıda Üretim ve Ticaret A.Ş.)
- 46) İhlas İnşaat Holding A.Ş.
- 47) İhlas Pazarlama Yatırım Holding A.Ş.
- 48) İhlas Zahav Otomotiv A.Ş.
- 49) Şifa Yemek ve Gıda Üretim Tesisleri Tic. A.Ş.
- 50) KPT Lojistik Taşımacılık Tur. Rek. Paz. İç ve Dış Tic. A.Ş.
- 51) Tasfiye Halinde İhlas Barter A.Ş.

Real Persons (Shareholders)

- 1) Enver Ören
- 2) Ahmet Mücahid Ören
- 3) M. Muammer Gürbüz
- 4) Nuh Albayrak
- 5) Sinan Yılmaz
- 6) Nazmi Örs
- 7) Mehmet Remzi Esen
- 8) Doğu Bektaş

Footnotes to Financial Statements as of December 31, 2011

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

Events After the Date of the Balance Sheet

Events after the date of the balance sheet refer to those events occurring between the date of the balance sheet and the date of authorization for the distribution of the balance sheet. These events may be in favour of or against the Company. In accordance with the provisions of IAS 10 "International Accounting Standard Regarding Events After the Date of the Balance Sheet", the Company corrects its 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 in fact 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 Company explains these aforementioned issues in its related footnotes (See: Note 40).

Statement of Cash Flows

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 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).

The Company 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 the 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 Company's field of activity. Cash flows related to investment activities indicate the cash flows obtained by the Company through the investing activities (fixed investments and financial investments). Cash flows related to financing activities indicate the sources used by the Company 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 Company 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 Company 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 value 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.

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 Company while preparing its financial statements are included in the following footnotes:

Not 2/D	Determination of fair values
Not 35/B	Deferred tax assets and liabilities
Not 22-23	Provisions for lawsuits
Not 24	Provision for employee termination benefits
Not 2/D	Useful lives and provision for impairment of tangible and intangible fixed assets
Not 10 ve 39/E	Provision for impairment of trade receivables
Not 13	Provision for impairment of inventories

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) In case of a symptom indicating an impairment, the Company determines whether there is a reduction of values in its tangible fixed assets by calculating the recoverable amount. To this end, a net selling price (the fair values obtained after the deduction of sales costs) was calculated, and as these values were greater than the assets' book values, a calculation regarding the use value became unnecessary.

b) Deferred taxes are recognized in the books only in the case 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.

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), the calculation of provisions for litigation (Note 22 - 23), and the calculation of the provision for severance payments (Note 24).

Note 3 - Enterprise Mergers

31.12.2011: None (31.12.2010: None).

Note 4 - Joint Ventures

31.12.2011: None (31.12.2010: None).

Note 5 - Reporting on the Basis of Department of Activity

Media Activities	01.01-31.12.2011	01.01-31.12.2010
Türkiye Gazetesi Sales Revenues (net)	18,347,342	19,276,504
Advertising Sales Revenues (net)	10,227,564	10,267,286
Outsourcing and Other Sales Revenues (net)	51,679,126	41,200,294
Total Media Sales Revenues (net)	80,254,032	70,744,084
Cost of Türkiye Gazetesi Sales	(24,226,011)	(22,527,926)
Cost of Outsourced and Other Sales	(47,537,384)	(36,127,612)
Cost of Total Media Sales	(71,763,395)	(58,655,538)
Gross Profit of Media Activities	8,490,637	12,088,546

Footnotes to Financial Statements as of December 31, 2011

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

Note 6 - Cash and Cash Equivalents

	31.12.2011	31.12.2010
Cash	30,002	89,913
- Turkish lira	9,299	89,913
- Foreign currency	20,703	-
Bank	674,896	5,754,571
- Demand Deposits	360,896	787,984
- Turkish lira	118,120	560,369
- Foreign currency	242,776	227,615
- Time Deposits	314,000	4,966,587
- Repo	314,000	4,661,402
- Liquid funds	-	305,185
Other cash equivalents	570	1,947
Checks to be expired on the day of balance sheet	701,133	221,948
Total	1,406,601	6,068,379

Note 7 - Financial Investments

Short and Long-Term Financial Investments

31.12.2011: None (31.12.2010: None).

Note 8 - Financial Liabilities

	31.12.2011	31.12.2010
Short-Term Financial Liabilities	2,427,862	2,456,101
Bank Loans	-	-
Financial leasing operations	2,427,862	2,456,101
Long-Term Financial Liabilities	931,613	1,760,230
Bank Loans	-	-
Financial leasing operations	931,613	1,760,230

a) Bank Loans

31.12.2011: None (31.12.2010: None).

b) Financial Leasing Operations

			31.12.2011	31.12.2010
	Currency	Maturity	Equivalent Amount in TL	Equivalent Amount in TL
Short-Term Leasing Payables	EURO	up to 3 months	785,652	664,405
	EURO	Between 3 and 12 months	1,642,210	1,791,696
Total Short-Term Leasing Payables			2,427,862	2,456,101
Long-Term Leasing Payables	EURO	Between 1 and 5 years	931,613	1,760,230
Total Long-Term Leasing Payables			931,613	1,760,230

The maturity analyses of long-term financial leasing debts as of December 31, 2011 and December 31, 2010, are shown below:

	31.12.2011	31.12.2010
2012	-	1,760,230
2013	333,793	-
2014	259,027	-
2015	268,498	-
2016	70,295	-
Total	931,613	1,760,230

Financial leasing transactions are reported with either the minimum lease payments or their present day values, depending on which of the two is the lower. The calculations performed indicated that the fair values (purchasing prices - capital payments) of the financial leasing transactions are lower than the present day values of the minimum lease payments. Financial leases are reported based on their fair values and as of the date of the balance sheet.

Note 9 - Other Financial Liabilities

The unamortized bank loans as of December 31, 2011 and December 31, 2010, are shown below:

	31.12.2011	31.12.2010
Other Short-Term Financial Liabilities	1,000,000	969,000
Unamortized Bank Loans (Revolving Credits)	1,000,000	969,000
Other Long-Term Financial Liabilities	-	-
Total	1,000,000	969,000

Note 10 - Trade Receivables and Payables

	31.12.2011	31.12.2010
Trade receivables from related parties⁽¹⁾	22,560,483	8,026,380
- Gross book value of the trade receivables	24,304,474	8,644,803
- Doubtful trade receivables	114,745	-
- Minus: Trade receivables accrual from related parties	(1,743,991)	(618,423)
- Negative: Related parties provisions for doubtful trade receivables ⁽²⁾	(114,745)	-
Other trade receivables	29,818,901	43,611,890
- Buyers	12,277,793	22,718,919
- Postdated checks and notes receivables	18,965,658	22,185,270
- Doubtful trade receivables	8,312,857	6,398,521
- Minus: Trade receivables accrual	(1,615,998)	(1,868,719)
- Minus: Provision for doubtful receivables ⁽²⁾	(8,121,409)	(5,822,101)
Total	52,379,384	51,638,270

⁽¹⁾ Related details are described in Note 37.

⁽²⁾ Reconciliation regarding the provision for doubtful trade receivables as of the beginning and end of the period is as follows:

	31.12.2011	31.12.2010
Balance as of January 1	(5,822,101)	(4,037,785)
Provisions no longer required in the current period	12,576	377,117
Provision amount of the current period	(2,426,629)	(2,161,433)
Balance as of the end of the period	(8,236,154)	(5,822,101)

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.

The maturity analysis of (net) trade receivables which are not past due as of the dates 31.12.2011 and 31.12.2010 are presented in Note 39-E.

	31.12.2011	31.12.2010
Trade payables to related parties⁽³⁾	400,910	113,674
- Vendors Gross book value	341,588	115,118
- Post-dated checks and the gross amount of notes payable	73,328	-
- Minus: Accrued trade payables to related parties	(14,006)	(1,444)
Other trade payables	2,415,500	3,430,635
- Gross amount of vendors	2,427,924	3,474,123
- Minus: Accrued trade payables	(12,424)	(43,488)
Total	2,816,410	3,544,309

⁽³⁾ Related details are described in Note 37.

Footnotes to Financial Statements as of December 31, 2011

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

Note 11 - Other Receivables and Payables

	31.12.2011	31.12.2010
Deposits and guarantees given	-	5,200
Other Receivables (Short-Term)	-	5,200
Deposits and guarantees given	1,728	1,728
Other Receivables (Long-Term)	1,728	1,728
	31.12.2011	31.12.2010
Payables to personnel	1,014,212	942,426
- Payables to key personnel ^(*)	3,995	18,089
- Payables to other personnel	1,010,217	924,337
Other various payables	50,600	27,353
Other Payables	1,064,812	969,779

^(*) Described in Note 37.

Note 12 - Receivables and Payables Resulting from Financial Sector Operations

31.12.2011: None (31.12.2010: None).

Note 13 - Inventories

	31.12.2011	31.12.2010
Starting materials and supplies	7,034,428	6,150,917
Finished goods	89,929	115,474
Goods	332,153	234,076
Provision for inventory impairment (-)	(316,906)	(75,640)
Total	7,139,604	6,424,827

Reconciliation regarding the provision for inventory impairment as of the beginning and end of the period is as follows:

	31.12.2011	31.12.2010
Balance as of the beginning of the period	(75,640)	(47,250)
Provision for impairment (-) / provisions that are no longer required	(241,266)	(28,390)
Balance as of the end of the period	(316,906)	(75,640)

There are no inventories presented as guarantee for the Company's liabilities (Previous period: None).

As 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.

Note 14 - Biological Assets

31.12.2011: None (31.12.2010: None).

Note 15 - Balances Related to Construction Contracts in Progress

31.12.2011: None (31.12.2010: None).

Note 16 - Investments Evaluated with the Equity Method

31.12.2011: None (31.12.2010: None).

Note 17 - Investment Property**January 01 - December 31, 2011**

	01.01.2011	Acquisitions	Disposals	31.12.2011
Investment Property				
Lands	42,392,226	1,045,184	(174,197)	43,263,213
Buildings	34,256,956	1,250,608	(208,435)	35,299,129
Total	76,649,182	2,295,792	(382,632)	78,562,342
Minus: Accumulated Depreciation				
Buildings	(4,230,524)	(708,067)	3821	(4,934,770)
Total	(4,230,524)	(708,067)	3,821	(4,934,770)
Investment Property (net)	72,418,658			73,627,572

The investment purpose real estates received by the Company through financial leasing are as follows:

	01.01.2011	Acquisitions	Disposals	31.12.2011
Investment Property				
Lands	17,415,321	-	-	17,415,321
Buildings	13,252,607	-	-	13,252,607
Total	30,667,928	-	-	30,667,928
Minus: Accumulated Depreciation				
Buildings	(2,831,051)	(300,643)	-	(3,131,694)
Total	(2,831,051)	(300,643)	-	(3,131,694)
Investment Property (net)	27,836,877			27,536,234

January 01 - December 31, 2010

	01.01.2010	Acquisitions	Disposals	31.12.2010
Investment Property				
Lands	32,638,569	9,753,657	-	42,392,226
Buildings	27,193,963	7,062,993	-	34,256,956
Total	59,832,532	16,816,650	-	76,649,182
Minus: Accumulated Depreciation				
Buildings	(3,604,243)	(626,281)	-	(4,230,524)
Total	(3,604,243)	(626,281)	-	(4,230,524)
Investment Property (net)	56,228,289			72,418,658

The investment purpose real estates received by the Company through financial leasing are as follows:

	01.01.2010	Acquisitions	Disposals	31.12.2010
Investment Property				
Lands	17,415,321	-	-	17,415,321
Buildings	13,252,607	-	-	13,252,607
Total	30,667,928	-	-	30,667,928
Minus: Accumulated Depreciation				
Buildings	(2,530,408)	(300,643)	-	(2,831,051)
Total	(2,530,408)	(300,643)	-	(2,831,051)
Investment Property (net)	28,137,519			27,836, 877

The total amounts of pledges, restrictions or mortgages on the Company's real estate properties with investment purposes are TL 104,400,000 and US\$ 25,000,000. (31.12.2010: TL 107,400,000 and US\$ 25,000,000)

The Company 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.

Details regarding upward and downward trends in the value of lands, lots and buildings that are investment purpose real estate properties, are as follows: (According to the gross value method)

Footnotes to Financial Statements as of December 31, 2011

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

Note 18 - Tangible Fixed Assets

January 01 - December 31, 2011

	01.01.2011	Acquisitions	Disposals	31.12.2011
Cost				
Land and land improvements	12,905,139	-	-	12,905,139
Buildings	6,280,276	-	-	6,280,276
Plant, machinery and equipment	86,396,079	1,769,234	(16,400,075)	71,765,238
Vehicles	937,028	553,579	(102,996)	1,387,611
Fixtures	7,238,632	166,853	(523,522)	6,881,963
Total	113,757,154	2,489,666	(17,026,593)	99,220,227
Minus: Accumulated Depreciation				
Buildings	(97,650)	(125,606)	-	(223,256)
Plant, machinery and equipment	(72,046,361)	(2,434,719)	16,387,147	(58,093,933)
Vehicles	(597,631)	(138,041)	102,996	(632,676)
Fixtures	(6,414,531)	(252,345)	527,343	(6,139,533)
Total	(79,156,173)	(2,950,711)	17,017,486	(65,089,398)
Tangible Fixed Assets (net)	34,600,981			34,130,829

The tangible fixed assets received by the Company through financial leasing are as follows:

	01.01.2011	Acquisitions	Disposals	31.12.2011
Cost				
Plant, machinery and equipment	7,532,665	1,311,034	-	8,843,699
Total	7,532,665	1,311,034	-	8,843,699
Minus: Accumulated Depreciation				
Plant, machinery and equipment	(1,166,034)	(870,514)	-	(2,036,548)
Total	(1,166,034)	(870,514)	-	(2,036,548)
Tangible Fixed Assets (net)	6,366,631			6,807,151

January 01 - December 31, 2 010

	01.01.2010	Acquisitions	Disposals	31.12.2010
Cost				
Land and land improvements	151,041	12,754,098	-	12,905,139
Buildings	109,374	6,170,902	-	6,280,276
Plant, machinery and equipment	80,254,779	6,501,784	(360,484)	86,396,079
Vehicles	745,806	242,907	(51,685)	937,028
Fixtures	6,915,845	322,787	-	7,238,632
Total	88,176,845	25,992,478	(412,169)	113,757,154
Minus: Accumulated Depreciation				
Buildings	(14,219)	(83,431)	-	(97,650)
Plant, machinery and equipment	(66,617,146)	(5,584,652)	155,437	(72,046,361)
Vehicles	(498,204)	(142,690)	43,263	(597,631)
Fixtures	(5,938,280)	(476,251)	-	(6,414,531)
Total	(73,067,849)	(6,287,024)	198,700	(79,156,173)
Tangible Fixed Assets (net)	15,108,996			34,600,981

The tangible fixed assets received by the Company through financial leasing are as follows:

	01.01.2010	Acquisitions	Disposals	31.12.2010
Cost				
Plant, machinery and equipment	2,914,934	4,791,342	(173,611)	7,532,665
Total	2,914,934	4,791,342	(173,611)	7,532,665
Minus: Accumulated Depreciation				
Plant, machinery and equipment	(874,483)	(376,910)	85,359	(1,166,034)
Total	(874,483)	(376,910)	85,359	(1,166,034)
Tangible Fixed Assets (net)	2,040,451			6,366,631

The Company has hired an expertise service for its lands, lots and buildings, and the calculations for impairment and revaluation increases were performed in accordance with the appraisal reports (The fair value method).

The total amount of pledges, restrictions or mortgages on the Company's tangible fixed assets is TL 29,630,000. (31.12.2010: US\$ 6,400,000 and TL 28,830,000)

The Company's tangible fixed assets that are already being used and have been fully amortized are as follows:

	31.12.2011	31.12.2010
Plant, machinery and equipment ⁽¹⁾	47,270,782	63,595,563
Vehicles	318,872	215,647
Fixtures ⁽¹⁾	5,275,758	5,428,243
Total	52,865,412	69,239,453

⁽¹⁾ The company sold its plant, machinery, equipment and inventory, which were fully amortized, worth TL 16,923,597 (net book value: 0) at their salvage value in the current period.

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 Company does not possess any tangible fixed assets that are temporarily in an inactive condition.

As required by the standard IAS 36 "Impairment of Assets", the Company has performed an impairment test on its tangible fixed assets. The results of the impairment test indicated that the net selling prices of the assets (their fair value after deduction of the related sales costs) are greater than the book value of the assets. Therefore, it was deemed unnecessary to calculate their use values and no impairment provisions were allocated.

Not 19 - Intangible Fixed Assets

01 Ocak - 31 Aralık 2011

	01.01.2011	Inputs	Outputs	31.12.2011
Cost				
Brand	56,125,860	-	-	56,125,860
Computer software	117,181	1,023,099	-	1,140,280
Total	56,243,041	1,023,099	-	57,266,140
Minus: Accumulated Depreciation				
Computer software	(117,181)	(150,205)	-	(267,386)
Total	(117,181)	(150,205)	-	(267,386)
Intangible Fixed Assets (net)	56,125,860			56,998,754

01 Ocak - 31 Aralık 2010

	01.01.2010	Inputs	Outputs	31.12.2010
Cost				
Brand	51,876,000	-	4,249,860	56,125,860
Computer software	117,181	-	-	117,181
Total	51,993,181	-	4,249,860	56,243,041
Minus: Accumulated Depreciation				
Computer software	(117,016)	(165)	-	(117,181)
Total	(117,016)	(165)	-	(117,181)
Intangible Fixed Assets (net)	51,876,165			56,125,860

Gross book values of the Company's intangible fixed assets that are already being used and have been fully amortized are as follows:

	31.12.2011	31.12.2010
Other Intangible Fixed Assets	117,181	117,181
Total	117,181	117,181

There are no pledges, restrictions or mortgages over the intangible fixed assets that belong to the Company.

Footnotes to Financial Statements as of December 31, 2011

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

The Company has performed an impairment test for its intangible fixed assets and has determined that there is no impairment occurring in the current period for those intangible fixed assets which don't have a limited useful life. The concept of continuity was taken into consideration in the assesment of whether or not the brand value has an unlimited useful life. The summary information, hypothesis and methods related to the assesment report of the "Türkiye" brand, which is owned by the Company being tested for the impairment by an assesment company and used as the brandname 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 (the 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 Gazetecilik.

-The methods used for the valuation: During the brand valuation works, the methods that were the most useful included The Method of Determining the Brand by Separating Goodwill from the Brand, The Method of Freeing from Name Rights, and the method which is used most by the OECD and Financial Institutions - the Profit Sharing Method.

-In the valuation conducted in accordance with the Method of Freeing from Name Rights, the value of the brand was calculated as TL 33,419,268. In the valuation conducted in accordance with the Method of Determining the Brand by Separating Goodwill from the Brand, the value of the brand was calculated as TL 56,125,860. In the valuation conducted in accordance with the Profit Sharing Method, the value of the brand was calculated as TL 38,637,511 for 25% of the reduced income, and as TL 77,275,022 for 50% of the reduced income.

-Among the above methods, the appraisal company has chosen TL 56,125,860, which was determined by using the Method of Determining the Brand by Separating Goodwill from the Brand, as the amount that represents the value of the brand "Türkiye" in a realistic manner.

Impairment provisions for the aforementioned brand are as follows:

	31.12.2011	31.12.2010
Book value of the Brand ^(a)	79,875,083	79,875,083
Appraisal value ^(b)	56,125,860	56,125,860
Provision for impairment ^(b-a)	(23,749,223)	(23,749,223)

Note 20 - Goodwill

31.12.2011: None (31.12.2010: None).

Note 21 - Government Grants and Incentives

31.12.2011: None (31.12.2010: None).

Note 22 - 23 - Provisions, Contingent Assets and Liabilities, Commitments

a) Guarantees, mortgages and pledges given by the Company:

The Company's charts regarding its position on guarantees, pledges and mortgages (GPM) are as follows:

GPMs Given by the Company (31.12.2011)	US\$ Balance	EURO Balance	TL Balance	TOTAL (TL Equivalent)
A. The Total Amount of GPMs Given by the Company on Behalf of Its Behalf of Its Own Legal Entity	150,000	88,851	2,020,119	2,520,587
B. The Total Amount of GPMs Given by the Company in Favour of Its Partnerships Which are Included in the Scope of Full Consolidation	-	-	-	-
C. The Total Amount of GPMs Given by the Company to Guarantee the Debts of Other 3 rd Parties in Order to Execute Ordinary Business Activities	-	-	-	-
D. The Total Amount of Other GPMs Given by the Company	25,362,230	225,000	138,485,590	186,942,161
i. The Total Amount of GPMs Given by the Company in Favour of the Main Partnership	-	-	-	-
ii. The Total Amount of GPMs Given by the Company in Favour of Other Related Companies Which are not Included in the Scopes of Articles B and C	25,362,230	225,000	138,485,590	186,942,161
iii. The Total Amount of GPMs Given by the Company in Favour of Third Parties Which are Included in the Scope of Article C	-	-	-	-
Total	25,512,230	313,851	140,505,709	189,462,748
Total Shareholders' Equity of the Company (Note 27)				208,143,999
The Ratio of the Other GPMs Given by the Company over the Company's Shareholders' Equity				90%

GPMs Given by the Company (31.12.2010)	US\$ Balance	EURO Balance	TL Balance	TOTAL (TL Equivalent)
A. The Total Amount of GPMs Given by the Company on Behalf of Its of Its Own Legal Entity	6,550,000	88,851	903,001	11,211,365
B. The Total Amount of GPMs Given by the Company in Favour of Its Partnerships Which are Included in the Scope of Full Consolidation	-	-	-	-
C. The Total Amount of GPMs Given by the Company to Guarantee the Debts of Other 3 rd Parties in Order to Execute Ordinary Business Activities	-	-	-	-
D. The Total Amount of Other GPMs Given by the Company	33,432,847	225,000	141,822,769	193,970,998
i. The Total Amount of GPMs Given by the Company in Favour Of the Main Partnership	-	-	-	-
ii. The Total Amount of GPMs Given by the Company in Favour Of Other Related Companies Which are not Included in The Scopes Of Articles B and C	33,432,847	225,000	141,822,769	193,970,998
iii. The Total Amount of GPMs Given by the Company in Favour of Third Parties Which are Included in the Scope of Article C	-	-	-	-
Total	39,982,84	313,851	142,725,770	205,182,363
Total Shareholders' Equity of the Company (Note 27)				207,427,865
The Ratio of Other GPMs Given by the Company over the Company's Shareholders' Equity				94%

Footnotes to Financial Statements as of December 31, 2011

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

b) Details regarding lawsuits of the Company as of the dates December 31, 2011, and December 31, 2010, are as follows:

	31.12.2011	31.12.2010
Provisions for lawsuits	-	57,700
Debt Provisions (Short-Term)	-	57,700
Provisions for lawsuits	232,180	236,180
Debt Provisions (Long-Term)	232,180	236,180

The transaction information regarding provisions allocated for lawsuits against the Company as of the dates December 31, 2011, and December 31, 2010, are as follows:

	31.12.2011	31.12.2010
Balance at the beginning of the period	293,880	206,480
Payments	(57,700)	(5,000)
Provisions for no longer valid lawsuits	(10,000)	(40,000)
Provision expense	6,000	132,400
Balance at the end of the period	232,180	293,880

The Company did not allocate provision for lawsuits against the Company with high probability of winning. However, the Company has allocated provisions for those lawsuits which might be lost, or in other words, which might lead to the loss of economic resources.

The summarized information regarding the Company's ongoing lawsuits as of December 31, 2011, is provided in the chart below:

	Quantity	Amount
Enforcement proceedings conducted in favour of the Company	83	2,523,440
Enforcement proceedings conducted against the Company	2	34,077
Ongoing lawsuits that were commenced in favour of the Company	7	245,311
Ongoing lawsuits that were commenced against the Company	39	672,030

Note 24 - Benefits Provided to the Personnel

	31.12.2011	31.12.2010
Long-Term Liabilities		
Provision for severance pay	6,348,799	5,619,625
Total	6,348,799	5,619,625

According to Labor Law, the Company is obliged to pay severance pay to its personnel in case 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 Company 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.

- 31.12.2011: 2,732 TL

- 31.12.2010: 2,517 TL

On the other hand, the Company is subjected to the "Law on Arrangement of the Relationships between Employees Working in the Press". Therefore, the Company 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 termination. The compensation to be paid is limited to an amount worth 30 days' salary for each year that the employee worked. There are no maximum limit applications when calculating severance pay for press staff.

The right to early retirement for those working in the press, publishing, packaging and printing jobs have been removed as of October 1, 2008.

There are no regulations regarding pension commitments, apart from 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 Company'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 the 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:

	31.12.2011	31.12.2010
Discount rate	4.25%	4.66%
Estimated interest rate	9.52%	10%
Estimated inflation rate (the expected rate of raises in salary)	6.56%	5.10%
Rate of unpaid severance pay liability (average)	8%	4%
	31.12.2011	31.12.2010
Balance on January 1	5,619,625	2,789,663
Payments	(578,747)	(629,864)
Provisions allocated within the period	1,307,921	3,459,826
Balance at the End of the Period	6,348,799	5,619,625

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

	31.12.2011	31.12.2010
Business advances	7,331,859	5,515,574
Advances given for purchase orders	493,738	676,429
Prepaid tax claims	152,887	17,596
Expenses for future months	47,840	7,236
Other Current / Floating Assets	8,026,324	6,216,835
Advances paid (for the fixed assets)	215,622	25,798
Other Intangible / Fixed Assets	215,622	25,798

	31.12.2011	31.12.2010
Advances received for purchase orders	2,056,457	1,585,017
Taxes, fees and other deductions to be paid	1,244,377	876,458
Overdue, deferred or restricted tax assets	230,497	-
Other Short-Term Liabilities	3,531,331	2,461,475
Deferred and Installed Public Receivables	302,627	-
Other Long-Term Liabilities	302,627	-

Note 27 - Shareholders' Equity

A. Paid-in Capital

The Company's approved and issued share capital consists of shares and each of these shares has a registered nominal value of TL 1.

As of December 31, 2011, the registered capital ceiling of the Company is TL 240,000,000.

Footnotes to Financial Statements as of December 31, 2011

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

As of December 31, 2011, and December 31, 2010, the Company's approved and issued share capital, and its capital structure, are as follows:

Name / Title	31.12.2011		31.12.2010	
	Share Rate %	Share Amount (TL)	Share Rate %	Share Amount (TL)
İhlas Yayın Holding A.Ş.	56.55	45,239,706	56.55	45,239,706
Free Float	33.00	26,400,000	33.00	26,400,000
İhlas Holding A.Ş.	6.92	5,536,050	6.92	5,536,050
Enver Ören	2.02	1,615,514	2.02	1,615,514
İhlas Ev Aletleri İmalat Sanayi Ticaret A.Ş.	1.03	825,035	1.03	825,035
Other	0.48	383,695	0.48	383,695
Total	100.00	80,000,000	100.00	80,000,000
Capital Adjustment Account		78,494,868		78,494,868
Total		158,494,868		158,494,868

The distribution of the Company's preferential shares (Group A shares) is as below:

Partner's Name / Title	Bearer / Registered	Quantity	Amount
İhlas Yayın Holding A.Ş.	Registered	6,000,000	6,000,000
İhlas Holding A.Ş.	Registered	1,600,000	1,600,000
Enver Ören	Registered	400,000	400,000
Total		8,000,000	8,000,000

Benefits Provided from Preferential 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 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.

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

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

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.

	31.12.2011	31.12.2010
Legal reserves	83,901	83,901
Special reserves	873,284	873,284
Total	957,185	957,185

C. Revaluation Fund

31.12.2011: None (31.12.2010: None).

D. Profit / Loss for the Previous Years

According to CMB's communique 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 communique 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 is not subjected to profit sharing or share capital increase, it is associated with the "Accumulated Profit/Loss of previous years".

Profit / Loss for the Previous Years consists of the following items;

	31.12.2011	31.12.2010
Balance on January 1	41,839,375	25,712,098
Profit / (loss) for the previous period	6,136,437	16,127,277
Balance at the end of the period	47,975,812	41,839,375

Note 28 - Sales Revenues and Costs**A. Gross Profit / Loss from Commercial Activities**

	01.01-31.12.2011	01.01-31.12.2010
Domestic sales	85,119,467	73,960,079
International Sales	1,098,630	1,169,618
Total Gross Sales	86,218,097	75,129,697
Sales discounts (-)	(5,964,065)	(4,385,613)
Net Sales	80,254,032	70,744,084
Cost of sales (-)	(71,763,395)	(58,655,538)
Gross Sales Profit	8,490,637	12,088,546

B. Gross Profit / Loss from Activities in the Finance Sector

31.12.2011: None (31.12.2010: None).

Note 29 - Operating Costs

	01.01-31.12.2011	01.01-31.12.2010
Marketing, selling and distribution expenses	(3,245,546)	(5,037,280)
General management expenses	(11,404,478)	(12,066,527)
Research and development expenses	-	-
Total	(14,650,024)	(17,103,807)

Note 30 - Qualitative Distribution of Expenses

The details regarding expenses according to their nature for the periods 01.01 - 31.12.2011 and 01.01 - 31.12.2010 are as follows:

	01.01-31.12.2011	01.01-31.12.2010
Advertising commission and bonus expenses	(1,589,140)	(2,465,505)
Distribution and shipping expenses	(695,906)	(406,595)
Promotion expenses	(416,413)	(1,517,945)
Advertising and advertising expenses	(393,117)	(539,835)
Market research expenses	(150,970)	(107,400)
Marketing, Sales and Distribution Expenses	(3,245,546)	(5,037,280)

Footnotes to Financial Statements as of December 31, 2011

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

	01.01-31.12.2011	01.01-31.12.2010
Provision expenses for doubtful trade receivables	(2,426,629)	(2,161,433)
Personnel wages expenses ^(a)	(2,340,563)	(1,875,978)
Outsourced benefits and services	(1,633,902)	(1,343,974)
Depreciation and amortization expenses ^(b)	(845,807)	(485,849)
Provision expenses for work advances	(814,651)	-
Rent Expenses	(728,688)	(719,816)
Expense for the provision for employee termination benefits ^(c)	(688,123)	(1,150,583)
Maintenance and insurance expenses	(606,145)	(355,752)
Taxes, duties and charges	(470,273)	(251,041)
Court, notary, land registry and membership fees expenses	(224,700)	(684,676)
Consultancy and auditing expenses	(147,194)	(31,700)
Expenses regarding the public offering ^(d)	-	(2,320,714)
Other general management expenses	(477,803)	(685,011)
General Management Expenses	(11,404,478)	(12,066,527)

^(a) Details regarding personnel fee expenses, which is included in the operating expenses, are as follows:

	01.01-31.12.2011	01.01-31.12.2010
Gross wage expenses	(1,952,760)	(1,560,270)
Social Security deductions (employee and employer)	(387,803)	(315,708)
Total	(2,340,563)	(1,875,978)

^(b) Details regarding the Company's expenses on depreciation and amortization are as follows:

	01.01-31.12.2011	01.01-31.12.2010
Cost of sales	(2,963,176)	(6,427,621)
General management expense	(845,807)	(485,849)
Total	(3,808,983)	(6,913,470)

^(c) Details regarding the Company's provision expenses of severance pay are as follows:

	01.01-31.12.2011	01.01-31.12.2010
Cost of sales	(619,798)	(2,309,243)
General management expense	(688,123)	(1,150,583)
Total	(1,307,921)	(3,459,826)

^(d) The Company has incurred expenses regarding the initial public offering. A part of these expenses, corresponding to TL 1,004,837, was reflected to the Company's partners who have offered their shares to the public. (See: Note 31 and Note 37).**Note 31 - Other Operating Incomes / Expenses**

Details regarding other income / expenses for the periods 01.01 - 31.12.2011 and 01.01 - 31.12.2010 are as follows:

	01.01-31.12.2011	01.01-31.12.2010
Rental income	1,751,289	762,119
Financial aids	535,053	412,082
Profit from the sale of fixed assets	149,944	38,749
Provisions that are no longer required (other)	22,576	425,067
Provisions that are no longer required (loss of value of the brand)	-	4,249,860
The part of the expenses incurred regarding the initial public offering that is reflected to the partners	-	1,004,837
Other income	87,819	35,583
Total Other Income	2,546,681	6,928,297

	01.01-31.12.2011	01.01-31.12.2010
Fiscal liabilities within the scope of Law No. 6111	(726,599)	-
Provision expenses for lawsuits	(6,000)	(132,400)
Private communication tax and latency amounts	-	(117,700)
Loss from the sale of fixed assets	-	(34,256)
Tax penalties	-	(4,584)
Total Other Expenses	(732,599)	(288,940)

Note 32 - Financial Revenues

Details regarding financial income for the periods 01.01 - 31.12.2011 and 01.01 - 31.12.2010 are as follows:

	01.01-31.12.2011	01.01-31.12.2010
Revenues from maturity gaps (including re discount interest income)	5,998,981	6,219,595
Interest income	1,619,247	1,257,111
Foreign exchange profits	820,164	1,213,274
Profit from sales of financial investments	183,111	121,009
Other financial income	-	396,395
Total	8,621,503	9,207,384

Note 33 - Financial Expenses

Details regarding financial expenses for the periods 01/01 - 31/12/2011 and 01/01 - 31/12/2010 are as follows:

	01.01-31.12.2011	01.01-31.12.2010
Foreign exchange losses	(1,420,958)	(1,323,050)
Expenses from maturity gaps (including re discount interest expenses)	(1,226,917)	(953,344)
Interest expenses	(438,558)	(639,230)
Other financial expenses	-	(326,631)
Total	(3,086,433)	(3,242,255)

Note 34 - Non-Current Assets Held-for-Sale and Discontinued Operations

A. Fixed Assets Held-for-Sale

31.12.2011: None.

31.12.2010: None.

B. Discontinued Operations

01.01 - 31.12.2011: None.

01.01 - 31.12.2010: 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 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 sales price should be collected, at the latest, by the end of the second calendar year following the year in which the sale occurs.

Footnotes to Financial Statements as of December 31, 2011

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

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, 2011, and December 31, 2010, are as follows:

	31.12.2011	31.12.2010
Tax provisions for the current period	947,750	1,897,636
Prepaid taxes (-)	(947,750)	(1,474,268)
Total	-	423,368

Reconciliation for the tax provisions for the current period and the accounting profit as of the dates December 31, 2011, and December 31, 2010, are as follows:

	01.01-31.12.2011	01.01-31.12.2010
Accounting Profit / Loss	2,148,392	6,643,789
Additions (+)	3,288,140	3,081,527
Discounts (-)	(697,784)	(237,138)
Financial Profit / Loss	4,738,748	9,488,178
Tax rate	20%	20%
Tax Provision Amount	947,750	1,897,636

The main components of the tax expenses which are reflected to the income statement as of the dates 01.01 - 31.12.2011, and 01.01 - 31.12.2010, are as follows:

	01.01-31.12.2011	01.01-31.12.2010
Current period corporate tax	(947,750)	(1,897,636)
Deferred tax income / (expense)	474,119	444,848
Balance at the end of the period	(473,631)	(1,452,788)

Reconciliation regarding the tax expenses, which are calculated by multiplying tax expense and the pre-tax profit by the tax rate, is as follows:

	01.01-31.12.2011	01.01-31.12.2010
Profit / (Loss) Before Tax	1,189,765	7,589,225
Calculated tax expense (20%)	(237,953)	(1,517,845)
- The effect of expenses which are legally disallowed	(657,629)	(616,306)
- The Company's tax loss which is not subjected to statutory tax or deferred tax, and the effect of correction records	421,951	681,363
Tax Expense	(473,631)	(1,452,788)

B. Deferred Tax Assets and Liabilities

The Company 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 2011 is 20% (31.12.2010: 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, 2011, and December 31, 2010, is as follows:

	31.12.2011		31.12.2010	
	Total Temporary Differences	Deferred Tax Assets / (Liabilities)	Total Temporary Differences	Deferred Tax Assets / (Liabilities)
Deferred tax associated with the Income Statement				
Provisions for impairment on the intangible fixed asset (the brand)	23,749,223	4,749,845	23,749,223	4,749,845
Expense from reduction of value on investment purpose real estate properties	20,058,426	4,011,685	20,058,426	4,011,685
Provisions for employee termination benefits	6,348,799	1,269,760	5,619,625	1,123,925
Provisions for doubtful receivables	3,789,033	757,807	3,296,016	659,203
Accrual expenses for trade receivables	1,615,998	323,200	1,868,719	373,744
Accrual expenses for receivables from the related parties	1,743,991	348,798	618,423	123,685
Provision expenses for work advances	814,651	162,930	-	-
Provisions for impairment of inventories	316,906	63,381	75,640	15,128
Provision expenses for lawsuits	232,180	46,436	293,880	58,776
Provision expenses for work advances	26,200	5,240	-	-
Foreign exchange difference income / expense (derived from differences between foreign exchange rates)	93	19	(294)	(58)
The amount of maturity differences in inventories	-	-	47,543	9,507
The amount of accumulated appreciation difference regarding intangible fixed assets	(82,589,252)	(16,517,851)	(81,600,894)	(16,320,179)
The capitalization of the building that was purchased through leasing (land share included - cancellation of expenses)	(10,303,996)	(2,060,799)	(10,303,996)	(2,060,799)
The amount of accumulated depreciation difference regarding tangible fixed assets (those with investment purposes included)	(789,200)	(157,841)	(1,061,351)	(212,270)
Income from increase of value on investment purpose real estate properties	(620,544)	(124,109)	(620,544)	(124,109)
Re discount income from trade liabilities	(12,424)	(2,485)	(43,488)	(8,698)
Re discount income from related party payables	(14,006)	(2,801)	(1,444)	(289)
Gross deferred tax asset	58,695,500	11,739,101	55,627,495	11,125,498
Gross deferred tax liability	(94,329,422)	(18,865,886)	(93,632,011)	(18,726,402)
Net deferred tax assets / (liabilities)	(35,633,922)	(7,126,785)	(38,004,516)	(7,600,904)

Behavior chart of the net deferred tax assets is as follows:

	01.01-31.12.2011	01.01-31.12.2010
Balance on January 1	(7,600,904)	(8,045,752)
Deferred tax income / (expense)	474,119	444,848
Balance at the end of the period	(7,126,785)	(7,600,904)

Note 36 - Earnings Per Share

The weighted average shares and the profit calculation per share of the Company, as of the periods 01.01 - 31.12.2011 and 01.01 - 31.12.2010, are as follows:

	01.01-31.12.2011	01.01-31.12.2010
Earning / (loss) obtained from ongoing activities, per share:		
The main partnership's net profit / (loss) for the period, regarding ongoing activities	716,134	6,136,437
The weighted average number of shares with a value of TL 1, each	80,000,000	80,000,000
Earning / (loss) obtained from ongoing activities, per share (TL)	0.01	0.08
Earning / (loss) per share:		
Profit / (loss) for the period	716,134	6,136,437
Net profit / (loss) of minority shareholders for the period	-	-
Net profit / (loss) of main partnership for the period	716,134	6,136,437
The weighted average number of shares with a value of TL 1, each	80,000,000	80,000,000
Earning / (loss) per share (TL)	0.01	0.08

Footnotes to Financial Statements as of December 31, 2011

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The reconciliation of the number of stock shares of the Company at the beginning and by the end of the period is as follows:

	31.12.2011	31.12.2010
The number of weighted stock shares at the beginning of the period	80,000,000	80,000,000
The number of issued stock shares within the period	-	-
The number of weighted stock shares at the end of the period	80,000,000	80,000,000

No income per dilutive share has been calculated as the Company 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 Company's existing account balances (net book value) with its partners, indirect capital through its partners, the management, the major companies with whom the Company has a business relationship, and with its key personnel, as of 31/12/2011 and 31/12/2010 are as follows:

	31.12.2011	31.12.2010
Receivables from Shareholders and Parties Associated with Shareholders		
İhlas Pazarlama A.Ş.	18,424,280	5,653,284
TGRT Haber TV A.Ş.	2,122,160	-
İhlas Haber Ajansı A.Ş.	706,933	673,376
İhlas Holding A.Ş.	593,957	903,713
İletişim Magazin Gazt. Yayın San. ve Tic. A.Ş.	237,827	83,852
İhlas Ev Aletleri İmalat Sanayi Ticaret A.Ş.	136,843	335,985
İhlas Medya Planlama ve Satınalma Hiz. Ltd. Şti.	104,362	58,712
İhlas Fuar Hizmetleri A.Ş.	69,512	92,096
Alternatif Medya Görsel İletişim Sis. Ltd. Şti.	61,826	44,292
İhlas Motor A.Ş.	46,012	4,614
Tasfiye Halinde İhlas Finans Kurumu A.Ş.	24,835	-
Kuzuluk Kaplıca İnş. Tur. Sağlık Tic. A.Ş.	10,159	2,312
İhlas Dış Ticaret A.Ş.	9,625	45,533
TGRT Dijital TV A.Ş.	7,983	2,352
Mir İç Dış Ticaret ve Maden San. Ltd. Şti.	2,063	1,088
Bursa Yalova Enerji Dağıtım Ltd. Şti.	1,053	-
İhlas Oxford Mortgage İnş. ve Tic. A.Ş.	1,053	7,353
İhlas İnşaat Proje Taahhüt Turizm ve Tic. A.Ş.	-	3,234
İhlas Kimya Sanayi Ltd. Şti.	-	16,350
İhlas Enerji Üretim Dağ. ve Tic. A.Ş.	-	10,638
Detes Enerji Üretim A.Ş.	-	5,216
İhlas İnşaat Holding A.Ş.	-	3,706
İhlas Pazarlama Yatırım Holding A.Ş.	-	3,369
İhlas Yapı Turizm A.Ş.	-	36,617
Armutlu Tatil ve Turizm İşletmeleri A.Ş.	-	32,032
İhlas Holding A.Ş. - İhlas Yapı Turizm ve Sağlık A.Ş. Joint Venture	-	1,664
İhlas Holding A.Ş. - İhlas Yapı Turizm ve Sağlık A.Ş. Joint Venture 2	-	1,664
İhlas Holding A.Ş. - İhlas Yapı Turizm ve Sağlık A.Ş. Joint Venture 3	-	1,664
İhlas Holding A.Ş. - İhlas Yayın Holding A.Ş. ve İhlas Pazarlama A.Ş. Joint Venture	-	1,664
Total	22,560,483	8,026,380

	31.12.2011	31.12.2010
Payables to Shareholders and Parties Associated with Shareholders		
İhlas Madencilik A.Ş.	123,369	-
İhlas Net A.Ş.	103,800	74,747
KPT Lojistik Taşımacılık Tur. Rek. Paz. İç ve Dış Tic. A.Ş.	71,285	-
İhlas İnşaat Proje Taahhüt Turizm ve Tic. A.Ş.	61,080	-
Şifa Yemek ve Gıda Üretim Tesisleri Tic. A.Ş.	40,734	-
İhlas Genel Antrepo Nakliyat ve Tic. A.Ş.	642	264
İhlas İletişim Hiz. A.Ş.	-	1,423
Promaş Pro. Medya Rek. ve Film Paz. Hiz. A.Ş.	-	36,633
İhlas Net Ltd. Şti.	-	607
Payables to Other Associated Parties (Key Personnel)	3,995	18,089
Total	404,905	131,763

	31.12.2011	31.12.2010
Advance Payments Given		
Promaş Pro. Medya Rek. ve Film Paz. Hiz. A.Ş.	270,537	-
İhlas İnşaat Proje Taahhüt Tur. ve Tic. A.Ş.	215,622	-
İhlas Net Ltd. Şti.	2,122	-
İhlas Madencilik A.Ş.	-	402,177
İhlas Yayın Holding A.Ş.	-	24,939
Total	488,281	427,116

	31.12.2011	31.12.2010
Advances Received		
İhlas Yayın Holding A.Ş.	937,458	-
İhlas İnşaat Proje Taahhüt Tur. ve Tic. A.Ş.	2,019	-
TGRT Haber TV A.Ş.	-	372,667
Total	939,477	372,667

B. The Company's sales to and purchases from its partners, indirect capital through its partners, the management and the major companies with whom the Company has a business relationship, within the periods 01.01. - 31.12.2011 and 01.01. - 31.12.2010, are as follows:

01.01-31.12.2011	Service Sales	Advertising Sales	Merchandise Sales	Service Purchases	Advertising Purchases	Merchandise Purchases
İletişim Magazin Gazetecilik A.Ş.	753,115	58,080	-	-	62,686	-
İhlas Ev Aletleri İmalat San. Tic. A.Ş.	485,452	-	-	216	-	-
İhlas Fuar Hizmetleri A.Ş.	457,212	21,288	-	800	43,475	-
İhlas Pazarlama A.Ş.	411,734	87,270	2,550,621	2,368,455	117,250	-
İhlas Holding A.Ş.	271,605	84	35,544	416,413	-	-
İhlas İnşaat Proje Taah. Tur. ve Tic. A.Ş.	122,281	-	-	-	-	-
İhlas Yayın Holding A.Ş.	86,247	1,200	-	9,114	-	-
Armutlu Tatil ve Turizm İşletmeleri A.Ş.	34,300	-	-	743	-	-
İhlas Haber Ajansı A.Ş.	11,190	482	-	342,000	-	-
Kuzuluk Kapl. Sağ. ve Petr. Ür. Tic. A.Ş.	10,945	6,125	6,356	7,789	-	-
İhlas Net A.Ş.	8,015	120	-	50,182	-	-
Şifa Yemek ve Gıda Üretim Tesisleri Tic. A.Ş.	7,049	3,017	-	313,227	-	-
İhlas Motor A.Ş.	3,339	-	-	-	-	-
Kristal Gıda Dağ. Paz. San. ve Tic. A.Ş.	2,970	-	-	-	-	-
Alternatif Medya Görsel İlet. Sis. Ltd. Şti.	2,785	-	-	-	-	-
Tasfiye Halinde İhlas Finans Kurumu A.Ş.	1,675	-	-	-	-	-
TGRT Haber TV A.Ş.	1,230	180	-	-	-	-
Kristal Kola ve Meşrubat San. Tic. A.Ş.	550	1,776	-	-	-	-
İhlas Madencilik A.Ş.	403	-	-	54,208	-	-
İhlas Medya Plan. ve Satınalma Hiz. Ltd. Şti.	-	305,818	-	-	-	-
Promaş Pro. Medya Rek. ve Film Paz. Hiz. A.Ş.	-	50,460	-	-	155,984	-
İhlas Genel Antrepo Nakliyat ve Tic. A.Ş.	-	900	-	900	-	-
Mir İç Dış Ticaret ve Maden San. Ltd. Şti.	-	103	-	-	-	-
KPT Lojistik Taşımacılık Tur. Rek. Paz. İç ve Dış Tic. A.Ş.	-	-	-	582,622	-	13,980
İhlas Net Ltd. Şti.	-	-	-	83,173	-	-
Total	2,672,097	536,903	2,592,521	4,229,842	379,395	13,980

Footnotes to Financial Statements as of December 31, 2011

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

01.01-31.12.2010	Service Sales	Advertising Sales	Merchandi Sales	Service Purchases	Advertising Purchases	Merchandise Purchases
İhlas Fuar Hizmetleri A.Ş.	629,487	19,944	-	-	43,692	-
İhlas Ev Aletleri İmalat San. Tic. A.Ş.	521,715	129,948	-	54	-	-
İhlas Pazarlama A.Ş.	449,979	367,423	-	1,939,008	617,810	547,250
İhlas Holding A.Ş.	217,726	(*)920,521	-	348,048	-	-
İletişim Magazin Gazetecilik A.Ş.	209,811	42,089	-	-	40,000	-
İhlas Yayın Holding A.Ş.	39,416	(**)90,706	3,901	-	-	-
İhlas Motor A.Ş.	9,975	-	-	-	-	-
İhlas Haber Ajansı A.Ş.	9,190	270	-	342,000	-	-
Armutlu Tatil ve Turizm İşletmeleri A.Ş.	6,935	-	-	1,815	-	-
Kuzuluk Kapl. Sağ. ve Petr. Ür. Tic. A.Ş.	2,405	3,750	-	6,896	-	-
Alternatif Medya Görsel İletişim Sis. Ltd. Şti.	2,020	-	-	-	-	-
İhlas Net A.Ş.	910	3,360	-	38,974	-	-
Promaş Pro. Medya Rek. ve Film Paz. Hiz. A.Ş.	720	27,756	-	42	268,190	-
TGRT Haber TV A.Ş.	706	-	-	-	-	-
Tasfiye Halinde İhlas Finans Kurumu A.Ş.	630	-	-	-	-	-
İhlas Madencilik A.Ş.	524	-	-	-	-	-
Kristal Gıda Dağ. Paz. San. ve Tic. A.Ş.	500	-	-	-	-	-
İhlas Holding A.Ş. - İhlas Yapı Turizm ve Sağlık A.Ş.						
Joint Venture 2	370	-	-	-	-	-
İhlas Reklam Ajans Hizmetleri Ltd. Şti.	250	391,358	-	-	33,000	-
Bayındır Madencilik ve Ticaret A.Ş.	200	-	-	-	-	-
Kristal Kola ve Meşrubat San. Tic. A.Ş.	-	6,219	-	-	-	-
İhlas Net Ltd. Şti.	-	-	-	41,823	-	-
İhlas Genel Antrepo Nakliyat ve Tic. A.Ş.	-	-	-	1,313	-	-
Total	2,103,469	2,003,344	3,901	2,719,973	1,002,692	547,250

(*) A part of this amount regarding the advertising expenses for the initial public offering, corresponding to TL 914,131, is reflected to the Company's related partner.

(**) All of this amount regarding the advertising expenses for the initial public offering, is reflected to the Company's related partner.

C. Interest, rent and other income / expense paid and received by the Company to and from its partners, indirect capital through its partners, the management and the major companies with whom the Company has a business relationship, within the periods 01.01. - 31.12.2011 and 01.01. - 31.12.2010, are as follows:

01.01-31.12.2011	Interest Revenues	Rent Revenues	Rent Expenses	Fixed Asset Purchases
İhlas Pazarlama A.Ş.	1,350,149	202,327	36,984	15,320
İhlas Haber Ajansı A.Ş.	69,431	2,815	-	-
İhlas Holding A.Ş.	62,689	548,310	179,215	59,350
TGRT Haber TV A.Ş.	60,390	179,010	-	-
İhlas Yayın Holding A.Ş.	21,384	50,496	-	-
İhlas Ev Aletleri İmalat San. Tic. A.Ş.	20,011	1,800	343,879	-
İhlas Madencilik A.Ş.	16,890	0	231,039	-
İhlas Fuar Hizmetleri A.Ş.	9,902	-	-	-
İhlas Medya Planlama ve Satınalma Hiz. Ltd. Şti.	8,233	52,164	-	-
Tasfiye Halinde İhlas Finans Kurumu A.Ş.	-	135,900	-	-
İhlas Holding A.Ş. - İhlas Yayın Holding A.Ş. ve İhlas Pazarlama A.Ş. Joint Venture	-	103,992	-	-
İhlas Motor A.Ş.	-	38,625	-	-
Alternatif Medya Görsel İletişim Sis. Ltd. Şti.	-	15,510	-	-
İhlas Yapı Turizm ve Sağlık A.Ş.	-	8,400	-	-
İhlas Dış Ticaret A.Ş.	-	7,680	-	-
TGRT Dijital TV A.Ş.	-	7,200	-	-
Armutlu Tatil ve Turizm İşletmeleri A.Ş.	-	4,500	-	-
İhlas Holding A.Ş. - İhlas Yapı Turizm ve Sağlık A.Ş. Joint Venture 2	-	4,200	-	-
İhlas Holding A.Ş. - İhlas Yapı Turizm ve Sağlık A.Ş. Joint Venture 3	-	4,200	-	-
İhlas Holding A.Ş. - İhlas Yapı Turizm ve Sağlık A.Ş. Joint Venture	-	3,150	-	-
Kuzuluk Kapl. Sağ. ve Petr. Ür. Tic. A.Ş.	-	2,700	-	-
Mir İç ve Dış Tic. Maden San. Ltd. Şti.	-	1,778	-	-
Buryal Bursa Yalova Enerji Dağıtım Ltd. Şti.	-	960	-	-
İhlas Oxford Mortgage İnşaat ve Ticaret A.Ş.	-	960	-	-
İhlas İnşaat Holding A.Ş.	-	900	-	-
İhlas Kimya Ltd. Şti.	-	900	-	-
İhlas Pazarlama Yatırım Holding A.Ş.	-	900	-	-
Tasfiye Halinde İhlas Barter A.Ş.	-	713	-	-
Total	1,619,079	1,380,090	791,117	74,670

Footnotes to Financial Statements as of December 31, 2011

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01.01-31.12.2010	Interest Revenues	Rent Revenues	Interest Expenses	Rent Expenses	Fixed Asset Purchases
İhlas Pazarlama A.Ş.	666,627	106,385	-	508,568	18,925,000
İhlas Holding A.Ş.	433,641	201,915	-	253,100	-
İhlas Haber Ajansı A.Ş.	67,997	1,572	-	-	-
Armutlu Tatil ve Turizm İşletmeleri A.Ş.	29,237	3,661	-	-	-
İhlas Ev Aletleri İmalat San. Tic. A.Ş.	27,886	1,475	-	211,248	-
İhlas Fuar Hizmetleri A.Ş.	13,470	-	-	-	-
İhlas Reklam Ajans Hizmetleri Ltd. Şti.	7,316	10,128	-	-	-
İhlas Dış Ticaret A.Ş.	4,327	5,898	-	-	-
TGRT Dijital TV A.Ş.	1,171	5,898	-	-	-
Promaş Pro. Medya Rek. ve Film Paz. Hiz. A.Ş.	-	45,000	-	-	-
Tasfiye Halinde İhlas Finans Kurumu A.Ş.	-	43,932	-	-	-
İhlas Yapı Turizm ve Sağlık A.Ş.	-	33,422	-	-	-
İhlas Yayın Holding A.Ş.	-	29,441	21,621	-	-
İhlas Oxford Mortgage İnşaat ve Ticaret A.Ş.	-	6,712	-	-	-
Kuzuluk Kapl. Sağ. ve Petr. Ür. Tic. A.Ş.	-	4,424	-	-	-
İhlas Kimya Ltd. Şti.	-	4,424	-	-	-
İhlas Motor A.Ş.	-	3,661	-	-	-
Detes Enerji Üretim A.Ş.	-	3,661	-	-	-
Buryal Bursa Yalova Enerji Dağıtım Ltd. Şti.	-	3,661	-	-	-
İhlas İnşaat Holding A.Ş.	-	3,383	-	-	-
Alternatif Medya Görsel İletişim Sis. Ltd. Şti.	-	3,140	-	-	-
İhlas Madencilik A.Ş.	-	3,076	76,372	-	-
İhlas Pazarlama Yatırım Holding A.Ş.	-	3,075	-	-	-
İhlas Enerji Üretim Dağıtım ve Tic. A.Ş.	-	2,949	-	-	-
İhlas İnşaat Proje Taahhüt Turizm ve Tic. A.Ş.	-	2,214	-	-	-
İhlas Holding A.Ş. - İhlas Yapı Turizm ve Sağlık A.Ş. Joint Venture	-	1,519	-	-	-
İhlas Holding A.Ş. - İhlas Yapı Turizm ve Sağlık A.Ş. Joint Venture 2	-	1,519	-	-	-
İhlas Holding A.Ş. - İhlas Yapı Turizm ve Sağlık A.Ş. Joint Venture 3	-	1,519	-	-	-
İhlas Holding A.Ş. - İhlas Yayın Holding A.Ş. ve İhlas Pazarlama A.Ş. Joint Venture	-	1,519	-	-	-
Mir İç ve Dış Tic. Maden San. Ltd. Şti.	-	993	-	-	-
İhlas Net A.Ş.	-	-	5,302	-	-
İhlas İletişim Hiz. A.Ş.	-	-	-	-	1,220
Total	1,251,672	540,176	103,295	972,916	18,926,220

D. Short-term benefits provided to the Company's key management personnel in the periods January 1 - December 31, 2011 and January 1 - December 31, 2010 are as follows:

01.01 - 31.12.2011: TL 340,469 TL
01.01 - 31.12.2010: TL 245,529 TL

Redundancy compensation for the Company's top level (key) management personnel is as follows:

01.01 - 31.12.2011: TL 200,324 TL
01.01 - 31.12.2010: TL 153,250 TL

E. Long-term benefits provided to the Company's key management personnel in the periods January 1 - December 31, 2011 and January 1 - December 31, 2010 are as follows:
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, 2011 and December 31, 2010 are as follows:

	31.12.2011	31.12.2010
A. Foreign currency assets	426,278	2,140,934
B. Foreign currency liabilities	3,389,245	4,226,625
Net Foreign Exchange Position (A-B)	(2,962,967)	(2,085,691)

	FOREIGN EXCHANGE POSITION TABLE				FOREIGN EXCHANGE POSITION TABLE			
	31.12.2011	31.12.2011	31.12.2011	31.12.2011	31.12.2010	31.12.2010	31.12.2010	31.12.2010
	TL Equivalent	US\$	EURO	Other	TL Equivalent	US\$	EURO	Other
1. Trade Receivables	162,799	31,868	41,986	-	1,887,521	1,113,278	81,203	-
2a. Monetary financial assets (including Cash and Bank accounts)	263,479	106,108	25,801	-	227,615	1	111,079	-
2b. Non-Monetary Financial Assets	-	-	-	-	-	-	-	-
3. Other	-	-	-	-	-	-	-	-
4. Current Assets (1+2+3)	426,278	137,976	67,787	-	2,115,136	1,113,279	192,282	-
5. Trade Receivables	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	25,798	-	12,590	-
8. Fixed Assets (5+6+7)	-	-	-	-	25,798	-	12,590	-
9. Total Assets (4+8)	426,278	137,976	67,787	-	2,140,934	1,113,279	204,872	-
10. Accounts Payable	29,770	-	9,074	2,604	10,294	1,256	4,076	-
11. Financial Liabilities	2,427,862	-	993,478	-	2,456,101	-	1,198,624	-
12a. Other Monetary Liabilities	-	-	-	-	-	-	-	-
12b. Other Non-Monetary Liabilities	-	-	-	-	-	-	-	-
13. Short-Term Liabilities (10+11+12)	2,457,632	-	1,002,552	2,604	2,466,395	1,256	1,202,700	-
14. Accounts Payable	-	-	-	-	-	-	-	-
15. Financial Liabilities	931,613	-	381,215	-	1,760,230	-	859,026	-
16a. Other Monetary Liabilities	-	-	-	-	-	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-	-	-	-	-
17. Long-Term Liabilities (14+15+16)	931,613	-	381,215	-	1,760,230	-	859,026	-
18. Total Liabilities (13+17)	3,389,245	-	1,383,767	2,604	4,226,625	1,256	2,061,726	-
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)	(2,962,967)	137,976	(1,315,980)	(2,604)	(2,085,691)	1,112,023	(1,856,854)	-
21. Net Foreign Asset / (Liability) Position of Monetary Items (1+2a+5+6a-10-11-12a-14-15-16a)	(2,962,967)	137,976	(1,315,980)	(2,604)	(2,111,489)	1,112,023	(1,869,444)	-
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	1,098,630	54,860	436,059	-	1,259,735	181,350	491,381	-
26. Imports	33,082,798	11,502,290	4,310,757	8,319	19,501,873	7,316,592	4,354,767	64,000

The hedging rate of total foreign exchange liabilities deriving from total imports is the rate of comparing total foreign exchange liability by using a derivative instrument. As of the dates December 31, 2011, and December 31, 2010, the Company does not have any hedging rates regarding its total foreign exchange liabilities, due to the fact that the Company does not have any forward transactions.

Footnotes to Financial Statements as of December 31, 2011

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

Note 39 - Financial Instruments

A) Capital risk management

The Company aims to enhance its profit and market value by providing an efficient debt and equity balance while trying to ensure continuity of operations in capital management.

The Company'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 is explained in Note 27.

Risks associated with each class of capital and the Company's cost of capital is evaluated by the senior management of the Company. 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 Company 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 Company's overall strategy is not different from the previous period.

The Company monitors 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).

	31.12.2011	31.12.2010
Total liabilities	37,521,520	37,224,169
Minus: Cash and Cash Equivalent Values (Note 6)	(1,406,601)	(6,068,379)
Net liability	36,114,919	31,155,790
Total shareholders' equity (Note 27)	208,143,999	207,427,865
The ratio of net liability /shareholders' equity	17.35%	15.02%

B) Significant accounting policies

The important accounting policies of the Company 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 Company 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 Company.

Although, there is not a defined risk management model, the Company 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 Company 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 varying / fixed interest rates are monitored by the Company'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 Company is subjected to a price risk because of the sales 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 sales price margins. The Company 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 interest ratio

The Company becomes indebted through fixed interest rates. The interest rates regarding the Company's liabilities are described in detail in footnote No: 8.

Interest Position Table	31.12.2011	31.12.2010
	Financial instruments with fixed rate	
Financial assets	314,000	4,966,587
	-	-
Financial liabilities (bank loans)	-	-
	Financial instruments with variable interest rate	
Financial assets		
Financial liabilities		

As of the dates December 31, 2011 and December 31, 2010, if the base point of interest were to be changed by 100 points, which means if interest rates were changed at 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 interests. In this case the pre-tax net profit / loss would be equal.

The Company's interest rate sensitivity is as follows:

Interest Rate Sensitivity Analysis Table

	31 December 2011		31 December 2010	
	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%):				
Resulting Impact in TL Currency	-	-	-	-
Total Effect of Financial Instruments with Fixed Rate	-	-	-	-
In case basis point is 100 (1%):				
Effect of Financial Instruments with Variable Interest Rate	-	-	-	-
Total	-	-	-	-

Foreign currency risk management

There is a natural balance between the income and expenses of the company in terms of exchange rate risk. It is attempted to protect the balance by including predictions for the future and the market conditions into consideration.

As of the dates December 31, 2011 and December 31, 2010, 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 from net foreign exchange profit / loss of the assets and liabilities denominated by these currency units;

31.12.2011: would be TL 296,297 TL lower / higher.

31.12.2010: would be TL 208,569 TL lower / higher.

The exchange rate sensitivity analysis table regarding the Company's foreign exchange position is as follows:

Exchange Rate Sensitivity Analysis Table

	31 December 2011		31 December 2010	
	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)	26,062	(26,062)	171,919	(171,919)
2- part protected from US\$ risk (-)	-	-	-	-
3- US\$ Net Impact (1+2)	26,062	(26,062)	171,919	(171,919)
In case of a 10% change in EURO currency:				
4- net EURO assets / (liabilities)	(321,599)	321,599	(380,488)	380,488
5- part protected from EURO risk (-)	-	-	-	-
6- EURO Net Impact (4+5)	(321,599)	321,599	(380,488)	380,488
In case of a 10% change in other currencies:				
7- net assets in other foreign currency / (liabilities)	(760)	760	-	-
8- part protected from other foreign currency risk (-)	-	-	-	-
9- Other Currency Assets Net Impact (7+8)	(760)	760	-	-
Total (3+6+9)	(296,297)	296,297	(208,569)	208,569

E) Credits and collection risk management

The credits and collection risk of the Company 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 Company, due to its past experiences and current economic conditions. The Company's credit risk has been distributed as the Company has been working with a large number of customers and there is no significant concentration of credit risk.

Footnotes to Financial Statements as of December 31, 2011

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

Exposed credit risks in terms of financial instrument types:

31 December 2011

	Receivables					
	Trade Receivables		Other Receivables		Bank deposits	Cash and Other
	Related Party	Other Party	Related Party	Other Party		
Maximum credit risk exposed as of the reporting date (A+B+C+D+E)⁽¹⁾	22,560,483	29,818,901	-	1,728	674,896	731,705
Part of maximum risk secured by Guarantee etc.	-	-	-	-	-	-
A. Net book value of financial assets which are neither overdue nor subjected to impairment ⁽²⁾	22,560,483	29,627,453	-	1,728	674,896	731,705
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⁾	-	191,448	-	-	-	-
- Overdue (gross book value)	114,745	8,312,857	-	-	-	-
- Impairment (-)	(114,745)	(8,121,409)	-	-	-	-
- 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, an impairment is not expected in the future either, as the guarantees and / or maturities regarding these financial assets are short-term.

The ageing analysis for financial assets which are overdue but not impaired as of 31.12.2011 is as follows:

	Receivables				
	Trade Receivables	Other Receivables	Bank deposits	Derivative Instruments	Other
1 - 30 days overdue	-	-	-	-	-
1 - 3 months overdue	-	-	-	-	-
3 - 12 months overdue	-	-	-	-	-
1 - 5 years overdue	-	-	-	-	-
More than 5 years overdue	-	-	-	-	-
Part secured by Guarantee etc.	-	-	-	-	-

⁽⁴⁾ The ageing analysis for financial assets which are overdue and impaired as of 31.12.2010 is as follows:

	Receivables	
	Overdue Amount	Doubtful Receivables Provisions
1 - 30 days overdue	199,642	(19,964)
1 - 3 months overdue	17,800	(6,230)
3 - 12 months overdue	500	(300)
1 - 5 years overdue	8,173,492	(8,173,492)
More than 5 years overdue	36,168	(36,168)
Total	8,427,602	(8,236,154)
Part secured by Guarantee etc.	-	-

There are various indicators when evaluating whether or not a receivable is a doubtful receivable. These indicators are as follows:

- Data regarding the presence of receivables in previous years which could not be collected,
- The debtor's ability to pay,
- Extraordinary circumstances arising in the sector in which the Company operates, and in the current economic environment.

31 December 2010

	Receivables					
	Trade Receivables		Other Receivables		Bank deposits	Cash and Other
	Related Party	Other Party	Related Party	Other Party		
Maximum credit risk exposed as of the reporting date (A+B+C+D+E)⁽¹⁾	8,026,380	43,611,890	-	6,928	5,754,571	313,808
Part of maximum risk secured by Guarantee etc.	-	-	-	-	-	-
A. Net book value of financial assets which are neither overdue nor subjected to impairment ⁽²⁾	8,026,380	43,035,470	-	6,928	5,754,571	313,808
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⁾	-	576,420	-	-	-	-
- Overdue (gross book value)	-	6,398,521	-	-	-	-
- Impairment (-)	-	(5,822,101)	-	-	-	-
- 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, an impairment is not expected in the future either, as the guarantees and / or maturities regarding these financial assets are short-term.

The ageing analysis for financial assets which are overdue and impaired as of 31.12.2010 is as follows:

	Receivables				
	Trade Receivables	Trade Receivables	Bank deposits	Derivative instruments	Other
1 - 30 days overdue	-	-	-	-	-
1 - 3 months overdue	-	-	-	-	-
3 - 12 months overdue	-	-	-	-	-
1 - 5 years overdue	-	-	-	-	-
More than 5 years overdue	-	-	-	-	-
Part secured by Guarantee etc.	-	-	-	-	-

⁽⁴⁾ The ageing analysis for financial assets which are overdue and impaired as of 31.12.2010 is as follows:

	Receivables		
	Overdue Amount	Doubtful Receivables	Provisions
1 - 30 days overdue	17,041	-	(1,704)
1 - 3 months overdue	41,082	-	(14,379)
3 - 12 months overdue	1,335,950	-	(801,570)
1 - 5 years overdue	5,004,448	-	(5,004,448)
More than 5 years overdue	-	-	-
Total	6,398,521	-	(5,822,101)
Part secured by Guarantee etc.	-	-	-

There are various indicators when evaluating whether or not a receivable is a doubtful receivable. These indicators are as follows:

- Data regarding the presence of receivables in previous years which could not be collected,
- The debtor's ability to pay,
- Extraordinary circumstances arising in the sector in which the Company operates, and in the current economic environment.

F) Liquidity risk management

The Company 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.

Footnotes to Financial Statements as of December 31, 2011

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

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	4,895,429	4,907,677	2,260,526	1,642,210	1,004,941
Bank Loans	-	-	-	-	-
Finance Lease Obligations	3,359,475	3,359,475	785,652	1,642,210	931,613
Accounts Payable ^(*)	61,080	73,328	-	-	73,328
Other Debts and Liabilities ^(**)	1,474,874	1,474,874	1,474,874	-	-
Expected Maturities	Book Value	Total Expected Cash Outflows	Less than 3 months	Between 3 - 12 months	Between 1 - 5 years
Non-Derivative Financial Liabilities	7,411,406	7,425,588	2,014,212	4,876,569	534,807
Bank Loans	1,000,000	1,000,000	1,000,000	-	-
Accounts Payable ^(***)	2,755,330	2,769,512	-	2,769,512	-
Other Debts and Liabilities	3,656,076	3,656,076	1,014,212	2,107,057	534,807
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	-	-	-	-	-

^(*) As indicated by TCC, promissory notes are contracts between two parties. Therefore, notes payable are observed in this group.

^(**) Liabilities with legal payment periods, such as tax provisions, tax installments, taxes payable and social security premiums, are observed in this group.

^(***) Suppliers and other trade payables are observed within this group.

31.12.2010					
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	5,516,157	5,516,157	1,540,863	2,215,064	1,760,230
Bank Loans	-	-	-	-	-
Finance Lease Obligations	4,216,331	4,216,331	664,405	1,791,696	1,760,230
Accounts Payable ^(*)	-	-	-	-	-
Other Debts and Liabilities ^(**)	1,299,826	1,299,826	876,458	423,368	-
Expected Maturities	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	7,361,985	7,406,918	1,969,126	5,201,612	236,180
Bank Loans	969,000	969,000	969,000	-	-
Accounts Payable ^(***)	3,544,309	3,589,242	-	3,589,242	-
Other Debt and Liabilities	2,848,676	2,848,676	1,000,126	1,612,370	236,180
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	-	-	-	-	-

^(*) As indicated by TCC, promissory notes are contracts between two parties. Therefore, notes payable are observed in this group.

^(**) Liabilities with legal payment periods, such as tax provisions, tax installments, taxes payable and social security premiums, are observed in this group.

^(***) 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 changeable), the Company performs forward, future, option and swap transactions.

Note 40 - Subsequent Events (Events After the Balance Sheet Date)

The Company's financial statements dated 31.12.2011 were endorsed by the Company's Board of Directors on March 01, 2012. The only authority with the power to make changes on the financial statements endorsed by the Company's Board of Directors is the Company'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 the Financial statements to be Clear, Interpretable and Understandable

None.

İhlas Holding Merkez Binası 29 Ekim Caddesi No: 23 34197 Yenibosna / İstanbul
Tel: (+90 212) 454 30 00 Fax: (+90 212) 454 34 55
www.ihlasgazetecilik.com.tr - ihlasgazetecilik@tg.com.tr

www.turkiyegazetesi.com

