

# CONSOLIDATED FINANCIAL STATEMENTS AND FOOTNOTES

## İHLAS EV ALETLERİ İMALAT SANAYİ VE TİCARET ANONİM ŞİRKETİ

CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2011, AND DECEMBER 31, 2010

(UNLESS OTHERWISE STATED, THE AMOUNTS ARE IN TURKISH LIRA (TRY))

	Footnote References	Audited 31.12.2011	Independently Audited 31.12.2010
<b>ASSETS</b>			
<b>Current Assets</b>		<b>164.268.072</b>	<b>171.350.532</b>
Cash and Cash Equivalent	6	470.744	40.183.783
Financial Instruments	7	43.631.358	25.843.181
Trade Receivables	10	63.808.556	56.078.594
- Trade Receivables from Related Parties	10	2.947.757	30.101.967
- Other Trade Receivables	10	60.860.799	25.976.627
Receivables from Financing Activities	12	0	0
Other Receivables	11	899.109	1.055.780
Inventories	13	40.909.003	25.509.751
Biological Assets	14	0	0
Other Current Assets	26	14.549.302	22.679.443
(Subtotal)		164.268.072	171.350.532
Non-Current Assets Held for Sale	34	0	0
<b>Fixed Assets</b>		<b>121.534.743</b>	<b>118.038.080</b>
Trade Receivables	10	0	0
Receivables from Financing Activities	12	0	0
Other Receivables	11	231.262	480.039
Financial Instruments	7	1.364.959	3.526.551
Investments Valued by Equity Method	16	0	0
Biological Assets	14	0	0
Investment Properties	17	59.108.783	38.983.017
Tangible Fixed Assets	18	4.357.900	4.966.175
Intangible Fixed Assets	19	5.312.081	893.195
Goodwill	20	39.923.002	41.730.348
Deferred Tax Assets	35	11.180.443	6.420.462
Other Fixed Assets	26	56.313	21.038.293
<b>TOTAL ASSETS</b>		<b>285.802.815</b>	<b>289.388.612</b>

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(UNLESS OTHERWISE STATED, THE AMOUNTS ARE IN TURKISH LIRA (TRY))

	Footnote References	Audited 31.12.2011	Independently Audited 31.12.2010
<b>LIABILITIES</b>			
<b>Short-term Liabilities</b>		<b>75.161.693</b>	<b>51.436.254</b>
Financial Liabilities	8	61.577	11.557.238
Other Financial Liabilities	9	28.899.098	7.437.400
Trade Payables	10	41.996.402	22.203.131
- Trade Payables to Related Parties	10	591.036	1.044.359
- Other Trade Payables	10	41.405.366	21.158.772
Other Payables	11	0	0
Receivables from Financing Activities	12	0	0
Government Grants and Incentives	21	0	0
Current Income Tax Liabilities	35	0	0
Provisions for Debts	22-23	0	0
Other Short-term Liabilities	26	4.204.816	10.238.485
(Subtotal)		75.161.693	51.436.254
Liabilities Associated with Non-Current Assets Held for Sale	34	0	0
<b>Long-term Liabilities</b>		<b>7.186.012</b>	<b>6.464.729</b>
Financial Liabilities	8	0	0
Other Financial Liabilities	9	0	0
Trade Payables	10	0	0
Other Payables	11	0	0
Receivables from Financing Activities	12	0	0
Government Grants and Incentives	21	0	0
Provisions for Debts	22-23	1.065.584	2.137.629
Provisions for Employee Benefits	24	1.897.987	1.092.263
Deferred Tax Liabilities	35	1.876.035	3.234.837
Other Long-term Liabilities	26	2.346.406	0
<b>SHAREHOLDERS' EQUITY</b>		<b>203.455.110</b>	<b>231.487.629</b>
<b>Parent Company's Shareholders' Equity</b>		<b>181.978.538</b>	<b>204.913.013</b>
Issued Capital	27	191.370.001	191.370.001
Capital Adjustment for Mutual Ownership (-)	27	0	0
Share Premiums	27	6.534.581	6.534.581
Other Capital Reserves	3-27	4.890.469	0
Value Increase Funds	27	0	1.984.217
Foreign Currency Translation Adjustments	27	0	0
Restricted Reserves Allocated from Profits	27	1.887.847	1.680.909
Profit/Loss for Previous Years	27	3.467.180	(5.874.327)
Net Profit/Loss for the Period	36	(26.171.540)	9.217.632
<b>Minority Shares</b>	<b>27</b>	<b>21.476.572</b>	<b>26.574.616</b>
<b>TOTAL LIABILITIES</b>		<b>285.802.815</b>	<b>289.388.612</b>

# CONSOLIDATED FINANCIAL STATEMENTS AND FOOTNOTES

## İHLAS EV ALETLERİ İMALAT SANAYİ VE TİCARET ANONİM ŞİRKETİ

CONSOLIDATED COMPREHENSIVE INCOME STATEMENTS FOR THE FISCAL YEARS JANUARY 1, 2011 -

DECEMBER 31, 2011 AND JANUARY 1, 2010 - DECEMBER 31, 2010

(UNLESS OTHERWISE STATED, THE AMOUNTS ARE IN TURKISH LIRA (TRY))

	Footnote References	Independently Audited	
		01.01.2011 31.12.2011	01.01.2010 31.12.2010
<b>CONTINUING OPERATIONS</b>			
Sales Revenues	28	99.508.540	101.924.593
Cost of Sales (-)	28	(93.472.078)	(94.162.232)
<b>Gross Profit/Loss from Trade Operations</b>		<b>6.036.462</b>	<b>7.762.361</b>
Interest, Fees, Premiums, Commissions, and Other Income	28	0	0
Interest, Fees, Premiums, Commissions, and Other Expenses (-)	28	0	0
<b>Gross Profit/Loss from Financing Activities</b>		<b>0</b>	<b>0</b>
<b>GROSS PROFIT/LOSS</b>		<b>6.036.462</b>	<b>7.762.361</b>
Marketing, Sales, and Distribution Expenses (-)	29	(2.385.887)	(2.782.182)
General Administrative Expenses (-)	29	(9.655.228)	(7.050.551)
Research & Development Expenses (-)	29	(1.032.997)	(843.220)
Other Operating Income	31	12.983.376	18.814.050
Other Operating Expenses (-)	31	(33.693.696)	(12.930.505)
<b>OPERATING PROFIT/LOSS</b>		<b>(27.747.970)</b>	<b>2.969.953</b>
Share in Profit/Loss of Investments Valued by Equity Method		0	0
Financial Income	32	11.338.316	8.861.441
Financial Expenses (-)	33	(15.633.495)	(6.468.081)
<b>PROFIT/LOSS FROM CONTINUING OPERATIONS BEFORE TAXES</b>		<b>(32.043.149)</b>	<b>5.365.313</b>
<b>Tax Income/Expense from Continuing Operations</b>		<b>6.118.783</b>	<b>(48.025)</b>
Current Income Tax Liabilities	35	0	(1.245.392)
Deferred Tax Income/Expense	35	6.118.783	1.197.367
<b>CONTINUING OPERATIONS</b>		<b>(25.924.366)</b>	<b>5.315.288</b>
<b>DISCONTINUED OPERATIONS</b>			
<b>PROFIT/LOSS AFTER TAXES FOR THE FISCAL YEAR FROM DISCONTINUED OPERATIONS</b>		<b>0</b>	<b>0</b>
<b>PROFIT/LOSS FOR THE PERIOD</b>		<b>(25.924.366)</b>	<b>5.315.288</b>
<b>Distribution of Profit/Loss for the Period</b>		<b>(25.924.366)</b>	<b>5.315.288</b>
Minority Shares	36	247.174	(3.902.344)
Parent Shares	36	(26.171.540)	9.217.632
<b>Earnings per Share (in Kr)</b>	<b>36</b>	<b>(0,137)</b>	<b>0,048</b>
<b>Diluted Earnings per Share (in Kr)</b>	<b>36</b>	<b>(0,137)</b>	<b>0,048</b>
<b>Earnings per Share from Continuing Operations (in Kr)</b>	<b>36</b>	<b>(0,137)</b>	<b>0,048</b>
<b>Diluted Earnings per Share from Continuing Operations (in Kr)</b>	<b>36</b>	<b>(0,137)</b>	<b>0,048</b>

# CONSOLIDATED FINANCIAL STATEMENTS AND FOOTNOTES

## İHLAS EV ALETLERİ İMALAT SANAYİ VE TİCARET ANONİM ŞİRKETİ

CONSOLIDATED COMPREHENSIVE INCOME STATEMENTS FOR THE FISCAL YEARS JANUARY 1, 2011 -

DECEMBER 31, 2011 AND JANUARY 1, 2010 - DECEMBER 31, 2010

(UNLESS OTHERWISE STATED, THE AMOUNTS ARE IN TURKISH LIRA (TRY))

	Footnote References	Independently Audited	
		01.01.2011 31.12.2011	01.01.2010 31.12.2010
<b>OTHER COMPREHENSIVE INCOME STATEMENT</b>			
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>36</b>	<b>(25.924.366)</b>	<b>5.315.288</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<b>(1.984.217)</b>	<b>1.984.217</b>
Change in Financial Assets Value Increase Fund	27	(1.984.217)	1.984.217
Change in Fixed Assets Value Increase Fund		0	0
Change in Hedge Funds		0	0
Change in Foreign Currency Translation Differences		0	0
Actuarial Profit and Loss from Post-Employment Benefit Plans		0	0
Shares in Other Comprehensive Incomes from Partnerships Valued by Equity Method		0	0
Tax Income/Expense for Other Comprehensive Income Items		0	0
<b>OTHER COMPREHENSIVE INCOME (AFTER TAXES)</b>		<b>(27.908.583)</b>	<b>7.299.505</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>(27.908.583)</b>	<b>7.299.505</b>
<b>Distribution of Total Comprehensive Income</b>			
Minority Shares		247.174	(3.902.344)
Parent Shares		(28.155.757)	11.201.849

# CONSOLIDATED FINANCIAL STATEMENTS AND FOOTNOTES

## İHLAS EV ALETLERİ İMALAT SANAYİ VE TİCARET ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY FOR THE FISCAL YEARS OF  
JANUARY 1, 2011 - DECEMBER 31, 2011 AND JANUARY 1, 2010 - DECEMBER 31, 2010  
(UNLESS OTHERWISE STATED, THE AMOUNTS ARE IN TURKISH LIRA (TRY))

	Footnote References	Issued Capital	Other Capital Reserves	Share Premiums	Revaluation of Financial Fixed Assets	Statutory Reserves from Profit	Net Profit/ Loss for the Period	Profit/Loss from the Previous Year	Minority Shares	Total
<b>January 1, 2011</b>		191.370.001	0	6.534.581	1.984.217	1.680.909	9.217.632	(5.874.327)	26.574.616	231.487.629
Change in Revaluation of Financial Fixed Assets	27	0	0	0	(1.984.217)	0	0	0	0	(1.984.217)
Additional Contribution to Shareholders' Equity related to Merger	3-27	0	4.890.469	0	0	0	0	0	2.966.089	7.856.558
Change in Reserves from Profit	27	0	0	0	0	206.938	0	(206.938)	0	0
Effective Share Adjustments	27	0	0	0	0	0	0	330.813	(8.311.307)	(7.980.494)
Transfers	27	0	0	0	0	0	(9.217.632)	9.217.632	0	0
Net Profit/Loss for the Period	36	0	0	0	0	0	(26.171.540)	0	247.174	(25.924.366)
<b>December 31, 2011</b>		191.370.001	4.890.469	6.534.581	0	1.887.847	(26.171.540)	(3.467.180)	21.476.572	203.455.110

	Footnote References	Issued Capital	Share Premiums	Revaluation of Financial Fixed Assets	Statutory Reserves from Profit	Net Profit/ Loss for the Period	Profit/Loss from the Previous Year	Minority Shares	Total
<b>January 1, 2010</b>		191.370.001	6.534.581	0	1.453.715	2.080.698	(7.727.831)	30.461.593	224.172.757
Change in Restrictive Reserves form Profit	27	0	0	0	227.163	0	(227.163)	0	0
Change in Revaluation of Financial Fixed Assets	27	0	0	1.984.217	0	0	0	0	1.984.217
Effective Share Adjustments	27	0	0	0	31	0	(31)	15.367	15.367
Transfers	27	0	0	0	0	(2.080.698)	2.080.698	0	0
Net Profit/Loss for the Period	36	0	0	0	0	9.217.632	0	(3.902.344)	5.315.288
<b>December 31, 2010</b>		191.370.001	6.534.581	1.984.217	1.680.909	9.217.632	(5.874.327)	26.574.616	231.487.629

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	Footnote References	Audited 31.12.2011	Independently Audited 31.12.2010
<b>Cash flow from Business Activities</b>			
Net Profit/Loss for the Period	36	(26.171.540)	9.217.632
Reconciliation of Cash from Business Activities and Net Profit			
Depreciation	17,18	2.390.200	2.593.557
Amortization and Depletion Shares	19	231.837	327.219
Severance Provisions		805.724	47.699
Net Warranty Provisions	22-23	(1.070.367)	526.387
Taxes	35	(6.118.783)	48.025
Non-Parent Profit/Loss	36	247.174	(3.902.344)
Tax expenses within the scope of Law No. 6111	31	963.143	0
Financial Income	32	(2.132.137)	(5.634.409)
Financial Expenses (-)	33	3.576.019	4.987.627
Goodwill Impairment Provisions	31	1.807.346	2.020.767
Subsidiary Impairment Provisions	31	177.375	111.774
Revaluation Surplus of Investment Properties	31	0	(1.497.582)
Net Long-term Securities Sales Profit/Loss	31	(777.019)	(143.942)
Terminated Action Provisions	31	(1.678)	(4.600)
Other Terminated Provisions	31	(151.753)	(1.510.704)
Revaluation Surplus of Financial Assets	27	(1.984.217)	1.984.217
Other Net Expense/Income Requiring No Cash Outflow/Inflow		(64.343)	28.403
<b>Net Operating Profit Before Receivable and Payable Adjustments</b>		<b>(28.273.019)</b>	<b>9.199.726</b>
<b>Receivables and Payables Adjustments</b>			
Financing Investments Adjustments	7	(15.626.585)	20.256.387
Related Party Receivables Adjustments	10	27.154.210	(1.065.986)
Trade Receivables Adjustments	10	(34.884.172)	(13.843.102)
Other Receivables Adjustments	11	405.448	2.568.854
Inventory Adjustments	13	(15.399.252)	2.612.635
Other Current Asset Adjustments	26	8.130.141	(1.905.561)
Other Fixed Assets Adjustments	26	20.981.980	449.004
Related Party Payables Adjustments	10	(453.323)	784.999
Other Trade Payables Adjustments	10	20.246.594	(1.789.907)
Other Short- and Long-Term Payables Adjustments	26	(3.687.263)	(14.384.056)
Taxes Paid	35	0	(1.245.392)
Termination Benefits Paid	24	(172.728)	(149.886)
<b>Net Cash from Business Activities (A)</b>		<b>(21.577.969)</b>	<b>1.487.715</b>

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<b>Investment Activities</b>			
Tangible Asset Purchases	17-18	(21.950.562)	(2.644.396)
Intangible Asset Purchases	19	(4.751.479)	(920.998)
Cash from Sold Tangible Assets		45.016	985.323
<b>Net Cash from Investments (B)</b>		<b>(26.657.025)</b>	<b>(2.580.071)</b>
<b>Financing Activities:</b>			
Received and Paid Net Interest	32,33	(1.443.882)	646.782
Financial Liabilities Adjustments	8	(11.495.861)	157.579
Other Financial Liability Adjustments	9	21.461.698	6.087.400
<b>Net Cash for Financial Activities (C)</b>		<b>8.521.955</b>	<b>6.891.761</b>
<b>Net Increase in Cash and Cash Equivalent Assets (D = A+B+C)</b>		<b>(39.713.039)</b>	<b>5.799.405</b>
<b>Opening Balance for Cash and Cash Equivalent Assets (E)</b>	<b>6</b>	<b>40.183.783</b>	<b>34.384.378</b>
<b>Closing Balance for Cash and Cash Equivalent Assets (F = D+E)</b>	<b>6</b>	<b>470.744</b>	<b>40.183.783</b>