İhlas Gazetecilik A.Ş. Annual Report 2012

We are a Big **Family**

We will continue to advance without compromising on our initial core principles.

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

“I have always tried to impart that every person working in the Holding is an owner of their work. What I mean is, I do not own the Holding, and I do not say that the Holding is mine. I endeavor to instill in our people that the secret of our success is us, not me.”

“I place more trust in my colleague, to whom I grant authority to, than in myself. I instruct them to work and be accountable not only to me, but also to Almighty Allahü teâla in the hereafter.”

“I have never thought about acquiring personal advantages from the opportunities of the Holding and the work of my friends, not even in the slightest bit.”

“Whatever their duty may be, I have always considered others to be more valuable than myself. I try never to hurt anyone.”

“I accept all employees as my siblings, now and in the hereafter. I have never treated anyone as just a worker.”

“I have always responded to everyone’s requests as best as I could. I have even explicitly helped some people with their personal issues.”

“Whatever someone’s duty may be, I have always been on the side of the angels. I try to never allow one person to dominate another.”

“I always forgave those who insulted me the most, and continue to endeavor to act benevolently toward them.”

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

“I respect everyone’s ideas, and listen to them with patience. And in the end, I respond truthfully.”

“I fade from the scene as much as possible. I expect everyone to be successful.”

“I have always expressed that life is mortal, and one’s main purpose should be to receive people’s good wishes and earn the consent of Allahü teâla.”

“I have been hurt and have suffered a lot, but I have never spat in anyone’s face. I’ve always elected to remain patient.”

“I have always tried to communicate that our greatest achievement was unity and solidarity, and we should always avoid getting above ourselves and holding others in contempt.”

“I have tried my whole life to observe the law, and encourage everyone to do likewise.”

29 May 2000

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

E. Özen

Contents

A special acknowledgment…

The theme of this year’s annual report is our valuable readers, who have for many years provided us with the inspiration and ambition to work. We have included photographs in the report from our readers, as well as many treasured memories. We had a wonderful photo shoot, with the contribution of our readers, and obtained natural scenes far superior to professional models by agencies. We would like to thank all of our readers who lent their full support during the preparation of these pages, and who unrelentingly furnished us with unforgettable moments by sharing their sincere feelings about our newspaper during this process.

Türkiye

You can read our Newspaper on your iPhone or your iPad.

facebook.com/turkiyegazetesi

twitter.com/turkiyegazetesi

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.

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- 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 BIST (Borsa İstanbul) under the code IHGZT ISIN on June 14, 2010.

- The Enterprise Resource Planning System was launched as of January 01, 2012.

- October 22, 2012 İhlas Gazetecilik 2011 Annual Report came second in the "Vision Awards" competition organized by LACP, the world's most prestigious public relations platform.

- The physical dimensions of the newspaper were narrowed on January 1, 2013 to make it easier to read.

Our reader,
Mr. ZÜLFÜ ŞINIK:
Zülfü Şınık, living in Istanbul, shares his newspaper with his daughter, Seda Duygu Şınık, and his granddaughter, Büşra Furuncu…

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 contributes to develop forbearance and tolerance of different opinions.

- 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.

Türkiye Newspaper is a newspaper committed to the principle of transmitting accurate news objectively, dedicated to press ethics and principles, and faithful to universal and contemporary values.

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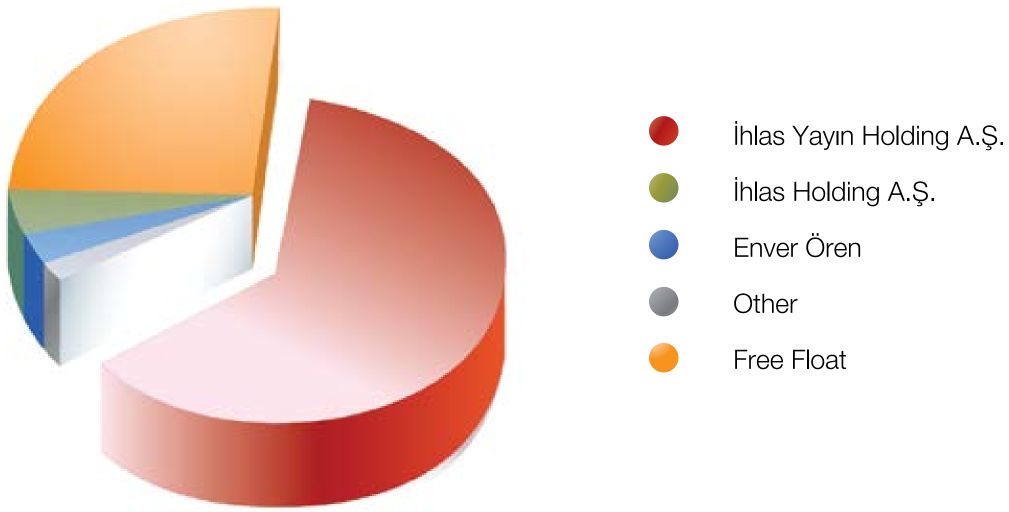
Shareholder Structure

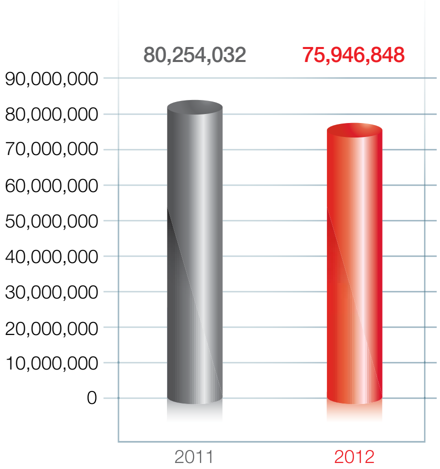
As of December 31, 2012.	Share Rate	Share Amount
İhlas Yayın Holding A.Ş.	56.55%	67,859,559
İhlas Holding A.Ş.	6.92%	8,304,075
Enver Ören	2.02%	2,423,271
Other	1.51%	1,813,095
Free Float	33.00%	39,600,000
Total	**100.00%**	**120,000,000**



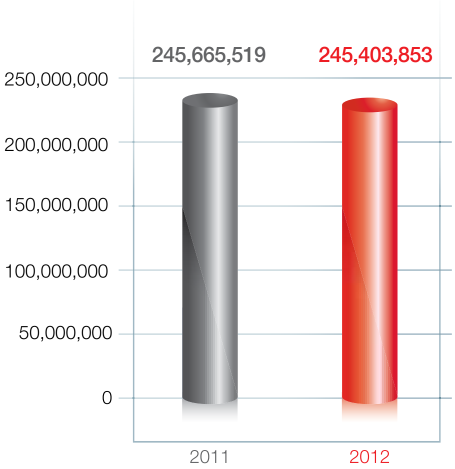
Main Financial Indicators (₺)

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

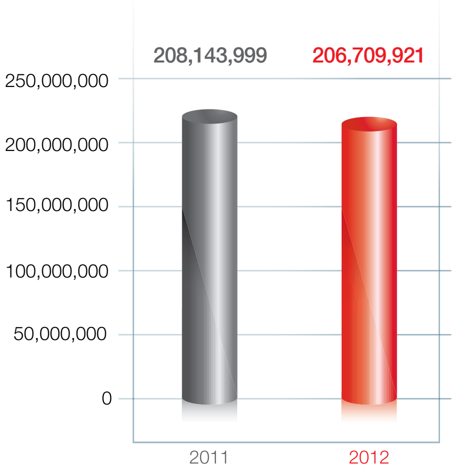
Sales Income



Total Assets



Shareholders' Equity



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Message from the Chairman and the Editor in Chief

There isn’t
any notion of
work hours
in journalism.
Journalism casts
off those who
claim there is.
Enver ÖREN

Dear Shareholders,

Last year, I said, “The obstacles have been overcome”.

We were immensely excited to present a number of new firsts in 2012 after our Newspaper, which made some serious moves on content quality and page design, and had overcome the “obstacles” thanks to the ERP based management model and SAP oriented transformation project. We broadcast our newspaper news in video format for smart phones and tablets by means of the QR (Quick Response) code application.

Another novelty that we implemented was the “audio article”, whereby our columnists voice their own articles.

The other major step in the integration of technology and newspaper publishing was to refresh our newspaper’s web portal with a brand new look and a user-friendly design.

Our special news department, which was supported with new participations, continued to create overwhelming impressions in 2012, with major “scoops” with regard the agenda of our country.

In the belief that producing a newspaper is, first and foremost, about “making news”, I would like to express with pride that we will continue to make not only “special” news, but also news that provides knowledge and depth to our readers at the same time.

Another novelty from our newspaper was in the page size and print quality. As well as reducing paper costs by downsizing our pages, we also presented our readers with a newspaper which is easier to read.

It gives me great pleasure to express that we are enhancing our commercial printing income and profitability by means of new machinery investments in the printing facilities.

The “circulation move”, which was kicked off in the last quarter of 2012 by Mr. Enver Ören, our dear founder, whom we delivered to the mercy of Allahü teâla at the beginning of 2013, generated much better results than expected. Türkiye Newspaper registered the highest circulation growth in the last three months.

We will continue with our target of circulation growth, which was bequeathed to us by the late Mr. Enver Ören, by surpassing the 200,000 threshold in 2013, by the will of Allahü teâla.

We acknowledge the 43rd year of Türkiye Newspaper, which is the one and only newspaper with no change in ownership throughout its career. The Newspaper will always respect the courtesy of our inestimable partners and investors, our hardworking colleagues from the deliverymen to the editor in chief, and our faithful readers.

The publishing and working principles of our dearly departed founder, Mr. Enver Ören, will remain as our guiding light.

My warmest regards,

Nuh Albayrak
Chairman and Editor in Chief

Board of Directors

AHMET MÜCAHİD **ÖREN**

Chairman of the Board of Directors

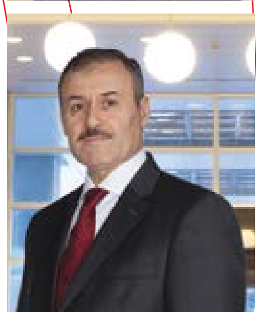
Resigned from his position on February 25, 2013.

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**

The Chairman 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 İDMMA - Galatasaray Engineering, graduating as a civil engineer in 1980. After completing a year as an engineer, he returned to his first love, journalism, and started working at Türkiye Newspaper as an "apprentice". Since then, Mr. Albayrak has worked in all the units of the newspaper and after serving as Editorial Director for 12 years he undertook the responsibility of Chief Editor in May 2007. As one of the first people to display an example of the new "total responsibility" management format, Mr. Albayrak has expressed that he continuously experiences the difference in doing journalism in an "engineering kind of way" in the media sector. He is married and has two children. Nuh Albayrak is a member of the Journalists Association of Turkey, TSYD (Sports Journalists Association of Turkey), and MÜSİAD (Independent Industrialists and Businessmen's Association) in addition to carrying out his duties as Member of the Board of Directors of the Press Association and Vice President of the Media Ethics Council

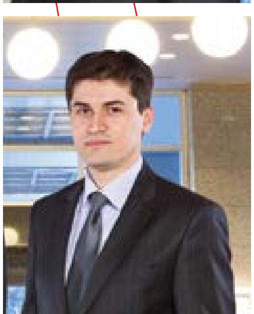


MURAT **ODABAŞ**

Deputy Chairman

He was elected by the Board of Directors on February 25, 2013 to perform his duty until the end of his predecessor, Mr. Ahmet Mücahid Ören's, term in office, to be submitted for the approval of the next General Assembly pursuant to Article 363 of the Turkish Commercial Code.

Born in 1959 in Çorum, Mr. Murat Odabaş completed his primary and secondary education in Alaca. He graduated from the Kuleli Military High School in 1977 and then from the Department of Economics at the Turkish Military Academy in 1981. He served as an officer in the Turkish Armed Forces in many positions in Turkey and abroad. After his retirement, he started his career at İhlas Holding as İhlas Motor A.Ş. Assistant General Manager. While working as Private Secretary to the İhlas Holding General Manager in 1996, he was also serving simultaneously as the Secretary of the Executive Board. He became the İhlas Holding Assistant General Manager in charge of Administrative Affairs in 1999. He left this job in 2001 and worked abroad for a period. When he returned to Turkey, he first started serving as Vice President of İhlas Ankara Media Group, and then he became the Ankara Representative of TGRT HABER TV in 2007. He presented the program "Ankara'nın Gündemi" (The Ankara Agenda) while in this position. He produced 440 programs with many politicians and bureaucrats including Mr. President and Mr. Prime Minister.



ÜMİT **KÜNAR**

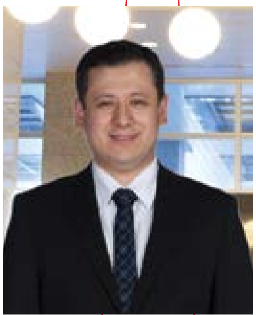
Executive Member of the Board of Directors, Responsible for Financial Affairs

Ümit Künar was born in 1975 in Tekirdağ. After graduating from İstanbul 100. Yıl Ticaret Meslek Lisesi (100th Year Trade Vocational School), he graduated from Anadolu University, Faculty of Business Administration. He began working at İhlas Holding in 1992 and is now the Executive Member of the Board of Directors Responsible for Financial Affairs for İhlas Gazetecilik A.Ş. Holding an independent accounting and financial advisory license, Mr. Künar continues his Executive MBA program at Istanbul University, Institute of Business Administration. Mr. Künar, who is married with one child, is also a member of the Corporate Governance Association of Turkey (TKYD) and the Investor Relations Association of Turkey (TÜYİD).

MUAVİYE **GÜL**

Member of the Board of Directors

Born in 1961 in Istanbul, Mr. Muaviye Gül graduated from the Zeytinburnu İhsan Mermerci High School in 1979. Mr. Muaviye Gül, who started work at Türkiye Newspaper Technical Service in 1982, turned heads in this job by showing great care and following up the results of his work. He then served as Assistant to the Technical Services Director from 1987 to 2011. In 2012, he was appointed Assistant General Manager Responsible for Printing at İhlas Gazetecilik A.Ş., as part of the restructuring process within the frame of the ERP application. Mr. Muaviye Gül, married with three children, still serves in this position.



ABDULLAH **TUĞCU**

Member of the Board of Directors

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

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

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 Director of İhlas Holding. Orhan Tanışman is married and has a son and a daughter. He is a member of the Corporate Administration Association of Turkey (TKYD) and the Investor Relations Association of Turkey (TÜYİD).

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.

NAZMİ **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.

TOLGA **SÖNMEZ**

Executive Member of the Board of Directors

Mr. Tolga Sönmez, who was born in 1973 in Ankara, graduated from the Anadolu University Faculty of Economics and Administrative Sciences in 1996. He then went to London and completed the Banking and Finance Certificate Program at London Guildhall University. Starting his business career as Finance Executive at İhlas Holding in 1997, Mr. Sönmez transferred to FFK Fon Finansal Kiralama A.Ş., the Ülker Group's leasing company, in 2002. Mr. Tolga Sönmez left the Finance Manager position at this company in 2008, then served as Finance Manager at Baklavacı Güllüoğlu A.Ş. until March, 2011. After working as Financial Affairs Coordinator at Boer Elektronik, he became the Finance Manager at Pelsan Aydınlatma. Mr. Tolga Sönmez, who is married with a daughter, has attended several seminars in Turkey and abroad, and he was a speaker at the Finance Congresses organized by the Middle East Technical University (METU) Finance Club.

MUSTAFA R. **SELÇUK**

Member of the Board of Directors

Resigned from his position on January 22, 2013.

Born in 1968, Mustafa Selçuk graduated from Istanbul Saint Joseph FrenchHigh 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. Mr. Mustafa Selçuk joined İhlas Media Holding in 2003 to establish the Finance Department, and served as İhlas Yayın Holding Finance Coordinator until the end of 2012. In addition to his professional administration duties, Mr. Mustafa Selçuk wrote articles three days a week for Turkiye Newspaper and he had a television show on economics and current issues once a week on TGRT News TV. He currently airs a radio show with a friend once a week on TGRT FM radio channel. He is a member of the Board of Trustees and the Chairman of the Supervisory Board of TESYEV (The Disable 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.

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Senior Management

NUH **ALBAYRAK** (7)
The Chairman of the Board of Directors and 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 ASIM **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

NURİ **ELİBOL** (14)
Ankara Representative

* YÜCEL **KOÇ**
Editorial Coordinator

* Not in the photo.

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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 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 2012, 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.

Our reader,
Mr. COŞKUN ÇAĞLAYAN:
Coşkun lives in Istanbul. He is a subscriber of our Bakırköy branch... He trades in wood parquet. He is 43 years old, just like his newspaper… He says, “There has been a Türkiye newspaper in our house for as long as I can remember. The newspaper entered into circulation the year I was born. I haven’t left my newspaper since I first started to read it at the age of 7.”

About İhlas Gazetecilik

Türkiye Newspaper (www.türkiyegazetesi.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 2012, the share of İhlas Holding in İhlas Gazetecilik stood at 6.92%, while 56.55% is held by İhlas Yayın Holding. The Company has 552 employees.

As well as being sold at newsagents, Türkiye Newspaper is distributed directly to homes and offices and **is the first newspaper in Turkey to implement such a system.**

THE READER IS OUR BOSS

When you dial 444 0 144 you hear the following words: “Welcome to Türkiye Newspaper Subscriber Solution Center!” This is because we regard the reader as our boss. He/she is immediately directed to the relevant department and person in the event of a request or complaint.
Here is a small moment: A lady from Isparta… She sees Türkiye Newspaper at her neighbour’s. She subscribes to Türkiye Newspaper as soon as the articles in the mid-pages catch her eye, and she starts to cut and paste the religious articles into her scrapbook. Moreover, one day she calls her two daughters and says, “When I die, take the things written in this notebook as my will”. The newspaper deliveryman tells this curious story about the lady to his office manager. The manager quickly gets involved and says, “Then give that lady a gift of one of our publications, “Tam İlmihal” (a concise manual of Islamic faith, worships and ethics). No, no, take two so that she can give the second as a gift to one of her friends.” The manuals catch the eye of a restaurant owner when the deliveryman does his rounds. The man asks, “Who are you delivering these to?” “To a subscriber lady”, answers the deliveryman. And the restaurant owner expostulates, “My son… We have been buying this newspaper for 20 years, don’t you have a gift for us?” He is not satisfied, even though the deliveryman promises to bring him one. The man grabs one of the books and says “You have already brought it, so I won’t give it back to you!” The deliveryman arrives at the lady’s home after delivering the other papers and presents the manual saying, “It’s a gift from our firm”. Guess how the lady responded? “Well, but there were going to be two manuals. I was told so in my dream. Where is the other one?”

EXPERIENCE IS SOMETHING DIFFERENT

A veteran, Mr. Cemalettin Özcan began, “I am a senior reader of this newspaper. That’s why my words are important”. “Make the crosswords a little bit more difficult. The sports pages are nice. The priority in news must be stories of the people.” In fact, all of these pieces of advice are remarkable, so we took lots of notes.

İhlas Gazetecilik Activities

The most radical and most important change since our founding, **the ERP/SAP** management system was put into practice as of January 1, 2012 after a successful preparation period.

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 Gazetecilik towards the search for quality within the "news", and we are still working diligently on this process.

No matter how many new formats, from digital to social, are created in the media sector, the irreplaceable product, news, does not change except for the way in which it is presented.

As a result of three years of studies, problems, especially in the distribution infrastructure, have been minimized. İhlas Gazetecilik's target in 2013 is to even further enhance its editorial quality, and to circulate this improved quality to large masses.

By the end of 2012, the participation rate of İhlas Holding in İhlas Gazetecilik stood at 6.92%, while 56.55% is held by İhlas Yayın Holding.

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.

Instead of competing with **"shallow information"**, Türkiye Newspaper prefers to provide its readers information with **"depth"** and **"quality"** brought together by "specialists"

Our reader,
Mr. İLHAN ŞEN:
An old reader of our newspaper…
He explains:
"My city, my job, my age, even my family members.. all have changed.. The only thing that hasn't changed is Türkiye Newspaper… Kids, grandkids.. we all read it"

Monthly Circulation Table of Türkiye Newspaper

Months	2011 Total Circulation	2012 Total Circulation
January	4,154,070	4,146,501
February	3,892,749	3,852,993
March	4,422,651	4,087,960
April	4,315,723	3,899,266
May	4,508,260	3,994,086
June	4,394,003	3,797,302
July	4,440,474	3,819,835
August	4,255,458	3,670,015
September	4,077,509	3,582,116
October	4,219,994	3,707,460
November	3,972,963	3,651,353
December	4,149,459	4,279,877

Its **size was narrowed** on January 1, 2013 to make it easier to read, easier to handle.

Milli Piyango Yılbaşı Özel Çekilişi

Yeni yılda Yeni Türkiye

Türkiye

İMPLANTIN DA SAHTESİNİ YAPMIŞLAR

DİŞTE BÜYÜK VURGUN!

SABREDİN! Az kaldı

Sivilde bile fişlemişler

Türkiye Newspaper's former dimensions

Milli Piyango Yılbaşı Özel Çekilişi

Türkiye

Dünya, 2013'ü krizle karşılarken Türkiye yeni yılda hedef büyüttü

YENİ YILDA YENİ UMUTLAR

ABANT KURTULDU

Ne yazık ki ölümü seçti!

Hasta adam artık reçete yazıyor

Türkiye Newspaper's new dimensions

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.

The “Special Sections” which created a “brand new style” in the Turkish Press, have developed rapidly and become capable of successfully carrying out a mission suited to its purpose.

The size of the Newspaper was narrowed in 2013 to make it easier to read, easier to handle. Planning to continue this change jith “a new vision of journalim” 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 Sections”, 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 2012, the share of İhlas Holding in İhlas Gazetecilik stood at 6.92%, while 56.55% is held by İhlas Yayın Holding.

“Special Sections” that generated a “new style” for the first time in Turkey succeeded in fulfilling its mission.

“Special Sections” that generated a **“new style”** for the first time in Turkey succeeded in fulfilling its mission.

Our reader,
Ms. ASİYE ÇETİNBAŞ:
One of our subscribers from Istanbul…
She and her daughter, Senanur, read the newspaper together.

THE SAME RITUAL EVERYDAY

This is the ritual that a veteran, Mr. Alaeddin Ceran and his wife, Ms. Şadiye Ceran perform each and every day at the same hour, 11 sharp... The newspaper is taken from the door, but is not read. The breakfast ends, coffee is brewed. Here comes the joy of the newspaper... Uncle Alaeddin takes the crossword part. Aunt Şadiye takes the rest. They enjoy the newspaper while joking with each other.

THE READER IS OUR COMPANION

2012 was the “Year of Loyalty to the Subscriber” for Türkiye Newspaper. We have done a great many things to focus on our readers during the year. One of these was to determine this year’s topic in the traditional “Birthdays” pages as our readers with their memories and photographs. Our “senior” readers; readers who have become our personnel; our famous office managers who have bridged the subscribers with the newspaper for many years; the families who bought their first car, first bicycle, first encyclopedia from Türkiye Newspaper...

We were deeply affected by what we saw after drawing all these together. We realized once more that the relationship between Türkiye Newspaper and its readers is a genuine companionship.

Those who have been with us for 43 years; who have grown up and got married, become a mother or father, got older; who passed away; readers who have taken over the subscription of our newspaper from their father or grandfather...

We are a huge family encompassing employees and readers. This is such a family that, for instance, one of our deliverymen whose son died in the morning in Erzurum, buried his sorrow in his heart and went about his way delivering the newspaper, leaving his deceased son awaiting the funeral following the noon prayer.

This is such a connection that, for instance, a businessman in Eskişehir called us and said, “I would like to help the town of Cimin in Erzincan, where I spent my childhood in reduced circumstances. I want every government agency and coffeehouse to have a subscription of Türkiye Newspaper. I will pay the yearly subscriptions up front.”

This is such a connection that has lasted for 43 years.

Türkiye Newspaper’s Special Sections

Ediz Hun’la Yeşil Sayfa® / The Environment Page

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

Engelsiz Sayfa® / Empowering People With Disabilities

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

Ailenizin Doktoru® / The Family Doctor

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

Çalışanın Dünyası / The Social Security Corner

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

Pazar Kahvesi / The Sunday Interview

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

Nükleerin şakası yok!

engelsizsayfa

Genel müdüre oğlu ilham verdi

KÜÇÜK İNSAN BÜYÜK AŞK!

Bu defa ET YİYİN diyorum

KANIN BEYNİ

SARP'tan Ankara ve İstanbul'a 2 dev proje

pazarkahvesi

LÖSEMİDE YÜK annenin omzunda

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

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

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

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

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


diplomatikmuhakeme
Yunanistan Akdeniz'de yeni bir oyun peşinde...


kurşunkalem
Yeni nesli bilmeyen huysuz ihtiyar olur


gençtürkiye
Sinema biletleri Kredi Yurtlar'dan
Harçlıklar teknolojiye gidiyor
KANAL 7'DE


dündenbugüne
İmparatorluğun mezarcısı oldular


EkoKadın
KURUŞLARA SERVET ÖDEMEYİN
Etiketlere kanmayın

THE READER IS OUR CRITIC

A novel is published, a play is put on the stage or a song is composed. And the critics, experts in these branches of art express their analyses. The critics of Türkiye Newspaper are its readers.

Türkiye Newspaper receives a lot more reader correspondence than its peers. It has become a tradition by now. Asking questions of our social security experts, religious functionaries and columnists; sending poems, jokes or stories to be published; communicating their suggestions, wishes and complaints due to their bond of love with the newspaper... It might be for all these reasons that the postman works for us the most!

Although the number of letters has fallen because of e-mail, ours is still the newspaper that communicates most with its readers by e-mail and telephone. We had a columnist who was let go because of a complaint by a reader, just one reader! Likewise, many **SPECIAL SECTIONS** have been prepared according to the requests and suggestions of our readers.

We continue to advance with the greatest of respect for our most important critics...

TO READ…

Mr. Nihar Topçu and Mr. Hayrettin Ceyli… One is from Kars, the other is from Erzurum… They live in Istanbul Halkalı. They say, “It’s not a coffeehouse here, it’s a reading house” and add, “Because we read Türkiye newspaper here.”

İhlas Gazetecilik - Printing Facilities

With this management style, **the Company's dynamics became more active**, enabling complete printing services from graphic design to actual print.

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 Gazetecilik'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.

These facilities of İhlas Gazetecilik print many magazines, inserts, brochures and books, and especially local and national newspapers.

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.

2012 Daily Printing Amounts

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

The new structure that **strengthens the integration between the publishing management** and the administration of the facilities has enabled İhlas Gazetecilik to offer more qualitative printing to national and local papers, publishers and advertising agencies.

THE READER IS OUR PARTNER

Uncle İsmail was a subscriber who was all alone. He lived in a village 50 km away from Gümüşhane's Kelkit town. He used to come in every week and buy his newspapers from our Kelkit office. After reading these newspapers during the week, he would photocopy the parts that he considered important and distribute them to the coffeehouses.

One day, the telephone at the Türkiye Newspaper office rang distractingly. The person on the phone said, "A man called İsmail Kumsar is in our hospital now. The people of the town brought him here by minibus and left afterwards. We could find only your phone number when we searched him. Do you know this person?"

Our office attendant replied, "Yes, we know him. He is a subscriber of our newspaper. We are coming to the hospital right now."

When our office attendant, Turgut Güner arrived at the hospital, he found Uncle İsmail in a daze. His clothes were bloody and unkempt. Nobody was even approaching him. Our friend cleaned up Uncle İsmail, washed his face, and helped him put on underwear and pajamas. The nurses came after a while. They had to ask when they found the patient spick-and-span and well groomed: "What is your relationship with this patient?" Mr. Güner's answer was simple: "He is a subscriber of our newspaper." The nurses couldn't believe their ears, "How come? Isn't he a relative of yours?" "No, just our subscriber." The nurse was surprised "If you take such good care of your subscribers, then include me in the subscription, too."

Uncle İsmail stayed in the hospital for a week. Our office attendants and deliverymen kept him company and helped him in turn. Tragically, Uncle İsmail passed away after a week. Our friends organized the funeral services, and put him to eternal rest at the Terzi Baba Cemetery. Now, whenever they go to visit Terzi Baba, they pray for Uncle İsmail's soul too.

This is what we call partnership; partnership of the heart...

THERE IS SOMEONE WHO KNOCKS AT OUR DOOR

Here is the happy family of Mrs. Nilgün... She finds her daughters', Begüm and Handenur's crossword passion useful. She says, "It gives them perceptional practice."

İhlas Gazetecilik Anonim Şirketi

Board Of Directors' Report Regarding
The Accounting Period 01.01.2012 - 31.12.2012

Board of Directors' Report

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

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 individually Authorized to Represent and Have Binding Power Concerning the Company.	30.05.2012 *2015
Deputy Chairman and General Manager and Editor in Chief	Nuh Albayrak	Is Jointly Authorized to Represent and Have Binding Power Concerning the Company.	30.05.2012 *2015
Board Member and Executive Member Responsible for Financial Affairs	Ümit Künar	Is Jointly Authorized to Represent and Have Binding Power Concerning the Company.	30.05.2012 *2015
Board Member	Muaviye Gül	Is Jointly Authorized to Represent and Have Binding Power Concerning the Company.	30.05.2012 *2015
Board Member and Member of Corporate Governance Committee	Orhan Tanışman	Member - Not Authorized to Represent and Have Binding Power Concerning the Company.	30.05.2012 *2015
Board Member	Mustafa Ruşen Selçuk***	Member - Not Authorized to Represent and Have Binding Power Concerning the Company.	30.05.2012 *2015
Board Member and Chairman of Corporate Governance Committee	Mehmet Remzi Esen	Independent Member - Not Authorized to Represent and Have Binding Power Concerning the Company.	30.05.2012 *2015
Board Member and Chairman of Audit Committee	Tolga Sönmez	Independent Member - Not Authorized to Represent and Have Binding Power Concerning the Company.	30.05.2012 *2015
Board Member and Member of Audit Committee	Nazmi Örs	Independent Member - Not Authorized to Represent and Have Binding Power Concerning the Company.	30.05.2012 *2015

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

** Mr. Murat Odabaş was elected as a Board member on February 25th, 2013 to substitute the position of Mr. Ahmet Mücahid Ören in accordance with Article 363 of the Turkish Commercial Code, as Mr. Ören was appointed as the Chairman of the Board of Directors of Ihlas Holding A.Ş. Such changes in the Board of Directors shall be submitted for the approval of the General Assembly in the next Annual General Meeting, while Mr. Murat Odabaş shall retain his position until the end of his predecessor's term of duty.

*** Mr. Abdullah Tuğcu was elected as a Board member to substitute the position of Mr. Mustafa Ruşen Selçuk, in accordance with Article 363 of the Turkish Commercial Code in line with the Board's decision no: 2013/02 and dated: 22nd January, 2013 as Mr. Selçuk resigned from his membership of the Board on January 22nd, 2013. Such changes in the composition of the Board of Directors shall be submitted for the approval of the General Assembly in the next AGM, while Mr. Abdullah Tuğcu shall retain his position until the end of his predecessor's term of duty.

The Chairman of the Board of Directors and the CEO/General Manager are not the same person.

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

AHMET MÜCAHİD ÖREN	
İhlas Holding A.Ş.	Deputy Chairman
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
TGRT Haber TV A.Ş.	Chairman
NUH ALBAYRAK	
İhlas Yayın Holding A.Ş.	Board Member
MURAT ODABAŞ	
İhlas Holding A.Ş.	Board Member
Plus Gayrimenkul Ticaret A.Ş.	Chairman
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
Kiler Alışveriş Hizmetleri Gıda Sanayi ve Ticaret A.Ş.	Independent Board Member
Promaş Profesyonel Medya Reklam ve Film Pazarlama Hizmetleri A.Ş.	Board Member
ORHAN TANIŞMAN	
İhlas Holding A.Ş.	Investor Relations Director
İhlas Yayın Holding A.Ş.	Board Member
İhlas Haber Ajansı A.Ş.	Board Member
Alternatif Medya Görsel İletişim Sist. Ltd. Şti.	Company Director
ABDULLAH TUĞCU	
İhlas Yayın Holding A.Ş.	Finance Coordinator
İhlas Gelişim Yayıncılık A.Ş.	Board Member
İhlas Haber Ajansı A.Ş.	Board Member
İhlas Madencilik A.Ş.	Financial Affairs Manager
Promaş Profesyonel Medya Reklam ve Film Pazarlama Hizmetleri A.Ş.	Board Member
TOLGA SÖNMEZ	
İhlas Yayın Holding A.Ş.	Independent Board Member
İhlas Ev Aletleri A.Ş.	Independent Board Member
Pelsan Aydınlatma San. ve Tic. Ltd. Şti.	Finance Manager

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.

In accordance with Articles 395 and 396 of the Turkish Commercial Code, members of the Board of Directors are free to engage in any commercial activity that falls under the Company's business.

There is no reciprocal shareholding exceeding 5%.

Board of Directors' Report

Any instances of anti-competitive practices or transactions of shareholders with a dominant influence on the management of the Board of Directors members, of the senior management and of their spouses and relatives up to the second level, in a manner which could cause conflicts of interest with the company and its subsidiaries; and/or performance, on their own behalf or on behalf of others, of any transactions that fall under the scope of the commercial business conducted by the company or its subsidiaries; and/or entering with unlimited liability into cooperation with another company in the same type of business shall be submitted to the General Assembly.

Summarized information related to ongoing legal action and executions as of December 31st, 2012 is presented in the following table:

	Quantity	**Amount**
Enforcement proceedings conducted in favor of the Company	80	2,410,401
Enforcement proceedings conducted against the Company	2	34,077
Ongoing lawsuits that were commenced in favor of the Company	9	253,172
Ongoing lawsuits that were commenced against the Company	36	568,357

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

Our target for 2012 is to further raise the level of our editorial quality, which we have already brought to a specific level and, at the same time, announce to broader masses of people concerning such improvements in quality.

f) Report in Compliance with Corporate Governance Principles:

1. Declaration of Compliance with Corporate Governance Principles

Of the Corporate Governance Principles set forth in the Capital Markets Board's Communiqué, Serial: IV and No: 56, on the Determination and Implementation of Corporate Governance Principles, those whose implementation by our company during the reporting period was mandatory were put in practice, while our Company is still in efforts to implement those principles which are not mandatory. Our report, prepared in the form of the Corporate Governance Principles Compliance Report in accordance with the Capital Markets Board's decision no: 4/88 and dated: 01.02.2013, shall be submitted for the approval of our shareholders in our next General Board meeting.

As Türkiye Newspaper completed its 43th year in publishing life, the newspaper's owner İhlas Gazetecilik A.Ş. initiated compliance works regarding Corporate Management Principles before the public offering. Holding the "Capital Markets Activities Advanced License", Mr. Abdullah Demirer holds office in order to help the Company fulfill its liabilities after the public offering, in accordance with capital markets legislation, and to enable coordination in corporate governance practices.

On 30th December, 2011, the Company began preparatory work to complete the harmonization process within the scope of CMB's "Communique on the Determination and Implementation of Corporate Governance Principles", Serial: IV and No: 56, which entered effect after being published in issue 28158 of the Official Gazette, dated 30th December, 2011.

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. Tolga Sönmez 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
Chairman and General Manager 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, Betül Üstün was assigned manager and Sinan Yılmaz was assigned as the other employee.

Board of Directors' Report

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 34 47	abdullah.demirer@tg.com.tr
Betül Üstün	Manager	(0212) 454 30 15	betul.ustun@tg.com.tr
Sinan Yılmaz	Personnel	(0212) 454 34 37	sinan.yilmaz@tg.com.tr

By the end of December 2012 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.

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.

No information or explanation that could affect the exploitations of shareholder rights has been included on the Company's website. The website at www.ihlasgazetecilik.com.tr, which is offered to the service of shareholders, is continuously updated by the Company's Investor Relations Department.

Assignment of special auditors has not been set out as an individual right in the Company's Articles of Association, while no such demand was submitted by shareholders in 2012.

4. General Assembly Meetings

The Company's Annual General Meeting was held at the Company's headquarters at 10:00 am on 30th May, 2012, with the participation of 16 persons, who hold and/or represent 67.02% of the total capital. The Annual General Meeting of Group A Privileged Shareholders was held at the Company's headquarters at 12:00 pm (noon) on 30th May, 2012.

In order to ensure the attendance of a maximum number of shareholders, the announcement of the invitation to the Annual General Meeting should be performed through all means of communication including electronic media, at least three weeks in advance of the meeting, in addition to the methods of invitation set out by legislation. The announcement for the General Assembly was published in the Türkiye Trade Registry Gazette, Türkiye and Dünya newspapers on May 07, 2012 and was also announced on the company website.

Before General Assembly meetings, informative documents related to the topics on the agenda are prepared and disclosed to the public on the Company's website.

The topics on the agenda of the Company's General Assembly are expressed clearly and in a manner which avoids different interpretations. Information given priority to the Annual General Meetings refers to the respective topic on the agenda.

Following the announcement of the General Meeting of Shareholders, the following documents are made available to all shareholders at the Company's headquarters, branches and websites, where shareholders may easily access: the annual report, financial statements and reports, dividend distribution proposals, information documents related to the topics on the agenda of the General Assembly, any documents supporting the agenda and the most recent version of the Articles of Association, any amendments and their reasons.

Prior to the General Assembly meetings, forms of proxy statements are made available in the announcement text and on the Company's website for those who wish to be represented by proxy.

Shareholders who enquired by telephone were also notified of the meeting by fax or e-mail. Shareholders used their right to ask questions in the General Assembly meeting. Questions by shareholders who used their right to ask questions were answered. No proposals were submitted by shareholders for the agenda of the meeting.

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.

Under a separate topic, shareholders were provided with information concerning the Company's Donation and Aid Policy in the General Assembly meeting. They were also informed that the Company did not carry out any donations during the reporting period.

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.

General Assembly meetings are held in order to prevent any inequalities arising among shareholders.

During the General Assembly meetings, items on the agenda are shared with shareholders in an open, understandable, objective and detailed manner; shareholders are offered the opportunity to state their opinions and ask questions under equal conditions, promoting a healthy environment of discussion. With respect to the primary issues on the agenda, related members of the Board, other respective persons, officials responsible for the preparation of financial statements and auditors are available in the Annual General Meetings in order to provide the necessary information and answer shareholders' questions.

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.

Group A shareholders hold the privilege of selecting the majority of the Board members.

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. Dividend Rights

Within the framework of our Company's public disclosure policy, the "Dividend Distribution Policy for 2012 and Subsequent Years", which was presented to the Board of Directors by the Corporate Governance Committee upon the committee's recommendation no: 2011/05 and dated: 18.03.2011, was disclosed to the public on the Company's annual report and website. Our Company's Dividend Distribution Policy was presented to shareholders for their information, and accepted in the first ordinary general assembly meeting. There are no privileges with respect to participation in the Company's profit. 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.

ç) 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.

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

e) 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.

f) 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.

g) 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.

On 14th February, 2013, our Company applied to the Capital Markets Board to amend Article 29 (Determination and Distribution of Profit) of our Company's Articles of Association in order to ensure its compliance with the Turkish Commercial Code no: 6102 and the Capital Markets Law no: 6362.

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

DETECTION AND DISTRIBUTION OF PROFIT

Article - 29:

A. Dividends
Dividend is designated based on the Turkish Trade Act, Capital Markets Law and generally accepted accounting principles. After the deduction of amounts such as the Company's general overheads or various depreciation costs that must be paid or set aside by the Company, and taxes that must be paid out by the company from its income determined at the end of the year, the balance and, if applicable, the net profit on the annual financial statement, shall be deducted from the total sum of the losses from the previous years and distributed in the following manner:

First Legal Reserves

a. 5% (five percent) of the net profit shall be set aside as statutory reserves.

First Dividends
b. After the amount stated in the above paragraph (a) is deducted from the net profit, first dividends shall be set aside from the remaining amount in accordance with the General Assembly's dividend distribution policy and the related regulations.

Second Dividends
c.The General Assembly shall be authorized to distribute the balance (in full or in part) remaining after the amounts determined in paragraphs (a) and (b) are deducted as second dividends or dividends to the members of the Board and the Company's employees, or set the amounts aside as extraordinary reserves – in accordance with Article 521 of the Turkish Commercial Code,.

Secondary Legal Reserves
d. After a dividend equal to 5% of the outstanding capital has been deducted from the portion of the profit that has been set aside for distribution to shareholders and others who shall participate in the profit, one tenth of the remaining amount shall be set aside as secondary reserves, as stipulated in Paragraph 2, Part c, Article 519 of the Turkish Commercial Code.

e. The General Assembly may decide to carry out donations after determining an upper limit. Donations made by the Company during the respective accounting periods are added to the distributable profit base.

Unless the statutory reserves and the first dividends specified in the Articles of Association have been set aside, no decision may be taken to set aside further reserves or to carry forward the profit to the following year. Unless the first dividends are paid out, no decision may be taken regarding the participation of holders of preferential shares in dividends or for the distribution of dividends to holders of founders' shares or ordinary bonus shares, to Board Members, employees and workers, or to foundations established for various purposes, or to such persons and/or organizations.

f. Dividends are distributed for all existing shares pertaining to the dividend account period, equally and without regard to the issue and acquisition dates of such shares.

g. The type and time of the decided distribution of the profit shall be determined by the General Assembly after the Board of Directors submits its distribution proposal on the issue. Such payments shall be carried out in accordance with the provisions of the Capital Markets Law.

According to the provisions set forth in the Company's Articles of Association, no decision taken by the General Assembly concerning the distribution of dividends may be revoked.

B. Dividend Advance Payments
The Board of Directors may complete dividend advance payments provided such that authorization is granted to the Board of Directors by the General Assembly, and that such payments are in compliance with the Capital Markets Law and other Capital Market Board regulations. The authorization of advance dividend payments as granted by the General Assembly to the Board of Directors is limited to the year that such authorization is granted. No resolution may be undertaken concerning the payment of an additional dividend advance and/or for dividend payment unless the dividend advance for the previous year is totally offset.

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.

İhlas Gazetecilik A.Ş.

Proposal for the Distribution of Dividends

At the end of the accounting period of 2011:

Our Company's profit for the period was TL 716,134 as stated in our Balance Sheet, which was prepared in accordance with the International Accounting / Financial Reporting Standards in line with the Capital Markets Board's Communiqué, Serial: XI and No: 29.

According to our legal records which have been prepared in accordance with the provisions set forth in the Tax Procedure Law, our Company's profit for the period amounted to TL 1,200,642.26.

However, because our losses in previous periods amounted to TL 23,170,673.39 according to our legal records which have been prepared in accordance with the provisions of the Tax Procedure Law, our profit in 2011 is offset from our losses in previous period and thus, the Board of Directors decided against the submission of a proposal to the Ordinary General Assembly concerning the distribution of dividends.

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

Our Company's Information Policy, approved according to our Board of Directors' decision no: 2011/06 and dated: 18.03.2011, was prepared in accordance with Article 23 of the Capital Markets Board's Communiqué on the "Principles Concerning the Public Disclosure of Material Events", Serial: VIII and No: 54. The Information Policy was presented for the information of shareholders, who approved the policy in the Ordinary General Assembly meeting.

Our Company's Information Policy is updated and revised in line with legislative changes and changing conditions and is subject to the approval of the Board of Directors. After the Board's approval, the Information Policy is disclosed to the public on the Public Disclosure Platform's (KAP) system on the same date, announced on our Company's website and presented for the information of shareholders at the Annual General Meeting.

There is no prospective information disclosed to the public.

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".

Board of Directors' Report

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 Borsa İstanbul (BIST) 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), Borsa İstanbul (BIST) regulations and the Turkish Commercial Code (TTK) provisions are listed below.

1- Special case announcements transmitted to the Public Disclosure Platform within the Borsa İstanbul (BIST) 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.

The Company's annual reports are prepared within the framework of CMB's Corporate Governance Principles and in accordance with the CMB's Communiqué, Serial: XI and No: 29. After being approved by the Board of Directors, the annual reports are disclosed to the public with other financial statements and also published on the Company's website at www.ihlasgazetecilik.com.

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.

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 Communique 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.

9. Our Company's Website and Content

Our Company's website address is www.ihlasgazetecilik.com.tr. Information that may be required concerning our Company is provided in detail on the website. Our Company's website is actively used in public disclosures and the information on the website is continuously updated. Information provided on the Company's website is the same and/or consistent with announcements made by the Company, in accordance with the provisions of respective legislation. There are no contradictions or missing information. The Company's letterhead contains the website address.

In addition to the announcements of the Annual General Meeting and notifications and explanations that the Company is required to submit in accordance with regulations, the following issues are announced to shareholders on the Company's website, in a clear and intelligible manner:

a) The total number of shares reflecting the shareholder structure of the company and the respective voting rights as of the announcement date, and the number of shares and voting rights representing each privileged share group, if any.

b) Information regarding changes to the management and operations of the Company, its important subsidiaries and associates realized during the past fiscal year, or any changes planned for the upcoming fiscal year that would have a significant impact on the Company's operations, as well as the reasons for such changes, annual reports and annual financial statements of the entities for the past two fiscal years in relation to these changes.

c) In the event of the dismissal, change or election of members of the Board of Directors is included on the agenda of the Annual General Meeting, information on the reasons for respective dismissal and changes, as well as information on individuals who are nominated to the Board of Directors.

d) Information on requests by shareholders, the Capital Markets Board (CMB) and/or other public authorities pertaining to the inclusion of items to the agenda.

e) In the event that amendments to the Articles of Association are included on the agenda, the current and proposed versions of the Articles of Association, together with the related Board of Directors' resolution.

The Company's website includes trade registry data, the most recent shareholder and management structure, detailed information concerning preferential shares, the most recent Articles of Association and the dates and numbers of Trade Registry Gazettes in which the changes are promulgated, material event disclosures, financial reports, annual reports, prospectuses and public offering circulars, agenda, lists of attendants and minutes of General Assembly meetings and the proxy voting form. The website also includes the Company's dividend distribution policy, disclosure policy, donation and aid policy, rules of ethics formulated by the Company and the Company's remuneration policy related to Board members and senior managers. Moreover, information on committees established by the Board of Directors, fields of activity and working principles of committees and committee members is provided on the website.

In addition, a substantial part of the information is also translated into and made available in English, so as to enable international investors to make use of the website.

The website, which is updated according to developments, includes a section entitled "Investor Relations" that contains information setting out the minimum requirements stipulated by the CMB. Efforts aimed at enabling continuous dialogue with investors and expanding the scope of available information on our website are currently underway.

10. Annual Reports

The Company's annual reports are prepared within the framework of CMB's Corporate Governance Principles and in accordance with CMB's Communiqué, Serial: XI and No: 29. After being approved by the Board of Directors, the annual reports are disclosed to the public with other financial statements and published on the Company's website at www.ihlasgazetecilik.com.

Annual reports are prepared to a level of detail sufficient to provide the public with full and precise information concerning the Company's activities.

SECTION III - STAKEHOLDERS

11. Informing Stakeholders

Stakeholders include various persons, institutions and interest groups, such as employees, creditors, customers, suppliers and NGOs that benefit from the Company achieving its targets or are interested in its activities. Corporate management practices of İhlas Gazetecilik A.Ş. guarantee the stakeholders' rights defined by legislations, legal regulations and mutual agreements. In cases where the rights of stakeholders are not protected by legislation and/or by mutual contracts, their benefits shall be protected within the framework of goodwill and to the extent of the Company's facilities. 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.

In accordance with the provisions of the Turkish Commercial Code and the Capital Markets Board regulations, stakeholders are informed of Company-related issues which are of particular concern to them, through Annual General Meetings, board meetings, the KAP (Public Disclosure Platform) system and newspaper advertisements or by our personnel at the Company's headquarters.

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.

An electronic mail address, etik@tg.com.tr, was established for the stakeholders, consisting of shareholders, customers, providers and employees, to forward their opinions about any of our company's operations which deem contrary to the Company's ethical principles or legal policy. These complaints are referred to Board of Directors' Auditing Committee and are kept confidentially. The applications are assessed in the Auditing Committee, where necessary sanctions are applied and the applicant is informed.

12. 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. In accordance with the provisions of the Turkish Commercial Code and the Capital Markets Board regulations, our Company exercises the greatest care in ensuring the participation of stakeholders in the management, as well as the utilization and protection of their rights. Stakeholders' opinions are taken into account in important decisions that may have an impact on stakeholders.

13. Human Resources Policy

Within the scope of our Company's HR policies, the Human Resources Department is responsible for the creation and implementation of such policies. Because of the Company's organization structure, no representative is assigned to assume responsibility for relations with employees. No complaints were submitted by employees concerning discrimination. Employees are informed about the scope and distribution of their duties, as well as their performance and rewarding criteria.

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.

14. Rules of Ethics and Social Responsibility

With the initiation of our public offering studies, the following rules of ethics have been set out 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.

Board of Directors' Report

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.

An electronic mail address, etik@tg.com.tr, was established to allow stakeholders, including shareholders, customers, providers and employees, to forward any complaints regarding our company's operations which they deem to be contrary to the Company's ethic principles or legal policy. These complaints are referred to the Board of Directors' Auditing Committee and are kept confidentially. The applications are assessed in the Auditing Committee and necessary sanctions are applied and the applicant is informed.

SECTION IV - BOARD OF DIRECTORS

15. The Structure and Composition of the Board of Directors

Position	Name	Limits of Authority	Terms of Office Starting and Ending Date	
Chairman	Ahmet Mücahid Ören**	Is Individually Authorized to Represent and Have Binding Power Concerning the Company.	30.05.2012	*2015
Deputy Chairman and General Manager and Editor in Chief	Nuh Albayrak	Is Jointly Authorized to Represent and Have Binding Power Concerning the Company.	30.05.2012	*2015
Board Member and Executive Member Responsible for Financial Affairs	Ümit Künar	Is Jointly Authorized to Represent and Have Binding Power Concerning the Company.	30.05.2012	*2015
Board Member	Muaviye Gül	Is Jointly Authorized to Represent and Have Binding Power Concerning the Company.	30.05.2012	*2015
Board Member and Member of Corporate Governance Committee	Orhan Tanışman	Member - Not Authorized to Represent and Have Binding Power Concerning the Company.	30.05.2012	*2015
Board Member	Mustafa Ruşen Selçuk***	Member - Not Authorized to Represent and Have Binding Power Concerning the Company.	30.05.2012	*2015
Board Member and Chairman of Corporate Governance Committee	Mehmet Remzi Esen	Independent Member - Not Authorized to Represent and Have Binding Power Concerning the Company.	30.05.2012	*2015
Board Member and Chairman of Audit Committee	Tolga Sönmez	Independent Member - Not Authorized to Represent and Have Binding Power Concerning the Company.	30.05.2012	*2015
Board Member and Member of Audit Committee	Nazmi Örs	Independent Member - Not Authorized to Represent and Have Binding Power Concerning the Company.	30.05.2012	*2015

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

** Because Mr. Ahmet Mücahid Ören was appointed as the Chairman of the Board of Directors of Ihlas Holding A.Ş. on 25th February, 2013, Mr. Murat Odabaş was elected as a Board member to substitute his position in accordance with Article 363 of the Turkish Trade Code. Such changes to the Board of Directors shall be submitted for the approval of the General Assembly in the next Annual General Meeting, while Mr. Murat Odabaş shall remain in his post until the end of his predecessor's term of duty.

*** Because Mr. Mustafa Ruşen Selçuk resigned his membership of the Board on 22nd January, 2013, Mr. Abdullah Tuğcu was elected as a Board member to substitute his position in accordance with Article 363 of the Turkish Trade Code upon the Board's decision no: 2013/02 and dated: 22.01.2013. Such changes on the Board of Directors shall be submitted for the approval of the General Assembly in the next Annual General Meeting, while Mr. Abdullah Tuğcu shall remain in his post until the end of his predecessor's term of duty.

The majority of the Board members comprise of non-executive members as defined in the Corporate Governance Principles.

The Chairman of the Board of Directors and the CEO/General Manager are not the same person.

The maximum term of office for Board members is three years. A member whose term of office has expired may be re-elected. In the event of any vacancy on the Board, the Board of Directors shall elect a new member and present the member for the approval of the General Assembly in the next Annual General Meeting. The new member shall complete the remaining term of office of their predecessor.

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
Deputy Chairman and General Manager 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 İDMMA - Galatasaray Engineering, graduating as a civil engineer in 1980. After completing a year as an engineer, he returned to his first love, journalism, and started working at Türkiye Newspaper as an "apprentice". Since then, Mr. Albayrak has worked in all the units of the newspaper and after serving as Editorial Director for 12 years he undertook the responsibility of Chief Editor in May 2007. As one of the first people to display an example of the new "total responsibility" management format, Mr. Albayrak has expressed that he continuously experiences the difference in doing journalism in an "engineering kind of way" in the media sector. He is married and has two children. Nuh Albayrak is a member of the Journalists Association of Turkey, TSYD (Sports Journalists Association of Turkey), and MÜSİAD (Independent Industrialists and Businessmen's Association) in addition to carrying out his duties as Member of the Board of Directors of the Press Association and Vice President of the Media Ethics Council

MURAT ODABAŞ
Deputy Chairman

Born in 1959 in Çorum, Mr. Murat Odabaş completed his primary and secondary education in Alaca. He graduated from the Kuleli Military High School in 1977 and then from the Department of Economics at the Turkish Military Academy in 1981. He served as an officer in the Turkish Armed Forces in many positions in Turkey and abroad. After his retirement, he started his career at İhlas Holding as İhlas Motor A.Ş. Assistant General Manager. While working as Private Secretary to the İhlas Holding General Manager in 1996, he was also serving simultaneously as the Secretary of the Executive Board. He became the İhlas Holding Assistant General Manager in charge of Administrative Affairs in 1999. He left this job in 2001 and worked abroad for a period. When he returned to Turkey, he first started serving as Vice President of İhlas Ankara Media Group, and then he became the Ankara Representative of TGRT HABER TV in 2007. He presented the program "Ankara'nın Gündemi" (The Ankara Agenda) while in this position. He produced 440 programs with many politicians and bureaucrats including Mr. President and Mr. Prime Minister.

ÜMİT KÜNAR
Executive Member of the Board of Directors, Responsible for Financial Affairs

Ümit Künar was born in 1975 in Tekirdağ. After graduating from İstanbul 100. Yıl Ticaret Meslek Lisesi (100th Year Trade Vocational School), he graduated from Anadolu University, Faculty of Business Administration. He began working at İhlas Holding in 1992 and is now the Executive Member of the Board of Directors Responsible for Financial Affairs for İhlas Gazetecilik A.Ş. Holding an independent accounting and financial advisory license, Mr. Künar continues his Executive MBA program at Istanbul University, Institute of Business Administration. Mr. Künar, who is married with one child, is also a member of the Corporate Governance Association of Turkey (TKYD) and the Investor Relations Association of Turkey (TÜYİD).

MUAVİYE GÜL
Board Member

Born in 1961 in Istanbul, Mr. Muaviye Gül graduated from the Zeytinburnu İhsan Mermerci High School in 1979. Mr. Muaviye Gül, who started work at Türkiye Newspaper Technical Service in 1982, turned heads in this job by showing great care and following up the results of his work. He then served as Assistant to the Technical Services Director from 1987 to 2011. In 2012, he was appointed Assistant General Manager Responsible for Printing at İhlas Gazetecilik A.Ş., as part of the restructuring process within the frame of the ERP application. Mr. Muaviye Gül, married with three children, still serves in this position.

Board of Directors' Report

ORHAN TANIŞMAN
Board Member

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 Director of İhlas Holding. Orhan Tanışman is married and has a son and a daughter. He is a member of the Corporate Administration Association of Turkey (TKYD) and the Investor Relations Association of Turkey (TÜYİD).

Mustafa R. SELÇUK
Board Member

Born in 1968, Mustafa Selçuk graduated from Istanbul Saint Joseph FrenchHigh 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. Mr. Mustafa Selçuk joined İhlas Media Holding in 2003 to establish the Finance Department, and served as İhlas Yayın Holding Finance Coordinator until the end of 2012. In addition to his professional administration duties, Mr. Mustafa Selçuk wrote articles three days a week for Turkiye Newspaper and he had a television show on economics and current issues once a week on TGRT News TV. He currently airs a radio show with a friend once a week on TGRT FM radio channel. He is a member of the Board of Trustees and the Chairman of the Supervisory Board of TESYEV (The Disable 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.

Note: Resigned from his position on January 22, 2013.

ABDULLAH TUĞCU
Board Member

Born in 1982 in Kayseri, Mr. Abdullah Tuğcu completed his secondary and high school education in Kayseri. He graduated from the Faculty of Business Administration at Istanbul University in 2003. He then completed his Master's education in Fiscal Law at Marmara University Department of Public Finance. He started his business career at an Independent Audit Company as an assistant auditor in 2003. He joined İhlas Group in 2008. Besides being a Member of the Board of Directors at İhlas Haber Ajansı, Promaş Profesyonel Medya Reklam ve Film Pazarlama Hizmetleri A.Ş. and İhlas Gelişim Yayıncılık A.Ş., he also serves as the Finance Coordinator of İhlas Yayın Holding and the Financial Affairs Manager of İhlas Madencilik A.Ş. He has been to the USA for a short while for various training studies. Mr. Abdullah Tuğcu holds a Public Accountants License and is also a member of the Istanbul Chamber of Certified Public Accountants (İSMMMO), İSMMMO Turkish Trade Committee, Corporate Governance Association of Turkey (TKYD) and the Investor Relations Association of Turkey (TÜYİD).
Note: He was elected as a Member of the Board of Directors on January 22, 2013 to replace Mr Mustafa Rüşen Selçuk due to his resignment.

MEHMET REMZİ ESEN
Board Member

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.

TOLGA SÖNMEZ
Board Member

Mr. Tolga Sönmez, who was born in 1973 in Ankara, graduated from the Anadolu University Faculty of Economics and Administrative Sciences in 1996. He then went to London and completed the Banking and Finance Certificate Program at London Guildhall University. Starting his business career as Finance Executive at İhlas Holding in 1997, Mr. Sönmez transferred to FFK Fon Finansal Kiralama A.Ş., the Ülker Group's leasing company, in 2002. Mr. Tolga Sönmez left the Finance Manager position at this company in 2008, then served as Finance Manager at Baklavacı Güllüoğlu A.Ş. until March, 2011. After working as Financial Affairs Coordinator at Boer Elektronik, he became the Finance Manager at Pelsan Aydınlatma. Mr. Tolga Sönmez, who is married with a daughter, has attended several seminars in Turkey and abroad, and he was a speaker at the Finance Congresses organized by the Middle East Technical University (METU) Finance Club.

NAZMİ ÖRS
Board Member

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.

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

AHMET MÜCAHİD ÖREN	
İhlas Holding A.Ş.	Deputy Chairman
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
TGRT Haber TV A.Ş.	Chairman
NUH ALBAYRAK	
İhlas Yayın Holding A.Ş.	Board Member
MURAT ODABAŞ	
İhlas Holding A.Ş.	Board Member
Plus Gayrimenkul Ticaret A.Ş.	Chairman
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
Kiler Alışveriş Hizmetleri Gıda Sanayi ve Ticaret A.Ş.	Independent Board Member
Promaş Profesyonel Medya Reklam ve Film Pazarlama Hizmetleri A.Ş.	Board Member
ORHAN TANIŞMAN	
İhlas Holding A.Ş.	Investor Relations Director
İhlas Yayın Holding A.Ş.	Board Member
İhlas Haber Ajansı A.Ş.	Board Member
Alternatif Medya Görsel İletişim Sist. Ltd. Şti.	Company Director
ABDULLAH TUĞCU	
İhlas Yayın Holding A.Ş.	Finance Coordinator
İhlas Gelişim Yayıncılık A.Ş.	Board Member
İhlas Haber Ajansı A.Ş.	Board Member
İhlas Madencilik A.Ş.	Financial Affairs Manager
Promaş Profesyonel Medya Reklam ve Film Pazarlama Hizmetleri A.Ş.	Board Member
TOLGA SÖNMEZ	
İhlas Yayın Holding A.Ş.	Independent Board Member
İhlas Ev Aletleri A.Ş.	Independent Board Member
Pelsan Aydınlatma San. ve Tic. Ltd. Şti.	Finance Manager

Board of Directors' Report

No administrative sanctions or charges have been filed against the members of the Board of Directors of the Company for acting contrary to the provisions of the legislation. There have been no conflicts of interest between investment consultants and rating agencies and the Company.

In accordance with Articles 395 and 396 of the Turkish Trade Code, members of the Board of Directors are free to engage in any commercial activity that falls under the Company's business.

There is no reciprocal shareholding exceeding 5%.

The number of Board members shall be determined by the General Assembly in a manner which allows board members to undertake efficient and productive efforts, to take rapid and rational decisions, to establish committees and to organize their work effectively on condition that there are at least 5 members in any situation.

The Board includes both executive and non-executive members. The non-executive members on the Board are individuals who do not have any administrative position in the Company other than in their capacity as members of the Board of Directors and who do not intervene in the daily businesses and ordinary activities of the Company. The majority of Board members are non-executive members.

Among the non-executive Board members, there are independent members who are able to perform their duties without being under any outside influence.

The number of independent members in the board shall not be less than one third of the total number of members. When calculating the number of independent members, the remainder is considered to be the following whole number. In any case, the number of independent members shall not be less than two.

The Chairman of the Board of Directors is not the same person as the CEO. In our Board of Directors, which comprises of 9 members, there are 3 executive members, 3 non-executive members and 3 independent members. Accordingly, one third of the Board members are executive members, while one third are independent members.

The office term of independent members of the board is up to three years, and it is possible for these members to be re-nominated as a candidate and to be re-elected.

A person who has served on the Board for more than six years within the last ten years shall not be appointed as an independent member.

In the event that a matter which eliminates the independence of a member arises, the change shall be conveyed to the Board by the independent member to be made public. In this respect, the Board member to have lost their independence shall resign as a principle. In order to re-ensure the minimum number of independent board members, the Nomination Committee undertakes an assessment regarding the selection of the independent member for the vacant seats and conveys the result of the assessment to the Board in written form by the next Annual General Meeting.

The members to be selected as such by the Board will perform their duty until the next Annual General Meeting. The provisions in this section are also valid when an independent board member resigns or is unable to perform their duty.

Three independent members were nominated as candidates to the Corporate Governance Committee. On 2nd May, 2012, the Corporate Governance Committee submitted the report to the Board indicating whether independent member candidates of the Corporate Governance Committee possess the qualifications required for independent membership.

Among the Independent Board Members, Mehmet Remzi Esen, Nazmi Örs and Tolga Sönmez submitted their statements of independence at the General Assembly, in which they were elected on May 30, 2012 as required by the Communiqué Serial: IV, No: 56 on Principles Regarding Determination and Application of Corporate Governance Principles published on December 30, 2011.

There hasn't been any case dissolving the independence of the independent members during the period.

STATEMENT OF INDEPENDENCE
I declare to our Board of Directors, shareholders and all related parties that in the past five years, there has been no direct or indirect relationship of interest between İhlas Gazetecilik A.Ş. or its subsidiaries or legal entities who have management or capital relations with any shareholders which directly or indirectly hold at least 10% of the capital of Ihlas Gazetecilik A.Ş., and myself, my spouse or relatives to the third degree with respect to employment, capital or commerce; I have not worked or served as a Board member in companies that execute all or a part of the activities of Ihlas Gazetecilik A.Ş. or run its entire or a part of its business, in particular those companies that provide audit, rating and advisory services to Ihlas Gazetecilik A.Ş.; I have not worked or served as a shareholder, employee or a Board member in any company that has provided a substantial degree of service or products to the Company in the past five years; I am not a shareholder of Ihlas Gazetecilik A.Ş. holding more than 1% of its capital; I possess the necessary occupational education, knowledge and experience to fulfill all duties that I will undertake as an independent Board member; I do not serve full-time in any public institution or agency; I am considered as a Turkish citizen according to the Income Tax Law; I have gained a professional reputation and experience, and possess strong ethical standards that will allow me to contribute to the activities of Ihlas Gazetecilik A.Ş., to protect my objectivity in the event of any conflicts of interest between shareholders, and to undertake decisions freely by taking into account the benefits of other parties; I am able to allocate time to the operations of Ihlas Gazetecilik A.Ş. to the extent that I can follow the progress of such operations and to completely fulfill the requirements of the duty that I undertake.

Yours sincerely,
Mehmet Remzi Esen

STATEMENT OF INDEPENDENCE
I declare to our Board of Directors, shareholders and all related parties that in the past five years, there has been no direct or indirect relationship of interest between İhlas Gazetecilik A.Ş. or its subsidiaries or legal entities who have management or capital relations with any shareholders which directly or indirectly hold at least 10% of the capital of Ihlas Gazetecilik A.Ş., and myself, my spouse or relatives to the third degree with respect to employment, capital or commerce; I have not worked or served as a Board member in companies that execute all or a part of the activities of Ihlas Gazetecilik A.Ş. or run its entire or a part of its business, in particular those companies that provide audit, rating and advisory services to Ihlas Gazetecilik A.Ş.; I have not worked or served as a shareholder, employee or a Board member in any company that has provided a substantial degree of service or products to the Company in the past five years; I am not a shareholder of Ihlas Gazetecilik A.Ş. holding more than 1% of its capital; I possess the necessary occupational education, knowledge and experience to fulfill all duties that I will undertake as an independent Board member; I do not serve full-time in any public institution or agency; I am considered as a Turkish citizen according to the Income Tax Law; I have gained a professional reputation and experience, and possess strong ethical standards that will allow me to contribute to the activities of Ihlas Gazetecilik A.Ş., to protect my objectivity in the event of any conflicts of interest between shareholders, and to undertake decisions freely by taking into account the benefits of other parties; I am able to allocate time to the operations of Ihlas Gazetecilik A.Ş. to the extent that I can follow the progress of such operations and to completely fulfill the requirements of the duty that I undertake.

Yours sincerely,
Nazmi Örs

STATEMENT OF INDEPENDENCE
I declare to our Board of Directors, shareholders and all related parties that in the past five years, there has been no direct or indirect relationship of interest between İhlas Gazetecilik A.Ş. or its subsidiaries or legal entities who have management or capital relations with any shareholders which directly or indirectly hold at least 10% of the capital of Ihlas Gazetecilik A.Ş., and myself, my spouse or relatives to the third degree with respect to employment, capital or commerce; I have not worked or served as a Board member in companies that execute all or a part of the activities of Ihlas Gazetecilik A.Ş. or run its entire or a part of its business, in particular those companies that provide audit, rating and advisory services to Ihlas Gazetecilik A.Ş.; I have not worked or served as a shareholder, employee or a Board member in any company that has provided a substantial degree of service or products to the Company in the past five years; I am not a shareholder of Ihlas Gazetecilik A.Ş. holding more than 1% of its capital; I possess the necessary occupational education, knowledge and experience to fulfill all duties that I will undertake as an independent Board member; I do not serve full-time in any public institution or agency; I am considered as a Turkish citizen according to the Income Tax Law; I have gained a professional reputation and experience, and possess strong ethical standards that will allow me to contribute to the activities of Ihlas Gazetecilik A.Ş., to protect my objectivity in the event of any conflicts of interest between shareholders, and to undertake decisions freely by taking into account the benefits of other parties; I am able to allocate time to the operations of Ihlas Gazetecilik A.Ş. to the extent that I can follow the progress of such operations and to completely fulfill the requirements of the duty that I undertake.

Yours sincerely,
Tolga Sönmez

16. 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 meetings of the Board of Directors.

The Secretariat to the Board of Directors is authorized to organize and announce the agenda of the Board of Directors' meeting and serve notice for the call to meetings, and 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 2012, the Board of Directors had held 30 meetings with an 89% participation rate. There were no objections which were required to be recorded in the meetings. There was no important transaction or related party transaction which was not approved by independent members.

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

The Board of Directors shall, by also taking into account the opinions of related Board committees, establish its control systems, including risk management and information systems and processes aimed at minimizing the impact of risks that could affect the Company's stakeholders, particularly its shareholders.

The Board of Directors reviews the effectiveness of its risk management and internal control systems at least once a year. Information concerning the presence, functioning and effectiveness of internal control systems and the internal audit system is provided in the annual report.

The approval of the majority of the independent members is sought in all important associated party transactions of the Company as well as in the resolutions of Board of Directors related to the provision of warranties, pledges and mortgages to the benefit of third parties. In the event that a majority of the independent members do not approve the transaction in question, the case shall be publicized under the arrangements of enlightening the public, and the transaction is then submitted to the General Assembly for approval. In the mentioned Annual General Meetings, the resolution is undertaken in a voting procedure where the parties of the transaction and the persons associated with them shall not vote, thus ensuring the participation of other shareholders in such resolutions in the General Assembly. A meeting quorum is not sought in the Annual General Meetings held for the situations specified in this paragraph. The resolution is passed with a simple majority of the votes of those holding the voting rights. Any resolutions submitted by the Board of Directors and the General Assembly not taken in accordance with the principles specified in this paragraph are not deemed valid. Provisions regarding these issues shall be mentioned in the Company's Articles of Association.

17. 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. The Committee Chairpersons and all members of the Audit Committee are composed of independent members, while committee members are composed of non-executive Members of the Board of Directors.

All members of the Audit Committee and the chairpersons of other committees are elected from among independent Board members. The CEO/General Manager does not serve on committees.

Board Members shall not serve on more than one committee.
Because there is no "Candidate Nomination Committee", "Remuneration Committee" and "Committee for Early Determination of Risks" because of the structure of the Board of Directors, the Corporate Governance Committee carries out the functions of these committees in accordance with Provision no: 4.5.1 in the Communiqué, Serial: IV and No: 56, published by the Capital Markets Board.

Fields of activity, working principles and members of committees are determined by the Board of Directors and published on the Company's website.

Distribution and qualifications of Committee Members are as follows:

Chairman of Corporate Governance Committee	: Mehmet Remzi Esen (Independent Member)
Member of Corporate Governance Committee	: Orhan Tanışman
Chairman of Audit Committee	: Tolga Sönmez (Independent Member)
Member of Audit Committee	: Nazmi Örs (Independent Member)

“Committees act within the scope of their authorities and responsibilities and submit 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 six meetings and the Corporate Governance Committee held eight meetings during the 2011 operating year. All of the recommendations tabled by these committees have been adopted by the Board of Directors.

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.

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.

18. 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.

The Risk Management Unit arranges the procedures and principles that the Company must abide by in its activities, in particular during the process of identification, assessment, prioritization, monitoring and reporting risks and in the comparison and implementation of measures and strategies which should be applied to avoid such risks.

Our Company has undertaken efforts to set up a unique risk management model. The “Risk Assessment and Management Process Table” and the “Risk Assessment Report”, prepared by the Corporate Governance Committee in accordance with the respective articles of the Capital Markets Board’s Communiqué, Serial: IV and No: 56, on the “Early Determination and Management of Risks”, as well as Article 378 of the Turkish Commercial Code, were analyzed by the Board of Directors and a decision was taken to continue such efforts.

The primary and specific risks set forth in the Risk Assessment Report were also mentioned in the “Table of Categories and Risk Classes”.

As a result of the efforts taken in this direction, five primary categories were determined:

• Strategic Management and Investment Category
• Product / Service Category
• Finance Category
• Labor Force Category
• Information Category

19. Strategic Targets

Strategic targets: The strategic targets of İhlas Gazetecilik are to serve within a consumer oriented system; develop special products aimed at the reader; produce content with traditional brands; keep a close view of technological developments; diversify and enlarge distribution channels by applying up-to-date production methods; prepare information and entertainment products and tools for individuals; diversify and raise the number of sales and distribution channels; and to cooperate with the world’s leading media corporations.

20. Financial Benefits

• Remuneration principles for the Board members and senior directors were provided in writing; these principles were submitted for the information and approval of shareholders in the 2011 Annual General Meeting held on 30th May, 2012 and shareholders were permitted to express their views concerning this issue. The remuneration policy prepared for this purpose is published on the Company’s website.

Remuneration principles for Board members and senior directors were submitted for the information of our shareholders in the Annual General Meeting held on 30th May, 2012.

REMUNERATION PRINCIPLES FOR THE BOARD MEMBERS AND SENIOR DIRECTORS

1. PURPOSE AND SCOPE

The Board of Directors is responsible for ensuring that the Company achieves its predetermined and publicly disclosed operational and financial performance targets. In the event that the predetermined targets are not achieved, a remuneration policy is determined in order to ensure that the Board of Directors undertakes self-criticism both as a Board and on a member basis, and evaluates both its own performance and that of its members. The remuneration policy aims to strengthen the motivation of Board members and senior directors to continue demonstrating a high performance.

2. PRINCIPLES

Remuneration principles for Board members and senior directors are required to be provided in writing; these principles must be submitted for the information of shareholders as a separate item in the Annual General Meetings and shareholders should be permitted to express their views concerning this issue.

The prepared remuneration policy is required to be published on the Company's website.

The share certificate options or payment plans which are based on the Company's performance shall not be used in determining the remuneration of the independent members of the Board of Directors. The Company exercises care in ensuring that the remuneration of independent Board members is at a level sufficient to ensure that they maintain their independence.

3. PERFORMANCE AND REMUNERATION

3.1. Fixed Salary Payments
The amount of the fixed salary payments is determined and calculated for each position in accordance with the scope of the duties and responsibilities of the relevant recipient of the payment under consideration of various factors as well as the position and the level of experience of the relevant payee.

3.2. Remuneration Setting Criteria
The remuneration to be paid to the members of the Board of Directors, to the Executives of the Senior Management and other personnel cannot solely be associated with short term performances such as the profit or revenues of the Company. The members of the committees consisting of the members of the Board of Directors will receive remuneration in accordance with the responsibilities they have been charged with. Care is taken to ensure that the fees are in compliance with the ethical values, internal balances and strategic targets of the Company. The fees of the members of the Board of Directors are approved by the General Assembly.

Notwithstanding the fact that members of the Board of Directors and Executives of the Senior Management may be paid based on the performance of the Company, such payments shall have a positive effect on the corporate value of the Company and be subject to objective conditions.

The amount of the remuneration based on performance may not be granted in advance. Fees based on performance can be paid with consideration to the term of the risks taken and in installments.

For fees based on performance, the prior term performance of the employees is assessed.

The Board of Directors has the final authorization and responsibility in the efficient launch of the Remuneration Policy and its implementation. The Company's Senior Management is accountable to the Board of Directors for the efficient implementation of the Company's remuneration system in line with the relevant regulations. Within the scope of this policy, the compliance with the regulations is required by law.

4. POLICY CHANGE
If required, the Remunerations Policy is reviewed and updated at least once a year in accordance with the changes in the Company's business processes and the rising risks in the sector in a manner which supports the Company's targets and strategies in order to raise employees' motivation and loyalty. The updated Remunerations Policy is then presented for the information of shareholders in the General Assembly and also published on the Company's website. The Company abides by the Capital Markets Board's regulation concerning corporate management in the determination of remuneration principles for Board members and executives of the senior management.

- 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.
- The Company ensures that the remuneration of independent Board members is at a level which ensures their continued independence. The share certificate options or payment plans based on the Company's performance shall not be used.

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:

The following articles of the Company's Articles of Association were amended upon our Board of Directors' decree no: 2012/08 and dated: 27.03.2012:

a) Article 3 (entitled "Purpose and Subject") was amended as the title of the respective Ministry has changed and in order to complete the missing expression in paragraph 14;
b) Article 4 (entitled "Company's Headquarters and Branches") was amended as the title of the respective Ministry has changed and to open branches in order to expand the Company's field of activity;
c) Article 19 (entitled "Presence of the Commissioner in the Meeting") and Article 26 (entitled "Amendment to the Articles of Association") were amended as the title of the respective Ministry has changed;
d) The Company applied to the Capital Markets Board Presidency on 13th March, 2012 in order to bring Article 7 (entitled "Board of Directors and their Tenure"), Article 11 (entitled "Meetings of the Board of Directors"), Article 13 (entitled "Remuneration of Board Members", Article 17 (entitled "General Assembly"), Article 24 (entitled "Announcements") and Article 33 ("Legal Provisions") into conformity with the provisions of the Capital Markets Board's Communiqué, Serial: IV and No: 56. The Capital Markets Board positively responded to such application in writing no: 3892 and dated: 06.04.2012. The Company also applied to the Ministry of Customs and Trade for the approval of the aforementioned amendments to the Articles of Association and the Ministry provided the necessary approval in writing, in correspondence no: 2633 and dated: 09.04.2012.

The text of the new Articles of Association was presented for the approval of ordinary and privileged shareholders at the Annual General Meeting held on 30th May, 2012.

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

There is no capital market instruments during the period.

Information on the Company's Capital:

We have received the Capital Markets Board's "Certificate for the Completion of Capital Increases Performed by Joint Stock Companies that are Subject to the Registered Capital System" no: 93/1042 and dated: 21.09.2012 for raising the Company's issued capital from TL 80,000,000 to TL 120,000,000 (which is less than TL 240,000,000, which is the upper limit of the Company's registered capital). The capital increase of TL 40,000,000 was covered from the Positive Distinction from Share Capital Adjustment (as internal resources), an item under the Shareholders' Equity on the Balance Sheet that is prepared in accordance with the Tax Procedure Law and the IFRS. The certificate was approved by the Republic of Turkey Istanbul Trade Registry Office on 26th September, 2012.

İhlas Gazetecilik A.Ş.'s shareholder structure as of 31st December, 2012 was as follows:

	Share ratio	**Share Amount (TL)**
İhlas Yayın Holding A.Ş.	56.55	67,859,559
İhlas Holding A.Ş.	6.92	8,304,075
Enver Ören	2.02	2,423,271
Other	1.51	1,813,095
Free Float	33.00	39,600,000
Total	**100.00**	**120,000,000**

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.

Board of Directors' Report

The average daily net sales of daily newspapers published in Turkey in the year 2012 on a monthly basis, and Türkiye Newspaper's place among them, are shown in the table below.

NEWSPAPERS		MONTHLY CIRCULATION TABLE IN 2012
1	ZAMAN	960,616
2	POSTA	456,198
3	HÜRRİYET	413,654
4	SABAH	328,632
5	HABERTÜRK	223,490
6	FOTOMAÇ	211,154
7	STAR	144,530
8	MİLLİYET	141,939
9	TÜRKİYE	127,702
10	TAKVİM	114,046
11	AKŞAM	103,852
12	VATAN	103,421
13	YENİŞAFAK	102,109
14	BUGÜN	96,907
15	GÜNEŞ	91,243
16	TARAF	52,299
17	YENİASYA	52,294
18	CUMHURİYET	51,018
19	Y.AKİT	35,347
20	RADİKAL	26,420

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:

Circulation Table of Türkiye Newspaper in 2012

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

The Company's 12 month average capacity utilization rates for the year 2012 are shown below on a printing centre basis;

Printing Center	Number of Daily Print*	Total Capacity	Ratio
Istanbul	1,343,156	1,351,600	99%
Ankara	84,844	284,000	30%
Izmir	59,136	284,000	21%
Adana	67,131	240,000	28%
Antalya	24,083	150,000	16%
Trabzon	38,450	150,000	26%
Total	1,616,800	2,459,600	66%

* 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	01.01-31.12.2012
Türkiye Newspaper Sales and Advertising Sales Income (Net)	27,503,705
Income of Contract Mahufacturing and Other Sales (Net)	48,443,143
Total Media Sales Income (Net)	**75,946,848**
Total Media Sales Costs (-)	**(69,259,238)**
Gross Sales Profit in Media Activities	**6,687,610**

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	31.12.2012	Ratio Analysis	31.12.2011	Ratio Analysis
Current Assets	70,720,967	28.82%	68,951,913	28.06%
Fixed Assets	174,682,886	71.18%	176,713,606	71.94%
TOTAL ASSETS	245,403,853	100.00%	245,665,519	100.00%
Short-Term Liabilities	11,768,726	4.80%	10,840,415	4.41%
Long-Term Liabilities	26,925,206	10.97%	26,681,105	10.86%
SHAREHOLDERS EQUITY	**206,709,921**	**84.23%**	**208,143,999**	**84.73%**
TOTAL RESOURCES	245,403,853	100.00%	245,665,519	100.00%

Income Statement	31.12.2012	Ratio Analysis	31.12.2011	Ratio Analysis
Sales Revenue	75,946,848	100.00%	80,254,032	100.00%
Cost of Sales (-)	(69,259,238)	(91.19%)	(70,635,907)	(88.01%)
GROSS PROFIT / LOSS	**6,687,610**	**8.80%**	**9,618,125**	**11.98%**
Operating Costs	(16,892,477)	(22.24%)	(15,069,445)	(18.77%)
Other Operating Revenues	3,069,681	4.04%	2,546,681	3.17%
Other Operating Costs (-)	(1,088,170)	(1.43%)	(1,440,666)	(1.80%)
OPERATING PROFIT / LOSS	(8,223,356)	(10.82%)	(4,345,305)	(5.41%)
PROFIT/LOSS BEFORE TAX FOR CONTINUING OPERATIONS	**(1,756,848)**	**(2.31%)**	**1,189,765**	**1.48%**
Tax Income / Costs for Continuing Operations	322,770	0.42%	(473,631)	(0.59%)
PROFIT / LOSS FOR CONTINUING OPERATIONS	**(1,434,078)**	**(1.88%)**	**716,134**	**0.89%**
Ceased Operations	-			
Profit / Loss After Tax for Ceased Operations	0	0.00%	0	0.00%
PROFIT / LOSS FOR THE PERIOD	(1,434,078)	(1.88%)	716,134	0.89%

Board of Directors' Report

Ratios	31.12.2012	31.12.2011
Liquidity Ratios		
Current Ratio	6,00	6,36
Liquidity Ratio	5,23	5,70
Cash Ratio	0,04	0,13
Financial Structure Ratios		
Financial Leverage	0,16	0,15
Total Liabilities / Shareholders Equity	0,19	0,18
Short-Term Loans / Total Resources	0,05	0,04
Long-Term Loans / Total Resources	0,11	0,11
Financial Debts / Shareholders Equity	0,006	0,016
Financial Debts / Total Assets	0,005	0,014

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 a change in the senior management. Those serving in their positions are listed as follows:

Name, Surname	Duty	Professional Experience
Ahmet Mücahid Ören	Chairman of the Board	23 Years
Nuh Albayrak	Deputy Chairman and General Manager and Editor in Chief	33 Years
Ümit Künar	Board Member and Executive Member Responsible for Financial Affairs	20 Years
Mustafa Ruşen Selçuk	Board Member	19 Years
Muaviye Gül	Board Member	30 Years
Orhan Tanışman	Board Member	21 Years
Mehmet Remzi Esen	Independent Board Member	36 Years
Nazmi Örs	Independent Board Member	43 Years
Tolga Sönmez	Independent Board Member	15 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 552 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 5,994,475.

Short-term benefits provided to the Company's key managers during the periods, January 1st-December 31st, 2011 and January 1st-December 31st, 2012.

01.01-31.12.2012: TL 375,695
01.01-31.12.2011: TL 340,469

ö) Information on donations made during the period:

No donation was made during the period 01.01.2012 - 31.12.2012.

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 - IZMIR
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 2012 accounting period;

The net loss for the period was TL 1,434,078 according to the consolidated Balance Sheet prepared according to the International Accounting / Financial Reporting Standards, in compliance with the provisions of the Capital Markets Board's Communiqué - Serial: XI, No: 29.

The Company's net loss for the period was TL 1,361,188.94 as stated in the statutory documents prepared in accordance with the provisions of the Tax Procedure Law (TPL). A decision was taken to submit a proposal to the Ordinary General Assembly, stating that a dividend would not be distributed, but to offset the loss for 2012 from the profits for future periods.

Our above explanation, in compliance with the provisions of Communique - 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
Chairman and
General Manager and Editor in Chief

Ümit Künar
Board Member and Executive Member
Responsible for Financial Affairs

Audit Report Abstract for the Accounting Year 2012

To the General Assembly of İHLAS GAZETECİLİK A.Ş.

Company's Name	: İHLAS GAZETECİLİK A.Ş.
Registered Office	: Istanbul
Capital	: Authorized Capital: 240,000,000.00 TL Issued Capital: 120,000,000.00 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) Status of whether the auditors are shareholders or personnel of the Company	: Salih Sağlam Designated at Ordinary General Meeting held on May 30, 2012 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.
Partnership as stated in subparagraph 3 of paragraph 1 of Article 353 of the Turkish Commercial Code no: 6762	: 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 analysis performed in accordance with subparagraph 4 of paragraph 1 of Article 353 of the Turkish Commercial Code no: 6762	: 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 01.01.2012 - 31.12.2012 in accordance with the Turkish Commercial Code, the Company's Articles of Association, other laws and regulations and generally accepted accounting principles and standards.

It is my view that the annexed Balance Sheet drawn up as per December 31, 2012, the contents of which is recognized by me; and the Income Statement for the period January 1, 2012 - December 31, 2012 truly and accurately reflect the Company's financial situation as per the above date and the operating results as per the above period respectively; and 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 08, 2013
Auditor
Salih Sağlam

İhlas Gazetecilik A.Ş.

Statement of Responsibility

DATE: March 08, 2013

DATE OF THE BOARD OF DIRECTORS' DECISION FOR THE FINANCIAL TABLES AND ANNUAL REPORTS: MARCH 08, 2013
NUMBER OF DECISION: 2013/11

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, 2012, 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
Chairman and
General Manager and Editor in Chief

Ümit Künar
Board Member and Executive Member
Responsible for Financial Affairs

İhlas Gazetecilik Anonim Şirketi

Financial Statements and Independent Auditor's Report
for the Accounting Year January 1 - December 31, 2012

**İRFAN BAĞIMSIZ DENETİM ve
YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.**

**Independent Auditor's Report
of İhlas Gazetecilik A.Ş.
for the Accounting Period January 01 - December 31, 2012**

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, 2012, 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, 2012, 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.

Although it does not affect our opinion, we wish to draw your attention to the following issue:

The Company's financial statements as of December 31st, 2012, and their comparative financial statements of previous periods were audited by another independent auditing firm, which proffered positive opinions on such financial statements.

Istanbul, March 08, 2013
İRFAN BAĞIMSIZ DENETİM ve
YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.

Salim AKGÜL
Responsible Partner, Chief Auditor
Chartered Accountant

Contents

Financial Position Statements (Balance Sheets)
As of December 31, 2012 and December 31, 2011

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

	Footnote References	Independently Audited 31.12.2012	Audited 31.12.2011
ASSETS			
Current Assets		**70,720,967**	**68,951,913**
Cash and Cash Equivalents	6	403,673	1,406,601
Financial Investments	7	-	-
Trade Receivables	10	54,718,659	52,379,384
- Trade Receivables from Related Parties	10	19,580,974	22,560,483
- Other Trade Receivables	10	35,137,685	29,818,901
Receivables from Finance Sector Operations	12	-	-
Other Receivables	11	-	-
Inventories	13	9,076,454	7,139,604
Live Assets	14	-	-
Other Current Assets	26	6,522,181	8,026,324
(Sub Total)		70,720,967	68,951,913
Fixed assets Held-for Sale	34	-	-
Fixed Assets		**174,682,886**	**176,713,606**
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	71,048,380	73,627,572
Tangible Assets	18	32,281,198	34,130,829
Intangible Assets	19	56,407,947	56,998,754
Goodwill	20	-	-
Deferred Tax Liabilities	35	12,228,011	11,739,101
Other Non-Current Assets	26	2,715,622	215,622
TOTAL ASSETS		**245,403,853**	**245,665,519**

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

	Footnote References	Independently Audited 31.12.2012	Audited 31.12.2011
LIABILITIES			
Short-Term Liabilities		**11,768,726**	**10,840,415**
Financial Debts	8	372,554	2,427,862
Other Financial Liabilities	9	1,000,000	1,000,000
Trade Payables	10	4,935,533	2,816,410
- Trade Payables to Related Parties	10	701,404	400,910
- Other Trade Liabilities	10	4,234,129	2,415,500
Other Liabilities	11	1,275,808	1,064,812
Debts from Financial Sector Operations	12	-	-
Government Promotion and Aid	21	-	-
Tax Liability Profit for the Period	35	-	-
Provision of Debt	22-23	-	-
Other Short-Term Liabilities	26	4,184,831	3,531,331
(Sub Total)		11,768,726	10,840,415
Liabilities Related to Fixed Assets Held-for-sale	34	-	-
Long-Term Liabilities		**26,925,206**	**26,681,105**
Financial Debt	8	665,265	931,613
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	145,180	232,180
Allowances Related to Extended Benefit to Employees	24	7,034,857	6,348,799
Deferred Tax Liability	35	19,004,247	18,865,886
Other Long-Term Liabilities	26	75,657	302,627
SHAREHOLDERS' EQUITY		**206.709.921**	**208,143,999**
Paid-in Capital	27	120,000,000	80,000,000
Capital Correction Discrimination	27	38,494,868	78,494,868
Opposite Affiliate Capital Correction (-)		-	-
Share Premiums		-	-
Value Increase Funds	27	-	-
FX Conversion Differences		-	-
Restricted Reserves Derived from Profit	27	957,185	957,185
Prior Years' Earnings / Loss	27	48,691,946	47,975,812
Net Profit / Loss for the Period	36	(1,434,078)	716,134
TOTAL LIABILITIES		**245,403,853**	**245,665,519**

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

Comprehensive Income Statements

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

	Footnote References	Independently Audited 01.01.2012-31.12.2012	Audited 01.01.2011-31.12.2011
CONTINUING OPERATIONS			
Income from Sales	28	75,946,848	80,254,032
Cost of Goods Sold (-)	28	(69,259,238)	(70,635,907)
Gross Profit / (Loss) from Trade Activities		**6,687,610**	**9,618,125**
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		**6,687,610**	**9,618,125**
Marketing Sales and Distribution Expenses (-)	29	(7,398,256)	(5,357,436)
General Administration Expenses (-)	29	(9,494,221)	(9,712,009)
Research and Development Expenses (-)	29	-	-
Other Operating Income	31	3,069,681	2,546,681
Other Operating Expenses (-)	31	(1,088,170)	(1,440,666)
OPERATING PROFIT / (LOSS)		**(8,223,356)**	**(4,345,305)**
Shares of Investments Evaluated by Equity Method in Profit / (Loss)	16	-	-
Financial Income	32	8,820,011	8,621,503
Financial Expenses (-)	33	(2,353,503)	(3,086,433)
PRE-TAX PROFIT / (LOSS) OF CONTINUING OPERATIONS		**(1,756,848)**	**1,189,765**
Shares of Investments Evaluated by Equity Method in Profit / (Loss)		**322,770**	**(473,631)**
- Tax Income / (Expense) of the Period	35	(27,779)	(947,750)
- Deferred Tax Income / (Expense)	35	350,549	474,119
PROFIT / (LOSS) OF CONTINUING OPERATIONS	**36**	**(1,434,078)**	**716,134**
CEASED OPERATIONS			
After Tax Profit / (Loss) of Ceased Operations	**34**	**-**	**-**
PROFIT / (LOSS) FOR THE PERIOD		**(1,434,078)**	**716,134**
Earnings / (Loss) per Share	**36**	**(0,016)**	**0,009**
Earnings / (Loss) per Share from Continuing Operations	**36**	**(0,016)**	**0,009**

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

	Footnote References	Independently Audited 01.01.2012-31.12.2012	Audited 01.01.2011-31.12.2011
PROFIT / LOSS FOR THE PERIOD	**36**	**(1,434,078)**	**716,134**
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**	**(1,434,078)**	**716,134**

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

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

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

	Footnote References	Paid-in Capital	Capital Correction Differences	Restricted Reserves Derived from Profit	Prior Years' Earnings / Loss	Net Profit / (Loss) for the Period	Total Shareholders' Equity
January 01, 2012		**80,000,000**	**78,494,868**	**957,185**	**47,975,812**	**716,134**	**208,143,999**
Capital Increase (from Internal Resources)	27	40,000,000	(40,000,000)	-	-	-	-
Transfers	27	-	-	-	716,134	(716,134)	-
Net Profit / (Loss) for the Period	36	-	-	-	-	(1,434,078)	(1,434,078)
December 31, 2012		**120,000,000**	**38,494,868**	**957,185**	**48,691,946**	**(1,434,078)**	**206,709,921**

	Footnote References	Paid-in Capital	Capital Correction Differences	Restricted Reserves Derived from Profit	Prior Years' Earnings / Loss	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**

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

İhlas Gazetecilik A.Ş.

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

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

	Footnote References	Independently Audited 31.12.2012	Audited 31.12.2011
Cash flows from operating activities			
Net profit / (loss) for the period	**36**	**(1,434,078)**	**716,134**
Mutual agreement between cash flows from operating activities and net profit			
Depreciation	18	3,111,322	2,950,711
Amortization and depletion allowance	19	379,124	150,205
Provisions for severance pay	24	2,174,985	1,307,921
Provisions no longer required for severance pay	24	(225.384)	-
Tax	35	(322,770)	473,631
Provisions for impairments in investment property	31	690.350	708.067
Cancellation of brand impairment	31	397,820	-
Provision for law suits	31	-	6,000
Cancellation of law suits	22-23	(82,000)	(10,000)
Interest income	32	(2,317,178)	(1,802,358)
Interest expense	33	1,343,134	438,558
Loss / (profit) on fixed assets sold	31	(94,229)	(149,944)
Net operating profit before changes in operating assets and liabilities		**3,621,096**	**4,788,925**
Changes in assets and liabilities			
Changes in trade receivables	10	(2,339,275)	(741,114)
Changes in other receivables	11	-	5,200
Changes in inventories	13	(1,936,850)	(714,777)
Changes in other current assets	26	1,504,143	(1,809,489)
Changes in other fixed assets	26	(2,500,000)	(189,824)
Changes in trade payables	10	2,119,123	(727,899)
Changes in other debts	11	210,996	95,033
Changes in other short and long-term debts	26	426,530	1,372,483
Taxes paid	35	(27,779)	(1,371,118)
Paid legal action expenses	22-23	(5,000)	(57,700)
Paid severance pays	24	(1,263,543)	(578,747)
Net cash provided by operating activities (A)		**(190,559)**	**70,973**
Investment activities			
Tangible fixed asset and held-for-investment real estate purchases	17,18	(1,261,691)	(4,785,458)
Intangible fixed assets purchases	19	(186,137)	(1,023,099)
Cash from fixed assets sales		1,983,071	537,862
Net cash extended from investment activities (B)		**535,243**	**(5,270,695)**
Financial activities:			
Interest received	32	2,317,178	1,802,358
Interest paid	33	(1,343,134)	(438,558)
Changes in financial debt	8,9	(2,321,656)	(825,856)
Net cash (INTERNATIONAL) used in financial activities		**(1,347,612)**	**537,944**
Net increase in cash and cash equivalents (D=A+B+C)		**(1,002,928)**	**(4,661,778)**
Outstanding balance (INTERNATIONAL) of cash and cash equivalents at the beginning of the period	**6**	**1,406,601**	**6,068,379**
Outstanding balance of cash and cash equivalents at the end of the period (D+E)	**6**	**403,673**	**1,406,601**

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

Footnotes to Financial Statements as of December 31, 2012

(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, 2012: 552 personnel
December 31, 2011: 536 personnel

The Company's headquarters is located at the address "Merkez Mahallesi 29 Ekim Cad. İhlas Plaza No:11 A/41, Yenibosna - Bahçelievler / Istanbul". Information regarding the printing plants of the Company is as follows:

- Central Printing Facility: Merkez Mahallesi 29 Ekim Cad. İhlas Plaza No:11 A/41, Yenibosna - Bahçelievler / 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 shareholder structure as of 31.12.2012 and 31.12.2011 is as follows:

	31.12.2012		31.12.2011	
Name / Title	**Share Ratio %**	**Share Amount (TL)**	**Share Ratio %**	**Share Amount (TL)**
İhlas Yayın Holding A.Ş.	56.55	67,859,559	56.55	45,239,706
Free Float	33.00	39,600,000	33.00	26,400,000
İhlas Holding A.Ş.	6.92	8,304,075	6.92	5,536,050
Enver Ören(*)	2.02	2,423,271	2.02	1,615,514
İhlas Ev Aletleri İmalat Sanayi Ticaret A.Ş.	1.03	1,237,553	1.03	825,035
Other	0.48	575,542	0.48	383,695
Total	**100.00**	**120,000,000**	**100.00**	**80,000,000**
Distinction from Share Capital Adjustments		38,494,868		78,494,868
Total		**158,494,868**		**158,494.,868**

The Company's indirect shareholder structure is as follows:

	31.12.2012		31.12.2011	
Name / Title	**Share Ratio %**	**Share Amount (TL)**	**Share Ratio %**	**Share Amount (TL)**
Free Float	89.48	107,382,644	88.17	70,541,770
Enver Ören(*)	7.29	8,744,458	7.71	6,164,520
Other	3.23	3,872,898	4.12	3,293,710
Total	**100.00**	**120,000,000**	**100.00**	**80,000,000**

In its meeting dated: 24th July, 2012, the Board of Directors made a decision to raise the Company's capital through a 50% bonus issue to TL 120,000,000. The capital increase was covered through the Positive Distinction from Share Capital Adjustment. We have received the Capital Markets Board's "Certificate for the Completion of Capital Increases Performed by Joint Stock Companies that are Subject to the Registered Capital System" no: 93/1042 and dated: 21.09.2012 for increasing our Company's issued capital through bonus shares from TL 80,000,000 to TL 120,000,000 (which is under TL 240,000,000, the upper limit of our Company's registered capital). The certificate was approved by the Republic of Turkey Istanbul Trade Registry Office on 26.09.2012.

(*) Mr. Enver Ören, one of the Company's shareholders, passed away after the date of the Balance Sheet, while the shareholder structure was not clear as of the report date.

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.	N	9,000,000	9,000,000
İhlas Holding A.Ş.	N	2,400,000	2,400,000
Enver Ören(*)	N	600,000	600,000
Total		**12,000,000**	**12,000,000**

(*) Mr. Enver Ören, one of the Company's shareholders, passed away after the date of the Balance Sheet, while the status of privileged shares was not clear as of the report date.

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.

The Company's Board of Directors applied to the CMB on 14th February, 2013 in connection with amendments to the Company's Articles of Association in order to ensure full compliance with the Turkish Commercial Code no: 6102 and the Capital Markets Law no: 6362. Detailed information is provided in Note 40.

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 scope, the Turkish Accounting Standards/Financial Reporting Standards (TAS/TFRS) that do not contradict generally accepted standards and are published by the Turkish Accounting Standards Authority (TMSK) are taken as a basis (note that in November 2011, the TMSK was closed and its duties and responsibilities were transferred to the Public Oversight Accounting and Auditing Standards Authority). However, the Company shall apply the related IAS/IFRS standards until the differences between the IAS/IFRS accepted by the European Union and the standards published by the International Accounting Standards Board are promulgated by the Public Oversight Accounting and Auditing Standards Authority (formerly the TMSK).

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.

Because some of the account items on the Company's consolidated income statements dated: 01.01.2011-31.12.2011 were reclassified and reported again, the Company's consolidated income statements for previous periods were reclassified again. Information related to such classification is provided in Note 41.

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.

Footnotes to Financial Statements as of December 31, 2012
(Amounts are expressed in Turkish Lira ("TL"), unless otherwise indicated.)

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, 2012 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.

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

Foreign Exchange Rates (TL / Foreign Exchange Unit Value)

Foreign Exchange Type	31.12.2012	31.12.2011
USD	1.7826	1.8889
EURO	2.3517	2.4438
GBP	2.8708	2.9170
CHF	1.9430	2.0062
SEK	0.2722	0.2722

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

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

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

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

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

New and amended standards and interpretations
The accounting policies that were taken as a basis in the preparation of the financial statements pertaining to the accounting period ending December 31st, 2012 are consistent with the new and amended standards, summarized below, that entered effect on January 1st, 2012 and the standards applied in the previous year, as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). The impacts of these standards and interpretations on the Company’s financial position and performance are detailed in the related paragraphs.

The new standards, amendments and interpretations effective as of January 1st, 2012 are as follows:

IAS 12 "Income Taxes - Recovery of Underlying Assets (Amendment)": IAS 12 has been updated to include i) a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale and ii) a requirement that deferred tax on non-depreciable assets, measured using the revaluation model in IAS 16, should always be measured on a disposal basis.

The changes shall be applied retroactively. The amendment did not have any impact on the financial position or performance of the Company.

IFRS 7 "Financial Instruments - Disclosures - Transfers of Financial Assets (Amendment)": This amendment was a result of the International Accounting Standards Board's analysis of de-recognition activities. The purpose of this amendment is to encourage transparency through the reporting of transfers of financial assets (particularly securitization) and thus allow users of financial statements to improve their understanding of transfer transactions of financial assets, including the possible effects of any risks that may remain with the entity which transferred the assets. The amendment did not have any impact on the financial position or performance of the Company.

Standards issued but not yet effective and not yet adopted
Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of approval of the financial statements are as follows.

Unless indicated otherwise, the Company shall undertake the necessary changes, which will affect the financial statements and disclosures, after the new standards and interpretations enter effect.

IAS 1 Presentation of Financial Statements (Amendment) - Presentation of Items of Other Comprehensive Income Statements
The amendments to IAS 1 only change the grouping of items presented in other comprehensive income statements. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time would be presented separately from items which will never be reclassified. The amendments shall be applied retroactively. The amendment only affects principles of presentation and shall have no impact on the financial position or performance of the Company.

IAS 19 Employee Benefits (Amendment)
This amended standard is effective for annual periods beginning on or after January 1st, 2013, with earlier application permitted. With very few exceptions, retroactive application is required.

The amended standard includes numerous changes and clarifications. The most important changes among these amendments are the removal of the corridor mechanism (for the indemnity liability interval), stating actuarial profits/losses concerning the defined benefit plans under other comprehensive income statements, and conducting the distinction between short-term and other long-term employee benefits based on the expected timing of settlement, rather than employee entitlement. The Company is still evaluating the impact of the amended standard on its financial position and performance.

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

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

IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities (Amendment)
The amendments clarify the meaning of "currently has a legally enforceable right to set-off recognized amounts" and also clarify the application of the IAS 32 "offsetting criteria to settlement systems" (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments shall be retroactively applied for annual periods beginning on or after January 1st, 2014. The Company does not expect these amendments to have a significant impact on the financial position or performance of the Company.

IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendment)
New disclosures will provide users of the financial statements with information that is useful in (i) evaluating the effect or potential effect of netting arrangements on an entity's financial position and (ii) analyzing and comparing financial statements prepared in accordance with IFRS and other generally accepted accounting standards. The amendments shall be retroactively applied for annual periods beginning on or after January 1st, 2013 and interim periods within those annual periods. The amendment only affects principles of disclosure and will have no impact on the financial position or performance of the Company.

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

IFRS 10 Consolidated Financial Statements
The standard is effective for annual periods beginning on or after January 1st, 2013 and is applied on a modified retroactive basis. This new Standard may be adopted early, but in this case, IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosure of Interests in Other Entities" should also be adopted early.

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. A new definition of control is introduced, which is used to determine which entities should be consolidated. This is a principle based standard and requires that a significant level of judgment is exercised by those preparing the financial statements. This amendment is not expected to have any impact on the financial position or performance of the Company.

IFRS 11 Joint Arrangements
The standard is effective for annual periods beginning on or after January 1st, 2013 and is applied on a modified retroactive basis. This new Standard may be adopted early, but in this case, IFRS 10 Consolidated Financial Statements and IFRS 12 Disclosure of Interests in Other Entities should also be adopted early.

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

IFRS 12 Disclosure of Interests in Other Entities
The standard is effective for annual periods beginning on or after January 1st, 2013 and is applied on a modified retroactive basis. This new Standard may be adopted early, but in this case, IFRS 10 "Consolidated Financial Statements" and IFRS 11 "Joint Arrangements" should also be adopted early.

IFRS 12 includes all of the disclosures that were previously set out in IAS 27 "Consolidated and Separate Financial Statements related to consolidated financial statements", as well as all of the disclosures that were previously included in IAS 31 "Interests in Joint Ventures" and IAS 28 "Investment in Associates". These disclosures also included footnotes that are related to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. Under the new standard, comprehensive footnotes shall be provided concerning an entity's investments in other companies.

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

IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine"
The Interpretation is effective for annual periods beginning on or after January 1st, 2013 with earlier application permitted. Entities shall be required to apply its requirements for production phase stripping costs incurred from the start of the earliest comparative period presented. The Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. This interpretation has not yet been endorsed by the EU. The Company does not expect this interpretation to have a significant impact on the financial position or performance of the Company.

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

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

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

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

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

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

IFRS 10 "Consolidated Financial Statements" (Amendment)
IFRS 10 has been amended to provide an exception to the consolidation requirement for entities which meet the definition of being an investment entity. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with IFRS 9, which covers Financial Instruments. The amendment applies for annual periods beginning on or after 1st January, 2014, with earlier application permitted. The amendment has not yet been endorsed by the EU. This amendment is not expected to have any impact on the financial position or 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.

Footnotes to Financial Statements as of December 31, 2012

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

D. Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalents include cash assets in the cash account as well as cash money and time deposits in the banks, to be presented in the cash flow statement. Cash and cash equivalent values are shown with the sum of acquisition costs and their accrued interests. As required by the 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.

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. The Company applied LIBOR rates as the effective interest rates, as there is no cash value of the Company’s receivables and liabilities in line with its business practices, and no late charges are applied to its sales.

Promissory notes and post-dated checks are classified as trade receivables. They are subjected to re-discounting and their reduced value (amortized cost values), which is calculated through the use of the effective interest rate method, is used when reporting.

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

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 performed on a regular basis as of the date of the Balance Sheet, so no significant difference arises between the amount calculated by using the fair value and the book value. The Company applies the revaluation model for its properties in the event that there are indications of significant differences. It applies the cost model for its other tangible assets and intangible fixed assets due to lack of an active market.

Footnotes to Financial Statements as of December 31, 2012
(Amounts are expressed in Turkish Lira ("TL"), unless otherwise indicated.)

Following evaluations aimed at determining whether there have been increases or decreases in the value of its real estate properties, the Company did not identify any increase or decrease in the value of its real estate properties in the current period. The fair value, which is calculated after sales costs are deducted (net sales price) was determined by surveyors/specialized institutions by taking into account a number of factors, such as the location of tangible assets, similar transactions and whether there is an active real estate market.

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

The provisions of the standards, IAS 2 "Inventories" and IAS 16 "Property, Plant and Equipment", shall be applied to the transfers that are made by the Company from its inventories to its tangible fixed assets in order to be used in the Company's operations. Accordingly, the fair value on the date when the transfer is made is taken as a basis.

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	4-10	Straight-line
Vehicles, tools and instruments	4-10	Straight-line
Fixtures and fittings	3-15	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 on its tangible fixed assets. The results of the impairment test indicated that the net selling prices of the assets (their fair value after the deduction of the related sales costs) are greater than the book value of the assets. Therefore, it was not deemed necessary to calculate their usage values, and no impairment provisions were allocated.

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 not deemed necessary to calculate their usage values and no impairment provisions were allocated. In the event that the new sales prices cannot be determined for some assets (such as the goodwill), the Company performs an impairment test based on their usage values.

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. The Company deducts sales costs in the determination of recyclable values of assets with an unlimited useful life and takes the fair value or the usage value into account, whichever is the higher. However, in the event that one of these methods is not reliable or cannot be determined, the other method may be applied when determining the recyclable value. The impairment provisions and impairment cancellations are reported under Other Operating Costs and Other Operating Income, respectively.

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	48
Land, Building (Konak - Izmir)	2010	5,275,000 TL	50	48
Land, Building (Kepez - Antalya)	2010	5,050,000 TL	50	48
Land, Building (Tekkeköy - Samsun)	2010	1,075,000 TL	50	48
Land, Building (Yüreğir - Adana)	2010	850,000 TL	50	48
Brand	2000	55,728,040 TL	-	-

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

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.

The fair value of an investment property shall be determined as the value arising in the event that a debt is paid or the value at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction.

In the event that there is no market for the investment property, the fair value shall be determined based on best estimations. In this respect, the fair value may vary depending on changes in estimations and market conditions. In determining the fair value, factors such as property-specific risks, market conditions and depreciation are taken into account based on expert opinions.
In this vein, the Company performed various studies to determine whether there has been an impairment or increase in the value of its investment property; and identified impairment in the current period and associated it with other expenses in the comprehensive income statement.

Gains or losses arising from changes in the fair value of investment property are included in the net profit or loss for the period in which it arises and recorded under other operating income/expenses.

Even when purchased together, land and buildings are considered as separable tangible assets and they are recognized as separate assets.

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.

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.

The fair value applied in financial leasing is the purchase price determined by and between the parties during the purchase of the investment property in question. Minimum lease payments include all liabilities, such as the principal, interest and taxes. Because the present value of the minimum lease payments cannot be less than the purchase price (principal), investment properties are recognized through their purchase values.

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.

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 moths 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.

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.

Impairment in Financial Instruments
At the end of each reporting period, an evaluation is undertaken to determine whether there are objective indications that the measured financial assets or financial asset groups have suffered any impairment from their redeemed cost. The Company evaluates financial assets or groups of financial assets at each balance sheet date to determine whether there has been any indication of impairment for those financial assets or groups of financial assets. In the event that there is such an indication, the impairment loss is subsequently calculated. On occasion, there may be more than one event leading to such an impairment (please refer to Note 39-e).

Classification of Financial Instruments
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.

Footnotes to Financial Statements as of December 31, 2012
(Amounts are expressed in Turkish Lira ("TL"), unless otherwise indicated.)

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

31.12.2012	Financial Assets at Fair Value Through Income Statement	Financial Assets to be Kept Until Maturity	Credits and Receivables	Financial Assets that are Ready for Sale	Other / Depts Measured at Amortised Cost
Financial assets					
Cash and Cash Equivalents	403,673	-	-	-	-
Trade Receivables	-	-	54,718,659	-	-
Other Receivables	-	-	1,728	-	-
Financial Liabilities					
Financial Debts	-	-	-	-	1,037,819
Other Financial Liabilities	-	-	-	-	1,000,000
Trade Payables	-	-	-	-	4,935,533
Other Payables	-	-	-	-	1,275,808

31.12.2011	Financial Assets at Fair Value Through Income Statement	Financial Assets to be Kept Until Maturity	Credits and Receivables	Financial Assets that are Ready for Sale	Other / Depts Measured at Amortised Cost
Financial assets					
Cash and Cash Equivalents	1,092,601	314,000	-	-	-
Trade Receivables	-	-	52,379,384	-	-
Other Receivables	-	-	1,728	-	-
Financial Liabilities					
Financial Debts	-	-	-	-	3,359,475
Other Financial Liabilities	-	-	-	-	1,000,000
Trade Payables	-	-	-	-	2,816,410
Other Payables	-	-	-	-	1,064,812

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 arises for conditions where the TL currency loses value against foreign currencies (Note 39).

Liquidity Risk:

The liquidity risk refers to the risk of encountering difficulties in providing funds to fulfill an entity's commitments regarding its financial instruments. The 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 which 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 Profosyonel 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) Kıbrıs Bürosu
19) İhlas Medya Planlama ve Satınalma Hiz. Ltd. Şti.
20) Mir Maden İşletmeciliği Enerji ve Kimya San. Tic. 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. Ortak Girişimi 3
26) İhlas Holding A.Ş. - İhlas Yayın Holding A.Ş. ve İhlas Pazarlama A.Ş. Ortak Girişimi
27) İhlas Genel Antrepo Nakliyat ve Tic. A.Ş.
28) Tasfiye Halinde İhlas Finans Kurumu A.Ş.
29) Kia İhlas Motor San ve Tic. A.Ş.
30) İhlas Dış Ticaret A.Ş.
31) İhlas İnşaat Proje Taahhüt Turizm ve Tic. A.Ş.
32) Alternatif Medya Görsel İletişim Sis. Ltd. Şti.
33) İhlas Net Ltd. Şti.
34) İhlas Mining Ltd. Şti.
35) İhlas İletişim Hiz. A.Ş.
36) Tasfiye Halinde İhlas Oxford Mortgage İnş. ve Tic. A.Ş.
37) Doğu Yatırım Holding A.Ş.
38) Swiss PB AG
39) Kristal Gıda Dağıtım Pazarlama ve Ticaret A.Ş.
40) İhlas Meşrubat Üretim ve Pazarlama A.Ş.
41) İhlas İnşaat Holding A.Ş.
42) İhlas Pazarlama Yatırım Holding A.Ş.
43) Şifa Yemek ve Gıda Üretim Tesisleri Tic. A.Ş.
44) KPT Lojistik Taşımacılık Tur. Rek. Paz. İç ve Dış Tic. A.Ş.

Footnotes to Financial Statements as of December 31, 2012
(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.
The reportable departments are determined based on their activities, for which the Company may determine the departments' revenues and expenses separately.

The Company prepared the report by taking into account this criterion stated in Note 5.

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:

Note 2/D	Determination of fair values
Note 35/B	Deferred tax assets and liabilities
Note 22-23	Provisions for lawsuits
Note 24	Provision for employee termination benefits
Note 2/D	Useful lives and provision for impairment of tangible and intangible fixed assets
Note 10 ve 39/E	Provision for impairment of trade receivables
Note 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) Within the framework of the specified accounting policies, the Company holds intangible fixed assets with unlimited useful lives subject to an impairment test which may be conducted annually or when conditions indicate the presence of either a reduction in value, or a cancellation. An impairment test is conducted by comparing the intangible fixed assets that have unlimited useful lives to their recoverable values. The recoverable values are determined by applying the usage value calculations as a basis.
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

31.12.2012: None (31.12.2011: None).

Note 4 - Joint Ventures

31.12.2012: None (31.12.2011: None).

Footnotes to Financial Statements as of December 31, 2012

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

Note 5 - Reporting According to Operation Departments

Media Activities	**01.01-31.12.2012**	**01.01-31.12.2011**
Türkiye Newspaper Sales and Advertising Sales Income (net)	27,503,705	28,574,906
Outsourcing and Other Sales Revenues (net)	48,443,143	51,679,126
Total Media Sales Revenues (net)	**75,946,848**	**80,254,032**
Cost of Türkiye Newspaper Sales and Advertising Sales	(23,156,044)	(23,098,523)
Cost of Outsourced and Other Sales	(46,103,194)	(47,537,384)
Cost of Total Media Sales	**(69,259,238)**	**(70,635,907)**
Gross Profit of Media Activities	**6,687,610**	**9,618,125**

Note 6 - Cash and Cash Equivalents

	31.12.2012	**31.12.2011**
Cash	**26,771**	**30,002**
- Turkish lira	26,771	9,299
- Foreign currency	-	20,703
Bank	**146,489**	**674,896**
- Demand Deposits	**146,489**	**360,896**
- Turkish lira	106,896	118,120
- Foreign currency	39,593	242,776
- Time Deposits	**-**	**314,000**
- Repo	-	314,000
Other cash equivalents	**6,740**	**570**
Checks to be expired on the day of balance sheet	**223,673**	**701,133**
Total	**403,673**	**1,406,601**

Note 7 - Financial Investments

Short and Long-Term Financial Investments

31.12.2012: None (31.12.2011: None).

Note 8 - Financial Liabilities

	31.12.2012	**31.12.2011**
Short-Term Financial Liabilities	**372,554**	**2,427,862**
Bank Loans	-	-
Financial leasing operations	372,554	2,427,862
Long-Term Financial Liabilities	**665,265**	**931,613**
Bank Loans	-	-
Financial leasing operations	665,265	931,613

a) Bank Loans 31.12.2012: None (31.12.2011: None).

b) Financial Leasing Operations

	Currency	**Maturity**	**31.12.2012 Equivalent Amount in TL**	**31.12.2011 Equivalent Amount in TL**
Short-Term Leasing Payables	EURO	up to 3 months	98,249	785,652
	EURO	Between 3 and 12 months	274,305	1,642,210
Total Short-Term Leasing Payables			**372,554**	**2,427,862**
Long-Term Leasing Payables	EURO	Between 1 and 5 years	665,265	931,613
Total Long-Term Leasing Payables			**665,265**	**931,613**

The maturity analyses of long-term financial leasing debts as of December 31, 2012 and December 31, 2011, are shown below:

	31.12.2012	31.12.2011
2013	-	333,793
2014	304,787	259,027
2015	292,832	268,498
2016	67,646	70,295
Total	**665,265**	**931,613**

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.

According to the standard, IAS 39 "Financial Instruments: Recognition and Measurement", the classification of financial liabilities is presented under the section, Note 2: Financial Instruments.

Note 9 - Other Financial Liabilities

The unamortized bank loans as of December 31, 2012 and December 31, 2011, are shown below:

	31.12.2012	31.12.2011
Other Short-Term Financial Liabilities	**1,000,000**	**1,000,000**
Unamortized Bank Loans (Revolving Credits)	1,000,000	1,000,000
Other Long-Term Financial Liabilities	**-**	**-**
Total	**1,000,000**	**1,000,000**

According to the standard, IAS 39 "Financial Instruments: Recognition and Measurement", the classification of financial liabilities is presented under the section, Note 2: Financial Instruments.

Note 10 - Trade Receivables and Payables

	31.12.2012	31.12.2011
Trade receivables from related parties(1)	**19,580,974**	**22,560,483**
-Gross book value of the trade receivables	21,102,314	24,304,474
-Doubtful trade receivables	275,556	114,745
-Minus: Trade receivables accrual from related parties	(1,528,268)	(1,743,991)
-Negative: Related parties provisions for doubtful trade receivables(2)	(268,628)	(114,745)
Other trade receivables	**35,137,685**	**29,818,901**
-Buyers	11,096,489	12,277,793
-Postdated checks and notes receivables	25,478,146	18,965,658
-Doubtful trade receivables	9,778,137	8,312,857
-Minus: Trade receivables accrual	(1,758,901)	(1,615,998)
-Minus: Provision for doubtful receivables(2)	(9,456,186)	(8,121,409)
Total	**54,718,659**	**52,379,384**

(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:

	31.12.2012	31.12.2011
Balance as of January 1	**(8,236,154)**	**(5,822,101)**
Provisions no longer required in the current period	25,456	12,576
Provision amount of the current period	(1,514,116)	(2,426,629)
Balance as of the end of the period	**(9,724,814)**	**(8,236,154)**

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.

Footnotes to Financial Statements as of December 31, 2012

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

The maturity analysis of (net) trade receivables which are not past due as of the dates 31.12.2012 and 31.12.2011 are presented in Note 39-E.

	31.12.2012	31.12.2011
Trade payables to related parties[3]	**701,404**	**400,910**
-Vendors Gross book value	705,242	341,588
-Post-dated checks and the gross amount of notes payable	-	73,328
-Minus: Accrued trade payables to related parties	(3,838)	(14,006)
Other trade payables	**4,234,129**	**2,415,500**
-Gross amount of vendors	3,769,068	2,427,924
-Post-dated checks and the gross amount of notes payable	512,498	-
-Minus: Accrued trade payables	(47,437)	(12,424)
Total	**4,935,533**	**2,816,410**

[3] Related details are described in Note 37.

Note 11 - Other Receivables and Payables

	31.12.2012	31.12.2011
Other Receivables (Short-Term)	**-**	**-**
Deposits and guarantees given	1,728	1,728
Other Receivables (Long-Term)	**1,728**	**1,728**

	31.12.2012	31.12.2011
Payables to personnel	1,260,694	1,014,212
Other various payables	15,114	50,600
Other Liabilities (Short-Term)	1,275,808	1,064,812
Other Liabilities (Long-Term)	-	-

(*) Described in Note 37.

Note 12 - Receivables and Payables Resulting from Financial Sector Operations

31.12.2012: None (31.12.2011: None).

Note 13 - Inventories

	31.12.2012	31.12.2011
Starting materials and supplies	9,052,392	7,034,428
Semi-products	48,502	-
Finished goods	214,225	89,929
Goods	63,748	332,153
Other inventories	110,590	-
Provision for inventory impairment (-)	(413,003)	(316,906)
Total	**9,076,454**	**7,139,604**

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

	31.12.2012	31.12.2011
Balance as of the beginning of the period	**(316,906)**	**(75,640)**
Provision for impairment (-) / provisions that are no longer required	(96,097)	(241,266)
Balance as of the end of the period	**(413,003)**	**(316,906)**

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 - Live Assets

31.12.2012: None (31.12.2011: None).

Note 15 - Balances Related to Construction Contracts in Progress

31.12.2012: None (31.12.2011: None).

Note 16 - Investments Evaluated with the Equity Method

31.12.2012: None (31.12.2011: None).

Note 17 - Investment Property

January 01 - December 31, 2012

	01.01.2012	Acquisitions	Disposals	Impairment Provisions	31.12.2012
Investment Property					
Lands	43,263,213	-	(870,987)	-	42,392,226
Buildings	30,364,359	-	(1,017,855)	(690,350)	28,656,154
Total	**73,627,572**		**(1,888,842)**	**(690,350)**	**71,048,380**

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

	01.01.2012	Acquisitions	Disposals	Impairment Provisions	31.12.2012
Investment Property					
Lands	17,415,321	-	-	-	17,415,321
Buildings	10,120,913	-	-	(300,643)	9,820,270
Total	**27,536,234**		**-**	**(300,643)**	**27,235,591**

January 01 - December 31, 2011

	01.01.2011	Acquisitions	Disposals	Impairment Provisions	31.12.2011
Investment Property					
Lands	42,392,226	1,045,184	(174,197)	-	43,263,213
Buildings	30,026,432	1,250,608	(204,614)	(708,067)	30,364,359
Total	**72,418,658**	**2,295,792**	**(378,811)**	**(708,067)**	**73,627,572**

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

	01.01.2011	Acquisitions	Disposals	Impairment Provisions	31.12.2011
Investment Property					
Lands	17,415,321	-	-	-	17,415,321
Buildings	10,421,556			(300,643)	10,120,913
Total	**27,836,877**			**(300,643)**	**27,536,234**

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. (31.12.2011: TL 104,400,000 and US$ 25,000,000)

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.

In the current period, the Company generated total rental income of TL 1,861,013 (previous period: TL 1,751,289) from investment property and covered TL 237,404 (previous period: TL 200,092) in operating costs (insurance costs and property taxes),

Footnotes to Financial Statements as of December 31, 2012
(Amounts are expressed in Turkish Lira ("TL"), unless otherwise indicated.)

Note 18 - Tangible Fixed Assets

January 01 - December 31, 2012

	01.01.2012	Acquisitions	Disposals	31.12.2012
Cost				
Land and land improvements	12,905,139	-	-	12,905,139
Buildings	6,280,276	-	-	6,280,276
Plant, machinery and equipment	71,765,238	867,663	(199,564)	72,433,337
Vehicles	1,387,611	289,685	(102,320)	1,574,976
Fixtures	6,881,963	104,343	-	6,986,306
Total	**99,220,227**	**1,261,691**	**(301,884)**	**100,180,034**
Minus: Accumulated Depreciation				
Buildings	(223,256)	(125,606)	-	(348,862)
Plant, machinery and equipment	(58,093,933)	(2,469,232)	199,564	(60,363,601)
Vehicles	(632,676)	(226,264)	102,320	(756,620)
Fixtures	(6,139,533)	(290,220)	-	(6,429,753)
Total	**(65,089,398)**	**(3,111,322)**	**301,884**	**(67,898,836)**
Tangible Fixed Assets (net)	**34,130,829**			**32,281,198**

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

	01.01.2012	Acquisitions	Disposals	31.12.2012
Cost				
Plant, machinery and equipment	8,843,699	170,343	-	9,014,042
Total	**8,843,699**	**170,343**	**-**	**9,014,042**
Minus: Accumulated Depreciation				
Plant, machinery and equipment	(2,036,548)	(885,077)	-	(2,921,625)
Total	**(2,036,548)**	**(885,077)**	**-**	**(2,921,625)**
Tangible Fixed Assets (net)	**6,807,151**			**6,092,417**

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**

The total amount of pledges, restrictions or mortgages on the Company's tangible fixed assets is TL 28,830,000. (31.12.2011: TL 29,630,000)

As tangible fixed assets are not covered by the qualifying asset definition in the standard IAS 23 "Borrowing Costs", financing expenses regarding tangible fixed assets are associated with the income statement and are not capitalized.

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

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

	31.12.2012	31.12.2011
Plant, machinery and equipment(*)	47,077,406	47,270,782
Vehicles(*)	330,717	318,872
Fixtures	5,365,397	5,275,758
Total	**52,773,520**	**52,865,412**

(*) The company sold its plant, machinery, equipment and inventory, which were fully amortized, worth TL 301,884 (net book value: 0) at their salvage value in the current period.

Note 19 - Intangible Fixed Assets

January 01 - December 31, 2012

	01.01.2012	Acquisitions	Impairment Provisions	31.12.2012
Cost				
Brand	56,125,860	-	(397,820)	55,728,040
Computer software	1,140,280	186,137	-	1,326,417
Total	**57,266,140**	**186,137**	**(397,820)**	**57,054,457**
Minus: Accumulated Depreciation				
Computer software	(267,386)	(379,124)	-	(646,510)
Total	**(267,386)**	**(379,124)**	**-**	**(646,510)**
Intangible Fixed Assets (net)	**56,998,754**			**56,407,947**

January 01 - December 31, 2011

	01.01.2011	Acquisitions	Disposals	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**

Footnotes to Financial Statements as of December 31, 2012
(Amounts are expressed in Turkish Lira ("TL"), unless otherwise indicated.)

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

As of December 31st, 2012, the Company undertook an impairment test for its intangible fixed assets and calculated impairment provisions for its intangible fixed assets of an unlimited useful life. The concept of continuity was taken into consideration in the assessment of whether or not the brand value was deemed to have an unlimited useful life. The summary information, hypothesis and methods related to the assessment report of the “Türkiye” brand, which is owned by the Company being tested for the impairment by an assessment 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.
- Brand assessment was performed by an independent audit company. The usage value was taken as a basis in the assessment, for which the following assumptions were applied:

• Within the scope of the Financial Assets Pricing Model, the Weighted Average Cost of Capital of 15.37% was applied as a discount rate.
• Projections were extended to the terminal period, assuming a terminal growth rate of 2%.
• Projected inflation rates for the current year and for the two following years were determined based on expectations set forth in the Inflation Report 2012-IV published by the CBRT (Central Bank of Republic of Turkey).
• Circulations between 2007 and 2011 are taken as a basis in estimating the circulation of national newspapers in Turkey.

Impairment provisions for the aforementiond brand are as follows:

	31.12.2012	**31.12.2011**
Book value of the Brand (a)	79,875,083	79,875,083
Appraisal value (b)	55,728,040	56,125,860
Provision for impairment (b-a)	**(24,147,043)**	**(23,749,223)**

TL 397,820 provision for impairment occuring in the aforementioned Brand in the current period was accounted for in the operating expenses in the extended income statement.

Note 20 - Goodwill

31.12.2012: None (31.12.2011: None).

Note 21 - Government Grants and Incentives

31.12.2012: None (31.12.2011: 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 (31.12.2012)	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	-	1,819,573	2,086,963
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 3rd Parties in Order to Execute Ordinary Business Activities	-	-	-	-
D. The Total Amount of Other GPMs Given by the Company	25,362,230	225,000	136,547,530	182,287,374
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	136,547,530	182,287,374
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**	**225,000**	**138,367,103**	**184,374,337**
Total Shareholders' Equity of the Company (Note 27)				206.709.921
The Ratio of the Other GPMs Given by the Company over the Company's Shareholders' Equity				**88%**

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 3rd 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%**

Footnotes to Financial Statements as of December 31, 2012

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

b) Details regarding lawsuits of the Company as of the dates December 31, 2012, and December 31, 2011, are as follows:

	31.12.2012	31.12.2011
Provisions for lawsuits	145,180	232,180
Debt Provisions (Long-Term)	**145,180**	**232,180**

The transaction information regarding provisions allocated for lawsuits against the Company as of the dates December 31, 2012, and December 31, 2011, are as follows:

	31.12.2012	31.12.2011
Balance at the beginning of the period	**232,180**	**293,880**
Payments	(5,000)	(57,700)
Provisions for no longer valid lawsuits	(82,000)	(10,000)
Provision expense	-	6,000
Balance at the end of the period	**145,180**	**232,180**

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, 2012, is provided in the chart below:

	Quantity	Amount
Enforcement proceedings conducted in favour of the Company	80	2,410,401
Enforcement proceedings conducted against the Company	2	34,077
Ongoing lawsuits that were commenced in favour of the Company	9	253,172
Ongoing lawsuits that were commenced against the Company	36	568,357

Note 24 - Benefits Provided to the Personnel

	31.12.2012	31.12.2011
Long-Term Liabilities		
Provision for severance pay	7,034,857	6,348,799
Total	**7,034,857**	**6,348,799**

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.

- 31.12.2012: 3,034 TL
- 31.12.2011: 2,732 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:

	31.12.2012	**31.12.2011**
Discount rate	3.81%	4.25%
Rate of unpaid severance pay liability (average)	5%	8%

	31.12.2012	**31.12.2011**
Balance on January 1	**6,348,799**	**5,619,625**
Payments	(1,263,543)	(578,747)
Provisions no longer required	(225.384)	-
Provisions allocated within the period	2,174,985	1,307,921
Balance at the End of the Period	**7,034,857**	**6,348,799**

(*) The discount rate, which was revised as a result of the change in actuarial assumptions, had an effect of TL 185,462 on the provisions for severance pay.

Note 25 - Pension Plans

There are no regulations regarding pension commitments, except for the legal regulations explained in Note 24.

Note 26 - Other Assets and Liabilities

	31.12.2012	**31.12.2011**
Business advances	6,129,025	7,331,859
Other VAT	225,853	-
Prepaid tax claims	98,136	152,887
Advances given for purchase orders	37,299	493,738
Expenses for future months	31,868	47,840
Other Current / Floating Assets	**6,522,181**	**8,026,324**
Advances paid (for the fixed assets)	2,715,622	215,622
Other Intangible / Fixed Assets	**2,715,622**	**215,622**
Advances received for purchase orders	1,748,546	2,056,457
Taxes, fees and other deductions to be paid	2,209,315	1,244,377
Overdue, deferred or restricted tax assets	226,970	230,497
Other Short-Term Liabilities	**4,184,831**	**3,531,331**
Deferred and Installed Public Receivables	75,657	302,627
Other Long-Term Liabilities	**75,657**	**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, 2012, the registered capital ceiling of the Company is TL 240,000,000.

Footnotes to Financial Statements as of December 31, 2012
(Amounts are expressed in Turkish Lira ("TL"), unless otherwise indicated.)

As of December 31, 2012, and December 31, 2011, the Company's approved and issued share capital, and its capital structure, are as follows:

	31.12.2012		31.12.2011	
Name / Title	**Share Rate %**	**Share Amount (TL)**	**Share Rate %**	**Share Amount (TL)**
İhlas Yayın Holding A.Ş.	56.55	67,859,559	56.55	45,239,706
Free Float	33.00	39,600,000	33.00	26,400,000
İhlas Holding A.Ş.	6.92	8,304,075	6.92	5,536,050
Enver Ören(*)	2.02	2,423,271	2.02	1,615,514
İhlas Ev Aletleri İmalat Sanayi Ticaret A.Ş.	1.03	1,237,553	1.03	825,035
Other	0.48	575,542	0.48	383,695
Total	**100.00**	**120,000,000**	**100.00**	**80,000,000**
Capital Adjustment Account		38,494,868		78,494,868
Total		**158,494,868**		**158,494,868**

The Company's indirect shareholder structure is as follows:

	31.12.2012		31.12.2011	
Name / Title	**Share Rate %**	**Share Amount (TL)**	**Share Rate %**	**Share Amount (TL)**
Free Float	89.48	107,382,644	88.17	70,541,770
Enver Ören(*)	7.29	8,744,458	7.71	6,164,520
Other	3.23	3,872,898	4.12	3,293,710
Total	**100.00**	**120,000,000**	**100.00**	**80,000,000**

On its meeting dated: 24.07.2012, the Board of Directors reached a decision to raise the Company's capital by 50% to TL 120,000,000 through a bonus issue. The capital increase was covered by the Positive Distinction from Share Capital Adjustment. The Company was granted the Capital Markets Board's "Certificate for the Completion of Capital Increases Performed by Joint Stock Companies that are Subject to the Registered Capital System" no: 93/1042 and dated: 21.09.2012 for raising its issued capital through bonus shares from TL 80,000,000 to TL 120,000,000 (which is under TL 240,000,000, the upper limit of the Company's registered capital). The certificate was approved by the Republic of Turkey Istanbul Trade Registry Office on 26th September, 2012.

(*) Mr. Enver Ören, one of the Company's shareholders, passed away after the date of the balance sheet; the shareholder structure remains unclear as of the report date.

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	9,000,000	9,000,000
İhlas Holding A.Ş.	Registered	2,400,000	2,400,000
Enver Ören(*)	Registered	600,000	600,000
Total		**12,000,000**	**12,000,000**

(*) Mr. Enver Ören, one of the Company's shareholders, passed away after the date of the balance sheet, while the status of privileged shares remains unclear as of the report date.

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.

The Company's Board of Directors applied to the CMB on 14th February, 2013 concerning the amendments to the Company's Articles of Association, in order to ensure full compliance with the Turkish Commercial Code no: 6102 and the Capital Markets Law no: 6362. Detailed information is provided in Note 40.

B. Restricted Reserves That Are Allocated from Profit
According to the Turkish Commercial Code, legal reserves are classified into two, which are the primary and the secondary legal reserves. Until the primary legal reserves reach 20% of the sum of revalued paid-in capital, they are allocated by an amount that corresponds to 5% of the net profit in the legal financial statements. The secondary legal reserves are allocated as 10% of the sum of dividend distributions exceeding 5% of the revalued capital. Within the framework of TCC provisions, legal reserves are only used for netting the losses; and they are not allowed to be used for any other purpose unless they exceed 50% of the paid-in capital.

	31.12.2012	**31.12.2011**
Legal reserves	83,901	83,901
Special reserves(*)	873,284	873,284
Total	**957,185**	**957,185**

(*) This amount is associated with the merger between the Company and the "Medya Reklam Pazarlama, Film Prodüksiyon ve Basım Hizmetleri" Joint Stock Company in 2008. Because this company, which merged with İhlas Gazetecilik A.Ş., lost its entire capital in accordance with the provisions of the Turkish Commercial Code, the company was financed by transferring capital from its capital reserves. These reserves had previously been paid by the company's shareholders.

C. Revaluation Fund
31.12.2012: None (31.12.2011: 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;

	31.12.2012	**31.12.2011**
Balance on January 1	**47,975,812**	**41,839,375**
Profit / (loss) for the previous period	716,134	6,136,437
Balance at the end of the period	**48,691,946**	**47,975,812**

With the resolution no: 02/51 declared by the CMB and dated: 27th January, 2010 in its Weekly Press Release no: 2010/4, the CMB declared that no obligation for minimum profit distribution shall be imposed on joint stock companies whose shares are traded on the stock exchange, and that joint stock companies would be permitted to distribute their profits within the framework of the provisions set forth in the Communiqué, Serial: IV and No: 27, on the "Principles To Be Abided by Publicly-Held Joint Stock Companies That Are Subject to the Capital Markets Law Concerning the Distribution of Dividends and Carry out Advance Dividend Payments", as well as the provisions of the companies' Articles of Association and the dividend distribution policies disclosed by the companies to the public. Accordingly, the total amount of the Company's first dividends shall not be less than 20% of the distributable profit, as calculated by deducting reserves that must be set aside as per the law, as well as taxes, funds and financial payments and losses in previous periods, from the Company's profit in the pertaining accounting period.

Footnotes to Financial Statements as of December 31, 2012
(Amounts are expressed in Turkish Lira ("TL"), unless otherwise indicated.)

A decision was made with effect from 1st January, 2008, to keep the first dividends in the Company and not to distribute them in the event that the total amount of the first dividends was less than 5% of the Company's paid-in/issued capital. The Company currently has no distributable profit, as calculated by deducting reserves that must be set aside as per the law, as well as taxes, funds and financial payments and losses in previous periods, if any, from the Company's profit in the accounting period in accordance with IAS/IFRS and legal records. The associated calculation table is as follows:

	According to IAS/IFRS	According to legal records (solo)
Profit for the period (excluding minority shares)	(1,756,848)	(1,333,410)
Taxes Payable	322,770	(27,779)
Net period profit/(loss)	(1,434,078)	(1,361,189)
Losses in previous years	-	(21,970,031)
Primary reserves	-	-
Net distributable period profit	**-**	**-**

Note 28 - Sales Revenues and Costs

A. Gross Profit / Loss from Commercial Activities

	01.01-31.12.2012	01.01-31.12.2011
Domestic sales	78,027,564	85,119,467
International Sales	2,950,219	1,098,630
Total Gross Sales	**80,977,783**	**86,218,097**
Sales discounts (-)	(5,030,935)	(5,964,065)
Net Sales	**75,946,848**	**80,254,032**
Cost of sales (-)	(69,259,238)	(70,635,907)
Gross Sales Profit	**6,687,610**	**9,618,125**

The table of the cost of sales of the Company is presented below:

	01.01-31.12.2012	01.01-31.12.2011
Raw materials, materials and commercial goods	(34,792,506)	(42,842,641)
Personnel expenses	(20,294,294)	(14,703,574)
Amortizations and depreciations	(3,061,201)	(2,963,176)
Electricity, water and heating expenses	(3,122,959)	(3,347,464)
Provisions for severance pay	(1,722,110)	(619,798)
Agency and consultant firm expenses	(466,975)	(1,134,676)
Transport and distribution expenses	(887,392)	(1,651,838)
Maintenance, repair and overhaul expenses	(1,674,879)	(1,129,858)
Security, cleaning, hygiene and kitchen expenses	(815,728)	(806,817)
Rent expenses	(986,612)	(778,501)
Fuel and transportation expenses	(208,149)	(76,755)
Communication expenses	(87,546)	(55,156)
Taxes, duties, charges and notary and contribution expenses	(1,042,510)	(336,383)
Other expenses	(448,071)	(543,340)
Transfer of late interests related to purchases from cost of sales to financial expenses	351,694	354,070
Cost of Sales	**(69,259,238)**	**(70,635,907)**

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

31.12.2012: None (31.12.2011: None).

Note 29 - Operating Costs

	01.01-31.12.2012	01.01-31.12.2011
Marketing, selling and distribution expenses	(7,398,256)	(5,357,436)
General management expenses	(9,494,221)	(9,712,009)
Research and development expenses	-	-
Total	**(16,892,477)**	**(15,069,445)**

Note 30 - Qualitative Distribution of Expenses

The details regarding expenses according to their nature for the periods 01.01 - 31.12.2012 and 01.01 - 31.12.2011 are as follows:

	01.01-31.12.2012	01.01-31.12.2011
Advertising and advertising expenses	(1,792,213)	(393,117)
Personnel wages expenses (a)	(1,760,887)	(1,785,994)
Advertising commission and bonus expenses	(1,212,417)	(1,589,140)
Promotion expenses	(728,576)	(416,413)
Distribution and shipping expenses	(617,795)	(695,906)
Outsourced benefits	(561,890)	(235,608)
Rent Expenses	(112,461)	(90,288)
Expense for the provision for employee termination benefits (b)	(90,004)	-
Market research expenses	(82,128)	(150,970)
Other marketing, sales and distribution costs	(439,885)	-
Marketing, Sales and Distribution Expenses	**(7,398,256)**	**(5,357,436)**

	01.01-31.12.2012	01.01-31.12.2011
Personnel wages expenses (a)	(4,233,588)	(3,633,009)
Provision expenses for doubtful trade receivables	(1,514,116)	(2,426,629)
Depreciation and amortization expenses (c)	(429,245)	(137,740)
Provision expenses for work advances	(806,119)	(814,651)
Outsourced benefits and services	(520,794)	(436,751)
Taxes, duties and charges	(396,525)	(470,273)
Expense for the provision for employee termination benefits (b)	(362,871)	(688,123)
Consultancy and auditing expenses	(303,126)	(147,194)
Maintenance and insurance expenses	(234,590)	(171,789)
Court, notary, land registry and membership fees expenses	(223,900)	(224,700)
Rent Expenses	(103,816)	(83,347)
Other general management expenses	(365,531)	(477,803)
General Management Expenses	**(9,494,221)**	**(9,712,009)**

(a) Details of personnel expenses that are accounted under operating costs are as follows:

	01.01-31.12.2012	01.01-31.12.2011
Gross wages expenses	(4,450,037)	(3,929,461)
Social Security deductions (employee and employer)	(1,041,744)	(751,311)
Other expenses	(502,694)	(738,231)
Total	**(5,994,475)**	**(5,419,003)**

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

	01.01-31.12.2012	01.01-31.12.2011
Cost of sales	(1,722,110)	(619,798)
Marketing, sales and distribution costs	(90,004)	-
General administrative expense	(362,871)	(688,123)
Total	**(2,174,985)**	**(1,307,921)**

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

(c) Details of amortizations and depreciations are as follows:

	01.01-31.12.2012	01.01-31.12.2011
Cost of sales	(3,061,201)	(2,963,176)
General management expense	(429,245)	(137,740)
Total	**(3,490,446)**	**(3,100,916)**

Note 31 - Other Operating Incomes / Expenses

Details regarding other income / expenses for the periods 01.01 - 31.12.2012 and 01.01 - 31.12.2011 are as follows:

	01.01-31.12.2012	01.01-31.12.2011
Rental income	1,861,013	1,751,289
Financial aids (SGK premium Treasury discount)	624,122	535,053
Profit from the sale of fixed assets	94,229	149,944
Provisions for severance pay no longer required	225,384	-
Provisions for legal action no longer required	82,000	10,000
Provisions for impairment of trade receivables no longer required	25,456	12,576
Other income	157,477	87,819
Total Other Income	**3,069,681**	**2,546,681**

	01.01-31.12.2012	01.01-31.12.2011
Provisions for impairment of investment property	(690,350)	(708,067)
Provisions for brand impairment	(397,820)	-
Fiscal liabilities within the scope of Law No. 6111	-	(726,599)
Provision expenses for lawsuits	-	(6,000)
Total Other Expenses	**(1,088,170)**	**(1,440,666)**

Note 32 - Financial Revenues

Details regarding financial income for the periods 01.01 - 31.12.2012 and 01.01 - 31.12.2011 are as follows:

	01.01-31.12.2012	01.01-31.12.2011
Revenues from maturity gaps (including re discount interest income)	5,968,698	5,998,981
Interest income	2,317,178	1,619,247
Foreign exchange profits	534,135	820,164
Profit from sales of financial investments	-	183,111
Total	**8,820,011**	**8,621,503**

Note 33 - Financial Expenses

Details regarding financial expenses for the periods 01.01 - 31.12.2012 and 01.01 - 31.12.2011 are as follows:

	01.01-31.12.2012	01.01-31.12.2011
Foreign exchange losses	(1,343,134)	(438,558)
Expenses from maturity gaps (including re discount interest expenses)	(527,643)	(1,226,917)
Interest expenses	(482,726)	(1,420,958)
Total	**(2,353,503)**	**(3,086,433)**

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

A. Fixed Assets Held-for-Sale

31.12.2012: None.

31.12.2011: None.

B. Discontinued Operations

01.01 - 31.12.2012: None.
01.01 - 31.12.2011: None.

Note 35 - Tax Assets and Liabilities

A. Tax Assets and Liabilities of the Current Period
Corporate tax rate is 20%. Profit shares (dividends) paid to institutions which obtain a revenue through an office in Turkey, or through its permanent representative and institutions which are established in Turkey, are not subjected to withholding tax. Apart from the above mentioned institutions, all paid dividends are subject to a withholding tax at a rate of 15%. Adding the profit to the capital is not considered as a profit distribution. Therefore, it is not subjected to a withholding tax. Advance tax paid during the year belongs to that year and is deducted from 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.

According to Corporate Tax Law, all financial losses declared on the returns can be deducted from the corporate tax base of the period, unless they exceed a 5 year period. Returns and related accounting records can be reviewed by the tax authorities for five years in a retrospective manner and tax accounts can be revised.

The main components of the tax expenses as of the dates December 31, 2012, and December 31, 2011, are as follows:

	31.12.2012	**31.12.2011**
Tax provisions for the current period	27,779	947,750
Prepaid taxes (-)	(27,779)	(947,750)
Total	**-**	**-**

Reconciliation for the tax provisions for the current period and the accounting profit as of the dates December 31, 2012, and December 31, 2011, are as follows:

	01.01-31.12.2012	**01.01-31.12.2011**
Accounting Profit / Loss	**(1,333,410)**	**2,148,392**
Additions (+)	1,918,353	3,288,140
Discounts (-)	(446,049)	(697,784)
Financial Profit / Loss	**138,894**	**4,738,748**
Tax rate	20%	20%
Tax Provision Amount	**27,779**	**947,750**

The main components of the tax expenses which are reflected to the income statement as of the dates 01.01 - 31.12.2012, and 01.01 - 31.12.2011, are as follows:

	01.01-31.12.2012	**01.01-31.12.2011**
Current period corporate tax	(27,779)	(947,750)
Deferred tax income / (expense)	350,549	474,119
Balance at the end of the period	**322,770**	**(473,631)**

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 2012 is 20% (31.12.2011: 20%). Therefore the tax rate applied to the deferred tax assets and liabilities, which are calculated according to the Liability Over Temporary Differences Method, is 20%.

Footnotes to Financial Statements as of December 31, 2012

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

The detailed list prepared by using the enacted tax rates of the accumulated temporary differences, deferred tax assets and liabilities as of the dates December 31, 2012, and December 31, 2011, is as follows:

	31.12.2012		31.12.2011	
Deferred tax associated with the Income Statement	**Total Temporary Differences**	**Deferred Tax Assets / (Liabilities)**	**Total Temporary Differences**	**Deferred Tax Assets / (Liabilities)**
Provisions for impairment on the intangible fixed asset (the brand)	24,147,043	4,829,409	23,749,223	4,749,845
Provisions for impairment of investment property	20,058,426	4,011,685	20,058,426	4,011,685
Provisions for employee termination benefits	7,034,857	1,406,970	6,348,799	1,269,760
Provisions for doubtful receivables	4,238,360	847,672	3,789,033	757,807
Accrual expenses for trade receivables	1,758,901	351,780	1,615,998	323,200
Provision expenses for work advances	1,620,770	324,154	814,651	162,930
Accrual expenses for receivables from the related parties	1,528,268	305,654	1,743,991	348,798
Provisions for impairment of inventories	413,003	82,601	316,906	63,381
Provision expenses for work advances	195,248	39,050	26,200	5,240
Provision expenses for lawsuits	145,180	29,036	232,180	46,436
Temporary differences regarding intangible fixed assets	(82,614,710)	(16,522,942)	(82,589,252)	(16,517,851)
Temporary differences arising from the capitalization of property acquired through leasing	(10,303,996)	(2,060,799)	(10,303,996)	(2,060,799)
Temporary differences regarding tangible fixed assets	(1,428,599)	(285,720)	(789,200)	(157,841)
Increase in value of investment properties	(620,544)	(124,109)	(620,544)	(124,109)
Re discount income from trade liabilities	(47,437)	(9,487)	(12,424)	(2,485)
Re discount income from related party payables	(3,838)	(768)	(14,006)	(2,801)
Foreign exchange difference income / expense	(2,111)	(422)	93	19
Gross deferred tax asset	**61,140,056**	**12,228,011**	**58,695,500**	**11,739,101**
Gross deferred tax liability	**(95,021,235)**	**(19,004,247)**	**(94,329,422)**	**(18,865,886)**
Net deferred tax assets / (liabilities)	**(33,881,179)**	**(6,776,236)**	**(35,633,922)**	**(7,126,785)**

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

	01.01-31.12.2012	**01.01-31.12.2011**
Balance on January 1	**(7,126,785)**	**(7,600,904)**
Deferred tax income / (expense)	350,549	474,119
Balance at the end of the period	**(6,776,236)**	**(7,126,785)**

Note 36 - Earnings Per Share

The weighted average shares and the profit calculation per share of the Company, as of the periods 01.01 - 31.12.2012 and 01.01 - 31.12.2011, are as follows:

	01.01-31.12.2012	**01.01-31.12.2011**
Earning / (loss) obtained from ongoing activities, per share:		
The main partnership's net profit / (loss) for the period, regarding ongoing activities	(1,434,078)	716,134
The weighted average number of shares with a value of TL 1, each	90,520,548	80,000,000
Earning / (loss) obtained from ongoing activities, per share (TL)	**(0.016)**	**0.009**
Earning / (loss) per share:		
Profit / (loss) for the period	(1,434,078)	716,134
The weighted average number of shares with a value of TL 1, each	90,520,548	80,000,000
Earning / (loss) per share (TL)	**(0.016)**	**0.009**

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

	31.12.2012	31.12.2011
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	40,000,000	-
The number of weighted stock shares at the end of the period	**120,000,000**	**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 31/12/2012 and 31/12/2011 are as follows:

	31.12.2012	31.12.2011
Receivables from Shareholders and Parties Associated with Shareholders		
İhlas Pazarlama A.Ş.(*)	14,658,727	18,424,280
TGRT Haber TV A.Ş.	2,569,165	2,122,160
İhlas Holding A.Ş.	1,225,748	593,957
İletişim Magazin Gazt. Yayın San. ve Tic. A.Ş.	677,302	237,827
Promaş Pro. Medya Rek. ve Film Paz. Hiz. A.Ş.	237,874	-
İhlas Medya Planlama ve Satınalma Hiz. Ltd. Şti.	149,027	104,362
İhlas Fuar Hizmetleri A.Ş.	24,126	69,512
Kuzuluk Kaplıca İnş. Tur. Sağlık Tic. A.Ş.	23,753	10,159
TGRT Dijital TV A.Ş.	6,929	7,983
İhlas Haber Ajansı A.Ş.	6,629	706,933
İhlas Pazarlama Yatırım Holding A.Ş.	1,070	-
İhlas İnşaat Holding A.Ş.	624	-
İhlas Ev Aletleri İmalat Sanayi Ticaret A.Ş.	-	136,843
Alternatif Medya Görsel İletişim Sis. Ltd . Şti.	-	61,826
İhlas Motor A.Ş.	-	46,012
Tasfiye Halinde İhlas Finans Kurumu A.Ş	-	24,835
İhlas Dış Ticaret A.Ş.	-	9,625
Mir Maden İşletmeciliği Enerji ve Kimya San. Tic. Ltd. Şti.	-	3,116
İhlas Oxford Mortgage İnş. ve Tic. A.Ş.	-	1,053
Total	**19,580,974**	**22,560,483**

(*) This balance includes receivables associated with the sale of goods and services, advertising and rental income, etc, and a specific portion of receivables which arose in connection with the sale of "Türkiye" - a newspaper published by the Company - by Doğan Dağıtım A.Ş., a company under the Doğan Group. Such receivables are collected by İhlas Pazarlama A.Ş. in order to speed up the collection process.

Advance Payments Given	31.12.2012	31.12.2011
İhlas İnşaat Proje Taahhüt Tur. ve Tic. A.Ş.	215,622	215,622
İhlas Net Ltd. Şti.	3,369	2,122
Promaş Pro. Medya Rek. ve Film Paz. Hiz. A.Ş.	-	270,537
Total	**218,991**	**488,281**

Footnotes to Financial Statements as of December 31, 2012
(Amounts are expressed in Turkish Lira ("TL"), unless otherwise indicated.)

Payables to Shareholders and Parties Associated with Shareholders	**31.12.2012**	**31.12.2011**
İhlas Madencilik A.Ş.	181,655	123,369
İhlas Net A.Ş.	129,143	103,800
İhlas Ev Aletleri İmalat Sanayi Ticaret A.Ş.	100,150	-
İhlas Yayın Holding A.Ş.	88,222	-
İhlas Genel Antrepo Nakliyat ve Tic. A.Ş.	71,650	642
KPT Lojistik Taşımacılık Tur. Rek. Paz. İç ve Dış Tic. A.Ş.	66,703	71,285
Şifa Yemek ve Gıda Üretim Tesisleri Tic. A.Ş.	51,864	40,734
İhlas İnşaat Proje Taahhüt Turizm ve Tic.A.Ş.	12,017	61,080
Total	**701,404**	**400,910**

Advances Received	**31.12.2012**	**31.12.2011**
İhlas Yayın Holding A.Ş.	-	937,458
İhlas İnşaat Proje Taahhüt Tur. ve Tic. A.Ş.	-	2,019
Total	**-**	**939,477**

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. - 31.12.2012 and 01.01. - 31.12.2011, are as follows:

01.01-31.12.2012	**Sales of Goods & Services and Advertisement**	**Purchases of Goods & Services and Advertisement**
İhlas Pazarlama A.Ş.	2,962,992	2,921,609
İletişim Magazin Gazetecilik A.Ş.	1,595,662	-
İhlas Ev Aletleri İmalat San. Tic. A.Ş.	466,363	21
İhlas Medya Planlama ve Satınalma Hiz. Ltd. Şti.	328,614	-
İhlas Holding A.Ş.	237,051	639,317
Armutlu Tatil ve Turizm İşletmeleri A.Ş.	114,566	963
İhlas Yayın Holding A.Ş.	112,964	-
İhlas İnşaat Proje Taah. Tur. ve Tic. A.Ş.	53,614	-
TGRT Haber TV A.Ş	44,230	28,341
Kuzuluk Kapl. Sağ. ve Petr. Ür. Tic. A.Ş.	21,007	-
İhlas Fuar Hizmetleri A.Ş.	20,318	-
Bisan Bisiklet Moped Otomotiv Sanayi ve Ticaret A.Ş.	20,045	-
Şifa Yemek ve Gıda Üretim Tesisleri Tic. A.Ş.	12,470	735,675
İhlas Haber Ajansı A.Ş.	8,120	297,000
İhlas Motor A.Ş.	7,341	-
Alternatif Medya Görsel İlet. Sis. Ltd. Şti.	4,940	15,500
İhlas Net A.Ş.	2,625	63,924
Tasfiye Halinde İhlas Finans Kurumu A.Ş.	1,350	-
KPT Lojistik Taşımacılık Tur. Rek. Paz. İç ve Dış Tic. A.Ş.	884	713,095
İhlas Madencilik A.Ş.	256	-
Kristal Kola ve Meşrubat San. Tic. A.Ş.	70	-
İhlas Genel Antrepo Nakliyat ve Tic. A.Ş.	-	203,377
İhlas Net Ltd. Şti.	-	34,874
TGRT Dijital TV A.Ş.	-	2,500
Bisiklet Pazarlama San. ve Tic. A.Ş.	-	3,052
Total	**6,015,482**	**5,659,248**

01.01-31.12.2011	Sales of Goods & Services and Advertisement	Purchases of Goods & Services and Advertisement
İhlas Pazarlama A.Ş.	3,049,625	2,485,705
İletişim Magazin Gazetecilik A.Ş.	811,195	62,686
İhlas Ev Aletleri İmalat San. Tic. A.Ş.	485,452	216
İhlas Fuar Hizmetleri A.Ş.	478,500	44,275
İhlas Holding A.Ş.	307,233	416,413
İhlas Medya Plan. ve Satınalma Hiz. Ltd. Şti.	305,818	-
İhlas İnşaat Proje Taah. Tur. ve Tic. A.Ş.	122,281	-
İhlas Yayın Holding A.Ş.	87,447	9,114
Promaş Pro. Medya Rek. ve Film Paz. Hiz. A.Ş.	50,460	155,984
Armutlu Tatil ve Turizm İşletmeleri A.Ş.	34,300	743
Kuzuluk Kapl. Sağ. ve Petr. Ür. Tic. A.Ş.	23,426	7,789
İhlas Haber Ajansı A.Ş.	11,672	342,000
Şifa Yemek ve Gıda Üretim Tesisleri Tic. A.Ş.	10,066	313,227
İhlas Net A.Ş.	8,135	50,182
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	-
Kristal Kola ve Meşrubat San. Tic. A.Ş.	2,326	-
Tasfiye Halinde İhlas Finans Kurumu A.Ş.	1,675	-
TGRT Haber TV A.Ş.	1,410	-
İhlas Genel Antrepo Nakliyat ve Tic. A.Ş.	900	900
İhlas Madencilik A.Ş.	403	54,208
Mir İç Dış Ticaret ve Maden San. Ltd. Şti.	103	-
KPT Lojistik Taşımacılık Tur. Rek. Paz. İç ve Dış Tic. A.Ş.	-	596,602
İhlas Net Ltd. Şti.	-	83,173
Total	**5,801,521**	**4,623,217**

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. - 31.12.2012 and 01.01. - 31.12.2011, are as follows:

01.01-31.12.2012	Interest Revenues	Rent Revenues	Interest Expenses	Rent Expenses
İhlas Pazarlama A.Ş.	2,007,588	224,434	-	-
TGRT Haber TV A.Ş.	164,577	194,727	-	-
İhlas Holding A.Ş.	95,071	579,319	-	149,926
İhlas Medya Planlama ve Satınalma Hiz. Ltd. Şti.	12,653	56,744	-	-
İhlas Fuar Hizmetleri A.Ş.	7,880	-	-	-
İhlas Ev Aletleri İmalat San.Tic.A.Ş.	1,855	1,958	-	466,824
İhlas Haber Ajansı A.Ş.	3,207	3,156	-	-
Tasfiye Halinde İhlas Finans Kurumu A.Ş.	-	147,832	-	-
İhlas Holding A.Ş. - İhlas Yapı Turizm ve Sağlık A.Ş. Joint Venture 3	-	113,122	-	-
İhlas Yayın Holding A.Ş.	-	54,930	17,111	-
İhlas Yapı Turizm ve Sağlık A.Ş.	-	9,138	-	-
İhlas Dış Ticaret A.Ş.	-	8,354	-	-
TGRT Dijital TV A.Ş.	-	7,832	-	-
Armutlu Tatil ve Turizm İşletmeleri A.Ş.	-	4,895	-	-
İhlas Holding A.Ş. - İhlas Yayın Holding A.Ş. ve İhlas Pazarlama A.Ş. Joint Venture	-	4,569	-	-
İhlas Motor A.Ş.	-	2,937	-	-
Kuzuluk Kapl. Sağ. ve Petr. Ür. Tic. A.Ş.	-	2,937	-	-
Mir Maden İşletmeciliği Enerji ve Kimya San. Tic. Ltd. Şti.	-	1,810	-	-
İhlas Holding A.Ş. - İhlas Yapı Turizm ve Sağlık A.Ş. Joint Venture 2	-	1,142	-	-
İhlas Oxford Mortgage İnşaat ve Ticaret A.Ş.	-	1,044	-	-
İhlas İnşaat Holding A.Ş.	-	979	-	-
İhlas Pazarlama Yatırım Holding A.Ş.	-	979	-	-
İhlas Madencilik A.Ş.	-	-	29,399	363,234
Total	**2,292,831**	**1,422,838**	**46,510**	**979,984**

Footnotes to Financial Statements as of December 31, 2012
(Amounts are expressed in Turkish Lira ("TL"), unless otherwise indicated.)

01.01-31.12.2012	Sales of Fixed Assets	Purchases of Fixed Assets
İhlas Yayın Holding A.Ş.	8,895	-
İletişim Magazin Gazetecilik A.Ş.	-	4,000
Bisiklet Pazarlama San. ve Tic. A.Ş.	-	2,826
Total	**8,895**	**6,826**

01.01-31.12.2011	Interest Revenues	Rent Revenues	Rent Expenses
İhlas Pazarlama A.Ş.	1,350,149	202,327	36,984
İhlas Haber Ajansı A.Ş.	69,431	2,815	-
İhlas Holding A.Ş.	62,689	548,310	179,215
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. Ortak Girişimi 2	-	4,200	-
İhlas Holding A.Ş. - İhlas Yapı Turizm ve Sağlık A.Ş. Ortak Girişimi 3	-	4,200	-
İhlas Holding A.Ş. - İhlas Yapı Turizm ve Sağlık A.Ş. Ortak Girişimi	-	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	-
Tasfiye Halinde 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**

D. Short-term benefits provided to the Company's key management personnel in the periods January 1 - December 31, 2012 and January 1 - December 31, 2011 are as follows:

01.01-31.12.2012: 375,695 TL
01.01-31.12.2011: 340,469 TL

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

01.01-31.12.2012: 186,096 TL
01.01-31.12.2011: 200,324 TL

E. Long-term benefits provided to the Company's key management personnel in the periods January 1 - December 31, 2012 and January 1 - December 31, 2011 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, 2012 and December 31, 2011 are as follows:

	31.12.2012	31.12.2011
A. Foreign currency assets	588,518	426,278
B. Foreign currency liabilities	1,568,490	3,389,245
Net Foreign Exchange Position (A-B)	**(979,972)**	**(2,962,967)**

FOREIGN EXCHANGE POSITION TABLE

	31.12.2012				31.12.2011			
	TL Equivalent	US$	EURO	Other	TL Equivalent	US$	EURO	Other
1. Trade Receivables	548,925	206,138	77,163	-	162,799	31,868	41,986	-
2a. Monetary financial assets (including Cash and Bank accounts)	39,593	6,922	11,549	33	263,479	106,108	25,801	-
2b. Non-Monetary Financial Assets	-	-	-	-	-	-	-	-
3. Other	-	-	-	-	-	-	-	-
4. Current Assets (1+2+3)	**588,518**	**213,060**	**88,712**	**33**	**426,278**	**137,976**	**67,787**	**-**
5. Trade Receivables	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-
8. Fixed Assets (5+6+7)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
9. Total Assets (4+8)	**588,518**	**213,060**	**88,712**	**33**	**426,278**	**137,976**	**67,787**	**-**
10. Accounts Payable	530,671	284,430	9,805	204	29,770	-	9,074	2,604
11. Financial Liabilities	372,554	-	158,419	-	2,427,862	-	993,478	-
12a. Other Monetary Liabilities	-	-	-	-	-	-	-	-
12b. Other Non-Monetary Liabilities	-	-	-	-	-	-	-	-
13. Short-Term Liabilities (10+11+12)	**903,225**	**284,430**	**168,224**	**204**	**2,457,632**	**-**	**1,002,552**	**2,604**
14. Accounts Payable	-	-	-	-	-	-	-	-
15. Financial Liabilities	665,265	-	282,887	-	931,613	-	381,215	-
16a. Other Monetary Liabilities	-	-	-	-	-	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-	-	-	-	-
17. Long-Term Liabilities (14+15+16)	**665,265**	**-**	**282,887**	**-**	**931,613**	**-**	**381,215**	**-**
18. Total Liabilities (13+17)	**1,568,490**	**284,430**	**451,111**	**204**	**3,389,245**	**-**	**1,383,767**	**2,604**
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)	**(979,972)**	**(71,370)**	**(362,399)**	**(171)**	**(2,962,967)**	**137,976**	**(1,315,980)**	**(2,604)**

Footnotes to Financial Statements as of December 31, 2012

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

	TL Equivalent	US$	EURO	Other	TL Equivalent	US$	EURO	Other
21. Net Foreign Asset / (Liability) Position of Monetary Items (I+2a+5+6a-10-II-12a-14-15-16a)	**(979,972)**	**(71,370)**	**(362,399)**	**(171)**	**(2,962,967)**	**137,976**	**(1,315,980)**	**(2,604)**
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	**2,950,219**	**1,117,080**	**399,510**	**-**	**1,098,630**	**54,860**	**436,059**	**-**
26. Imports	**23,894,036**	**9,166,701**	**3,177,155**	**4,931**	**33,082,798**	**11,502,290**	**4,310,757**	**8,319**

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, 2012, and December 31, 2011, 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.

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).

	31.12.2012	31.12.2011
Total liabilities	38,693,932	37,521,520
Minus: Cash and Cash Equivalent Values (Note 6)	(403,673)	(1,406,601)
Net liability	38,290,259	36,114,919
Total shareholders' equity (Note 27)	206,709,921	208,143,999
The ratio of net liability /shareholders' equity	18.52%	17.35%

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 is indebted through fixed interest rates. The interest rates applying to the Company's liabilities are set out in detail in footnotes No: 6, 8 and 9.

Interest Position Table

		31.12.2012	31.12.2011
	Financial instruments with fixed rate		
Financial assets	Financial assets to be kept until maturity	-	314,000
	Financial assets that are ready for sale	-	-
Financial liabilities (bank loans)		1,037,819	3,359,475
	Financial instruments with variable interest rate		
Financial assets		-	-
Financial liabilities		1,000,000	1,000,000

As of the dates December 31, 2012 and December 31, 2011, if the base point of interest were to be changed by 100 points, which means if interest rates were changed 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.

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, 2012 and December 31, 2011, if the currency unit TL were to change by 10% against US$, EURO and other foreign currency units, and if all other variables could be held constant, the pre-tax net profit / loss derived from net foreign exchange profit / loss of the assets and liabilities denominated by these currency units;

31.12.2012: would be TL 97,997 TL lower / higher.
31.12.2011: would be TL 296,297 TL lower / higher.

Footnotes to Financial Statements as of December 31, 2012

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

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

Exchange Rate Sensitivity Analysis Table

	31 December 2012 Profit / Loss		31 December 2011 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	(12,722)	12,722	26,062	(26,062)
2- part protected from US$ risk (-)	-	-	-	-
3- US$ Net Impact (1+2)	(12,722)	12,722	26,062	(26,062)
In case of a 10% change in EURO currency:				
4- net EURO assets / (liabilities)	(85,226)	85,226	(321,599)	321,599
5- part protected from EURO risk (-)	-	-	-	-
6- EURO Net Impact (4+5)	(85,226)	85,226	(321,599)	321,599
In case of a 10% change in other currencies:				
7- net assets in other foreign currency / (liabilities)	(49)	49	(760)	760
8- part protected from other foreign currency risk (-)	-	-	-	-
9- Other Currency Assets Net Impact (7+8)	(49)	49	(760)	760
Total (3+6+9)	**(97,997)**	**97,997**	**(296,297)**	**296,297**

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.

Exposed credit risks in terms of financial instrument types:

31 December 2012	**Receivables**					
	Trade Receivables		**Other Receivables**			
	Related Party	**Other Party**	**Related Party**	**Other Party**	**Bank Deposits**	**Cash and Other**
Maximum credit risk exposed as of the reporting date (A+B+C+D+E)[1]	**19,580,974**	**35,137,685**	**-**	**1,728**	**146,489**	**257,184**
Part of maximum risk secured by Guarantee etc.	-	-	-	-	-	-
A. Net book value of financial assets which are neither overdue nor subjected to impairment[2]	19,574,046	34,815,734	-	1,728	146,489	257,184
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]	6,928	321,951	-	-	-	-
- Overdue (gross book value)	275,556	9,778,137	-	-	-	-
- Impairment (-)	(268,628)	(9,456,186)	-	-	-	-
- 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 31.12.2012 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 31.12.2012 is as follows:

	Receivables	
	Overdue Amount	Doubtful Receivables Provisions
1 - 30 days overdue	168,021	(16,802)
1 - 3 months overdue	130,811	(45,784)
3 - 12 months overdue	231,585	(138,952)
1 - 5 years overdue	4,016,821	(4,016,821)
More than 5 years overdue	5,506,455	(5,506,455)
Total	**10,053,693**	**(9,724,814)**
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: 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.

31 December 2011	Receivables					
	Trade Receivables		Other Receivables			
	Related Party	Other Party	Related Party	Other Party	Bank deposits	Cash and Other
Maximum credit risk exposed as of the reporting date 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.

Footnotes to Financial Statements as of December 31, 2012
(Amounts are expressed in Turkish Lira ("TL"), unless otherwise indicated.)

The ageing analysis for financial assets which are overdue and impaired as of 31.12.2011 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 31.12.2011 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:

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.

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.

			31.12.2012		
Maturities as per the terms of agreement	**Book Value**	**Total Cash Outflows as per the terms of agreement**	**Less than 3 months**	**Between 3 - 12 months**	**Between 1 - 5 years**
Non-Derivative Financial Liabilities	**3,959,585**	**3,988,729**	**2,482,739**	**489,417**	**1,016,573**
Bank Loans	-	-	-		-
Finance Lease Obligations	1,037,819	1.037,819	98,249	274,305	665,265
Accounts Payable(*)	485,481	514,626	68,975	200,543	245,108
Other Debts and Liabilities(**)	2,436,285	2,436,284	2,315,515	14,569	106,200
Expected Maturities	**Book Value**	**Total Expected Cash Outflows**	**Less than 3 months**	**Between 3 - 12 months**	**Between 1 - 5 years**
Non-Derivative Financial Liabilities	**8,695,243**	**8,719,502**	**6,735,005**	**1,763,660**	**220,837**
Bank Loans	1,000,000	1,000,000	1,000,000	-	-
Accounts Payable(***)	4,450,052	4,474,311	4,474,311	-	-
Other Debts and Liabilities	3,245,191	3,245,191	1,260,694	1,763,660	220,837

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.

			31.12.2011		
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	-	-

			31.12.2011		
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 Debt 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.

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 - Events After the Date of the Balance Sheet

Applications to the CMB for amendments to the Articles of Association
The Company applied to CMB on 14.02.2013 following the Board of Directors' decision no: 2013/04 and dated: 13.02.2013 for the amendment of the following articles of the Company's Articles of Association in order to comply with the Turkish Commercial Code no: 6102 and the Capital Markets Board no: 6362: Article 3 (entitled "Purpose and Subject"), Article 4 (entitled "Company's Headquarters and Branches), Article 6 (entitled "Capital and Type of Share Certificates"), Article 8 (entitled "Transfer of Share Certificates"), Article 9 (entitled "Privileges"), Article 11 (entitled "Board of Directors Meetings - Attendance and Resolution Quorum"), Article 12 (entitled "Representation of the Company"), Article 14 (entitled "Auditors"), Article 15 (entitled "Duty of Auditors"), Article 16 (entitled "Remuneration for Auditors"), Article 17 (entitled "General Assembly"), Article 19 (entitled "Presence of Commissioner in the General Assembly Meeting"), Article 20 (entitled "Attendance and Resolution Quorum"), Article 21 (entitled "Voting"), Article 26 (entitled "Amendments to the Articles of Association"), Article 29 (entitled "Determination and Distribution of Profit"), Article 31 (entitled "Reserves", Article 32 (entitled "Articles of Association Submitted to the Ministry") and Article 33 (entitled "Compliance with Legal Provisions and Corporate Governance Principles").

Footnotes to Financial Statements as of December 31, 2012
(Amounts are expressed in Turkish Lira ("TL"), unless otherwise indicated.)

In the event that the application process is successfully completed, the final status of preferential shares shall be as follows:

Benefits Provided by Preferential Shares
In the event that the General Assembly of the Company decides that the Board of Directors should consist of 5 persons, at least four of the Members of the Board of Directors shall be selected from among candidates nominated by group (A) shareholders. Likewise, at least five of the members shall be selected among those candidates in the event that a board of seven persons is decided on; at least seven of the members shall be selected among those candidates in the event that a board of nine persons is decided on; and at least nine of the members shall be selected among those candidates in the event that a board of 11 persons is decided on.

In the Company's ordinary and the extraordinary General Meetings, each group A shareholder holds 15 (fifteen) vote rights for each share that they possess.

Approval of financial statements
The Company's financial statements dated: 31.12.2012 were approved by the Board of Directors on March 8th, 2013. Only the General Assembly has the power to change the financial statements that were approved by the Board of Directors.

Changes in the indirect shareholder structure and the Board of Directors
Because of the demise of Mr. Enver Ören, the Chairman of the Board of Directors of the parent company, İhlas Holding A.Ş. – there was a change in the indirect shareholder structure after the Balance Sheet date, while the new shareholder structure remained unclear as of the report date. Moreover, the Chairman and a member of the Company's Board of Directors were replaced.

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

Reclassification:
The Company's comprehensive income statements of previous periods were reclassified, since the cost of sales and some expense items presented under 'general management expenses' on the Company's comprehensive income statement of 01.01.2011-31.12.2011 were reclassified and reported under such items as 'cost of sales', 'marketing, sales and distribution expenses', 'general management expenses' and 'other operating costs'. The reclassification in question is limited to the following:

Reclassified items	Situation before reclassification 01.01-31.12.2011	Reclassified amount	Situation after reclassification 01.01-31.12.2011
Cost of Sales	(71,763,395)	1,127,488	(70,635,907)
Marketing, Sales and distribution expenses	(3,245,546)	(2,111,890)	(5,357,436)
General Management Expenses	(11,404,478)	1,692,469	(9,712,009)
Other Operating Costs	(732,599)	(708,067)	(1,440,666)

İhlas
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