

**NET HOLDİNG ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT  
FOR THE PERIOD ENDED AT 30 JUNE 2013**

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**

**CONTENTS**

**INDEPENDENT AUDITORS' OPINION**

**CONSOLIDATED BALANCE SHEETS**

**CONSOLIDATED STATEMENTS OF INCOME**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT  
FOR THE PERIOD ENDED AT 30 JUNE 2013

To the Board of Directors of  
Net Holding Anonim Şirketi

*Introduction*

We have audited the accompanying consolidated balance sheets, statements of income, changes in shareholders' equity, cash flows and a summary of significant accounting policies and other explanatory notes of Net Holding A.Ş. and its subsidiaries (together as Net Group) as of 30 June 2013. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with financial reporting standards by Public Oversight Accounting and Auditing Standards Authority. Our responsibility is to express an opinion on these consolidated financial statements based on our independent audits.

*Scope of Our Review*

Our independent audit is performed compatible with the independent audit standards published by the Capital Markets Board (CMB). Our review essentially based on applying analytical audit procedures, in order to collect the related proof and understand the entries and notes in the financial statements. A review is substantially less in scope than an audit conducted in accordance with auditing standards published by CMB and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Opinion*

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Net Holding A.Ş. and its Subsidiaries as of 30 June 2013, and of its consolidated financial performance and its cash flows for the six months then ended in accordance with the financial reporting standards endorsed by the Public Oversight Accounting and Auditing Standards Authority.



Mehmet Akfan Sokak No. 57 Koşuyolu 34718 - Kadıköy / İstanbul  
Tel. : +90 216 340 72 55 - +90 216 340 72 57 - Fax: +90 216 340 72 56

www.bbdenetim.com - e-mail : info@bbdenetim.com

Associate Partner : HAZLEMS FENTON Chartered Accountants London-England

*Other Matters*

Without qualifying our opinion, we draw your attention to the following matters;

Net Turizm Ticaret ve Sanayi A.Ş., member of Net Group has signed an agreement titled as “Construction Agreement in the base of Promise to sell Real Property and Share of the Revenues” with Ağaoğlu Group Companies (Akdeniz İnşaat ve Eğitim Hizmetleri A.Ş. and Eltes İnşaat Tesisat ve Sanayi Ticaret A.Ş.) on 29 June 2006 in frame of Net Milas Tourism and Real Estate Development Project that will be realized on the lands of Halikarnas Turizm Merkezi Ticaret ve Sanayi A.Ş. and Asyanet Turizm Ticaret ve Sanayi A.Ş. which are located in Milas, Muğla. The realization of the Project has started. Project is predicted and planned to have golf course, hotels, social and sport facilities, residences and all the necessary urban infrastructure completeness. Matters of Net Milas Tourism and Real Estate Development Project are as stated in note 37.6.

Net Holding A.Ş. and its subsidiaries consolidated financial statements independent audit for the period ended 31 December 2012 and interim audit for six months ended 30 June 2012 is performed by another independent audit firm and issued a positive opinion in 12 April 2013 dated audit report and with the exception of the effects of the conditional paragraph in 31 August 2012 dated audit report, there is no issue does not meet International Financial Reporting Standards adopted by the Board of the Capital Market.

Birleşim Bağımsız Denetim ve YMM A.Ş.



Ergun Şenlik  
Partner

Istanbul, 26 August 2013

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS AS OF**  
**30 JUNE 2013, 31 DECEMBER 2012 AND 2011**  
(Currency – Turkish Lira unless otherwise expressed.)

|  |                                | <b>Current<br/>Period</b> | <b>Restated<br/>Prior<br/>Period</b> | <b>Restated<br/>Prior<br/>Period</b> |
|--|--------------------------------|---------------------------|--------------------------------------|--------------------------------------|
|  |                                | <b>Reviewed</b>           | <b>Audited</b>                       | <b>Audited</b>                       |
|  | <b>Footnote<br/>References</b> | <b>30.06.2013</b>         | <b>31.12.2012</b>                    | <b>31.12.2011</b>                    |
| <b>ASSETS</b>                                    |                                |                           |                                      |                                      |
| <b>Current Assets</b>                            |                                | <b>203,351,737</b>        | <b>163,612,093</b>                   | <b>169,582,062</b>                   |
| Cash and Cash Equivalents                        | 7                              | 124,666,781               | 70,440,281                           | 41,822,711                           |
| Financial Investments                            | 8                              | 94,000                    | 94,000                               | 94,000                               |
| Trade Receivables                                | 10                             |                           |                                      |                                      |
| - <i>Trade Receivables From Related Parties</i>  |                                | 15,005,638                | 2,704,886                            | 12,042,890                           |
| - <i>Trade Receivables From Other Parties</i>    |                                | 12,304,714                | 18,316,251                           | 10,554,089                           |
| Other Receivables                                | 11                             |                           |                                      |                                      |
| - <i>Other Receivables From Related Parties</i>  |                                | 13,947,555                | 11,802,415                           | 7,115,418                            |
| - <i>Other Receivables From Other Parties</i>    |                                | 624,867                   | 9,641,402                            | 9,631,418                            |
| Inventories                                      | 13                             | 10,226,669                | 7,470,907                            | 17,321,932                           |
| Prepaid expenses                                 | 14                             | 10,008,794                | 3,586,172                            | 2,956,194                            |
| Assets relevant to current period taxes          | 32                             | 4,011,689                 | 3,935,395                            | 867,727                              |
| Other Current Assets                             | 23                             | 12,461,030                | 10,758,857                           | 5,285,361                            |
| Non-Current Assets Classified Held For Sale      | 31                             | -                         | 24,861,527                           | 61,890,322                           |
| <b>Non - Current Assets</b>                      |                                | <b>573,216,851</b>        | <b>451,269,142</b>                   | <b>327,532,329</b>                   |
| Financial Investments                            | 8                              | 725,946                   | 725,946                              | 493,822                              |
| Other Receivables                                | 11                             |                           |                                      |                                      |
| - <i>Other receivables from other parties</i>    |                                | 615,967                   | 529,670                              | 509,729                              |
| Investments consolidated by equity pickup method | 15                             | 46,685,183                | 43,124,444                           | 45,985,264                           |
| Investment Properties                            | 16                             | 92,842,782                | 80,726,580                           | 60,291,427                           |
| Tangible Fixed Assets                            | 17                             | 303,502,255               | 251,616,787                          | 164,310,610                          |
| Intangible Fixed Assets                          | 18                             | 510,751                   | 405,474                              | 130,300                              |
| Prepaid expenses                                 | 14                             | 111,052,602               | 59,523,206                           | 39,217,179                           |
| Deferred Tax Assets                              | 32                             | 16,899,768                | 14,311,757                           | 16,339,249                           |
| Other Non-Current Assets                         | 23                             | 381,597                   | 305,278                              | 254,749                              |
| <b>TOTAL ASSETS</b>                              |                                | <b>776,568,588</b>        | <b>614,881,235</b>                   | <b>497,114,391</b>                   |

The accompanying policies and explanatory notes are an integral part of these statements.

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS AS OF**  
**30 JUNE 2013, 31 DECEMBER 2012 AND 2011**  
(Currency – Turkish Lira unless otherwise expressed.)

|  |                                | <b>Current<br/>Period<br/>Reviewed</b> | <b>Restated<br/>Prior Period<br/>Audited</b> | <b>Restated<br/>Prior Period<br/>Audited</b> |
|--|--------------------------------|--|--|--|
|  | <b>Dipnot<br/>Referansları</b> | <b>30.06.2013</b>                      | <b>31.12.2012</b>                            | <b>31.12.2011</b>                            |
| <b>LIABILITIES</b>                                       |                                |  |  |  |
| <b>Current Liabilities</b>                               |                                | <b>201,128,194</b>                     | <b>185,800,023</b>                           | <b>142,280,173</b>                           |
| Financial borrowings                                     | 9                              | 100,509,199                            | 98,650,547                                   | 65,629,086                                   |
| Current Installment of Long Term Financial Borrowings    | 9                              | 25,518,880                             | 24,193,207                                   | 17,497,539                                   |
| Trade Payables   | 10                             |  |  |  |
| - Due to Related Parties                                 |                                | 155,333                                | 323,115                                      | 1,346,950                                    |
| - Due to Other Parties                                   |                                | 60,480,034                             | 30,763,868                                   | 13,222,838                                   |
| Employee benefit obligations                             | 12                             | 1,257,507                              | 821,249                                      | 746,563                                      |
| Other Payables   | 11                             |  |  |  |
| - Due to Related Parties                                 |                                | 27,702                                 | 20,452,121                                   | 37,540,941                                   |
| - Due to Other Parties                                   |                                | 5,956,555                              | 4,696,762                                    | 2,991,330                                    |
| Deferred incomes   | 14                             | 2,036,946                              | 455,093                                      | 268,008                                      |
| Current Tax Liabilities                                  | 32                             | 2,463,290                              | 2,962,889                                    | 674,159                                      |
| Short term payables                                      |                                |  |  |  |
| - Provision for employee benefits                        | 22                             | 217,324                                | 92,231                                       | -  |
| - Other Current Provisions                               | 20                             | 2,505,424                              | 2,388,941                                    | 2,362,759                                    |
| <b>Non-Current Liabilities</b>                           |                                | <b>196,383,938</b>                     | <b>94,648,980</b>                            | <b>33,244,328</b>                            |
| Financial borrowings                                     | 9                              | 189,910,617                            | 87,005,567                                   | 22,893,397                                   |
| Trade Payables   | 10                             |  |  |  |
| - Trade payables to other parties                        |                                | 89,906                                 | 287,731                                      | 4,519  |
| Other Payables   | 11                             |  |  |  |
| - Other payables to other parties                        |                                | 201,864                                | 603,201                                      | 1,801,277                                    |
| Deferred incomes   | 14                             | 60,174                                 | 113,161                                      | -  |
| Other Provisions   |                                |  |  |  |
| - Provision for benefits provided to employees           | 22                             | 1,718,929                              | 1,206,316                                    | 1,023,782                                    |
| Deferred Tax Liabilities                                 | 32                             | 4,402,448                              | 5,433,004                                    | 7,521,353                                    |
| <b>SHAREHOLDERS' EQUITY</b>                              |                                | <b>379,056,456</b>                     | <b>334,432,232</b>                           | <b>321,589,890</b>                           |
| <b>Parent Company's Equity</b>                           |                                | <b>229,451,527</b>                     | <b>186,085,423</b>                           | <b>185,218,230</b>                           |
| Paid In Capital  | 24.1                           | 365,750,000                            | 365,750,000                                  | 365,750,000                                  |
| Inflationary Adjustment of Shareholder's Equity          | 24.1                           | 56,808,615                             | 56,808,615                                   | 56,808,615                                   |
| Cancellation of Equity Shares (-)                        | 24.1                           | (293,061,787)                          | (289,960,316)                                | (256,970,267)                                |
| Share premium  | 24.2                           | 8,226,753                              | 11,168,838                                   | 11,163,005                                   |
| Other Comprehensive Income/(Expenses)                    |                                |  |  |  |
| not to be reclassified to profit/(loss)                  |                                |  |  |  |
| - Actuarial gains / losses from retirement pay provision | 24.7                           | (483,360)                              | (192,690)                                    | (173,121)                                    |
| - Fund of equity fair value                              | 24.4                           | 21,975,346                             | 21,868,798                                   | 21,871,920                                   |
| Other Comprehensive Income/(Expenses)                    |                                |  |  |  |
| to be reclassified to profit/(loss)                      |                                |  |  |  |
| - Currency Conversion Differences                        | 24.5                           | 10,264,690                             | 6,733,529                                    | 9,338,575                                    |
| Legal Reserves   | 24.3                           | 13,353,948                             | 4,312,560                                    | 3,795,043                                    |
| Retained Earnings  | 24.8                           | (30,600,659)                           | (66,099,617)                                 | (34,191,770)                                 |
| Net Profit / (Loss) for the Period                       | 33                             | 77,217,981                             | 75,695,706                                   | 7,826,230                                    |
| <b>Minority Interest</b>                                 | 24.6                           | <b>149,604,929</b>                     | <b>148,346,809</b>                           | <b>136,371,660</b>                           |
| <b>TOTAL EQUITY</b>                                      |                                | <b>776,568,588</b>                     | <b>614,881,235</b>                           | <b>497,114,391</b>                           |

The accompanying policies and explanatory notes are an integral part of these statements.

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE PERIODS ENDED AT 30 JUNE 2013 AND 2012**  
(Currency – Turkish Lira unless otherwise expressed.)

|   |                        | Current<br>Period     | Restated<br>Prior<br>Period | Restated<br>Current<br>Period | Restated<br>Prior<br>Period |
|---|------------------------|-----------------------|-----------------------------|-------------------------------|-----------------------------|
|   |                        | Reviewed              | Reviewed                    | Non-<br>Reviewed              | Non-<br>Reviewed            |
|   | Footnote<br>References | 01.01.-<br>30.06.2013 | 01.01.-<br>30.06.2012       | 01.04. -<br>30.06.2013        | 01.04. -<br>30.06.2012      |
| <b>OPERATING ACTIVITIES</b>   |                        |                       |                             |                               |                             |
| Sales   | 25.1                   | 78,620,629            | 41,229,320                  | 42,238,931                    | 23,061,455                  |
| Cost of Sales (-)   | 25.2                   | (51,014,788)          | (42,629,094)                | (27,814,887)                  | (23,533,100)                |
| <b>GROSS PROFIT / LOSS</b>  |                        | <b>27,605,841</b>     | <b>(1,399,774)</b>          | <b>14,424,044</b>             | <b>(471,645)</b>            |
| General Administrative Expenses (-)   | 26.1                   | (23,179,566)          | (19,548,200)                | (12,002,806)                  | (10,577,128)                |
| Marketing, Sales and Distribution Expenses (-)                              | 26.2                   | (3,928,589)           | (1,120,395)                 | (2,221,830)                   | (285,836)                   |
| Other operating incomes   | 28.1                   | 90,932,908            | 108,481,014                 | 6,984,845                     | 14,196,847                  |
| Other operating expenses (-)  | 28.2                   | (2,376,059)           | (2,685,651)                 | (1,223,397)                   | (646,700)                   |
| Share of profit/loss from investments evaluated by equity pick-up method    | 15                     | 14,106                | (174,356)                   | (36,936)                      | 11,892                      |
| <b>NET OPERATING PROFIT/ LOSS</b>   |                        | <b>89,068,641</b>     | <b>83,552,638</b>           | <b>5,923,920</b>              | <b>2,227,430</b>            |
| Investment activities incomes   | 29.1                   | 1,026,448             | 1,021,367                   | 627,481                       | 588,973                     |
| Investment activities expenses (-)  | 29.2                   | (473,896)             | (297)                       | (473,856)                     | (101)                       |
| <b>FINANCE INCOME / (EXPENSE) BEFORE OPERATING ACTIVITY PROFIT / (LOSS)</b> |                        | <b>89,621,193</b>     | <b>84,573,708</b>           | <b>6,077,545</b>              | <b>2,816,302</b>            |
| Finance incomes   | 30.1                   | 13,489,256            | 9,115,737                   | 7,786,064                     | 3,863,327                   |
| Finance expenses (-)  | 30.2                   | (30,325,557)          | (16,443,525)                | (17,087,648)                  | (6,983,053)                 |
| <b>OPERATING ACTIVITY PROFIT/LOSS BEFORE TAXATION</b>                       |                        | <b>72,784,892</b>     | <b>77,245,920</b>           | <b>(3,224,039)</b>            | <b>(303,424)</b>            |
| <b>Operating Activity Tax Income / Expense</b>                              |                        | <b>1,097,055</b>      | <b>(4,000,419)</b>          | <b>3,014,879</b>              | <b>684,001</b>              |
| - Current Tax Income/(Expense)  | 32                     | (2,463,290)           | (3,156,063)                 | 61,020                        | (1,198,874)                 |
| - Deferred Tax Income(Expense)  | 32                     | 3,560,345             | (844,356)                   | 2,953,859                     | 1,882,875                   |
| <b>OPERATING INCOME/LOSS FOR THE PERIOD</b>                                 |                        | <b>73,881,947</b>     | <b>73,245,501</b>           | <b>(209,160)</b>              | <b>380,577</b>              |
| <b>DISCONTINUED OPERATIONS PROFIT /(LOSS)</b>                               | 31                     | <b>6,799</b>          | <b>1,031,509</b>            | <b>23,863</b>                 | <b>567,618</b>              |
| <b>NET INCOME/LOSS FOR THE PERIOD</b>                                       |                        | <b>73,888,746</b>     | <b>74,277,010</b>           | <b>(185,297)</b>              | <b>948,195</b>              |
| <b>Distribution of Income / (Loss) for the Period</b>                       |                        |                       |                             |                               |                             |
| Minority Interests  |                        | (3,329,235)           | (6,041,943)                 | (2,867,978)                   | (3,626,938)                 |
| Parent Company's Share  | 33                     | 77,217,981            | 80,318,953                  | 2,682,681                     | 4,575,133                   |
| <b>Earnings Per Share</b>   |                        | <b>0.211123</b>       | <b>0.219601</b>             | <b>0.007335</b>               | <b>0.012509</b>             |
| Earnings per share of operating activities                                  |                        | 0.211125              | 0.217400                    | 0.007272                      | 0.011328                    |
| Earnings per share of discontinued operating activities                     |                        | (0.000002)            | 0.002201                    | 0.000063                      | 0.001181                    |

The accompanying policies and explanatory notes are an integral part of these statements.

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**  
**FOR THE PERIODS ENDED AT 30 JUNE 2013 AND 2012**

(Currency – Turkish Lira unless otherwise expressed.)

|  | <b>Current<br/>Period</b>                  | <b>Restated<br/>Prior<br/>Period</b>       | <b>Current<br/>Period</b>                            | <b>Restated<br/>Prior<br/>Period</b>                 |
|--|--|--|--|--|
|  | <b>Reviewed<br/>01.01.-<br/>30.06.2013</b> | <b>Reviewed<br/>01.01.-<br/>30.06.2012</b> | <b>Non-<br/>Reviewed<br/>01.04. -<br/>30.06.2013</b> | <b>Non-<br/>Reviewed<br/>01.04. -<br/>30.06.2012</b> |
| <b>PROFIT / (LOSS) FOR THE PERIOD</b>                                  | <b>73,888,746</b>                          | <b>74,277,010</b>                          | <b>(185,297)</b>                                     | <b>948,195</b>                                       |
| <b>OTHER COMPREHENSIVE INCOME / (LOSS)</b>                             |  |  |  |  |
| <b>Not to be reclassified under profit / (loss)</b>                    | <b>(184,122)</b>                           | <b>(6,256)</b>                             | <b>445,336</b>                                       | <b>(6,212)</b>                                       |
| Actuarial (loss) / income from retirement pay provision                | (363,337)                                  | (12,048)                                   | 366,968  | (8,906)  |
| Shares in other comprehensive income of equity method participations   | 106,548                                    | 3,157                                      | 6,427  | 59   |
| Taxes in other comprehensive income not classified under profit/(loss) |  |  |  |  |
| - Deferred expenses / income of the period                             | 72,667                                     | 2,635                                      | 71,941   | 2,635  |
| <b>To be reclassified under profit / (loss)</b>                        | <b>3,531,161</b>                           | <b>(2,010,077)</b>                         | <b>2,877,868</b>                                     | <b>837,124</b>                                       |
| Change in currency conversion difference                               | 3,531,161                                  | (2,010,077)                                | 2,877,868  | 837,124  |
| <b>OTHER COMPREHENSIVE INCOMES / (LOSSES)</b>                          | <b>3,347,039</b>                           | <b>(2,016,333)</b>                         | <b>3,323,204</b>                                     | <b>830,912</b>                                       |
| <b>TOTAL COMPREHENSIVE INCOMES / (LOSSES)</b>                          | <b>77,235,785</b>                          | <b>72,260,677</b>                          | <b>3,137,907</b>                                     | <b>1,779,107</b>                                     |
| <b>Dispersal of Total Comprehensive Income/ (Expenses)</b>             |  |  |  |  |
| Minority interest  | (3,329,235)                                | (6,040,817)                                | (2,868,731)  | (3,628,259)  |
| Parent Company's share   | 80,565,020                                 | 78,301,494                                 | 6,006,638  | 5,407,366  |

The accompanying policies and explanatory notes are an integral part of these statements.



**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE PERIODS ENDED AT 30 JUNE 2013 AND 2012**  
(Currency - Turkish Lira unless otherwise expressed)

|   |                    |  |                                     |                    | Other Comprehensive<br>Retained Earnings that is not to<br>be Reclassified Under Profit or<br>Loss | Other<br>Comprehensive<br>Retained<br>Earnings that is<br>to be Reclassified<br>Under Profit or<br>Loss |                                      |                   |                      |                                       |                               |                      |                                  |
|---|--------------------|--|-------------------------------------|--------------------|--|---|--------------------------------------|-------------------|----------------------|---------------------------------------|-------------------------------|----------------------|----------------------------------|
|   |                    |  |                                     |                    |  |   |                                      |                   |                      | Retained Earnings                     |                               |                      |                                  |
| Consolidated Statements of Changes in<br>Equity | Paid In<br>Capital | Adjustment of<br>Shareholders'<br>Equity | Cancellation<br>Of Equity<br>Shares | Shares<br>Premiums | Actuarial profit/<br>loss of the<br>retirement pay<br>provision                                    | Subsidiaries<br>Revaluation<br>Fund   | Currency<br>Conversion<br>Difference | Legal<br>Reserves | Retained<br>Earnings | Net Profit/<br>Loss for the<br>period | Parent<br>Company's<br>Equity | Minority<br>Interest | Total<br>Shareholder's<br>Equity |
| Balances at 31 December 2011                    | 365,750,000        | 56,808,615                               | (256,970,267)                       | 11,163,005         | (173,121)  | 21,871,920  | 9,338,575                            | 3,795,043         | (34,191,770)         | 7,826,230                             | <b>185,218,230</b>            | 136,371,660          | <b>321,589,890</b>               |
| Transferred from retained earnings              | -                  | -  | -                                   | -                  | -  | -   | -                                    | -                 | 7,826,230            | (7,826,230)                           | -                             | -                    | -                                |
| Cancellation of Equity Shares                   | -                  | -  | (23,547,455)                        | -                  | -  | -   | -                                    | -                 | -                    | -                                     | <b>(23,547,455)</b>           | -                    | <b>(23,547,455)</b>              |
| Capital shares of Minority                      | -                  | -  | -                                   | -                  | -  | -   | -                                    | -                 | -                    | -                                     | -                             | (520,550)            | <b>(520,550)</b>                 |
| Legal Reserves                                  | -                  | -  | -                                   | -                  | -  | -   | -                                    | 362               | -                    | -                                     | <b>362</b>                    | (362)                | -                                |
| Retained Earnings                               | -                  | -  | -                                   | 588                | -  | -   | -                                    | -                 | (31,397,386)         | -                                     | <b>(31,396,798)</b>           | 20,858,664           | <b>(10,538,134)</b>              |
| Transfers to legal reserves                     | -                  | -  | -                                   | -                  | -  | -   | -                                    | 512,680           | (509,790)            | -                                     | <b>2,890</b>                  | (2,890)              | -                                |
| Net profit / Loss for the period                | -                  | -  | -                                   | -                  | (10,539)   | 3,157   | (2,010,077)                          | -                 | -                    | 80,318,953                            | <b>78,301,494</b>             | (6,040,817)          | <b>72,260,677</b>                |
| Balances at 30 June 2012                        | 365,750,000        | 56,808,615                               | (280,517,722)                       | 11,163,593         | (183,660)  | 21,875,077  | 7,328,498                            | 4,308,085         | (58,272,716)         | 80,318,953                            | <b>208,578,723</b>            | 150,665,705          | <b>359,244,428</b>               |
| Balances at 31 December 2012                    | 365,750,000        | 56,808,615                               | (289,960,316)                       | 11,168,838         | (192,690)  | 21,868,798  | 6,733,529                            | 4,312,560         | (66,099,617)         | 75,695,706                            | <b>186,085,423</b>            | 148,346,809          | <b>334,432,232</b>               |
| Transferred from retained earnings              | -                  | -  | -                                   | -                  | -  | -   | -                                    | -                 | 75,695,706           | (75,695,706)                          | -                             | -                    | -                                |
| Cancellation of Equity Shares                   | -                  | -  | (3,101,471)                         | -                  | -  | -   | -                                    | -                 | -                    | -                                     | <b>(3,101,471)</b>            | -                    | <b>(3,101,471)</b>               |
| Capital Payment of Minority                     | -                  | -  | -                                   | -                  | -  | -   | -                                    | -                 | 8,723,551            | -                                     | <b>8,723,551</b>              | (8,723,551)          | -                                |
| Legal Reserves                                  | -                  | -  | -                                   | -                  | -  | -   | -                                    | 23,348            | -                    | -                                     | <b>23,348</b>                 | (23,348)             | -                                |
| Retained Earnings                               | -                  | -  | -                                   | 9,827              | -  | -   | -                                    | -                 | (21,204,091)         | -                                     | <b>(21,194,264)</b>           | 13,384,281           | <b>(7,809,983)</b>               |
| Transfer to legal reserves                      | -                  | -  | -                                   | -                  | -  | -   | -                                    | 9,018,040         | (8,968,013)          | -                                     | <b>50,027</b>                 | (50,027)             | -                                |
| Dividends paid                                  | -                  | -  | -                                   | (2,951,912)        | -  | -   | -                                    | -                 | (18,748,195)         | -                                     | <b>(21,700,107)</b>           | -                    | <b>(21,700,107)</b>              |
| Net profit / Loss for the period                | -                  | -  | -                                   | -                  | (290,670)  | 106,548   | 3,531,161                            | -                 | -                    | 77,217,981                            | <b>80,565,020</b>             | (3,329,235)          | <b>77,235,785</b>                |
| Balances at 30 June 2013                        | 365,750,000        | 56,808,615                               | (293,061,787)                       | 8,226,753          | (483,360)  | 21,975,346  | 10,264,690                           | 13,353,948        | (30,600,659)         | 77,217,981                            | <b>229,451,527</b>            | 149,604,929          | <b>379,056,456</b>               |

The accompanying notes form an integral part of these financial statements.

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOW**  
**FOR THE PERIODS ENDED AT 30 JUNE 2013 AND 2012**  
(Currency - Turkish Lira unless otherwise expressed)

|   |                                | <b>Current Period<br/>Reviewed<br/>01.01.-<br/>30.06.2013</b> | <b>Current Period<br/>Reviewed<br/>01.01.-<br/>30.06.2012</b> |
|---|--------------------------------|---|---|
|   | <b>Footnote<br/>References</b> |   |   |
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>   |                                | <b>25,965,505</b>   | <b>31,031,264</b>   |
| Net Profit / (Loss) for the period  |                                | 73,888,746  | 74,277,010  |
| <b>Adjustments to Reconcile Net Income to Net Cash from Operating Activities</b>                |                                |   |   |
| Amortization and Depreciation Expense   | 17-18-19                       | 7,202,299   | 6,727,572   |
| Interest accruals of bank borrowings  | 8                              | 2,346,860   | 2,234,671   |
| Adjustment related to retirement pay provision  | 24                             | 587,199   | 142,709   |
| Provision for doubtful receivables  | 10-11-29                       | 165,654   | 1,561,600   |
| Adjustment of deferred tax  |                                | (3,563,563)   | 837,235   |
| Adjustment to rent income accruals  | 26                             | (15,053)  | (18,825)  |
| Adjustment to investments subject to equity pick-up method                                      | 16                             | (3,560,739)   | 2,177,220   |
| Effect of Changing Rate on Mutual Share Capital and Subsidiaries Regarding Fixes                | 27                             | (3,101,471)   | (23,547,455)  |
| Actuarial loss / income from retirement pay provision   |                                | (363,337)   | (13,174)  |
| Deferred tax effect of conversion   |                                | 17,663  | (57,188)  |
| <b>Changes in operating assets and liabilities</b>  |                                |   |   |
| Changes in trade receivables  | 10                             | 5,845,883   | 539,945   |
| Changes in trade receivables from relates parties   | 10                             | (12,300,752)  | 7,159,516   |
| Changes in inventories  | 13                             | (2,755,762)   | 3,885,449   |
| Change in non-current assets for sale   | 34                             | 24,861,527  | 37,028,795  |
| Changes in other receivables  | 11                             | 9,016,535   | 9,537,041   |
| Changes in other receivables from related parties   | 11                             | (2,145,140)   | (25,356,024)  |
| Changes in other current assets   | 26                             | (55,718,796)  | (537,321)   |
| Changes in long term other receivables  | 11                             | (86,297)  | (9,611,655)   |
| Changes in other non-current assets   | 26                             | (76,319)  | (30,608,254)  |
| Changes in trade payables   | 10                             | 29,548,384  | 3,433,874   |
| Changes in other short term liabilities   | 11                             | 1,696,051   | 424,876   |
| Changes in other payables to related parties  | 11                             | (20,424,419)  | (28,251,990)  |
| Changes in other short term liabilities   | 26                             | 1,338,883   | 2,481,336   |
| Changes in long term other payables   | 10                             | (197,825)   | (4,519)   |
| Changes in other long term liabilities  | 11                             | (401,337)   | (585,351)   |
| Changes in other long term liabilities  | 26                             | (52,987)  | -   |
| Changes in retirement pay   | 24                             | (74,586)  | (59,991)  |
| <b>Cash flow from activities</b>  |                                |   |   |
| Taxes Paid  | 35                             | (4,011,689)   | (2,765,838)   |
| Dividends Paid  |                                | (21,700,107)  | -   |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>   |                                | <b>(67,778,085)</b>   | <b>(48,714,710)</b>   |
| Cash from Tangible and Intangible with Non-current Assets and Purchase of Investment Properties | 17-18-19                       | (71,874,562)  | (46,407,911)  |
| Financial investments   | 7                              | -   | (500,731)   |
| Cash from Tangible and Intangible with Non-current Assets and Sale of Investment Real Estates   | 17-18-19                       | 565,243   | 204,045   |
| Foreign currency conversion difference  | 27                             | 3,531,234   | (2,010,113)   |
| <b>Net cash used in investing activities</b>  |                                |   |   |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>   |                                | <b>96,039,080</b>   | <b>9,909,770</b>  |
| Change in short term borrowings   | 8                              | 837,465   | (15,982,764)  |
| Change in long term borrowings  | 8                              | 102,905,050   | 36,948,061  |
| Effect of Changes in Equity Shares in Group Companies   |                                | (7,809,983)   | (10,538,134)  |
| Change in capital of minority interests   |                                | -   | (520,550)   |
| Increase in fair value of subsidiaries  |                                | 106,548   | 3,157   |
| <b>NET INCREASE/DECREASE OF CASH AND CASH EQUIVALENTS (A+B+C)</b>                               |                                | <b>54,226,500</b>   | <b>(7,773,676)</b>  |
| <b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>                                 |                                | <b>70,440,281</b>   | <b>41,822,711</b>   |
| <b>CASH AND CASH EQUIVALENT AT THE AND OF THE PERIOD (A+B+C)</b>                                |                                | <b>124,666,781</b>  | <b>34,049,035</b>   |

The accompanying notes form an integral part of these financial statements.

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira ‘TRY’ unless expressed otherwise)

**1. ORGANIZATION AND NATURE OF ACTIVITIES**

Net Holding Anonim Şirketi (referred as Parent Company) was established in Istanbul on 5 January 1981 as a joint venture taking part in the management and auditing of the companies operating in tourism and other sectors; providing consultancy about financing, investment, organization, marketing and sales. Net Holding A.Ş. holds control of several companies, operating mainly in domestic and foreign tourism sectors. Summary information for the subsidiaries of the Parent Company is presented in Note 4.

Well known individual shareholder of Parent Company is Besim Tibuk and he is chairman of board of directors.

Net Holding Anonim Şirketi and its subsidiaries will be referred as “Net Group”.

For the period ended at 30 June 2013, Net Group has average of 1,676 employees (01 January - 31 December 2012: 1,435).

Net Holding A.Ş. is registered to Capital Market Board (“CMB”) and its shares have been traded in Borsa İstanbul Anonim Şirketi (formerly Istanbul Stock Exchange (“ISE”) since 05 October 1989. As of 30 June 2013 and 31 December 2012 shareholding structure of Net Holding A.Ş. is as following;

|   | 30.06.2013 | 31.12.2012 |
|---|------------|------------|
| Asyanet Turizm Sanayi ve Ticaret Anonim Şirketi | 34.81%     | 34.24%     |
| Net Turizm Ticaret ve Sanayi Anonim Şirketi     | 33.63%     | 33.47%     |
| Sunset Turistik İşletmeleri Anonim Şirketi      | 0.91%      | 0.91%      |
| Publicly held shares and other shareholders     | 30.65%     | 31.38%     |
| Total   | 100.00%    | 100.00%    |

As of report date, the registered address of the Net Holding Anonim Şirketi is as following;

Etiler Mahallesi Bade Sokak  
No: 9 Etiler, Beşiktaş / ISTANBUL

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira ‘TRY’ unless expressed otherwise)

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**2. BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS**

**2.a. Basis of Presentation**

**Compatibility Statement**

Net Group prepares their statutory financial statements in accordance with the principles of CMB, Turkish Commercial Code and Tax Legislation and the Uniform Chart of Accounts issued by the Ministry of Finance and presents in Turkish Liras (“TRY”). The financial statements of the Company have been prepared in accordance with Communiqué XI, No: 29 “Accounting Standards in Capital Markets” published by the Capital Markets Board (“CMB”), the necessary adjustments and reclassifications made for the fair presentation in accordance with Accounting Standards by CMB.

Consolidated financial statements are approved by the Board of Directors and granted authority to publish on 26 August 2013. With no intention, the Board of Directors and some regulative agencies have the right to change the financial statements that were prepared according to legal regulations after they have been published.

**Functional and Presentation Reporting Currency**

The consolidated financial statements dated 30 June 2013 and the prior period financial statements for comparison purpose, in the accompanying consolidated statements are prepared in terms of Turkish Lira (“TRY”).

**The Preparation of Financial Statements**

The interim condensed consolidated financial statements and disclosures have been prepared in accordance with the communiqué numbered II-14,1 “Communiqué on the Principles of Financial Reporting In Capital Markets”(the Communiqué”) announced by the Capital Markets Board (“CMB”) (hereinafter will be referred to as “the CMB Reporting Standards”) on 13 June 2013 which is published on Official Gazette numbered 28676. In accordance with article 5th of the CMB Reporting Standards, companies should apply Turkish Accounting Standards/Turkish Financial Reporting Standards and interpretations regarding these standards as adopted by the Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”).

**Standard Accounting Policy**

Consolidated financial statements are prepared by adopting standard accounting policy for similar transactions and other transactions within the similar circumstances. If similar transactions are booked different than in other company’s financial statements subject to consolidation, in the course of the preparation of consolidated financial statements, they are adjusted as of necessity.

Financial statements of the company have been prepared by adopting standard accounting policy for similar transactions and other transactions within the similar circumstances. The similar transactions are booked different in booking of subsidiary company than in parent company’s financial statements subject to consolidation with equity pick-up, in the course of the preparation of consolidated financial statements, they have been adjusted accordingly to make the accounting policy uniform.

Net Group’s related party Mehrab MMC and equity participation Azer Şans Müessesesi keep their accounting in accordance with the Generally Accepted Accounting Principles in Azerbaijan. 99% of the assets are composed of the fixed assets of the company and fixed assets are indicated with their fair value. The remaining 1% is composed of current assets and these assets are not material within the company’s assets. Valuation of 99% of the company’s assets does not have different clauses from IAS/IFRS valuation, hence there were not any adjustment made.

**Assumption of Continuity of Business**

The accompanying consolidated financial statements have been prepared assuming that the group will continue to generate benefit from its assets and fill its liabilities in the following year under the natural course of its activities based on the assumption of continuity of business.

### **Translation of Financial Statements of Subsidiaries that are Active in Foreign Countries**

The financial statements of subsidiaries that are active in foreign countries are prepared by the regulations of residing country and organized by reflection of required adjustments and reclassifications in order to be convenient to the accounting policy of consolidated financial statements of Net Group. The assets and liabilities of Foreign Subsidiaries are converted to Turkish Lira with the balance sheet date foreign exchange rate. The incomes and expenses of Foreign Subsidiaries are converted to Turkish Lira with average foreign exchange rate. The foreign exchange differences occurred after the re-conversion of beginning net asset and using average foreign exchange rate; pursued under foreign currency conversion account.

### **2.b. Changes in Accounting Policies**

A company only could change its accounting policy under following circumstances;

- If a Standard or Interpretation makes it necessary or
- If the change make effect of operations or incidents on financial position and performance or cash flows more appropriate and reliable.

Financial statements have to be comparable to see trends in financial position of companies, performance and cash flows for user of financial statements. This is why, if the change is not granting one of above conditions, each interim and fiscal periods has to be applied same accounting policy.

Changes in accounting policies or accounting errors are applied retrospectively and the consolidated financial statements of the comparative period are restated. If estimated changes in accounting policies are for only one period, changes are applied on the current year but if the estimated changes are for the following periods, changes are applied both on the current and following years prospectively.

### **Changes in Accounting Estimates and Errors**

The accompanying financial statements necessitate that some predictions about income and expenses regarding possible assets and liabilities in the financial statements prepared by group management to be compatible with statements required by Capital Market Board. Realized amounts can differ from the predictions. These predictions are observed regularly and reported periodically in income statements. Changes in accounting estimates and errors explained in title of ‘Comparative Information and Previous Periods Adjustments’.

Comments which may be reflected in financial statements and the balance sheet date amounts have a significant impact on the judgments of important assumptions, estimates and evaluations made by considering the main sources are as following:

#### *Provision for Doubtful Receivables*

Provision for doubtful receivables is an estimated amount that management of Net Group believes to reflect for possible future losses on existing receivables that have collection risk due to current economic conditions. During the impairment test for the receivables, the debtors, other than the key accounts and related parties, are assessed with their prior year performances, their credit risk in the current market, their performance after the balance sheet date up to the issuing date of the financial statements and furthermore, the renegotiation conditions with these debtors are considered. As of balance sheet date, provisions for doubtful receivables are reflected in note 10 and 11.

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise)

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*Diminution in Value of Inventories*

As for the diminution in value of inventories, all inventories are subjected to review and their usage possibility Ascertained on the basis of the opinion of the technical personnel; provisions are set aside for items expected not to have usage possibility. Calculation of net realizable values of stock is based on selling prices as disclosed by selling price lists after deduction of average discounts given during the year and selling expenses to be incurred for the realization of stocks. If the net realizable value of any inventory falls under its cost price appropriate provisions are accordingly set aside (Note 13).

*Useful lives of tangible and intangible fixed assets*

On Net Group assets' depreciation, in 2.d note taking into account also separates the useful lives. Information on useful lives explained in 2.d note.

*Provisions for litigation*

Provision for litigations, and in case it results that the probability of cases involving legal and real-life views with the Net Group evaluated. Net Group Management's best estimates using available explanations on the pleading is deemed necessary by Note 20.

*Provision for severance pay*

The retirement benefit obligation, the discount rates, future salary increases and employee turnover rates are determined by actuarial calculations based on assumptions. This is due to the long-term plans that include significant uncertainties. Provisions for employee benefits include details in Note 22.

*Deferred Taxes*

Net Group financial statements of tax legislation with the differences between financial statements prepared in accordance with IFRS, deferred tax assets and liabilities arising from temporary differences are accounted. These differences usually with some amount of tax revenue and expenses in different reporting periods due to the financial statements prepared under IFRS. Allowable losses the Net Group's future profits from unused tax losses, investment allowances and other deductible temporary differences and deferred tax assets are located. Partially or fully recoverable amount of deferred tax assets have been estimated in the present circumstances. During the assessment, the future profit projections, current periods, losses, unused tax losses and other assets are taken into account last used dates. As a result of the evaluations, as of 30 June 2013 tax credits on temporary differences arising from foreseeable and the right to tax deductions under the tax laws that could continue to be utilized within the period agreed to be part of the deferred tax assets was estimated and accounted. Details of the calculation of deferred tax on the balance sheet date are in note 32.

**Comparative Information and Previous Periods Adjustments**

For the purpose of conducting a comparison of financial position and performance trend, Net Group's current consolidated financial statements are prepared comparative with previous periods. Comparative information is reclassified to be compatible with the presentation of current consolidated financial statements, when necessary.

For the period ended at 31 December 2012, Net Group's "free-shop operations" in Cyprus and restaurant management in Gökova / Muğla ended because of agreements of operations expired. Under the standard of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, these two sectors presented on "Discontinued Operations" item in consolidated income statement, in order to comply with the presentation of the financial statements of 30 June 2013 period under the IFRS 5 Non-current Assets Held for Sale and Discontinued Operations standard prior period's operating results which operations discontinued in current period are reclassified to discontinued operations at prior income statement (Note 31).

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise)

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Net Group, for the period ended 30 June 2012, the consolidated statement of comprehensive income, "Financial income" which are classified under "Gain on sale of investments" of the relevant subject matter of the amount of Net Holding A.Ş.'s revenues from its core business and consolidated statement of comprehensive income for the period ended 30 June 2013 in order to be comparable, "Other operating income" have been reclassified.

As part of the amendment effective as of 1 January 2013 in "Employee Benefits" of the IAS 19, regarding the severance pay liability which is recognized under employee termination benefits of the Group, the total actuarial gains/(losses) (includes deferred tax effect), is shown in statements of changes in equity "actuarial profit (loss) from retirement pay provision". With the changes in the standard, the Group, for the periods ended at 31 December 2012 and 30 June 2012, prepared their financial statements same way and profit / (loss) from the period ended at 30 June 2012 amounting to TRY 9,187 was classified in equity "Net profit / (loss) for the period". In the balance sheet for the period ended at 31 December 2012 amounting to TRY 163,112 in "Net profit / (loss) for the period" classified to "actuarial profit (loss) from retirement pay provision" in equity.

Pursuant to the decree taken in the CMB's meeting dated 07 June 2013 and numbered 20/670, for capital market board institutions within the scope of the Communiqué on Principles Regarding Financial Reporting in the Capital Market, financial statement templates and user guide have been published, effective as of the interim periods ended after 31 March 2013. Various classifications were made in the Group's statement of financial position pursuant to these formats which have taken effect.

The classifications made in the statement of consolidated financial position of the The Net Group as of 31 December 2012 and 2011 are as follows;

- As of 31 December 2012 and 2011, TRY 3,935,395 and TRY 867,727, which are "Prepaid taxes and funds", as shown in the other current assets, are classified in balance sheet as a separate account within the scope of the "assets relevant to current period taxes" account.
- As of 31 December 2012 and 2011, TRY 3,046,319 and TRY 2,796,028 which are "Prepaid expenses", as shown in the other current assets, are classified in balance sheet as a separate account within the scope of the "prepaid expenses" account.
- As of 31 December 2012 and 2011, TRY 507,937 and TRY 136,406 which are "Order advances given", as shown in the other current assets, are classified in balance sheet in "prepaid expenses".
- As of 31 December 2012 and 2011, TRY 57,953,814 and TRY 38,031,654 which are "Advances given for the purchase of tangible fixed assets", as shown in the Other long term assets, are classified in balance sheet in "prepaid expense-long term account".
- As of 31 December 2012 and 2011, TRY 22,976 and TRY 351,180 which are "Advances given", as shown in the Other current assets, are classified in balance sheet in "prepaid expense account".
- As of 31 December 2012 and 2011, TRY 8,940 and TRY 23,760 which are "Advances given to personnel", as shown in the Other current assets, are classified in balance sheet in "prepaid expense account".
- As of 31 December 2012, TRY 383,867 which is "Prepaid expenses – long term", as shown in the other long term assets, is classified in balance sheet as a separate account within the scope of the "prepaid expenses".
- As of 31 December 2012 and 2011, TRY 1,185,525 which is "Other advances given", as shown in the other long term assets, are classified in balance sheet as a separate account within the scope of the "prepaid expenses".

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

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- As of 31 December 2012 and 2011, TRY 51,336 and TRY 88,372 which are "accrued income due to contracts", as shown in the other current assets, are classified in balance sheet in "trade receivables account".
- As of 31 December 2012 and 2011, TRY 24,193,207 and TRY 17,497,539 which are "current portion of amounts payable after one year", as shown in the current liabilities, are classified in balance sheet as a separate account within the scope of the "current portion of amounts payable after one year".
- As of 31 December 2012 and 2011, TRY 135,663 and TRY 101,246 which are "due to personnel", as shown in the other payables, are classified in balance sheet in "employee benefit debt account".
- As of 31 December 2012 and 2011, TRY 685,586 and TRY 645,317 which are "Social security premiums payable", as shown in the other payables, are classified in balance sheet in "employee benefit debt account".
- As of 31 December 2012 and 2011, TRY 132,290 and TRY 114,231 which are "accrued expense due to contracts", as shown in the provision for payable, are classified in balance sheet in "trade payables account".
- As of 31 December 2012 and 2011, TRY 296,826 and 230,978 which are "Advances received", as shown in the other short term liabilities, are classified in balance sheet as a separate account within the scope of the "deferred income".
- As of 31 December 2012 and 2011, TRY 158,267 and 37,030 which are "Deferred income", as shown in the other current liabilities, are classified in balance sheet as a separate account within the scope of the "deferred income".

Reclassifications to Net Group's income statement at 30 June 2012 are as follows and reclassification has no effect on income / (loss);

- In the income statement for the period ended 30 June 2012, TRY 2,370,448 which is "Foreign exchange income from commercial activities", as shown in the financial income, are classified in income statement in "Other operating expenses".
- In the income statement for the period ended 30 June 2012, TRY 2,029,686 which are "Foreign exchange expenses from commercial activities", as shown in the financial expense, are classified in income statement in "Other operating expenses".
- In the income statement for the period ended 30 June 2012, TRY 595,869 which are "Discount income", as shown in the financial income, are classified in income statement in "Other operating income".
- In the income statement for the period ended 30 June 2012, TRY 458,405 which are "Discount expense", as shown in the financial expense, are classified in income statement in "Other operating expenses".
- In the income statement for the period ended 30 June 2012, TRY 57,712 which are "maturity differences from non-trade receivables, as shown in the financial income, are classified in income statement in "investing activities income account".
- In the income statement for the period ended 30 June 2012, TRY 682,470 which are "Investment property rental income", as shown in the Other real operating income, are classified in income statement in "investing activities income account".



**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira ‘TRY’ unless expressed otherwise)

- In the income statement for the period ended 30 June 2012, TRY 281,185 which are "profit on sale of fixed assets", as shown in the other real operating income, are classified in income statement in "investing activities income account".
- In the income statement for the period ended 30 June 2012, TRY 297 which are "loss on sale of fixed assets", as shown in the Other real operating expense, are classified in income statement in "investing activities income account".

**Financial Statements Correction in High Inflation Period**

Capital Market Board ‘CMB’ has announced that, effective from 01 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with CMB Accounting Standards. Therefore the Group was abolished inflation accounting application as of 01 January 2005.

**Adoption of New and Revised International Financing Reporting Standards**

Net Group has applied the new and revised standards and interpretations of the International Accounting Standards Committee (IASC) published by International Financial Reporting Interpretations Committee (IFRIC) of IASC for the interim financial statements dated 30 June 2013, for the related to its business activities, in the current fiscal period. New and Amended Standards and Interpretations Applicable to 31 December 2013 financial statements are as follows;

*New standards, amendments and explanations for the dated 30 June 2013 year ended financial statements:*

IFRS 9 – “Financial Instruments, Classification and Measurement”; As amended in December 2011, the new standard is effective for annual periods beginning on or after 01 January 2015. Phase 1 of this new IFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to IFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. This standard has not yet been endorsed by the EU.

*IAS 32 Financial Instruments: Presentation - Classifications on Rights Issues (Amended)*

The amendment alters the definition of a financial liability in IAS 32 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity’s non-derivative equity instruments, to acquire a fixed number of the entity’s own equity instruments for a fixed amount in any currency. The amendments are effective for annual periods beginning on or after 1 January 2014 and will be adopted retrospectively.

The implementation of the above standards and comment on future periods is considered that will not have a significant impact on the Net Group's financial statements.

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise)

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**2.c. Basis of consolidation**

The companies are subject to “Complete Consolidation Method” if directly or indirectly 50% or more than 50% of their shares or over 50% of their voting rights or the controlling rights regarding to companies’ operations are belonging to the Parent Company. Parent Company has controlling rights if it is able to govern the financial and operating policies of an enterprise so as to benefit from its activities. The companies which have continuous relationship on management and power to govern Parent Company’s policies and/or which have direct or indirect capital and management relationship or which have voting share of Parent Company between the rates 20-50% are accounted by using equity pick-up method.

**Principles of complete consolidation**

The principles of consolidation followed in the preparation of the accompanying financial statements are as follows:

- The financial statements of the consolidated subsidiaries have been equipped according to the accounting principles of the Parent Company.
- The share of the Parent Company in the shareholders equity of subsidiaries is eliminated from the financial of subsidiaries these are adjusted according to the accounting principles of financials of the Parent Company.
- All significant intercompany transactions and balances between the Parent Company and the subsidiaries have been comparatively eliminated.
- The minority part of shareholders’ equity including paid capital of the companies subject to consolidation is classified as “Minority Interest” in accompanying financial statement.
- The balance sheet and income statement of the subsidiaries are consolidated on a line by line basis, and the carrying value of the investment held by the Parent Company is eliminated against the related shareholders’ equity accounts.
- The income statements of the Parent Company and the subsidiaries are consolidated a line by line basis and the transaction between companies are eliminated mutually. Consolidation of income statements of subsidiaries held in an audit period are based on the investment date and the items after the holding date are included.
- The portion of the third parties other than consolidated companies in the net income or losses of the subsidiaries are classified as “Minority Interest” in the income statements.

**Equity Pick-up method**

The participations of the Parent Company, are carried at cost, restated, then eliminated with the shareholders’ equity of the participations which are restated in accounting policies of the Company, the difference occurred from previous years are booked in “Previous Period Expenses and Losses or Previous Period Income and Profit”, current differences are booked in “Other Operating Income and Profit or Other Operating Expenses and Losses”.

The equities of foreign subsidiary companies subject to equity pick-up method are converted to Turkish Liras with the exchange rate of balance sheet date.

If the share of the parent company in the loss of participation is more or equal to the cost of the participation, it is stated with participation fee.

**Offsetting**

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheet when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a basis, or realize the asset and settle the liability simultaneously.

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira ‘TRY’ unless expressed otherwise)

---

**2.d. Summary of Significant Accounting Policies**

**Revenue**

Revenues are recognized on an accrual basis at the time deliveries or acceptances are made, the amount of the revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Net Group, at the fair value of consideration received or receivable. Net sales represent the invoiced value of goods shipped less sales returns, commission and sales taxes.

Sales income of Net Group consist “income of hotel accommodation, hotel food-beverages, casino management, sale of jewel, renting car and parking area and sale of book and stationery”.

*Sales of goods:*

Revenue from sale of goods is recognized when all the following conditions are satisfied:

- The Net Group has transferred to the buyer the significant risks and rewards of ownership of the goods,
- The Net Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold,
- The amount of revenue can be measured reliably,
- It is probable that the economic benefits associated with the transaction will flow to the entity,
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

*Rendering of services:*

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognized by reference to the stage of completion of the transaction at the balance sheet date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the company;
- The stage of completion of the transaction at the balance sheet date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

*Interest Income:*

Estimated cash additions will be obtained with remaining capital balance and related financial asset. Interest income is accrued in proportion as effective interest rate which reduces estimated cash addition to recorded value of the asset in corresponding period.

*Dividend and Other Incomes:*

Dividend income which obtained from share investments, is recorded when shareholders’ have the right to get dividend.

Other revenues are recognized on an accrual basis when the amount of the revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Net Group, at the fair value of received or receivable consideration. Net sales represent the invoiced value of goods shipped less sales returns and sales deductions.

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

**Inventories**

Inventories (except jewel and jewel which consists of pure gold), valued at the lower of cost or net realizable value. Cost is determined by the weighted average cost method. Net realizable value is obtained, according to the subscription of estimated completion cost and estimated costs which are installed in order to realize the sale from estimated selling price, in ordinary trade activity. Jewel and jewel which consists of pure gold, are valued at the closing price the balance sheet date described in Istanbul Gold Exchange.

The allowance for decrease in value of inventories degrade inventories to net realizable value and losses about the inventories are recognized as expense during the formation of degrade and losses. Allowance for decrease in value of inventories reversed because of the increase of realizable value, recognized to reduce the accrued selling cost in the reverse period. As of every financial statement period, net realizable value is reviewed once again. The provision for losses is reversed in the case of either the conditions causing to degrade the inventories' net realizable value lose validity or changing economic conditions forming an increase in net realizable value is proved (reversed amount is limited with the previous impairment amount).

As of 30 June 2013 and 31 December 2012, there is no inventory which is given on consignment to non-associated firms.

Costs of jewel inventories were valued with İstanbul Gold Stock Exchange's closing value of TRY 74.94 (31 December 2012: 95.70 TL) at the date of 30 June 2013 and reflected accompanying consolidated financial statements. As result of the revaluation of the gold, expense of TRY 143,713 (01 January-30 June 2012: TRY 180,242) (Note 28).

**Tangible Fixed Assets**

Property, plant and equipment are carried at cost, restated by deduction of the yearly accumulated depreciation. Depreciation is provided on the acquired values of property, plant and equipment on a straight-line method with prorated basis starting from the acquired date.

The depreciation ratios of tangible fixed assets are as follows:

|                                      |             |
|--------------------------------------|-------------|
| Buildings                            | 2 - 4%      |
| Infrastructure and land improvements | 10 - 20%    |
| Machinery                            | 6 - 20%     |
| Vehicles                             | 10 -20%     |
| Furniture and fittings               | 2 - 20%     |
| Leasehold improvements               | Rent Period |

Repair and maintenance expenditure related to property, plant and equipment entered as expense when it is incurred. Expenditures determined to increase economic lives of property; plant and equipment are capitalized and depreciated along with the fixed assets.

**Intangible fixed assets**

Intangible fixed assets comprise of rights and they are recorded at acquisition cost. Intangible fixed assets are amortized on a straight-line method with prorated basis over period of 5 years from the date of acquisition.

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

---

**Impairment of assets**

Property, plant and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in income for items of property, plant and equipment and intangibles carried at cost.

**Borrowing cost**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All of the other borrowing costs are recorded in the income statement in the period in which they are incurred.

**Financial investments**

Initial measurement of financial assets and financial liabilities

When a financial asset or financial liability is recognized initially, an entity shall measure it at its fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

When an entity uses settlement date accounting for an asset that is subsequently measured at cost or amortized cost, the asset is recognized initially at its fair value on the trade date.

Subsequent measurement of financial assets

After initial recognition, an entity shall measure financial assets, including derivatives that are assets, at their fair values, without any deduction for transaction cost it may incur on sale or other disposal, except for the following financial assets:

- (i) Loan and receivables which shall be measured at amortized cost using the effective interest method;
- (ii) Held-to-maturity investments which shall be measured at amortized cost using the effective interest method; and
- (iii) Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that is linked to and must be settled by delivery of such unquoted equity instruments which shall be measured at cost.

A financial asset or financial liability at fair value through profit or loss:

It is classified as tangible assets hold for future sale. A financial asset or financial liability is classified as tangible assets hold for future sale if it is:

- (i) Acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- (ii) Part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit making; or
- (iii) A derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

---

Held-to maturity investments:

Non derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity.

- (i) Those that the entity upon initial recognition designates as at fair value through profit or loss;
- (ii) Those that the entity designates as available for sale; and
- (iii) Those that meet the definition of loans and receivables.

Available-for-sale financial assets:

Non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Financial assets carried at cost:

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such unquoted equity instrument, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

Shares

If shares are quoted in Borsa İstanbul A.Ş., then these shares are revalued with closing price as of balance sheet date. If shares are not quoted, then these shares are revalued with acquirement price as of balance sheet date. Funds given against financial assets reverse repo are reflected as reverse repo receivables under marketable securities in the accompanying consolidated financial statements. The portion of the difference between purchase and sale back price by these reverse repo agreements for the interim period is calculated by "internal discount rate" as discounted income and it is accounted by adding to cost of reverse repo.

Marketable securities

Financial assets in which Parent Company has voting right below 20%, or over 20% which Parent Company does not exercise a significant influence, and subsidiaries or joint venture, which are not included in consolidation that they are immaterial or which are immaterial, that do not have a quoted market price in active markets and whose fair value can not be measured reliably are carried at cost less any provision for diminution in value.

The effective interest method of calculating the amortized cost of a financial liability and interest expense related to the period when the relevant period. The effective interest rate, financial instrument or, where appropriate through the expected life of a time period shorter than the estimated future cash payments related to the ratio that reduces the net present value of a financial liability.

**Trade receivables and payables**

The trade receivables and payables derived from providing services or selling goods by the Net Group and purchasing goods or receiving services are clarified with deferred financial income and expense in the accompanying financial statements. Post clarification, trade receivables and trade payables are calculated from the values of following the record of the original invoice values, by rediscounting with effective interest rate method. Short term receivables without designated interest rate are reflected the invoice values in case the effective interest rate effect is insignificant.

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

**Provision for doubtful receivables**

Net Group sets provisions for doubtful receivable when it is realized uncollectible due to objective findings. Amount of this provision is the difference of registered and collectible amounts. All cash flow including the collectible sum amount from guarantee and assurance is discounted on the base of the effective interest rate of trade receivable occurred.

In case of collecting doubtful receivable that is provided, the collected amount is deducted from the provision for doubtful receivable and added to other incomes.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant change in value. The carrying amount of these assets approximates their fair value.

**Foreign currency items**

Transactions with foreign currencies during the accounting period are converted with exchange rates prevailing at the date of transaction. The assets and the liabilities in terms of foreign currencies are converted with foreign exchange rate announced by the Turkish Central Bank, on the balance sheet date. The difference from the foreign exchange rate is taken into account to modify the profit of the period.

The period end rates used for USD, EUR, GBP and CHF are shown below:

|     | 30.06.2013 | 31.12.2012 |
|-----|------------|------------|
| USD | 1.9248     | 1.7826     |
| EUR | 2.5137     | 2.3517     |
| GBP | 2.9292     | 2.8708     |
| CHF | 2.0323     | 1.9430     |

**Mergers and Goodwill**

Business merger and acquisition is combining of two separate legal entities or organizations into an entity that makes reporting. Business merger is accounted based on acquisition method within the context of IFRS 3.

Acquisition cost contains the fair value of assets given in purchase date; issued capital instruments, assumed and realized payables due to change, the costs that can be associated with additional acquisition. If the business merger agreement includes articles that foresees that cost can be adjusted according to the future actions, this adjustment is probable, and this adjustment is include into merger cost that formed on the day of acquisition when the value is detected. The effective interest rate, financial instrument or, where appropriate through the expected life of a time period shorter than the estimated future cash payments related to the ratio that reduces the net present value of a financial liability.

The difference between the acquisition cost coming from purchase of an organization and fair value of identifiable asset, liability and conditioned liabilities is accounted as goodwill in consolidated financial statements.

Goodwill occurred during business merger is not subject to depreciation, instead of this, impairment test is used once in a year or frequently when the conditions indicate impairment. Impairment losses calculated over goodwill is not associated with income statement even in case when impairment disappears in following periods. Goodwill is associated with cash generating units at the time of impairment test.

If real value of acquired assets, liability and contingency liabilities exceeds the business merger cost, then the difference is accounted in the consolidated income statements as goodwill.

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira ‘TRY’ unless expressed otherwise)

---

**Earning / (loss) per share**

Earnings/ (loss) per share in the consolidated income statements are calculated by dividing the net profit/ (loss) for the year by the weighted average number of ordinary shares outstanding during the year.

In Turkey, companies can increase their share capital by making distribution of “bonus shares” to existing shareholders from inflation adjustment difference in shareholder’s equity. For the purpose of the earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of “bonus shares” issued without corresponding change in resources by giving them retroactive effect for the period in which they were issued and each earlier period.

**Post balance sheet events**

In the case of the occurrence of subsequent events after the date of the balance sheet which require the balance sheet to be adjusted, missing information will be fixed in financial statements in consideration of the new events, events which do not require adjustments are explained in the notes of the report if they are material as they could affect investors’ decisions

**Provisions, contingent liabilities and assets**

Provisions

Provisions are recognized when an enterprise has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Contingent liabilities and assets

Transactions that may give rise to contingencies and commitments are those where the outcome and the performance of which will be ultimately confirmed only on the occurrence or non occurrence of certain future events, unless the expected performance is not very likely. Accordingly, contingent losses are recognized in the financial statements of Net Group if a reasonable estimate of the amount of the resulting loss can be made. Contingent gains are reflected only if it is probable that the gain will be realized.

**Leasing procedure**

Operating lease as owner

Leases where the lesser retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. In operating lease, the rented assets are classified under the tangible fixed assets in the balance sheet. The income from the rent and lease are reflected at the end of procedures in equal amounts in other incomes account. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Net Group’s rental incomes derived from assets subjected to operating lease, are not fixed related to the contracts, those rent incomes are considered as future sales percentage described in the contracts.

Operating lease as tenant

A significant portion of the risks and rewards of ownership are retained by the lesser leases are classified as operating leases. Payments made under operating leases, are charged to the straight-line basis over the lease term.

**Related parties**

For the purpose of the consolidated financial statements, shareholders, key management personnel and board members, in each case together with their families and companies controlled by or affiliated with them, associates and Joint Ventures are considered and referred to as “related parties”.



**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

---

**Segment reporting of results of operations**

Industrial segments

A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other Net Group's business segments.

In order to determine whether the individual products or service, the following factors should be considered:

- Nature of goods and services
- Nature of production processes
- Types and classes of the customer of the goods and services
- The methods used at delivery of the goods or provision of the services

Net Group operates in four main groups: Tourism (hotel and accommodation, touristic shopping, managing duty free shops, rent a car); publishing (bookstore, stationery and book publishing); holding (managing Net Group's companies) and other (construction and agriculture).

Geographical segments

Net Group's geographical segment is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

In order to determine the geographical segments, the following factors should be considered:

- Similarity of economic and political conditions
- Certain risks related to the activities in different geographical regions
- Proximity of activities
- Certain risks related to the activities in certain geographical regions
- Arrangements related to foreign exchange currency
- Basic exchange rate risks

If activity's risk and the return rate dependent especially on differences of the goods and services, segment information report's preference would be primary format as industrial segment and geographical segments would be secondary information to report. Likewise, if activity's risk and the return rate dependent on significantly geographical location, segment information report's preference would be geographical segment as primary format and the industrial segment information would be secondary format.

Net Group's risk and return rate vitally dependent on the variety of produced goods and provided services, then the format will be in industrial segment report primarily.

According to the geographical division information, The Turkish Republic of North Cyprus (TRNC) has not been seen as an outside part of Turkey so, TRNC activities is not reported as a secondary part. The financial statements of the company, operating in Azerbaijan, is immaterial, hence the segmentation is not applied for this company.

**Construction contract**

Contract is expressed as agreement for construction of interrelated assets on the base of utility, technology functionality and design. The starting and ending date of the activities determined by the construction contract can cross different accounting periods. The income and the costs have to reflect in the related period in accordance with the principle of accounting. Net Yapı Sanayi ve Ticaret A.Ş. is a construction company among other members of Net Group. Related company does not have construction contract in the interim accounting period.

#### **Discontinued operations**

Discontinued operations are expressed as the disposal of partial or complete activities or abolishment significant activity or leave out a significant department or dissolve geographical distinctly or operationally identified activities of Net Group on financial bases. During the disposal of asset or asset groups creating discontinuing operations, details of the pre-tax profit or loss and after-tax profit and loss of discontinuing operations reflected in financial statements are explained in footnotes. The asset groups, when intended to be recovered as a result of sales transaction, but not by means of use, are classified as asset groups held for sale. The liabilities directly associated with such assets are grouped in similar way. In order to comply with the presentation of the financial statements of the current period, under the IFRS 5 Non-current Assets Held for Sale and Discontinued Operations Standard prior period’s operating results which operations discontinued in current period are reclassified to discontinued operations in prior income statement.

#### **Government incentive and grants**

It is a procedure to assist the companies that are unable to achieve certain businesses. It is to stimulate the businesses with the incentives. Government incentives, including those followed at their fair values will be included in the financial statements only if there is reasonable assurance that the Company will fulfill all required conditions and acquire the incentive.

Government incentives, including non-monetary grants at fair value, are included in the financial statements only if there is reasonable assurance that the Company will fulfill all required conditions and acquire the incentive.

#### **Investment properties**

The real estates like lands and buildings held in use for goods and service production or administrative or sale or lease or to obtain capital gain are classified under “investment properties”. They are recorded with acquirement cost deducted the accumulated depreciation. Real estates for the purpose of investment (excluding land) are depreciated over their useful life linearly from purchasing date.

Real estates for the purpose of investment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in income for real estates for the purpose of investment carried at cost. As a recoverable value the higher value is accepted in between cash income flow and sales price.

#### **Assets held for sale**

The Group measures assets held for sale at the lower of its carrying amount and fair value less costs to sell. Assets held for sale are not depreciated. Just before the first classification of related asset (or the group of assets held for sale) as asset held for sale, the book value of the asset (or all of the assets within the group and debts related to group) is measured within the context of related IFRS.

The Group classifies a non-current asset (or the group of assets held for sale) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or the group of assets held for sale) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable. For the sale to be highly probable management must be committed to a plan to sell the asset (or the group of assets held for sale) and an active program to locate a buyer and complete the plan must have been initiated. Furthermore, the asset (or the group of assets held for sale) must be actively marketed for sale at a price that is reasonable in relation to its fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

**Taxes on income**

Taxes on income for the period comprise current tax and the change in the deferred taxes. The charge for current tax is based on the results for the period as adjusted for items which are non-assessable or disallowed. It is calculated using tax rates enacted by the balance sheet date. Deferred tax is accounted for using the "liability" method in respect of temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable (statutory) profit. Deferred tax is accounted by temporary differences between the values of assets and liabilities in financial statements using "liability method" and the values of financial statements for the legal purpose. Deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit. Net deferred tax assets created from term differences deducted in proportion as tax allowances in conditions of there is no certain information for the coming periods.

**Severance pay provision and employee benefits**

Under Turkish Labor Law, Net Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who retires in accordance with social insurance regulations or is called up for military service or dies. Such payments are calculated on the basis of 30 days' pay limited to a maximum of TRY 3,129.25 (31 December 2012: TRY 3,033.98) on 30 June 2013 per year of employment at the rate of pay applicable at the date of retirement.

Net Group used "Projection Method" to calculate the termination benefits and the duration to be completed based on the past experience and discounted with Rediscount rate at balance sheet date. The calculated profits and losses are reflected in income statements. All of profits and losses except calculated actuarial profit / (loss) was shown in consolidated statements of income, actuarial profit / (loss) was shown in consolidated statements of changes in equity.

The rates of basic assumptions used at balance sheet date are as follows:

|   | 30.06.2013 | 31.12.2012 |
|---|------------|------------|
| Rediscount rate   | 12.11%     | 15.14%     |
| Inflation rate  | 8.00%      | 8.00%      |
| Real discount rate                                      | 3.81%      | 6.61%      |
| Rate that is used for the probability of retirement (%) | 100        | 100        |

**Retirement plans**

Retirement plan is about planning the predictable or modified amounts (annual salary or payment in full) based on the beneficiaries or condition in the written contribution of employer, before the termination, to be provided post retirement of job. Net Group does not have a retirement plan for the employees.

**Agricultural activities**

Agricultural activities represent business managing the biological assets or agricultural plants biologically raised, reproduced and converted into capital for the purpose of sale.

**Statement of cash flows**

The Group prepares statement of cash flows to inform users of financial statements about changes in net assets and ability to direct financial structure, amounts and timing of cash flows according to changing situations. In the statement of cash flows, current period cash flows are grouped according to operating, financing, and investing activities. Operating cash flows resulting from activities in scope of Net Group's main operating scope. Cash flows related to investing activities are cash flows resulting from investing activities (fixed investments and financial investments) of the Net Group. Cash flows related to financing activities comprise of funds used in financing activities of the Net Group and their repayments. Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant change in value.

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

**3. BUSINESS MERGERS**

For the period ended at 30 June 2013 there is no business merger.

For the period ended in 31 December 2012 details of business mergers are as follows;

Enet İnternet Yayıncılık Hizmetleri Yatırım ve Ticaret A.Ş.

In 25 May 2012, Net Holding Anonim Şirketi has acquired 60% of shares of Enet İnternet Yayıncılık Hizmetleri Yatırım ve Ticaret A.Ş. as a co-founder. Because of purchasing share from establishment of the Company as a co-founder there was no goodwill occurred for Net Holding Anonim Şirketi.

Voytur Travel Limited

Voyager Kıbrıs Limited, which is one of the subsidiaries of Net Holding Anonim Şirketi, acquired Voytur Travel Limited's 60% of shares for amount of TRY 1,500,000 in 21 December 2012. Calculation of gain that occurred from net assets that take overed because of acquire and as a result of purchasing with bargain as follows;

|   | Net book value<br>before merger | Fair value<br>adjustments | Fair Value |
|---|---------------------------------|---------------------------|------------|
| Current assets  | 3,660,897                       | (674)                     | 3,660,223  |
| Long term assets                                      | 23,569,723                      | 11,810                    | 23,581,533 |
| Short term liabilities                                | 24,739,340                      | (15,159)                  | 24,724,181 |
| Long term liabilities                                 | -                               | 7,144                     | 7,144      |
| Net assets / (liabilities)                            |                                 |                           | 2,510,431  |
| Ratio of direct partnership of Voyager Kıbrıs Limited |                                 |                           | 60.00%     |
| Net assets / (liabilities) acquired from the company  |                                 |                           | 1,506,259  |
| Acquisition value                                     |                                 |                           | 1,500,000  |
| Gain as a result of purchase with bargain             |                                 |                           | 6,259      |

For the period ended at 31 December 2012, until the business merger of Voytur Travel Limited that implicated in consolidated comprehensive income statement net sales is amount of TRY 9,563,927 and net profit for related period amount of TRY 10,431.

If Voyager Kıbrıs Limited, acquired Voytur Travel Limited at the beginning of the period ended at 31 December 2012, net from tourism activities before consolidation would be amount of TRY 9,563,927 and profit for the period would be amount of TRY 776.

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira ‘TRY’ unless expressed otherwise)

**4. SHARES IN OTHER COMPANIES**

As of 30 June 2013 and 31 December 2012, the detail of Parent Company’s direct or indirect shares in other companies and information about these companies is as follows;

***Subsidiaries***

As of 30 June 2013 and 31 December 2012, subsidiaries those are included in the accompanying consolidated financial statements and their establishment dates, location of headquarters and nature of activities are as following:

|   | Establishment<br>Date | Location of<br>Headquarters | Nature of<br>Activities |
|---|-----------------------|-----------------------------|-------------------------|
| Net Turizm Ticaret ve Sanayi A.Ş.                           | 24.01.1975            | İstanbul                    | Tourism                 |
| Asyanet Turizm Sanayi ve Ticaret A.Ş.                       | 25.12.1989            | İstanbul                    | Tourism                 |
| Sunset Turistik İşletmeleri A.Ş.                            | 12.07.1985            | İstanbul                    | Tourism                 |
| Loytaş Laleli Otelcilik Yatırım Turizm ve Ticaret A.Ş.      | 09.01.1986            | İstanbul                    | Tourism                 |
| Göksel Denizcilik Ticaret A.Ş.                              | 16.11.1981            | İstanbul                    | Tourism                 |
| İnter Turizm ve Seyahat A.Ş.                                | 25.07.1983            | İstanbul                    | Tourism                 |
| Netel Net Otelcilik Yatırım ve İşletme A.Ş.                 | 24.09.1987            | İstanbul                    | Tourism                 |
| Halikarnas Turizm Merkezi Ticaret ve Sanayi A.Ş.            | 07.06.1989            | İstanbul                    | Tourism                 |
| Net Yapı Sanayi ve Ticaret A.Ş.                             | 08.12.1983            | İstanbul                    | Construction            |
| Net Turistik Yayınlar Sanayi ve Ticaret A.Ş.                | 13.07.1981            | İstanbul                    | Publishing              |
| Gökova Turizm Ticaret ve Sanayi A.Ş.                        | 22.08.1995            | İstanbul                    | Tourism                 |
| Green Karmi Tatil Köyü Limited                              | 14.06.1996            | TRNC                        | Tourism                 |
| Elite Development and Management Limited                    | 31.12.1989            | TRNC                        | Tourism                 |
| Voyager Kıbrıs Limited                                      | 17.08.1987            | TRNC                        | Tourism                 |
| Merit Turizm Yatırım ve İşletme A.Ş.                        | 07.10.1988            | İstanbul                    | Tourism                 |
| Barometre Yayıncılık Sanayi ve Ticaret A.Ş.                 | 12.09.1991            | İstanbul                    | Publishing              |
| Cyprus Holiday Village Limited                              | 10.12.1996            | TRNC                        | Tourism                 |
| Başkaya Limited   | 10.06.2004            | TRNC                        | Tourism                 |
| Net Turistik Hizmetler Limited                              | 21.08.2007            | TRNC                        | Tourism                 |
| Azer Net Turizm   | 31.07.2008            | Azerbaijan                  | Tourism                 |
| Mehrab Mehdud Mesuliyetli Cemiyeti                          | 27.04.1994            | Azerbaijan                  | Construction            |
| Enet İnternet Yayıncılık Hizmetleri Yatırım ve Ticaret A.Ş. | 25.05.2012            | İstanbul                    | Publishing              |
| Voytur Travel Limited                                       | 27.02.2002            | TRNC                        | Tourism                 |

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

As of 30 June 2013 and 31 December 2012, the companies subject to “complete consolidation method” if directly or indirectly 50% or more than 50% of their shares or over 50% of their voting rights or the controlling rights regarding to companies’ operations are belonging to the Parent Company are as following:

| 30 June 2013  |  |                    |                   |
|---|--|--------------------|-------------------|
|   | Ownership of the Parent through the subsidiary |                    | Minority Interest |
|   | (Direct)                                       | (Direct+ Indirect) | Ratio             |
| Asyanet Turizm ve Ticaret A.Ş.                              | 59.63%   | 77.77%             | 22.23%            |
| Barometre Yayıncılık Sanayi ve Ticaret A.Ş.                 | 0.00%  | 100.00%            | 0.00%             |
| Elite Development and Management Ltd.                       | 0.00%  | 77.19%             | 22.81%            |
| Gökova Turizm Ticaret ve San. A.Ş.                          | 100.00%  | 100.00%            | 0.00%             |
| Göksel Denizcilik Ticaret A.Ş.                              | 0.00%  | 99.67%             | 0.33%             |
| Green Karmi Tatil Köyü Limited                              | 0.03%  | 77.77%             | 22.23%            |
| Halikarnas Turizm Merkezi Ticaret ve Sanayi A.Ş.            | 100.00%  | 100.00%            | 0.00%             |
| İnter Turizm ve Seyahat A.Ş.                                | 40.24%   | 69.45%             | 30.55%            |
| Loytaş Laleli Otelcilik Yatırım Turizm ve Ticaret A.Ş.      | 90.31%   | 100.00%            | 0.00%             |
| Merit Turizm Yatırım ve İşletme A.Ş.                        | 47.81%   | 56.46%             | 43.54%            |
| Enet İnternet Yayıncılık Hizmetleri Yatırım ve Ticaret A.Ş. | 60.00%   | 69.96%             | 30.04%            |
| Net Turistik Yayınlar Sanayi ve Tic. A.Ş.                   | 99.60%   | 99.60%             | 0.40%             |
| Net Turizm Sanayi ve Ticaret A.Ş. (a)                       | 43.63%   | 44.86%             | 55.14%            |
| Net Yapı Sanayi ve Ticaret A.Ş.                             | 100.00%  | 100.00%            | 0.00%             |
| Netel Net Otelcilik Yatırım ve İşletmeleri A.Ş.             | 76.79%   | 100.00%            | 0.00%             |
| Net Turistik Hizmetler Limited                              | 50.00%   | 97.93%             | 2.07%             |
| Azer Net Turizm   | 99.30%   | 99.30%             | 0.70%             |
| Voytur Travel Limited                                       | 0.00%  | 57.52%             | 42.48%            |
| Mehrab MMC  | 100.00%  | 100.00%            | 0.00%             |
| Sunset Turistik İşletmeleri A.Ş. (b)                        | 28.16%   | 77.91%             | 22.09%            |
| Voyager Kıbrıs Limited                                      | 46.70%   | 95.87%             | 4.13%             |
| Cyprus Holiday  | 0.00%  | 88.65%             | 11.35%            |
| Başkaya Limited   | 0.00%  | 77.77%             | 22.23%            |

- (a) Parent Company has less than 50% voting right either directly or indirectly, the companies subjected to “complete consolidation method” because Parent Company is controlling on the operations of the related companies. (Company and/or companies are checked by board of directors who has control of votes’ majority).
- (b) “Sunset Holiday Village” in Kuşadası/Aydın owned and managed by Sunset Turistik İşletmeleri A.Ş. Trade activities are subject to seasonal effects and it has been chosen a special accounting period in between 01 November - 31 October. Sunset Turistik İşletmeleri A.Ş. has joined Net Group in 1992. It still continues the special account period as 01 November - 31 October. Thus, the financials of Sunset Turistik İşletmeleri adapted to the consolidated financial statements according to events occurred in post Balance Sheet Date and “contingent events” according to related accounting standards of Capital Markets Board.

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira ‘TRY’ unless expressed otherwise)

31 December 2012

|   | Ownership of the Parent<br>through the subsidiary |                       | Minority<br>Interest |
|---|---|-----------------------|----------------------|
|   | (Direct)  | (Direct+<br>Indirect) | Ratio                |
| Asyanet Turizm ve Ticaret A.Ş.                              | 36.91%  | 68.68%                | 31.32%               |
| Barometre Yayıncılık Sanayi ve Ticaret A.Ş.                 | 0.00%   | 100.00%               | 0.00%                |
| Elite Development and Management Ltd.                       | 0.00%   | 74.67%                | 25.33%               |
| Gökova Turizm Ticaret ve San. A.Ş.                          | 100.00%   | 100.00%               | 0.00%                |
| Göksel Denizcilik Ticaret A.Ş.                              | 0.00%   | 99.67%                | 0.33%                |
| Green Karmi Tatil Köyü Limited                              | 0.03%   | 68.76%                | 31.24%               |
| Halikarnas Turizm Merkezi Ticaret ve Sanayi A.Ş.            | 100.00%   | 100.00%               | 0.00%                |
| İnter Turizm ve Seyahat A.Ş.                                | 40.24%  | 67.44%                | 32.56%               |
| Loytaş Laleli Otelcilik Yatırım Turizm ve Ticaret A.Ş.      | 90.31%  | 100.00%               | 0.00%                |
| Merit Turizm Yatırım ve İşletme A.Ş.                        | 47.81%  | 55.75%                | 44.25%               |
| Enet İnternet Yayıncılık Hizmetleri Yatırım ve Ticaret A.Ş. | 60.00%  | 69.96%                | 30.04%               |
| Net Turistik Yayınlar Sanayi ve Tic. A.Ş.                   | 99.60%  | 99.60%                | 0.40%                |
| Net Turizm Sanayi ve Ticaret A.Ş. (a)                       | 40.30%  | 41.38%                | 58.62%               |
| Net Yapı Sanayi ve Ticaret A.Ş.                             | 100.00%   | 100.00%               | 0.00%                |
| Netel Net Otelcilik Yatırım ve İşletmeleri A.Ş.             | 76.79%  | 100.00%               | 0.00%                |
| Net Turistik Hizmetler Limited                              | 50.00%  | 97.72%                | 2.28%                |
| Azer Net Turizm   | 99.30%  | 99.30%                | 0.70%                |
| Voytur Travel Limited                                       | 0.00%   | 57.27%                | 42.73%               |
| Mehrab MMC  | 100.00%   | 100.00%               | 0.00%                |
| Sunset Turistik İşletmeleri A.Ş. (b)                        | 28.16%  | 75.33%                | 24.67%               |
| Voyager Kıbrıs Limited                                      | 46.70%  | 95.44%                | 4.56%                |
| Cyprus Holiday  | 0.00%   | 87.35%                | 12.65%               |
| Başkaya Limited   | 0.00%   | 68.76%                | 31.24%               |

- (a) Parent Company has less than 50% voting right either directly or indirectly, the companies subjected to “complete consolidation method” because Parent Company is controlling on the operations of the related companies. (Company and/or companies are checked by board of directors who has control of votes’ majority).
- (b) “Sunset Holiday Village” in Kuşadası/Aydın owned and managed by Sunset Turistik İşletmeleri A.Ş. Trade activities are subject to seasonal effects and it has been chosen a special accounting period in between 01 November - 31 October. Sunset Turistik İşletmeleri A.Ş. has joined Net Group in 1992. It still continues the special account period as 01 November - 31 October. Thus, the financials of Sunset Turistik İşletmeleri adapted to the consolidated financial statements according to events occurred in Post Balance Sheet Events and “Contingent Events” according to related accounting standards of Capital Markets Board.

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira ‘TRY’ unless expressed otherwise)

As of 30 June 2013, total assets, shareholders’ equity, paid capital share and net income / (loss) for the period as in single financial statements of Net Group subsidiaries are as following;

|   | 30 June 2013    |                            |                    |               |                                  |
|---|-----------------|----------------------------|--------------------|---------------|----------------------------------|
|   | Total assets    | Total shareholders’ equity | Paid capital share | Revenue (Net) | Net income/(loss) for the period |
| Asyanet Turizm ve Ticaret A.Ş.                              | 235,616,341     | 204,448,553                | 244,933,395        | 731,561       | 22,058,258                       |
| Barometre Yayıncılık Sanayi ve Ticaret A.Ş.                 | (*) 97,658      | 33,926                     | 160,208            | 94,447        | (4,535)                          |
| Elite Development and Management Ltd                        | 30,184,197      | 15,625,335                 | 4,350,788          | 562,681       | (1,314,179)                      |
| Gökova Turizm Ticaret ve San. A.Ş.                          | 180,201         | 179,388                    | 4,647,877          | -             | 13,580                           |
| Göksel Denizcilik Ticaret A.Ş.                              | (*) 541,937     | 450,740                    | 10,081,733         | -             | (22,762)                         |
| Green Karmi Tatil Köyü Limited                              | (*) 1,851,323   | 1,068,974                  | 2,977,389          | 30,000        | 5,435                            |
| Halikarnas Turizm Merkezi Ticaret ve Sanayi A.Ş.            | (*) 84,802,015  | 76,391,832                 | 71,912,474         | -             | 5,374,946                        |
| İnter Turizm ve Seyahat A.Ş.                                | 6,771,309       | 3,131,741                  | 10,263,069         | 2,067,857     | (207,936)                        |
| Loytaş Laleli Otelcilik Yatırım Turizm ve Ticaret A.Ş.      | (*) 20,120,827  | 18,124,600                 | 65,799,272         | -             | 84,248                           |
| Merit Turizm Yatırım ve İşletme A.Ş.                        | 6,627,865       | 5,790,242                  | 12,253,380         | 3,176,949     | 1,881,348                        |
| Net Turistik Yayınlar Sanayi ve Tic. AŞ                     | 2,472,618       | 1,714,438                  | 8,833,025          | 947,495       | 36,062                           |
| Net Turizm Ticaret ve Sanayi A.Ş.                           | 481,587,090     | 285,296,466                | 260,330,497        | 17,262,524    | 9,484,495                        |
| Net Yapı Sanayi ve Ticaret A.Ş.                             | (*) 45,412,653  | 45,173,557                 | 60,788,064         | -             | (1,790,193)                      |
| Netel Net Otelcilik Yatırım ve İşletmeleri A.Ş.             | (*) 184,245,457 | 177,806,244                | 92,342,364         | -             | 23,393,770                       |
| Net Turistik Hizmetler Limited                              | (*) 4,268,574   | 2,548,138                  | 4,790,000          | -             | (12,101)                         |
| Azer Net Turizm   | (*) 14,008      | (80,040)                   | 1,481              | -             | (4,421)                          |
| Mehrab MMC  | (*) 1,489,678   | 1,214,620                  | 235,347            | -             | (15,491)                         |
| Voytur Travel Limited                                       | 24,377,507      | 2,483,599                  | 2,500,000          | 4,000         | (17,177)                         |
| Sunset Turistik İşletmeleri A.Ş.                            | 117,369,515     | 108,983,137                | 148,494,537        | 1,155,116     | (4,727,366)                      |
| Voyager Kıbrıs Limited                                      | 433,148,636     | 265,034,082                | 335,573,302        | 57,565,011    | 15,366,800                       |
| Cyprus Holiday  | (*) 199,695     | 185,915                    | 151,430            | -             | (173)                            |
| Enet İnternet Yayıncılık Hizmetleri Yatırım ve Ticaret A.Ş. | 620,919         | (1,684,019)                | 175,000            | 39,834        | (1,199,212)                      |
| Başkaya Limited   | (*) 325,653     | 178,212                    | 206,728            | -             | -                                |

As of 31 December 2012, total assets, shareholders’ equity, paid capital share and net income / (loss) for the period as in single financial statements of Net Group subsidiaries are as following:

|   | 31 December 2012 |                            |                    |               |                                  |
|---|------------------|----------------------------|--------------------|---------------|----------------------------------|
|   | Total assets     | Total shareholders’ equity | Paid capital share | Revenue (Net) | Net income/(loss) for the period |
| Asyanet Turizm ve Ticaret A.Ş.                              | 220,948,675      | 182,441,421                | 244,933,395        | 1,785,534     | (10,089,356)                     |
| Barometre Yayıncılık Sanayi ve Ticaret A.Ş.                 | (*) 74,050       | 41,369                     | 160,208            | 152,969       | 3,238                            |
| Elite Development and Management Ltd                        | 30,124,033       | 16,939,513                 | 4,350,788          | 7,961,980     | (566,541)                        |
| Gökova Turizm Ticaret ve San. A.Ş.                          | 167,634          | 165,808                    | 4,647,877          | 387,987       | (110,634)                        |
| Göksel Denizcilik Ticaret A.Ş.                              | (*) 539,597      | 473,502                    | 10,081,733         | -             | (26,768)                         |
| Green Karmi Tatil Köyü Limited                              | (*) 1,877,784    | 1,063,538                  | 2,977,389          | 60,000        | 1,319                            |
| Halikarnas Turizm Merkezi Ticaret ve Sanayi A.Ş.            | (*) 71,802,438   | 71,024,959                 | 71,912,474         | -             | (618,163)                        |
| İnter Turizm ve Seyahat A.Ş.                                | 6,667,449        | 3,415,917                  | 10,263,069         | 4,774,676     | 103,518                          |
| Loytaş Laleli Otelcilik Yatırım Turizm ve Ticaret A.Ş.      | (*) 18,396,341   | 18,040,352                 | 65,799,272         | -             | (636,999)                        |
| Merit Turizm Yatırım ve İşletme A.Ş.                        | 4,254,330        | 3,913,499                  | 12,253,380         | 1,220,186     | 256,942                          |
| Net Turistik Yayınlar Sanayi ve Tic. AŞ                     | 2,718,239        | 1,718,528                  | 8,833,025          | 1,784,180     | (374,910)                        |
| Net Turizm Ticaret ve Sanayi A.Ş.                           | 457,445,600      | 275,845,282                | 260,330,497        | 22,130,650    | (11,796,678)                     |
| Net Yapı Sanayi ve Ticaret A.Ş.                             | (*) 47,189,224   | 46,963,750                 | 60,788,064         | -             | (1,905,208)                      |
| Netel Net Otelcilik Yatırım ve İşletmeleri A.Ş.             | (*) 185,785,590  | 178,492,653                | 92,342,364         | -             | 39,482,576                       |
| Net Turistik Hizmetler Limited                              | (*) 4,266,618    | 2,560,239                  | 4,790,000          | -             | (453,821)                        |
| Azer Net Turizm   | (*) 12,974       | (74,126)                   | 1,481              | -             | (135)                            |
| Mehrab MMC  | (*) 1,379,663    | 1,137,541                  | 235,347            | -             | (11,896)                         |
| Voytur Travel Limited                                       | 26,973,263       | 2,500,776                  | 2,500,000          | -             | (9,655)                          |
| Sunset Turistik İşletmeleri A.Ş.                            | 130,448,809      | 113,710,504                | 148,494,537        | 12,774,200    | (1,379,914)                      |
| Voyager Kıbrıs Limited                                      | 289,544,740      | 237,013,853                | 322,911,302        | 75,839,349    | (6,592,804)                      |
| Cyprus Holiday  | (*) 199,920      | 186,087                    | 151,430            | -             | (1,245)                          |
| Enet İnternet Yayıncılık Hizmetleri Yatırım ve Ticaret A.Ş. | 169,812          | (484,807)                  | 175,000            | 9,000         | (659,807)                        |
| Başkaya Limited   | (*) 325,656      | 178,215                    | 206,728            | -             | (899)                            |

(\*) These companies within the subsidiaries of Net Group do not have operating income and they are not operational.



**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira ‘TRY’ unless expressed otherwise)

***Equity Participations***

The companies which the Parent Company has continuous relationship on management and power to govern companies’ policies and/or which have direct or indirect capital and management relationship or which have voting share of parent company between the rates 20-50%, are as follows;

| 30 June 2013                           |   |                     |
|--|---|---------------------|
|  | Ownership of the Parent through the Equity Participations |                     |
|  | (Direct)  | (Direct + Indirect) |
| Air Tour Turizm Sanayi ve Ticaret A.Ş. | 0.00%   | 37.40%              |
| Azer Şans Müessesesi                   | 0.00%   | 47.45%              |

Net Group’s share rates in the equity participations close to 50%, although, the related parties as mentioned in IAS 28, do not have the power to manage their financial and operational policies by themselves, have the power to participate the determination of those policies (significant influence), so they have been considered within the context of equity participation.

| 31 December 2012                       |   |                     |
|--|---|---------------------|
| Equity Participations                  | Ownership of the Parent through the Equity Participations |                     |
|  | (Direct)  | (Direct + Indirect) |
| Air Tour Turizm Sanayi ve Ticaret A.Ş. | 0.00%   | 36.16%              |
| Azer Şans Müessesesi                   | 0.00%   | 47.27%              |

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

**5. REPORT BY SEGMENTS**

Net Group's operating business are organized and managed according to the features of products and services provided. Each section of operational parts represents strategic business units providing varied products and serves to different markets.

Transfer prices between business segments of the Net Group are set out on an arm's length basis in a manner similar to transactions with third parties.

Net Group's reporting activities are presented in the field of "Tourism, Publishing, Holding and Other". Tourism incomes are composed of accommodation incomes, food and beverage incomes, casino business incomes, and free-shop incomes, sales of jewellery and car and parking incomes". Publishing incomes are composed of "book and stationery sales income".

**a. Sales Income, Net**

|             | 01.01.-<br>30.06.2013 | 01.01.-<br>30.06.2012 |
|-------------|-----------------------|-----------------------|
| Tourism     | 77,097,129            | 40,294,502            |
| Publication | 987,207               | 934,818               |
| Holding     | 536,293               | -                     |
| Total       | 78,620,629            | 41,229,320            |

**b. Net Operating Profit / (Loss)**

|             | 01.01.-<br>30.06.2013 | 01.01.-<br>30.06.2012 |
|-------------|-----------------------|-----------------------|
| Tourism     | 15,744,773            | 30,877,301            |
| Publication | (1,314,564)           | (6,363)               |
| Holding     | 74,770,124            | 52,725,825            |
| Other       | (131,692)             | (44,125)              |
| Total       | 89,068,641            | 83,552,638            |

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

**c. Depreciation Expense Related to Assets of Segmentation**

| 01 January – 30 June 2013                       | Tourism   | Publication | Holding | Other  | Total     |
|---|-----------|-------------|---------|--------|-----------|
| Cost of Sales                                   | 6,338,481 | -           | -       | -      | 6,338,481 |
| General Administrative Expenses                 | 528,399   | 12,148      | 284,338 | 18,070 | 842,955   |
| Marketing, Sales and Distribution Expense       | 16,975    | -           | -       | -      | 16,975    |
| Part of reclassified in discontinued operations | 3,888     | -           | -       | -      | 3,888     |
|   | 6,887,743 | 12,148      | 284,338 | 18,070 | 7,202,299 |
| 01 January – 30 June 2012                       | Tourism   | Publication | Holding | Other  | Total     |
| Cost of Sales                                   | 5,781,271 | -           | -       | -      | 5,781,271 |
| General Administrative Expenses                 | 441,119   | 8,754       | 374,143 | 18,179 | 842,195   |
| Marketing, Sales and Distribution Expense       | 29,308    | -           | -       | -      | 29,308    |
| Part of reclassified to discontinued operations | 74,798    | -           | -       | -      | 74,798    |
|   | 6,326,496 | 8,754       | 374,143 | 18,179 | 6,727,572 |

**d. Investment in Equity Pick up Methods Related to Segmentation**

|       | 01.01.-<br>30.06.2013 | 01.01.-<br>30.06.2012 |
|-------|-----------------------|-----------------------|
| Other | 14,106                | (174,356)             |
|       | 14,106                | (174,356)             |

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

**e. Segmental Analysis**

**01 January – 30 June 2013**

|   | Tourism      | Publication | Holding     | Other       | Total               |
|---|--------------|-------------|-------------|-------------|---------------------|
| External Revenues   | 77,097,129   | 987,207     | 536,293     | -           | 78,620,629          |
| Inter-segment Revenues  | 4,783,280    | 94,569      | 19,371,721  | -           | 24,249,570          |
| Elimination   | -            | -           | -           | -           | (24,249,570)        |
| <b>Total Revenue</b>  |              |             |             |             | <b>78,620,629</b>   |
| External Expenses   | (50,506,962) | (507,826)   | -           | -           | (51,014,788)        |
| Intra-segment Expense   | (1,804,872)  | -           | -           | -           | (1,804,872)         |
| Elimination   | -            | -           | -           | -           | 1,804,872           |
| <b>Cost of Sales</b>  |              |             |             |             | <b>(51,014,788)</b> |
| <b>Gross Operating Profit (Loss)</b>                            |              |             |             |             | <b>27,605,841</b>   |
| External General Administrative Expenses (-)                    | (15,351,956) | (670,168)   | (7,025,750) | (131,692)   | (23,179,566)        |
| External Marketing and Sales Expenses                           | (2,809,939)  | (1,118,650) | -           | -           | (3,928,589)         |
| Inter-segment Expenses  | (2,990,414)  | (5,100)     | (871,550)   | (5,100)     | (3,872,164)         |
| Elimination   | -            | -           | -           | -           | 3,872,164           |
| External other operating incomes                                | 9,506,798    | 69,047      | 81,357,063  | -           | 90,932,908          |
| External other operating expenses (-)                           | (2,204,403)  | (74,174)    | (97,482)    | -           | (2,376,059)         |
| Inter-segment Expenses  | (320,017)    | (11,072)    | (81,047)    | -           | (412,136)           |
| Elimination   | -            | -           | -           | -           | 412,136             |
| <b>Net Operating Expenses</b>                                   |              |             |             |             | <b>61,448,694</b>   |
| Share of Profit / Loss of Investments Valued with Equity Method | 14,106       | -           | -           | -           | 14,106              |
| <b>Net Operating Profit / (Loss)</b>                            |              |             |             |             | <b>89,068,641</b>   |
| External investing activities incomes                           | 850,374      | 6,780       | 169,294     | -           | 1,026,448           |
| External investing activities expenses (-)                      | (473,856)    | (40)        | -           | -           | (473,896)           |
| Inter-segment Expenses  | 319,624      | 11,072      | -           | -           | 330,696             |
| Elimination   | -            | -           | -           | -           | (330,696)           |
| <b>Investing Activities Income / (Loss)</b>                     |              |             |             |             | <b>552,552</b>      |
| External Finance Income   | 8,644,542    | 3,461       | 4,611,373   | 229,880     | 13,489,256          |
| External Finance Expenses (-)                                   | (18,524,848) | (21,486)    | (9,874,031) | (1,905,192) | (30,325,557)        |
| Inter-segment Incomes / (Expenses)-net                          | (341,859)    | (16,020)    | (485,791)   | 53,395      | (790,275)           |
| Elimination   | -            | -           | -           | -           | 790,275             |
| <b>Operating Income / (Loss)</b>                                |              |             |             |             | <b>72,784,892</b>   |

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

**01 January – 30 June 2012**

|   | Tourism      | Publication | Holding     | Other     | Total               |
|---|--------------|-------------|-------------|-----------|---------------------|
| External Revenues   | 40,294,502   | 934,818     | -           | -         | 41,229,320          |
| Inter-segment Revenues  | 744,628      | 73,616      | 6,276,327   | -         | 7,094,571           |
| Elimination   | -            | -           | -           | -         | (7,094,571)         |
| <b>Total Revenue</b>  |              |             |             |           | <b>41,229,320</b>   |
| External Expenses   | (42,193,777) | (435,317)   | -           | -         | (42,629,094)        |
| Intra-segment Expenses  | (149,110)    | -           | -           | -         | (149,110)           |
| Elimination   | -            | -           | -           | -         | 149,110             |
| <b>Cost of Sales</b>  |              |             |             |           | <b>(42,629,094)</b> |
| <b>Gross Operating Profit (Loss)</b>                            |              |             |             |           | <b>(1,399,774)</b>  |
| External General Administrative Expenses                        | (14,011,438) | (327,762)   | (5,164,733) | (44,267)  | (19,548,200)        |
| External Marketing and Sales Expenses                           | (909,331)    | (211,064)   | -           | -         | (1,120,395)         |
| Inter-segment Expenses  | (435,758)    | (4,800)     | (304,689)   | (4,800)   | (750,047)           |
| Elimination   | -            | -           | -           | -         | 750,047             |
| External other operating incomes                                | 50,545,985   | 44,308      | 57,890,579  | 142       | 108,481,014         |
| External other operating expenses (-)                           | (2,674,284)  | (11,346)    | (21)        | -         | (2,685,651)         |
| Inter-segment Expenses  | (48,558)     | (31,239)    | (77,570)    | -         | (157,367)           |
| Elimination   | -            | -           | -           | -         | 157,367             |
| <b>Net Operating Expenses</b>                                   |              |             |             |           | <b>85,126,768</b>   |
| Share of profit / loss of Investments Valued with Equity Method | (174,356)    | -           | -           | -         | (174,356)           |
| <b>Net Operating Profit / (Loss)</b>                            |              |             |             |           | <b>83,552,638</b>   |
| External investing activities incomes                           | 815,713      | 33,218      | 172,436     | -         | 1,021,367           |
| External investing activities expenses (-)                      | (297)        |             |             |           | (297)               |
| Inter-segment Expenses  |              | 31,239      |             |           | 31,239              |
| Elimination   | -            | -           | -           | -         | (31,239)            |
| <b>Investing Activities Income / (Loss)</b>                     |              |             |             |           | <b>1,021,070</b>    |
| External Finance Income   | 6,635,943    | 43,370      | 2,436,424   | -         | 9,115,737           |
| External Finance Expenses (-)                                   | (12,908,589) | (19,205)    | (3,381,404) | (134,327) | (16,443,525)        |
| Inter-segment Incomes / (Expenses)-net                          | (6,128,844)  | 31,239      | (57,813)    | (2,919)   | (6,158,337)         |
| Elimination   | -            | -           | -           | -         | 6,158,337           |
| <b>Income / (Loss) Before Tax</b>                               |              |             |             |           | <b>77,245,920</b>   |

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

**f. Segment assets and liabilities**

**Segment Assets**

|  | 30.06.2013           | 31.12.2012           |
|--|----------------------|----------------------|
| Tourism  | 1,632,232,149        | 1,449,781,454        |
| Publication  | 3,191,195            | 2,962,101            |
| Holding  | 783,570,341          | 667,519,046          |
| Other  | 46,902,326           | 48,568,881           |
| <b>Total</b>   | <b>2,465,896,011</b> | <b>2,168,831,482</b> |
| <b>Inter-segment Adjustments and Classifications</b>                   | <b>1,689,327,423</b> | <b>1,553,950,247</b> |
| <b>Total Assets According to the Consolidated Financial Statements</b> | <b>776,568,588</b>   | <b>614,881,235</b>   |

**Segment Liabilities**

|   | 30.06.2013         | 31.12.2012         |
|---|--------------------|--------------------|
| Tourism   | 464,584,992        | 341,889,460        |
| Publication   | 3,126,849          | 1,687,011          |
| Holding   | 164,334,377        | 60,938,428         |
| Other   | 514,158            | 467,597            |
| <b>Total</b>  | <b>632,560,376</b> | <b>404,982,496</b> |
| <b>Inter-segment Adjustments and Classification</b>                         | <b>235,048,244</b> | <b>124,533,493</b> |
| <b>Total Liabilities According to the Consolidated Financial Statements</b> | <b>397,512,132</b> | <b>280,449,003</b> |

**g. Total Fixed Assets Related to Segmentation**

01 January – 30 June 2013

|                         | Tourism           | Publication | Holding        | Other    | Total             |
|-------------------------|-------------------|-------------|----------------|----------|-------------------|
| Investment Properties   | 12,697,541        | -           | -              | -        | 12,697,541        |
| Tangible Fixed Assets   | 58,759,227        | -           | 153,395        | -        | 58,912,622        |
| Intangible Fixed Assets | 154,314           | -           | -              | -        | 154,314           |
|                         | <b>71,611,082</b> | <b>-</b>    | <b>153,395</b> | <b>-</b> | <b>71,764,477</b> |

01 January – 30 June 2012

|                         | Tourism           | Publication  | Holding       | Other    | Total             |
|-------------------------|-------------------|--------------|---------------|----------|-------------------|
| Tangible Fixed Assets   | 46,392,729        | 2,051        | 43,849        | -        | 46,438,629        |
| Intangible Fixed Assets | 31,742            | 1,050        | 281           | -        | 33,073            |
|                         | <b>46,424,471</b> | <b>3,101</b> | <b>44,130</b> | <b>-</b> | <b>46,471,702</b> |

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

**6. RELATED PARTY DISCLOSURES**

**6.1** Due from related parties in trade receivables is as following (Note 10.1):

|   | 30.06.2013 | 31.12.2012 |
|---|------------|------------|
| Demtur Travel Limited                           | 14,906,622 | 2,525,868  |
| Mobilizm Turizm Ticaret A.Ş.                    | 65,107     | 141,937    |
| Megavizyon Müzik Merkezi Üretim ve Ticaret A.Ş. | 33,909     | 37,081     |
|   | 15,005,638 | 2,704,886  |

Receivable of Net Group Company, Voyager Kıbrıs Limited from Demtur Travel Limited is due to the accommodation service provided.

**6.2** Due from related parties in other receivables is as following (Not 11.1.1):

|   | 30.06.2013 | 31.12.2012 |
|---|------------|------------|
| Kozmos Turizm ve Ticaret A.Ş.                       | 1,030,800  | 998,123    |
| İkili Elektronik Ticaret Ltd. Şti. (a)              | 3,553,212  | 3,435,898  |
| Megavizyon Müzik Merkezi Üretim ve Ticaret A.Ş. (a) | 3,424,849  | 1,795,002  |
| Mobilizm Turizm Ticaret A.Ş.                        | -          | 72,674     |
|   | 8,008,861  | 6,301,697  |

- (a) Related amounts are composed of nontrading receivables of Net Holding Anonim Şirketi and its subsidiaries. For related amounts, for the period ended at 30 June 2013 accounted interest income by Net Holding Anonim Şirketi and its subsidiaries.

**6.3** Due from equity participation in the other receivables is as following (Note 11.1.1):

|  | 30.06.2013 | 31.12.2012 |
|--|------------|------------|
| Azer Şans Müessesesi (b)                   | 3,137,424  | 2,905,638  |
| Air Tour Turizm Sanayi ve Ticaret A.Ş. (c) | 2,790,960  | 2,584,770  |
|  | 5,928,384  | 5,490,408  |

- (b) Net Group company, Net Yapı Sanayi ve Ticaret A.Ş. has made payment of USD 1,630,000 equivalent to TRY 3,137,424 (31 December 2012: USD 1,630,000 equivalent to TRY 2,905,638) in the name of Azer Şans Müessesesi which 42% of capital is held by Net Yapı Sanayi ve Ticaret A.Ş., founded in Azerbaijan Republic to purchase land. The deed of 25,000 m<sup>2</sup> is obtained out of 35,000 m<sup>2</sup> against the payment and the deeds of remaining land are in ongoing process.
- (c) Net Holding Anonim Şirketi has paid Air Tour Turizm Sanayi ve Ticaret A.Ş.'s debt, one of the his subsidiaries, to Marbank amounting TRY 2,436,891 and to other organizations amounting TRY 331,825 on behalf of Air Tour. Air Tour has receivables that under litigation from İzmir Metropolitan Municipality, relevant case is thought to be in favor of Air Tour according to Net Group management. Net Holding A.Ş. pledged to put Air Tour's receivables that under litigations from İzmir Metropolitan Municipality amounting USD 1,450,000 for the payment to made for Air Tour. Net Holding Anonim Şirketi will charge this amount with interest when Air Tour charged the relevant amount. For receivables from Air Tour the amount of exceeding the ceding amount of its receivable from AirTour (Note 11.1.1).

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

**6.4** Due from shareholders in other receivables is as following (Note 11.1.1):

|  | 30.06.2013 | 31.12.2012 |
|--|------------|------------|
| Due from shareholders in other receivables | 10,310     | 10,310     |
|  | 10,310     | 10,310     |

**6.5** Due to related parties in trade payables are as following (Note 10.2):

|   | 30.06.2013 | 31.12.2012 |
|---|------------|------------|
| Opus Dış Ticaret A.Ş.                                     | -          | 321,007    |
| Denet Cem Tezel ve Nurdan Üçer Evlambios Ortaklığı        | 153,810    | 2,108      |
| Duse Organizasyon Yemek Hizmetleri ve Gıda San. Ltd. Şti. | 1,523      |            |
|   | 155,333    | 323,115    |

**6.6** Due to shareholders in other payables are as following (Note 11.2.1):

|                   | 30.06.2013 | 31.12.2012 |
|-------------------|------------|------------|
| Dividend payables | 689        | 3,095      |
| Other             | 27,013     | 56,985     |
|                   | 27,702     | 60,080     |

**6.7** Due to marketable securities in other payables are stated as below (Note 11.2.1):

|  | 30.06.2013 | 31.12.2012 |
|--|------------|------------|
| Urart Gümrüksüz Mağazacılık İşletmeciliği A.Ş. (*) | -          | 13,903,280 |
| Opus Dış Ticaret A.Ş. (**)                         | -          | 6,061,991  |
| Net Mağazacılık İşletmeciliği ve Ticaret A.Ş.      | -          | 426,770    |
|  | -          | 20,392,041 |

(\*) On 24 September 2008, there has been a financial loan agreement between Net Group parent company, Net Holding A.Ş. and one of Net Group related parties Urart Mağazacılık İşletmeciliği A.Ş. The balance is occurred from this loan agreement. The balance was paid on 12 March 2013.

(\*\*) On 16 February 2009, there has been a financial loan agreement between Net Group parent company, Netel Net Otelcilik Yatırım ve İşl. A.Ş. and one of Net Group related parties Opus Dış Ticaret A.Ş. The balance is occurred from this loan agreement. The balance was paid on 12 March 2013.



**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira ‘TRY’ unless expressed otherwise)

Transactions with related parties in between 01.01. - 30.06.2013:

Transactions with related parties in between;

|                      | 01.01.-30.06.2013                |
|----------------------|----------------------------------|
|                      | Sales incomes                    |
| Equity participation | Book and stationery sales income |

|   |        |
|---|--------|
| Opus Dış Ticaret A.Ş.                           | 11,312 |
| Megavizyon Müzik Merkezi Üretim ve Ticaret A.Ş. | 24,308 |

|                      | 01.01.-30.06.2013  |
|----------------------|--------------------|
|                      | Sales incomes      |
| Equity participation | Consultancy income |

|                                      |         |
|--------------------------------------|---------|
| Urart Mağazacılık İşletmeciliği A.Ş. | 536,293 |
|--------------------------------------|---------|

|                 | 01.01.-30.06.2013          |
|-----------------|----------------------------|
|                 | Sales incomes              |
| Related parties | Hotel accommodation income |

|                       |            |
|-----------------------|------------|
| Demtur Travel Limited | 32,579,946 |
|-----------------------|------------|

|                 | 01.01.-30.06.2013 |
|-----------------|-------------------|
|                 | Sales incomes     |
| Related parties | Car rental income |

|                              |        |
|------------------------------|--------|
| Mobilizm Turizm Ticaret A.Ş. | 88,625 |
|------------------------------|--------|

|                 | 01.01.-30.06.2013 |
|-----------------|-------------------|
|                 | Other income      |
| Related parties | Rental Income     |

|                                    |       |
|------------------------------------|-------|
| İkili Elektronik Ticaret Ltd. Şti. | 4,500 |
| Demtur Travel Limited              | 6,000 |
| Mobilizm Turizm Ticaret A.Ş.       | 6,000 |

|                      | 01.01.-30.06.2013      |
|----------------------|------------------------|
|                      | Financial income       |
| Equity participation | Foreign exchange gains |

|   |        |
|---|--------|
| Urart Mağazacılık İşletmeciliği A.Ş.          | 46,706 |
| Opus Dış Ticaret A.Ş.                         | 20,364 |
| Net Mağazacılık İşletmeciliği ve Ticaret A.Ş. | 1,434  |

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira ‘TRY’ unless expressed otherwise)

|   | 01.01.-30.06.2013    |
|---|----------------------|
|   | Financial incomes    |
|   | Due date differences |
| Related parties                                 | income               |
| Kozmos Turizm ve Ticaret A.Ş.                   | 27,692               |
| Megavizyon Müzik Merkezi Üretim ve Ticaret A.Ş. | 69,788               |
| İkili Elektronik Ticaret Ltd. Şti.              | 88,828               |
| Air Tour Turizm Sanayi ve Ticaret A.Ş.          | 81,666               |

|   | 01.01.-30.06.2013 |
|---|-------------------|
|   | Other operating   |
|   | income            |
| Equity participations                         | Dividend income   |
| Uart Mağazacılık İşletmeciliği A.Ş.           | 6,421,995         |
| Opus Dış Ticaret A.Ş.                         | 2,728,716         |
| Net Mağazacılık İşletmeciliği ve Ticaret A.Ş. | 149,455           |
| Mutko Ltd. Şti.                               | 1,795,026         |

Details of purchases from related parties are as following;

|   | 01.01.-30.06.2013   |
|---|---------------------|
|   | Financial expenses  |
|   | Due date difference |
| Equity participations                         | expense             |
| Uart Mağazacılık İşletmeciliği A.Ş.           | 183,985             |
| Opus Dış Ticaret A.Ş.                         | 73,855              |
| Net Mağazacılık İşletmeciliği ve Ticaret A.Ş. | 6,126               |

|  | 01.01.-30.06.2013    |
|--|----------------------|
|  | Marketing, sales and |
|  | distribution expense |
| Equity participations                              | Advertisement        |
| Denet Cem Tezel ve Nurdan Üçer Evlambios Ortaklığı | 517,245              |

|  | 01.01.-30.06.2013    |
|--|----------------------|
|  | Marketing, sales and |
|  | distribution expense |
| Equity participations                              | Other                |
| Denet Cem Tezel ve Nurdan Üçer Evlambios Ortaklığı | 52,110               |

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

Transactions with related parties in between 01.01. - 30.06.2012:

Details of incomes from related parties are as following;

|   | 01.01.-30.06.2012                 |
|---|-----------------------------------|
|   | Sales incomes                     |
| Equity participations                           | Book and stationery sales incomes |
| Opus Dış Ticaret A.Ş.                           | 37,870                            |
| Megavizyon Müzik Merkezi Üretim ve Ticaret A.Ş. | 20,346                            |
|   |                                   |
|   | 01.01.-30.06.2012                 |
|   | Sales incomes                     |
| Related parties                                 | Hotel accommodation income        |
| Voytur Travel Limited                           | 4,866,462                         |
|   |                                   |
|   | 01.01.-30.06.2012                 |
|   | Other income                      |
| Related parties                                 | Rental Income                     |
| İkili Elektronik Ticaret Ltd. Şti.              | 4,200                             |
|   |                                   |
|   | 01.01.-30.06.2012                 |
|   | Financial income                  |
| Equity participation                            | Foreign exchange gains            |
| Urart Gümrüksüz Mağazacılık İşletmeciliği A.Ş.  | 802,570                           |
| Opus Dış Ticaret A.Ş.                           | 1,498,773                         |

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira ‘TRY’ unless expressed otherwise)

|  | 01.01.-30.06.2012    |
|--|----------------------|
|  | Financial incomes    |
|  | Due date differences |
| Related parties                        | income               |
| Kozmos Turizm ve Ticaret A.Ş.          | 45,520               |
| Air Tour Turizm Sanayi ve Ticaret A.Ş. | 43,431               |

|   | 01.01.-30.06.2012  |
|---|--------------------|
|   | Financial expenses |
|   | Dividend income    |
| Equity participations                         |                    |
| Urart Mağazacılık İşletmeciliği A.Ş.          | 5,249,886          |
| Opus Dış Ticaret A.Ş.                         | 6,963,479          |
| Net Mağazacılık İşletmeciliği ve Ticaret A.Ş. | 281,946            |

Details of purchases from related parties are as following;

|                       | 01.01.-30.06.2012 |
|-----------------------|-------------------|
|                       | Cost of sales (-) |
|                       | Purchasing of     |
| Equity participations | merchandise       |
| Opus Dış Ticaret A.Ş. | 2,194,442         |

|  | 01.01.-30.06.2012   |
|--|---------------------|
|  | Financial expenses  |
|  | Due date difference |
| Equity participations                          | expense             |
| Urart Gümrüksüz Mağazacılık İşletmeciliği A.Ş. | 428,471             |
| Opus Dış Ticaret A.Ş.                          | 462,500             |

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

**7. CASH AND CASH EQUIVALENTS**

As of 30 June 2013 and 31 December 2012, the details of cash and cash equivalents are listed below;

|  | 30.06.2013  | 31.12.2012 |
|--|-------------|------------|
| Cash   | 26,790,909  | 10,428,331 |
| Banks  |             |            |
| -Demand deposits   | 12,179,148  | 3,268,894  |
| -Time deposits   | 32,297,525  | 183,992    |
| - Interest income  | 107,502     | 13,924     |
| Other liquid assets  | 2,590,305   | 1,290,573  |
| Liquid funds   | 656,865     | 620,552    |
| Marketable securities acquired with reverse repo agreement | 50,044,527  | 54,634,015 |
|  | 124,666,781 | 70,440,281 |

Other liquid assets are composed of the receivables from banks due to credit card transaction of Net Group.

Maturity structure of time deposits as of 30 June 2013 consists of the following;

| Currency Type | Foreign<br>Currency<br>Amount | Interest Rate | Maturity   | TRY Amount |
|---------------|-------------------------------|---------------|------------|------------|
| EUR           | 10,552,218                    | 2.40%         | 23.07.2013 | 26,525,111 |
| TRY           | 4,057,500                     | 7.05%         | 01.07.2013 | 4,057,500  |
| TRY           | 1,709,520                     | 7.05%         | 01.07.2013 | 1,709,520  |
| TRY           | 2,328                         | 6.00%         | 10.07.2013 | 2,328      |
| TRY           | 2,324                         | 6.00%         | 08.07.2013 | 2,324      |
| TRY           | 742                           | 8.00%         | 16.07.2013 | 742        |
| Total         |                               |               |            | 32,297,525 |

Maturity structure of time deposits as of 31 December 2012 consists of the following;

| Currency Type | Foreign<br>Currency<br>Amount | Interest Rate | Maturity   | TRY Amount |
|---------------|-------------------------------|---------------|------------|------------|
| USD           | 103,215                       | 4.72%         | 10.01.2013 | 183,992    |
| Total         |                               |               |            | 183,992    |

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

As of 30 June 2013 and 31 December 2012, details of marketable securities acquired with reverse repo agreement are as follows:

| Currency Type | Foreign Currency Amount | Maturity   | 30.06.2013 TRY Amount |
|---------------|-------------------------|------------|-----------------------|
| TRY           | 24,517,000              | 01.07.2013 | 24,517,000            |
| TRY           | 8,506,982               | 01.07.2013 | 8,506,982             |
| TRY           | 6,647,300               | 01.07.2013 | 6,647,300             |
| EUR           | 1,516,021               | 01.07.2013 | 3,810,822             |
| TRY           | 3,790,442               | 01.07.2013 | 3,790,442             |
| TRY           | 1,200,579               | 01.07.2013 | 1,200,579             |
| TRY           | 647,315                 | 01.07.2013 | 647,315               |
| USD           | 322,209                 | 01.07.2013 | 620,189               |
| EUR           | 88,307                  | 01.07.2013 | 221,977               |
| TRY           | 23,615                  | 01.07.2013 | 23,615                |
| TRY           | 20,000                  | 01.07.2013 | 20,000                |
| TRY           | 15,000                  | 01.07.2013 | 15,000                |
| TRY           | 14,819                  | 01.07.2013 | 14,819                |
| TRY           | 5,836                   | 01.07.2013 | 5,836                 |
| TRY           | 1,968                   | 01.07.2013 | 1,968                 |
| TRY           | 683                     | 01.07.2013 | 683                   |
| <b>Total</b>  |                         |            | <b>50,044,527</b>     |

| Currency Type | Foreign Currency Amount | Maturity   | 31.12.2012 TRY Amount |
|---------------|-------------------------|------------|-----------------------|
| TRY           | 79,105                  | 02.01.2013 | 79,105                |
| TRY           | 8,638,047               | 02.01.2013 | 8,638,047             |
| TRY           | 91,554                  | 02.01.2013 | 91,554                |
| EUR           | 90,865                  | 02.01.2013 | 213,689               |
| EUR           | 1,870,235               | 02.01.2013 | 4,398,232             |
| USD           | 22,001,533              | 02.01.2013 | 39,219,932            |
| TRY           | 124,564                 | 02.01.2013 | 124,564               |
| TRY           | 1,868,892               | 02.01.2013 | 1,868,892             |
| <b>Total</b>  |                         |            | <b>54,634,015</b>     |

As of 30 June 2013 and 31 December 2012, the details of the blocked deposits in the bank account are as following:

|  | 30.06.2013     | 31.12.2012     |
|--|----------------|----------------|
| Birleşik Fon Bankası A.Ş.                      | 43,990         | -              |
| Denizbank A.Ş.                                 | 54,600         | 225,867        |
| Türkiye Garanti Bankası A.Ş.                   | 9,199          | 9,500          |
| Yapı ve Kredi Bankası A.Ş.                     | 810            | 810            |
| Demirbank (*)                                  | 514            | 514            |
| Türkiye İş Bankası A.Ş.                        | 11             | 11             |
| Türkiye Vakıflar Bankası Türk Anonim Ortaklığı | 260            | 260            |
| Bayındırbank                                   | 240            | 240            |
| Türkiye Halk Bankası A.Ş.                      | -              | 2,349          |
|  | <b>109,624</b> | <b>239,551</b> |

(\*) It is pursued in the Saving Deposit Insurance Fund.

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

As of 30 June 2013, liquid funds are composed of type B liquid funds and the details are as following:

| Fund Type                     | Quantity | Fund Price(*) | TRY Amount     |
|-------------------------------|----------|---------------|----------------|
| Şekerbank Type-B Liquid Fund  | 60,741   | 0.01991       | 1,210          |
| İş Bankası Type-B Liquid Fund | 5,154    | 126.91602     | 654,125        |
| Şekerbank Type-B Liquid Fund  | 1,815    | 0.843039      | 1,530          |
| <b>Total</b>                  |          |               | <b>656,865</b> |

As of 31 December 2012, liquid funds are composed of type B liquid funds and the details are as following:

| Fund Type                     | Quantity | Fund Price(*) | TRY Amount     |
|-------------------------------|----------|---------------|----------------|
| Şekerbank Type-B Liquid Fund  | 70,541   | 0.010187      | 719            |
| İş Bankası Type-B Liquid Fund | 4,983    | 124.389672    | 619,833        |
| <b>Total</b>                  |          |               | <b>620,552</b> |

(\*) For the prices of funds, 30 June 2013 and 31 December 2012 dated prices of related funds are used.

## **8. FINANCIAL INVESTMENTS, net**

### **Short term Financial Investments**

As of 30 June 2013 and 31 December 2012, details of short term financial assets are as following;

|  | 30.06.2013 | 31.12.2012 |
|--|------------|------------|
| Deposits with maturities over 3 months | 94,000     | 94,000     |
|  | 94,000     | 94,000     |

As of 30 June 2013, maturity schedule of time deposits is as following;

| Fx Type      | Fx Amount | Interest Rate | Due Date   | TRY Amount    |
|--------------|-----------|---------------|------------|---------------|
| TRY          | 94,000    | 6.85%         | 02.05.2014 | 94,000        |
| <b>Total</b> |           |               |            | <b>94,000</b> |

As of 31 December 2012, maturity schedule of time deposits is as following;

| Fx Type      | Fx Amount | Interest Rate | Due Date   | TRY Amount    |
|--------------|-----------|---------------|------------|---------------|
| TRY          | 94,000    | 10.25%        | 29.04.2013 | 94,000        |
| <b>Total</b> |           |               |            | <b>94,000</b> |

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

**Long Term Financial Investments**

Long term securities of Net Group consist of investment securities.

As of 30 June 2013 and 31 December 2012, the details of the investment securities are as below;

As of 30 June 2013, the companies those are owned 20% or less directly or indirectly by the Parent Company and its inflation. Adjusted costs after diminution in value, the share percentages and term profits / (losses) are as follows:

|   |              | 30 June 2013  |            |  |  |   |
|---|--------------|---|------------|--|--|---|
|   |              | Ownership of the Net Group<br>though through investment<br>securities |            |  | Investment securities                            |   |
|   |              |   |            |  | Before Tax<br>Current<br>Period<br>Profit/(Loss) | After Tax<br>Current<br>Period<br>Profit/(Loss) |
| Investment Securities                           | Amount       | (Direct)  | (Indirect) |  |  |   |
| Kozmos Turizm ve Tic. A.Ş.                      | (b) 4,416    | <% 1  | <% 1       |  | (36,519)   | (36,519)  |
| Net Diamond S.R.O. Prag                         | (a) 35,034   | -   | -          |  | -  | -   |
| Turban Sigorta A.Ş.                             | (a-b) 1,230  | -   | -          |  | -  | -   |
| Global Trade                                    | (a) 10,836   | -   | -          |  | -  | -   |
| İkili Elektronik Ticaret Ltd. Şti.              | (b) 500      | -   | % 10       |  | (95,028)   | (95,028)  |
| Megavizyon Müzik Merkezi Üretim ve Ticaret A.Ş. | (b) 684,766  | -   | % 11.6     |  | (890,284)  | (890,284)                                       |
| Total   | 736,782      |   |            |  |  |   |
| Provision for diminution                        | (c) (10,836) |   |            |  |  |   |
|   | 725,946      |   |            |  |  |   |

- (a) Financial statements of these companies as of 30 June 2013 are not acquired.
- (b) Financial statements of these companies prepared according to the Turkish Commercial and Financial Codes and they are not audited.
- (c) Related amount is provision for diminution in value amounting to TRY 10,836 was set for equity participation of Net Group, Global Trade.

As of 30 June 2013, net value of long term securities equal to TRY 725,946 (31 December 2012: TRY 725,946). Related securities are presented with their costs within companies registered values and provision for diminution in value are not determined if there is any because there is not an active market of long term securities, realistic assessment of related securities are not evaluated properly and sufficient data can not be attained.



**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

As of 31 December 2012, the companies those are owned 20% or less directly or indirectly by the Parent Company and its inflation. Adjusted costs after diminution in value, the share percentages and term profits / (losses) are as follows:

| 31 December 2012                                |        |   |            |                                      |                                      |           |
|---|--------|---|------------|--------------------------------------|--------------------------------------|-----------|
| Investment Securities                           | Amount | Ownership of the Net Group<br>through investment securities |            | Investment securities                |                                      |           |
|   |        | (Direct)  | (Indirect) | Before Tax                           | After Tax                            |           |
|   |        |   |            | Current<br>Period Profit /<br>(Loss) | Current<br>Period Profit /<br>(Loss) |           |
| Kozmos Turizm ve Tic. A.Ş.                      | (b)    | 4,416   | <% 1       | <% 1                                 | (103,717)                            | (103,717) |
| Net Diamond S.R.O. Prag                         | (a)    | 35,034  | -          | -                                    | -                                    | -         |
| Çağrı A.Ş.                                      | (d)    | -   | -          | -                                    | -                                    | -         |
| Turban Sigorta A.Ş.                             | (a-b)  | 1,230   | -          | -                                    | -                                    | -         |
| Global Trade                                    | (a)    | 10,836  | -          | -                                    | -                                    | -         |
| Sinerji A.Ş.                                    | (d)    | -   | -          | -                                    | -                                    | -         |
| İkili Elektronik Ticaret Ltd. Şti.              | (b)    | 500   | -          | % 10                                 | (252,673)                            | (252,673) |
| Megavizyon Müzik Merkezi Üretim ve Ticaret A.Ş. | (b)    | 684,766   | -          | % 11.6                               | (582,241)                            | (582,241) |
| Total   |        | 736,782   |            |                                      |                                      |           |
| Provision for diminution                        | (c)    | (10,836)  |            |                                      |                                      |           |
|   |        | 725,946   |            |                                      |                                      |           |

- (a) Financial statements of these companies as of 31 December 2012 are not acquired.
- (b) Financial statements of these companies prepared according to the Turkish Commercial and Financial Codes and they are not audited.
- (c) Related amount is provision for diminution in value amounting to TRY 10,836 was set for equity participation of Net Group, Global Trade.
- (d) In the period ended in 31 December 2012, Net Group sold the shares of its equity participations Sinerji Turizm ve Ticaret Sanayi A.Ş. and Çağrı Turizm ve Ticaret A.Ş.

As of 31 December 2012, net value of long term securities equal to TRY 725,946. Related securities are presented with their costs within companies registered values and provision for diminution in value are not determined if there is any because there is not an active market of long term securities, realistic assessment of related securities are not evaluated properly and sufficient data can not be attained.

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

**9. FINANCIAL BORROWINGS, net**

As of 30 June 2013 and 31 December 2012, the details of the short and long term financial borrowings are as following;

|   | 30.06.2013         | 31.12.2012         |
|---|--------------------|--------------------|
| <b>Short term financial borrowings</b>                                      |                    |                    |
| Financial borrowings with Turkish Lira                                      | 73,025,339         | 73,342,480         |
| Financial borrowings with foreign currency                                  | 25,137,000         | 23,517,251         |
| Current installment of long term financial borrowings with Turkish Lira     | 320,894            | 384,334            |
| Current installment of long term financial borrowings with foreign currency | 25,197,986         | 23,808,873         |
| Interest accrual of financial borrowings                                    | 2,346,860          | 1,790,816          |
|   | 126,028,079        | 122,843,754        |
| <b>Long term financial borrowings</b>                                       |                    |                    |
| Financial borrowings with Turkish Lira                                      | 224,183            | 313,317            |
| Financial borrowings with foreign currency                                  | 89,686,434         | 86,692,250         |
| Bond issue (*)  | 100,000,000        | -                  |
|   | 189,910,617        | 87,005,567         |
| <b>Total financial borrowings</b>   | <b>315,938,696</b> | <b>209,849,321</b> |

As of 30 June 2013 and 31 December 2012, the maturity breakdown of the financial borrowings is as following;

|                         | 30.06.2013  | 31.12.2012  |
|-------------------------|-------------|-------------|
| Due within 0 - 1 year   | 126,028,079 | 122,843,754 |
| Due within 1 - 2 years  | 127,052,732 | 25,008,920  |
| Due within 2 - 3 years  | 26,200,180  | 23,625,658  |
| Due within 3 - 4 years  | 24,178,351  | 22,998,813  |
| Due within 4 - 5 years  | 6,900,474   | 14,668,266  |
| Due within 5 - 6 years  | 1,228,677   | 198,360     |
| Due within 6 - 7 years  | 1,229,930   | 199,521     |
| Due within 7 - 8 years  | 1,231,229   | 200,724     |
| Due within 8 - 9 years  | 1,128,201   | 105,305     |
| Due within 9 - 10 years | 760,843     | -           |
|                         | 315,938,696 | 209,849,321 |

As of 30 June 2013, the average effective interest rates of USD, EUR, TRY and GBP bank borrowings are 4.97%, 4.31%, 12.11 % and 9.49% (31 December 2012: USD - 5.06%, EUR - 5.02% , TRY- 16.41 % and GBP 10.50 % )

(\*) As of 28 January 2013, Net Holding A.Ş. issued bonds with principal repayment on 30 January 2015 and interest paid on quarterly basis. Interest rate of issued bond is changed quarterly and determined by adding 5% annual return over 5 day's average of indicator bonds return. TRT070115T13 is used as indicator bond.

As of 30 June 2013 and 31 December 2012, Net Group's guarantees and mortgages given for the loans are as stated in note 20.2.1 and 37.1.

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

**10. TRADE RECEIVABLES AND PAYABLES**

**10.1 Trade Receivables, net**

As of 30 June 2013 and 31 December 2012, the details of trade receivables are as following;

**Short term**

|   | 30.06.2013  | 31.12.2012  |
|---|-------------|-------------|
| Trade receivables                                 | 9,203,568   | 6,668,100   |
| Trade receivables from related companies (Note 6) | 15,005,638  | 2,704,886   |
| Notes receivables                                 | 3,420,741   | 12,065,191  |
| Accrued income due to contracts                   | 32,605      | 51,336      |
| Unearned interest from receivables (-)            | (352,200)   | (468,376)   |
| Doubtful trade receivables                        | 6,421,082   | 6,264,335   |
| Provision for doubtful trade receivables (-)      | (6,421,082) | (6,264,335) |
|   | 27,310,352  | 21,021,137  |

As of 30 June 2013 and 31 December 2012, the maturity schedule of notes receivables are as following:

|                         | 30.06.2013 | 31.12.2012 |
|-------------------------|------------|------------|
| Overdue                 | 101,929    | 43,912     |
| Due within 30 days      | 1,204,072  | 454,037    |
| Due within 31-60 days   | 1,071,562  | 120,923    |
| Due within 61-90 days   | 286,528    | 37,724     |
| Due within 91-120 days  | 138,200    | 11,364,563 |
| Due within 121-150 days | 111,000    | 10,000     |
| Due within 151-180 days | 107,450    | 16,394     |
| Due within 181-210 days | 105,000    | 11,759     |
| Due within 211-240 days | 95,000     | 5,879      |
| Due within 241-270 days | 95,000     | -          |
| Due within 271-300 days | 105,000    | -          |
|                         | 3,420,741  | 12,065,191 |

Management of Net Group does not evaluate overdue receivables as doubtful since a significant amount of these receivables are from important customers whom make regular payments. Details of receivables that are overdue but not impaired, is showed in Credit Risk Note: 34.

As of 30 June 2013, TRY 30,000 amount of note had been taken by Net Group for provisions of their trade receivables from their customers.

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

As of 30 June 2013 and 31 December 2012, the company based details of the doubtful receivables are as following:

|   | 30.06.2013 | 31.12.2012 |
|---|------------|------------|
| Tura Turizm ve Ticaret A.Ş.   | 239,968    | 239,968    |
| Anı Grup TurizmTicaret ve Sanayi A.Ş.                               | 335,475    | 335,475    |
| Flora Seyahat Taşımacılık Turizm                                    | 132,569    | 132,569    |
| DR Ernest Lodron GmbH.  | 307,093    | 307,093    |
| Bronz Turizm A.Ş.   | 1,218,862  | 1,218,862  |
| Air Tour Turizm Sanayi ve Ticaret A.Ş.                              | 537,404    | 537,404    |
| Ayt Hava Taşımacılık Turizm A.Ş.                                    | 217,920    | 217,920    |
| Men Dış Ticaret Koll. Şti.  | 79,698     | 79,698     |
| Arya Mağazacılık Halıcılık Kuyumculuk Turizm Ticaret ve Sanayi A.Ş. | 1,475,745  | 1,475,745  |
| Öz-Teks Dış Ticaret Kollektif Şti.                                  | 194,154    | 194,154    |
| Other   | 1,682,194  | 1,525,447  |
|   | 6,421,082  | 6,264,335  |

As of 30 June 2013 and 31 December 2012, movement schedule of provision for doubtful receivables is as following;

|                         | 01.01.-<br>30.06.2013 | 01.01.-<br>31.12.2012 |
|-------------------------|-----------------------|-----------------------|
| Beginning balance       | 6,264,335             | 4,548,214             |
| Provision within period | 166,847               | 1,828,287             |
| Collected within period | (10,100)              | (112,166)             |
| Period end balance      | 6,421,082             | 6,264,335             |

**Long term**

None (31 December 2012 - None).

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

**10.2 Trade Payables, net**

As of 30 June 2013 and 31 December 2012, the details of trade receivables are as following;

**Short term**

|  | 30.06.2013        | 31.12.2012        |
|--|-------------------|-------------------|
| Trade payables                               | 12,128,365        | 11,781,525        |
| Trade payables to related companies (Note 6) | 155,333           | 2,108             |
| Notes payable                                | 48,460,611        | 19,073,103        |
| Accrued expense due to contracts             | 362,699           | 132,290           |
| Notes payables to related companies (Note 6) | -                 | 321,007           |
| Unearned interest on payables (-)            | (471,641)         | (223,050)         |
|  | <b>60,635,367</b> | <b>31,086,983</b> |

As of 30 June 2013 and 31 December 2012, the maturity schedule of short term notes payable given to third parties are as following:

|                         | 30.06.2013        | 31.12.2012        |
|-------------------------|-------------------|-------------------|
| Due within 30 days      | 11,922,442        | 5,802,175         |
| Due within 31-60 days   | 8,638,687         | 2,188,084         |
| Due within 61-90 days   | 6,882,910         | 2,532,252         |
| Due within 91-120 days  | 5,315,320         | 6,458,761         |
| Due within 121-150 days | 4,274,340         | 595,019           |
| Due within 151-180 days | 3,690,240         | 745,655           |
| Due within 181-210 days | 3,134,738         | 582,910           |
| Due within 211-240 days | 1,887,528         | 137,260           |
| Due within 241-270 days | 1,544,004         | 168,636           |
| Due within 271-300 days | 948,136           | 5,000             |
| Due within 301-330 days | 27,651            | -                 |
| Due within 331-360 days | 194,615           | 178,358           |
|                         | <b>48,460,611</b> | <b>19,394,110</b> |

As of 30 June 2013, Net Group has received security bonds with the amount of USD 19,600, EUR 50,000 and TRY 385,500 from the suppliers for the fixed assets purchasing.

**Long term**

|  | 30.06.2013    | 31.12.2012     |
|--|---------------|----------------|
| Notes payable                          | 95,521        | 327,271        |
| Unearned interest on notes payable (-) | (5,615)       | (39,540)       |
|  | <b>89,906</b> | <b>287,731</b> |

As of 30 June 2013 and 31 December 2012, the due terms of long term notes payables are in between 1 and 2 years.

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

**11. OTHER RECEIVABLES AND PAYABLES**

**11.1 Other Receivables**

**11.1.1 Due from Related Parties (Note 6)**

As of 30 June 2013 and 31 December 2012, the details of due from related parties are as following;

|  | 30.06.2013   | 31.12.2012   |
|--|--------------|--------------|
| Due from related parties               | 8,008,861    | 6,301,697    |
| Due from shareholders                  | 10,310       | 10,310       |
| Due from equity participation          | 5,928,384    | 5,490,408    |
| Doubtful receivables                   | 31,475,866   | 31,475,866   |
| Provision for doubtful receivables (-) | (31,475,866) | (31,475,866) |
|  | 13,947,555   | 11,802,415   |

As of 30 June 2013 and 31 December 2012, the details of the doubtful receivables are as following:

|  | 30.06.2013 | 31.12.2012 |
|--|------------|------------|
| Sinerji Turizm Ticaret ve Sanayi A.Ş.  | 26,677,293 | 26,677,293 |
| Çağrı Turizm ve Ticaret A.Ş.           | 4,439,807  | 4,439,807  |
| Air Tour Turizm Sanayi ve Ticaret A.Ş. | 358,766    | 358,766    |
|  | 31,475,866 | 31,475,866 |

Net Group paid the loans of equity participations of Net Group, Sinerji Turizm ve Ticaret Sanayi A.Ş. and Çağrı Turizm ve Ticaret A.Ş., due to guarantee letter provided on the behalf of the companies. Thus Net Group has receivables from these firms, receivables from Sinerji Turizm ve Ticaret Sanayi A.Ş. and Çağrı Turizm ve Ticaret A.Ş. are amounting to TRY 30,033,803 and TRY 4,440,076 respectively. For these receivables, Net Group gave notice to the debtors in March 2009. Related companies are visited for distraint procedure on 07 April 2010 but possible tangible goods can not be found. Net Group set provision for the receivables from these companies amounting to TRY 34,473,879 and the provision was reflected to the accompanying financial statements. Net Group made; non-cash particular collection amounting to TRY 106,812 during year 2012, cash particular collection amounting to TRY 64,967 during year 2011 and non-cash particular collection amounting to TRY 3,185,000 during year 2010. Air Tour Turizm Sanayi ve Ticaret A.Ş. (Air Tour), which is one of the subsidiaries of Net Group, paid their debts to Marbank and other enterprise, correspondingly Air Tour has receivable from İzmir Büyükşehir Belediyesi which is stage in case and they ceding amount of USD 1,450,000. Net Group, set provision on accompanying consolidated financial statement. For receivables from Air Tour the amount of exceeding the ceding amount of its receivable from AirTour.

Movement schedule of provision for doubtful receivables is as following;

|                             | 01.01.-<br>30.06.2013 | 01.01.-<br>31.12.2012 |
|-----------------------------|-----------------------|-----------------------|
| Beginning balance           | 31,475,866            | 31,223,912            |
| Provision set within period | -                     | 358,766               |
| Collection during period    | -                     | (106,812)             |
| Period end balance          | 31,475,866            | 31,475,866            |

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

**11.1.2 Other Receivables**

As of 30 June 2013 and 31 December 2012, the details of other receivables are as following;

**Short term**

|  | 30.06.2013  | 31.12.2012  |
|--|-------------|-------------|
| Due from personnel                           | 2,303       | -           |
| Sundry debtors                               | 622,564     | 9,586,817   |
| Guarantees and deposits given                | -           | 54,585      |
| Other doubtful receivables                   | 8,475,599   | 8,475,599   |
| Provision for doubtful other receivables (-) | (8,475,599) | (8,475,599) |
|  | 624,867     | 9,641,402   |

As of 30 June 2013 and 31 December 2012, the details of the sundry receivables based on companies are as following:

|  |     | 30.06.2013 | 31.12.2012 |
|--|-----|------------|------------|
| Akdeniz İnşaat ve Eğitim Hizmetleri A.Ş. | (a) | -          | 9,009,105  |
| Ağaoğlu Gayrimenkul Yatırım A.Ş.         | (b) | 619,165    | 573,422    |
| Other                                    |     | 3,399      | 4,290      |
|  |     | 622,564    | 9,586,817  |

- (a) Related receivables amount is composed of property sales of Net Group's subsidiary Net Turizm Ticaret ve Sanayi A.Ş.
- (b) It is composed of receivables due to refund of land registry duty.

As of 30 June 2013 and 31 December 2012, the details of provision for other doubtful receivables based on company are as follows:

|   |     | 30.06.2013 | 31.12.2012 |
|---|-----|------------|------------|
| Bayındır İnşaat Turizm Ticaret ve Sanayi A.Ş. | (c) | 7,834,381  | 7,834,381  |
| Other   |     | 641,218    | 641,218    |
|   |     | 8,475,599  | 8,475,599  |

- (c) Net Group paid the loans of Bayındır İnşaat Turizm ve Sanayi A.Ş. due to guarantee letter provided on the behalf of Bayındır İnşaat Turizm ve Sanayi A.Ş. Then Net Group has receivables from Bayındır İnşaat Turizm ve Sanayi A.Ş. As of 16 July 2004, payment agreement was signed between Net Group and Bayındır İnşaat Turizm ve Sanayi A.Ş. Within the context of the signed agreement, as of 31 December 2003, the accumulated interest and the total receivables all together is USD 3,827,091, and as of 31 December 2009 it is TRY 5,762,452. Net Group, starting from 01 January 2004, at the first day of the every year's one year's interest amount calculated as  $\text{libor} + 2.5\%$  is accrued and simple interest rate is calculated in the time period of the payback. Until 31 December 2009, the calculated interest amount is USD 1,376,057 equivalent to TRY 2,071,930.

Net Group will collect the receivable in the frame of the signed agreement mutually. However, managers of the Net Group of companies including Parent Company have signed a Financial Restructuring Agreement (FRA) with Bayındır İnşaat Turizm ve Sanayi A.Ş. in the frame of Restructuring Loans to the Financial Sector and Law about the Amendments of Law, numbered 4743, in the extent of legislations in the Regulation about General Conditions of Financial Restructuring Framework Agreements which is issued by the Banking Regulation and Supervision Agency and Legislations in the Financial Restructuring General Pact. Net Group set provision for related receivables due to weakness of collectability in consolidated financial statements.

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira ‘TRY’ unless expressed otherwise)

Movement schedule of provision for other doubtful receivables is as follows:

|                             | 01.01.-<br>30.06.2013 | 01.01.-<br>31.12.2012 |
|-----------------------------|-----------------------|-----------------------|
| Beginning balance           | 8,475,599             | 8,475,599             |
| Provision set within period | -                     | -                     |
| Collected within period     | -                     | -                     |
| Period end balance          | 8,475,599             | 8,475,599             |

**Long term**

|                               | 30.06.2013 | 31.12.2012 |
|-------------------------------|------------|------------|
| Deposits and guarantees given | 615,967    | 529,670    |
|                               | 615,967    | 529,670    |

**11.2 Other Payables**

**11.2.1 Due to related parties (Note 6)**

As of 30 June 2013 and 31 December 2012, the details of due to related parties are as following;

|                        | 30.06.2013 | 31.12.2012 |
|------------------------|------------|------------|
| Due to shareholders    | 27,702     | 60,080     |
| Due to related parties | -          | 20,392,041 |
|                        | 27,702     | 20,452,121 |

**11.2.2 Other Payables**

As of 30 June 2013 and 31 December 2012, the details of other liabilities are as following;

**Short term**

|  | 30.06.2013 | 31.12.2012 |
|--|------------|------------|
| Other sundry payable                             | 72,301     | 57,038     |
| Taxes and dues payable                           | 4,825,137  | 1,831,584  |
| Overdue, deferred or installed taxes payable (*) | 1,059,117  | 2,808,140  |
|  | 5,956,555  | 4,696,762  |

(\*) Some of subsidiaries of Net Group, have benefited from “Restructuring of some debts with other social insurance and general health insurance law, and amendments of some other law and decree-law” (Law numbered 6111). In this context, as a result of the installment, Net Group will pay the amount of TRY 1,031,344 in 1 year (31 December 2012: 1,237,614 TL).



**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

**Long term**

|  | 30.06.2013 | 31.12.2012 |
|--|------------|------------|
| Deposits and guarantees received                 | 201,864    | 190,662    |
| Overdue, deferred or installed taxes payable (*) | -          | 412,539    |
|  | 201,864    | 603,201    |

- (\*) Some of subsidiaries of Net Group, have benefited from "Restructuring of some debts with other social insurance and general health insurance law, and amendments of some other law and decree-law" (Law numbered 6111). As of 31 December 2012, in this context, as a result of the installment, Net Group will pay the amount of 412,539 in 2 years.

As of 30 June 2013, the maturity schedule of the total amount of TRY 1,031,344 which has to be paid according to Law numbered 6111 is as following;

|                        | 30.06.2013 | 31.12.2012 |
|------------------------|------------|------------|
| Due within 0 - 1 years | 1,031,344  | 1,237,614  |
| Due within 1 - 2 years | -          | 412,539    |
|                        | 1,031,344  | 1,650,153  |

**12. EMPLOYEE BENEFIT OBLIGATIONS**

As of 30 June 2013 and 31 December 2012, employee benefits obligation is as follows;

|                                  | 30.06.2013 | 31.12.2012 |
|----------------------------------|------------|------------|
| Due to personnel                 | 150,809    | 135,663    |
| Social security premiums payable | 1,106,698  | 685,586    |
|                                  | 1,257,507  | 821,249    |

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

**13. INVENTORIES**

As of 30 June 2013 and 31 December 2012, the details of the inventories are as following;

|   | 30.06.2013 | 31.12.2012 |
|---|------------|------------|
| Raw materials                                       | 7,381,477  | 4,550,597  |
| Merchandises  | 2,981,899  | 3,253,704  |
| Other inventories                                   | 630,756    | 422,777    |
| Provision for discontinued value of inventories (-) | (767,463)  | (756,171)  |
|   | 10,226,669 | 7,470,907  |

As of 30 June 2013 and 31 December 2012, the details of the merchandises are as following;

|                                      | 30.06.2013 | 31.12.2012 |
|--------------------------------------|------------|------------|
| Book and stationery                  | 960,548    | 1,044,314  |
| Hotel and duty free shop inventories | 642,686    | 720,692    |
| Jewels                               | 1,378,665  | 1,465,502  |
| Other                                | -          | 23,196     |
|                                      | 2,981,899  | 3,253,704  |

Costs of jewel inventories were valued with İstanbul Gold Stock Exchange's closing value of TRY 74.94 (31 December 2012: 95.70) at the date of 30 June 2013 and reflected accompanying consolidated financial statements. As result of the revaluation of the gold, income of TRY 143,713 (01 January-30 June 2012: TRY 180, 242) (Note 28).

As of 30 June 2013, insurance on inventories is TRY 5,928,524 (31 December 2012: TRY 7,390,088).

As of 30 June 2013 and 31 December 2012, the movement schedule for diminution in value of inventories based on inventory type is as follows;

|                                   | 01.01.-<br>30.06.2013 | 01.01.-<br>31.12.2012 |
|-----------------------------------|-----------------------|-----------------------|
| Beginning balance                 | 756,171               | 174,294               |
| Provision set within the period   | 11,292                | 683,096               |
| Reversal of unnecessary provision | -                     | (101,219)             |
| Period end balance                | 767,463               | 756,171               |

As of 30 June 2013 and 31 December 2012, the detail of provision of diminution in value of inventories is as follows;

|                    | 30.06.2013 | 31.12.2012 |
|--------------------|------------|------------|
| Raw materials      | 32,233     | 32,233     |
| Merchandises       | 735,230    | 723,938    |
| Period end balance | 767,463    | 756,171    |

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

**14. PREPAID EXPENSES AND DEFERRED INCOME**

As of 30 June 2013, and 31 December 2012, the details of prepaid expenses are as follows;

**Prepaid expenses short term**

|                                      | 30.06.2013 | 31.12.2012 |
|--------------------------------------|------------|------------|
| Prepaid expenses - short term (*)    | 8,651,132  | 3,046,319  |
| Order advances given                 | 421,446    | 507,937    |
| Advances given for business purposes | 906,646    | 22,976     |
| Advances given to personnel          | 29,570     | 8,940      |
|                                      | 10,008,794 | 3,586,172  |

(\*) Prepaid expenses- short term are as follows;

|                        | 30.06.2013 | 31.12.2012 |
|------------------------|------------|------------|
| Casino license fee (a) | 1,327,777  | 1,274,063  |
| Prepaid rent expenses  | 4,458,226  | 1,092,715  |
| Insurance expenses     | 340,826    | 583,222    |
| Other                  | 2,524,303  | 96,319     |
|                        | 8,651,132  | 3,046,319  |

(a) Consists of amount paid for casinos of Net Group of in the Turkish Republic of Northern Cyprus for playing games of chance contract to TRNC Ministry of State Property and Supply Agency.

**Prepaid expenses long term**

|  | 30.06.2013  | 31.12.2012 |
|--|-------------|------------|
| Prepaid expenses - long term             | 89,492      | 383,867    |
| Advances given for tangible fixed assets | 109,777,585 | 57,953,814 |
| Other advances                           | 1,185,525   | 1,185,525  |
|  | 111,052,602 | 59,523,206 |

Advances given for tangible fixed assets consist of the hotel investment expenses in the Turkish Republic of Northern Cyprus Group. As of 30 June 2013, the amount deducted the amount of TRY 91,553,299 Net Group Limited, a subsidiary of Cyprus Voyager "Merit Royal Hotel Casino & Spa" named for the investment of five-star hotel has given a new 500-bed capacity and is composed of advances. (31 December 2012: TRY 55,357,751). According to information from Net Group management; Merit Royal Hotel Casino&Spa hotel is planned to be completed in 2013.

Net Group as of 30 June 2013 has received amounting to EUR 65,000, USD 5,834,600 and TRY 5,440,500 security bonds from the companies which advances are given for tangible fixed assets.

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira ‘TRY’ unless expressed otherwise)

As of 30 June 2013 and 31 December 2012, detail of deferred income is as following;

**Short term deferred income**

|                      | 30.06.2013 | 31.12.2012 |
|----------------------|------------|------------|
| Deferred rent income | 143,214    | 158,267    |
| Advances received    | 1,893,732  | 296,826    |
|                      | 2,036,946  | 455,093    |

**Long term deferred income**

|                      | 30.06.2013 | 31.12.2012 |
|----------------------|------------|------------|
| Deferred rent income | 60,174     | 113,161    |
|                      | 60,174     | 113,161    |

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

**15. INVESTMENTS CONSOLIDATED BY EQUITY PICK UP METHOD**

**a. Equity Participation**

The equity participation, which the Parent Company has power to participate in the financial and operating policy decisions, does not control or joint control over those policies and are owned between 20%-50% by the parent company, are involved to the consolidation by equity pickup method with ownership percentages and (net) period profits / (losses) as follows:

| 30 June 2013                                     |              |   |                     |  |                                   |                                 |  |
|--|--------------|---|---------------------|--|-----------------------------------|---------------------------------|--|
|  |              | Ownership of the Parent through the Equity Participations |                     | Ownership of the Net Group through Equity participations |                                   | Equity Participations'          |  |
| Equity Participations                            | Amount       | (Direct)  | (Direct + Indirect) | (Direct)   | Before Tax Current Profit/ (Loss) | After Tax Current Profit (Loss) |  |
| Air Tour Turizm Sanayi ve Ticaret A.Ş. (a)       | 11,207,644   | 0.00%   | 37.40%              | 48.00%   | -                                 | -                               |  |
| Azer Şans Müessesesi (b)                         | 41,539,460   | 0.00%   | 47.45%              | 49.00%   | (27,845)                          | (27,845)                        |  |
| Total  | 52,747,104   |   |                     |  |                                   |                                 |  |
| Difference according to equity method            | 5,145,723    |   |                     |  |                                   |                                 |  |
| Provision for diminution in equity participation | (11,207,644) |   |                     |  |                                   |                                 |  |
|  | 46,685,183   |   |                     |  |                                   |                                 |  |

Net Group's share rates in the equity participations close to 50%, although, the related parties as mentioned in IAS 28, do not have the power to manage their financial and operational policies by themselves, have the power to participate the determination of those policies (significant influence), so they have been considered within the context of equity participation.

- (a) This company is non-operative, so we set in the ratio of 100% provision for diminution in value at the accompanying consolidated financial statements. There is no setting provision related with Air Tour Turizm Sanayi ve Ticaret A.Ş. more than amount of sharing.
- (b) The subsidiary, operating in Azerbaijan, Azer Şans Müessesesi, keeps the records according to Azerbaijan Generally Accepted Accounting Principles. The remaining 1% is composed of current assets and these assets are not material within the company's assets. Valuation of 99% of the company's assets does not have different clauses from IAS/IFRS valuation, hence there were not any adjustment made.

There is not any significant constraint on Net Group's equity participants including (Air Tour Turizm Sanayi ve Ticaret A.Ş) ability to transfer funds such as cash dividend, repayment of loans or advances to the investors.

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

| 31 December 2012                                 |                |   |                     |  |  |                                   |                                 |
|--|----------------|---|---------------------|--|--|-----------------------------------|---------------------------------|
| Equity Participations                            | Amount         | Ownership of the Parent through the Equity Participations |                     | Ownership of the Net Group through Equity participations |  | Equity Participations'            |                                 |
|  |                | (Direct)  | (Direct + Indirect) | (Direct)   |  | Before Tax Current Profit/ (Loss) | After Tax Current Profit (Loss) |
| Air Tour Turizm Sanayi ve Ticaret A.Ş.           | (a) 11,207,644 | 0.00%   | 36.16%              | 48.00%   |  | -                                 | -                               |
| Azer Şans Müessesesi                             | (b) 41,539,460 | 0.00%   | 47.27%              | 49.00%   |  | (54,671)                          | (54,671)                        |
| Total  | 52,747,104     |   |                     |  |  |                                   |                                 |
| Difference according to equity method            | 1,584,984      |   |                     |  |  |                                   |                                 |
| Provision for diminution in equity participation | (11,207,644)   |   |                     |  |  |                                   |                                 |
|  | 43,124,444     |   |                     |  |  |                                   |                                 |

Net Group's share rates in the equity participations close to 50%, although, the related parties as mentioned in IAS 28, do not have the power to manage their financial and operational policies by themselves, have the power to participate the determination of those policies (significant influence), so they have been considered within the context of equity participation.

- (a) This company is non-operative, so we set in the ratio of 100% provision for diminution in value at the accompanying consolidated financial statements. There is no setting provision related with Air Tour Turizm Sanayi ve Ticaret A.Ş. more than amount of sharing.
- (b) The subsidiary, operating in Azerbaijan, Azer Şans Müessesesi, keeps the records according to Azerbaijan Generally Accepted Accounting Principles. The remaining 1% is composed of current assets and these assets are not material within the company's assets. Valuation of 99% of the company's assets does not have different clauses from IAS/IFRS valuation, hence there were not any adjustment made.

There is not any significant constraint on Net Group's equity participants (including Air Tour Turizm Sanayi ve Ticaret A.Ş.) ability to transfer funds such as cash dividend, repayment of loans or advances to the investors.

**Shares of investments consolidated by equity pick-up in profit and loss**

|   | 01.01.-<br>30.06.2013 | 01.01.-<br>30.06.2012 |
|---|-----------------------|-----------------------|
| Investments consolidated by equity pick-up profit / (loss), net | 14,106                | (174,356)             |
|   | 14,106                | (174,356)             |

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira ‘TRY’ unless expressed otherwise)

As of 30 June 2013 and 31 December 2012, summary information for investments consolidated by equity pick-up is as follows;

Azer Şans Müessesesi

|   | USD<br>30.06.2013            | TRY<br>30.06.2013            | USD<br>31.12.2012            | TRY<br>31.12.2012            |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| Total current assets                              | 464,480                      | 894,031                      | 531,570                      | 947,577                      |
| Total non current assets                          | 50,653,750                   | 97,498,338                   | 50,651,778                   | 90,291,859                   |
| <b>Total assets</b>                               | <b>51,118,230</b>            | <b>98,392,369</b>            | <b>51,183,348</b>            | <b>91,239,436</b>            |
| Total short term liabilities                      | 6,382                        | 12,284                       | 8,395                        | 14,965                       |
| <b>Total liabilities</b>                          | <b>6,382</b>                 | <b>12,284</b>                | <b>8,395</b>                 | <b>14,965</b>                |
| Capital   | 8,607,000                    | 16,566,754                   | 8,607,000                    | 15,342,838                   |
| Retained earnings                                 | 42,495,903                   | 81,796,114                   | 42,598,622                   | 75,936,304                   |
| Net profit / (loss)                               | 8,945                        | 17,217                       | (30,669)                     | (54,671)                     |
| <b>Total shareholders' equity</b>                 | <b>51,111,848</b>            | <b>98,380,085</b>            | <b>51,174,953</b>            | <b>91,224,471</b>            |
| <b>Total liabilities and shareholders' equity</b> | <b>51,118,230</b>            | <b>98,392,369</b>            | <b>51,183,348</b>            | <b>91,239,436</b>            |
|   | USD<br>01.01.-<br>30.06.2013 | TRY<br>01.01.-<br>30.06.2013 | USD<br>01.01.-<br>30.06.2012 | TRY<br>01.01.-<br>30.06.2012 |
| Total revenues                                    | 192,068                      | 347,585                      | 106,315                      | 190,665                      |

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

**16. INVESTMENT PROPERTIES**

As of 30 June 2013 and 31 December 2012, the details of investment properties and movement schedule of investment properties are as following;

| Cost                                | 31.12.2011        | Addition(*)       | 31.12.2012        | Addition          | 30.06.2013         |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| Land                                | 19,274,082        | 20,709,099        | 39,983,181        | -                 | 39,983,181         |
| Buildings                           | 50,175,049        | 745,110           | 50,920,159        | 12,697,541        | 63,617,700         |
| <b>Total</b>                        | <b>69,449,131</b> | <b>21,454,209</b> | <b>90,903,340</b> | <b>12,697,541</b> | <b>103,600,881</b> |
| <b>Accumulated Depreciation (-)</b> |                   |                   |                   |                   |                    |
| Buildings                           | 9,157,704         | 1,019,056         | 10,176,760        | 581,339           | 10,758,099         |
| <b>Total</b>                        | <b>9,157,704</b>  | <b>1,019,056</b>  | <b>10,176,760</b> | <b>581,339</b>    | <b>10,758,099</b>  |
| <b>Net Book Value</b>               | <b>60,291,427</b> |                   | <b>80,726,580</b> |                   | <b>92,842,782</b>  |

(\*) Additions that occurred within the period that ended at 31 December 2012 consist of addition due to business mergers.

As of 30 June 2013, mortgage and distress amounts on investment properties are as following;

| <i>Mortgages</i>               | Given to | Currency Type | Currency Amount | TRY Amount         |
|--------------------------------|----------|---------------|-----------------|--------------------|
| Investment Properties Building | Banks    | TRY           | -               | 87,770,000         |
| Investment Properties Land     | Banks    | TRY           | -               | 33,325,000         |
| Investment Properties Land     | Banks    | USD           | 2,000,000       | 3,849,600          |
| <b>Total</b>                   |          |               |                 | <b>124,944,600</b> |

The investment properties are shown in the accompanying consolidated financial statements by deducting the accumulated depreciation from the acquisition cost (cost method). Fair value assessment has not been made for the investment properties mentioned in the financial statements by independent valuation specialists / experts who have the necessary professional knowledge and competence related to subject. It is impossible to value all the properties of Net Group, because of the impacts derived from the outspread of properties to Turkey and TRNC, continuity of asset / debt swap operations, and of given / taken mortgage operations of properties under the financial restructuring contracts. Existing plans and works related to independent valuation of investment properties and other real-estates within the Net Group will be applied as soon as possible by Net Group.

There is not any restriction related to convert investment properties into cash or to collect the amount in the case of disposal of incomes.

Purchase, construction or development expenses of investment properties are on Net Group with the title of owner, and the maintenance, repair and redevelopment expenses belong to the tenant.

There are not direct operating expenses, related to investment properties, incurred during the period.

No declaration has been made because of an occurrence of any foreign exchange differences in the presentation of investment properties book value confirmation.



**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**  
(Currency - Turkish Lira 'TRY' unless expressed otherwise)

**17. TANGIBLE FIXED ASSETS, net**

As of 30 June 2013 and 31 December 2012, the details of tangible fixes assets and movement schedule of tangible fixes assets are as following;

| Cost                                | 31.12.2011         | Addition (*)       | Disposal           | Transfer      | Foreign<br>currency<br>conversion<br>adjustments | 31.12.2012         | Addition          | Disposal           | Foreign currency<br>conversion<br>adjustments | 30.06.2013         |
|-------------------------------------|--------------------|--------------------|--------------------|---------------|--|--------------------|-------------------|--------------------|---|--------------------|
| Land                                | 4,465,689          | -                  | -                  | -             | (81,638)   | 4,384,051          | -                 | -                  | 109,209                                       | 4,493,260          |
| Land improvements                   | 602,209            | 152,840            | -                  | 75,777        | -  | 830,826            | 252,044           | -                  | -   | 1,082,870          |
| Buildings                           | 156,244,039        | 3,366,936          | -                  | 4,285,999     | (655)  | 163,896,319        | 411,788           | -                  | 876   | 164,308,983        |
| Machinery                           | 8,536,081          | 1,043,682          | -                  | -             | -  | 9,579,763          | 207,080           | -                  | -   | 9,786,843          |
| Vehicles                            | 11,039,833         | 1,419,619          | (1,684,102)        | -             | -  | 10,775,350         | 1,695,098         | (566,223)          | -   | 11,904,225         |
| Fixtures and fittings               | 45,845,087         | 3,643,778          | (9,022)            | 1,925,156     | -  | 51,404,999         | 6,799,588         | (1,196,334)        | -   | 57,008,253         |
| Leasehold improvements              | 13,180,001         | 30,136             | -                  | -             | -  | 13,210,137         | 56,553            | -                  | -   | 13,266,690         |
| Construction in progress            | 26,799,920         | 90,863,107         | -                  | (6,286,932)   | -  | 111,376,095        | 49,490,471        | -                  | -   | 160,866,566        |
| <b>Total</b>                        | <b>266,712,859</b> | <b>100,520,098</b> | <b>(1,693,124)</b> | <b>-</b>      | <b>(82,293)</b>                                  | <b>365,457,540</b> | <b>58,912,622</b> | <b>(1,762,557)</b> | <b>110,085</b>                                | <b>422,717,690</b> |
| <b>Accumulated Depreciation (-)</b> |                    |                    |                    |               |  |                    |                   |                    |   |                    |
| Land improvements                   | 233,587            | 45,870             | -                  | -             | -  | 279,457            | 34,132            | -                  | -   | 313,589            |
| Buildings                           | 60,212,641         | 5,416,161          | -                  | 6,075         | (46)   | 65,634,831         | 2,812,658         | -                  | 73  | 68,447,562         |
| Machinery                           | 4,847,260          | 596,092            | -                  | -             | -  | 5,443,352          | 322,288           | -                  | -   | 5,765,640          |
| Vehicles                            | 4,809,993          | 1,663,884          | (1,149,489)        | 82,367        | -  | 5,406,755          | 779,699           | (456,777)          | -   | 5,729,677          |
| Fixtures and fittings               | 19,627,474         | 4,398,709          | (7,159)            | 7,183         | -  | 24,026,207         | 2,545,742         | (740,537)          | -   | 25,831,412         |
| Leasehold improvements              | 12,671,294         | 378,857            | -                  | -             | -  | 13,050,151         | 77,404            | -                  | -   | 13,127,555         |
| <b>Total</b>                        | <b>102,402,249</b> | <b>12,499,573</b>  | <b>(1,156,648)</b> | <b>95,625</b> | <b>-</b>   | <b>113,840,753</b> | <b>6,571,923</b>  | <b>(1,197,314)</b> | <b>73</b>                                     | <b>119,215,435</b> |
| <b>Net Book Value</b>               | <b>164,310,610</b> |                    |                    |               |  | <b>251,616,787</b> |                   |                    |   | <b>303,502,255</b> |

As of 30 June 2013, net value of Net Group's lands and buildings that are classified as tangible fixed assets, are stated as TRY 100,354,681 (31 December 2012: TRY 102,645,539) in the accompanying consolidated financial statements. The investment properties are shown in the attached consolidated financial statements by deducting the accumulated depreciation from the acquisition cost (cost method). Fair value assessment has not been made for the investment properties mentioned in the financial statements by independent valuation specialists / experts who have the necessary professional knowledge and competence related to subject. It is impossible to value all the properties of Net Group, because of the impacts derived from the outspread of properties to Turkey and TRNC, continuity of asset / debt swap operations, and of given / taken mortgage operations of properties under the financial restructuring contracts. Existing plans and works related to independent valuation of land and buildings within the Net Group will be applied as soon as possible by Net Group.

(\*) For the period that ended in 31 December 2012, TRY 827,783 of additions and TRY 95,625 of depreciations consist of business mergers.

As of 30 June 2013, construction in progress composed of Net Groups' hotel expenditures in TRNC.

As of 30 June 2013, the total amount of insurance on tangible fixed assets and investment property is TRY 359,112,213 (31 December 2012: TRY 333,680,423).

The amount of mortgage given on tangible assets is as explained in note 37.1.

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

**18. INTANGIBLE FIXED ASSETS, net**

As of 30 June 2013 and 31 December 2012, the details of intangible fixes assets and movement schedule of intangible fixes assets are as following;

|                              |            |          |            |          |            |
|------------------------------|------------|----------|------------|----------|------------|
| Cost                         | 31.12.2011 | Addition | 31.12.2012 | Addition | 30.06.2013 |
| Rights                       | 896,847    | 324,908  | 1,221,755  | 154,314  | 1,376,069  |
| Total                        | 896,847    | 324,908  | 1,221,755  | 154,314  | 1,376,069  |
| Accumulated Amortization (-) |            |          |            |          |            |
| Rights                       | 766,547    | 49,734   | 816,281    | 49,037   | 865,318    |
| Total                        | 766,547    | 49,734   | 816,281    | 49,037   | 865,318    |
| Net Book Value               | 130,300    |          | 405,474    |          | 510,751    |

As of 30 June 2013, there are no internally generated tangible and intangible fixed assets of Net Group (31 December 2012: None).

**19. GOVERNMENT INCENTIVES AND GRANTS**

For the periods ended 30 June 2013 and 31 December 2012, the government incentives and grants that Net Group took advantages of are as following;

- Net Group company, Voyager Kıbrıs Limited will benefit from government granted incentive, 100% based on legislation numbered 47/2000 in TRNC with no time limitation, all the expenditures for additional 90 rooms put in operation in August 2005 and congress center built in April 2006.
- Net Group company, Merit Lefkoşa Otel owned by Net Turizm Ticaret ve Sanayi A.Ş. will benefit from government granted incentive, 100% based on legislation numbered 47/2000 in TRNC with no time limitation, all the expenditures for hotel built.
- Net Group company, Voyager Kıbrıs Limited will benefit from government granted incentive, 100% based on legislation numbered 47/2000 in TRNC with no time limitation for the Merit Royal Otel Casino&Spa investment.

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

**20. COMMITMENTS AND CONTINGENT LIABILITIES AND ASSETS**

As of 30 June 2013 and 31 December 2012, commitments and contingent liabilities and assets are as following;

**20.1 Provisions for payables**

**Short term**

|  | 30.06.2013 | 31.12.2012 |
|--|------------|------------|
| Allowance provided to loans within the context of FRA (*)                    | 2,204,642  | 2,204,642  |
| Provision for lawsuits   | 211,231    | 146,775    |
| Provision for severance pay for dismissed personnel from Merit Antique Hotel | 13,867     | 13,867     |
| Expense accrual for tax office   | 13,225     | 13,225     |
| Other  | 62,459     | 10,432     |
|  | 2,505,424  | 2,388,941  |

(\*) It is composed of allowances for borrowings as income because Net Group has prepaid off liabilities to the 1<sup>st</sup> and 2<sup>nd</sup> Group Creditor Banks within the concept of Financial Restructuring Agreement (FRA) as of 14 December 2007 and accrual amount (half of the allowance amount) according to the signed agreement "Net Milas Tourism and Real Estate Development Project" with Ağaoğlu Group Companies as stated in note 37.6.

Movement schedule of provision for law suits is as following;

|                              | 01.01.-<br>30.06.2013 | 01.01.-<br>31.12.2012 |
|------------------------------|-----------------------|-----------------------|
| Beginning balance            | 146,775               | 146,775               |
| Provisions set within period | 64,456                | -                     |
| Period end balance           | 211,231               | 146,775               |

Movement schedule of expanse accrual for tax office;

|                            | 01.01.-<br>30.06.2013 | 01.01.-<br>31.12.2012 |
|----------------------------|-----------------------|-----------------------|
| Beginning balance          | 13,225                | 13,225                |
| Closings within the period | -                     | -                     |
| Period end balance         | 13,225                | 13,225                |

Movement schedule of allowance provided to loans within the context of FRA is as following;

|                    | 01.01.-<br>30.06.2013 | 01.01.-<br>31.12.2012 |
|--------------------|-----------------------|-----------------------|
| Beginning balance  | 2,204,642             | 2,204,642             |
| Period end balance | 2,204,642             | 2,204,642             |

**Long term**

None (31 December 2012 - None).

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira ‘TRY’ unless expressed otherwise)

**20.2 Contingent Assets and Liabilities**

**20.2.1 Off-balance sheet items with credit risk**

|                                       | Type          | Period  | Given for | Given to | 30.06.2013         | 31.12.2012         |
|---------------------------------------|---------------|---------|-----------|----------|--------------------|--------------------|
| Shares given as collateral            | Equity shares | Various | *         | **       | 136,069,503        | 190,795,327        |
| Letters of guarantees                 | Guarantee     | Various | *         | **       | 7,988,848          | 8,577,419          |
| Guarantees given                      | Note          | Various | *         | **       | 6,227,389          | 6,623,782          |
| Real estates given as collateral      | Mortgage      | Various | *         | **       | 179,870,537        | 172,615,612        |
| Real estates given as collateral      | Distress      | Various | *         | **       | 460,913            | 460,913            |
| Notes and cheques given as collateral | Note-Cheque   | Various | *         | **       | 119,147            | 11,493,981         |
| Notes given as collateral             | Note          | Various | *         | **       | 129,520,360        | 120,070,070        |
|                                       |               |         |           |          | <b>460,256,697</b> | <b>510,637,104</b> |

(\*) The guarantees are given by Net Group for Net Group’s credits and third parties’ credits whose guarantor is Net Group.

(\*\*) Given to various banks and financial institutions.

**20.2.2 Guarantees received**

As of 30 June 2013, guaranteed bill of exchange which is taken as guarantee within context of the agreements signed with third parties by Net Group. These guaranteed bills are composed of EUR 65,000, USD 5,834,600 and TRY 5,440,500 (31 December 2012: 65,000 EURO, 5,834,600 USD and TRY 5,442,500).

As stated in note 37.6, there is construction mortgage and guarantees amounting to TRY 100,000,000 in favor of Net Holding A.Ş. on all lands transferred to Ağaoğlu Companies Group within the signed agreement “Net Milas Tourism and Real Estate Development Project” between Ağaoğlu Companies Group and Net Group. This mortgage is a guarantee for completion of the project.

Net Group Company, Net Turizm Sanayi ve Ticaret A.Ş. received TRY 350,000 of real estate in Kentsel Village of Alanya, Antalya which belongs to Ünivestar Yatırım Emlak Danışmanlık İnşaat Limited Şirketi against receivables from Ayt Hava Taşımacılık Turizm İnşaat ve Ticaret A.Ş.

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

**20.3 Guarantee / Security / Mortgage**

As of 30 June 2013 and 31 December 2012, schedule of guarantees/security/mortgage position is as following:

| <b>Guarantees, security and mortgage (GSM) given by the Company</b>  | <b>30.06.2013</b> | <b>31.12.2012</b> |
|--|-------------------|-------------------|
| A. Total Amount of Gsm Given On Behalf Of Legal Entity   | 25,672,985        | 24,666,813        |
| B. Total Amount of Gsm Given For Partnerships Which Included In Full Consolidation                                   | 24,696,841        | 25,341,213        |
| C. Total Amount of Gsm Given For The Purpose Of Guaranteeing Third Party Loans to Carry The Regular Trade Activities | None              | None              |
| D. Total Amount of Other Gsm Given   | None              | None              |
| i. Total Amount of Gsm Given for The Parent Company  | None              | None              |
| ii. Total Amount of Gsm Given for Other Group Companies Not Included In B and C Clauses                              | None              | None              |
| iii. Total Amount of GSM Given for Third Parties Not Included In C Clause  | None              | None              |
|  | 50,369,826        | 50,008,026        |

Ratio of other GSM given by the Company to shareholders equity as of 30 June 2013 (As of 31 December 2012: 0%) is 0%.

**21. COMMITMENTS**

Subsidiary of Net Holding A.Ş., Net Turizm Ticaret ve Sanayi A.Ş. has signed an agreement with T.R.N.C. Vakıflar Örgütü ve Din İşleri Dairesi on 21 August 2007. According to the agreement; Net Turistik Hizmetler Limited Şirketi, will invest touristic facilities like 5-star hotel, bungalow, casino, golf links, on the property of Vakıflar İdaresi and 13 kilometers closed to Girne, in the borders of Alsancak village and in the tourist facilities where is known as Mare Monte Hotel and on the 352 British acres of land. The investment period will take 6 years and the minimum investment amount is GBP 50,000,000. Net Turistik Hizmetler Limited Şirketi has committed to complete the project of the investment till 30 September 2012 (Note 37.5). The investment period will begin after the completion of investment project and approval of official institutions.

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

**22. PROVISIONS FOR EMPLOYEE BENEFITS**

As of 30 June 2013 and 31 December 2012, Provided short term and long term benefits to employees is as follows;

**Provisions for employee's benefits short term**

|                             | 30.06.2013 | 31.12.2012 |
|-----------------------------|------------|------------|
| Provision for vacations     | 217,324    | -          |
| Provision for severance pay | -          | 92,231     |
|                             | 217,324    | 92,231     |

**Provisions for employee's benefits long term**

|                                   | 30.06.2013 | 31.12.2012 |
|-----------------------------------|------------|------------|
| Long term severance pay provision | 1,718,929  | 1,206,316  |
|                                   | 1,718,929  | 1,206,316  |

Movement schedule of severance pay provision is as following;

|                            | 01.01.-<br>30.06.2013 | 01.01.-<br>31.12.2012 |
|----------------------------|-----------------------|-----------------------|
| Beginning balance          | 1,298,547             | 1,023,782             |
| Cost of service            | 105,032               | 284,889               |
| Cost of interest           | 73,196                | 76,477                |
| Payments within period     | (74,586)              | (111,062)             |
| Actuarial gains / (losses) | 316,740               | 24,461                |
| Period end balance         | 1,718,929             | 1,298,547             |

**23. OTHER ASSETS**

**23.1 Other current assets**

As of 30 June 2013 and 31 December 2012, the detail of other current liabilities is as following;

|                               | 30.06.2013 | 31.12.2012 |
|-------------------------------|------------|------------|
| VAT carried forward           | 11,708,241 | 10,200,715 |
| VAT deductible in next mounts | 752,789    | 558,142    |
|                               | 12,461,030 | 10,758,857 |

**23.2 Other non-current assets**

As of 30 June 2013 and 31 December 2012, detail of other non-current assets is as following;

|                              | 30.06.2013 | 31.12.2012 |
|------------------------------|------------|------------|
| VAT deductible in next years | 381,597    | 305,278    |
|                              | 381,597    | 305,278    |

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

**24. SHAREHOLDERS' EQUITY**

**24.1 Paid in Capital**

| Shareholders  | 30.06.2013    |         | 31.12.2012    |         |
|---|---------------|---------|---------------|---------|
|   | Amount        | Ratio   | Amount        | Ratio   |
| Asyanet Turizm Sanayi ve Ticaret A.Ş.                                 | 127,308,608   | 34.81%  | 125,216,108   | 34.24%  |
| Net Turizm Ticaret ve Sanayi A.Ş.                                     | 123,012,132   | 33.63%  | 122,420,122   | 33.47%  |
| Sunset Turistik İşletmeleri A.Ş.                                      | 3,341,935     | 0.91%   | 3,341,935     | 0.91%   |
| Publicly held shares and other shareholders                           | 112,087,325   | 30.65%  | 114,771,835   | 31.38%  |
| Total before elimination of capital shares and subsidiaries           | 365,750,000   | 100.00% | 365,750,000   | 100.00% |
| Inflation adjustment difference in shareholder's equity               | 56,808,615    |         | 56,808,615    |         |
| Elimination of capital shares and subsidiaries (nominal)              | (253,662,675) |         | (250,978,165) |         |
| Elimination of capital shares and subsidiaries (inflation difference) | (39,399,112)  |         | (38,982,151)  |         |
| Total   | 129,496,828   |         | 132,598,299   |         |

The decree of CMB dated 25 July 2002 and numbered OFD/1998 stated that the ceiling of registered capital is appropriate to be TRY 500,000,000.

A Group shares have privileges. According to the main agreement of the company, majority or more than half of the board members are to be elected from the candidates elected by A Group shareholders.

As of 30 June 2013, Nominal amount of TRY 110,398,646 (31 December 2012: TRY 165,830,642) of the shares of Parent Company owned by Net Group is given to various bank institutions as guarantees.

As of 30 June 2013, the subsidiaries own shares in Parent Company amounting to TRY 293,061,787 (31 December 2012: TRY 289,960,316) which were eliminated mutually from the capital of Parent Company.

**24.2 Share premiums / (discounts)**

|                          | 30.06.2013 | 31.12.2012 |
|--------------------------|------------|------------|
| Premium in access of par | 8,226,753  | 11,168,838 |
|                          | 8,226,753  | 11,168,838 |

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

**24.3 Legal reserves**

In the legal book, the accumulated profits can be distributed and except the claim related legal reserves stated below.

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code. The code stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid -in share capital. Under the Turkish Commercial Code, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

|                | 30.06.2013 | 31.12.2012 |
|----------------|------------|------------|
| Legal reserves | 13,353,948 | 4,312,560  |
|                | 13,353,948 | 4,312,560  |

**24.4 Fund of equity fair value**

|                           | 30.06.2013 | 31.12.2012 |
|---------------------------|------------|------------|
| Fund of equity fair value | 21,975,346 | 21,868,798 |
|                           | 21,975,346 | 21,868,798 |

**24.5 Foreign currency conversion difference**

|  | 30.06.2013 | 31.12.2012 |
|--|------------|------------|
| Foreign currency conversion difference | 10,264,690 | 6,733,529  |
|  | 10,264,690 | 6,733,529  |

**24.6 Minority interests**

|  | 01.01 -<br>30.06.2013 | 01.01 -<br>31.12.2012 |
|--|-----------------------|-----------------------|
| Opening balance                        | 148,346,809           | 136,371,660           |
| Change in minority interests           | 1,258,120             | 11,975,149            |
| Closing balance                        | 149,604,929           | 148,346,809           |
|  | 01.01 -<br>30.06.2013 | 01.01 -<br>30.06.2012 |
| Minority interest profit / (loss), net | (3,329,235)           | (6,041,943)           |

**24.7 Actuarial gains / (losses) from retirement pay provision**

|   | 30.06.2013 | 31.12.2012 |
|---|------------|------------|
| Actuarial gain/(loss) of the calculation retirement pay provision | 483,360    | 192,690    |
|   | 483,360    | 192,690    |



**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

**24.8 Retained earnings**

In accordance with the communiqué Serial: XI No: 29, effective from 1 January 2008, and its related announcements, "Paid-in Share Capital", "Restricted Reserves Appropriated from Profit" and "Share Premium" should be presented with statutory amounts. The restatement differences arise during the application of the communiqué should be presented in "Adjustment to Share Capital", if the difference is resulted from paid-in share capital and not has not added to capital yet; should be presented in "Retained Earnings / Losses", if the difference is resulted from "Restricted Reserves Appropriated from Profit" and "Share Premium" and has not been subject to profit distribution or has not added to capital yet.

According to the decision dated 30 December 2003 and numbered 66/1630 of Capital Market Board, "Previous Year's Losses" account which arises from first time application of inflation adjustment on financial statements is taken into consideration as deductible item, during the calculation of distributable profit for the inflation adjusted financial statements under the profit distribution principles of the Capital Market Board. Nonetheless, it is also possible to set off "Previous Year's Losses" with the Company's current profit and accumulated profit. The remaining part of prior year's loss is possibly set off extraordinary reserves, legal reserves and inflation effect on shareholder's equity account, respectively.

In accordance with Turkish Commercial Code, legal reserves consist of first and second legal reserves. Until the Company's legal reserve reaches 20% of the nominal paid-up share capital, legal reserves are set aside as the first 5% of net income. The second legal reserve, on 5% of the Company's share capital is divided into 10% of all profits from the distribution. According to the Turkish Commercial Code, legal reserves for distribution unless they exceed 50%, but can be used to offset losses at the point of profit reserves have been exhausted.

Listed companies are subject to dividend requirements regulated by the CMB as follows:

In addition, based on the CMB Decree 7/242, dated 25 February 2005, if the amount of profit distributions calculated in accordance with the net distributable profit requirements of the CMB does not exceed the statutory net distributable profit, the whole amount of distributable profit should be distributed. If it exceeds the statutory net distributable profit, the whole amount of the statutory net distributable profit should be distributed. It is stated that dividend distributions should not be made if there is a loss in either the financial statements prepared in accordance with CMB regulations or in the statutory financial statements.

In accordance with CMB decision № 1/6 dated January 9, 2009; with regard to the determination of principles to be followed regarding distribution of profits obtained from 2008 activities by the publicly held incorporated companies, the shares of which are traded on the exchange market, the minimum profit distribution rate of 20% shall be applied as indicated in Article 5 of the Communiqué № 27 Series: IV; this distribution shall be performed by distributing the shares to be exported by means of adding cash or dividend to the capital in accordance with the decision of general assemblies, to the shareholders free of charge or by distributing certain amount in cash and certain amount in free shares. Again, in accordance with the decision mentioned above, as long as in the calculation of profit distributable by the enterprises obliged to prepare consolidated financial table, the profit amounts appearing in the profit in the consolidated financial tables and transferred from subsidiaries, enterprises and associates under joint management to consolidated financial tables of the parent company are met from the resources in the legal records of the companies, the profit amount to be distributed shall be calculated considering the net current profits in the financial tables to be prepared and disclosed in the frame of CMB's "Communiqué on Principles regarding Financial Reporting in Capital Market" № 29 Series: XI, regardless of the profit distribution decision made by general assemblies.

In accordance with the CMB decision dated January 27, 2010, it's decided to remove the obligation related with the minimum dividend distribution rate for publicly traded companies.

Inflation adjustment to shareholders' equity and book value of extraordinary reserves can be used as an internal source in capital, dividend distribution in cash or net-off against prior years' loss. In case the inflation adjustment to shareholders' equity is used for dividend distribution in cash, the distribution is subject to corporate tax.

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira ‘TRY’ unless expressed otherwise)

**25. SALES AND COST OF SALES**

**25.1 Sales**

Details of sales for the periods ended at 30 June 2013 and 2012 are as following;

|                                    | 01.01-<br>30.06.2013 | 01.01.-<br>30.06.2012 | 01.04. -<br>30.06.2013 | 01.04. -<br>30.06.2012 |
|------------------------------------|----------------------|-----------------------|------------------------|------------------------|
| Hotel accommodation income         | 44,203,093           | 12,780,337            | 25,554,319             | 8,292,918              |
| Casino incomes                     | 27,485,831           | 18,872,693            | 13,594,509             | 8,746,275              |
| Book and stationery sales income   | 1,001,641            | 992,803               | 475,744                | 472,805                |
| Car renting and parking lot income | 2,037,174            | 2,386,899             | 1,153,324              | 1,601,103              |
| Income from jewel sale             | 1,832,388            | 5,474,533             | 202,153                | 3,534,912              |
| Other sales                        | 2,416,563            | 939,521               | 1,476,385              | 561,025                |
|                                    | 78,976,690           | 41,446,786            | 42,456,434             | 23,209,038             |
| Sales returns and discounts (-)    | (356,061)            | (217,466)             | (217,503)              | (147,583)              |
| <b>Sales, net</b>                  | <b>78,620,629</b>    | <b>41,229,320</b>     | <b>42,238,931</b>      | <b>23,061,455</b>      |

**25.2 Cost of sales, net (-)**

Details of cost of sales for the periods ended at 30 June 2013 and 2012 are as following;

|                                   | 01.01-<br>30.06.2013 | 01.01.-<br>30.06.2012 | 01.04. -<br>30.06.2013 | 01.04. -<br>30.06.2012 |
|-----------------------------------|----------------------|-----------------------|------------------------|------------------------|
| Hotel accommodation costs         | 20,922,725           | 9,526,451             | 12,144,670             | 5,641,366              |
| Casino costs                      | 20,165,585           | 20,062,319            | 11,009,603             | 10,396,636             |
| Book and stationery sales costs   | 452,820              | 435,317               | 210,093                | 217,679                |
| Car renting and parking lot costs | 1,286,538            | 1,481,211             | 923,544                | 814,567                |
| Costa from jewel sale             | 1,848,639            | 5,342,525             | 256,186                | 3,523,585              |
| Depreciation expenses             | 6,338,481            | 5,781,271             | 3,270,791              | 2,939,267              |
| <b>Cost of sales, net</b>         | <b>51,014,788</b>    | <b>42,629,094</b>     | <b>27,814,887</b>      | <b>23,533,100</b>      |

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

**26. GENERAL ADMINISTRATIVE EXPENSES AND MARKETING, SALES AND DISTRIBUTION EXPENSES**

|   | 01.01-<br>30.06.2013 | 01.01.-<br>30.06.2012 | 01.04. -<br>30.06.2013 | 01.04. -<br>30.06.2012 |
|---|----------------------|-----------------------|------------------------|------------------------|
| General administrative expenses           | 23,179,566           | 19,548,200            | 12,002,806             | 10,577,128             |
| Marketing, sale and distribution expenses | 3,928,589            | 1,120,395             | 2,221,830              | 285,836                |
|   | <u>27,108,155</u>    | <u>20,668,595</u>     | <u>14,224,636</u>      | <u>10,862,964</u>      |

**26.1 General administrative expenses**

Details of General administrative expenses for the periods ended at 30 June 2013 and 2012 are as following;

|                                     | 01.01-<br>30.06.2013 | 01.01.-<br>30.06.2012 | 01.04. -<br>30.06.2013 | 01.04. -<br>30.06.2012 |
|-------------------------------------|----------------------|-----------------------|------------------------|------------------------|
| Personnel expenses                  | 7,790,626            | 6,109,900             | 4,012,871              | 3,054,606              |
| Severance pay provision expenses    | 103,641              | 68,189                | 40,440                 | 11,082                 |
| Repair and maintenance expenses     | 1,938,381            | 986,398               | 1,406,507              | 442,004                |
| Consultancy expenses                | 1,901,509            | 660,066               | 545,177                | 319,123                |
| Rent expenses                       | 665,849              | 853,823               | 355,403                | 423,548                |
| Electricity, water and gas expenses | 224,166              | 259,712               | 95,528                 | 66,137                 |
| Tax and duties                      | 3,734,295            | 4,964,449             | 1,220,080              | 3,789,317              |
| Depreciation expenses               | 842,955              | 842,195               | 410,089                | 417,227                |
| Provision for doubtful receivables  | 166,847              | 1,561,600             | 166,847                | 1,561,600              |
| Other expenses                      | 5,811,297            | 3,241,868             | 3,749,864              | 492,484                |
|                                     | <u>23,179,566</u>    | <u>19,548,200</u>     | <u>12,002,806</u>      | <u>10,577,128</u>      |

**26.2 Marketing, sales and distribution expenses**

Details of marketing, sales and distribution expenses for the periods ending at 30 June 2013 and 2012 are as following;

|                            | 01.01-<br>30.06.2013 | 01.01.-<br>30.06.2012 | 01.04. -<br>30.06.2013 | 01.04. -<br>30.06.2012 |
|----------------------------|----------------------|-----------------------|------------------------|------------------------|
| Personnel expenses         | 457,787              | 399,508               | 28,374                 | 175,001                |
| Rent expenses              | 30,125               | 64,125                | 14,987                 | 54,612                 |
| Commercial and advertising | 2,904,800            | 477,590               | 2,019,353              | 39,337                 |
| Depreciation expenses      | 16,975               | 29,308                | 4,835                  | 14,946                 |
| Other expenses             | 518,902              | 149,864               | 154,281                | 1,940                  |
|                            | <u>3,928,589</u>     | <u>1,120,395</u>      | <u>2,221,830</u>       | <u>285,836</u>         |

**26.3 Research and Development Expenses**

None. (01 January - 30 June 2012 – None).

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

**27. EXPENSES ACCORDING TO QUALIFICATIONS**

Details of their qualities which are marketing, selling and distribution expenses and general and administrative expenses; for the periods ended at 30 June 2013 and 2012 is as following;

|                                     | 01.01-<br>30.06.2013 | 01.01.-<br>30.06.2012 | 01.04. -<br>30.06.2013 | 01.04. -<br>30.06.2012 |
|-------------------------------------|----------------------|-----------------------|------------------------|------------------------|
| Personnel expenses                  | 8,248,413            | 6,509,408             | 4,041,245              | 3,260,936              |
| Repair, maintenance expenses        | 1,938,381            | 986,398               | 1,406,507              | 442,004                |
| Consulting expenses                 | 1,901,509            | 660,066               | 545,177                | 319,123                |
| Rent expenses                       | 695,974              | 917,948               | 370,390                | 478,160                |
| Electricity, water and gas expenses | 224,166              | 259,712               | 95,528                 | 66,137                 |
| Tax and duties                      | 3,734,295            | 4,964,449             | 1,220,080              | 3,789,317              |
| Advertisement expenses              | 2,904,800            | 477,590               | 2,019,353              | 39,337                 |
| Depreciation expenses               | 859,930              | 871,503               | 414,924                | 432,173                |
| Provision for doubtful receivables  | 166,847              | 1,561,600             | 166,847                | 1,561,600              |
| Other expenses                      | 6,433,840            | 3,459,921             | 3,944,585              | 474,177                |
|                                     | 27,108,155           | 20,668,595            | 14,224,636             | 10,862,964             |

Details of depreciation expenses based on accounts that occurred on the periods ended at 30 June 2013 and 2012 are as following;

|  | 01.01-<br>30.06.2013 | 01.01-<br>30.06.2012 |
|--|----------------------|----------------------|
| Cost of sales                                | 6,338,481            | 5,781,271            |
| Marketing, sales and distribution expenses   | 16,975               | 29,308               |
| General administrative expenses              | 842,955              | 842,195              |
| Part reclassified to discontinued operations | 3,888                | 74,798               |
|  | 7,202,299            | 6,727,572            |

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

**28. OTHER OPERATING INCOME / (EXPENSE), NET**

**28.1 Other operating income and profit**

Details of other operating income and profit for the periods ending on 30 June 2013 and 2012 are as following;

|   | 01.01-<br>30.06.2013 | 01.01.-<br>30.06.2012 | 01.04. -<br>30.06.2013 | 01.04. -<br>30.06.2012 |
|---|----------------------|-----------------------|------------------------|------------------------|
| Profit on sale of equity investments (a)          | 70,208,242           | 92,710,640            | -                      | -                      |
| Exchange rate income from commercial activity     | 8,402,269            | 2,370,448             | 6,934,868              | 1,489,003              |
| Rent income                                       | 98,029               | 81,391                | 33,524                 | 39,454                 |
| Dividend income (b)                               | 11,095,192           | 12,495,311            | -                      | 12,495,311             |
| Rediscount income                                 | 937,640              | 595,869               | (93,029)               | 22,052                 |
| Insurance compensation income                     | 75,055               | 106,568               | 59,189                 | 82,811                 |
| Reversal of unnecessary provisions                | -                    | 10,021                | -                      | 4,890                  |
| Premium income in accordance to law numbered 5510 | 94,440               | 83,583                | 48,204                 | 44,424                 |
| Other   | 22,041               | 27,183                | 2,089                  | 18,902                 |
|   | <b>90,932,908</b>    | <b>108,481,014</b>    | <b>6,984,845</b>       | <b>14,196,847</b>      |

- (a) Related amount, occurred from selling of shares of Net Group's at Net Mağazacılık A.Ş., Urart Gümrüksüz Mağazacılık İşletmeciliği A.Ş. and Opus Dış Ticaret A.Ş. (Note 31.1).
- (b) Related amount, consist of from dividend income of Net Group's marketable securities; Net Mağazacılık A.Ş., Urart Gümrüksüz Mağazacılık İşletmeciliği A.Ş. and Opus Dış Ticaret A.Ş.

**28.2 Other Operating Expense and Loss**

The details of other operating expense and loss for the periods ended at 30 June 2013 and 2012 is as following;

|   | 01.01-<br>30.06.2013 | 01.01.-<br>30.06.2012 | 01.04. -<br>30.06.2013 | 01.04. -<br>30.06.2012 |
|---|----------------------|-----------------------|------------------------|------------------------|
| Jewel inventory valuation difference according to gold stock exchange (d) | 143,713              | 180,242               | 40,832                 | 180,242                |
| Rediscount expense  | 598,986              | 458,405               | (27,900)               | (100,775)              |
| Foreign exchange losses related to commercial activities                  | 1,486,459            | 2,029,686             | 1,169,828              | 562,123                |
| Loss on sale of equity investments (c)                                    | 97,565               | -                     | -                      | -                      |
| Other   | 49,336               | 17,318                | 40,637                 | 5,110                  |
|   | <b>2,376,059</b>     | <b>2,685,651</b>      | <b>1,223,397</b>       | <b>646,700</b>         |

- (c) Related amount, occurred from selling of shares of Net Group's at Mutko Alım Satım Paz. Dış Tic. Ltd. Şti. (Note 31.1)
- (d) For the period ended at 30 June 2013, as result of the revaluation of the gold according to Istanbul Gold Stock Exchange's closing value, loss of TRY 143,713 is recorded in the accompanying financial statements. (01 January-30 June 2012: TRY 180,242)

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

**29. INVESTMENT ACTIVITIES INCOME / EXPENSE**

**29.1 Investment activities income**

Details of Investment operating income and profit for the periods ended at 30 June 2013 and 2012 are as following;

|  | 01.01-<br>30.06.2013 | 01.01.-<br>30.06.2012 | 01.04. -<br>30.06.2013 | 01.04. -<br>30.06.2012 |
|--|----------------------|-----------------------|------------------------|------------------------|
| Gain on sale of fixed assets                       | 142,558              | 281,185               | 74,832                 | 113,386                |
| Rent income from investment properties             | 615,916              | 682,470               | 372,712                | 441,331                |
| Due date differences income from other receivables | 267,974              | 57,712                | 179,937                | 34,256                 |
|  | 1,026,448            | 1,021,367             | 627,481                | 588,973                |

**29.2 Investment activities expenses**

Details of Investment operating expense and loss for the periods ended at 30 June 2013 and 2012 are as following;

|                              | 01.01-<br>30.06.2013 | 01.01.-<br>30.06.2012 | 01.04. -<br>30.06.2013 | 01.04. -<br>30.06.2012 |
|------------------------------|----------------------|-----------------------|------------------------|------------------------|
| Loss on sale of fixed assets | 473,896              | 297                   | 473,856                | 101                    |
|                              | 473,896              | 297                   | 473,856                | 101                    |

**30. FINANCE INCOME / (EXPENSE)**

**30.1 Finance income**

Details of finance income for the periods ending at 30 June 2013 and 2012 are as following;

|                                       | 01.01-<br>30.06.2013 | 01.01.-<br>30.06.2012 | 01.04. -<br>30.06.2013 | 01.04. -<br>30.06.2012 |
|---------------------------------------|----------------------|-----------------------|------------------------|------------------------|
| Foreign exchange gains                | 11,096,431           | 7,367,154             | 6,667,836              | 2,863,946              |
| Repo, stock, bond and interest income | 2,392,825            | 1,748,583             | 1,118,228              | 999,381                |
|                                       | 13,489,256           | 9,115,737             | 7,786,064              | 3,863,327              |

**30.2 Finance expense**

Details of finance income for the periods ending at 30 June 2013 and 2012 are as following;

|                               | 01.01-<br>30.06.2013 | 01.01.-<br>30.06.2012 | 01.04. -<br>30.06.2013 | 01.04. -<br>30.06.2012 |
|-------------------------------|----------------------|-----------------------|------------------------|------------------------|
| Due date differences expenses | 264,622              | 892,101               | 8,361                  | 420,950                |
| Exchange difference losses    | 12,871,515           | 5,500,282             | 9,375,711              | 2,279,396              |
| Commission expenses           | 1,042,325            | 1,077,468             | 477,682                | 531,726                |
| Interest expenses on loans    | 15,913,244           | 7,637,743             | 7,178,193              | 3,718,402              |
| Other financial expenses      | 233,851              | 1,335,931             | 47,701                 | 32,579                 |
|                               | 30,325,557           | 16,443,525            | 17,087,648             | 6,983,053              |

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira ‘TRY’ unless expressed otherwise)

**31. CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS**

**31.1 Current assets for sale**

As of 30 June 2013 Net Group does not have any assets held for sale. As of 31 December 2012, assets held for sale in the consolidated financial statements amount of TRY 24,861,527 were sold during the period. The summary of assets held for sale is as following;

|   |                       | 31 December<br>2012<br>Company's<br>value at<br>balance<br>sheets | Sold in<br>period   | 30 June<br>2013<br>Company's<br>value at<br>balance<br>sheets | Profit /<br>(loss) from<br>after sales |
|---|-----------------------|---|---------------------|---|--|
| Assets held for sale                    | Net Group's<br>shares |   |                     |   |  |
| Net Mağazacılık A.Ş.                    | 0.00%                 | 1,031,614   | (1,031,614)         | -   | 1,546,569                              |
| Urart Mağazacılık İşletmeciliği A.Ş.    | 0.00%                 | 9,401,179   | (9,401,179)         | -   | 59,544,042                             |
| Opus Dış Ticaret A.Ş.                   | 0.00%                 | 14,320,369  | (14,320,369)        | -   | 9,117,631                              |
| Mutko Alım Satım Paz. Dış Tic. Ltd.Şti. | 0.00%                 | 108,365   | (108,365)           | -   | (97,565)                               |
| <b>Total</b>                            |                       | <b>24,861,527</b>   | <b>(24,861,527)</b> | <b>-</b>  | <b>70,110,677</b>                      |

As of 31 December 2012 summary information of assets held for sale is as following;

Net Group, Duty Free Store Management (Duty Free) in the field of Net Mağazacılık A.Ş., Urart Gümrüksüz Mağazacılık İşletmeciliği A.Ş. ve Opus Dış Ticaret A.Ş., companies to sell their shares for EUR 101,500,000 on 8 October 2011 decision is taken. The carrying values of these companies were transferred to assets held for sale. The carrying values exceed the expected proceeds from the sale of related assets; such assets are held for sale will not be registered for any impairment. Summary information related to assets held for sale is as following;

|   |                          | 31<br>December<br>2011<br>Company's<br>value at<br>balance<br>sheets | Sold in<br>period   | 31<br>December<br>2012<br>Company's<br>value at<br>balance<br>sheets | Sales<br>Income<br>(Note 28) |
|---|--------------------------|--|---------------------|--|------------------------------|
| Assets held for sale                        | Net<br>Group's<br>shares |  |                     |  |                              |
| Net Mağazacılık A.Ş.                        | 18.00%                   | 2,579,021  | (1,547,407)         | 1,031,614  | 2,429,913                    |
| Urart Gümrüksüz Mağazacılık İşl. A.Ş.       | 17.99%                   | 23,509,480   | (14,108,301)        | 9,401,179  | 77,795,779                   |
| Opus Dış Ticaret A.Ş.                       | 17.99%                   | 35,801,821   | (21,481,452)        | 14,320,369   | 13,612,548                   |
| Mutko Alım Satım Paz. Dış Tic. Ltd.Şti. (*) | 18.00%                   | -  | -                   | 108,365  | -                            |
| <b>Total</b>                                |                          | <b>61,890,322</b>  | <b>(37,137,160)</b> | <b>24,861,527</b>  | <b>93,838,240</b>            |

(\*) For the period ended at 31 December 2012, Net Group purchased the 18% of the shares Mutko Alım Satım Pazarlama Dış Ticaret Ltd. Şti.

In the case of selling of assets held for sale investment, according to the data at 31 December 2012, amounting to TRY 24,861,527 will be out of consolidated balance sheet from the “assets held for sale” account and amounting to TRY 12,495,311 will be out of consolidated income statements from the “Profit/Loss from Other Operations” account.

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

**31.2 Discontinued operations**

For the period ended at 31 December 2012, Net Group's "free-shop operations" in Cyprus and restaurant management in Gökova / Muğla ended because of agreements of operations expired. Under the standard of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, these two sectors presented on "Discontinued Operations" item in consolidated income statement, in order to comply with the presentation of the financial statements of the period ended at 30 June 2013 under the IFRS 5 Non-current Assets Held for Sale and Discontinued Operations standard prior period's operating results which operations discontinued in current period are reclassified to discontinued operations at prior income statement.

As of 30 June 2013 and 2012 summary of discontinued operations is as following;

|  | 01.01 -<br>30.06.2013 | 01.01 -<br>30.06.2012 | 01.04. -<br>30.06.2013 | 01.04. -<br>30.06.2012 |
|--|-----------------------|-----------------------|------------------------|------------------------|
| Sales income   | 676,447               | 7,140,020             | -                      | 4,101,295              |
| Cost of sales (-)  | (566,354)             | (4,033,187)           | -                      | (2,296,319)            |
| Gross profit / (loss)  | 110,093               | 3,106,833             | -                      | 1,804,976              |
| General administrative expenses (-)                            | (26,398)              | (379,714)             | (12,934)               | (277,552)              |
| Marketing, sale and distribution expenses (-)                  | (116,269)             | (1,883,163)           | (131)                  | (1,125,293)            |
| Other operations income  | 2,883                 | 73,330                | 2,869                  | 45,963                 |
| Other operations expenses                                      | -                     | (996)                 | -                      | (976)                  |
| Operating profit / (loss)                                      | (29,691)              | 916,290               | (10,196)               | 447,118                |
| Investment activities income                                   | 31,238                | -                     | 24,555                 | -                      |
| Operating Profit / (Loss) before<br>Finance Income / (Expense) | 1,547                 | 916,290               | 14,359                 | 447,118                |
| (None operating) Financial incomes                             | 22,353                | 232,301               | 10,884                 | 127,121                |
| (None operating) Financial expenses (-)                        | (20,319)              | (124,203)             | (1,385)                | (10,308)               |
| Discontinued operation before tax profit / (loss)              | 3,581                 | 1,024,388             | 23,858                 | 563,931                |
| Deferred tax income / (expense), net                           | 3,218                 | 7,121                 | 5                      | 3,687                  |
| <b>Discontinued Operation Profit / (Loss)</b>                  | <b>6,799</b>          | <b>1,031,509</b>      | <b>23,863</b>          | <b>567,618</b>         |

For the period that ended in 30 June 2013, discontinued operations include TRY 3,888 depreciation expense (01 January - 30 June 2012: TRY 74,798).



**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

**32. TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)**

**Deferred Tax Assets and Liabilities**

Net Group recognizes deferred tax assets and liabilities based on temporary differences arising between the financial statements as reported in accordance with CMB Financial Reporting Standards and the statutory tax financial statements. Deferred income taxes are calculated on temporary differences that are expected to be realized or settled based on taxable income in coming years under the liability method using a principal tax rate.

|  | 30.06.2013                            |                 | 31.12.2012                            |                 |
|--|---------------------------------------|-----------------|---------------------------------------|-----------------|
|  | Cumulative<br>temporary<br>difference | Deferred<br>tax | Cumulative<br>temporary<br>difference | Deferred<br>tax |
| <b><u>Deferred tax assets</u></b>  |                                       |                 |                                       |                 |
| Tangible and intangible assets<br>(Except land, buildings, infrastructure and land improvements) | 556,209                               | 111,516         | 217,225                               | 43,445          |
| Land, buildings, infrastructure and land improvements  | 1,992,116                             | 103,253         | 2,111,556                             | 109,225         |
| Investment incentive   | 37,114,567                            | 8,721,923       | 37,114,567                            | 8,721,923       |
| Severance pay  | 1,663,122                             | 335,635         | 1,220,776                             | 246,507         |
| Taxable losses   | 26,017,768                            | 5,203,554       | 14,720,286                            | 2,944,057       |
| Provision for doubtful receivables expense   | 5,173,274                             | 1,086,796       | 4,884,316                             | 1,023,843       |
| Unearned interest on receivables   | 353,844                               | 79,296          | 469,335                               | 95,804          |
| Expense accruals   | 3,915,637                             | 817,003         | 4,004,618                             | 837,064         |
| Accrual of interest on loans   | 1,518,535                             | 310,902         | 1,226,101                             | 247,254         |
| Revaluation of foreign currency  | 281,533                               | 56,959          | 15,156                                | 3,479           |
| Other  | 355,139                               | 72,931          | 178,818                               | 39,156          |
|  |                                       | 16,899,768      |                                       | 14,311,757      |
| <b><u>Deferred tax liabilities</u></b>   |                                       |                 |                                       |                 |
| Tangible and intangible assets<br>(Except land, buildings, infrastructure and land improvements) | (1,354,302)                           | (272,914)       | (2,585,637)                           | (517,548)       |
| Land, buildings, infrastructure and land improvements  | (16,009,458)                          | (3,514,575)     | (19,946,005)                          | (4,490,075)     |
| Inventories  | (25,642)                              | (5,128)         | (42,227)                              | (8,445)         |
| Unearned interest on payables  | (477,255)                             | (109,999)       | (262,600)                             | (59,331)        |
| Revaluation of foreign currency  | (738,423)                             | (147,685)       | (497,045)                             | (99,668)        |
| Other  | (1,607,535)                           | (352,147)       | (1,165,384)                           | (257,937)       |
|  |                                       | (4,402,448)     |                                       | (5,433,004)     |
| <b>Deferred tax assets /(liabilities), net</b>   |                                       | 12,497,320      |                                       | 8,878,753       |

As of 30 June 2013 and 31 December 2012, tax provision for the period in consolidated balance sheets is as following;

|                               | 30.06.2013 | 31.12.2012 |
|-------------------------------|------------|------------|
| Provision for corporation tax | 2,463,290  | 2,962,889  |

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

For the periods ended at 30 June 2013 and 2012, tax income/ (expense) in consolidated income statements are as following;

|                               | 01.01.-<br>30.06.2013 | 01.01.-<br>30.06.2012 | 01.04.-<br>30.06.2012 | 01.04.-<br>30.06.2011 |
|-------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Income Statement</b>       |                       |                       |                       |                       |
| Corporation tax provision     | (2,463,290)           | (3,156,063)           | 61,020                | (1,198,874)           |
| Deferred tax income/(expense) | 3,560,345             | (844,356)             | 2,953,859             | 1,882,875             |
|                               | 1,097,055             | (4,000,419)           | 3,014,879             | 684,001               |

Details of deferred tax confirmation are as following;

|   | 30.06.2013  | 31.12.2012  | Net Effect |
|---|-------------|-------------|------------|
| Deferred tax assets   | 16,899,768  | 14,311,757  | 2,588,011  |
| Deferred tax liabilities  | (4,402,448) | (5,433,004) | 1,030,556  |
| Deferred tax income / (expense) from discontinued operations, net | (3,218)     | -           | (3,218)    |
| Effect of deferred tax of due to business merger                  | (72,667)    | -           | (72,667)   |
| Foreign currency conversion differences                           | 239,142     | 221,479     | 17,663     |
| Current period deferred tax income/(expenses), net                |             |             | 3,560,345  |

Turkish Corporation Tax does not allow declare tax from the consolidated financial statements of Parent Company with affiliates and subsidiaries. Because of this reason, the provided taxes in the accompanying financial statements are calculated per company separately.

Following period of the Net Group, increasing of profitability predicted and that depending on the deferred tax asset accounts subject to the be the greatest support and financial statement note 37.6 described in Net Milas Tourism and Real Estate Development Project signed Sales Promise and Revenue Sharing Agreement specified in the 19% net revenues in the period following shares are transferred to the accounts of Group.

As of 30 June 2013, Net Group's subsidiaries, branches and equity participation and related partnerships with shares, no deferred tax liability for temporary differences accounting total is TRY 43,330,428 (31 December 2012: TRY 42,605,916).

As of 30 June 2013, the carry forward taxable losses of Net Group's related parties and the last periods of that this losses could be used are as below;

| The last period of using taxable losses | Period financial loss occurred | Deferred taxable losses |
|---|--------------------------------|-------------------------|
| 2014                                    | 2009                           | 2,500,452               |
| 2016                                    | 2011                           | 560,814                 |
| 2017                                    | 2012                           | 11,491,249              |
| 2018                                    | 2013                           | 11,465,253              |
| Total                                   |                                | 26,017,768              |

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

**Corporation Tax**

Parent Company is subject to taxation in accordance with the tax procedures and the legislation effective in Turkey. Turkish Corporation Tax, numbered 5520, dated 21 June 2006, published in Official Gazette and become valid. This legislation became effective from 01 January 2006.

As of 01 January 2006, The Corporation Tax rate is 20%.

Corporation Tax Base is calculated by addition of tax disallowed expenses to and deduction of tax exempt income from the profit disclosed in the statutory income per business period. There is no other tax is obligated unless the profit is distributed.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% beginning on 01.01.2006. Advance tax is required to be declared till 14<sup>th</sup> day and paid by the 17<sup>th</sup> of the second month following each calendar quarter end. The balance of the advance tax paid sets off against other liabilities to the government.

Corporation Tax Declaration has to be delivered to the registered Tax Administration following the closing fiscal period in between 1<sup>st</sup> and evening of 25<sup>th</sup> of the 4<sup>th</sup> month. Post deduction of three-month-period Advance Tax payment from the tax amount for a year, the remaining amount is to be paid before the end of the month in which the declaration is delivered.

As of years Corporation Tax portions are as following;

|      |     |
|------|-----|
| 2013 | 20% |
| 2012 | 20% |

The companies located in Turkish Republic of Northern Cyprus and Azerbaijan is subject to corporation tax rate of 23.5 % and 20 % in terms of Turkish Republic of Northern Cyprus and Azerbaijan Tax legislation.

There are some exceptions on Corporation Tax Law. These exceptions that company will possibly utilize, is explained as below;

*Affiliation Privilege*

The dividend income (excluding the participation certificates of investment funds and profit shares derived from the share certificates of investment trusts) derived by entities from the participation in the capital of another resident entity is exempt from corporate tax.

*Issue Premium Exception*

The Premium income provided by the disposing of stocks, formed while the establishments of Incorporated Companies or while increasing their capital, below their nominal values is an exemption from Corporation tax.

*The Real Estate and Subsidiary Share Sales Gain Exemption*

The 75% of income of corporations composed of subsidiary shares, real estates, privilege, and promoter's stock and perpetual bonds are exemptions of Corporation tax. In order to benefit from exemption, the questioned income should be kept in a fund account in liabilities and should not be removed of operation during 5 years. The sale price should be received at the end of the following 2nd calendar year. Corporations getting income from the sale of such kind of values they own, like Stocks and bonds and real estate trading and renting are beyond the scope of exemption.

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

Tax provision confirmation in the consolidated income statements of Net Group for the periods ending on 30 June 2013 and 2012 is as following;

|                                     | 01.01.-<br>30.06.2013 | 01.01.-<br>30.06.2012 |
|-------------------------------------|-----------------------|-----------------------|
| Statutory profit / loss (*)         | 111,468,284           | 15,145,108            |
| Additions and discounts to tax base | (99,151,834)          | 635,206               |
| Current period profit               | 12,316,450            | 15,780,314            |
| Current period tax rate             | 20%                   | 20%                   |
| Current period tax provision        | 2,463,290             | 3,156,063             |

(\*) Companies covered by the full consolidation calculated on the basis of the tax provision.

As of 30 June 2013 and 31 December 2012, Group's assets relevant current tax is as following;

|               | 30.06.2013 | 31.12.2012 |
|---------------|------------|------------|
| Prepaid taxes | 4,011,689  | 3,935,395  |
|               | 4,011,689  | 3,935,395  |

**Investment Incentives Exemptions**

Post abolishment of the law numbered 5479 temporary 69<sup>th</sup> article is added to Income Tax Legislation related investment incentive.

According to this execution, Income and Corporation Taxpayers;

- As of 31 December 2005, its existence is subject and the investment incentive amount that was not able to be deducted from 2005 earnings,
- In the extent of investment incentive certificate which were issued and based on the application before 24 April 2003, ante abolishment of Income Tax Legislation numbered 193 and dated 09 April 2003 and law numbered 4842, in the extent of certificate the commenced investment projects relying on 1, 2, 3, 4, 5 and 6<sup>th</sup> the article of appendix and the ones commenced after 01 January 2006,
- In the extent of abolished 19<sup>th</sup> article of Income Tax Legislation numbered 193, the started investments prior to 01 January 2006, in terms of economical and technical completeness the ones started post the date,

In terms of regulatory provisions effective on 31 December 2005, calculated amounts of exemptions from investment incentive, again in the extent of legal provisions valid on 31 December 2006 (including tax portion related legal provisions) can be deducted merely from earnings of 2006, 2007 and 2008. Regarding investment incentive, Constitutional Law is contradicted with the phrase "...merely from earnings of 2006, 2007 and 2008..." in temporary article 69, Income Tax Law, hence it has been decided to abolish it in the meeting of Constitutional Court dated 15 October 2009. Along with abolishment, period limitation of investment incentive allowances is revoked. However, taxpayers who would draw benefits from this incentive are not provided corporation tax discount and the Corporation Tax Rate is implemented as 30 %.

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

**Distribution of Earnings**

Distributed profit share by full fledged taxpayer establishments to individuals who are full fledged or limited liability taxpayer or not is obligated to Income taxation of 15% of the share.

The distributed profit share by full fledged taxpayer establishments to limited liability individuals and establishments (except those who earns profit through regular agency) and tax exempted limited liability taxpayers from income and corporation tax are obligated to payments within the charge of 15%.

The distributed profit share by full fledged establishments to full fledged establishments are not subject to the payments within the charge.

If tax paying companies increase its capital with the profit, then payments within the charge is no more obligatory since increase in capital is not considered as share distribution.

On the other hand, execution of the withholding tax on exceptional earning is abolished by law numbered 4842. Henceforth, the distribution of the profit share is compulsory to withholding tax with regarding whether profit is exceptional or not. Exceptional to this condition, investment tax credit according to previous policy (according to priors to 4842 numbered law) with 19.8% is still in charge.

The alternatives related payments within the charge for the public offered or not offered companies are abolished. All establishments are subject to 15% of shares in case of distribution as mentioned above.

By Turkish Tax Legislation, the financial losses shown in declaration can be deducted from the periodical corporation earnings in only 5 years. However, financial losses are not subject to be deductible from prior year's profits. Net Group, will not be able to offset 50% of losses for the years of tax based increasing, because of deciding benefiting of Law numbered 6111, depending on benefit from this right as a corporate tax payer, from the profits of 2010 and the following years. As of 31 December 2012 and 30 June 2013, during the calculation of tax provision of Net Group, available financial losses are made subject of discount in accordance with the principles as above.

In Turkey, there is no enforcement regarding correspondence of tax payments. Agencies that are authorized to inspect taxation can do the inspection of last 5 years accounting record and if there is an error made, the payable tax is subject to changes.

**33. EARNINGS PER SHARE**

The earnings per share calculation for the periods ended at 30 June 2013 and 2012 are as following:

|  | 01.01.-<br>30.06.2013 | 01.01.-<br>30.06.2012 |
|--|-----------------------|-----------------------|
| Number of shares                                   | 365,750,000           | 365,750,000           |
| Net profit (loss)                                  | 77,217,981            | 80,318,953            |
| Profit / (Loss) per share with TRY 1 nominal value | 0.211                 | 0.220                 |

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

**34. EXPOSURE TO FINANCIAL RISKS DUE TO FINANCIAL INSTRUMENTS**

**Financial instruments and financial risk management**

Net Group's activities expose it to variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates.

Credit risk

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. These risks are monitored by limiting the aggregate risk to any individual counterparty. Using credit limits is followed and having regard to customers' financial position, prior experiences and other factors are valued by the Net Group.

Net Group allocated the provision for doubtful receivables if there is objective evidence about the loan/credit will not stay the collection of the possibilities. Moreover, a possible impairment of financial assets are reviewed for the purpose of determining the carrying value and fair value of financial assets and is tested by comparing.

| 30 June 2013  | Trade receivables |                   | Other receivables |                  | Bank deposits     | Derivative Instruments |
|---|-------------------|-------------------|-------------------|------------------|-------------------|------------------------|
|   | Related Party     | Other             | Related Party     | Other            |                   |                        |
| <b>Maximum net credit risk as of</b>  |                   |                   |                   |                  |                   |                        |
| <b>balance sheet date (A+B+C+D) (*)</b>   | <b>15,005,638</b> | <b>12,304,714</b> | <b>13,947,555</b> | <b>1,240,834</b> | <b>94,521,200</b> | <b>-</b>               |
| <b>- The part of maximum risk under</b>   |                   |                   |                   |                  |                   |                        |
| <b>guarantee with collateral</b>  | -                 | 30,000            | -                 | -                | -                 | -                      |
| <br>A. Net book value of financial assets   |                   |                   |                   |                  |                   |                        |
| that are neither over due nor impaired  | 15,005,638        | 12,202,785        | 13,947,555        | 1,240,834        | 94,521,200        | -                      |
| B. Net book values of financial assets that are Renegotiated, if not that will be accepted as overdue |                   |                   |                   |                  |                   |                        |
| Or impaired   | -                 | -                 | -                 | -                | -                 | -                      |
| C. Book value of financial assets   |                   |                   |                   |                  |                   |                        |
| that are over due but not impaired  | -                 | 101,929           | -                 | -                | -                 | -                      |
| - The part under guarantee with collateral etc  | -                 | -                 | -                 | -                | -                 | -                      |
| D. Net book value of  |                   |                   |                   |                  |                   |                        |
| impaired assets   | -                 | -                 | -                 | -                | -                 | -                      |
| - Over due (gross book value amount)  | -                 | 6,421,082         | 31,475,866        | 8,475,599        | -                 | -                      |
| - Impairment (-)  | -                 | (6,421,082)       | (31,475,866)      | (8,475,599)      | -                 | -                      |
| - The part of net value under guarantee with collateral etc   | -                 | -                 | -                 | -                | -                 | -                      |
| - Non over due (gross book value amount)  | -                 | -                 | -                 | -                | -                 | -                      |
| - Impairment (-)  | -                 | -                 | -                 | -                | -                 | -                      |
| - The part of net value under guarantee with collateral   | -                 | -                 | -                 | -                | -                 | -                      |
| E. Factors Including Off-Balance Sheet Risk   | -                 | -                 | -                 | -                | -                 | -                      |

(\*) The factors provided an increase in credit reliability is not taken into account such as the received guarantees in determining the amount.

As of 30 June 2013, aging of overdue receivables is as following:

|                      | Trade receivables |                | Other receivables |             |
|----------------------|-------------------|----------------|-------------------|-------------|
|                      | Related party     | Third party    | Related party     | Other party |
| Overdue 1 – 30 day   | -                 | 101,929        | -                 | -           |
| Overdue 1 – 3 months | -                 | -              | -                 | -           |
|                      | -                 | <b>101,929</b> | -                 | -           |

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

| 31 December 2012  | Trade receivables |                   | Other receivables |                   | Bank deposits     | Derivative Instruments |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|------------------------|
|   | Related Party     | Other             | Related Party     | Other             |                   |                        |
| <b>Maximum net credit risk as of</b>  |                   |                   |                   |                   |                   |                        |
| <b>balance sheet date (A+B+C+D) (*)</b>   | <b>2,704,886</b>  | <b>18,264,915</b> | <b>11,802,415</b> | <b>10,171,072</b> | <b>58,086,901</b> | <b>-</b>               |
| <i>-The part of maximum risk under guarantee with collateral</i>                                      | -                 | 30,000            | -                 | -                 | -                 | -                      |
| A. Net book value of financial assets that are neither over due nor impaired                          | 2,704,886         | 18,221,003        | 11,802,415        | 10,171,072        | 58,086,901        | -                      |
| B. Net book values of financial assets that are Renegotiated, if not that will be accepted as overdue |                   |                   |                   |                   |                   |                        |
| Or impaired   | -                 | -                 | -                 | -                 | -                 | -                      |
| C. Book value of financial assets that are over due but not impaired                                  | -                 | 43,912            | -                 | -                 | -                 | -                      |
| - The part under guarantee with collateral etc  | -                 | -                 | -                 | -                 | -                 | -                      |
| D. Net book value of impaired assets  | -                 | -                 | -                 | -                 | -                 | -                      |
| - Over due (gross book value amount)  | -                 | 6,264,335         | 31,475,866        | 8,475,599         | -                 | -                      |
| - Impairment (-)  | -                 | (6,264,335)       | (31,475,866)      | (8,475,599)       | -                 | -                      |
| - The part of net value under guarantee with collateral etc   | -                 | -                 | -                 | -                 | -                 | -                      |
| - Non over due (gross book value amount)  | -                 | -                 | -                 | -                 | -                 | -                      |
| - Impairment (-)  | -                 | -                 | -                 | -                 | -                 | -                      |
| - The part of net value under guarantee with collateral   | -                 | -                 | -                 | -                 | -                 | -                      |
| E. Factors Including Off-Balance Sheet Risk   | -                 | -                 | -                 | -                 | -                 | -                      |

(\*) The factors provided an increase in credit reliability is not taken into account such as the received guarantees in determining the amount.

As of 31 December 2012, aging of overdue receivables is as following:

|                      | Trade receivables |               | Other receivables |             |
|----------------------|-------------------|---------------|-------------------|-------------|
|                      | Related party     | Other party   | Related party     | Other party |
| Overdue 1 – 30 day   | -                 | 43,912        | -                 | -           |
| Overdue 1 – 3 months | -                 | -             | -                 | -           |
|                      | -                 | <b>43,912</b> | -                 | -           |

Using credit limits is followed constantly and having regard to customers' financial position, prior experiences and other factors are valued by the Net Group.

Foreign Currency Risk

Since Net Group has foreign financial payables, it is exposed to foreign currency rate risk occurred from conversion of foreign currency payables to TRY. This foreign currency rate risk is pursued and limited by analyzing foreign currency position.

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

As of 30 June 2013 and 31 December 2012, foreign currency position of the Net Group in terms of original currency is as following:

|   | TRY<br>Equivalent<br>Functional<br>Unit | USD                 | EUR               | GBP              |
|---|---|---------------------|-------------------|------------------|
| 1. Trade Receivables  | 720,266                                 | 19,805              | 441,362           | 259,099          |
| 2a. Monetary Financial Assets<br>(including cash and banks)   | 52,788,691                              | 14,413,495          | 38,179,772        | 195,424          |
| 2b. Non-monetary financial assets   | 382,890                                 | -                   | -                 | 382,890          |
| 3. Other  | -                                       | -                   | -                 | -                |
| 4. Current Assets (1+2+3)   | 53,891,847                              | 14,433,300          | 38,621,134        | 837,413          |
| 5. Trade Receivables  | -                                       | -                   | -                 | -                |
| 6a. Monetary Trade Receivables  | 81,871,714                              | 71,965,171          | 7,713,772         | 2,192,771        |
| 6b. Non-monetary financial assets   | 106,953                                 | 98,165              | -                 | 8,788            |
| 7. Other  | -                                       | -                   | -                 | -                |
| <b>8. Non-Current Assets (5+6+7)</b>  | <b>81,978,667</b>                       | <b>72,063,336</b>   | <b>7,713,772</b>  | <b>2,201,559</b> |
| <b>9. Total Assets (4+8)</b>  | <b>135,870,514</b>                      | <b>86,496,636</b>   | <b>46,334,906</b> | <b>3,038,972</b> |
| 10. Trade Payables  | 28,391,668                              | 18,067,379          | 9,528,157         | 796,132          |
| 11. Financial Liabilities   | 52,072,506                              | 24,999,661          | 27,052,285        | 20,560           |
| 12a. Other monetary financial liabilities   | 7,575,214                               | 5,366,619           | 2,208,140         | 455              |
| 12b. Other non-monetary financial liabilities   | -                                       | -                   | -                 | -                |
| <b>13. Current Liabilities (10+11+12)</b>   | <b>88,039,388</b>                       | <b>48,433,659</b>   | <b>38,788,582</b> | <b>817,147</b>   |
| 14. Trade Payables  | -                                       | -                   | -                 | -                |
| 15. Financial Liabilities   | 89,686,434                              | 87,510,298          | 2,176,136         | -                |
| 16a. Other monetary financial liabilities   | -                                       | -                   | -                 | -                |
| 16b. Other non-monetary financial liabilities   | 151,967                                 | 150,712             | 1,255             | -                |
| <b>17. Non-Current Liabilities (14+15+16)</b>   | <b>89,838,401</b>                       | <b>87,661,010</b>   | <b>2,177,391</b>  | <b>-</b>         |
| <b>18. Total Liabilities</b>  | <b>177,877,789</b>                      | <b>136,094,669</b>  | <b>40,965,973</b> | <b>817,147</b>   |
| 19. Net asset / liability position of off-<br>balance sheet derivative instruments (19a-19b)                              | -                                       | -                   | -                 | -                |
| 19a. Off-balance sheet foreign currency derivative<br>assets  | -                                       | -                   | -                 | -                |
| 19b. Off-balance sheet foreign currency derivative<br>liabilities   | -                                       | -                   | -                 | -                |
| <b>20. Net foreign currency asset / liabilities<br/>(9-18+19)</b>   | <b>(42,007,275)</b>                     | <b>(49,598,033)</b> | <b>5,368,933</b>  | <b>2,221,825</b> |
| 21. Net foreign currency asset / liability<br>position of monetary items (IFRS 7.B23)<br>(=1+2a+5+6a-10-11-12a-14-15-16a) | <b>(42,345,151)</b>                     | <b>(49,545,486)</b> | <b>5,370,188</b>  | <b>1,830,147</b> |
| 22. Fair value of derivative instruments<br>used in foreign currency hedge  | -                                       | -                   | -                 | -                |
| 23. Exports   | -                                       | -                   | -                 | -                |
| 24. Imports   | 1,475,778                               | -                   | -                 | -                |



**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

|  | <b>31 December 2012</b>                   |                    |                     |                  |              |
|--|---|--------------------|---------------------|------------------|--------------|
|  | TRY<br>Equivalent<br>(Functional<br>Unit) | USD                | EUR                 | GBP              | Other<br>TRY |
| 1. Trade Receivables   | 552,752                                   | 9,913              | 105,002             | 104,923          | -            |
| 2a. Monetary Financial Assets<br>(including cash and banks)  | 60,527,027                                | 31,947,286         | 1,165,933           | 57,507           | 427          |
| 2b. Non-monetary financial assets  | 32,087                                    | 17,762             | -                   | -                | -            |
| 3. Other   | -   | -                  | -                   | -                | -            |
| <b>4. Current Assets (1+2+3)</b>   | <b>61,111,866</b>                         | <b>31,974,961</b>  | <b>1,270,935</b>    | <b>162,430</b>   | <b>427</b>   |
| 5. Trade Receivables   | -   | -                  | -                   | -                | -            |
| 6a. Monetary Trade Receivables   | 34,226,490                                | 18,667,292         | 221,628             | -                | -            |
| 6b. Non-monetary financial assets  | 112,304                                   | 62,167             | -                   | -                | -            |
| 7. Other   | -   | -                  | -                   | -                | -            |
| <b>8. Non-Current Assets (5+6+7)</b>   | <b>34,338,794</b>                         | <b>18,729,459</b>  | <b>221,628</b>      | <b>-</b>         | <b>-</b>     |
| <b>9. Total Assets (4+8)</b>   | <b>95,450,660</b>                         | <b>50,704,420</b>  | <b>1,492,563</b>    | <b>162,430</b>   | <b>427</b>   |
| 10. Trade Payables   | 5,102,687                                 | 981,434            | 1,012,422           | 364,076          | -            |
| 11. Financial Liabilities  | 48,822,013                                | 9,212,458          | 14,127,514          | 18,044           | -            |
| 12a. Other monetary financial liabilities  | 23,027,917                                | 1,449,572          | 8,973,724           | 433              | -            |
| 12b. Other non-monetary financial liabilities  | -   | -                  | -                   | -                | -            |
| <b>13. Current Liabilities (10+11+12)</b>  | <b>76,952,617</b>                         | <b>11,643,464</b>  | <b>24,113,660</b>   | <b>382,553</b>   | <b>-</b>     |
| 14. Trade Payables   | -   | -                  | -                   | -                | -            |
| 15. Financial Liabilities  | 86,692,250                                | 47,145,474         | 670,106             | -                | -            |
| 16a. Other monetary financial liabilities  | -   | -                  | -                   | -                | -            |
| 16b. Other non-monetary financial liabilities  | 199,579                                   | 109,827            | 517                 | -                | -            |
| <b>17. Non-Current Liabilities (14+15+16)</b>  | <b>86,891,829</b>                         | <b>47,255,301</b>  | <b>670,623</b>      | <b>-</b>         | <b>-</b>     |
| <b>18. Total Liabilities</b>   | <b>163,844,446</b>                        | <b>58,898,765</b>  | <b>24,784,283</b>   | <b>382,553</b>   | <b>-</b>     |
| <b>19. Net asset / liability position of off-<br/>balance sheet derivative instruments (19a-<br/>19b)</b>                          | <b>-</b>                                  | <b>-</b>           | <b>-</b>            | <b>-</b>         | <b>-</b>     |
| <b>19a. Off-balance sheet foreign currency<br/>derivative assets</b>   | <b>-</b>                                  | <b>-</b>           | <b>-</b>            | <b>-</b>         | <b>-</b>     |
| <b>19b. Off-balance sheet foreign currency<br/>derivative liabilities</b>  | <b>-</b>                                  | <b>-</b>           | <b>-</b>            | <b>-</b>         | <b>-</b>     |
| <b>20. Net foreign currency asset / liabilities<br/>(9-18+19)</b>  | <b>(68,393,786)</b>                       | <b>(8,194,345)</b> | <b>(23,291,720)</b> | <b>(220,123)</b> | <b>427</b>   |
| <b>21. Net foreign currency asset / liability<br/>position of monetary items (IFRS 7.B23)<br/>(=1+2a+5+6a-10-11-12a-14-15-16a)</b> | <b>(68,338,598)</b>                       | <b>(8,164,447)</b> | <b>(23,291,203)</b> | <b>(220,123)</b> | <b>427</b>   |
| <b>22. Fair value of derivative instruments<br/>used in foreign currency hedge</b>   | <b>-</b>                                  | <b>-</b>           | <b>-</b>            | <b>-</b>         | <b>-</b>     |
| <b>23. Exports</b>   | <b>-</b>                                  | <b>-</b>           | <b>-</b>            | <b>-</b>         | <b>-</b>     |
| <b>24. Imports</b>   | <b>13,589,114</b>                         | <b>-</b>           | <b>-</b>            | <b>-</b>         | <b>-</b>     |

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira ‘TRY’ unless expressed otherwise)

Foreign Currency Risk Sensitivity

As of 30 June 2013 and 31 December 2012, in the case of increasing / decreasing value of TRY at 10% in view of foreign currencies below, shareholders’ equity and income statement will be affected as below. While making analysis, firstly interest rates and all other variables are assumed as fixed.

| <b>Foreign Currency Sensitivity Analysis Statement</b>           |   |   |
|--|---|---|
| <b>As of period 01 January – 30 June 2013</b>                    |   |   |
|  | <b>Profit / (Loss)</b>                          |   |
|  | Appreciation of foreign currency<br>against TRY | Appreciation of foreign currency<br>against TRY |
| In case of appreciation / depreciation of USD against TRY at 10% |   |   |
| 1- USD net asset / liability                                     | (4,959,803)                                     | 4,959,803                                       |
| 2- Part of hedged from USD risk (-)                              | -   | -   |
| <b>3- USD net effect (1+2)</b>                                   | <b>(4,959,803)</b>                              | <b>4,959,803</b>                                |
| In case of appreciation / depreciation of EUR against TRY at 10% |   |   |
| 4- EUR net asset / liability                                     | 536,893   | (536,893)                                       |
| 5- Part of hedged from EUR risk (-)                              | -   | -   |
| <b>6- EUR net effect (4+5)</b>                                   | <b>536,893</b>                                  | <b>(536,893)</b>                                |
| In case of appreciation / depreciation of GBP against TRY at 10% |   |   |
| 7- GBP net asset / liability                                     | 222,183   | (222,183)                                       |
| 8- Part of hedged from GBP risk (-)                              | -   | -   |
| <b>9- GBP net effect (7+8)</b>                                   | <b>222,183</b>                                  | <b>(222,183)</b>                                |
| <b>TOTAL (3+6+9)</b>   | <b>(4,200,727)</b>                              | <b>4,200,727</b>                                |

| <b>Foreign Currency Sensitivity Analysis Statement</b>           |   |   |
|--|---|---|
| <b>As of 31 December 2012</b>                                    |   |   |
|  | <b>Profit / (Loss)</b>                          |   |
|  | Appreciation of foreign currency<br>against TRY | Appreciation of foreign currency<br>against TRY |
| In case of appreciation / depreciation of USD against TRY at 10% |   |   |
| 1- USD net asset / liability                                     | (1,480,309)                                     | 1,480,309                                       |
| 2- Part of hedged from USD risk (-)                              | -   | -   |
| <b>3- USD net effect (1+2)</b>                                   | <b>(1,480,309)</b>                              | <b>1,480,309</b>                                |
| In case of appreciation / depreciation of EUR against TRY at 10% |   |   |
| 4- EUR net asset / liability                                     | (5,297,003)                                     | 5,297,003                                       |
| 5- Part of hedged from EUR risk (-)                              | -   | -   |
| <b>6- EUR net effect (4+5)</b>                                   | <b>(5,297,003)</b>                              | <b>5,297,003</b>                                |
| In case of appreciation / depreciation of GBP against TRY at 10% |   |   |
| 7- GBP net asset / liability                                     | (62,110)  | 62,110  |
| 8- Part of hedged from GBP risk (-)                              | -   | -   |
| <b>9- GBP net effect (7+8)</b>                                   | <b>(62,110)</b>                                 | <b>62,110</b>                                   |
| <b>TOTAL (3+6+9)</b>   | <b>(6,839,422)</b>                              | <b>6,839,422</b>                                |

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

Liquidity risk

Fair liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business the Net Group aims at maintaining flexibility in funding by keeping committed credit lines.

| 30 June 2013                                | Book value  | Cash outflow<br>according to<br>agreement | Less than 3<br>months | Between 3-<br>12 months | Between 1-5<br>years | More than<br>5 years |
|---|-------------|---|-----------------------|-------------------------|----------------------|----------------------|
| <b>Non-derivative financial liabilities</b> |             |   |                       |                         |                      |                      |
| Financial borrowings                        | 315,938,696 | <b>348,676,665</b>                        | 14,826,960            | 131,444,086             | 196,851,248          | 5,554,371            |
| Trade payables                              |             |   |                       |                         |                      |                      |
| -Related parties                            | 155,333     | <b>155,333</b>                            | 155,333               | -                       | -                    | -                    |
| -Other                                      | 61,171,324  | <b>61,493,248</b>                         | 34,697,047            | 26,700,680              | 95,521               | -                    |
| Other payables                              |             |   |                       |                         |                      |                      |
| -Related parties                            | 27,702      | <b>27,702</b>                             | 27,702                |                         | -                    | -                    |
| -Other                                      | 12,018,470  | <b>12,030,044</b>                         | 6,351,923             | 5,476,257               | 201,864              | -                    |

| 31 December 2012                            | Book value  | Cash outflow<br>according to<br>agreement | Less than 3<br>months | Between 3-<br>12 months | Between 1-<br>5 years | More than<br>5 years |
|---|-------------|---|-----------------------|-------------------------|-----------------------|----------------------|
| <b>Non-derivative financial liabilities</b> |             |   |                       |                         |                       |                      |
| Financial borrowings                        | 208,058,505 | <b>241,754,032</b>                        | 11,485,414            | 129,756,096             | 99,808,611            | 703,911              |
| Trade payables                              |             |   |                       |                         |                       |                      |
| -Related parties                            | 323,115     | <b>323,115</b>                            | 323,115               | -                       | -                     | -                    |
| -Other                                      | 30,919,309  | <b>31,616,060</b>                         | 21,728,841            | 9,505,569               | 381,650               | -                    |
| Other payables                              |             |   |                       |                         |                       |                      |
| -Related parties                            | 20,452,121  | <b>20,452,121</b>                         | 20,452,121            | -                       | -                     | -                    |
| -Other                                      | 9,302,928   | <b>9,302,928</b>                          | 4,379,596             | 3,702,197               | 1,221,135             | -                    |

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

Interest rate risk

Fluctuations may occur due to changes in market prices. These fluctuations may stem from price changes in securities, factors peculiar to security issuing firms or factors that affect all the market. Interest rate risk of Net Group is mostly related with bank loans.

Although interest rates of financial borrowings with interest may change, financial assets with interest have fixed interest rate and cash flows in future do not change with the extent of these assets. Risk exposure to changing market interest rate of Net Group, is mostly based on the borrowing liabilities with variable interest rate of Net Group. The policy of Net Group is managing interest cost by using borrowings with fixed and variable interest.

Interest position table is as following;

|  | 30 June 2013 | 31 December 2012 |
|--|--------------|------------------|
| <b>Fixed interest financial instruments</b>  |              |                  |
| Financial assets   |              |                  |
| - Fair value difference on financial assets reflected to profit/loss with varying interest | 76,239,819   | 54,370,129       |
| - Available to sell financial assets   | -            | -                |
| Financial liabilities  | 182,309,901  | 140,308,736      |
| <b>Variable interest financial instruments</b>   |              |                  |
| Financial liabilities  | 133,628,795  | 69,540,585       |

On 30 June 2013, 100 (1%) base point for USD and EUR and 500 (5%) base point for TRY higher / lower at the renewing the variable interest rate, everything is unchanged, the profit before tax for the period would be lower / higher by TRY 1,823,099 (31 December 2012: TRY 695,406 ).

Capital risk management

While Net Group tries to provide continuity of operations, on the other hand, aims to increase profitability by using debt to equity balance most efficiently.

Net Group follows capital by using debt to equity ratio. This rate is found by dividing net debt to total equity. Net debt is calculated by deducting cash and cash equivalents from total payable amount (as shown in balance sheet, trade and other payables and loans). Total capital, as shown in balance sheet, is calculated by summing equity and net debt.

|                             | 30.06.2013    | 31.12.2012   |
|-----------------------------|---------------|--------------|
| Total debts                 | 397,512,132   | 280,449,003  |
| Minus: Liquid assets        | (124,666,781) | (70,440,281) |
| Net debt                    | 272,845,351   | 210,008,722  |
| Total equity                | 379,056,456   | 334,432,232  |
| Total capital               | 651,901,807   | 544,440,954  |
| Net Debt/Total Equity ratio | 42%           | 39%          |

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

**35. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND HEDGE ACCOUNTING DISCLOSURES)**

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists. The estimated fair values of financial instruments have been determined by the Net Group using available markets information in Turkey and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Net Group could realize in a current market exchange.

The following methods and assumptions are utilized for the current values of financial instruments which are predictable in practice:

Financial Assets

Monetary assets for which fair value approximates carrying value:

- Balances denominated in foreign currencies are converted at period exchange rates
- The fair value of certain financial assets carried at cost, including cash and cash equivalents are considered to approximate their respective carrying amounts in the financial statements.
- The carrying value of trade receivables, net of allowances for possible non-recovery of uncollectible are considered to approximate their fair values.

Financial Liabilities

Monetary liabilities for which fair value approximates carrying value:

- The fair value of short-term bank loans and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.
- The fair values of long-term bank borrowings, which are denominated in foreign currencies and converted at period exchange rates, are considered to approximate their carrying values.
- The carrying amount of accounts payable and accrued expenses reported in the financial statements for estimated third party payer settlements approximates its fair values.

**36. POST BALANCE SHEET EVENTS**

Net Holding Anonim Şirketi, Board of Directors meeting held on 31 July 2013, to participate in privatization tenders expected to be held in 2013 and 2014, contracts based on the existing equity to strengthen the total of 400 million TL in accordance with the authority given by the ninth article of the amount not to exceed the expectations of the investors of the Company in accordance with the general state of the economy and one (1) year and three (3) year maturity, denominated in Turkish Lira within the country, one or more than one at a time, without initial public offering private placement and / or qualified investors in the form of sales of bonds to be issued and the decision to apply for the necessary permits from the Capital Markets Board.

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

**37. OTHER ISSUES AFFECTING THE CONSOLIDATED FINANCIAL STATEMENTS SIGNIFICANTLY or REQUIRED TO BE DISCLOSED FOR CLEAR, UNDERSTANDABLE AND INTERPRETABLE PRESENTATION**

**37.1 Total value of mortgage and restrictions on assets**

As of 30 June 2013, detail of mortgage and restrictions on assets is as following:

| Given mortgage to assets          | Given to | Currency Type | Foreign Exchange | TRY                |
|-----------------------------------|----------|---------------|------------------|--------------------|
| Tangible Fixed Assets – Buildings | Banks    | TRY           | -                | 1,935,000          |
| Tangible Fixed Assets – Buildings | Banks    | USD           | 10,482,000       | 20,175,754         |
| Tangible Fixed Assets – Buildings | Banks    | EUR           | 10,000,000       | 25,137,000         |
| Tangible Fixed Assets – Buildings | Banks    | GBP           | 650,000          | 1,903,980          |
| Investment Property – Buildings   | Banks    | TRY           | -                | 87,770,000         |
| Tangible Fixed Assets – Lands     | Banks    | TRY           | -                | 235,000            |
| Tangible Fixed Assets – Lands     | Banks    | USD           | 300,000          | 577,440            |
| Tangible Fixed Assets – Lands     | Banks    | EUR           | 1,030,000        | 2,589,111          |
| Tangible Fixed Assets – Lands     | Banks    | GBP           | 810,000          | 2,372,652          |
| Investment property – Lands       | Banks    | TRY           | -                | 33,325,000         |
| Investment property – Lands       | Banks    | USD           | 2,000,000        | 3,849,600          |
| <b>Total</b>                      |          |               |                  | <b>179,870,537</b> |

| Seized Assets                     | Given to   | Currency Type | Foreign Exchange | TRY            |
|-----------------------------------|------------|---------------|------------------|----------------|
| Tangible Fixed Assets – Buildings | Tax office | TRY           | -                | 460,913        |
| <b>Total</b>                      |            |               |                  | <b>460,913</b> |

As of 30 June 2013, the shares of the Parent Company amounting to TRY 110,398,646 (31 December 2012: TRY 165,830,642) given to the banks as collateral against borrowings of Net Group.

**37.2 Total insurance on assets**

As of 30 June 2013, assets were insured amounting to TRY 380,581,361 (31 December 2012: TRY 356,052,795). Amounting to TRY 359,112,213 of total insurance is on tangible fixed assets, TRY 5,928,524 of insurance is on inventories and the remaining TRY 15,540,624 of insurance is on cash and other assets.

**37.3 The total benefits provided for the board members and managers**

For the period that ended at 30 June 2013 and 2012, the total benefits provided for the board members and managers are as following;

|   | 01.01-<br>30.06.2013 | 01.01-<br>30.06.2012 |
|---|----------------------|----------------------|
| Provided short term benefits to employees | 4,135,034            | 3,448,498            |
| Benefits after leaving                    | -                    | -                    |
| Other long term benefits                  | -                    | -                    |
| Benefits due to termination               | -                    | -                    |
| Share based payments                      | -                    | -                    |
|   | <b>4,135,034</b>     | <b>3,448,498</b>     |

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

**37.4 Operating Lease as a Householder**

Member of Net Group, Net Turizm Ticaret ve Sanayi A.Ş. manages stores (carpet and similar goods, clothing, jeweler and production of gift wares and their trade). In this frame, Net Turizm Ticaret ve Sanayi A.Ş. held lease revenue generating contracts as landlord and lease revenue generating buildings are recorded under tangible fixed assets (note 17) Net Group has 2 stores rented as Operational Lease Based in Sales as of 30 June 2013.

Net Group's rental incomes, derived from the assets subjected to the operating leasing, are not fixed in terms of contracts, determined as a percentage of future gross revenue mentioned in the contracts and show changes. For this reason, within the context of IAS 17 details of the total of future minimum lease payments expected to be received under non-cancellable lease and the lease payments amount for each of the following periods could not be disclosed.

- (i) Less than 1 year;
- (ii) More than one year and less than 5 years;
- (iii) More than 5 years

Lease Agreement with Sultanköy Turistik Mağazacılık Ticaret ve A.Ş. (Sultanköy Turistik)

Real estate-store dedicated to carpet, gold, jewel, gem stone and every kind of tourist gift wares at Sultanköy/Selçuk/İzmir of Net Turizm Ticaret ve Sanayi A.Ş. is rented by Sultanköy Turistik Mağazacılık Ticaret ve Anonim Şirketi. 5 years long lease agreement starts on 29 August 2002. Lease agreement has been renewed on 1 June 2012 for ten years and ends on 1 June 2022. The value of rent is predetermined reciprocally along with current circumstances. Net Turizm Ticaret ve Sanayi A.Ş. collects 5% of the gross revenue (based on VAT base) of the store as rent in return of this lease. The collection of rent will be done after mutual confirmation at the end of every month.

Lease Agreement with Elifsu Turizm Ticaret İmalat ve Sanayi A.Ş. (Elifsu)

Real estate-store dedicated to sale of carpet, gold, jewel, gem stone and every kind of tourist gift wares at Avanos/Nevşehir of Net Turizm Ticaret ve Sanayi A.Ş. was rented by Elifsu Turizm Ticaret İmalat ve Sanayi A.Ş. (Elifsu) 5 years long lease agreement starts on 01 January 2006. According to the contract which is done by Elifsu, starts from 01 January 2006 and life of contract is 5 years. In case renter does not announce anything after first 5 years, the lease prolongs for 5 more years with same conditions. The value of rent is predetermined reciprocally along with current circumstances. Net Turizm Ticaret ve Sanayi A.Ş. collected 2.5% of the gross revenue (based on VAT base) of the store as rent in return of this lease. The collection of rent will be done after mutual confirmation at the end of every month.

For the period that ended at 30 June 2013 and 2012 revenues obtained under operating lease income are reflected in the accompanying consolidated financial statements which are as follows.

|                             |                    | Lease Incomes |            |
|-----------------------------|--------------------|---------------|------------|
| Location of leased property | Lessee             | 01.01.-       | 01.01.-    |
|                             |                    | 30.06.2013    | 30.06.2012 |
| Kapadokya/Nevşehir          | Elifsu             | 219,402       | 188,507    |
| Selçuk/İzmir                | Sultanköy Turistik | 75,612        | 138,578    |
| Total                       |                    | 295,014       | 327,085    |

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

- 37.5** Parent Company of Net Group, Net Holding A.Ş. has rented land of 352 thousand square meter land known as Mare Monte Otel located 13 kilometers from Kyrenia at the border of Alsancak countryside for 49 years. In this area, there will be investment of 5 star hotel, bungalow, casino, golf course. There will be new company founded to manage this investment in Turkish Republic of Northern Cyprus. 50% of the shareholding of this new founded company will be held by Parent Company of Net Group, Net Holding A.Ş. and the remaining half will be Net Group subsidiary, Voyager Kıbrıs Limited. It has made public with disclosure of Parent Company; Net Holding A.Ş. dated 21 August 2007 about founding new company named Net Turistik Hizmetler Limited.

There has been rent agreement signed between Net Turistik Hizmetler Limited and Turkish Republic of Northern Cyprus, Vakıflar Foundation and Religion affair Office on 21 August 2007. The fulfillment of the investment is predicted to be 6 years and the minimum amount of investment is GBP 50,000,000 based on the agreement. According to the agreement the duration rent is starting on 01 September 2007 and ending on 31 August 2056 which is 49 years. Net Group has made down payment of GBP 1,500,000 with no refund.

**37.6 NET MİLAS TOURISM AND REAL ESTATE DEVELOPMENT PROJECT**

Net Turizm Ticaret ve Sanayi A.Ş., parent company of Group including the Group has signed an agreement titles as "Construction Agreement in the base of Promise to sell Real Property and Share of the Revenues" with Ağaoğlu Group Companies on 29 June 2006 in frame of Net Milas Tourism and Real Estate Development Project that will be realized on the lands of Halikarnas Turizm Merkezi Ticaret ve Sanayi A.Ş. and Asyanet Turizm Ticaret ve Sanayi A.Ş. which are located in Milas, Muğla. The realization of the Project has started. Project is predicted and planned to have golf course, hotels, social and sport facilities, residences and all the necessary urban infrastructure completeness.

The essence of the agreement is based on the "Promise to sell and Share of Revenues". According to the agreement, Group including the Group will transfer the subject matter of the land to Ağaoğlu Group Companies, as a price of this land Group will receive USD 83,000,000 in the first stage. After this payment, the construction would be taken place by Ağaoğlu Group Companies. The sale and marketing will be done by Ağaoğlu Group Companies. Group including the Group will not perform any expenditure in the stage of the construction, sale and marketing, and will have 19% of the total endorsement (sales, total of any kind of operating income, rent) as an income in the name of Share of the Revenues. Within the frame of "Net Milas Tourism and Real Estate Development Project" according to agreement "Promise to sell and Share of the Revenues", 19% of the revenue of current financial value calculated to be USD 264,535,849 by Lotus Gayrimenkul Değerleme ve Danışmanlık A.Ş. Therefore, the expected total financial value is USD 347,535,849 from related project as of expertise report date.

The lands to be transferred are composed of 9.2 million m<sup>2</sup> 4.8 million m<sup>2</sup> of land has development plan the remaining 4.4 million m<sup>2</sup> do not have development plan presently. The project will be completed in 8 years.

According to the signed agreement, Group including the Group's transfer of lands and right of repurchase will be as "deed transfer, share transfer and transfer of repurchase rights".

Net Group companies including The Group that would transfer deeds as following:

- Halikarnas will transfer the 3,217,752 m<sup>2</sup> of land composed of 14 different parcels of land owned in Milas, Muğla to Ağaoğlu Group Companies.
- Net Turizm will transfer the 1,302,214 m<sup>2</sup> of land composed of 3 different parcels of land owned in Milas, Muğla to Ağaoğlu Group Companies.
- Asyanet will transfer the 18,800 m<sup>2</sup> of land composed of 2 different parcels of land owned in Milas, Muğla to Ağaoğlu Group Companies.

Transfer Shares Right to Repurchase:

- Member of Group, Asyanet Turizm Sanayi ve Ticaret A.Ş. owns 49% of the Merit Gayrimenkul Ticaret ve Sanayi A.Ş. Asyanet Turizm Sanayi ve Ticaret A.Ş. has sold this share to Ağaoğlu Group Companies. Group will let Ağaoğlu Group Companies to use right to repurchase of 5 lands of 4,388,964 m<sup>2</sup> within the frame of İstanbul Yaklaşımı (Financial Restructuring Agreement).



**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

Total payback of USD 83,000,000 to Net Group including the Group will be as following:

- Net Group Companies compromised the payables (excluding payables to Insolvent Marmara Bankası A.Ş., Insolvent Türkiye İthalat ve İhracat Bankası A.Ş. and Bankruptcy Office) in the frame of Financial Restructuring Agreement to Ağaoğlu Group Companies as USD 70,000,000. Group Companies declared its payable as around USD 70,000,000 (excluding payables to Insolvent Marmara Bankası A.Ş. ve Insolvent Türkiye İthalat ve İhracat Bankası A.Ş. Bankruptcy Office) to Ağaoğlu Group Companies within the frame of İstanbul Yaklaşımı (Financial Restructuring Agreement). This payable amount includes the real estates that are transferred to T.İş Bankası with right to repurchase and will be taken back from. Payables amounting USD 70,000,000 of Group Companies will paid according to the demand and consistency of Ağaoğlu Group Companies in terms of the term and conditions.
- Besides the payments within the context of Financial Restructuring Agreement, member of Net Group, Asyanet Turizm Ticaret ve Sanayi A.Ş. will transfer the 49 % of the shareholding of Merit Gayrimenkul Ticaret ve Sanayi A.Ş. amounting USD 12,000,000 from Ağaoğlu Group Companies.
- Asyanet Turizm Ticaret ve Sanayi A.Ş. has receivable from Merit Gayrimenkul Ticaret ve Sanayi A.Ş. Payable of Merit Gayrimenkul Ticaret ve Sanayi A.Ş. around USD 1,000,000 will be paid by Ağaoğlu Group Companies to the Asyanet Turizm Ticaret ve Sanayi A.Ş.

Besides,

Within the context of the agreement, "Construction Mortgage" in favor of Group will be given to Ağaoğlu Group Companies related real estates with agreement.

The collected amounts within the context of the agreement called "Construction Agreement in the base of Promise to sell Real Property and Share of the Revenues" and transfer and sales processes against this amount are explained in related notes. Transfer of deeds and collections subject to the agreement with updated amounts and no additional agreement was composed.

Net Turizm Ticaret ve Sanayi A.Ş. and Net Holding A.Ş. has made public with disclosure dated 30.11.2007 about reconciliation of USD 83,000,000 within the Net Milas Tourism and Real Estate Development Project, increased with USD 12,000,000 which totals to USD 95,000,000 with Ağaoğlu Group companies due to appreciation in the area. The initial agreement is kept same without any changes in other conditions in the agreement. Transfer of deeds and collections subject to the agreement with updated amounts and no additional agreement was composed.

As of 31 December 2007, lands obtained by the Net Group including the Group have been transferred to Ağaoğlu Group companies and against this transfer USD 95,000,000 is collected from Ağaoğlu Group companies.

Net Holding A.Ş., has made public with disclosure dated 17.01.2008 about construction and indemnity mortgage in favor of Net Holding A.Ş. on the transferred all lands to Ağaoğlu Group Companies. There has been construction and indemnity mortgage on lands amounting to TRY 100,000,000 in favor of Net Holding A.Ş.

3% of the total area subject to "Construction Agreement in the base of Promise to sell Real Property and Share of the Revenues" which is disclosed on 05 June 2006 publicly and signed between Net Group and Ağaoğlu Group, is allocated as archeological area and in June 2008 the approved ongoing construction has been stopped for a while to revise the project by Cultural and Natural Heritage Protection Board Committee.

**NET HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2013**

(Currency - Turkish Lira 'TRY' unless expressed otherwise)

**37.7** The decrees of Capital Markets Board, dated 25 April 2008, numbered B.02.1.SPK.1.60-130-2214 to Net Holding and dated 14 February 2006, numbered B.02.1.SPK.1.60-129-2213 to Net Group company which is Net Turizm Sanayi ve Ticaret A.Ş., were mentioned some issues in the frame of Capital Markets Board law numbered 2499 and amended with law numbered 4487, and related legislations as follows;

As a result of share transfer from Net Group companies' which are Side Turizm Ticaret ve Sanayi A.Ş., Net Yapı Ticaret ve Sanayi A.Ş., and Asyanet Ticaret ve Sanayi A.Ş. to related companies, named Sinerji Turizm Ticaret ve Sanayi A.Ş. and Çağrı Turizm Ticaret A.Ş., with Net Group;

- As a result of the purchase of 64% shares of Barometre Yayıncılık Sanayi ve Ticaret A.Ş. on 06.05.2004 by Side Turizm Ticaret ve Sanayi A.Ş. from Sinerji Turizm Ticaret ve Sanayi A.Ş., the value between purchase price and asset value is TRY 3,327,625,
- As a result of the purchase of 22% shares of Cyprus Holiday on 06.05.2004 by Side Turizm Ticaret ve Sanayi A.Ş. from Sinerji Turizm Ticaret ve Sanayi A.Ş., the value between purchase price and asset value is TRY 1,444,636,
- As a result of the purchase of 39% shares of Cyprus Holiday Village on 03.05.2004 by Side Turizm Ticaret ve Sanayi A.Ş. from Çağrı Turizm Ticaret ve Sanayi A.Ş., the value between purchase price and asset value is TRY 2,512,763,
- As a result of the purchase of 38% shares of Cyprus Holiday Village on 06.05.2004 by Asyanet Ticaret ve Sanayi A.Ş. from Çağrı Turizm Ticaret ve Sanayi A.Ş., the value between purchase price and asset value is TRY 2,973,462,
- As a result of the purchase of 4% shares of Azer Şans Müessesesi on 27 September 2004 by Net Yapı Ticaret ve Sanayi A.Ş. from Sinerji Turizm Ticaret ve Sanayi A.Ş., the value between purchase price and asset value is TRY 1,155,136,
- As a result of the purchase of 5% shares of Azer Turizm Müessesesi on 27.09.2004 by Net Yapı Ticaret ve Sanayi A.Ş. from Sinerji Turizm Ticaret ve Sanayi A.Ş., the value between purchase price and asset value is TRY 1,041,193,

It has stated that public Net Group companies' assets decrease in total TRY 12,454,815.

Capital Market Board held responsible the members of board of directors of periods in which operations were made for the subjects in note 47/I-A-6 and demanded the compensation of the losses. It was decided to file a criminal complaint within the context of CMB Legislation, article 47/I-A-6 against members of board of directors of Net Holding A.Ş., Net Turizm Ticaret ve Sanayi A.Ş., Side Turizm Ticaret ve Sanayi A.Ş., Net Yapı Ticaret ve Sanayi A.Ş. and Asyanet Ticaret ve Sanayi A.Ş. who were members of board of directors when stock transfers occurred for the reason that the amount was not returned with legal interest amount as indicated in the decision of CMB dated 25.04.2008, due to contradiction to 15/6 article of CMB to Public Prosecutions. With the decision of İstanbul 9<sup>th</sup> Criminal Court of First Instance dated 29 December 2011, the members of board of directors of related companies were acquitted. As of reporting date, the case was appealed by CMB and it is in the process of Supreme Court.