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*When we set out on this road, we were determined to build a large family committed to creating tremendous value for its country. We consistently aimed for stability, continuity and peace, and all we wanted was to bring happiness to people through the delivery of objective, accurate information.*

*We have always been true to our word. That's how we became one of the most reliable media corporations in Turkey.*

*Today, we are moving into the future with confidence, thanks to our employees and readers.*

## WE AIMED TO BECOME A SYMBOL OF STABILITY...

*Since 1970, we have embraced a different approach to publishing.*

*We said, “If we are to embark on the road to success, this road should advance through stability.” Therefore, we were able to become the only national newspaper that has maintained the same ownership structure and publishing policy since its establishment.*

*In every single column centimeter we have designed we proved our success, and moved forward into the future with every single page we have published.*

### > SALES INCOME (TL)

2014 > **95,713,790**

2013 > **81,715,889**



# WE AIMED TO MAKE THE NEW TÜRKİYE THE NEWSPAPER OF THE NEW TURKEY...

*By maintaining a consistent publishing policy and fostering peace, we continued to strengthen Türkiye Newspaper.*

*With our commitment to “publishing only the truth,” we became one of the most reliable newspapers in Turkey.*

*Renewed and refreshed, we breathed new life into competition. We continued our successful progress in online journalism.*

## > **SHAREHOLDERS' EQUITY (TL)**

2014 > **259,477,202**

2013 > **214,144,835**



## WE AIMED TO INCREASE PRODUCTIVITY...

*As a newspaper with publishing facilities in 6 cities across Turkey, we continued to derive our strength from these sources and maintained our steady growth.*

*We said, “We can further increase our income with new breakthroughs,” and improved our printing technology through new investments.*

*Despite a tough year, we managed to complete our preparations geared toward achieving higher profitability in the future.*

### > TOTAL ASSETS (TL)

2014 > **322,247,847**

2013 > **259,950,528**





## İHLAS GROUP IN BRIEF

*With a long history spanning 45 years, İhlas Group is active in a wide range of industries including construction and real estate operations, media and communications, manufacturing and trade, mining, education, and healthcare.*



İhlas Group runs extensive operations across the country: it's 25 companies, 3,124 employees, and a marketing team of 6,200 employees work within the Group's 806 distribution-dealer network throughout 81 cities and 286 districts. Standing out with its cultural services, İhlas Group is also among Turkey's most prominent and leading conglomerates in trade volume.

The foundations of the Group were laid in 1970 with the establishment of Türkiye Newspaper. After starting hand delivery services for the Newspaper, the Group commenced marketing operations under the "TÜRPA" brand. TÜRPA expanded gradually, complementing its portfolio with numerous products, in addition to newspaper distribution. By the year 1994, the Company had already become a widespread network engaged in marketing products face-to-face to thousands of customers.

In 1981, İhlas Group established its own printing facilities and began printing the Türkiye Newspaper at these facilities, further expanding its publishing and printing operations.

In 1989, the Group ventured into the construction sector with its "İhlas Yuva Evleri" project. Continuing its corporate development, the Group founded İhlas Ev Aletleri İmalat Sanayi ve Ticaret A.Ş. in 1990, and began manufacturing electronic devices and home appliances. In 1991, the Group moved into the healthcare sector, establishing the Türkiye Gazetesi Hastanesi.

NUMBER OF COMPANIES IN  
İHLAS GROUP

25

NUMBER OF EMPLOYEES OF THE  
COMPANY AND MARKETING TEAM

9,324

NUMBER OF SERVICED CITIES

81

## A BREADTH OF EXPERIENCE IN THE MEDIA SECTOR

Breaking circulation records in the 1990s, the Türkiye Newspaper was also distributed in the U.K. and the U.S. during that time; and later, printed in Germany as well. To deliver its successful track record in news reporting to other media outlets, the Group founded İhlas News Agency, TGRT FM radio station, and the TGRT television channel in 1993.

In 1993, İhlas Group gathered its subsidiaries under the umbrella of the Holding company in order to ensure strong growth. In line with its investment strategies, the Group built the "Kuzuluk Kaplıca Evleri" (Spa Houses) and commenced timeshare resort operations in 1995. During that time, İhlas Group also expanded into other industries including Internet services, finance, food, transportation and insurance. Considering investments in education a corporate social responsibility, the Group founded İhlas Eğitim Kurumları in 1996.

In parallel with the liberalization process in energy markets, İhlas Group participated in a number of electricity distribution and mining tenders in 1997 and 1998. Later, the Group obtained licenses for extracting valuable mineral resources, such as metal ores, coal and industrial raw materials, in order to contribute to the national economy.

During the 2000s, İhlas Group restructured, creating synergy between group companies and promoting specialization in operational areas. Accordingly in 2003, İhlas Media Holding was founded, and the Group began to operate in magazine publishing, media planning, trade show organization, and digital content design and production in addition to its existing businesses of newspaper publishing, news agency, and broadcast journalism. In 2004, TGRT Haber, a thematic news channel, was established. Two years later, in 2006, the Group decided to focus only on news reporting, and sold TGRT TV, which was covering a wide range of topics, to News Corporation, an American multinational mass media corporation.



### **20,000 BUILDINGS IN CONSTRUCTION SECTOR**

In addition to the developments in publishing in 2004, the Group built the Armutlu Tatil Köyü, consisting of 11 buildings and 1,686 apartments on 300,000 square meters of land in the Armutlu district of Yalova.

As part of the construction and real estate activities consolidated under the umbrella of İhlas İnşaat Holding in 2010, more than 14,000 buildings, including business centers, holiday resorts, television studios, education complexes, and residential compounds, have been built to date. The construction of approximately 6,000 buildings is currently underway.

In addition to home electronics and household appliances, İhlas Group has steadily expanded its product line by manufacturing bicycles, motorcycles, strollers, as well as with food production. In 2010, the Group established İhlas Pazarlama Yatırım Holding to run all product-marketing activities under one roof.

### **THE LARGEST URBAN TRANSFORMATION PROJECT IN TURKEY**

İhlas Group increased its investments in construction, its main area of operation, and on July 22, 2013, it signed an agreement with Gaziosmanpaşa İnşaat Yatırım Taahhüt Hizmetleri San. ve Tic. A. Ş. (GOPAŞ) to initiate Turkey's largest urban transformation project in the Gaziosmanpaşa district of İstanbul.



The Group continued its construction investments with the Kristal Şehir and Bizim Evler projects in 2014, and initiated new projects in the areas of "Construction and Real Estate Operations," "Manufacturing and Trade," "Media and Communications," "Mining," and "Education and Healthcare."

### **INVESTMENTS IN SOCIAL RESPONSIBILITY**

İhlas Holding has taken on a social mission within the framework of its "Education and Healthcare" activities. Accordingly, Türkiye Gazetesi Hastanesi, a well-established healthcare facility in Turkey, offers specialized and ethical healthcare services that provide patients with the feeling of family warmth and the comfort of their own homes through a specific focus both the physical and psychological effects of health problems.

As well, İhlas Eğitim Kurumları, which provide education at all levels from kindergarten to high school, implement an education system that embraces social values, and modern information and technology principles and practices that can be employed in today's business and daily life.



## BUSINESS LINE OF İHLAS GROUP



### CONSTRUCTION AND REAL ESTATE

İHLAS İNŞAAT HOLDING A.Ş. (İHLAS  
CONSTRUCTION GROUP)

İHLAS YAPI TURİZM VE SAĞLIK A.Ş. (İHLAS  
CONSTRUCTION TOURISM AND HEALTH  
GROUP)

İHLAS İNŞAAT PROJE TAAHHÜT TURİZM VE  
TİCARET A.Ş. (İHLAS CONSTRUCTION PROJECT  
COMMITMENT TOURISM AND TRADE GROUP)

ARMUTLU TATİL VE TURİZM İŞLETMELERİ A.Ş.  
(ARMUTLU HOLIDAY RESORT)

KUZULUK KAPLICA İNŞAAT TURİZM SAĞLIK VE  
PETROL ÜRÜNLERİ TİCARET A.Ş. (KUZULUK  
THERMAL HOUSES)



### PRODUCTION AND TRADE

İHLAS PAZARLAMA YATIRIM HOLDING A.Ş.  
(İHLAS MARKETING INVESTMENT HOLDING)

İHLAS PAZARLAMA A.Ş. (İHLAS MARKETING)

İHLAS EV ALETLERİ İMALAT SANAYİ VE  
TİCARET A.Ş. (İHLAS HOME APPLIANCES)

BİSAN BİSİKLET MOPED OTOMOBİL SANAYİ  
TİCARET A.Ş. (BİSAN GROUP)

BİSİKLET PAZARLAMA VE TİCARET A.Ş.  
(BICYCLE MARKETING AND TRADE)

ŞİFA YEMEK VE GIDA ÜRETİM TESİSLERİ  
TİCARET A.Ş. (ŞİFA CATERING)

KPT LOJİSTİK TAŞIMACILIK TURİZM REKLAM  
PAZARLAMA İÇ VE DIŞ TİCARET A.Ş. (KPT  
LOGISTICS)



### **MEDIA AND COMMUNICATION**

İHLAS YAYIN HOLDİNG A.Ş.  
(İHLAS MEDIA HOLDING)

İHLAS GAZETECİLİK A.Ş.  
(TÜRKİYE NEWSPAPER)

İHLAS HABER AJANSI A.Ş.  
(İHA)

TGRT HABER TV A.Ş. (TGRT  
NEWS TV)

TGRT FM (TGRT FM RADIO)

TGRT DİJİTAL TV HİZMETLERİ  
A.Ş. (TGRT DOCUMENTARY TV)

DİJİTAL VARLIKLAR GÖRSEL  
MEDYA VE İNTERNET  
HİZMETLERİ LTD. ŞTİ. (İHLAS  
NET)

İLETİŞİM MAGAZİN  
GAZETECİLİK YAYIN SANAYİ  
VE TİCARET A.Ş. (İLETİŞİM  
MAGAZINE JOURNALISM)

İHLAS MEDYA PLANLAMA VE  
SATINALMA HİZMETLERİ LTD.  
ŞTİ. (İHLAS MEDIA PLANNING  
AND PURCHASE SERVICES)



### **MINING**

İHLAS MADENCİLİK A.Ş. (İHLAS  
MINING)

MİR MADEN İŞLETMELİĞİ  
ENERJİ VE KİMYA SANAYİ  
TİCARET LTD. ŞTİ. (MİR MINING  
INDUSTRY ENERGY AND  
CHEMISTRY)



### **EDUCATION AND HEALTH**

TÜRKİYE GAZETESİ  
HASTANESİ\* (TÜRKİYE  
NEWSPAPER HOSPITAL)

İHLAS EĞİTİM KURUMLARI  
(İHLAS EDUCATIONAL  
INSTITUTIONS)

*\*Operates under İhlas Holding.*

## ABOUT İHLAS GAZETECİLİK

*İhlas Gazetecilik (İhlas Journalism), the owner of Türkiye Newspaper as well as several printing facilities offering printing services in Turkey and abroad, is among the leading media companies, with a strong competitive power and high brand awareness.*

NUMBER OF DISTRIBUTION  
POINTS OF İHLAS GAZETECİLİK

81

NUMBER OF  
EMPLOYEES

499

Launched on April 22, 1970, Türkiye Newspaper is the most important business operation of İhlas Gazetecilik. It is also the only national newspaper to have maintained the same ownership structure and publishing policy since its establishment.

İhlas Gazetecilik established its own printing facilities and began offset printing in 1981. The Company has a total of six printing facilities located in İstanbul, Ankara, İzmir, Adana, Trabzon and Antalya. With its rich content, robust technical infrastructure and distribution network, İhlas Gazetecilik enjoys a competitive advantage over its peers.

### **THE PIONEER OF NEWSPAPER HAND- DELIVERY IN TURKEY**

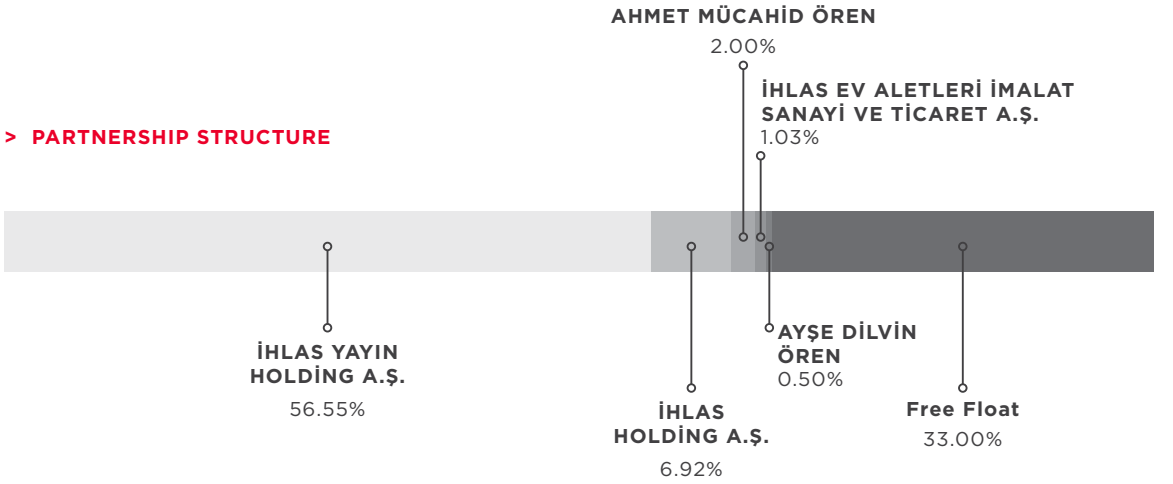
Türkiye Newspaper, the pioneer of the hand-delivery method in Turkey, is delivered directly to homes and offices, and distributed through dealers. In addition to newspaper delivery through an extensive dealer/distribution network and sales points located in 81 cities across Turkey, İhlas Gazetecilik offers significant potential for the marketing activities of İhlas Group.

As of year-end 2014, İhlas Holding and İhlas Media Holding respectively held 6.92% and 56.55% of the shares in İhlas Gazetecilik. The Company has 499 employees.



## PARTNERSHIP STRUCTURE

*Drawing strength from its sound shareholding structure, İhlas Gazetecilik maintained its successful track record in 2014.*



The Partnership Structure of İhlas Gazetecilik as of December 31, 2014:

Partners	Share Amount (%)	Share Amount (TL)
İhlas Yayın Holding A.Ş.	56.55%	67,859,559
İhlas Holding A.Ş.	6.92%	8,304,075
Ahmet Mücahid Ören	2.00%	2,392,995
İhlas Ev Aletleri İmalat Sanayi ve Ticaret A.Ş.	1.03%	1,237,553
Ayşe Dilvin Ören	0.50%	605,818
Free Float	33.00%	39,600,000
<b>Total</b>	<b>100.00%</b>	<b>120,000,000</b>

## MAIN FINANCIAL INDICATORS

*In 2014, İhlas Gazetecilik demonstrated a steady performance in terms of circulation and advertising revenues, creating a shareholder value higher than that of the previous year.*

### > SALES INCOME (TL)

2014	>	<b>95,713,790</b>
2013	>	<b>81,715,889</b>

### > TOTAL ASSETS (TL)

2014	>	<b>322,247,847</b>
2013	>	<b>259,950,528</b>

### > PROFIT FOR THE PERIOD (TL)

2014	>	<b>46,008,935</b>
2013	>	<b>2,272,165</b>

### > SHAREHOLDERS' EQUITY (TL)

2014	>	<b>259,477,202</b>
2013	>	<b>214,144,835</b>

Yıldırım hayal görüyor

ASRI  
100 YIL



KAOS İÇİN DÜĞMEYE BASILDI  
İMRAĞI TASFIYE PLANI

**Türkiye**  
ÇEVRE TÜRK MÜHRÜ  
KAOS İÇİN DÜĞMEYE BASILDI  
İMRAĞI TASFIYE PLANI



Paralel'in fişini  
celone paketi  
Meclis'e geldi

**BU DA KAÇAK TRAFİĞİ!**



**Türkiye**  
KAOS İÇİN DÜĞMEYE BASILDI  
İMRAĞI TASFIYE PLANI

**Dış macununda bomba uyarısı**



**max Gurme.**  
sizi göre.



**Türkiye**  
Soçi'ye Türk mühürü



KAOS İÇİN DÜĞMEYE BASILDI  
İMRAĞI TASFIYE PLANI



Paralel'in fişini  
celone paketi  
Meclis'e geldi

**BU DA KAÇAK**

Paralel'in fişini  
celone paketi  
Meclis'e geldi



Paralel'in fişini  
celone paketi  
Meclis'e geldi

## MILESTONES OF İHLAS GAZETECİLİK

*İhlas Group has consistently monitored current expectations and the latest developments in technology in its newspaper publishing operations over the past 45 years while strictly adhering to its publishing principles.*



"Hakikat" Newspaper was established on April 22, 1970.



In 1978 Türkiye Newspaper started distributing the Newspaper via hand delivery.



In 1983 the Company began producing its own printing machines. The Company started manufacturing products in Ankara, Adana, Erzurum and Samsun facilities.

> 1970

> 1978

> 1983

> 1972

> 1981

> 1987

On April 30, 1972, "Hakikat" was renamed "Türkiye".

The Company established its own offset printing facilities in 1981.

It was in print in Europe (Frankfurt) starting from February 3, 1987.





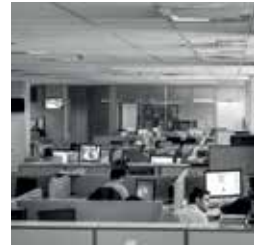
On March 17, 1987, it was chosen as "Newspaper of the Year" by the Turkish Press Association.

> 1987



On November 29, 1990, the paper had net sales of 1,361,553 - a still-outstanding record for the sector.

> 1990



In 1998 the Newspaper moved to İhlas Media Plaza, one of Turkey's largest and most modern media centers.

> 1998

> 1988

On March 28, 1988, the Izmir Printing Facility started its operations.



> 1991

In 1991 the Newspaper began being sent to printing facilities online following preparations in a computerized system.



*Türkiye Newspaper, the pioneer of the hand-delivery method in Turkey, is also directly delivered to homes and offices, and distributed through dealers.*



Parallel to the general structuring tendencies of newspaper and distribution companies, the Erzurum Printing Facility moved to Antalya in 2000.

On August 15, 2000, İhlas Gazetecilik A.Ş. was established. After that date, İhlas Gazetecilik A.Ş. started publishing Türkiye Newspaper.



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

> 2000

> 2010

> 2001

In 2001 the printing facility in Samsun moved to Trabzon.



> 2012

The Enterprise Resource Planning System was launched in 2012.





On October 22, 2012, the İhlas Gazetecilik 2011 Annual Report won second prize at the “Vision Awards” organized by LACP, one of the world’s most prestigious public relations platforms.

## > 2012



On September 17, 2013, Türkiye Newspaper’s logo was revised to emphasize its dynamism, and the Newspaper further strengthened its editorial staff with the acquisition of prominent writers.

## > 2013

## > 2013

In 2013, the size of the Newspaper was reduced to offer readers more convenience.



## > 2014

On December 31, 2014, İhlas Gazetecilik A.Ş. became a partner of İhlas Haber Ajansı A.Ş. (İhlas News Agency).



## PUBLISHING PRINCIPLES OF İHLAS GAZETECİLİK

*İhlas Gazetecilik does not discriminate against any individual based on their race, gender, religious belief, language, social status or physical disabilities in its publications.*

- Proud to bear the name of our country, Türkiye Newspaper is devoted and committed to protecting democracy. This is further demonstrated by our choice of April 22 as the date of its establishment.
- Türkiye Newspaper defends and protects the independence, unity and integrity of the Republic of Turkey, as well as national interests, in all of its news coverage and reporting activities.
- Türkiye Newspaper places uncompromising value on readers' trust, and exerts the maximum effort to preserve the common belief that, "If reported by Türkiye Newspaper, then it must be true."
- Türkiye Newspaper produces content that is appropriate for families, in accordance with its publishing policy.
- Türkiye Newspaper supports the development of tolerance toward different or opposing viewpoints.
- Türkiye Newspaper adheres to the principle of journalistic objectivity, publication ethics, universal values and the principles of publishing.
- Türkiye Newspaper believes that positive news also has news value, and adopts a "glass half full" approach in all of its publications for economic stability.
- Türkiye Newspaper follows a publishing policy that allows comprehensible and peaceable reading by different segments of society and age groups.
- Türkiye Newspaper does not engage in any kind of relationship based on special interests.
- Türkiye Newspaper does not discriminate against any individual based on their race, gender, religious belief, language, social status or physical disabilities in its publications.
- Türkiye Newspaper does not declare anyone "guilty" unless proven so by court ruling, and never uses insulting or humiliating nicknames and statements.
- Türkiye Newspaper never interferes with individuals' private lives, and does not publish any information provided in confidentiality.
- Türkiye Newspaper recognizes the right of reply for individuals and corporations.





## SECTORAL POSITION OF İHLAS GAZETECİLİK IN THE SECTOR

*With an unwavering commitment to its publishing policy through 45 years in the Turkish media, İhlas Gazetecilik continues its activities with confidence, adhering to its stance, principles and goals.*

The value of the U.S. dollar increased significantly in 2014 due to the fluctuations in the world economy. As a result, the cost of imported inputs, particularly paper, spiked. The media sector's ongoing digital evolution led to a significant increase in the number of followers using mobile and web-based media platforms. Since printing facilities are among the most costly investments for the publishing sector, many newspapers were forced to move their printing to the printing facilities of major newspapers, which have higher capacity.

### **PRINTED NEWSPAPERS WILL CONTINUE TO EXIST**

Although the reach of social media is expanding in parallel with rapid developments in information technology, humanity's centuries-old relationship with paper ensures that the printed word retains its power. Moreover, printing costs are dropping in line with developments in printing technology, creating a significant advantage in terms of sustaining printed newspapers.

### **İHLAS GAZETECİLİK: AN UNCHANGING POSITION IN THE TURKISH MEDIA SECTOR**

With an unwavering commitment to its publishing policy through 45 years in the Turkish media, İhlas Gazetecilik continues to follow the path designated by its late founder, Dr. Enver Ören, in a confident manner. In 2014, Türkiye Newspaper maintained its circulation and advertising revenue growth, thanks to the strong bond it has built with its readers across the country. Unlike many of its competitors, Türkiye Newspaper has its own printing facilities and an extensive distribution network throughout Turkey. Its powerful publishing capabilities ensure that the Newspaper continues to keep its finger on the pulse of Turkey.

## MESSAGE FROM THE CHAIRMAN OF THE BOARD AND CHIEF EDITOR

*The Newspaper's logo and visual style were revised to reflect its slogan, "New Türkiye for the New Turkey." With its prominent writers and digital journalism practices, the Newspaper continues to gain great interest and appreciation from its readers.*



*Türkiye Newspaper, the pioneer of the subscription-based sales method in Turkey, maintained its circulation revenue growth in 2014, thanks to the strong bond it has built with its readers and subscribers across the country.*

İhlas Gazetecilik, one of the essential building blocks in the Turkish media sector, maintained steady financial and operational results in 2014, once again proving itself worthy of the trust of its shareholders and readers.

İhlas Gazetecilik, the owner of Türkiye Newspaper, has been operating for the last 45 years under the slogan “the newspaper that promotes peace,” and with the same ownership structure and publishing policy. It has maintained its competitive advantage by strictly adhering to the ethical principles of publishing, and by quickly adapting to technological developments.

The primary foundation of Türkiye Newspaper’s sustainable success is its ability to adapt to change while maintaining its strengths. In 2013, the Newspaper’s logo and visual style were revised to reflect its slogan, “New Türkiye for the New Turkey.” The Newspaper also strengthened its editorial staff and achieved enormous appreciation from its readers.

Türkiye Newspaper, the pioneer of the subscription-based sales method in Turkey, maintained its circulation revenue growth in 2014, thanks to the strong bond it has built with its readers and subscribers across the country. As one of the few Turkish newspapers printed at its own facilities, located in İstanbul, Ankara, İzmir, Adana, Trabzon and Antalya, Türkiye Newspaper has a competitive advantage of reaching its readers quickly.

The website [www.turkiyegazetesi.com.tr](http://www.turkiyegazetesi.com.tr), also revamped in 2014, continues to gain followers. Together with other social media channels, the website serves as a key medium for delivering news to a wider audience.

That Türkiye Newspaper’s publishing policy of 45 years is directly associated with the concept of “stability” and is the result of its publishing approach based on multidirectional investigation and the protection of each individual’s rights and freedom. We will continue to deliver high quality news coverage via both printed and online editions without compromising our principles, in 2015 and onward. To offer our readers a wider range of cultural services, we are planning to enrich the content of our newspaper with books and new supplements. We also aim to closely follow technology developments in news reporting and to further expand our subscription system, which is already covering 90% of Turkey, to deliver our services to a wider audience.

I would like to express my deepest gratitude to the Board of Directors of İhlas Holding for their unwavering support for our 2014 operations, and also to our shareholders, employees and readers. I hope that our achievements will continue with the same level of enthusiasm and excitement in the coming period...

My deepest regards...

**İSMAİL KAPAN**

Chairman of the Board of Directors and  
Chief Editor

## İHLAS GAZETECİLİK IN 2014

*In 2014, Türkiye Newspaper, one of Turkey's major daily newspapers, significantly increased its total reach through its portal, [www.turkiyegazetesi.com.tr](http://www.turkiyegazetesi.com.tr), and social media accounts.*

The effects of globalization and fluctuations in international markets are immediately felt in local markets. In the face of these developments, İhlas Gazetecilik, one of the major players in the Turkish media sector, concentrated its efforts on developing strategies for using resources effectively and increasing productivity. To that end, the Company has been implementing the ERP/SAP system since 2012, and has also taken significant steps to manage business processes in a coordinated manner.

### TURKIYEGAZETESI.COM.TR: THE ONLINE FACE OF İHLAS GAZETECİLİK

In 2014, İhlas Gazetecilik, the owner of Türkiye Newspaper, continued to see positive feedback from readers on the Newspaper's revised logo and content. Additionally, the [www.turkiyegazetesi.com.tr](http://www.turkiyegazetesi.com.tr) news portal and Türkiye Newspaper's social media accounts created a huge buzz around the paper. The new design of [www.turkiyegazetesi.com.tr](http://www.turkiyegazetesi.com.tr) was well-received by its followers and helped increase daily traffic to 185,000 visitors in 2014, a seven-fold increase over the previous year. In 2015, the Company aims to increase daily traffic to the website to 400,000 visitors.

### STRONG SHAREHOLDING STRUCTURE

As of year-end 2014, İhlas Holding and İhlas Yayın Holding respectively held 6.92% and 56.55% stakes in İhlas Gazetecilik, and İhlas Gazetecilik held a 24% stake in İhlas Haber Ajansı A.Ş.



## TÜRKİYE NEWSPAPER AND PRINTING FACILITIES

*With its experienced management team, consistent publishing policy, high brand awareness, and strong reader base, Türkiye Newspaper has considerable competitive power.*

### **TÜRKİYE NEWSPAPER**

Türkiye Newspaper has maintained the same ownership structure and publishing policy since its launch on April 22, 1970. Committed to the ethical principles of publishing and fundamental rights and freedoms, the Newspaper has also maintained a high level quality in news coverage and content.

#### **High brand awareness, consistent publishing policy**

With 499 employees, an experienced management team, a consistent publishing policy, high brand awareness, and a strong reader base, Türkiye Newspaper holds considerable competitive power and ranks among the sector's leading media corporations. Enjoying the advantage of its own printing facilities, the Company's printing facility in İstanbul has a printing capacity of 55,000 newspapers per hour. Additionally, Türkiye Newspaper is capable of producing additional pages featuring local news, as well as printing many other national and local newspapers at its facilities in Ankara, İzmir, Adana, Trabzon and Antalya.

Türkiye Newspaper has a proven track record in sales: 90% of total newspapers sold per day are hand delivered to subscribers. Hand-delivery operations are carried out through the countrywide marketing network of İhlas Pazarlama A.Ş. (İhlas Marketing), under an integrated business model. The manual delivery system, a common sales channel particularly in the USA and Japan, provides solid sales stability in addition to establishing sound communication with readers.

#### **Open to Public since 2010**

Shares of İhlas Gazetecilik A.Ş. have been traded on the İstanbul Stock Exchange with an İHGZT ISIN code since June 14, 2010. As of the end of 2014, the rate of İhlas Holding's participation in İhlas Gazetecilik was 6.92% and that of İhlas Yayın Holding was 56.55%.

Türkiye Newspaper, which has carried its institutionalization to the highest level with intense efforts over the past few years, constantly renews its content and appearance to remain an exemplary company in the sector. In the beginning of 2013, the paper became more easily readable with its new size. Decisively continuing its transformation to a "new journalism approach" using the resources and technology of the information era, Türkiye Newspaper has made significant changes as of September 17, 2013 in its design, content and writing staff while continuing to maintain its professional traditions and principles.



Articulating these developments with the new slogan, "Turkey's new Türkiye," Türkiye Newspaper transformed its logo and design – a project that required both creativity and hard work – and added important writers such as Yıldırım Oğur, Burcu Çetinkaya, Fuat Uğur and Ceren Kenar to its writing staff. Additionally, Ercan Gürses was appointed as the Newspaper's Ankara representative, reporting from the capital city on domestic and international politics, the economy, health and education, together with his young and dynamic team.

With experienced sports writers such as Öcal Uluç, Kemal Belgin, Sadık Söztutan, Ümit Aktan, Ömer Faruk Ünal and Hasan Sarıçiçek among its editorial staff, the Newspaper is also a major source of sports news.

Türkiye Newspaper offers balanced coverage on a wide range of topics including the special health section and the culture and arts section, both published three days a week; and the automobile section, prepared by the famous rally driver Burcu Çetinkaya.

#### **A steady flow of advertising revenue**

Boasting a steady flow of advertising revenue, Türkiye Newspaper collaborates with Dijital Varlıklar Company, a subsidiary of İhlas Media Holding, to further increase its Internet advertising revenue. With 185,000 daily visitors in 2014, [www.turkiyegazetesi.com.tr](http://www.turkiyegazetesi.com.tr), the online edition of Türkiye Newspaper, is constantly increasing its advertising revenue as well.

#### **PRINTING FACILITIES OF İHLAS GAZETECİLİK**

The printing facilities of İhlas Gazetecilik, established in 1970 to print Türkiye newspaper, have grown through offering printing services to companies outside the Group, gradually becoming one of the major printing facilities in Turkey.

Since 1981, the facilities have been providing integrated services including prepress, printing and post-press services for various types of products such as newspapers, magazines, promotional materials and books.

İhlas Gazetecilik's printing facility in İstanbul is built on a large tract of land close to İstanbul's Atatürk Airport. Its central location provides easy access – and hence time savings – in delivery of services. The printing facility offers its services to Turkish companies as well as to foreign customers in numerous countries.

In addition to the İstanbul facility, İhlas Gazetecilik has printing facilities in Ankara, İzmir, Adana, Trabzon and Antalya.

The buildings of the printing facilities in Trabzon and Izmir were refurbished in 2014. İhlas Gazetecilik's printing facility in İstanbul has the capacity to print 55,000 newspapers per hour. The Company also prints many other national and local newspapers at its facilities located in other cities. İhlas Gazetecilik is one of the two groups which own the largest network of printing centers in Turkey.

#### **İhlas Gazetecilik Printing Facilities in Numbers**

- In six regions with a total printing capacity of 265,000 units per hour
- The web offset printing facility in İstanbul has a printing capacity of 5 million forms per day
- American binders production capacity is 320,000 units per day
- The sheet-fed offset printing capacity of the İstanbul facility is 300,000 sheets
- Hard cover production capacity is 72,000 units per day

#### **"Fast Printing and 24-Hour Service"**

##### **Sheet-fed Offset Printing**

Boasting the largest web offset printing machine-park in Turkey, "İhlas Gazetecilik A.Ş. Printing Facilities" is a leading name in the sheet-fed offset printing market. The facilities provide high quality single and multi-color printing services. Equipped with digital ink control and international color management systems, the sheet-fed offset presses can also process different types of lamination. Maximum color quality is achieved with color control and monitoring-inspection systems; printing on scented paper, special colors and silicone applications are among other capabilities.

##### **Digital Printing**

Digital presses provide fast, high quality and low-cost "boutique solutions" for "one-time" or "very urgent" printing jobs. These machines can print all kinds of documents that may be required for an urgent presentation, such as "catalogues," "brochures," "promotional kits," "magazines," "books" and "invitations," in a very short time.



### Heatset Printing

Using web offset technology, heatset presses can print on SC (super-calendared), LWC (lightweight-coated) and MWC (medium weight-coated) glossy papers. In 2014, the Company made a significant investment in order to print on SC paper, which gives newspapers a bright, glossy look. This printing method allows for high quality and low-cost printing on low-grammage paper with a high production rate, thereby enabling effective cost and time management.

### Post-press Services

At the post-press facilities, several types of binding, such as American binding, thread sewing, saddle stitching, case binding, flexi binding, wire and coil binding, can be applied to products printed in various shapes and sizes. The packaging department, which is equipped with an insert line, bagging machine, functional taping machines, shrink wrap machines, a pallet wrapping machine and several packing machines, provides a wide range of packaging options. The high-tech KBA-Metronic inkjet printer can print barcodes, logos, data matrix codes and addresses on various types of surfaces.

### Fast, Meticulous and High Quality Service

İhlas Gazetecilik A.Ş. has taken all necessary measures regarding the health and safety of its employees under the OHSAS 18001 standard.

Having certified its quality management system with ISO 9001-2008 Total Quality Management System certification, the Company conducts audits at every stage of production and strictly adheres to the total quality management system. Additionally, the Company maintains a consistent level of customer services under the Service Competency Certificate from TSE (Turkish Standards Institute).

İhlas Gazetecilik has established an environmental management system in accordance with the ISO 14001 Environmental Management System Standard in order to measure the impact of its operations.

The Company holds also FSC (Forest Stewardship Council) Certification. The FSC-CoC (Chain of Custody) certificate proves that the wood-derived elements in products can be traced back to well-managed forests and controlled sources. The FSC label on a product indicates that the wood used in the certified product comes from a sustainably-managed forest and is certified by an independent council.





**İhlas Gazetecilik Printing Facilities - Average Daily Capacity Utilization Rates in 2014**

<b>Printing Center</b>	<b>Number of Türkiye Newspaper Printed</b>	<b>Number of Other Papers Printed</b>	<b>Printing Capacity</b>
İstanbul	82,272	769,506	1,351,600
Ankara	37,992	38,425	284,000
İzmir	28,417	27,218	284,000
Adana	20,886	36,858	240,000
Antalya	8,264	26,389	150,000
Trabzon	21,493	28,859	150,000
<b>TOTAL</b>	<b>199,324</b>	<b>927,255</b>	<b>2,459,600</b>

\* The print amounts include outsourced print amounts in addition to the Türkiye Newspaper prints.

**Monthly Circulation for Türkiye Newspaper**

<b>Months</b>	<b>2014</b>	<b>2014 Daily Circulation</b>	<b>2013</b>
January	5,679,756	183,218	5,284,001
February	5,145,529	183,769	4,860,421
March	5,501,674	177,473	5,458,807
April	5,207,321	173,577	5,362,822
May	5,091,314	164,235	5,585,540
June	4,924,220	164,140	5,427,581
July	5,083,905	163,996	5,632,751
August	5,109,216	164,813	5,617,310
September	4,935,103	164,503	5,474,619
October	5,044,903	162,738	5,588,853
November	4,882,620	162,754	5,440,738
December	5,063,704	163,345	5,649,090

## THE BOARD OF DIRECTORS



### **İSMAIL KAPAN**

Chairman of the Board and  
Chief Editor

1Born in 1956 in Malatya, Pütürge district, İsmail Kapan received his Bachelor's degree from İstanbul University Faculty of Law; his Master's degree from İstanbul University Faculty of Economics, Social Sciences Institute, Department of "Social Structure and Social Change"; and his PhD from the International Relations Department.

Kapan, an amateur journalist in high school, started his professional career as a columnist in 1978 at the Türkiye Newspaper. After completing his military service between 1983 and 1984, he worked as a lawyer and legal consultant, returning to journalism in 1987. Working as News Director, Editorial Director and Managing Editor at Türkiye Newspaper, İsmail Kapan founded the İhlas News Agency (İHA) in 1993 and worked as its General Manager for a year and a half. In 1994, he became the Chief Editor of Türkiye Newspaper and worked in this position for

four years. Later, Kapan was appointed as the İhlas Holding Media Group President in 1998. Working as the General Coordinator of Türkiye Newspaper between 2001 and 2003, he also continued to write as a columnist in addition to his administrative tasks. Kapan has moderated panel programs on the radio and TV channels of the Publishing Group and commented on daily political developments. Appointed for the second time as the Chief Editor of Türkiye Newspaper in March 2014, Kapan continues to serve in this role as well as writing his column.

Kapan has written two books, Strategic Waves of Water and Spring Pain in the Middle East. As well as being a Member of the Turkish Journalists Association, he has been a Member of the Press Council Supreme Board for 16 years. İsmail Kapan is the Chairman of the Board of Directors at İhlas Gazetecilik A.Ş. and a Member of the Board of Directors at İhlas Yayın Holding A.Ş.



### **MURAT ODABAŞ**

Deputy Chairman

Born in 1959, in Çorum, Alaca district, Murat Odabaş completed his primary and secondary education in Alaca. He graduated from the Kuleli Military High School in 1977 and from the Department of Economics at the Turkish Military Academy in 1981. He served as an officer in various roles in the Turkish Army, both in Turkey and abroad. Following his retirement, he started his career at İhlas Holding as the Assistant General Manager of İhlas Motor. Assuming responsibilities at the Secretarial Office of the İhlas Holding General Manager in 1996, he simultaneously worked as the Secretary of the Executive Board. In 1999, he became İhlas Holding Assistant General Manager in charge of Administrative Affairs. He left this job in 2001 and worked abroad. Upon his return to Turkey, he became Vice President of İhlas Ankara Media Group in 2001, and the Ankara Representative for TGRT News TV in 2007. In this position he presented the "Ankara's Agenda" programs, and interviewed politicians and bureaucrats through 440 programs. In 2012, he was appointed İhlas Holding General Coordinator, and in 2014 he became Production and Marketing Group President. He serves in the Marketing Group and as the Vice Chairman of the Board of Directors of İhlas Gazetecilik A.Ş., and is also a Member of the Board of Directors of İhlas Holding A.Ş.



### **MUAVİYE GÜL**

Member of the Board of Directors and General Manager

Born in 1961 in İstanbul, Muaviye Gül graduated from the Zeytinburnu İhsan Mermerci High School in 1979. He started his career in 1982 with Türkiye Newspaper Technical Services, Gül became the Assistant Manager of Technical Services in 1987, and held this role until 2011. Within the framework of the ERP Implementation process in İhlas Gazetecilik A.Ş. at the beginning of 2012, he was appointed as Assistant General Manager in charge of Printing Processes. Gül, is currently the General Manager and a Member of the Board of Directors of İhlas Gazetecilik A.Ş.



**ÜMİT KÜNAR\***

Executive Member of the Board of Directors in charge of Financial Affairs

Born in 1975 in Tekirdağ, Ümit Künar graduated from the İstanbul 100. Yıl Vocational High School and received his Bachelor's degree from Anatolian University Faculty of Business Administration. He obtained his Master's degree from İstanbul University Institute of Business Economics, MBA Department and holds an Independent Auditor and Financial Consultant License. Authorized by the "Public Oversight, Accounting and Audit Standards Authority" to conduct audits in the capital markets, banking, insurance and private pension sectors, as well as in all other fields in general, Künar began working at İhlas Holding in 1992. He is a member of the İstanbul Chamber of Independent Auditors and Financial Consultants (İSMMMO), the Corporate Governance Association of Turkey (TKYD), The Turkish Investor Relations Society (TÜYİD) and the Institute of Business Economics Alumni Association (İMED). Künar served as the Executive Member of the Board of Directors in charge of Financial Affairs at İhlas Gazetecilik A.Ş. until the end of 2014.

\* Ümit Künar left his position on December 5, 2014.



**MUSTAFA ERDOĞAN\***

Executive Member of the Board of Directors in charge of Financial Affairs

Starting his professional career in 1990 at the İhlas Holding Financial Affairs Coordination Department, Mustafa Erdoğan assumed various roles in this department. He later worked for Rehber Independent Accounting and Financial Consulting Office between 1997 and 2000. Returning in 2000 to İhlas Holding, Erdoğan was appointed as the Financial Affairs Manager at İhlas Yayın Holding as of 2005. In 2013, he was elected as a Member of the Board of Directors and became the General Manager of the company. In 2014, he was appointed İhlas Gazetecilik A.Ş. Assistant General Manager in charge of Financial Affairs. He is a Member of the Board of Directors at İhlas Gazetecilik A.Ş., İhlas Yayın Holding A.Ş., TGRT Haber TV A.Ş. and TGRT Dijital TV A.Ş. Erdoğan has a financial consultant's license, and is a Member of the İstanbul Chamber of Independent Accountants and Financial Consultants (İSMMMO).

\* As per Article 363 of the Turkish Code of Commerce: for the vacant position of his predecessor Ümit Künar, Erdoğan was elected by the Board of Directors on December 5, 2014, to be submitted to the approval of the first General Assembly to be held.



### **ABDULLAH TUĞCU**

Member of the Board of Directors

Born in 1982 in Kayseri, Abdullah Tuğcu graduated from İstanbul University Faculty of Business Administration. He attended Marmara University Finance Department's Financial Law Master's Program. Joining İhlas Group in 2008 as the Financial Affairs Manager at İhlas Mining Company, Tuğcu became İhlas Yayın's Holding Finance Coordinator in 2013, and was appointed as İhlas Holding Assistant General Manager in charge of Finance in 2014. Tuğcu is also a Member of the Board of Directors at İhlas Holding A.Ş., İhlas Yayın Holding A.Ş., İhlas İnşaat Holding A.Ş., İhlas Pazarlama Yatırım Holding A.Ş., İhlas Gazetecilik A.Ş., TGRT Haber TV A.Ş., TGRT Dijital A.Ş., İhlas Haber Ajansı A.Ş. and İhlas Gelişim Yayıncılık A.Ş.



### **ORHAN TANIŞMAN**

Member of the Board of Directors

Born in 1969 in İstanbul, Orhan Tanışman graduated from İstanbul Technical University Architecture and Marine Engineering Department, and received his Master's degree from Yıldız Technical University. He attended the PhD program in investment planning at İstanbul University concurrent to attending the İstanbul University Institute of Business Economics and graduated in 1999. Between 1991 and 1992, he worked as a research assistant at Marmara University Technical Education Faculty. Between 1992 and 1994 he worked as a research assistant at İstanbul University Engineering Faculty. He started his career at İhlas Holding in 1994 and is currently the Assistant General Manager in charge of İhlas Holding's Budget, Reporting and Investor Relations. He is a Member of the Board of Directors at İhlas Gazetecilik A.Ş. and at İhlas Yayın Holding A.Ş., and a member of the Corporate Governance Association of Turkey (TKYD) and the Turkish Investor Relations Society (TÜYİD).



**MEHMET REMZİ ESEN**

Independent Member of the Board of Directors

Born in 1956 in İstanbul, Mehmet Remzi Esen graduated from the İstanbul University Faculty of Commercial Sciences, Business Administration Department in 1980. In 1976, Esen worked in the Circulating Capital Accounting Department of İstanbul University Cerrahpaşa Faculty of Medicine. He worked at Türkiye Newspaper Encyclopedia Technical Service in 1986, at Türkiye Newspaper Technical Services in 1998, and retired in 2001. He is a Member of the Board of Directors at İhlas Gazetecilik A.Ş. and İhlas Ev Aletleri A.Ş.



**İSMAİL CENGİZ**

Independent Member of the Board of Directors

Born in 1957 in Sarıkamış, İsmail Cengiz graduated from Eskişehir Academy of Economics and Commercial Sciences in 1979 and worked at Dadaş Bookstore in Erzurum in 1981. After completing his military service in 1982, he worked in Erzurum for various firms as a financial affairs specialist. He later became a partner at Erzurum Dayanıklı Tüketim and Ticaret Ltd. and worked as the Financial Affairs Manager until October 2005. In 2006, he began working in Tekirdağ Çerkezköy for BDK Construction Laboratory as a partner. He left the company April 10, 2012 and sold his shares in the company. Cengiz is an Independent Member of the Board of Directors at İhlas Holding A.Ş., İhlas Gazetecilik A.Ş. and İhlas Yayın Holding A.Ş.



### **NAZMI ÖRS**

Independent Member of the Board of Directors

Born in 1948 in Antalya, Nazmi Örs graduated from Ankara Yenisehir Sağlık Koleji Radyoloji Department in 1969, and Ankara Gevher Nesibe Health Education Institute Public Health Department in 1979. He worked in İzmir, Kars, Ankara, Gaziantep and İstanbul as a director and teacher among other positions, under the Ministry of Health. In 1999, he retired from his Assistant Administrative Manager position at Bakırköy Hospital for Psychiatric and Neurological Diseases. He is an Independent Member of the Board of Directors at İhlas Gazetecilik A.Ş. and at İhlas Yayın Holding A.Ş.



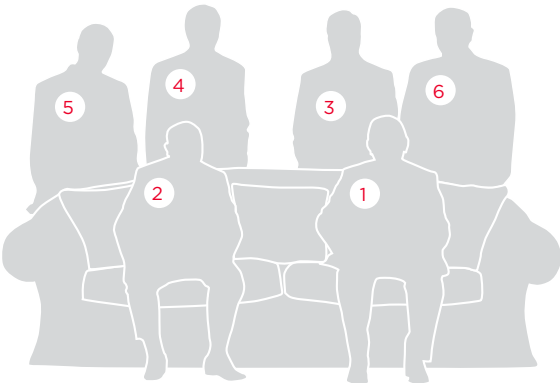
## SENIOR MANAGEMENT

(1) **İSMAİL KAPAN**  
Chief Editor

See page 32

(2) **MUAVİYE GÜL**  
General Manager

See page 33





(3) **İBRAHİM ÖNGÜN**

Assistant General Manager in charge of Advertisement, Sales and Marketing

Born in Erzincan, İbrahim Öngün also completed his middle and high school education there. After graduating from Atatürk University Physics Department, he began his professional career in 1988 in the textile industry. He worked at Öncü Advertisement Agency as the Assistant General Manager in charge of Media Planning and Purchasing. In 2001, he started working in Türkiye Newspaper Advertisement Services as a Group Coordinator. Since 2007, he has served as the Assistant General Manager in charge of Türkiye Newspaper Advertisement and Sales Marketing.

(4) **MUSTAFA BİLİM**

Assistant General Manager in charge of Publishing Management

Born in 1953 in Edirne, Mustafa Bilim went to primary school there, and completed middle and high school and his university education in İstanbul. Working at Sabah newspaper as an intern, he officially began working as a journalist in 1975. He served at Sabah Gazetesi, Güney News Agency and Tercüman Newspaper as a reporter, editor, editorial coordinator and editorial director. In 1993, he started working for Türkiye Newspaper and has served as the Editorial Director of Türkiye Newspaper since 2011.

(5) **MUSTAFA ASIM GÖK**

Assistant General Manager in charge of Support Services

Born in 1959 in Giresun, Tirebolu district, Mustafa Asım Gök started his professional career in 1973 as a department supervisor at Günaydın Newspaper, where he later became Assistant Technical Manager. He also worked in the same position at Hürriyet and Milliyet Newspapers. Joining the Türkiye Newspaper family in 1981, Mustafa Asım Gök continued his career as a Technical Manager until 2011, when he was appointed as the Assistant General Manager in charge of Support Services. In this role, he was involved in implementing the SAP project, and was appointed as İhlas Gazetecilik A.Ş. General Manager in 2013. In 2014, he resumed his earlier role as the Assistant General Manager in charge of Support Services.

(6) **MUSTAFA ERDOĞAN**

Executive Member of the Board of Directors in charge of Financial Affairs

See page 34

# BOARD OF DIRECTORS ANNUAL REPORT

## GENERAL INFORMATION

a) The accounting period that the report pertains to: 01.01.2014 - 31.12.2014

b) The company's commercial title, commercial registry number, contact information for its headquarters and branches and internet site address, if any:

**Commercial Title:** İhlas Gazetecilik Anonim Şirketi

**Registered Capital:** 240,000,000 TL

**Paid Capital:** 120,000,000 TL

**Establishment Date:** 15.08.2000

**Commercial Registry Office Registered Under:** İstanbul Commercial Registry Directorate

**Commercial Registry No.:** 443129

**Central Registration System Number:** 0-4700-2011-9400019

**Date of Commercial Registration:** 15.08.2000

**Headquarters Address:** Merkez Mahallesi 29 Ekim Caddesi İhlas Plaza No: 11 A/41 34197 Yenibosna-Bahçelievler/İSTANBUL

**Telephone:** 0 212 454 30 00

**Fax:** 0 212 454 34 55

**Branch Address and Contact Information:** In addition to our headquarters we have the workplaces listed below:

The Ankara Printing Facility Samsun Yolu Demirciler Sitesi No: 68 Siteler Altındağ - ANKARA

**Telephone:** 0 312 353 29 61

**Fax:** 0 312 353 29 75

The Adana Printing Facility Ceyhan Yolu Üzeri 4 Km. No: 158 Yüreğir - ADANA

**Telephone:** 0 322 346 36 25

**Fax:** 0 322 346 34 86

The Izmir Printing Facility Fatih Mah. 1190 Sok. No: 1/7 Sarnıç-Gaziemir - IZMİR

**Telephone:** 0 232 281 45 95

**Fax:** 0 232 281 45 30

The Antalya Printing Facility Yenigöl Mah. Serik Cad. No: 38 Altınova - ANTALYA

**Telephone:** 0 242 340 50 40

**Fax:** 0 242 340 43 82

The Trabzon Printing Facility Organize Sanayi Bölgesi Arsin - TRABZON

**Telephone:** 0 462 711 40 20

**Fax:** 0 462 711 40 23

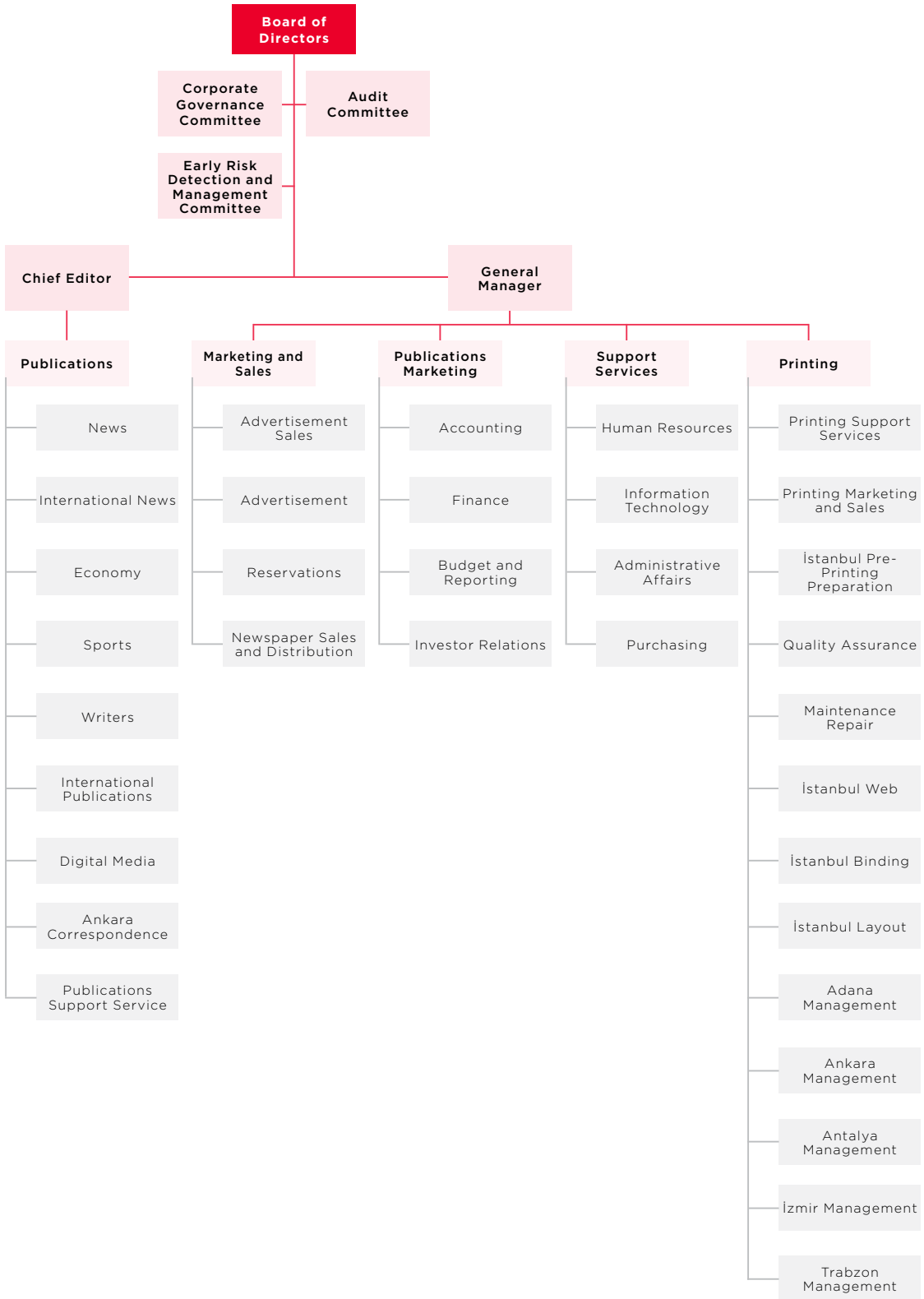
**Corporate e-mail:** [ihlasgazetecilik@tg.com.tr](mailto:ihlasgazetecilik@tg.com.tr)

**Website:** <http://www.ihlasgazetecilik.com.tr>

**Call Center:** 444 0 144

**c) The Company's organization, capital and partnership structure and any changes to these within the accounting period:**

During the 2014 twelve month accounting period there were no changes made and the organizational structure of the company is as follows:



As of 31.12.2014 the Company's paid capital is 120,000,000 TL, which is completely paid and comprised of 120,000,000 shares, each equivalent to 1 TL.

Shareholding Structure of İhlas Gazetecilik A.Ş. as of December 31, 2014:

	Share Rate	Share Amount
İhlas Yayın Holding A.Ş.	56.55%	67,859,559
İhlas Holding A.Ş.	6.92%	8,304,075
Ahmet Mücahid Ören	2.00%	2,392,995
Other	1.53%	1,843,371
Open to Public	33.00%	39,600,000
<b>Total</b>	<b>100.00%</b>	<b>120,000,000</b>

**d) Explanations regarding preferential shares, if any, and the voting rights of the preferential shares:**

**Amount of Preferential Shares:** 12,000,000 TL

Our company shares are divided into group A and B.

The owners of B group shares are allowed 1(one) vote per share in the company's Ordinary and Extraordinary General Assembly Meetings.

The owners of A group shares are allowed 15 (fifteen) votes per share in the company's Ordinary and Extraordinary General Assembly Meetings.

The voting rights of our shareholders, taking into account preferential shares, are provided in the table below.

The issued capital of the company has been paid in full and is 120,000,000 TL (one hundred twenty million TL). The number and amounts of shares from the 120,000,000.00 TL capital of the A and B groups are provided in the table below.

The distribution of the 120,000,000.00 TL Capital among the A and B groups:

Group	Share Amount (Nominal TL)	Capital Rate (%)	Vote Right	Vote Rate (%)
Group A (Issued to Name)	12,000,000.00	10.00	180,000,000	62.50
Group B (Issued to Bearer)	108,000,000.00	90.00	108,000,000	37.50
<b>Total</b>	<b>120,000,000.00</b>	<b>100.00</b>	<b>288,000,000</b>	<b>100.00</b>

The structure of İhlas Gazetecilik's privileged shares (Group A shares) as of 31.12.2014 is as follows:

Partner Name / Title	Group	Bearer /Registered	Number of Shares	Amount
İhlas Yayın Holding A.Ş.	A	In Name	9,000,000	9,000,000.00
İhlas Holding A.Ş.	A	In Name	2,400,000	2,400,000.00
Ahmet Mücahid Ören	A	In Name	450,000	450,000.00
Ayşe Dilvin Ören	A	In Name	150,000	150,000.00

There are preferential shares and article 9 of articles of association is below.

**CONCESSIONS:** (8302 No. of April 17, 2013 T.T.S.G.)

Article 9:

**a-Privilege of selecting Board of Director Members;**

If the General Assembly of the Company decides that the Board of Directors consist of 5 people, at least 4 of the Members of the Board of Directors are selected from among candidates nominated by group (A) shareholders. Similarly, at least 5 of the members are selected among those candidates if a board of 7 people is decided; at least 7 of the members are selected

among those candidates if a board of 9 people is decided; and at least 9 of the members are selected among those candidates if a board of 11 people is decided.

**b-Privilege of voting in the General Assembly Meetings;**

In the Ordinary and Extraordinary General Assembly Meetings of the Company, each group A shareholder has 15 (fifteen) vote rights for each share they possess.

**c) Information about the management organ, senior managers and the number of personnel:**

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

Position	Name	Limits of Authority	Starting and Ending Date
Chairman	İsmail Kapan**	Is Jointly Authorized to Represent and Have Binding Power Concerning The Company	10.03.2014** *2015
Deputy Chairman	Murat Odabaş**	Is Jointly Authorized to Represent and have Binding Power Concerning The Company	25.02.2013 *2015
Board Member and Executive Member Responsible for Financial Affairs	Mustafa Erdoğan****	Is Jointly Authorized to Represent and Have Binding Power Concerning The Company	05.12.2014**** *2015
Board Member	Muaviye Gül	Is Jointly Authorized to Represent and Have Binding Power Concerning The Company	30.05.2012 *2015
Board Member Corporate Governance Committee and Early Risk Detection and Management Committee Member	Orhan Tanışman	Not Authorized to Represent and Have Binding Power Concerning The Company	30.05.2012 *2015
Board Member	Abdullah Tuğcu***	Not Authorized to Represent and Have Binding Power Concerning The Company	22.01.2013 *2015
Board Member Corporate Governance Committee Chairman	Mehmet Remzi Esen	Independent Member- Not Authorized to Represent and Have Binding Power Concerning The Company	30.05.2012 *2015
Board Member Audit Committee Chairman	İsmail Cengiz	Independent Member- Not Authorized to Represent and Have Binding Power Concerning The Company	27.03.2014*** *2015
Board Member Early Risk Detection and Management Committee Chairman And Audit Committee Member	Nazmi Örs	Independent Member Not Authorized to Represent and Have Binding Power Concerning The Company	30.05.2012 *2015

\* Elected for three years on May 30, 2012 to serve until the next Annual General Meeting that will be held by the end of the third year.

\*\* As per the Board of Directors Decision n. 2014/08 (date: 10.03.2014 ) and in accordance with Article 363 of the Turkish Code of Commerce; as Mr. Mr. Nuh Albayrak quit his positions as the Chairman of the Board of Directors and the Chief Editor on March 10, 2014, Mr. İsmail Kapan was submitted to the approval of the General Assembly and elected as the Chairman of the Board of Directors and the Chief Editor for the vacant position of his predecessor to complete his remaining term of office.

\*\*\* As per the Board of Directors Decision n. 2014/11 (date: 27.03.2014) and in accordance with Article 363 of the Turkish Code of Commerce; as Mr. Tolga Sönmez quit his position as the Independent Member of the Board of Directors on March 27, 2014, Mr. İsmail Cengiz was submitted to the approval of the Independent Member of the Board of Directors for the vacant position of his predecessor to complete his remaining term of office.

\*\*\*\* As per the Board of Directors Decision n. 2014/31 (date: 5.12.2014 ) and in accordance with Article 363 of the Turkish Code of Commerce; as Mr. Ümit Künar quit his position as the Executive Member of the Board of Directors in charge of Financial Affairs on December 5, 2014, Mr. Mustafa Erdoğan was submitted to the approval of the Independent Member of the Board of Directors for the vacant position of his predecessor to complete his remaining term of office.

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

The Senior Administrators of the Company:

Name, Surname	Duty
İsmail Kapan	Editor in Chief
Muaviye Gül	General Manager
Mustafa Erdoğan	Assistant General Manager-Financial Affairs
İbrahim Öngün	Assistant General Manager-Marketing and Sales
Mustafa Bilim	Assistant General Manager-Publications
Mustafa Asım Gök	Assistant General Manager-Support Services

The number of employees at İhlas Gazetecilik A.Ş. stood at 499 as of December 31, 2014.

Personnel expenses included in operating costs within the period stood at 6,265,065 TL. There is no collective labor agreement implemented in our company.

**e) If any, information about transactions by management organ members on their own behalf or for others with the company within the framework of permission granted by the general assembly and activities within the scope of competition prohibition:**

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

While there are no prohibitions applied against transactions with the company by board members, there have been no conflicts of interest as of the end of December 2014.

Any instances of anti-competitive practices or transactions of shareholders with a dominant influence on the management of the Board of Directors members, of the senior management and of their spouses and relatives up to the second level, in a manner that could cause conflicts of interest with the company and its subsidiaries; and/or performance, on their own behalf or on behalf of others, of any transactions that fall under the scope of the commercial

business conducted by the company or its subsidiaries; and/or entering with unlimited liability into cooperation with another company in the same type of business shall be submitted to the General Assembly.

### **THE FINANCIAL BENEFITS PROVIDED TO MANAGEMENT ORGAN MEMBERS AND SENIOR ADMINISTRATORS**

**a) The total amount of benefits like attendance fees, salaries, premiums, bonuses and profit shares provided:**

No payments are made to Board of Director Members within the scope of the articles of association by the General Assembly other than the rights and benefits that are determined for the duty of Board of Director Membership. However, the Executive Board of Director Members receive remuneration for their services.

In this context it has been decided in the 2013 General Assembly Meeting dated March 28, 2014 that a monthly gross fee of 1,000 TL is to be paid to the Board of Directors Chairman, 750 TL gross fee to the Board Members and 250TL per meeting for attendance.

While these criteria are taken into account in the remuneration of independent members, care is taken to preserve the independence of the Independent Board of Directors Members. There are no other financial benefits outside of these.

Within the period the Board Members were paid 161,840 TL and Senior Administrators were paid 1,120,046 TL.

**b)Information about allowances, travel, accommodation and representation expenses and other cash and cash equivalent resources, insurance and similar assurances that have been provided:**

None

### **THE RESEARCH AND DEVELOPMENT WORK OF THE COMPANY**

We have no research and development activities.

## **THE OPERATIONS OF THE COMPANY AND IMPORTANT DEVELOPMENTS CONCERNING THE OPERATIONS**

Our Company's field of activity consists of publishing and printing newspapers, magazines, books, encyclopedias, pamphlets and journals that are daily, weekly, monthly, shorter term, longer term or of uncertain frequency, in Turkish and in foreign languages; in addition to the distributing, selling, delivering and marketing of these products, which are listed in our articles of association.

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

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

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

Despite the fluctuations in the market and intense competition, our company has provided innovations in the field of newspaper and magazine printing that have sustained a well-deserved position in the sector.

The Newspaper, our primary source of income, continues to produce a high quality of print despite the economic crisis in the sector.

Another element in our effort to integrate technology and newspaper publications is the creation of our web portal with an entirely new appearance and user-friendly design.

Another new element is the page size and print quality of our newspaper. Our pages have been downsized in order to cut costs; and at the same time provide a more convenient size for our readers.

In terms of education and culture our newspaper will continue to provide CDs and books to support these subjects.

Türkiye Newspaper, with a successful history throughout 45 years, was presented to readers on September 17, 2013 in an entirely new design. Among the changes were the revision of its logo and the addition of a number of new writers. With an entirely new layout, Türkiye Newspaper also reinforced its staff in subjects like health, culture, the magazine and sports. The initial feedback from the changes implemented at the Newspaper are very positive and this is also reflected in the circulation figures.

### **a) Information about the investments made by the company in the relevant accounting period.**

None

### **b) The internal control system of the company and information regarding the control system and the management's opinion on this subject:**

An Audit Committee has been formed on the Board of Directors and work has been started to form an Internal Audit Department. Procedures will be determined, prepared and put into practice concerning the efficient application of Internal Audit.

### **c) Information on the Company's direct and indirect subsidiaries and shares:**

On December 31, 2014, İhlas Gazetecilik A.Ş. acquired 24% share capital of İhlas Haber Ajansı A.Ş., with a nominal value of TL 3,360,000.

### **d) Information about the company's own shares that it has acquired:**

As of 31.12.2014 there are no shares of its own that have been acquired by İhlas Gazetecilik A.Ş.



**e) Explanations about special audits and public audits done within the accounting period:**

As a publicly traded company, İhlas Gazetecilik undergoes an independent audit twice a year (in June and December). The Capital Markets Board and BIST occasionally request information from the Company for inspection purposes.

**f) Information about lawsuits that have been filed against the company which could affect the financial state of the company and their probable outcome.**

The summary of information concerning cases and debt execution continuing as of December 31, 2014 are provided below:

	Number of Cases	Amount
Execution of debt cases in favor of company	236	4,970,064
Execution of debt cases against company	4	29,805
Lawsuits continuing in favor of company	12	274,977
Lawsuits continuing against company	31	663,596

The consequences and financial impacts of these lawsuits are evaluated at the end of each accounting period and the necessary reserves are set aside according to the best estimates on contingent liabilities. As of December 31, 2014, the Company has set aside TL 71,350 in litigation reserves (December 31, 2013: TL 91,702).

**g) Explanations on any administrative sanctions and fines given to the Company or the members of the Board of Directors due to non-conformance with legal provisions**

There are no administrative sanctions or fines given to the Company or the members of the Board of Directors due to non-conformance with legal provisions.

**h) Information and assessments on whether or not the goals determined in the past have been met, the general assembly decisions have been enforced and if they have not the justifications for this:**

The goals that were set in the past have been fulfilled. The decisions of the March 28 2014 General Assembly meeting and the decision of the September 19, 2014 General Assembly meeting have been enforced.

Our editorial quality which we had brought to a certain level has been raised even higher and this increase in quality has been announced to a wide audience. Social media was used effectively. iPhone, iPad and Android versions of the website were launched.

**i) If any extraordinary general assembly meeting has been held within the period, the meeting date, the decisions made in the meeting and the transactions performed as a result and information about the general assembly:**

During the period January 1, 2014 - December 31, 2014, an Extraordinary General Assembly Meeting was held to discuss the sale of a property (independent sections numbered 2, 3, 4, 5), owned by the Company and located in Istanbul, Bahçelievler, Yenibosna Merkez Mahallesi 29 Ekim Caddesi No: 11, for TL 68,000,000. The Extraordinary General Assembly Meeting was held on September 19, 2014, at 16:00, at the Company's headquarters located at the address: Merkez Mahallesi 29 Ekim Caddesi İhlas Plaza No: 11 34197 Yenibosna-Bahçelievler /İSTANBUL. Seven individuals representing 67% of the Company's share capital attended the Meeting, at which electronic participation was also permitted.

Pursuant to applicable regulations, the sale of the independent sections numbered 2, 3, 4, 5, which are part of the property located in Istanbul Bahçelievler, Yenibosna Merkez Mahallesi 29 Ekim Caddesi No: 11, and owned by our Company, for TL 68,000,000 was approved unanimously by the General Assembly. The deed transactions regarding the sale are completed as of December 29, 2014.

**j) Information about the expenditures made by the company on donations, assistance and social responsibility projects:**

No donations were made in the 01.01.2014-31.12.2014 period. There are no expenditures made in the scope of social responsibility projects.

**k) If it is a company affiliated with a group of companies; legal transactions done with the main company, a company affiliated with the main company or for the benefit of a company that belongs to or is affiliated with the main company on the directions and all other precautions that have been taken for the main company or an affiliation in the previous activity period:**

There is no legal transaction done in favor of the main company or an affiliation on the instructions of the main company in the past period.

There is no precaution done in favor of the main company or an affiliation on the instructions of the main company in the past period.

**l) If it is a company affiliated with a group of companies; at the moment when the legal transaction in article (k) was done or a precaution was taken or avoided, whether or not a suitable counter action was taken according to the state and conditions set by them and whether or not the precaution that was taken or avoided caused damages to the company; and if so whether or not this was offset:**

Since there is no legal action or precaution in the previous term that was done in the benefit of the main company or an affiliate by the instructions of the main company there is no question of any actions, counter, precautions, reasons for the precautions, benefit or losses.

The company has not sustained any losses in the past activity year due to transactions with the main company or affiliates.

**Financial Statement**

<b>Balance Sheet</b>	<b>31.12.2014</b>	<b>Rate Analysis (%)</b>	<b>31.12.2013</b>	<b>Rate Analysis (%)</b>
Current Assets	119,617,685	37.12	72,382,601	27.85
Fixed Assets	202,630,162	62.88	187,567,927	72.15
<b>TOTAL ASSETS</b>	<b>322,247,847</b>	<b>100.00</b>	<b>259,950,528</b>	<b>100.00</b>
Short Term Liabilities	27,091,936	8.41	14,771,698	5.68
Long Term Liabilities	35,678,709	11.07	31,033,995	11.94
Equity	259,477,202	80.52	214,144,835	82.38
<b>TOTAL RESOURCES</b>	<b>322,247,847</b>	<b>100.00</b>	<b>259,950,528</b>	<b>100.00</b>

<b>Income Statement</b>	<b>01.01.2014-31.12.2014</b>	<b>Rate Analysis (%)</b>	<b>01.01.2013-31.12.2013</b>	<b>Rate Analysis (%)</b>
Revenue	95,713,790	100.00	81,715,889	100.00
Cost of Sales (-)	(84,925,137)	-88.73	(80,431,355)	-98.43
<b>GROSS PROFIT/(LOSS)</b>	<b>10.788.653</b>	<b>11,27</b>	<b>1,284,534</b>	<b>1.57</b>
General Administrative Expenses (-)	(30,352,185)	-31.71	(13,607,313)	-16.65
Marketing, Sales and Distribution expenses (-)	(8,520,208)	-8.90	(10,443,347)	-12.78
Other Incomes from Operations	12,422,128	12.98	13,417,307	16.42
Other expenses from Operations	(3,723,211)	-3.89	(4,536,827)	- 5.55
<b>OPERATION PROFIT/( LOSS)</b>	<b>(19,384,823)</b>	<b>-20.25</b>	<b>(13,885,646)</b>	<b>-16.99</b>
Income from Investment Activities	65,111,290	68.03	13,223,810	16.18
Costs from Investment Activities	-	-	-	-
<b>OPERATION PROFIT/(LOSS) BEFORE FINANCING</b>	<b>45,726,467</b>	<b>47.77</b>	<b>(661,836)</b>	<b>- 0.81</b>
Financing Costs (-)	(1,073,772)	-1.12	(1,336,901)	-1.64
Financing Incomes	1,517,882	1.59	2,405,045	2.94
<b>PRETAX PROFIT/(LOSS) FROM ONGOING OPERATIONS</b>	<b>46,170,577</b>	<b>48.24</b>	<b>376,308</b>	<b>0.46</b>
Tax Income/ (Cost) from Ongoing Operations	(161,642)	-0.17	1,895,857	2.32
<b>PERIOD PROFIT/(LOSS) FROM ONGOING OPERATIONS</b>	<b>46,008,935</b>	<b>48.07</b>	<b>2,272,165</b>	<b>2.78</b>
<b>PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PROFIT/(LOSS)</b>	<b>46,008,935</b>	<b>48.07</b>	<b>2,272,165</b>	<b>2.78</b>

The financial tables have been prepared in accordance with the Capital Market Board's provisions of the Series II No. 14.1 "Communiqué on Financial Reporting in the Capital Markets Board" published in the Official Newspaper no. 28676 dated June 13, 2013.

All financial tables and footnotes can be accessed from the [www.ihlasgazetecilik.com.tr](http://www.ihlasgazetecilik.com.tr) address.

**a) The governing organ's analysis and assessment of the financial status and results of activities, the degree to which planned operations were realized and the state of the company in terms of the set strategic goals;**

According to the financial table dated 31.12.2014 data the company's total assets are 322,247,847 TL.

Our company resources are comprised of 27,091,936 TL in Short Term Resources, 35,678,709

TL in Long Term Resources and 259,477,202 TL in Equity.

Our company closed the 01.01.2014-31.12.2014 period with a profit of 46,008,935 TL. The total assets are 322,247,847 TL and there is a corresponding equity of 259,477,202 TL.

The rate of equity against the assets total is 80.52% and the rate of foreign resources against the assets is about 19.48%

The Company runs its operations in accordance with plans.

In the management meeting that are held frequently and at regular intervals the state of the company is assessed and new goals and strategies are set to adapt to changing conditions.

**b) Information about the sales, productivity, revenue production capacity, profitability and debt/equity rate compared to previous years and other matters that provide an idea of the company's operations results and predictions for the future:**

The Company posted revenue of TL 95,713,790 for the accounting period between January 1, 2014 and December 31, 2014. Total revenue was TL 81,715,889 in the accounting period January 1, 2013-December 31, 2013. Net profit stood at TL 2,272,165 and TL 46,008,935 in the accounting periods January 1, 2013-December 31, 2013 and January 1, 2014-December 31, 2014, respectively.

The payables/equity ratio of our company as of December 31, 2014 is 24.19.

	01.01.2014 -31.12.2014	01.01.2013-31.12.2013
<b>Paid-in Capital</b>	120,000,000	120,000,000
<b>Equity</b>	259,477,202	214,144,835
<b>Assets Size</b>	322,247,847	259,950,528
<b>Pretax Period Profit/(Loss)</b>	46,170,577	376,308
<b>Tax Cost/(Income) Ongoing Operations</b>	(161,642)	1,895,857
<b>-Period Tax Costs/(Income)</b>	(640,195)	-
<b>-Deferred Tax Costs/(Income)</b>	478,553	1,895,857
<b>Period Net Profit /(Loss)</b>	46,008,935	2,272,165

İhlas Gazetecilik A.Ş.'s areas of operation include printing and the Türkiye Newspaper. Our Company's income is in Turkish Liras, but paper expenses, the primary raw material, are in U.S. dollars. Therefore, the rapid rise of the U.S. dollar has a negative impact on our income statement. Also, it's not possible to immediately reflect costs in the prices in this highly competitive printing industry.

The revenues of Türkiye Newspaper, our other area of business, consist of advertising and sales revenues, which are determined by circulation and reach figures.

Sales revenue is directly proportional to circulation, whereas advertising revenue is directly proportional to readership. Our Company's management has recently undertaken some

initiatives to increase Türkiye Newspaper's circulation. As a result, average daily circulation reached 169,046 copies in the 12-month period in 2014. Celebrating its 45<sup>th</sup> anniversary in publishing, and boasting a history of great achievements, Türkiye Newspaper met its readers with an entirely new look on September 17, 2013. The Newspaper revised its logo and strengthened its editorial staff with the acquisition of prominent writers. These changes are also reflected in the newspaper's circulation figures.

**c) Management's assessment on whether the Company suffers capital loss or insolvency:**

An evaluation of the Shareholders' Equity presented in the Company's financial statements dated December 31, 2014 shows that the Company doesn't suffer any capital losses or insolvency.

The aforementioned account group includes the following:

	<b>01.01.2014-31.12.2014</b>
<b>Shareholders' Equity</b>	<b>259,477,202</b>
<b>Issued Capital</b>	120,000,000
Capital Correction Differences	38,494,868
Other Comprehensive Income and Expenses That Will Not Be Reclassified Subsequently to Profit or Loss	4,338,590
- Revaluation Measurement Profit/Loss	4,858,142
Other- Profit/Loss	(519,552)
<b>Restricted Reserves from Profits</b>	957,185
<b>Profit/(Loss) from Previous Years</b>	49,677,624
<b>Net Current Profit/(Loss)</b>	<b>46,008,935</b>

**d) Precautions that are considered for improving the financial structure of the company, if any:**

The company plans to make short term financial liabilities, long term liabilities within the present economic conditions to make an improvement.

Efforts and controls to further improve the Company's asset-liability balance and to ensure effective cash management continue.

**e) Information about the profit distribution policy and if profit will not be distributed the reasons for this as well as how the undistributed profit is to be used:**

Within the framework of our Company's public disclosure policy, the "Dividend Distribution Policy for 2010 and Subsequent Years", which was presented to the Board of Directors by the corporate Governance Committee upon the committee's recommendation no: 2011/05 and dated: 18.03.2011, was disclosed to the public on the Company's annual report and website. Our Company's Dividend Distribution Policy was presented to shareholders for their information, and accepted in the first ordinary general assembly meeting. There are no privileges with respect to participation in the Company's profit. The Board of Directors of the Company aims at stable dividend distribution for as long as circumstances allow. However, the authority of arbitration on dividend distribution in accordance with Turkish Commercial Code belongs to the General Assembly. Within this context, the "net distributable profit for the period" calculated by taking the financial statements prepared to the standard specified by the Capital Markets Board into consideration, will be subject to distribution at the ratio determined by the Capital Markets Board, if an obligation of distribution is imposed by the Capital Markets Board for companies

whose shares are traded on the Stock Exchange.

However, if an obligation of distribution is not imposed by the Capital Markets Board for companies whose shares are traded on the Stock Exchange, it will be subject to distribution at the ratio determined by the General Assembly. Profit distribution is described in detail in the 29<sup>th</sup> and 30<sup>th</sup> articles of our main contract.

- a) The portion of revenue that should be legally set aside according to the Turkish Trade Act, Tax Procedural Law, Capital Markets Law, Principles of the Capital Markets Board and related articles of the Company's articles of association is set aside. Once set aside, the distributable revenue is determined.
- b) Profit will be allocated in proportion with the minimum profit share amount designated by the Capital Markets Board, by taking our Company's investment and financing plans, strategic objectives, fund requirements arising from the working capital and the interests of the shareholders into consideration. Arising needs of the Company's growth trend, profitability, strategic objectives, investment projects and net working capital will also be taken into consideration. The related articles of the Turkish Trade Act, Tax Procedural Law, Capital Markets Law, Principles of the Capital Markets Board and related articles of the Company's articles of association will be complied with. Bearing in mind the potential profit share of the Company, the Executive Board can always decide to share more than the minimum profit allocation amount and propose this to the Board of Directors for approval.

- c) Once the profit sharing decision is made, it is up to the Board to decide on the method. It can be either cash and /or opt for a bonus share. This is then proposed to the General Assembly for approval.
- d) There is no question of privileges in profit distribution. The profit is distributed equally between all existing shareholders no matter what the issuance and acquisition dates may be.
- e) There is no article in the articles of association on profit allocation to managers and employees.
- f) The shared profit will be distributed within legal regulations and article 30 of the Company's articles of association following the approval of the General Assembly of Shareholders and on the date decided once again by the Board of Directors.
- g) Referring to article 29 of the articles of association, if the Board of Directors authorizes the Executive Board, and with the decision of the Executive Board, it is possible to give advance profit share to our partners.
- h) The management informs the public on donations and charity work made during the year and those that are planned to be made at the end of the year. Moreover, donations made and grants given are also included in the Board of Directors' Annual Report which is disclosed to the public in three-month intervals.

Articles 29 and 30 of our Articles of Association are as follows:

### **DETECTION AND DISTRIBUTION OF PROFIT**

Article - 29:

#### **A. Dividends**

Dividend is designated based on the Turkish Trade Act, Capital Markets Law and generally accepted accounting principles. After the deduction of amounts such as the Company's general overheads or various depreciation costs that must be paid or set aside by the Company, and taxes that must be paid out by the company from its income

determined at the end of the year, the balance and, if applicable, the net profit on the annual financial statement, shall be deducted from the total sum of the losses from the previous years and distributed in the following manner:

#### **First Legal Reserves**

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

#### **First Dividends**

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

#### **Second Dividends**

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

#### **General Legal Reserves**

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

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

Unless the statutory reserves and the first dividends specified in the Articles of Association have been set aside, no decision may be taken to set aside further reserves or to carry forward the profit to the following year. Unless

the first dividends are paid out, no decision may be taken regarding the participation of holders of preferential shares in dividends or for the distribution of dividends to holders of founders' shares or ordinary bonus shares, to Board Members, employees and workers, or to foundations established for various purposes, or to such persons and/or organizations.

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

g. The General Assembly makes the final decision on when and by which means distributable profit will be distributed upon the Board of Directors' proposal. Such payments shall be carried out in accordance with the provisions of the Capital Markets Law.

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

#### **B. Dividend Advance Payments**

The Board of Directors may complete dividend advance payments provided such that authorization is granted to the Board of Directors by the General Assembly, and that such payments are in compliance with the Capital Markets Law and other Capital Market Board regulations. The authorization of advance dividend payments as granted by the General Assembly to the Board of Directors is limited to the year that such authorization is granted.

No resolution may be undertaken concerning the payment of an additional dividend advance and/or for dividend payment unless the dividend advance for the previous year is totally offset.

#### **DATE FOR PROFIT DISTRIBUTION**

##### **Article 30:**

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

#### **Proposal for the Distribution of Dividends**

At the end of the accounting period of 2013:

Net profit for the period is reported as TL 2,272,165 in the balance sheet prepared in accordance with CMB's (Capital Markets Board) "Communiqué on the Principles of Financial Reporting in Capital Markets" (Serial II, No: 14.1) and International Accounting/Financial Reporting Standards.

The legal records prepared according to the Tax Procedure Law show a net loss of TL 7,093,830.60 for the period.

Since no distributable profit has materialized from the Company's 2013 operations according to the Tax Procedure Law, the General Assembly decided not to distribute any profit as per the Board of Directors' proposal.

#### **RISKS AND THE ASSESSMENT OF THE GOVERNANCE ORGAN**

a) Information about the risk management policy that the company will implement against risks: Our company is generally exposed to the following risks

- Collection Risk
- Exchange Rate Risk
- Liquidity Risk

##### **Collection Risk**

A collection risk might be an issue for the Company, due to the Company's trade receivables in general. Trade receivables are evaluated by the Company management in light of market conditions and by taking past experiences into consideration. After this evaluation, a provision for doubtful receivables is allocated accordingly.

##### **Foreign Currency Risk**

Foreign currency risk occurs due to changes in the value of a financial instrument which depend on changes in foreign currency exchange rates. In situations where Exchange rates increase in favor of the TL (when the TL loses value against foreign currencies) a foreign currency risk is formed.

### Liquidity Risk

The liquidity risk refers to the risk of encountering difficulties in providing funds to fulfill an entity's commitments regarding its financial instruments. The Company has been managing its liquidity risk by balancing the distribution of its assets and liabilities over time.

### b) Information concerning the work and reports on early risks detection and management

In accordance with Article 4.5.1 of the Communiqué (Series: IV No:63-Article6) concerning the amendment of the Communiqué on the Determination and Application of Corporate Governance Principles (Series: IV, No:63-Article6) which went into force after publication in Official Newspaper no. 28567 on February 22, 2013; by decision no. 2013/14 on 12.03.2013 of our Company Board of Directors a separate "Early Risk Detection and Management Committee" was formed to operate under our board and independent board member Mr. Nazmi Örs was assigned as chairman while board member Mr. Orhan Tanışman was assigned as the committee member.

Risk Management is the identification, assessment, prioritization, monitoring and reporting the risks that the Company may encounter during its activities, deciding on the precautions to be taken and the strategies to be implemented and organizing the procedures and principles that will be applied.

The Company is currently in the progress of developing a risk management model. Pursuant to CMB's Communiqué Serial II, No: 17.1 and Article 378 of the Turkish Commercial Code, the Committee for the Early Detection and Management of Risks prepared a "Risk Assessment and Risk Management Process Chart", "Risk Assessment Report", "Risk Probability Chart", "Risk Impact Chart", "Probability-Impact Matrix", "Risk Control Matrix", "Risk Level Management Action Table", "Assessment of the Effects of Risk Exposure", "Assessment of Risk Exposure Control Limits", "Evaluation of Current Strategies", and "Assessment of Risk Exposure Levels". The Company's Board of Directors studied these reports and approved the continuation of the process. The main risks and specific risks outlined

in the Risk Assessment Report have been reflected in the "Categories and Risk Classes Table".

As a result of this work five main categories have been determined;

- Strategic Management and Investment Category
- Product/Service Category
- Finance Category
- Workforce Category
- Information Category

### The goals in Financial Risk Management

The company monitors financial risks by following the developments in the domestic and foreign markets to observe and manage the level and size of financial risks that the company may encounter during operations. Among the identified financial risks of the company are currency exchange risks, interest rate risks and liquidity risks. While the Company has no risk management model defined the company manages risks with the decisions and applications decided on by the management. A corporate risk management model is planned to be form and the work on this is ongoing.

### c) Future risks related to subjects like sales, productivity, capacity to create income, profitability and debt/equity ratio.

In previous activity periods we did not encounter any risks on their own or along with the other risks we have identified which would threaten the existence of our Company. Although the presence of such risks is impossible to predict is such exceptional risks occur they may impact our production amount and our profitability. Despite all this we have not identified a risk that could threaten the existence of our Company.

### OTHER MATTERS

#### 1) Explanations concerning especially significant events that will occur after the activity period has ended and might impact the rights of partners, creditors and other relevant individuals and companies:

None



## 2) Additional Information:

### a) Amendments made to the articles of association within the period and their reasons:

Amendments to the Company's Articles of Association during the accounting period: As per the Board of Directors' Resolution dated December 3, 2014 and numbered 2014/30, and in accordance with the Communiqué on the Registered Capital System (II-18.1), the second section titled "Procedures and Principles Related to the Registered Capital System", it was decided to apply to the Capital Markets Board and the Ministry of Customs and Trade to obtain the necessary permissions to keep the Company's registered capital of TL 240,000,000 (two hundred forty million), as currently set out in Article 6 ("Share Capital and Classes of Shares") of the Company's Articles of Association, valid for 5 more years; to extend the period of the permitted Registered Capital Ceiling for another five years (until the end of 2018), and accordingly to amend Article 6 entitled "Share Capital and Classes of Shares" in the Company's Articles of Association. The Capital Markets Board approved the Company's application with a permission letter dated December 16, 2014 and numbered 29833736-110.03.02-2543/12155. Subsequently, the Company applied to the Ministry of Customs and Trade to obtain approval for the aforementioned amendment, and the Ministry approved the amendment on December 22, 2014 with a permission letter numbered 67300147/431.02.

It was decided to discuss the aforementioned amendment at the 2014 Ordinary General Assembly Meeting.

### b) The nature and amount of the company's financing sources and if any, issued capital markets instruments.

There are no issued capital market instruments within the period.

### c) Information regarding the sector in which the company operates and its position in the sector, the features of the production departments in the company, general explanations about the sales amounts and prices, sales conditions and developments in these throughout the year, productivity rates and the reasons for important changes in these compared to previous years:

İhlas Gazetecilik was founded on 15.08.2000. After the amendments made to the articles of association the company's main fields of activity are printing and producing newspapers and magazines.

Although the articles of association have been made greatly comprehensive in this way, as of the Newspaper reporting date the company has actively only been operating in printing and broadcasting under its own legal entity.

İhlas Gazetecilik A.Ş. will continue its advancements in the online world and will further strengthen the Türkiye brand.

The average daily net sales of daily newspapers for the 12-month period and the share of Türkiye Newspaper are presented in the chart below:

	NEWSPAPERS	2014 YEAR OF THE 12-MONTHS AVERAGE DAILY NET SALES
1	ZAMAN	996,177
2	POSTA	402,457
3	HÜRRİYET	382,330
4	SÖZCÜ	355,546
5	SABAH	318,177
6	FOTOMAÇ	192,814
7	HABERTÜRK	192,076
<b>8</b>	<b>TÜRKİYE</b>	<b>169,046</b>
9	MİLLİYET	162,243
10	BUGÜN	152,184
11	STAR	124,607
12	YENİ ŞAFAK	116,460
13	TAKVİM	108,721
14	AKŞAM	103,279
15	GÜNEŞ	102,739
16	VATAN	102,679
17	TARAF	66,113
18	CUMHURİYET	52,237
19	YENİ ASYA	52,074
20	YENİ AKİT	35,638

### d) Developments in Investments, Status in Benefiting from Incentives and the Extent to Which the Company Benefited from Incentives: **The Company doesn't benefit from any incentives.**

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

<b>Circulation Table of Türkiye Newspaper in 2014 By Month</b>			
<b>MONTHS</b>	<b>2014</b>	<b>2014 Daily Circulation</b>	<b>2013</b>
January	5,679,756	183,218	5,284,001
February	5,145,529	183,769	4,860,421
March	5,501,674	177,473	5,458,807
April	5,207,321	173,577	5,362,822
May	5,091,314	164,235	5,585,540
June	4,924,220	164,140	5,427,581
July	5,083,905	163,996	5,632,751
August	5,109,216	164,813	5,617,310
September	4,935,103	164,503	5,474,619
October	5,044,903	162,738	5,588,853
November	4,882,620	162,754	5,440,738
December	5,063,704	163,345	5,649,090

The average daily capacity utilization rates of the Company's printing facilities for the 12-month period in 2014 are presented below.

<b>Printing Center</b>	<b>Türkiye Newspaper Amount Printed</b>	<b>Other Newspaper Amount Printed</b>	<b>Printing Capacity</b>
Istanbul	82,272	769,506	1,351,600
Ankara	37,992	38,425	284,000
Izmir	28,417	27,218	284,000
Adana	20,886	36,858	240,000
Antalya	8,264	26,389	150,000
Trabzon	21,493	28,859	150,000
<b>TOTAL</b>	<b>199,324</b>	<b>927,255</b>	<b>2,459,600</b>

\*The amount printed also contains outsource printing in addition to the Türkiye Newspaper.

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

In 2014, the Company's sales revenue increased 17.13% over the previous year.

<b>Media Activities</b>	<b>01.01-31.12.2014</b>	<b>01.01-31.12.2013</b>
Türkiye Newspaper Sales and Advertising Sales Income (Net)	34,837,441	31,266,388
Income of Contract Manufacturing and Other Sales (Net)	60,876,349	50,449,501
Total Media Sales Income (Net)	95,713,790	81,715,889
Total Media Sales Costs (-)	(84,925,137)	(80,431,355)
Gross Sales Profit in Media Activities	10,788,653	1,284,534

**Sales Conditions:**

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

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

<b>Financial Indicators</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
Revenue	95,713,790	81,715,889
Total Assets	322,247,847	259,950,528
Net Profit/Loss	46,008,935	2,272,165
<b>Earnings Per Share</b>		
Profit/(Loss) Per Share From	0,383	0,019
<b>Liquidity Rate (%)</b>		
Current Ratio	4.42	4.90
Cash Ratio	0.03	0.03
<b>Financial Structure Rates (%)</b>		
Total Debts/Equity	0.24	0.21
Short Term Debts/Equity	0.10	0.07
Long Term Debts/Equity	0.14	0.14

h) Information required to be presented to partners concerning related party transactions and balances in accordance with regulations:

#### Related Part Disclosures

A. The Company's transactions and outstanding balances (net book value) with its partners, and other entities, with which it is indirectly related concerning its capital structure, management or business operations, and key employees as of December 31, 2014 and December 31, 2013 are presented below:

<b>Receivables from Partners and Parties Related to Partners</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
İhlas Holding A.Ş.	2,107,441	1,334,938
İhlas Pazarlama A.Ş.	1,644,252	5,621,116
İletişim Magazin Gazt. Yayın San. ve Tic. A.Ş.	994,630	839,022
İleri Haber Ajansı Tanıtım İletişim ve Teknik Hizmetleri Tic. A.Ş.	732,541	-
TGRT Haber TV A.Ş.	678,170	1,963,275
Mute Grup Medya İç ve Dış Ticaret A.Ş.	484,852	506,067
İhlas Medya Planlama ve Satılma Hiz. Ltd. Şti.	274,871	254,089
İhlas Yayın Holding A.Ş.	124,960	77,204
İstmag Magazin Gazetecilik Yayıncılık İç ve Dış Tic. Ltd. Şti.	112,370	129
İhlas Haber Ajansı A.Ş.	51,464	-
Bisan Bisiklet Moped Oto. San. Tic. A.Ş.	45,513	39,644
İhlas Vakfı Yurt ve Eğitim Hizmetleri İktisadi İşletmesi	33,666	-
İhlas Yapı Turizm ve Sağlık A.Ş.	24,150	128,711
Kuzuluk Kaplıca İnşaat Turizm Sağlık ve Petrol Ürünleri Tic. A.Ş.	11,023	22,300
Mir Maden İşletmeciliği Enerji ve Kimya San. Ltd. Şti.	8,576	1,127
Kam Gayrimenkul Proje ve İnşaat Ltd. Şti.	4,213	-
Detes Enerji Üretim A.Ş.	3,975	6,320
İhlas İnşaat Proje Taahhüt Turizm ve Tic. A.Ş.	3,766	329
İhlas Net A.Ş.	2,960	6,414
Antalya İmar Ltd. Şti.	2,008	11,265
Net İletişim Hizmetleri Elek. San. ve Tic. Ltd. Şti.	1,676	387
Voli Fuar Hizmetleri A.Ş.	-	75,505
İhlas Motor A.Ş.	-	66,595
Dijital Varlıklar Görsel Medya ve İnternet Hiz. Ltd. Şti.	-	32,192
Abdurrahman Gök	-	13,601
İhlas Holding A.Ş.-İhlas Yapı Turizm ve Sağlık A.Ş. Ortak Girişimi 3	-	11,265
İhlas Holding A.Ş.-İhlas Yayın Holding A.Ş. ve İhlas Pazarlama A.Ş. Ortak Girişimi	-	5,633
Plus Gayrimenkul Ticaret A.Ş.	-	3,410
İhlas Pazarlama Yatırım Holding A.Ş.	-	1,237
İhlas Vakfı	-	1,168
In Liquidation İhlas Oxford Mortgage İnşaat ve Ticaret A.Ş.	-	891
İhlas İnşaat Holding A.Ş.	-	799
VAV İnternet Hiz. Paz. Tic. Ltd. Şti.	-	384
Kristal Kola ve Meşrubat Sanayi Ticaret A.Ş.	-	20
<b>Total</b>	<b>7,347,077</b>	<b>11,025,037</b>

<b>Payables to Partners and Parties Related to Partners</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
İhlas Ev Aletleri İmalat Sanayi Ticaret A.Ş.	923,200	12,503
TGRT Haber TV A.Ş.	869,006	-
İhlas Madencilik A.Ş.	690,353	470,572
KPT Lojistik Taşımacılık Tur. Rek. Paz. İç ve Dış Tic. A.Ş.	79,650	32,985
Dijital Varlıklar Görsel Medya ve İnternet Hiz. Ltd. Şti.	77,300	-
Abdurrahman Gök	60,186	-
Şifa Yemek ve Gıda Üretim Tesisleri Tic. A.Ş.	55,831	123,431
Voli Turizm Seyahat Tic. Ltd. Şti.	2,385	411
İhlas Net A.Ş.	10	-
Fikirevim Reklamcılık Görsel Etkinlikler Tic. Ltd. Şti.	-	2,307,126
İhlas Genel Antrepo Nakliyat ve Tic. A.Ş.	-	38,609
İhlas Holding A.Ş.	-	33,496
İhlas Haber Ajansı A.Ş.	-	18,691
İhlas Vakfı Yurt ve Eğitim Hizmetleri İktisadi İşletmesi	-	2,993
<b>Total</b>	<b>2,757,921</b>	<b>3,040,817</b>

<b>Other Receivables</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
İhlas Holding A.Ş. <sup>(*)</sup>	46,958,502	-
<b>Total</b>	<b>46,958,502</b>	<b>-</b>

<sup>(\*)</sup> It is a financial receivable.

<b>Advances Given</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
İhlas İnşaat Proje Taahhüt Turizm ve Tic. A.Ş.	215,622	215,622
<b>Total</b>	<b>215,622</b>	<b>215,622</b>

<b>Advances Received</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
İhlas Dış Ticaret A.Ş.	272	-
<b>Total</b>	<b>272</b>	<b>-</b>

B. The Company's sales and purchase transactions (including late interest) with its partners and other entities, with which it is indirectly related concerning its capital structure, management or business operations, during the periods December 31, 2014 and December 31, 2013 are presented below:

01.01-31.12.2014	Sales of Goods & Services and Advertisement	Purchases of Goods & Services and Advertisement
İletişim Magazin Gazt. Yayın San. ve Tic. A.Ş.	1,144,402	-
İleri Haber Ajansı Tanıtım İletişim ve Teknik Hizmetleri Tic. A.Ş.	1,053,886	-
Fikirevim Reklamcılık Görsel Etkinlikler Tic. Ltd. Şti.	689,300	261,342
İhlas Ev Aletleri İmalat San. Tic. A.Ş.	498,036	-
Mute Grup Medya İç ve Dış Ticaret A.Ş.	490,550	1,992
İstmag Magazin Gazetecilik Yayıncılık İç ve Dış Tic. Ltd. Şti.	349,208	-
TGRT Haber TV A.Ş.	236,601	980,000
İhlas Holding A.Ş.	228,367	3,550,866
İhlas Medya Planlama ve Satınalma Hiz. Ltd. Şti.	215,932	-
İhlas Vakfı Yurt ve Eğitim Hizmetleri İktisadi İşletmesi	156,077	15,496
İhlas Pazarlama A.Ş.	130,763	169
Voli Fuar Hizmetleri A.Ş.	65,067	-
İhlas Yayın Holding A.Ş.	58,864	-
Bisan Bisiklet Moped Oto. San. Tic. A.Ş.	56,329	-
Kuzuluk Kaplıca İnşaat Turizm Sağlık ve Petrol Ürünleri Tic. A.Ş.	15,484	-
KPT Lojistik Taşımacılık Tur. Rek. Paz. İç ve Dış Tic. A.Ş.	12,475	721,249
İhlas İnşaat Proje Taahhüt Turizm ve Tic. A.Ş.	9,330	-
Armutlu Tatil ve Turizm İşletmeleri A.Ş.	7,254	52
İhlas Haber Ajansı A.Ş.	6,701	120,587
İhlas Vakfı	3,743	-
İhlas Net A.Ş.	1,970	59,445
Bisiklet Pazarlama ve Tic. A.Ş.	1,500	-
Net İletişim Hizmetleri Elek. San. ve Tic. Ltd. Şti.	1,226	-
In Liquidation İhlas Finans Kurumu A.Ş.	710	-
İhlas Yapı Turizm ve Sağlık A.Ş.	618	-
İhlas Madencilik A.Ş.	601	-
Kristal Kola ve Meşrubat Sanayi Ticaret A.Ş.	470	-
Şifa Yemek ve Gıda Üretim Tesisleri Tic. A.Ş.	443	227,183
Klas Dış Ticaret A.Ş.	400	-
Dijital Varlıklar Görsel Medya ve İnternet Hiz. Ltd. Şti.	345	88,051
CDC Kurumsal Gelişim Merkezi Ltd. Şti.	160	-
Kristal Gıda Dağıtım Pazarlama San. ve Tic. A.Ş.	108	-
TGRT Dijital TV A.Ş.	60	-
Voli Turizm Seyahat Tic. Ltd. Şti.	-	32,521
Other related parties	1,556	95,840
<b>Total</b>	<b>5,438,536</b>	<b>6,154,793</b>

01.01-31.12.2013	Sales of Goods & Services and Advertisement	Purchases of Goods & Services and Advertisement
İhlas Pazarlama A.Ş.	1,683,855	3,853,284
İletişim Magazin Gazt. Yan. San ve Tic. A.Ş.	1,475,983	6,536
İhlas Medya Trade Center GMBH	780,715	773,758
Fikirevim Reklamcılık Görsel Etkinlikler Tic. Ltd. Şti.	683,738	2,794,969
Mute Grup Medya İç ve Dış Ticaret A.Ş.	568,166	-
İhlas Ev Aletleri İmalat San. Tic. A.Ş.	452,281	495,330
İhlas Medya Planlama ve Satınalma Hiz. Ltd. Şti.	250,730	-
İhlas Holding A.Ş.	192,421	704,866
İhlas Vakfı Yurt ve Eğitim Hizmetleri İktisadi İşletmesi	108,442	6,000
İhlas Fuar Hizmetleri A.Ş.	97,818	-
TGRT Haber TV A.Ş.	95,949	123,879
İhlas Yayın Holding A.Ş.	82,582	89,515
Bisan Bisiklet Moped Oto. San. Tic. A.Ş.	68,283	-
İhlas Vakfı	32,319	-
Armutlu Tatil ve Turizm İşletmeleri A.Ş.	14,176	3,216
İhlas İnşaat Proje Taahhüt Turizm ve Tic. A.Ş.	12,942	-
Kuzuluk Kaplıca İnşaat Turizm Sağlık ve Petrol Ürünleri Tic. A.Ş.	12,640	-
İhlas Haber Ajansı A.Ş.	9,513	120,000
İhlas Motor A.Ş.	7,042	-
Şifa Yemek ve Gıda Üretim Tesisleri Tic. A.Ş.	6,930	704,082
Dijital Varlıklar Görsel Medya ve İnternet Hiz. Ltd. Şti.	5,310	46,920
İhlas Madencilik A.Ş.	3,254	208,385
Kristal Gıda Dağıtım Pazarlama San. ve Tic. A.Ş.	3,179	71
Klas Dış Ticaret A.Ş.	3,154	-
İhlas Net A.Ş.	2,841	59,344
KPT Lojistik Taşımacılık Tur. Rek. Paz. İç ve Dış Tic. A.Ş.	2,519	732,396
TGRT Dijital TV Hizmetleri A.Ş.	2,500	-
Konak İnş. Proje Taah. Tic. Tur. A.Ş.	1,750	-
İhlas Dış Ticaret A.Ş.	1,248	-
İhlas Genel Antrepo Nakliyat ve Tic. A.Ş.	974	64,474
VAV İnternet Hiz. Paz. Tic. Ltd. Şti.	938	-
Kristal Kola ve Meşrubat Sanayi Ticaret A.Ş.	606	-
Yakamoz Sektörel Petrol Ürünleri Yapı Gıda Ltd. Şti.	570	-
In Liquidation İhlas Finans Kurumu A.Ş.	480	-
Net İletişim Hizmetleri	361	-
Çağlar Sağlık Güzellik ve Ev Aletleri Paz. İth. ve İhracat A.Ş.	230	-
CDC Kurumsal Gelişim Merkezi Ltd. Şti.	128	-
Ekip Teknoloji Bilişim Hiz. Ltd. Şti.	17	-
Voli Turizm Seyahat Tic. Ltd. Şti.	-	52,849
Milenyum Oto Kiralama ve Otom. Tur. Tic. Ltd. Şti.	-	9,300
Other related parties	2,646	87,058
<b>Total</b>	<b>6,669,230</b>	<b>10,936,232</b>

C. Interest and rate payments received by the Company from its partners and other entities, with which it is indirectly related concerning its capital structure, management or business operations, and other income/expenses during the periods December 31, 2014 and December 31, 2013 are presented below:

01.01-31.12.2014	Interest Income	Rent Income	Interest Expense	Rent Expense
İhlas Pazarlama A.Ş.	553,686	74,630	-	-
İhlas Holding A.Ş.	453,455	964,488	-	699,804
TGRT Haber TV A.Ş.	371,645	142,800	-	-
İhlas Medya Planlama ve Satınalma Hiz. Ltd. Şti.	39,082	5,235	-	-
İhlas Dış Ticaret A.Ş.	28,486	2,040	-	-
İhlas Motor A.Ş.	18,760	-	-	-
Dijital Varlıklar Görsel Medya ve İnternet Hiz. Ltd. Şti.	14,404	34,800	-	-
Voli Fuar Hizmetleri A.Ş.	12,504	-	-	-
İhlas Yayın Holding A.Ş.	9,360	46,384	-	-
Mir Maden İşletmeciliği Enerji ve Kimya San. Ltd. Şti.	8,114	-	-	-
TGRT Dijital TV Hizmetleri A.Ş.	3,166	44,268	-	-
Detes Enerji Üretim A.Ş.	1,721	2,040	-	-
İhlas Yapı Turizm ve Sağlık A.Ş.	-	270,000	-	-
In Liquidation İhlas Finans Kurumu A.Ş.	-	175,800	-	-
Antalya İmar Ltd. Şti.	-	22,800	-	-
Kristal Kola ve Meşrubat Sanayi Ticaret A.Ş.	-	5,100	-	-
İhlas Haber Ajansı A.Ş.	-	3,496	-	-
İhlas Holding A.Ş. - İhlas Yapı Turizm ve Sağlık A.Ş. Ortak Girişimi-4	-	3,350	-	-
İhlas Holding A.Ş.-İhlas Yayın Holding A.Ş. ve İhlas Pazarlama A.Ş. Ortak Girişimi	-	3,100	-	-
İhlas Yapı Turizm ve Sağlık A.Ş.-	-	-	-	-
Kam Gayrimenkul Proje ve İnşaat Ltd. Şti. Ordinary Partnership	-	2,126	-	-
Kam Gayrimenkul Proje ve İnşaat Ltd. Şti.	-	2,040	-	-
Fikirevim Reklamcılık Görsel Etkinlikler Tic. Ltd. Şti.	-	672	-	-
İhlas Madencilik A.Ş.	-	-	65,567	251,226
İhlas Ev Aletleri İmalat San. Tic. A.Ş.	-	-	50,758	797,340
Other Related Parties	-	-	-	526
<b>Total</b>	<b>1,514,383</b>	<b>1,805,169</b>	<b>116,325</b>	<b>1,748,896</b>



01.01-31.12.2013	Interest Income	Rent Income	Interest Expense	Rent Expense
İhlas Pazarlama A.Ş.	1,891,820	218,490	-	-
TGRT Haber TV A.Ş.	293,705	206,391	-	-
İhlas Holding A.Ş.	165,711	472,206	-	364,719
İhlas Medya Planlama ve Satınalma Hiz. Ltd. Şti.	22,181	60,143	-	-
İhlas Fuar Hizmetleri A.Ş.	6,786	-	-	-
İhlas Yayın Holding A.Ş.	6,317	58,220	305	-
İhlas Dış Ticaret A.Ş.	3,000	4,981	-	-
İhlas Motor A.Ş.	1,947	1,816	-	-
İhlas Yapı Turizm ve Sağlık A.Ş.	-	119,898	-	-
In Liquidation İhlas Finans Kurumu A.Ş.	-	101,777	-	-
İhlas Holding A.Ş. - İhlas Yapı Turizm ve Sağlık A.Ş. Ortak Girişimi-4	-	9,685	-	-
Antalya İmar Ltd. Şti.	-	9,685	-	-
TGRT Dijital TV Hizmetleri A.Ş.	-	8,301	-	-
Fikirevim Reklamcılık Görsel Etkinlikler Tic. Ltd. Şti.	-	7,720	-	-
Plus Gayrimenkul Ticaret A.Ş.	-	6,706	-	-
İhlas Holding A.Ş.-İhlas Yayın Holding A.Ş. ve İhlas Pazarlama A.Ş. Ortak Girişimi	-	4,842	-	-
İhlas Haber Ajansı A.Ş.	-	3,345	-	-
In Liquidation İhlas Oxford Mortgage İnşaat ve Tic. A.Ş.	-	1,107	-	-
Armutlu Tatil ve Turizm İşletmeleri A.Ş.	-	865	-	-
Detes Enerji Üretim A.Ş.	-	623	-	-
Kuzuluk Kaplıca İnşaat Turizm Sağlık ve Petrol Ürünleri Tic. A.Ş.	-	519	-	-
İhlas Ev Aletleri İmalat San. Tic. A.Ş.	-	346	21,343	-
Mir Maden İşletmeciliği Enerji ve Kimya San. Ltd. Şti.	-	173	-	-
İhlas İnşaat Holding A.Ş.	-	173	-	-
İhlas Pazarlama Yatırım Holding A.Ş.	-	173	-	-
İhlas Madencilik A.Ş.	-	-	42,623	-
Other Related Parties	-	31,870	-	-
<b>Total</b>	<b>2,391,467</b>	<b>1,330,055</b>	<b>64,271</b>	<b>364,719</b>

**01.01-31.12.2014**

**Fixed Assets Sales**

Ahmet Mücahid Ören	200,990
Ceyhan Aral	54,455
<b>Total</b>	<b>255,445</b>

**01.01-31.12.2013**

**Fixed Assets Sales**

**Fixed Assets Purchases**

İhlas Holding A.Ş.	6,000,000	-
Klas Dış Ticaret A.Ş.	-	12,712
Mute Grup Medya İç ve Dış Ticaret A.Ş.	-	10,000
Bisiklet Pazarlama ve Tic. A.Ş.	-	1,510
Other Related Parties	37,624	-
<b>Total</b>	<b>6,037,624</b>	<b>24,222</b>

i) Other matters not included in the financial tables but beneficial for the users to know:

None

Report in Compliance With Corporate Governance Principles

## **SECTION I. DECLARATION OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES**

### **a) Compulsory Principles that we fail to implement and reasons:**

İhlas Gazetecilik A.Ş. pays utmost attention to comply with the Corporate Governance Principles of the Capital Markets Board. Within the period, our company achieved compliance with all compulsory Corporate Governance Principles stipulated in the Capital Markets Board's "Corporate Governance Communiqué" n.II-17.1. On the other hand, we are currently working on making arrangements on complying with the non-compulsory principles.

Our Company is in the third group within the scope of determining the compulsory Corporate Governance Principles, and thus; third paragraph of the principle n.(4.3.7.) and second paragraph of the principle n.(4.3.8.), are not among the compulsory principles for our Company.

### **b) Non-Compulsory Principles that we do not implement and reasons:**

For Principles that we do not implement, we keep track of the latest CMB legislations and developments, and continue to work on achieving full compliance within the shortest timeframe.

İhlas Gazetecilik A.Ş., owner of Türkiye Newspaper that has been published for 45 years, started complying with the Corporate Governance Principles before the public offering, and thus structured its Board of Directors in conformity with the Corporate Governance Principles, and established the Investor Relations Department. Ms. Betül Üstün, who has a "Capital Markets Advanced Level License", has been carrying out tasks to achieve the coordination (i) in fulfilling the obligations of the corporation arising from the capital markets legislation after the public offering, and (ii) in Corporate Governance implementations.

Within the scope of CMB's Corporate Governance Communiqué" n.II-17.1 that entered into force via Official Gazette n.28871 (date: 3<sup>rd</sup> of January 2014), our Company began working on compliance at the Company as of the same date.

In the annual reports and the corporate website that are prepared within the framework of the Corporate Governance Principles, we pay attention to comply with the principles. Investor Relations Department, provides information to our shareholders through the continuously updated website.

One third of the Board of Directors where the Chairman of the Board of Directors and the CEO are different persons, are Independent members. Regarding the Board of Directors' committees; Independent Member Mr. Mehmet Remzi Esen is the Chairman, and Mr. Orhan Tanışman and Ms. Betül Üstün are members of the Corporate Governance Committee. In the Audit Committee, that is entirely composed of Independent Members; Mr. İsmail Cengiz is the Chairman, and Mr. Nazmi Örs is the member. In the Early Risk Detection Committee Nazmi Örs serves as Chairman and Orhan Tanışman as a member.

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

Non-Compulsory Principles that we do not implement are summarized below.

- As per the Article n.1.5.2 of the "Corporate Governance Principles"; the issue of making necessary changes in the Articles of Association regarding Minority Rights will be evaluated in the future will be evaluated in the future.
- As per the Article n.3.1.2 of the "Corporate Governance Principles"; In case of any breach of the stakeholders' rights that are protected under the legislation and agreements, effective and fast compensation will be provided. The Company facilitates using mechanisms like compensation provided to the stakeholders with the relevant legislation. Furthermore, the issue of creating a compensation policy for the employees will be evaluated in the future.

- As per the Article n.3.2.1 of the “Corporate Governance Principles”; the issue of developing models that will support the stakeholders participation in the company management, and including them in the internal regulations of the company will be evaluated in the future.
- As per the Article n.4.2.8 of the “Corporate Governance Principles”; losses incurred in the company by the Members of the Board of Directors, are not yet insured – with a policy that will have a value exceeding the company capital by 25% – but will be insured in the future.
- As per the Article n.4.4.7 of the “Corporate Governance Principles”; Directors/Executives plan their schedule in such a way that will not disrupt their existing tasks and duties although there are no specific rules binding the Members of the Board of Directors to assume tasks outside the Company.
- There are no female members in our Board of Directors. As per the Article n.4.3.9 of the “Corporate Governance Principles”; the Company, in the future, will determine a target ratio (not less than 25%) and time for the female members in the Board of Directors and creates a policy in order to reach these targets.
- As per the Article n.4.6.5 of the “Corporate Governance Principles”; remuneration of the Members of the Board of Directors and executives (top management) and all other benefits are publicly disclosed via annual report. However, this disclosure is made on “position basis” - not on individual basis - for Board of Directors and Executives.

There are no conflicts of interest arising from issues that do not comply with the Corporate Governance Principles. The Company does not plan to make any changes, in the future, on the managerial practices of the Company within the framework of these Principles.

Our report – that was prepared in the format of “Corporate Governance Principles Compliance Report” as per the Capital Markets Board Decision n.2/35 (date: 27.01.2014) – was presented to the approval of our shareholders at the Ordinary General Assembly (pertaining to 2013) Meeting held on 28<sup>th</sup> of March 2014.

## **SECTION II - SHAREHOLDERS**

### **2.1. Investor Relations Department**

Company’s Investor Relations Department carries out tasks within the structure of the Financial Affairs Coordination Unit under the Executive Member of the Board of Directors in charge of financial affairs, Mr. Mustafa Erdoğan. Regarding the performed activities, Reports are presented to the Board of Directors at least once a year.

Ms. Betül Üstün, who was appointed as the Investor Relations Department Manager has a “Capital Markets Activities Advanced Level License”, was also appointed as Member of the Corporate Governance Committee.

Mr. Cemal Boztepe holds a position in the Investor Relations Department. The contact information of the Investor Relations Department is as follows;

<b>Name &amp; Last Name</b>	<b>Title</b>	<b>Telephone</b>	<b>E-Mail</b>
Betül Üstün	Investor Relations Manager	(0212) 454 30 15	betul.ustun@tg.com.tr
Cemal Boztepe	Investor Relations Officer	(0212) 454 34 37	cemal.boztepe@tg.com.tr

Within the period, emails received via this contact information were answered. Furthermore, questions asked by national/international investors were answered as well.

Active role was played, in the preparation of the Company' annual report. Accordingly, investors were informed in the most comprehensive manner. Under the Investor Relations Department's coordination, Company's corporate webpage was renewed company's developing and changing corporate structure and the CMB's Corporate Governance Principles. Since then, it is kept up-to-date within the framework of the principles. Regular reports about the activities of the unit are presented to the Board of Directors.

## **2.2. The Use of the Right to Information by Shareholders**

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

No information and announcement that may have impact on using shareholders' rights is given on the Company's website. The website that provides shareholders with services is on [www.ihlasgazetecilik.com.tr](http://www.ihlasgazetecilik.com.tr), and is regularly updated by the Investor Relations Department. The website at [www.ihlasgazetecilik.com.tr](http://www.ihlasgazetecilik.com.tr), which is offered to the service of shareholders, is continuously updated by the Company's Investor Relations Department.

There are no provisions in the Articles of Association of the Company stipulating any individual rights about appointing a private auditor. Within the twelve month accounting period of 2014, shareholders did not make any requests regarding this issue.

## **2.3. General Assembly Meetings**

Company's Ordinary General Assembly meeting was held on 28.03.2014 at 10.00 AM, at the Company Headquarters, both in physical and electronic environment, with the attendance of 7 seven persons representing 67% of the total capital while

the Extraordinary General Assembly meeting was held on 19.09.2014 at 16.00 PM at the Company Headquarters, both in physical and electronic environment, with the attendance of 7 seven persons representing 67% of the total capital.

In order to ensure the attendance of a maximum number of shareholders, the announcement of the invitation to the Annual General Meeting should be performed through all means of communication including electronic media, at least three weeks in advance of the meeting, in addition to the methods of invitation set out by legislation.

The call for the "2013 Ordinary General Assembly" was made via Turkish Trade Registry Gazette n.8522 (date: 06.03.2014 and), and the call for the Extraordinary General Assembly held on the 19<sup>th</sup> of September 2014 was made via Trade Registry Gazette n. 8640 (date: 27.08.2014). Furthermore; the calls for the General Assembly were also made on Public Disclosure Platform, Electronic General Assembly System, and on the corporate website.

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

Revenue or benefits obtained, collaterals, pledge, mortgage, and sureties given for the benefit of third parties are included on a separate agenda item at the Ordinary General Assembly meeting.

As of the date of the call made for the General Assembly Meeting; the Annual Report, financial statements and reports, Profit Distribution proposal, informative document about the General Assembly agenda items and other supplementary documents for the agenda items; are made available at the company headquarters and website, at the most convenient location, for the shareholders' review.

Before the General Assembly, those that will be represented by proxy must have their power of attorney included in the announcement text and on the internet site. Those who phoned in were also informed of the announcement by fax or e-mail. The shareholders used their right to inquire in the General Assembly. Those who exercised their right to inquire were supplied with answers. No recommendation for the agenda was submitted by shareholders.

In order to facilitate attendance at the General Assembly, calls were made on electronic environment. Necessary documents are made available on Public Disclosure Platform, Electronic General Assembly System and Company's corporate website in order to attendance to the General Assembly. Minutes to the General Assembly meeting were made available for the shareholders' information on the Company's corporate website and in the Financial Affairs Coordination Unit.

21 days prior to the date of the General Assembly; Board of Directors' Annual Report, Bilgili Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş.'s Independent Audit Report, balance sheet and income statement prepared in accordance with the provisions of the CMB Communiqué n. II-14.1, Balance Sheet and Income Statement prepared and issued according to the legal records, and Board of Directors proposal about the 2013 results were made available for the shareholders' review at the Company Headquarters.

Our Company's, 2013 Ordinary General Assembly meeting held on the 28<sup>th</sup> of March 2014, was registered on 08.04.2014 by the İstanbul Trade Registry Office, and published via Trade Registry Gazette n.8549 on 14.04.2014.

In order to register and publish our Company's Extraordinary General Assembly held on the 19<sup>th</sup> of September 2014, application was made to the Trade Registry Office on 22.09.2014. An answer was received on 24.09.2014 from the Trade Registry stating that "There were no issues on the General Assembly Agenda that were subject to registration". Upon our application made later via detailed petition, Trade Registry Office stated that "The Extraordinary General Assembly meeting held was not a transaction subject to registration".

While preparing the General Assembly agenda, we pay attention to include each proposal under a separate topic and agenda items are titled explicitly without leading to different interpretations. We pay attention not to use expressions like "other", "various" etc. in the agenda. Information that will be given before the General Assembly meeting, are given by making reference to the relevant agenda items.

In order to increase shareholders' attendance, the General Assembly meeting is organized in a manner that will not lead to unfairness and that will enable shareholders' attendance with the least cost possible. General Assembly convenes at the company headquarters or at any suitable location in the city where the company headquarters is located.

At the General Assembly meeting, meeting chairman pays attention to the issue of conveying the agenda items in an objective, detailed, clear and comprehensible method. Shareholders are given opportunity to state their opinions and ask questions under equal circumstances.

With respect to the primary issues on the agenda, related members of the Board, other respective persons, officials responsible for the preparation of financial statements and auditors are available in the Annual General Meetings in order to provide the necessary information and answer shareholders' questions. If the questions are not relevant to the agenda or of a scope that cannot be answered immediately a written answer will be provided by the Financial Affairs Department within 15 days after the meeting. All of the questions and answers in the General Assembly meeting are disclosed to the public on the partnership's website by the Investor Relations Department within 30 days after the meeting.

Regarding the special agenda items, we make sure that Members of the Board of Directors, other relevant persons, executives who have responsibilities in preparing and issuing financial statements and auditors attend the General Assembly meeting to provide information and to answer questions.

Donation and aid policy was determined and presented to the approval of the General Assembly. With a separate agenda item at the General Assembly meeting, shareholders were informed that the Company did not make any donation within the period in line with the policy approved by the General Assembly. Furthermore, an amount equivalent to 1% of the gross sales figure given in the "2013 Financial Statement" (that was publicly announced for 2014) was determined as the upper limit of donations.

In case the shareholders (who control the management of the Company), Board of Directors' members, managers who have administrative responsibilities, and their spouses and blood relatives and relatives by marriage up to second-degree make any important transaction with the Bank or its associate companies which may lead to conflicts of interest, or in case, the aforementioned persons make any transaction, related to a commercial business that is within the scope of the corporation or its associate companies' field of activity, for their own account or for the account of others or if they become unlimited partners in other companies carrying out similar commercial businesses; no such transactions were performed within the Company's field of activity by persons (on behalf of themselves) who have privileged access to company information apart from the ones mentioned above. Information was given to the General Assembly about this fact, and the issue was recorded in the General Assembly minutes.

#### 2.4. Voting Rights and Minority Rights

In the Ordinary and the Extraordinary General Assembly Meetings of İhlas Gazetecilik A.Ş., group A shareholders have 15 vote rights for each share they possess.

Group A shareholders hold the privilege of selecting the majority of the Board members. The affiliated companies have no participations in the Company.

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

We avoid any practices that might complicate using the right to vote. We provide all shareholders, in and outside the country, with the opportunity to use their right to vote in the easiest and most convenient way.

#### 2.5. Right to Dividend

The "Profit Distribution Policy Regarding 2010 and Succeeding Years" - that was presented by the Corporate Governance Committee to our Board of Directors with an advisory decision n.2011/05 (date: 18.03.2011) - was publicly announced within the framework of the public disclosure policy, and was included in the Annual Report and was

given on the company's website. Our Company's Profit Distribution Policy was presented to the shareholders' information at the Ordinary General Assembly meeting. There are no privileges about participating in the Company's profit. Though our Company's Board of Directors aims for consistent dividend distribution in parallel to the convenience of financial means, according to the Turkish Code of Commerce the General Assembly has the power to decide to distribute dividends. Within this framework, from the "net distributable period profit" calculated according to the financial statements that will be prepared in the standards stipulated by the Capital Markets Board; the ratio that will be determined by the Capital Markets Board will be subject to distribution in case the Capital Markets Board stipulates an obligation to distribute profits for publicly traded companies; while if the Capital Markets Board does not stipulate an obligation to distribute profits for publicly traded companies, the ratio that will be determined by our General Assembly will be subject to distribution. Profit Distribution is explained in detail in the 29<sup>th</sup> and 30<sup>th</sup> Articles of our Articles of Association.

29<sup>th</sup> and 30<sup>th</sup> Articles of our Articles of Association are as follows;

#### **DETERMINING AND DISTRIBUTING PROFIT:**

##### **Article - 29:**

##### **A. Dividends**

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

#### First Legal Reserves

a. Legal reserve funds equivalent to 5% of the net profit are set aside.

#### First Dividends

b. From the net profit; after deducting the amount specified in paragraph (a), first dividend will be set aside from the remaining amount in conformity with the provisions of the Profit Distribution policy determined by the General Assembly and the relevant legislation.

#### Second Dividend

c. From the net profit; after deducting the amounts specified in paragraphs (a) and (b), the General Assembly is entitled to partially or entirely distribute the remaining amount as second dividend or to distribute the remaining amount as dividend to the Members of the Board of Directors and Company employees or set aside the remaining amount as reserve funds as per 52 Article of the Turkish Code of Commerce.

#### General Legal reserve funds

d. Ten percent of the amount calculated after deducting the dividend (equivalent to 5% of the paid in capital) from amount to be distributed to the shareholders and other persons participating in profit, will be set aside as secondary legal reserve funds as per the 59<sup>th</sup> Article paragraph 2/c of the Turkish Code of Commerce.

e. General Assembly may decide to make donation after setting an upper limit. Donations made by the Company within the relevant financial year will be added to the distributable profit base.

Unless the reserve fund that must be set aside as per the law is set aside, and unless the dividend determined in the Articles of Association for the shareholders is set aside; neither a decision can be taken to; (i) set aside other reserve funds, (ii) transfer profit to the following year or (iii) distribute profit to holders of dividend-right certificates, to foundations of various purposes and to such entities, or (iii) distribute profit to Members of the Board of Directors and corporation's employees, nor profit can be distributed to these persons unless the determined dividend is paid.

f. As of the distribution date, dividends are equally distributed to all existing shares without taking their date of issuance and acquisition into consideration.

g. The method and timeframe of profit distribution is determined by the General Assembly upon the Board of Directors' proposal on the issue. The process is carried out in line with the provisions Capital Markets Legislation;

According to the provisions of our Articles of Association, the Profit Distribution decision taken by the General Assembly is irrevocable.

#### B. Advance Dividend

Board of Directors may distribute advance dividend limited to the relevant year provided that it is authorized by the General Assembly and acts in conformity with the Capital Markets legislation. The authorization given by the General Assembly to the Board of Directors to distribute advance dividend is limited to the year authorization is given in.

Unless the advance dividends of the previous year are entirely set off, no decision can be taken to distribute additional advance dividends or dividends.

#### **PROFIT DISTRIBUTION DATE:**

#### **Madde-30:**

The method and timeframe of distributing profit to Company's shareholders is determined by the General Assembly upon the Board of Directors' proposal on the issue provided that the process is carried out in line with the provisions Capital Markets Legislation.

#### **Proposal Regarding Dividend Distribution**

As of the end of 2013 accounting period our Company's;

Net period profit is TL 2.272.165 in our balance sheet that was prepared as per the Capital Markets Board Communiqué n.II-14.1 on "Principles Regarding Financial Reporting in the Capital Markets" and in accordance with the International Accounting / Financial Reporting Standards.

Whereas in our legal records that were prepared in accordance with the provisions of the Tax Procedure Law, we have TL 7,093,830,60 net period loss.

Due to the fact that our Company does not have any

distributable profit as a result of its 2013 Activities according to the principles of the Tax Procedure Law, Board of Directors' proposal for not making Profit Distribution was approved by the General Assembly.

### **2.6. Transfer of Shares**

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

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

## **SECTION III - PUBLIC DISCLOSURE AND TRANSPARENCY**

### **3.1. Our Company's Website and Content**

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

The name of the website is included on the Company's letterhead.

The issues stipulated in the Corporate Governance Principles are included on the website.

The Corporate Website of the Corporation includes; all information that must be announced as per the relevant legislation; Trade Registry information, the latest shareholders and management structure, detailed information about privileged shares, Turkish Trade Registry Gazettes (with issue date and number) that include the amendments and the latest version of the Articles of Association of the corporation, material matter announcements, financial reports, annual reports, prospectuses

and other public disclosure documents, General Assembly meeting agendas, attendance lists and meeting minutes, power of attorney (proxy voting form), share purchase proposal or compulsory information forms required for collecting power of attorney and similar forms, company's share repurchase policy (if any), Profit Distribution policy, information policy, code of ethics of the company, and frequently asked questions section that includes the information requests and questions & complaints received, and answers given by the company. Within this scope, information for the last 5 years (or more) is available on the corporate Website.

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

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

### **3.2. Annual Reports**

The Company's annual reports are prepared within the framework of CMB's Corporate Governance Principles and Communiqué, Serial: II and No: 14.1 and in accordance with the provisions of the Ministry of Customs and Trade Regulation on the Determination of Minimum Content for Company Annual Reports. After being approved by the Board of Directors, the annual reports are disclosed to the public with other financial statements and published on the Company's website at [www.ihlasgazetecilik.com](http://www.ihlasgazetecilik.com). Annual Reports include all information specified in the Corporate Governance Principles.

Annual reports are broadcasted on our Internet Site under Investor Relations "Activity Reports".

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



## **SECTION IV - STAKEHOLDERS**

### **4.1. Informing Stakeholders**

Within the framework of the legislation, stakeholders are informed in writing and/or verbally about the issues of the Company that concern them.

There is no restriction on informing the Corporate Governance Committee and Audit Committee about Stakeholders' transactions that do not conform with the legislation and code of ethics of the Company.

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

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

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

### **4.2. Participation of Stakeholders in the Management**

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

Without disrupting the company activities, models are developed that will support the stakeholders and the company employees, in particular, to participate in the company management. As per the provisions

of the Turkish Code of Commerce and Capital Markets Board legislation, utmost attention is paid to enable and protect using stakeholders' rights.

Stakeholders' opinions are taken into account in important decisions that may have an impact on stakeholders.

### **4.3. Human Resources Policy**

Within the scope of our Company's HR policies, the Human Resources Department is responsible for the creation and implementation of such policies. For relations with employees our Company's Human Resources Unit is in charge of human resources policies. There were no complaints received from our employees about any discrimination issues. Company employees' job descriptions and distribution and performance and awarding criteria were announced to the employees.

The criteria for personnel employment are specified in writing, and thus our Company complies with these criteria.

Our Company's human resources policy is as follows:

#### **Our Vision**

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

#### **Our Basic Policy**

- Adjusting the organizational structure of İhlas Gazetecilik to ensure it is dynamic and open to change, without diverting from its visions and objectives.
- To ensure an efficient and productive workforce working under the guidance of the Company's main objectives, developing all systems in terms of individual and team performance within the context

of process development, improving employees' professional skills to support their own performance, the corporate performance and for their career enhancement.

- Adherence to democratic principles of recruitment by not discriminating between candidates based on religion, language, sex or race during search, selection or during their employment.
- Preference to take disciplinary and regulatory measures rather than impose prohibitions
- Recruitment of employees to İhlas Gazetecilik who have outstanding academic credentials, are ethically conscious, demonstrate high emotional intelligence, display no behavioral problems, are open to dynamism and changes, able to think positively, exhibit superior delegation skills and relate to corporate values.
- To establish and update performance and pay systems in accordance with the structure of the Company, carrying out performance, career and salary appraisals in the fairest way possible.

#### Functional Policy

- To set up a friendly atmosphere so that all employees will contribute to the Company,
- To treat all employees equally and fairly,
- To provide all employees with equal opportunities so that they can contribute to the company, to the team they work in, and will self-improve to the utmost level,
- To help all employees utilize their skills, mental capacities and value production in the direction of corporate objectives
- To establish and update systems that offer opportunities to employees for career development in the Company (or subsidiaries), by bearing in mind the needs of the company, individual talents and professional goals,
- To establish and update performance and pay systems in accordance with the structure of the Company; carrying out performance, career and salary appraisals in the fairest way,
- To make sure that employees will have clear and explicit information about how their role, capacities, authorities, responsibilities and work contribute to the main objectives of the Company,
- To notify all employees in advance about a system to be introduced and decisions about targets,
- To achieve multi-dimensional interaction and communication during Human Resources Management practices,

- To collect, sort and update all information, files and administrative data concerning employees,
- To establish an all-embracing and integrative corporate culture,
- To organize social and cultural activities that will prompt feelings owning up to the corporate culture and increase morale/motivation,
- To revise human resources systems steadily to catch up with the developments in the world, while remaining loyal to beliefs / values of the Company,
- To extend training activities in a fair manner, within a certain budget and system to develop personal skills of employees,
- To introduce necessary regulations and drafting procedures so all employees will have the same rights and their performance will be facilitated,
- To offer assistance as soon as possible in case of any personal problems that may befall employees.

#### 4.4. Rules of Ethics and Social Responsibility

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

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

During the period, no harm was done to the environment.

Similarly, there were no conditions present that required an environmental impact assessment report about our Company. An electronic mail address, etik@tg.com.tr, was established to allow stakeholders, including shareholders, customers, providers and employees, to forward any complaints regarding our company's operations which they deem to be contrary to the Company's ethic principles or legal policy. These complaints are referred to the Board of Directors' Auditing Committee and are kept confidentially. The applications are assessed in the Auditing Committee and necessary sanctions are applied and the applicant is informed.

## SECTION V - BOARD OF DIRECTORS

### 5.1. The Structure and Composition of the Board of Directors

Position	Name Last Name	Limits of Authority	Starting and Ending Date
Chairman	İsmail Kapan	Is Jointly Authorized to Represent and Have Binding Power Concerning The Company	10.03.2014 *2015
Deputy Chairman	Murat Odabaş	Is Jointly Authorized to Represent and Have Binding Power Concerning The Company	25.02.2013 *2015
Executive Member of the Board of Directors in charge of Financial Affairs	Mustafa Erdoğan	Is Jointly Authorized to Represent and Have Binding Power Concerning The Company	05.12.2014 *2015
Board Member	Muaviye Gül	Is Jointly Authorized to Represent and Have Binding Power Concerning The Company	30.05.2012 *2015
Board Member Corporate Governance Committee and Early Risk Detection and Management Committee	Orhan Tanışman	Not Authorized to Represent and Have Binding Power Concerning The Company	30.05.2012 *2015
Board Member	Abdullah Tuğcu	Not Authorized to Represent and Have Binding Power Concerning The Company	22.01.2013 *2015
Board Member Corporate Governance Committee Chairman	Mehmet Remzi Esen	Independent Member- Not Authorized to Represent and Have Binding Power Concerning The Company	30.05.2012 *2015
Board Member Audit Committee Chairman	İsmail Cengiz	Independent Member- Not Authorized to Represent and Have Binding Power Concerning The Company	27.03.2014 *2015
Board Member Early Risk Detection and Management Committee Chairman And Audit Committee Member	Nazmi Örs	Independent Member- Not Authorized to Represent and Have Binding Power Concerning The Company	30.05.2012 *2015

\* Elected for three years on May 30<sup>th</sup>, 2012 to serve until the next Annual General Meeting that will be held by the end of the third year.

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

The majority of Board members are nonexecutive members. The number of independent members in the Board of Directors is not less than one third of the total number of members, and under no circumstances number of independent members is less than two (2).

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

Provided that the number of Members of the Board of Directors is under no circumstances less than five (5), the number of Members of the Board of Directors was determined to enable the Members of the Board of Directors to (i) carry out efficient and positive activities, (ii) take fast and rational decisions, and (iii) establish committees, and (iv) effectively organize their activities.

The Chairman of the Board of Directors is not the same person as the CEO. If it decided that Chairman and CEO is the same person; the decision is published on PDP (Public Disclosure Platform) with its reasons.

Board of Directors plays a leading role in enabling effective communication between the Company and the shareholders, and in resolving the disputes that might occur. In line with this aim, it cooperates closely with the Corporate Governance committee and the Investor Relations Department.

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

#### THE BOARD OF DIRECTORS:

##### **İSMAİL KAPAN**

**Chairman of the Board and Chief Editor**

Born in 1956 in Malatya, Pütürge district, İsmail Kapan received his Bachelor's degree from İstanbul University Faculty of Law; his Master's degree from İstanbul University Faculty of Economics, Social Sciences Institute, Department of "Social Structure and Social Change"; and his PhD from the International Relations Department.

Kapan, an amateur journalist in high school, started his professional career as a columnist in 1978 at the Türkiye Newspaper. After completing his military service between 1983 and 1984, he worked as a lawyer and legal consultant, returning to journalism in 1987. Working as News Director, Editorial Director and Managing Editor at Türkiye Newspaper, İsmail Kapan founded the İhlas News Agency (İHA) in 1993 and worked as its General Manager for a year and a half. In 1994, he became the Chief Editor of Türkiye Newspaper and worked in this position for four years. Later, Kapan was appointed as the İhlas Holding Media Group President in 1998. Working as the General Coordinator of Türkiye Newspaper between 2001 and 2003, he also continued to write as a columnist in addition to his administrative tasks. Kapan has moderated panel programs on the radio and TV channels of the Publishing Group and commented on daily political developments. Appointed for the second time as the Chief Editor of Türkiye Newspaper in March 2014, Kapan continues to serve in this role as well as writing his column.

Kapan has written two books, Strategic Waves of Water and Spring Pain in the Middle East. As well as being a Member of the Turkish Journalists Association, he has been a Member of the Press Council Supreme Board for 16 years. İsmail Kapan is the Chairman of the Board of Directors at İhlas Gazetecilik A.Ş. and a Member of the Board of Directors at İhlas Yayın Holding A.Ş.

##### **MURAT ODABAŞ**

**Deputy Chairman**

Born in 1959, in Çorum, Alaca district, Murat Odabaş completed his primary and secondary education in Alaca. He graduated from the Kuleli Military High School in 1977 and from the Department of Economics at the Turkish Military Academy in 1981. He served as an officer in various roles in the Turkish Army, both in Turkey and abroad. Following his retirement, he started his career at İhlas Holding as the Assistant General Manager of İhlas Motor. Assuming responsibilities at the Secretarial Office of the İhlas Holding General Manager in 1996, he simultaneously worked as the Secretary of the Executive Board. In 1999, he became İhlas Holding Assistant General Manager in charge of

Administrative Affairs. He left this job in 2001 and worked abroad. Upon his return to Turkey, he became Vice President of İhlas Ankara Media Group in 2001, and the Ankara Representative for TGRT News TV in 2007. In this position he presented the "Ankara's Agenda" programs, and interviewed politicians and bureaucrats through 440 programs. In 2012, he was appointed İhlas Holding General Coordinator, and in 2014 he became Production and Marketing Group President. He serves in the Marketing Group and is a Member of the Board of Directors and Executive Board Member at İhlas Holding A.Ş.

#### **MUSTAFA ERDOĞAN**

##### **Executive Member of the Board of Directors in charge of Financial Affairs**

Starting his professional career in 1990 at the İhlas Holding Financial Affairs Coordination Department, Mustafa Erdoğan assumed various roles in this department. He later worked for Rehber Independent Accounting and Financial Consulting Office between 1997 and 2000. Returning in 2000 to İhlas Holding, Erdoğan was appointed as the Financial Affairs Manager at İhlas Yayın Holding as of 2005. In 2013, he was elected as a Member of the Board of Directors and became the General Manager of the company. In 2014, he was appointed İhlas Gazetecilik A.Ş. Assistant General Manager in charge of Financial Affairs. He is a Member of the Board of Directors at İhlas Gazetecilik A.Ş., İhlas Yayın Holding A.Ş., TGRT Haber TV A.Ş. and TGRT Dijital TV A.Ş. Erdoğan has a financial consultant's license, and is a Member of the İstanbul Chamber of Independent Accountants and Financial Consultants (İSMMMÖ).

#### **MUAVİYE GÜL**

##### **Member of the Board of Directors**

Born in 1961 in İstanbul, Muaviye Gül graduated from the Zeytinburnu İhsan Mermerci High School in 1979. He started his career in 1982 with Türkiye Newspaper Technical Services, Gül became the Assistant Manager of Technical Services in 1987, and held this role until 2011. Within the framework of the ERP Implementation process in İhlas Gazetecilik A.Ş. at the beginning of 2012, he was appointed as Assistant General Manager in charge of Printing Processes. Gül, is currently the General Manager and a Member of

the Board of Directors of İhlas Gazetecilik A.Ş. He is married and has three children.

#### **ORHAN TANIŞMAN**

##### **Member of the Board of Directors**

Born in 1969 in İstanbul, Orhan Tanışman graduated from İstanbul Technical University Architecture and Marine Engineering Department, and received his Master's degree from Yıldız Technical University. He attended the PhD program in investment planning at İstanbul University concurrent to attending the İstanbul University Institute of Business Economics and graduated in 1999. Between 1991 and 1992, he worked as a research assistant at Marmara University Technical Education Faculty. Between 1992 and 1994 he worked as a research assistant at İstanbul University Engineering Faculty. He started his career at İhlas Holding in 1994 and is currently the Assistant General Manager in charge of İhlas Holding's Budget, Reporting and Investor Relations. He is a Member of the Board of Directors at İhlas Gazetecilik A.Ş. and at İhlas Yayın Holding A.Ş., and a member of the Corporate Governance Association of Turkey (TKYD) and the Turkish Investor Relations Society (TÜYİD).

#### **ABDULLAH TUĞCU**

##### **Member of the Board of Directors**

Born in 1982 in Kayseri, Abdullah Tuğcu graduated from İstanbul University Faculty of Business Administration. He attended Marmara University Finance Department's Financial Law Master's Program. Joining İhlas Group in 2008 as the Financial Affairs Manager at İhlas Mining Company, Tuğcu became İhlas Yayın's Holding Finance Coordinator in 2013, and was appointed as İhlas Holding Assistant General Manager in charge of Finance in 2014. Tuğcu is also a Member of the Board of Directors at İhlas Holding A.Ş., İhlas Yayın Holding A.Ş., İhlas İnşaat Holding A.Ş., İhlas Pazarlama Yatırım Holding A.Ş., İhlas Gazetecilik A.Ş., TGRT Haber TV A.Ş., TGRT Dijital A.Ş., İhlas Haber Ajansı A.Ş. and İhlas Gelişim Yayıncılık A.Ş.

### **MEHMET REMZİ ESEN**

#### **Independent Member of the Board of Directors**

Born in 1956 in İstanbul, Mehmet Remzi Esen graduated from İstanbul University Faculty of Commercial Sciences, Business Administration Department in 1980. In 1976, Esen worked in the Circulating Capital Accounting Department of İstanbul University Cerrahpaşa Faculty of Medicine. He worked at Türkiye Newspaper Encyclopedia Technical Service in 1986, at Türkiye Newspaper Technical Services in 1998, and retired in 2001. He is a Member of the Board of Directors at İhlas Gazetecilik A.Ş. and İhlas Ev Aletleri A.Ş.

### **İSMAİL CENGİZ**

#### **Independent Member of the Board of Directors**

Born in 1957 in Sarıkamış, İsmail Cengiz graduated from Eskişehir Academy of Economics and Commercial Sciences in 1979 and worked at Dadaş Bookstore in Erzurum in 1981. After completing his military service in 1982, he worked in Erzurum for various firms as a financial affairs specialist. He later became a partner at Erzurum Dayanıklı Tüketim and Ticaret Ltd. and worked as the Financial Affairs Manager until October 2005. In 2006, he began working in Tekirdağ Çerkezköy for BDK Construction Laboratory as a partner. He left the company 10<sup>th</sup> of 2012 and sold his shares in the company. Cengiz is an Independent Member of the Board of Directors at İhlas Holding A.Ş., İhlas Gazetecilik A.Ş. and İhlas Yayın Holding A.Ş.

### **NAZMİ ÖRS**

#### **Independent Member of the Board of Directors**

Born in 1948 in Antalya, Nazmi Örs graduated from Ankara Yenişehir Sağlık Koleji Radyoloji Department in 1969, and Ankara Gevher Nesibe Health Education Institute Public Health Department in 1979. He worked in İzmir, Kars, Ankara, Gaziantep and İstanbul as a director and teacher among other positions, under the Ministry of Health. In 1999, he retired from his Assistant Administrative Manager position at Bakırköy Hospital for Psychiatric and Neurological Diseases. He lives in İstanbul. He is married and has two daughters and a son.

### **Tasks and Duties of the Members of the Board of Directors:**

Mr. İsmail Kapan - (Executive Member) Chairman of the Board of Directors and Chief Editor; Mr. Murat Odabaş - Vice Chairman of the Board of Directors; Mr. Mustafa Erdoğan - (Executive Member) Executive Member of the Board of Directors in charge of Financial Affairs; Mr. Muaviye Gül - (Executive Member) Member of the Board of Directors; Mr. Orhan Tanışman - (Non-Executive) Member of the Board of Directors, Corporate Governance Committee Member, Early Risk Detection and Management Committee Member; Mr. Abdullah Tuğcu - (Non-Executive) Member of the Board of Directors; Mr. Mehmet Remzi Esen - Chairman of the Corporate Governance Committee, Independent Member of the Board of Directors; Mr. İsmail Cengiz - Chairman of the Audit Committee, Independent Member of the Board of Directors; Mr. Nazmi Örs - Audit Committee Member, Chairman of the Early Risk Detection and Management Committee, Independent Member of the Board of Directors; Mr. Muaviye Gül - Member of the Board of Directors and Company General Manager.

No administrative sanctions or charges have been filed against the members of the Board of Directors of the Company for acting contrary to the provisions of the legislation.

There have been no conflicts of interest between investment consultants and rating agencies and the Company.

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

The Corporate Governance Committee, carrying out the tasks of the Nomination Committee, evaluates the applications of the management and investors for the Independent Membership position by considering whether the candidate does or does not have the Independence criteria. The committee presents a report about its evaluations on this issue to the Board of Directors' approval.

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

Among the Independent Board Members, Mehmet Remzi Esen, Nazmi Örs and İsmail Cengiz submitted their statements of independence at the General Assembly, in which they were elected as required by the Communiqué Serial: II, No: 17.1 on Principles Regarding Determination and Application of Corporate Governance Principles published on January 3, 2014.

There has not been any case dissolving the independence of the independent members during the period.

### **STATEMENT OF INDEPENDENCE**

To the Board of Directors of the İhlas Gazetecilik A.Ş. (Company), I do declare that;

a) Within the last five years, no executive employment relation that would give important duties and responsibilities has been established between myself, my spouse, my second degree relatives by blood or by marriage and (i) Company and (ii) the subsidiaries of Company, and (iii) shareholders who control the management of Company or who have significant influence in Company and juridical persons controlled by these shareholders; and that I (individually or collectively) neither possess more than 5% of any and all Company capital or voting rights or privileged shares nor have significant commercial relations,  
b) Within the last five years, I have not worked as an executive manager who would have important duties and responsibilities or have not been a member of the Board of Directors or been a shareholder (more than 5%) particularly in the companies that provide auditing, rating and consulting services for the Company (including tax audit, legal audit, internal audit), and in the

companies that the Company purchase products and services from or sells products and services to within the framework of the agreements signed (during the timeframe of selling/purchasing of the products and services,  
c) I do have the professional training, knowledge, and experience that will help me properly carry out the tasks and duties I will assume as a result of my independent membership in the Board of Directors of the Company,  
d) In accordance with the legislations, I am not be working fulltime in public institutions and organizations,  
e) I do have the strong ethic standards, professional standing and experience that will help me positively contribute to the activities of Company and remain neutral in conflicts of interests between Company shareholders, and that will help me take decisions freely by taking the rights of the stakeholders into consideration,  
f) I will be able to spare the sufficient time for the activities of the Company to an extent that will help me pursue the activities of the Company and fulfil the requirements of my tasks and duties

20.02.2014

Mehmet Remzi Esen

### **STATEMENT OF INDEPENDENCE**

To the Board of Directors of the İhlas Gazetecilik A.Ş. (Company), I do declare that;

a) Within the last five years, no executive employment relation that would give important duties and responsibilities has been established between myself, my spouse, my second degree relatives by blood or by marriage and (i) Company and (ii) the subsidiaries of Company, and (iii) shareholders who control the management of Company or who have significant influence in Company and juridical persons controlled by these shareholders; and that I (individually or collectively) neither possess more than 5% of any and all Company capital or voting rights or privileged shares nor have significant commercial relations,  
b) Within the last five years, I have not worked as an executive manager who would have important duties and responsibilities or have not been a

member of the Board of Directors or been a shareholder (more than 5%) particularly in the companies that provide auditing, rating and consulting services for the Company (including tax audit, legal audit, internal audit), and in the companies that the Company purchase products and services from or sells products and services to within the framework of the agreements signed (during the timeframe of selling/purchasing of the products and services,

c) I do have the professional training, knowledge, and experience that will help me properly carry out the tasks and duties I will assume as a result of my independent membership in the Board of Directors of the Company,

d) In accordance with the legislations, I am not be working fulltime in public institutions and organizations,

e) I do have the strong ethic standards, professional standing and experience that will help me positively contribute to the activities of Company and remain neutral in conflicts of interests between Company shareholders, and that will help me take decisions freely by taking the rights of the stakeholders into consideration,

f) I will be able to spare the sufficient time for the activities of the Company to an extent that will help me pursue the activities of the Company and fulfil the requirements of my tasks and duties

20.02.2014

Nazmi Örs

#### STATEMENT OF INDEPENDENCE

To the Board of Directors of the İhlas Gazetecilik A.Ş. (Company), I do declare that;

a) Within the last five years, no executive employment relation that would give important duties and responsibilities has been established between myself, my spouse, my second degree relatives by blood or by marriage and (i) Company and (ii) the subsidiaries of Company, and (iii) shareholders who control the management of Company or who have significant influence in Company and juridical persons controlled by these shareholders; and that I (individually or collectively) neither possess more than 5% of any and all Company capital or voting rights or privileged shares nor have significant commercial relations,

b) Within the last five years, I have not worked as an executive manager who would have important duties and responsibilities or have not been a member of the Board of Directors or been a shareholder (more than 5%) particularly in the companies that provide auditing, rating and consulting services for the Company (including tax audit, legal audit, internal audit), and in the companies that the Company purchase products and services from or sells products and services to within the framework of the agreements signed (during the timeframe of selling/purchasing of the products and services,

c) I do have the professional training, knowledge, and experience that will help me properly carry out the tasks and duties I will assume as a result of my independent membership in the Board of Directors of the Company,

d) In accordance with the legislations, I am not be working fulltime in public institutions and organizations,

e) I do have the strong ethic standards, professional standing and experience that will help me positively contribute to the activities of Company and remain neutral in conflicts of interests between Company shareholders, and that will help me take decisions freely by taking the rights of the stakeholders into consideration,

f) I will be able to spare the sufficient time for the activities of the Company to an extent that will help me pursue the activities of the Company and fulfil the requirements of my tasks and duties

27.03.2014

İsmail Cengiz

There are no rules about Members of the Board of Directors to assume tasks or duties outside the Company.



## The Duties of Board Members Outside the Company

### İSMAİL KAPAN

İhlas Yayın Holding A.Ş.	Board Member
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### MURAT ODABAŞ

İhlas Holding A.Ş.	Board Member
İhlas Motor A.Ş.	Chairman
Armutlu Tatil ve Turizm İşletmeleri A.Ş.	Chairman
İhlas Dış Ticaret A.Ş.	Chairman
Plus Gayrimenkul A.Ş.	Chairman
İhlas Pazarlama A.Ş.	Deputy Chairman

### MUSTAFA ERDOĞAN

TGRT Haber TV A.Ş.	Board Member
TGRT Dijital TV Hizmetleri A.Ş.	Board Member
İhlas Yayın Holding A.Ş.	Board Member

### ORHAN TANIŞMAN

İhlas Holding A.Ş.	Vice Executive, Budget, Reporting and Investor Relations
İhlas Yayın Holding A.Ş.	Board Member
İhlas Haber Ajansı A.Ş.	Board Member
Dijital Varlıklar Görsel Medya ve İnternet Hizmetleri Ltd. Şti.	Director of the Company

### ABDULLAH TUĞCU

İhlas Holding A.Ş.	Board Member
İhlas Yayın Holding A.Ş.	Board Member / Finance Director
İhlas Gelişim Yayıncılık A.Ş.	Board Member
İhlas Haber Ajansı A.Ş.	Board Member
TGRT Haber TV A.Ş.	Board Member
TGRT Dijital TV Hizmetleri A.Ş.	Board Member
İhlas Pazarlama Yatırım Holding A.Ş.	Board Member
İhlas İnşaat Holding A.Ş.	Board Member

### MEHMET REMZİ ESEN

İhlas Ev Aletleri İmalat San. ve Tic. A.Ş.	Independent Board Member
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### İSMAİL CENGİZ

İhlas Holding A.Ş.	Independent Board Member
İhlas Yayın Holding A.Ş.	Independent Board Member

### NAZMİ ÖRS

İhlas Yayın Holding A.Ş.	Independent Board Member
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## 5.2. Principles for the Activities of the Board of Directors

Chairman of the Board of Directors discusses with the other Members of the Board of Directors and the CEO/General Manager, and determines the agenda of the Board of Directors meeting. The agenda of the Board of Directors Meeting consists of items that are requested by the members of the Board of Directors, demands of the Company managers and the recommendations of the committees.

As required by the Articles of Association, the Board of Directors meets at least once a month. The actual participation of the members of the Board of Directors is secured in all of the meetings of the Board of Directors.

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

As of the end of period, the Board of Directors had held 36 meetings with an 89% participation rate. There were no objections which were required to be recorded in the meetings. There was no important transaction or related party transaction which was not approved by independent members.

At the meeting; questions asked by the Members of the Board of Directors, and reasonable and detailed reasons of the negative votes given for the issues on which the Board Members state different opinions, are recorded in the decision book upon the request of the relevant Members of the Board of Directors. Members of the Board of Directors are not entitled to preferential votes and/or veto rights.

### **5.3. Number, Structure and Independence of the Committees Established by the Board of Directors**

In order to enable the Board of Directors to properly fulfill its tasks, duties and responsibilities, "Audit Committee", "Early Risk Detection and Management Committee" and "Corporate Governance Committee" were established under the Board of Directors.

Due to the fact that a separate "Nomination Committee", and a "Remuneration Committee", was not established according to the structure of the Board of Directors, the tasks of these committees are carried out by the Corporate Governance Committee as per the provision n.4.5.1 of the Capital Markets Board Communiqué n.-II-17.1.

In accordance with Corporate Management Principles, a Corporate Governance Committee, an Audit Committee and an Early Risk Detection and Management Committee were formed within the structure of the Company's Board of Directors.

Committees are composed if at least two members.

Committees' tasks & duties, working principles and names of their members were determined by the Board of Directors and announced via Public Disclosure Platform and on the company's website.

Committee chairmen, were elected from among the Independent Members of the Board of Directors. All members of the Audit Committee are Independent Members of the Board of Directors.

Committees keep written record of all their activities. Committees convene with a regularity that is required to carry out effective activities and that is specified in the working principles. Committees present their reports that include information about their activities and meeting results to the Board of Directors.

CEO/General Manager is not a member in any of the committees.

We pay attention not to have Members of the Board of Directors assume duties in more than one committee as much as possible.

The committee in charge of audit; supervises the operation and efficiency of the accounting system of the company, disclosure of financial information, independent audit and internal control system. Election of independent audit institution, starting the independent audit process by preparing the independent audit agreements and operations in all stages of independent audit institution are performed under the supervision of the audit committee.

The independent audit institution to be used and the services to be received by this company are determined by the audit committee and are presented to the approval of the board of directors. Method and criteria to be applied for analyzing and concluding of the complaints received by the Company in relation with the Company's accounting or internal control system and independent audit, evaluating the statements of the Company employees regarding the accounting and independent audit of the Company in accordance with the confidentiality policy, are determined by the audit committee.

The audit committee informs the annual and interim financial tables to be disclosed, accounting principles of the Company to the board of directors in writing and in accordance with their accuracy and correctness together with its own evaluations and by taking the opinion of senior managers and independent audits of the Company.

The audit committee meets at least once every three months and four times a year and it presents the meeting results to the board of directors. The audit committee reports the findings and proposals related with its duty and responsibility area to the board of directors in writing.

The Early Risk Detection Committee works to detect the risks that might endanger the existence, progress and survival of the Company, to ensure implementation of necessary measures and remedies in relation to the identified risks, and to manage the risk.

How many times the audit committee will report to the Board in a period is specified in the annual report. Determines whether the company governance principles are applied in the company or not and the reason for non-execution and the conflicts of interest arising due to this non-compliance and gives corrective recommendations about corporate governance implementations to board of directors.

Due to the fact that is responsible for carrying out the tasks of the Nomination Committee, the Corporate Governance Committee is also responsible for;

- a) Carrying out activities to establish a transparent system for determining, evaluating and training the suitable candidates for the Board of Directors and executive manager positions and setting policies and strategies in this issue,
- b) Regularly evaluating the Board of Directors' structure and efficiency and presenting its recommendations about the changes that can be made in these issues to the Board of Directors.

Due to the fact that is responsible for carrying out the tasks of the Remuneration Committee, the Corporate Governance Committee is also responsible for;

- a) Determining and pursuing the principles, criteria and practices that will be used in remuneration of Members of the Board of Directors and executive managers by taking the company's long term targets into consideration,
- b) Presenting the Board of Directors its recommendations about the remuneration given to the Members of the Board of Directors and executive managers by taking the level of reaching the criteria used in remuneration into consideration.

Distribution of Committee Members is as follows:

#### Corporate Governance Committee

Name/Last Name	Title
Mehmet Remzi Esen (Independent Member)	Chairman
Orhan Tanışman	Member
Betül Üstün	Member

#### Audit Committee

Name/Last Name	Title
İsmail Cengiz (Independent Member)	Chairman
Nazmi Örs	Member (Independent Member)

#### Early Risk Detection Committee

Name/Last Name	Title
Nazmi Örs (Independent Member)	Chairman
Orhan Tanışman	Member

"Committees act within the scope of their authorities and responsibilities and submit recommendations to the Board of Directors. The final decision, however, lies with the Board of Directors." The committees act by applying this procedure.

The Audit Committee held 5 meetings, the Corporate Governance Committee held 12 meetings and the Early Risk Detection and Management Committee held 6 meetings during the 2014 12 months operating period. All of the recommendations made by these committees have been adopted by the Board of Directors.

#### Qualifications of Board Members

In principle, candidates for the Membership of the Board are chosen among those with a high level of knowledge and skill, qualified and with a certain experience.

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

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

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

#### **5.4. Risk Management and Internal Control Mechanism**

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

The Effectiveness of the Internal Control System of İhlas Gazetecilik A.Ş. is tested via annually prepared "Questionnaires For Evaluating the Effectiveness of the Internal Control System".

"Questionnaires For Evaluating the Effectiveness of the Internal Control System" is prepared in the main topics of Cash Account, Bank, Received/Given Cheques, Sales, Receivables, Notes Receivables, Purchasing, Inventories, Fixed Assets, Investments and Related Revenue, Loans and Debt Securities, Remuneration System, Equity Capital. With the questionnaires, the aim is to ensure that; (i) the activities of the Company are planned and carried out in compliance with the Company's objectives and policies, programs, strategic plans, performance

programs and with the legislation, and; (ii) the resources are utilized effectively, economically and efficiently, and; (iii) reliability and integrity of the data is maintained as it is promptly obtained.

Early Risk Detection Committee is responsible for carrying out activities to early diagnose the risks that might threaten the existence, development and continuation of the Company, and to take necessary measures for the detected risks and to manage the risks; and checks the risk management systems at least once a year.

The committee submits a bimonthly report to the Board of Directors, pointing at the perils, if any, and indicating the remedies. Our Company Board of Directors has formed an Early Risk Detection Committee by decision 2013/14 on 12/3/2014 and reviews risks at least once a year. The Committee Chairman is independent board member Nazmi Örs and the member is Orhan Tanışman.

Our Company has undertaken efforts to set up a unique risk management model. The "Risk Assessment and Management Process Table" and the "Risk Assessment Report", "Degrees of Probability Report", "Impact Degrees Report", "Probability-Impact Scoring Matrix", "Control Degrees", and "Risk-Control Assessment Matrix" prepared by the Corporate Governance Committee in accordance with the respective articles of the Capital Markets Board's Communiqué, Serial: II and No: 17.1, on the "Early Determination and Management of Risks", "Risk Level Action Degree Chart", "Assessment on the Impact Levels of the Incurred Risks" and "Assessment on the Control Levels of the Incurred Risks" "Assessment of the Existing Strategies" and "Assessment of the Incurred Risk Levels", as well as Article 378 of the Turkish Commercial Code, were analyzed by the Board of Directors and a decision was taken to continue such efforts.

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

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

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

#### 5.5. Strategic Targets

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

Board of Directors identifies the Company's strategic targets, determines the work force and financial means the Company will require, and monitors the performance of the management staff.

At the Board of Directors meetings, the level of reaching Company's targets, and Company activities and previous years' performance are reviewed.

#### 5.6. Financial Benefits

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

Furthermore, Remuneration Principles of the Members of the Board of Directors and Executives (top management) are publicly announced via annual report and Company's

corporate website. Such this disclosure is made on "position basis" for the Members of the Board of Directors and Executives.

The Company, does not lend money, extend credit, or prolong the maturity and improve the terms for loans or credits that have been given, does not extend credit such as "personal loans" by means of third persons or does not give surety to any of the members of the Board of Directors or executive managers who have administrative responsibilities. There are no conflicts of interest arising from these issues.

In remuneration of the Independent Members of the Board of Directors dividends, share options or payment plans based on company's performance are used. We pay attention to make payments to the Independent Members of the Board of Directors, sufficient enough to help them remain independent.

Remuneration Principles of the Members of the Board of Directors and Executives were publicly announced, and presented to the shareholders' approval at the General Assembly held on.

### **REMUNERATION PRINCIPLES FOR THE BOARD MEMBERS AND SENIOR DIRECTORS**

#### 1. PURPOSE AND SCOPE

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

#### 2. PRINCIPLES

Remuneration principles for Board members and senior directors are required to be provided in writing; these principles must be submitted for

the information of shareholders as a separate item in the Annual General Meetings and shareholders should be permitted to express their views concerning this issue.

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

### 3. PERFORMANCE AND REMUNERATION

#### 3.1. Fixed Salary Payment

The remuneration to be paid to the members of the Board of Directors, to the Executives of the Senior Management and other personnel cannot solely be associated with short term performances such as the profit or revenues of the Company.

#### 3.2. Remuneration Criteria

The members of the committees consisting of the members of the Board of Directors will receive remuneration in accordance with the responsibilities they have been charged with. Care is taken to ensure that the fees are in compliance with the ethical values, internal balances and strategic targets of the Company. The fees of the members of the Board of Directors are approved by the General Assembly.

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

The amount of the remuneration based on performance may not be granted in advance. Fees based on performance can be paid with consideration to the term of the risks taken and in installments. For fees based on performance, the prior term performance of the employees is assessed. The Board of Directors has the final authorization and responsibility in the

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

### 4. POLICY CHANGE

If required, the Remunerations Policy is reviewed and updated at least once a year in accordance with the changes in the Company's business processes and the rising risks in the sector in a manner which supports the Company's

targets and strategies in order to raise employees' motivation and loyalty. The updated Remunerations Policy is then presented for the information of shareholders in the General Assembly and also published on the Company's website.

The Company abides by the Capital Markets Board's regulation concerning corporate management in the determination of remuneration principles for Board members and executives of the senior management.

- No payments are made to the Members of the Board of Directors other than the rights and benefits designated by the General Assembly. Remunerations are paid to Executive Board Members however, for their executive duties.
- No performance based payment method exists which reflects performance within the Company.
- The Company does not extend loans or make available credits to Members of the Board and Company managers.
- No credits have been made available under the name of personal credit via the mediation of third persons, and no guarantees have been given such as surety in favor.
- The Company ensures that the remuneration of independent Board members is at a level which ensures their continued independence. The share certificate options or payment plans based on the Company's performance shall not be used.

# STATEMENT OF RESPONSIBILITY

**İHLAS GAZETECİLİK A.Ş.**  
**STATEMENT OF RESPONSIBILITY**

**Date: 02.03.2015**

**DATE OF THE BOARD OF DIRECTORS DECISION REGARDING THE ACCEPTANCE OF THE FINANCIAL TABLE AND  
ACTIVITY REPORTS: 02.03.2015  
DECISION NO: 2015/06**

**STATEMENT OF RESPONSIBILITY PURSUANT TO CAPITAL MARKETS BOARD COMMUNIQUE SERIES: II,  
NO:14.1 SECTION TWO ARTICLE 9**

We declare that the financial statements and the Annual Report of İhlas Gazetecilik A.Ş., which were completed by December 31, 2014 in accordance with the International Accounting / Financial Reporting Standards pursuant to the provisions of the Capital Markets Board's "Communiqué on the Principles of Financial Reporting in Capital Markets", Serial: II, No: 14.1,

a) Were examined by our side;

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

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

Sincerely,

**İSMAİL KAPAN**  
Chairman and Editor in Chief

**MUSTAFA ERDOĞAN**  
Manager Responsible for Financial  
Affairs and Executive Board  
Member

## PROPOSAL ON THE DISTRIBUTION OF PROFIT

İhlas Gazetecilik A.Ş.

### **Proposal on the Distribution of Profit**

By the end of our Company's 2014 accounting period;

The net profit for the period was TL 46,008,935 according to the Balance Sheet prepared according to the International Accounting / Financial Reporting Standards, in compliance with the provisions of the Capital Markets Board's Communiqué - Serial: II No: 14.1.

In our legal records that were prepared in accordance with the provisions of the Tax Procedure Law, we have TL 7,221,527.35 net profit for the period.

Due to the fact that we have previous years' losses in our legal records, the profit obtained as a result of our Company's 2014 Activities was set off against the previous year's losses and thus our Board of Directors decided to make a proposal for not making Profit Distribution at the Ordinary General Assembly.

Sincerely,

### **İSMAIL KAPAN**

Chairman and Editor in Chief

### **MUSTAFA ERDOĞAN**

Manager Responsible for Financial Affairs  
and Executive Board Member



İHLAS GAZETECİLİK ANONİM ŞİRKETİ

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT FOR  
THE JANUARY 1-DECEMBER 31, 2014  
ACCOUNTING PERIOD



# INDEPENDENT AUDITORS' REPORT



**BİLGİLİ BAĞIMSIZ DENETİM VE YMM A.Ş.**

(Member firm of AGN International)



**İHLAS GAZETECİLİK A.Ş.**

**INDEPENDENT AUDITORS' REPORT FOR THE JANUARY 1-DECEMBER 31, 2014 ACCOUNTING PERIOD**

**To the Attention of the Board of Directors of İhlas Gazetecilik Anonim Şirketi,**

We have audited the attached financial statements dated December 31, 2014, for İhlas Gazetecilik A.Ş. (Company), as well as its profit and loss statement, comprehensive income statement, statement of changes in equity, cash flow statement, summary of important accounting policies and footnotes for the year ending on the same date.

## **Responsibilities of the Company Management Regarding Financial Statements**

Company Management is responsible for preparing the financial statements in accordance with the Turkish Accounting Standards (TAS), presenting them fairly, and performing the internal audits it deems necessary so as to prepare the financial statements free of critical mistakes arising from errors or fraud.

## **Responsibilities of the Independent Auditing Firm**

We are obliged to provide opinions on these financial statements based on the independent audit that we conduct. Our independent audit has been performed in accordance with the Independent Audit Standards published by the Capital Markets Board and with the Independent Audit Standards, which is published by the Public Oversight, Accounting and Auditing Standards Authority and which is a part of the Turkish Audit Standards Board. These standards require that ethical principles be followed and that the independent audit be planned and executed so as to establish reasonable assurance regarding whether the financial statements contain critical mistakes.

An independent audit involves the implementation of audit procedures with the goal of obtaining proof of audit on the financial statement figures and footnotes. Selection of these procedures is based on the independent auditor's professional judgment, which includes an assessment of risks with regard to critical mistakes arising from errors or fraud. While assessing the risks, the independent auditor scrutinizes the company's internal audit regarding the preparation of financial statements and their fair presentation, with the aim of determining suitable audit procedures for the conditions. Nevertheless, this assessment does not intend to provide an opinion with regard to the effectiveness of the company's internal audit. An independent audit encompasses an assessment of the presentation of the financial statements as a whole, as well as whether the management's accounting policies are suitable and the accounting projections reasonable.

We, therefore, maintain that the independent auditing techniques used to substantiate the findings of the independent audit are sufficient as a basis of our opinions.

## **Opinion**

In our opinion, the attached financial statements accurately reflect, in all critical aspects, the financial status, financial performance and cash flow of İhlas Gazetecilik A.Ş. for the period ending on December 31, 2014, in compliance with the financial reporting standards in accordance with Turkish Accounting Standards or, within the TAS framework of financial reporting standards.

## **Report on the Independent Auditor's Responsibilities Arising from Other Relevant Legislation**

On March 2, 2015, the Board of Directors of the company was presented the Audit Report on the Early Detection of Risk System and Committee, prepared pursuant to Article 398/4 of the Turkish Commercial Code (TCC) No. 6102.

Pursuant to Article 402/4 of the TCC, during the January 1-December 31, 2014, fiscal year, no significant reservations were identified regarding compliance of the company's bookkeeping and financial statements with the law and with the company's Articles of Association on financial reporting.

According to the same article of the TCC, the Board of Directors provided the explanations and documents requested by us.

**Istanbul, March 2, 2015**  
**BİLGİLİ BAĞIMSIZ DENETİM ve**  
**YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.**

**RAFET KALKAN**

Responsible Partner, Lead Auditor  
Sworn-in Financial Advisor

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## İhlas Gazetecilik A.Ş.

December 31, 2013-December 31, 2014 Period

### Financial Statements

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

		Independent Audit	
	Footnote	Audited December 31,	Audited December 31,
	References	2014	2013
<b>ASSETS</b>			
<b>Current Assets</b>		<b>119,617,685</b>	<b>72,382,601</b>
Cash and Cash Equivalents	6	749,347	393,608
Financial Investments	7	-	-
Trade Receivables	10	59,331,415	59,508,279
-Trade Receivables from Related Parties	10-38	7,347,077	11,025,037
-Trade Receivables from Non-Related Parties	10	51,984,338	48,483,242
Financial Receivables	12	-	-
Other Receivables	11	46,958,502	-
-Other Receivables from Related Parties	11-38	46,958,502	-
-Other Receivables from Non-Related Parties	11	-	-
Derivative Instruments		-	-
Inventories	13	6,957,859	7,857,673
Live Assets	14	-	-
Prepaid Expenses	24	5,620,562	4,332,168
Current Tax Assets	25	-	290,873
Other Current Assets	26	-	-
(Subtotal)		119,617,685	72,382,601
Fixed Assets Held for Sale	35	-	-
<b>Fixed Assets</b>		<b>202,630,162</b>	<b>187,567,927</b>
Financial Investments	7	-	-
Trade Receivables	10	-	-
Financial Receivables	12	-	-
Other Receivables	11	16,053	10,178
Derivative Instruments		-	-
Investments Valued by Equity Method	16	23,230,457	-
Live Assets	14	-	-
Investment Properties	17	80,507,288	84,099,538
Tangible Fixed Assets	18	28,358,418	31,368,184
Intangible Fixed Assets	19	54,230,282	54,520,008
Prepaid Expenses	24	215,622	2,715,622
Deferred Tax Asset	36	16,072,042	14,854,397
Other Fixed Assets	26	-	-
<b>TOTAL ASSETS</b>		<b>322,247,847</b>	<b>259,950,528</b>

Attached footnotes are supplementary pieces of the financial statements.

# İhlas Gazetecilik A.Ş.

## December 31, 2013-December 31, 2014 Period

### Financial Statements

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

		<b>Independent Audit</b>	
	<b>Footnote</b>	<b>Audited December 31,</b>	<b>Audited December 31,</b>
	<b>References</b>	<b>2014</b>	<b>2013</b>
<b>Liabilities and Shareholders' Equity</b>			
<b>Short-Term Liabilities</b>		<b>27,091,936</b>	<b>14,771,698</b>
Short-Term Borrowing	8	3,657,312	1,537,064
Current Portion of Long-term Borrowings	8	1,002,177	1,013,203
Other Financial Liabilities	9	-	-
Trade Payables	10	6,509,055	7,328,008
-Trade Payables to Related Parties	10-38	2,757,921	3,040,817
-Trade Payables to Non-Related Parties	10	3,751,134	4,287,191
Financial Payables	12	-	-
Employee Benefits Payables	22	6,733,292	2,467,414
Other Payables	11	1,517	19,029
Derivative Instruments		-	-
Government Incentives and Grants	15	-	-
Deferred Income	24	2,203,134	1,020,125
Tax for the Period	36	639,670	-
Short-Term Provisions		-	-
Short-Term Provisions for Employee Benefits	22	-	-
Other Short-Term Provisions	21	-	-
Other Short-Term Liabilities	26	6,345,779	1,386,855
(Subtotal)	-	27,091,936	14,771,698
<b>Liabilities for Asset Groups Classified as</b>			
Held for Sale	35	-	-
<b>Long-Term Liabilities</b>		<b>35,678,709</b>	<b>31,033,995</b>
Long-Term Borrowing	8	137,669	1,186,640
Other Financial Liabilities	9	-	-
Trade Payables	10	-	-
Financial Payables	12	-	-
Other Payables	11	-	-
Derivative Instruments		-	-
Government Incentives and Grants	15	-	-
Deferred Income	24	-	-
Long-Term Provisions		10,707,032	9,821,852
Long-Term Provisions for Employee Benefits	22	10,635,682	9,730,150
Other Long-Term Provisions	21	71,350	91,702
Current Tax Payables	25	-	-
Deferred Tax Liability	36	20,729,560	20,025,503
Other Long-Term Liabilities	26	4,104,448	-
<b>SHAREHOLDERS' EQUITY</b>		<b>259,477,202</b>	<b>214,144,835</b>
Paid-in Capital	27	120,000,000	120,000,000
Capital Adjustment Differences	27	38,494,868	38,494,868
Other Comprehensive Income/ Expense not to be Reclassified in Profit or Loss		4,338,590	5,015,158
-Profit/Losses from Revaluation and Measurement	27	4,858,142	5,523,815
-Other Profits/Losses	27	(519,552)	(508,657)
Restricted Reserves Derived from Profit	27	957,185	957,185
Retained Earnings/Loss	27	49,677,624	47,405,459
Net Profit/(Loss) for the Period	37	46,008,935	2,272,165
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>322,247,847</b>	<b>259,950,528</b>

Attached footnotes are supplementary pieces of the financial statements.

## İhlas Gazetecilik A.Ş.

### January 1-December 31, 2014 and January 1-December 31, 2013 Accounting Period Profit and Loss and Other Comprehensive Income Statements

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

		Independent Audit	
	Footnote References	Audited January 1 December 31, 2014	Audited January 1 December 31, 2013
<b>CONTINUED OPERATIONS</b>			
Revenue	28	95,713,790	81,715,889
Cost of Sales (-)	28	(84,925,137)	(80,431,355)
<b>Gross Profit/(Loss) from Trade Operations</b>		<b>10,788,653</b>	<b>1,284,534</b>
Revenues from Finance Operations	28	-	-
Cost of Finance Operations (-)	28	-	-
<b>Gross Profit/(Loss) from Finance Operations</b>		<b>-</b>	<b>-</b>
<b>GROSS PROFIT/LOSS</b>		<b>10,788,653</b>	<b>1,284,534</b>
Administrative Expenses (-)	29-30	(30,352,185)	(13,607,313)
Marketing, Sales, and Distribution Expenses (-)	29-30	(8,520,208)	(10,443,347)
Research and Development Expenses (-)		-	-
Other Operating Income	31	12,422,128	13,417,307
Other Operating Expenses (-)	31	(3,723,211)	(4,536,827)
<b>OPERATING PROFIT/LOSS</b>		<b>(19,384,823)</b>	<b>(13,885,646)</b>
Income from Investments	32	65,111,290	13,223,810
Expenses from Investments	32	-	-
Share of Investments Valued by Equity Method in Profit/(Loss)	16	-	-
<b>OPERATING PROFIT/(LOSS) BEFORE FINANCE EXPENSES</b>		<b>45,726,467</b>	<b>(661,836)</b>
Finance Expenses (-)	33	(1,073,772)	(1,366,901)
Finance Income	34	1,517,882	2,405,045
<b>PRETAX PROFIT/(LOSS) FROM CONTINUING OPERATIONS</b>		<b>46,170,577</b>	<b>376,308</b>
<b>Tax (Expense)/Income from Continuing Operations</b>	<b>36</b>	<b>(161,642)</b>	<b>1,895,857</b>
-Tax Income/(Expense) for the Period	36	(640,195)	-
Deferred Tax Income/Expense)	36	478,553	1,895,857
<b>PROFIT/(LOSS) FROM CONTINUING OPERATIONS</b>	<b>37</b>	<b>46,008,935</b>	<b>2,272,165</b>
<b>PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS</b>	<b>37</b>	<b>-</b>	<b>-</b>
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>37</b>	<b>46,008,935</b>	<b>2,272,165</b>
<b>Profit/(Loss) per Share</b>	<b>37</b>	<b>0.383</b>	<b>0.019</b>
Profit/(Loss) per Share from Continuing Operations	37	0.383	0.019
Profit/(Loss) per Share from Ceased Operations	37	-	-
<b>Diluted Profit/(Loss) per Share</b>	<b>37</b>	<b>-</b>	<b>-</b>
Diluted Profit/(Loss) per Share from Continuing Operations		-	-
Diluted Profit/(Loss) per Share from Discontinued Operations		-	-

Attached footnotes are supplementary pieces of the financial statements.

## **İhlas Gazetecilik A.Ş.**

### **January 1-December 31, 2014 and January 1-December 31, 2013 Accounting Period Profit and Loss and Other Comprehensive Income Statements**

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

		Independent Audit	
	Footnote References	Audited January 1 December 31, 2014	Audited January 1 December 31, 2013
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>37</b>	<b>46,008,935</b>	<b>2,272,165</b>
<b>Other Comprehensive Income/(Loss)</b>		<b>(676,568)</b>	<b>5,162,749</b>
<b>Items not to be Reclassified in Profit or Loss</b>		<b>(676,568)</b>	<b>5,162,749</b>
Tangible Fixed Assets Revaluation increase/ decrease	18-27	(700.708)	5.814.542
Defined Benefit Plans Re-measurement gains/ losses	22-27	(10.895)	(361.066)
<b>Taxes for Other Comprehensive Income not to be</b>	<b>27-36</b>	<b>35,035</b>	<b>(290,727)</b>
<b>Reclassified in Profit or Loss</b>			
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>45,332,367</b>	<b>7,434,914</b>

Attached footnotes are supplementary pieces of the financial statements.

# İhlas Gazetecilik A.Ş.

## January 1-December 31, 2014 and January 1-December 31, 2013 Accounting Period Statement of Changes in Shareholders' Equity

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

	Footnote References	Other Comprehensive Income/Expense not to be Reclassified in Profit or Loss						Retained Earnings			Total Shareholders' Equity
		Paid-in Capital	Capital Adjustment Differences	Restricted Reserves Derived from Profit	Tangible Fixed Assets Revaluation Increase/Decrease		Actuarial Gains/(Losses) Fund from Pension Plans	Earnings/(Loss) Retained	Net Profit/(Loss) for the Period	Shareholders' Equity	
					5.523.815	(508.657)					
January 1, 2014	27	120.000.000	38.494.868	957.185	5.523.815	(508.657)	47.405.459	2.272.165	214.144.835		
Transfers		-	-	-	-	-	2.272.165	(2.272.165)	-		
Total Comprehensive Income	27.37	-	-	-	(665.673)	(10.895)	-	46.008.935	45.332.367		
December 31, 2014		120.000.000	38.494.868	957.185	4.858.142	(519.552)	49.677.624	46.008.935	259.477.202		

	Footnote References	Other Comprehensive Income/Expense not to be Reclassified in Profit or Loss						Retained Earnings			Total Shareholders' Equity
		Paid-in Capital	Capital Adjustment Differences	Restricted Reserves Derived from Profit	Tangible Fixed Assets Revaluation Increase/Decrease		Actuarial Gains/(Losses) Fund from Pension Plans	Earnings/(Loss) Retained	Net Profit/(Loss) for the Period	Shareholders' Equity	
					5.523.815	(361.066)					
January 1, 2013	27	120.000.000	38.494.868	957.185	-	(147.591)	48.540.192	(1.134.733)	206.709.921		
Transfers		-	-	-	-	-	(1.134.733)	1,134.733	-		
Total Comprehensive Income	27.37	-	-	-	5.523.815	(361.066)	-	2.272.165	7.434.914		
December 31, 2013		120.000.000	38.494.868	957.185	5.523.815	(508.657)	47.405.459	2.272.165	214.144.835		

İlişikteki dipnotlar finansal tabloların tamamlayıcı parçalarıdır.



## İhlas Gazetecilik A.Ş.

### January 1-December 31, 2014 and January 1-December 31, 2013 Accounting Period Cash Flow Statements

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

	Footnote References	Independent Audit	
		Audited December 31 2014,	Audited December 31 2013,
<b>Cash Flows Generated from Operating Activities</b>			
Profit/(Loss) for the Period	37	46.008.935	2.272.165
<b>Adjustments For Net Income/Loss Reconciliation</b>			
Adjustments For Depreciation and Amortization Expenses	18-19	3.110.062	3.529.631
Adjustments For Severance Pay Provision	22-30	3.714.547	4.629.788
Adjustments For Tax Expense/Income	36	161.642	(1.895.857)
Brand impairment adjustments	31	-	1.577.485
Real estate appreciation adjustments	32	(25.072.750)	(12.625.281)
Litigation provisions cancellation adjustments	31	(20.352)	(6.148)
Interest Income Adjustment	34	(1.517.882)	(2.405.045)
Adjustments For Interest Expenses	33	1.073.772	1.366.901
Adjustments for gains/losses arising from disposal of investment properties and tangible fixed assets	32	(40.038.540)	(598.529)
Adjustments for other income/ expenses not requiring cash inflow/ outflow		-	(134.131)
<b>Changes in Working Capital</b>			
Adjustments for increase/decrease in trade receivables	10	176.864	(4.789.620)
Adjustments for increase/decrease in other receivables	11	(46.964.377)	(8.450)
Adjustments for increase/decrease in inventories	13	899.814	1.218.781
Adjustments for increase/decrease in current period tax	25	290.873	(192.737)
Adjustments for increase/decrease in prepaid expenses	24	1.211.606	1.866.024
Adjustments for increase/decrease in other current assets	26	-	225.853
Adjustments for increase/decrease in trade payables	10	(818.953)	2.392.475
Adjustments for increase/decrease in employee benefits payables	22	4.265.878	723.868
Adjustments for increase/decrease in short- and long-term deferred income	24	1.183.009	(728.421)
Adjustments for increase/decrease in other short- and long-term payables	11	(17.512)	3.915
Adjustments for increase/decrease in other short- and long-term payables	26	9.063.372	(642.235)
<b>Cash flows from operating activities</b>			
Tax Payments	36	(525)	-
Litigation expense payments	21	-	(47.330)
Severance Payments	22	(2.819.910)	(2.295.561)
<b>Cash flows from operating activities (A)</b>		<b>(46.110.427)</b>	<b>(6.562.459)</b>
<b>Cash flows from investments</b>			
Cash outflows from sale of tangible fixed assets and investment properties	18	(873.198)	(2.370.768)
Cash outflows from purchase of intangible assets	19	-	(103.140)
Cash inflows from sale of investment properties and tangible fixed assets		69.065.460	6.289.070
Cash outflows from acquisition of subsidiaries	16	(23.230.457)	-
<b>Cash flows from investment activities (B)</b>		<b>44.961.805</b>	<b>3.815.162</b>
<b>Cash flows from financing activities</b>			
Received interest	34	1.517.882	2.405.045
Paid interest	33	(1.073.772)	(1.366.901)
Cash inflows from borrowing	8	1.060.251	1.699.088
<b>Cash flows used in finance activities (C)</b>		<b>1.504.361</b>	<b>2.737.232</b>
<b>Net increase/decrease in cash and cash equivalents (D=A+B+C)</b>		<b>355.739</b>	<b>(10.065)</b>
<b>Cash and cash equivalents at the beginning of the period (E)</b>	<b>6</b>	<b>393.608</b>	<b>403.673</b>
<b>Cash and cash equivalents at the end of the period (D+E)</b>	<b>6</b>	<b>749.347</b>	<b>393.608</b>

Attached footnotes are supplementary pieces of the financial statements.

## İhlas Gazetecilik A.Ş.

### Footnotes to the Financial

### Statements as of December 31, 2014

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

#### Note 1 - Organization and Area of Activity of the Company

The Company's field of activity consists of publication and printing, as well as domestic and foreign distribution, sale, delivery and marketing of daily, weekly and monthly, and short or long-term, and non-periodical newspapers, magazines, books, encyclopedias, pamphlets and journals in Turkish and foreign languages.

The Company employed an average of 499 individuals during the period (550 in 2013).

The Company is headquartered at: Merkez Mahallesi 29 Ekim Cad. İhlas Plaza No:11 A/41, Yenibosna-Bahçelievler/İstanbul." The Company's printing facilities are located at:

-Istanbul Printing Facility: Merkez Baskı Tesisi: 29 Ekim Cad. İhlas Plaza No:11 A/41, Yenibosna-Bahçelievler, İstanbul

-Ankara Printing Facility: Samsun Yolu Demirciler Sitesi No:68 Siteler Altındağ, Ankara

-Antalya Printing Facility: Yenigöl Mah. Serik Cad.No:38 Altınova, Antalya

-İzmir Printing Facility: Fatih Mahallesi 1199 Sokak No: 1/7 Sarnıç - Gaziemir, İzmir

-Adana Printing Facility: Ceyhan Yolu Üzeri 4 Km. No:158 Yüreğir, Adana

-Trabzon Printing Facility: Organize Sanayi Bölgesi Arsin, Trabzon

The Company's shareholder structure as of December 31, 2014 and December 31, 2013:

Name/Title	December 31, 2014		December 31, 2013	
	Share (%)	Share Amount (TL)	Share (%)	Share Amount (TL)
İhlas Yayın Holding A.Ş.	56.55	67,859,559	56.55	67,859,559
Open to the Public	33.00	39,600,000	33.00	39,600,000
İhlas Holding A.Ş.	6.92	8,304,075	6.92	8,304,075
Ahmet Mücahid Ören	2.00	2,392,995	1.76	2,108,943
İhlas Ev Aletleri İmalat Sanayi Ticaret A.Ş.	1.03	1,237,553	1.03	1,237,553
Ayşe Dilvin Ören	0.50	605,818	0.50	605,818
Other	-	-	0.24	284,052
<b>Total</b>	<b>100</b>	<b>120,000,000</b>	<b>100</b>	<b>120,000,000</b>
Capital Adjustment Differences		38,494,868		38,494,868
<b>Total</b>		<b>158,494,868</b>		<b>158,494,868</b>

The Company's indirect partnership structure:

Name/Title	December 31, 2014		December 31, 2013	
	Share (%)	Share Amount (TL)	Share (%)	Share Amount (TL)
Open to the Public	91.13	109,355,898	89.31	107,164,081
Ahmet Mücahid Ören	7.06	8,475,251	7.00	8,403,824
Other	1.81	2,168,851	3.69	4,432,095
<b>Total</b>	<b>100</b>	<b>120,000,000</b>	<b>100</b>	<b>120,000,000</b>

Distribution of the Company's preferred shares (group A shares) as per the Ordinary General Assembly dated March 28, 2014:

Shareholder Name/Title	Bearer/Registered	Number of Shares	Amount
İhlas Yayın Holding A.Ş.	Registered	9,000,000	9,000,000
İhlas Holding A.Ş.	Registered	2,400,000	2,400,000
Ahmet Mücahid Ören	Registered	450,000	450,000
Ayşe Dilvin Ören	Registered	150,000	150,000
<b>Total</b>		<b>12,000,000</b>	<b>12,000,000</b>

# **İhlas Gazetecilik A.Ş.**

## **Footnotes to the Financial Statements as of December 31, 2014**

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

### **Benefits of Preferential Shares**

The Members of the Board of Directors are selected among candidates nominated by Group A shareholders: At least 4 members if the Board of Directors is made up of 5 people, at least 5 members if the Board of Directors is made up of 7 people, at least 7 members if the Board of Directors is made up of 9 people, and at least 9 members if the Board of Directors is made up of 11 people.

Each of the Group A shareholders has 15 (fifteen) votes in the Company's ordinary and extraordinary general assembly meetings.

### **Note 2 - Principles Regarding the Presentation of Financial Statements**

#### **A. Fundamental Presentation Principles**

##### **Accounting Standards Applied**

The Company keeps accounting records and statutory financial statements in Turkish lira (TL) in compliance with trade legislation, financial legislation and Uniform Chart of Accounts requirements issued by the Ministry of Finance. Based on the Company's legal records, financial statements have been rectified and classified so as to ensure compliance with the Turkish Accounting Standards (TAS) and the Turkish Financial Reporting Standards (TFRS), issued by the Public Oversight Accounting and Auditing Standards Authority, and with the appendices and footnotes related to them.

The Capital Markets Board Communiqué Serial II, No: 14.1 on "Principles Regarding Financial Reporting in Capital Markets" was issued in the Official Gazette dated June 13, 2013, and entered into effect on the date of issue to be valid as of the interim period financial reports ending after April 1, 2013. The communiqué sets the policies, procedures and principles on the financial statements that will be drawn up by the businesses, and on their preparation and submission to the authorities. The related communiqué with the Communiqué Serial XI, No: 29 on "Principles Regarding Financial Reporting in the Capital Markets." Repealed.

In the preparation of financial statements, businesses refer to the TAS and TFRS provisions issued by the Public Oversight, Accounting and Auditing Standards Authority (POA) in compliance with the provisions of the Capital Markets Board Communiqué Serial: II, No: 14.1 on "Principles Regarding Financial Reporting in Capital Markets." Accordingly, the attached financial statements have been prepared based on the TAS and TFRS, and on the related appendices and comments. Moreover, the financial statements and footnotes have been presented in the formats and with the information required by the POA.

##### **Consolidation Principles**

In the case that the business, in which direct or indirect investment is made, holds 20-50 percent of the voting rights, unless clearly proven otherwise, a significant impact is considered to be present in the aforementioned transaction and the invested business is considered as a subsidiary.

Investments in the subsidiaries are consolidated through the equity method. According to this method, the subsidiary investment is initially recorded with the acquisition cost. After the acquisition date, the book value of the investment is increased or decreased so as to reflect in the financial statements the investor's share in the invested business' profit or loss. Investor's share in the profit or loss of the invested business is entered into the books as profit or loss of the investor. Also, the goodwill relating to the subsidiary is included in the book value of the subsidiary investment.

The following table shows the effective share ratio owned by the subsidiaries that are entered into the books through the equity method as of the balance sheet date:

<b>Subsidiaries Consolidated through the Equity Method</b>	<b>Effective Share %</b>
İhlas Haber Ajansı A.Ş.	24.00

## **İhlas Gazetecilik A.Ş.**

### **Footnotes to the Financial Statements as of December 31, 2014**

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

#### **New and revised standards and interpretations**

The accounting policies adopted in preparation of the consolidated financial statements, belonging to the accounting period ending as of December 31, 2014, are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2014. These standards and interpretations have not had a significant effect on the Company's financial status or performance.

*The new standards, amendments and interpretations, which are effective as of January 1, 2014, are as follows:*

#### *TAS 32 Financial Instruments: Disclosure-Offsetting Financial Assets and Financial Liabilities (Amendment)*

The amendment brings clarification to the current legal rights with regard to offsetting the recognized amounts as well as to the application area of the TAS 32 offsetting principle in the non-concurrent and gross payment offsetting systems (such as the clearing offices). The amendments will be effective retrospectively for the annual accounting periods starting on or after January 1, 2014. The aforementioned standard has not had a significant effect on the Company's financial status or performance.

#### *TFRIC Interpretation 21 Levies*

The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively, only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognized before the specified minimum threshold is reached. The interpretation is effective for annual periods beginning on or after January 1, 2014, with early implementation permitted. Retrospective application of this interpretation is required. This interpretation does not apply to the Holding and is not expected to have a significant impact on the financial position or performance of the Company.

#### *TAS 36 Impairment of Assets-Recoverable Amount Disclosures for Non-Financial assets (Amendment)*

The TFRS, as a consequential amendment to TFRS 13 Fair Value Measurement, modified some of the disclosure requirements in TAS 36 Impairment of Assets, regarding measurement of the recoverable amount of impaired assets. The amendment requires additional disclosures about measuring the recoverable amount by deducting the real value of the impaired assets (or a group of assets) from the fair disposal cost. The amendment will be effective retrospectively for the annual accounting periods starting on or after January 1, 2014. The aforementioned standard has not had any significant effect on the Company's financial status or performance.

#### *TAS 39 Financial Instruments: Recognition and Measurement- Transfer of Derivatives and Continuation of Hedge Accounting (Amendment)*

TAS 39 Financial Instruments: Amendment to the Recognition and Measurement standard introduces a narrow exception to the requirement for the discontinuation of hedge accounting in circumstances when a hedging instrument is required to be transferred to a central counterparty, as a result of laws or regulations. The amendment will be effective retrospectively for the annual accounting periods starting on or after January 1, 2014. The aforementioned standard has not had any significant effect on the Company's financial status or performance.

## **İhlas Gazetecilik A.Ş.**

### **Footnotes to the Financial Statements as of December 31, 2014**

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

*TFRS 10, TFRS 12 and TAS 28: Investment Enterprises: Application of consolidation exception (Amendment to TFRS 10 and TAS 28)*

TFRS 10 has been amended to bring an exception with regard to exempting the companies that fit the description of an investment entity from the consolidation provisions. The exception introduced to the consolidation provisions require recognition of subsidiaries by the investment entities based on real value pursuant to the provisions of the TFRS 9 Financial Instruments standard. TAS 39 Financial Instruments when businesses do not apply TFRS 9: Recognition is required based on fair value, pursuant to the provisions of Recognition and Measurement. The aforementioned amendment has not had a significant effect on the Company's financial status and performance.

*Standards that have been issued but are not yet in effect or have not been adopted early*

The following are the new standards, interpretations and amendments, which have been issued as of the financial statements' approval dates, but have not been entered into effect for the current reporting period, and which the Company has not begun implementing early. Unless otherwise stated, the Company will apply the necessary amendments that would affect its financial statements and footnotes after the new standards and interpretations enter into effect.

*TFRS 9 Financial Instruments - Classification and Measurement*

Pursuant to the amendment made in December 2012, the new standard will be effective for annual periods beginning on or after January 1, 2015. The first phase of the TFRS 9 Financial Instrument standard introduces new requirements for classifying and measuring financial assets and liabilities. The amendments made to TFRS 9 affect mainly the classification and measurement of financial assets and the measurement of fair value option (FVO) liabilities, and they require that the change in fair value of a FVO financial liability attributable to credit risk is presented under Other Comprehensive Income table. The Company is assessing the amendment's impact on the financial position and performance of the standard.

*The new and amended standards and interpretations that are issued by the International Accounting Standards Board (IASB) but not by the POA:*

The following new standards, interpretations and amendments to existing IFRS standards have been issued by the IASB but have not been entered into effect for the current financial reporting period. However, these new standards, interpretations and amendments to existing IFRS standards are not yet adapted to/issued in the TFRS by the POA; thus they do not constitute part of the TFRS. The Company will make the necessary changes to its financial statements after the new standards and interpretations have been issued and become effective under the TFRS.

*IFRS 9 "Financial Instruments - Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39 -IFRS 9 (2013)"*

In November 2013, the IASB issued a new version of IFRS 9, which includes the new hedge accounting requirements and some related amendments to the IAS 39 and the IFRS 7.

Entities can adopt an accounting policy so as to continue applying the hedge accounting requirements of IAS 39 for all of their hedging transactions. The standard does not have a mandatory effective date, but it is currently applicable, and a new mandatory effective date will be set when the IASB completes the impairment phase of its project on the accounting for financial instruments. Annual accounting periods starting from January 1, 2018, have been set as the temporary effective date. The Company will assess the impact of the amendment on the financial position and performance of the standard after other phases have been issued.

*IAS 19 - Employee Benefits - Defined Benefit Plans: Employee Contribution (Amendment)*

Employee or third party contributions must be taken into account during recognition of the benefit plans that are defined according to the IAS 19. The amendment clarifies that if the contribution amount is independent of the number of years served, businesses can recognize the contributions by deducting them from the cost of service in the year the service was provided, rather than spreading them to the periods of service. The amendment will be effective retrospectively for the annual accounting periods starting on or after July 1, 2014. The aforementioned amendment is expected to have no significant effect on the Company's financial status and performance.

## **İhlas Gazetecilik A.Ş.**

### **Footnotes to the Financial**

### **Statements as of December 31, 2014**

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

#### IFRS 14 Regulatory Deferral Accounts

In 2012, the IASB initiated a comprehensive project on Activities with Regulated Rates. As part of the project, the IASB issued a limited-scope standard as a temporary solution for the first-time IFRS implementers within the businesses with regulated rates. This standard allows first-time IFRS implementers to continue to recognize the amounts related to rate regulation, in accordance with their previous legislation when they adopt the IFRS. The standard is effective for annual periods beginning on or after January 1, 2016, with early implementation permitted. The amendment is expected to have no significant effect on the Company's financial status and performance.

#### IAS 16 Tangible Fixed Assets and IAS 41 Agricultural Activities: Bearer Plants (Amendments)

In June 2014, the IASB issued an amendment on recognizing the "bearer plants" within the scope of the "IAS 16-Tangible Fixed Assets" standard. The issued amendment states that bearer plants in biological asset classification such as grape vine, rubber tree or date palm produce crops in more than one period after their maturity, and that business keep them for their yield lifespan. However, bearer plants do not go through significant biological transformation once they are matured, and their function is similar to that of production. As such, the amendment sets forth that they should be recognized within the scope of IAS 16, instead of IAS 41, and it allows bearer plants to be valued through the "cost model" or the "revaluation model." Meanwhile, the produce on the bearer plants will be recognized according to their fair value less costs to sell model in IAS 41. The amendments will be effective prospectively for the annual accounting periods starting on or after January 1, 2016.

Early adoption is permitted. The amendment does not apply to the Company and it is expected to have no significant effect on the Company's financial status and performance.

#### IFRS 15 Contracts with Customers

The IASB issued IFRS 15 Revenue from Contracts with Customers standard in May 2014. The new five-phase model for the standards sets out the requirements for recognizing and measuring the revenue. The standard will apply to revenues arising from contracts with customers, and it sets a model for recognizing and measuring the sale of certain non-financial assets (e.g., intangible fixed asset sales) that are not related to the normal activities of a business. IFRS 15 will be effective prospectively for the annual accounting periods starting on or after January 1, 2017. Two alternatives are offered for transition to IFRS 15: full retrospective or modified retrospective application. When modified retrospective application is preferred, previous periods will not be re-adjusted, but comparative numerical information will be provided in the footnotes of financial statements. The Company is assessing the amendment's impact on its financial position and performance.

#### IAS 16 and IAS 38 - Clarification on applicable methods of depreciation and amortization

The amendment to IAS 16 Tangible Fixed Assets standard clearly states that the revenue-based amortization calculation method cannot be used in the amortization calculation of tangible fixed assets. The amendment to IAS 38 Intangible Fixed Assets standard sets forth a refutable assumption that it is not suitable to use revenue-based amortization calculation methods in amortization of intangible fixed assets.

These amendments will be effective prospectively for the annual accounting periods starting on or after January 1, 2016. Early adoption is permitted. The amendment is expected to have no significant effect on the Company's financial status and performance.

## **İhlas Gazetecilik A.Ş.**

### **Footnotes to the Financial Statements as of December 31, 2014**

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

#### IFRS 11 – Recognition of shares acquired in joint activities

In May 2014, the IASB changed IFRS 11 so as to set guidance for the accounting of partnership interest acquirement in joint arrangements of which their activities constitute a business. The amendment requires that an entity that acquires partnership interest in a joint arrangement, of which its activities constitute a business, as stated in IFRS 3 Business Mergers, apply all principles with regard to business mergers stated in IFRS 3 and in other IFRS items, with the exception of those that contradict the guidance stated in this IFRS. In addition, the entity that is doing the acquisition must disclose the information required by IFRS 3 and other IFRS items regarding business mergers. The amendments will be effective prospectively for the annual accounting periods starting on or after January 1, 2016. Early adoption is permitted. The amendment is expected to have no significant effect on the Company's financial status and performance.

#### IFRS Improvements:

In December 2013, the IASB issued two sets of "Annual IFRS Improvements: "2010-2012 Period" and "2011-2013 Period." The amendments will be effective on July 1, 2014, with the exception of those that affect the "Justification of Decisions."

#### Annual improvements: 2010-2012 Period

IFRS 2 "Share-based Payments": Definitions relating to vesting conditions have changed, and the performance and service conditions are defined in order to clarify issues. The amendment will be applied prospectively.

IFRS 3 "Business Mergers": Contingent consideration in a business merger that is not classified as equity is subsequently measured at fair value through profit or loss, whether or not it falls within the scope of IFRS 9 Financial Instruments. The amendment will be applied prospectively for business mergers.

#### IFRS 8 "Operating Segments": The amendments are as follows:

- i) Operating segments may be combined/aggregated if they are consistent with the core principle of the standard.
- ii) The reconciliation of segment assets to total assets is required to be disclosed only if the reconciliation is reported to the decision-maker regarding the operations. The amendments will be applied retrospectively.

IFRS 13 "Fair Value Measurement": As clarified in the Basis for Conclusions, short-term trade receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment will be effective immediately

IAS 16 "Tangible Fixed Assets" and IAS 38 "Intangible Fixed Assets": The amendment to IAS 16.35 (a) and IAS 38.80 (a) clarifies that revaluation can be performed as follows:

- i) Adjust the gross carrying amount of the asset to market value, or
- ii) Determine the market value of the carrying amount and adjust the gross carrying amount proportionately so that the carrying amount is equal to the market value. The amendment will be applied retrospectively.

IAS 24 "Related Party Disclosures": The amendment clarifies that a management entity – an entity that provides key management personnel services – is a related party subject to the related party disclosures. The amendment will be applied retrospectively.

#### Annual improvements: 2011-2013 Period

IFRS 3 "Business Mergers": The amendment clarifies that

- i) joint arrangements, as well as joint ventures, are outside the scope of IFRS 3
- ii) The scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment will be applied prospectively.

IFRS 13 "Fair Value Measurement": Clarifies that the portfolio exception in IFRS 13 can be applied to financial assets, financial liabilities and other contracts. The amendment will be applied prospectively.

## **İhlas Gazetecilik A.Ş.**

### **Footnotes to the Financial Statements as of December 31, 2014**

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

IAS 40 "Investment Properties": The amendment clarifies the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property. The amendment will be applied prospectively.

The aforementioned amendments have not had a significant effect on the Company's financial status or performance.

#### **Statement about Inflation Accounting and Reporting Currency**

In accordance with a decision made by the CMB dated March 17, 2005, effective from January 1, 2005, companies that operate in the Turkish market and prepare financial statements according to the CMB Financial Reporting Standards do not need to apply inflation accounting. Therefore, starting from January 1, 2005, the TAS 29 standard titled "Financial Reporting Standard on High-Inflation Economies" published by the IASB was not applied to the Company's consolidated financial statements dated December 31, 2014.

The enclosed financial statements have been prepared in Turkish lira (TL) with the inclusion of the consolidated financial tables dated December 31, 2014, and the consolidated financial data from previous periods to be used for comparison.

As per TAS 21 standard "Effects of Foreign Currency Rate Changes," the company records foreign currency transactions based on the spot exchange rate amount that is calculated as the difference between the foreign currency and the functional currency at the time of the transaction.

The following are the foreign currency closing rates published by the Central Bank of Turkey for the December 31, 2014, and December 31, 2013 period:

<b>Currency</b>	<b>Foreign Exchange Rates (TL/Foreign Currency)</b>	
	<b>December 31, 2014</b>	<b>December 31, 2013</b>
USD	2.3189	2.1343
EURO	2.8207	2.9365
GBP	3.5961	3.5114

#### **Comparative Information and Adjustments to the Financial Statements from the Previous Year**

The Company's financial statements are prepared comparatively with the previous year's so as to allow for the identification of financial status and performance trends. Financial statements from the previous year are re-classified to allow comparison when presentation or classification of financial statement items change.

In the event of retrospective application of any of the Company's accounting policies, or retrospective adjustment of figures stated on an enterprise's financial statements or reclassification of items in financial statements, footnotes will be provided regarding the financial statements (balance sheet) pertaining to at least three periods, and regarding the statements belonging to two periods for each of the other statements (other consolidated income statement, cash flow statement, statement of changes in equity).

The Holding presents its financial statements on the following periods:

- as of the end of the current period,
- as of the end of the previous annual reporting period, and
- as of the beginning of the most recent comparative period.



# **İhlas Gazetecilik A.Ş.**

## **Footnotes to the Financial Statements as of December 31, 2014**

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

### **Offsetting**

Assets-liabilities and income-costs are not entered into accounts, unless Standards or Interpretations stipulate or permit. Assets and liabilities are shown as net amounts when there is a legally enforceable right or when the assets and liabilities in question are intended to be assessed as net values or when the assets are acquired simultaneously with liabilities being met. Offsetting does not comprise showing assets in net amounts after deducting valuation accounts, such as provisions for decrease in inventory value or for doubtful receivables.

### **B. Changes in Accounting Policies**

Companies must have the ability to compare financial statements over time in order for the users to be able to identify the financial status, performance, and cash flow trends of a business. Therefore, the same accounting policies apply to each interim period and fiscal year.

The following do not constitute adjustments to the accounting policies:

- Implementation of an accounting policy for events or transactions that differ in essence due to actions that may have taken place before; and
- Implementation of a new accounting policy for events or transactions that have not arisen nor have had any previous importance.

The Company employs the same accounting policies for all periods as required by the consistency principle.

### **C. Changes and Errors in Accounting Policies and Estimates**

Accounting policy changes resulting from the initial adoption of a new standard is made either retrospectively or prospectively in accordance with the transition requirements, if any. Changes without any transition requirement, discretionary material changes in accounting policies and accounting errors are corrected retrospectively, and financial statements for the previous period are amended. Accounting projections for a single period are applied in that particular period, whereas those for future periods are applied both to the period when the change is made and also prospectively.

### **D. Summary of Significant Accounting Policies**

#### **Cash and Cash Equivalents**

Cash and cash equivalents comprise cash in hand, current deposits and other short-term, highly liquid investments that have original maturities of three months or less, that are readily convertible into cash, and that do not pose a risk of significant value change. The book value of these assets are close to their fair values.

#### **Financial Investments**

There are three groups of financing investments: financial assets held for trading (whose fair value difference is recognized in the income statement), held-to-maturity investments, and available-for-sale financial assets.

When recognizing securities whose fair value difference is not reflected in the profit/loss, transaction costs directly associated with the acquisition of such securities are added to the fair value in question.

## **İhlas Gazetecilik A.Ş.**

### **Footnotes to the Financial**

### **Statements as of December 31, 2014**

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

Marketable securities are composed of securities that are acquired for the purpose of profiting from short-term fluctuations in prices and similar elements; or securities that are a part of a portfolio aiming to profit in the short-term, independently of the reason for its acquisition; as well as bank deposits with a maturity longer than three months. Financial assets held for trading are measured at fair value when they are recognized for the first time. Transaction costs related to the acquisition of the relevant financial asset are added to the fair value; the relevant financial assets are measured at fair value in the periods subsequent to the initial recognition. Earnings and losses calculated during valuation are included in profit/loss accounts. Financial assets held for trading without an active market are recognized from amortized costs in the subsequent periods. Interest and dividends generated during the retention of marketable securities are indicated under interest incomes and dividend incomes, respectively. Trading transactions of securities held for trading become either recognized or derecognized according to the delivery dates.

Held-to-maturity investments are financial assets with fixed or determinable payments that an entity intends to hold or that is able to be held until maturity. Held-to-maturity investments are measured at amortized costs that have been calculated using the effective interest method in the periods after recognition. Earnings and losses calculated during valuation are included in profit/loss accounts.

The effective interest method is the method that calculates amortized costs of a financial asset (or a financial asset group) and distributes the interest income or expense over the relevant period. The effective interest rate is the rate that precisely discounts estimated future cash payments or receipts for the expected life, or a shorter period if applicable, of the financial instrument to the net carrying amount of the financial asset or liability.

Financial investments available-for-sale are financial investments that are not identified as investments to be held until maturity, or financial investments whose fair value difference is not reflected into profit/loss. Available-for-sale financial assets with an active market are valued at the fair market value, and the gains or losses resulting from this valuation are recognized as equities until they are derecognized as such. If there are no active markets for available-for-sale financial assets, they are valued at the amortized cost.

#### **Trade Receivables**

Trade receivables from future sales are recognized at the amortized cost based on the effective interest method. Short-term trade receivables that do not have a specified interest rate are recognized at billed value when the interest accrued has insignificant effect.

Imputed rate of interest is taken as a basis when effective interest rates of trade receivables are unknown. The Company uses LIBOR rates as the active interest rate, since its receivables and payables bear no cash value as required by commercial customs, and it does not apply late interest on sales.

Promissory notes and dated checks classified under trade receivables are subject to rediscounting and are reported at values reduced through the effective interest method (amortized cost value).

The difference between the nominal value and the amortized value of trade receivables is recognized as an interest expense pursuant to the "TAS 39 Financial Instruments: Recognition and Measurement" standard.

Doubtful receivable provisions are recognized as expenses. Provision is the amount that offsets damage due to risk, according to the nature of the account or to economic conditions, and is assumed by the Company's management. There are several ways a receivable may be evaluated as doubtful:

- a) Uncollectible receivables from previous years;
- b) The debtor's ability to pay;
- c) Extraordinary conditions in the industry and in the economy.

## **İhlas Gazetecilik A.Ş.**

### **Footnotes to the Financial Statements as of December 31, 2014**

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

Pursuant to TAS 1 "Presentation of Financial Statements," trade receivables are a part of the business capital used during the regular operating cycle of the business. Therefore, they are classified as short-term, even if they are to be collected over a period longer than 12 months from the balance sheet date.

#### **Inventories**

Inventories are required to be stated at the cost or net realizable value, whichever is lower. Inventory costs include all purchasing costs, conversion costs, and any other costs incurred in bringing the inventories to their present location and condition. The individual cost of inventory is calculated using the weighted average method. The distribution of fixed production overheads to conversion costs are based on the assumption that manufacturing activities will be at normal capacity. The normal capacity is the average volume of manufacturing expected over multiple periods or seasons under normal conditions, taking into account the decrease in capacity from scheduled maintenance and repairs. If actual production rate is close to the normal capacity, this capacity can be assumed as the normal capacity.

Net realizable value is the estimated cost of sales in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. Renewal cost of raw materials and supplies may be the best measure to reflect the net realizable value.

Inventory acquisition costs are reduced to their net realizable values on the basis of each inventory item. The reduction is performed by allocating provisions for low inventory value. In other words, if the cost of the inventory is greater than the net realizable value, the cost is a written-down value at the net realizable value subtracted by the provision for the impairment. Otherwise, no transaction can be performed.

If the difference between the cash purchase price and the inventory purchase price with a deferred payment includes financing, then the financing is recognized as an interest expense for the period of financing.

#### **Tangible and Intangible Fixed Assets**

The cost of a tangible or an intangible asset may be reported under assets in the financial statement only if:

- a) It is probable that the future economic benefits attributable to the asset will flow to the enterprise; and
- b) The cost of the asset can be measured reliably.

Intangible and tangible assets are measured at cost for initial recognition. In the subsequent periods, they are measured using either the cost model or the revaluation model.

The initial cost of long-term assets consists of the purchasing price that includes customs, non-refundable purchase taxes, and direct costs incurred until the asset is in working condition.

The cost model is the recognition of intangible and tangible assets at cost, less any amortization and impairment losses.

The revaluation model recognizes intangible and tangible assets at a revalued amount after being recognized as an asset whose fair value can be determined reliably. The revalued amount is the fair value at the revaluation date less subsequent amortization and impairment losses. Revaluations are performed regularly in order not to create significant differences between the residual value and the amount calculated using the fair value on the date of the balance sheet. If there are indications of significant changes for a property for which the revaluation model is used, the Company has it revalued. Since there is not an active market for its other intangible and tangible assets besides property, the Company applies the cost model. Based on the studies conducted on whether there has been impairment or appreciation in relation to its real estate properties, the Company determined that there has been an appreciation in the current period. Information regarding this valuation is presented in detail on Note 18.

## **İhlas Gazetecilik A.Ş.**

### **Footnotes to the Financial Statements as of December 31, 2014**

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

In the current period, transfers have been made between land and building shares based on appraisal reports.

When a tangible asset is revalued, the accumulated depreciation at the time of the revaluing is readjusted proportionally to the asset's gross book value. Thus, the book value of the asset after revaluing is equal to its revalued value.

Provisions of the standards TAS 2 "Inventory" and TAS 16 "Tangible Fixed Assets" are applied for the transfers the Company makes from inventories to fixed assets to be used in operational activities. Accordingly, the transfer is based on the fair value at the time of the transfer.

Depreciation is measured by the straight-line method based on a pro-rata basis according to the useful lives and methods indicated below:

	<b>Useful Life (Years)</b>	<b>Method</b>
Buildings	50	Straight-Line
Machinery, plants and equipment	4-10	Straight-Line
Vehicles, tools, and instruments	4-10	Straight-Line
Furniture and fixtures	3-15	Straight-Line
Other intangible fixed assets (computer software)	3-5	Straight-Line

The useful life and amortization method is reviewed regularly to ensure the amortization method and period reflect economic benefit.

Even if purchased together, land and buildings are separate fixed assets and are recognized as such. No provision is allocated for amortization of such assets as estates and lands, for which useful life cannot be determined, in other words, which have an indefinite useful life.

Tangible assets are checked for impairment when an event or circumstance arises in the existing conditions regarding the recoverability of the value of the tangible assets. When such events or circumstances arise, or when the carried value exceeds realizable value, those assets are written-down values at their realizable value. The realizable value is the higher of an asset's net selling price and its value in use. When calculating the usage value, estimated cash flows in the future are discounted to their current value at the discount rate before tax, which reflects the risks particular to the asset in question. Realizable values for assets that do not generate large cash inflow independently from other assets or groups of assets are determined for the cash-generating unit to which the asset belongs. The relevant tangible asset is subjected to depreciation based on its estimated remaining useful life. Depreciation amounts of tangible fixed assets are recorded under administrative and sales expenses. In the event of appreciation from previous periods, impairment losses are first deducted from the shareholders' equity account, and then recorded under other operating expenses, if the depreciation is higher than appreciation.

The Company conducts impairment tests on its assets. Net sales prices for some assets are determined taking into account "second-hand market value" and as "depreciated renewal costs" for assets that do not have a second-hand market. Because the net sales price for these assets were equal to or more than their book value, their depreciation value has not been calculated; and thus, no impairment provision has been set aside. If the net sales price for some assets, like goodwill, cannot be determined, depreciation value is used for impairment testing.

## **İhlas Gazetecilik A.Ş.**

### **Footnotes to the Financial Statements as of December 31, 2014**

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

Intangible fixed assets represent brand and other intangible items (computer software). Intangible assets are recognized at their inflation-adjusted cost value as of December 31, 2004, for the items purchased prior to January 1, 2005; and by deducting accumulated amortization and permanent value losses from sales cost value, for the items purchased after December 31, 2004. Amortization of intangible assets was calculated using the straight-line method from the useful life of the assets, without exceeding their economic life starting from the date of purchase. Amortization amounts of intangible fixed assets are recorded under administrative expenses.

The Company acquired the "Türkiye" brand in 2000, and it has been publishing and using it as the newspaper's brand since that date. The brand has been considered to have indefinite useful life, and thus it is not amortized. When determining the recoverable value of assets with indefinite useful life, the higher is selected as the basis from either the fair value less sales costs or the usage value. Nevertheless, a single method may be used to determine the recoverable value, if one of these methods is not reliable or cannot be established. Provisions for impairment are recognized under Other Operating Expenses account. Provisions for brand impairment have not occurred in the current period (Note 19).

Profit or loss derived from disposal of tangible or intangible fixed assets is determined by comparing the net book value and the cost of sales, and it is recorded under other operating income and expenses account in other comprehensive income statement.

#### **Investment Properties**

An investment property is property (land or building and/or a part of a building) held on hand in order to obtain rental income and/or appreciation surplus (by the owner or the lessee depending on the financial leasing contract) and not for the purposes listed below:

- a) To use in the manufacture or the supply of goods and services, or for administrative purposes; or
- b) To sell through regular business flow.

Investment properties are held to earn rental income and/or capital gain (appreciation surplus).

The Company recognizes an investment property as an asset, provided that it meets the following criteria:

- a) Possible inflow of property-related future benefits to the business,
- b) Reliable measurement of the investment property's cost.

An investment property is initially measured based on its cost. Transaction cost is also included in the initial measurement. However, investment property acquired via financial leasing is recognized based on the lesser value of the fair value or current value of the minimum rental payment.

In the following periods, investment properties are valued by choosing either the fair value or the cost method, and the Company has used the former method in the valuation of its investment properties.

## **İhlas Gazetecilik A.Ş.**

### **Footnotes to the Financial**

### **Statements as of December 31, 2014**

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

Fair value of an investment property is determined as the value that should be obtained when an asset changes hands among groups with information and desire in a mutual negotiation environment, or when a debt is paid. Fair value is determined on the best possible estimate if the property does not have a market. Thus, fair value can change as a result of the fluctuations in the estimate and market conditions. When determining fair value, an expert opinion on factors like the asset's risks, market conditions, and depreciation must be considered. The Company examined to assess whether any impairment or appreciation has occurred on investment properties and decided to associate the current period value increases with the income accounts from investment activities (Note 32) in the comprehensive income statement. Information regarding this valuation is presented in detail on Note 17.

Income or losses arising from fair value changes of an investment property are included in the profits or losses in the period when they occur, and they are recognized under other operating income/revenues.

Even if purchased together, land and buildings are separate fixed assets and are recognized as such.

#### **Goodwill**

The acquisition method (or purchase method) is used for all mergers. These are the steps in applying the acquisition method:

- a) Identification of the buyer;
- b) Determination of the acquisition cost; and
- c) Distribution of the merger costs incurred on the date of the merger to acquired assets, assumed liabilities, and contingent liabilities.

Goodwill is the measured difference between the acquisition cost of acquired assets or business and the fair value of net assets of the business as of the date of acquisition. If the acquisition cost exceeds the fair value of the acquired net assets, then the difference is recognized as goodwill on the balance sheet. If the price of the acquisition is less than the fair value of the acquired net assets, then the difference is reflected (negative goodwill) in the income statement as profit derived from business mergers.

According to TFRS 3 "Business Mergers," a provision of impairment in relation to goodwill is allocated if the goodwill's recoverable value is less than its book value, and if there are issues that can be considered an indication of impairment of an asset. Among the items that constitute an impairment of the asset are: significant changes in the activities of the acquired business; significant differences between the actual results and the forward estimates made on the acquisition date; malfunction of the product, service, or technology of the acquired business; and other issues indicating non-recoverability of the recognized value of the asset.

#### **Impairment of Assets**

An impairment test is performed in the event of circumstances or incidents in which it is not possible to recover the book value for the assets that are subject to depreciation and amortization. Impairment provision is recognized in the event that the book value of the asset exceeds the recoverable amount. Recoverable amount is the higher of an asset's fair value less the cost to sell or the value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets, for which impairment provisions are allocated, are reviewed at each reporting date for possible cancellation of impairment.

## **İhlas Gazetecilik A.Ş.**

### **Footnotes to the Financial Statements as of December 31, 2014**

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

#### **Taxation and Deferred Taxes**

The Company's tax expense/income is the sum of its current tax costs/income and deferred tax costs/income.

Current year tax liability is to be calculated based on the part of taxable profit for the period. Taxable profit is different from the profit stated in the income statement as it excludes taxable or deductible income and expense items in previous years as well as the non-taxable or non-deductible items. The Company's current tax liability was calculated at the legal tax rate, or the rate that will be valid with certainty, on the balance sheet date.

Payable current taxes are offset with the tax amount paid upfront if they are made or will be made to the same tax authority. Deferred tax asset and liability is offset in the same manner.

Deferred tax is calculated by means of the unit credit method based on temporary differences between the recognized values of deferred tax assets and liabilities stated in consolidated financial statements and their tax values (balance sheet method/balance sheet liability method). These differences are classified into two groups: deductible or taxable. For all temporary differences that are considered to be tax deductible expenses, there must be a strong possibility that enough taxable income will be generated to suffice deduction of these expenses in the future periods, they are recognized by taking into account the deferred taxes, in the event that the transaction is not a part of a business merger or the it does not arise from the initial recognition of the debt. All taxable temporary differences are recognized as a deferred tax liability. However, temporary differences that arose from the initial recognition of goodwill, during the initial recognition of an asset or liability or from non-business combination transactions, may not be recognized as a deferred tax liability.

A deferred tax asset should be recognized for an unused tax loss carry-forward item or an unused tax credit only on the condition that it is considered probable that there will be sufficient future taxable profit against which the loss or credit carry-forward items can be utilized.

According to the tax law, tax schedules that are currently in effect or substantively in effect as of the balance sheet date are used when calculating the deferred tax.

While the deferred tax liability is calculated for all temporary differences, deferred tax assets arising from deductible temporary differences are calculated on the condition that the Company is highly likely to benefit from such differences by generating profit subject to taxation in the future (Note 36).

Deferred tax assets and deferred tax liabilities are deducted from each other so long as they are subject to the tax laws of the same country, and no legal rights exist regarding the deduction of current tax assets from current tax liabilities.

Corporate tax exemption applies to the revenues arising from the sale of 75 percent of the properties, participation stocks, dividend right certificates and pre-emption rights that remain in the corporation's assets for at least two full years. In order to benefit from the exemption, such earnings must be held in a fund account under Liabilities and must not be withdrawn for at least 5 years. The sales revenue must be collected by the end of the second calendar year from the transaction completion date. Accordingly, 25 percent of the difference related to these assets is considered temporary differences.

Acquired by the Company through purchase, the "Türkiye" brand is a part of the goodwill. The standard IAS 12 "Income Taxes" indicate that brands are subjected to amortization by the legal authorities, in other words, they are considered as a deductible item when calculating the financial profit. Therefore, the brand was evaluated as a temporary difference and it was subjected to deferred tax as a deferred tax liability.

## **İhlas Gazetecilik A.Ş.**

### **Footnotes to the Financial Statements as of December 31, 2014**

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

#### **Leasing**

##### **Financial Leasing:**

Financial leases, which set forth the transfer of all risks and benefits related to the ownership of the asset that was leased to the Company, shall be recognized by reflecting the lesser of either the fair value of the asset subjected to leasing or the present value of lease payments. The finance lease payments are allocated as principal and finance expenses so as to produce a fixed periodic rate of interest on the remaining balance of the payables for each period over the term of the lease. The finance expenses are recognized in the income statement on a straight-line basis. The capitalized leased assets are subject to amortization over the estimated useful life of the asset.

Fair value used in finance leases are the purchase price used in the acquisition of the asset and agreed between the parties. Minimum rent payments include capital and total liabilities like interest and taxes. Because the current value of these is less than the purchase price (capital), they are recognized at purchase price.

##### **Operating Leases:**

All leases where the lessor retains all the risks and rewards of the leased assets are considered operating leases. The operating lease payments are recognized as straight-line expenses in the income statement throughout the term of the lease.

#### **Provisions for Employee Benefits**

The severance payment provision explains the balance sheet date value of estimated total provisions for possible future liabilities, which may arise when the Company employee retires or the employment relationship is terminated after the employee completes at least one year of service in accordance with the Law on the Regulation of the Relationship Among Press Workers and the Turkish Labor Law; or is called for military service, or dies (Note 22). Actuarial valuation method is used for reduction of liabilities for severance liabilities. This was done by applying actuarial assumptions. The most important of these is the discount rate used in the discounting process.

The rate used to discount post-employment benefit liabilities (severance indemnity provisions) should be determined by a reference to market yields of high quality corporate bonds on the date of the balance sheet. Due to the lack of a deep market for such bonds, a real interest rate has been applied using a reference to market yields (compound interest rates) of government bonds (on the balance sheet date). In other words, an inflation-adjusted net interest rate (real interest rate) is used (Note 22).

Within this context, as an institution subject to labor law, a provision for severance pay was calculated in accordance with the "International Accounting Standard Regarding Benefits Provided to Employees" (IAS 19), and by using the actuarial method for future liability amounts which may arise if the entire staff were to become retired, discontinue their working relations after completing a minimum of one year of service, were all called to duty for military service, or in the event of death; the calculated severance pay is recognized in the attached consolidated financial statements.

The assumptions used in the calculation of the severance payment provisions are explained in Note 22.

#### **Provisions, Contingent Assets and Liabilities**

Provisions are recognized provided that a present obligation (legal or structural) has arisen as a result of a past event, that the probability exists of disposing any resources of economic benefit to the enterprise through the liabilities, and that the amount can be estimated accurately.



## **İhlas Gazetecilik A.Ş.**

### **Footnotes to the Financial Statements as of December 31, 2014**

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

If some or all of the expenditures required in settling a provision are expected to be reimbursed by another party, the reimbursement should be recognized in the financial statement. However, it must be virtually certain that reimbursement will be received if the enterprise settles the obligation.

One of three methods is used in allocating provisions. The first of these methods is applied where the effect of the time value of money is material. The provisions are recognized at discounted values of expected future expenses on the date of the balance sheet when the effect of the time value of money becomes material. When the discounted value is used, the increases in provisions due to time will be recognized as interest expenses. For the provisions in which the time value of the money is of importance, it is assumed that there are no risks or uncertainties when determining the estimated cash flows. The reduction of these provisions is performed by using the estimated cash flow and the risk-free discount rate, which is based on similar term government bonds. The second method is the expected value method. This method is used for provisions for large populations or events; the liability is estimated taking into account all probable outcomes. The third method is the recognition of provisions in the financial statements by measuring one-off events or liabilities at the most likely amount.

There may be liabilities or assets that can be confirmed depending on whether one or more future uncertain event, which arise from past events and of which existence is out of the entity's control, take place. They are considered contingent liabilities, assets and liabilities. As such, they are not included in the financial statements and are explained in footnotes (Note 21).

#### **Revenue**

Revenue is recognized when the flow of economic benefits to the entity is probable and when the amount of revenue can be measured accurately. Revenues are shown as net values after deducting discounts, value-added tax and sales taxes. The following criteria are required for the revenue to be generated.

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

Revenue is considered to have occurred; when the risk and benefit of sold goods have been transferred to the buyer; revenue amount can be calculated reliably; the organization does not have a continued administrative participation with regard to ownership and does not have effective control over the sold goods; there is no flow of economic benefit to the organization with regard to the transaction; and costs arising from the transaction can be measured reliably. Net sales consist of the invoiced selling price, after discounts and commissions are deducted. A major portion of sales discounts are comprised of returns from the Company's sale of the daily newspaper. After the Company prints and distributes the newspaper, these sales are reflected on their income. Meanwhile, unsold and returned newspapers are recognized as sales returns. In addition, there may be other insignificant transactions related to outsourced printing works that are later returned; some other works that are returned after issuing a commercial invoice; and some others that are discounted.

There is no progress payment in the Company's construction operations. Therefore, provisions of TAS 11 apply, and construction revenues are calculated based on TAS 18 "Revenue" standard. TAS 18 describes the terms on how to reflect sales of goods and services in financial statements, and construction proceeds are reflected in the financial statements in accordance with these terms. In sales on credit, the Company bears the risk as no revenue is created until the product has been delivered and invoiced.

Sale of Services:

Revenue arising from the sale of services is recognized when it reaches a stage of completion that can be measured reliably. If the revenue generated from the agreement cannot be measured reliably, the revenue is recognized only to the extent of the expenses recognized as recoverable.

## **İhlas Gazetecilik A.Ş.**

### **Footnotes to the Financial Statements as of December 31, 2014**

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

#### Interest:

Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net book value. The Company's forward sales interest income arising from trade receivables are recognized in other operating income.

#### Dividends:

Dividend income generated from equity investments is recognized when shareholders gain dividend rights.

Revenue is measured at the fair value of the consideration receivable. In the event of forward sales, the difference between the nominal and fair value (discounted value) of the sales is recognized as interest expense pursuant to the "TAS 39 Financial Instruments: Recognition and Measurement" standard.

In cases where the result of a transaction related to a sale of services can be estimated in a reliable manner, the revenue regarding the transaction is recognized by taking into consideration the completion level of the procedure on the date of the balance sheet.

The stage of completion of a sale of service can be measured using various methods. Depending on the nature of the transaction, the method that provides a reliable measurement is used. Depending on the nature of the transaction, these methods are as follows: a) investigations related to the work completed, b) the ratio of the services to be provided until the date of the balance sheet to the total of the services provided, and c) the ratio of total costs incurred until the present day to the estimated total costs.

#### **Financial Income/Expenses that have not been Accrued**

Financial income/expenses that have not been accrued represent financial income and expenses that exceed forward sales and purchases. During the period of the credit sales and purchases, these revenues and expenses are calculated based on the effective interest method, and they are shown under financial income and expenses.

#### **Borrowing Costs**

Borrowing costs that are directly attributable to the acquisition, building or manufacturing of a qualifying asset are recognized as a part of the cost of the related asset. These types of costs are included in the cost of the qualifying asset when they can be measured reliably and when it is likely for the business to benefit from future economic use. All other borrowing costs are recognized as expenses in the income statement when they are incurred.

In the following periods, they are provided in financial statements at a discounted value. The difference between cash inflow and repayment value is written off in the income statement for the duration of the borrowing period.

#### **Profit per Share**

Profit per share is calculated by the ratio of the net profit or loss for the period belonging to ordinary shareholders to the weighted average number of ordinary shares within the period. The weighted average of the total number of shares in circulation during the period is calculated by also taking the shares (bonus) issued into consideration without causing an increase in the sources.

# **İhlas Gazetecilik A.Ş.**

## **Footnotes to the Financial Statements as of December 31, 2014**

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

### **Financial Instruments**

#### **Recognition and Derecognition of Financial Instruments:**

The Company reflects financial assets or financial liabilities in its balance sheet only when it is a party to the financial instrument agreement. The entity must derecognize a financial asset or part of a financial liability when the entity does not control the asset. All financial liability should be removed from the balance sheet only when the obligation specified in the contract is discharged, cancelled, or expired.

#### **Fair value of financial instruments:**

Fair value is the amount at which an asset may be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction, and if this exists, the fair value is best determined by quoted market prices.

The fair values of financial instruments are determined by the enterprise, using active market inputs and an acceptable valuation technique. However, discretion is used in the interpretation of market inputs for estimating fair value. As a result, the estimates presented herein may not be an indication of the actual values that may be obtained by the Company in a current market transaction.

#### **Financial Assets:**

With the exception of those classified as fair value through profit and loss and those that are recognized at fair value, financial assets are recorded through fair value transaction by deducting the directly related expenses. Investments are recognized or derecognized on the date of the trade transaction that contractually stipulates delivery of investment instruments within the period set by the related markets.

Other Financial Assets are classified as "financial assets reflected on fair value difference profit and loss", "investments held to maturity", "financial assets available for sale" and "loans and receivables". The classification is made according to the quality and purpose of the financial asset and is determined and initial recognition.

#### **Effective interest method**

The effective interest method is used to calculate the income related to financial assets that are classified as held-to-maturity or available-for-sale debt instruments, and credits and receivables.

#### *Available-for-sale financial assets*

Securities and long-term marketable securities held by the entities are classified as available-for-sale financial assets, and they are valued at their fair value.

Equity-based financial instruments that do not have a quoted market price in an active market, and whose fair value cannot be measured reliably, are shown at their value after deducting accumulated impairments from cost value. With the exception of interest income calculated with the effective interest method and foreign exchange gains or losses arising from valuation of foreign currency assets; gains and losses arising from fair value changes are recognized in the investment revaluation fund directly within the shareholder's equity. In the event that the investment is disposed of, or permanently impaired; the total profits or losses, which were previously recognized in the investment revaluation fund, are then transferred to the period income.

Dividends that are associated with available-for-sale equity instruments are recognized in the other comprehensive income statement, after the entity is entitled to receive the related payments.

## **İhlas Gazetecilik A.Ş.**

### **Footnotes to the Financial Statements as of December 31, 2014**

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

#### *Receivables*

Trade and other receivables are recognized at fair value on the initial registration date. In reporting periods following the first registration date, they are shown with the discounted cost using the effective interest method.

#### **Impairment of Financial Assets**

Financial assets, other than those at fair value through profit or loss, are subjected to assessment as to whether there are indications of impairment of a financial asset, or a group of financial assets, at each balance sheet date. Financial assets are impaired when there is objective evidence that one or more incidents took place after the financial asset was first recognized and that incident(s) caused an adverse effect on the estimated future cash flows, which were projected reliably, of the related financial asset or group of assets, and that as a result, the related financial asset was impaired.

For the receivables, the impairment amount is the difference between the asset's book value and the present value of estimated future cash flows that are discounted over the original effective interest rate of the financial asset. For all financial assets, impairment is reduced directly from the relative financial asset's book value, with the exception of trade receivables, in which book value is decreased by using a reserve account. When a trade receivable is uncollectible, the amount written off from the reserve account. Changes in the reserve account are recognized in other comprehensive income.

With the exception of available-for-sale equity instruments, if the impairment loss decreases in the subsequent period and the decrease can be attributed to an incident after the impairment was recognized; then, previously recognized impairment loss is reserved in a way not to exceed the amortized cost amount, which it would have reached if the impairment of the investment had not been recognized at all on the impairment reversal date.

In respect to available-for-sale equity securities, any increase in fair value subsequent to an impairment loss is recognized directly in other comprehensive income.

The fair value of foreign currency balances that have been converted from end-of-period rates are recognized as being within reasonable convergence to the recognized value.

Since the fair values of the financial assets, including the cash, bank and bank deposits, which are recognized at their cost values, have short-term maturities and negligible losses in receivables, they are considered to approximate their book values.

Foreign exchange income/ losses that arising from valuation of the foreign currency balances included in the cash and current deposits are reported in financial income/ expenses. Term deposit (restricted and unrestricted) amount is valued by the effective interest method.

Fair values of securities investments are calculated according to their market values on the date of the balance sheet.

Trade receivables are valued by the effective interest method.

#### **Financial Liabilities:**

The Company's financial liabilities and equity instruments are classified in accordance with the contractual arrangements and recognition principles of a financial liability and equity instrument. Equity instrument is described as a contract that represents the residual interest in assets after deducting all of the Company's liabilities. Significant accounting policies for certain financial liabilities and equity instruments are described below.

## **İhlas Gazetecilik A.Ş.**

### **Footnotes to the Financial Statements as of December 31, 2014**

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

Financial liabilities are classified as either financial liabilities at fair value through profit and loss or other financial liabilities. Other financial liabilities, including bank borrowings, are initially recognized at fair value, net of transaction costs. They are recognized at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. The effective interest method is a method of calculating the amortized cost of a financial liability and allocating interest expenses over the relevant period. Effective interest rate is the rate that precisely discounts estimated future cash payments for the expected life, or a shorter period if applicable, of the financial instrument to the net book value of the financial liability.

Short- and long-term bank loans are presented with their amortized cost values. Long-term loans in foreign currency are converted from end-of-period rates; hence, their fair value is within reasonable convergence to the book value.

Trade payables are presented based on their amortized cost values. Pursuant to TAS 1, trade payables are a part of the business capital used during the regular operating cycle of the business. Therefore, they are classified as short-term, even if they are to be paid over a period longer than 12 months from the balance sheet date.

In the event the Company is planning or preferring to refinance or rotate its financial liability within at least 12 months after the reporting period, this liability is classified as a long-term liability, even if the new payment program is short-termed. However, if the company does not choose or prefer to refinance or rotate its financial liabilities (i.e., a refinancing contract does not exist), a possibility of refinancing is not considered and the liability is reset in the short-term.

Trade payables and financial liabilities are measured by the effective interest method.

#### **Impairment of Financial Instruments**

At the end of each reporting period, financial asset and financial liability groups, valued by amortized costs, are assessed regarding whether they have equitable indications of value impairment. In the presence of such an indicator, impairment loss is evaluated. It may not be possible to determine a unique and separate event that causes impairment. Sometimes there may be more than one reason (please refer to Note 39-E).

#### **Derivative Financial Instruments and Hedge Accounting**

Derivative financial instruments are initially recorded at cost value and are re-measured at their fair value in the subsequent periods. The method of calculating the profit or loss arising as a result of the transaction depends on the features of the item being hedged.

Changes in the fair values of the derivative financial instruments, which are considered an effective cash flow hedge, are recognized as hedge funds in the equity. If a hedged commitment or possible future transaction becomes an asset or liability, the profits or losses regarding these transactions, which are recognized in the equity, are then transferred from these items to the initial cost or book value of this asset or liability. Profit or losses included in the initial cost or book value of the hedged instrument are recognized in the comprehensive income statement if they affect the net profit/loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised; or no longer qualifies for hedge accounting. At that time, for forecast transactions, any cumulative gain or loss on the hedging instrument recognized in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in equity is transferred to profit or loss for the period.

The Company has had no derivative instrument transactions during the period.

## **İhlas Gazetecilik A.Ş.**

### **Footnotes to the Financial Statements as of December 31, 2014**

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

#### **Related Parties**

TAS 24 "Related Party Disclosures Standards" defines related parties as those that may directly or indirectly control or significantly influence the counterparty through shareholding, contracted rights, family relations or through similar means. Furthermore, related parties include investors and company management. Related party transactions consist of the transfer of assets, services, or liabilities between related parties, regardless of whether a fee is applicable.

For the purpose of these consolidated financial statements, the Company's partners and group companies with indirect capital relationships with the Company, as well as board members and senior managers and other key executive personnel are defined as "related parties." Key management personnel include executives (administrative or otherwise) with direct or indirect authority and responsibility to plan, manage and control the Company's operations (Note 38).

Due to ordinary activities, related party transactions have generally been performed at prices compatible with market conditions. Note 38 provides information on Company's balances and all transactions with regard to the companies it has direct or indirect relationships.

#### **Financial Risk Management**

##### **Collection Risk**

The Company's collection risk may generally arise from trade receivables. Trade receivables are evaluated by the Company management in light of market conditions and by taking past experiences into consideration. Provisions have been allocated for doubtful receivables incurred until the report date (Note 39).

##### **Currency Risk**

Currency risk arises from changes in the foreign exchange rates of a financial instrument. The Company's foreign currency balances resulting from its operating, investment and financial activities as of the report date are described in Note 39. Foreign currency risk arises when TL loses value against foreign currencies (Note 39).

##### **Liquidity Risk**

The liquidity risk refers to the risk of encountering difficulties in providing funds to fulfill an entity's commitments regarding its financial instruments. The Company manages its liquidity risk by balancing the distribution of its assets and liabilities over time (Note 39).

##### **Effects of Changes in Foreign Exchange Rate**

The functional currency of the Company is Turkish lira ("TL"). When initially recognizing the transactions in foreign currency (currencies other than the relative entity's functional currency), the company uses the foreign exchange rates valid on the transaction date. Foreign currency denominated monetary assets and liabilities are valued at exchange rates prevailing on the balance sheet date, and the resulting exchange losses or gains are recognized in other comprehensive income in the relevant period. All monetary assets and liabilities were exchanged at period-end exchange rates and related foreign exchange differences were recognized in other comprehensive income. Foreign currency denominated non-monetary items that are valued at cost value are exchanged into the functional currency using the exchange rates on the initial transaction date. Foreign currency denominated non-monetary items valued at fair value are exchanged into the functional currency using the exchange rates prevailing on the fair value determination date.

# **İhlas Gazetecilik A.Ş.**

## **Footnotes to the Financial Statements as of December 31, 2014**

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

### **Events after the Reporting Period**

Events after the annual reporting period refers to events, either favorable or unfavorable, that occur between the end of the annual reporting period and the date that the financial statements are authorized for issue. As per the provisions of TAS 10 "Events After the Reporting Period" standard, in the event that new evidence appears in respect to the presence of such events as of the balance sheet date, or such events occur subsequent to the balance sheet date, and if such events require a correction in financial statements, the Company makes the necessary corrections to its financial statements. However, if such events do not require any correction in the financial statements, they are disclosed in the accompanying notes (Note 41).

### **Government Incentives and Grants**

Government grants are recognized at fair value when there is assurance that they will be received, and the Company will meet all the requisite conditions. Cost-related government grants and incentives are recognized as income consistently during the periods which correspond to the cost they offset.

### **Cash Flow Statements**

In terms of cash flow statement; cash consists of the entity's cash and current deposits. With high liquidity and negligible valuation differences, cash equivalents are investments that are easily convertible into cash in the short term. Not used for any other investment purposes, cash equivalents are assets held to meet short-term liabilities. Any asset qualifying as a cash equivalent must be convertible into cash with certain identifiable value, and the difference risk of this value should not exceed negligible amount. Based on this definition, investments with three months or less maturity are considered as cash equivalents. Investments in equity securities are not considered as cash equivalents, unless they are fundamentally cash equivalents to begin with (e.g., preferential stock shares that have been acquired shortly before maturity and that have a certain amortization date).

The Company prepares cash flow statements so as to inform the financial statement users about its ability to make adjustment to changes in net assets, financial structure, cash flow amounts and timing in accordance with changing conditions.

In the cash flow statement, cash flows for the period are reported based on the classifications of business, investment and financing activity. Cash flows deriving from operating activities represent the cash flows that derive from the Company's areas of activity. Cash flows related to investment activities show the cash flows that the Company uses in investments activities (fixed investments and financial investments) and acquires from investments. Cash flows related to financial activities show the sources used by the Company in its financing activities, and the reimbursement of these sources.

### **Department-Based Reporting**

Within the structure of an entity, an operations department is defined as a department that:

- (a) engages in business activities from which it earns revenues and makes payments (including revenues and expenses related to transactions performed with other parts of the same entity);
- (b) is regularly reviewed by the entity's decision-making authority regarding its activities, for the purpose of making decisions about the resources to be allocated to the department and assessing the department's performance; and
- (c) represents a part of an entity with separate financial information.

## **İhlas Gazetecilik A.Ş.**

### **Footnotes to the Financial Statements as of December 31, 2014**

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

#### **Reportable Parts;**

The Company separately reports the following information regarding each operation segment:

- (i) Those determined to be in compliance with the aforementioned paragraphs (a, b and c) or the results obtained by combining two or more related segments together, and
- (ii) Those exceeding the threshold values presented in the following article consisting of the numerical lower limits.

#### **Numerical Lower Limits;**

The Company prepares a separate report containing information about an operation segment that meets any of the following numerical lower limits:

- (a) Reported revenues obtained by the operation segment, including sales to non-business customers and interdepartmental sales or transfers, constitute 10 percent or more of the total values of all operation departments, both within and outside the company,
- (b) Absolute amount of the profit or loss reported by an operation segment is 10 percent or more than the absolute figures of the profit report prepared by combining all of the operation segments that have not declared a loss; or 10 percent or more than the absolute figures of the loss report prepared by combining all of the operation segments that have declared a loss,
- (c) Assets of an operation segment is 10 percent or more than the total assets of all the operation departments.

Reportable parts are determined based on operations, for which the Company can ascertain revenues and expenses separately. The Company's report has been prepared as stipulated by the criterion in Note 5.

#### **E. Source of Significant Accounting Assessments, Estimates, Assumptions and Ambiguities**

Preparation of financial statements involves the amounts of assets and liabilities reported as of the date of the balance sheet, the disclosure of contingent assets and liabilities, and the use of estimates and assumptions which may have an affect over the amounts of income and expenses that are reported throughout the accounting period. Any assessment, estimate or assumption employed in accounting is constantly reviewed and evaluated in light of past experiences, additional factors, current circumstances and reasonable expectations about future developments. Actual results may deviate from assumptions, even though the estimates and assumptions reflect the best judgment of management of current events and transactions.

Significant estimates and assumptions used by the Company while preparing its consolidated financial statements are included in the following footnotes:

Note 2/D	Fair value determination
Note 36/B	Deferred tax assets and liabilities
Note 21	Litigation provisions
Note 22	Severance provisions
Note 2/D	Provisions for the useful life and impairment of tangible and intangible fixed assets
Note 10 ve 39/E	Provision for impairment of trade receivables
Note 13	Provision for impairment of inventories

Sources of ambiguity as of the annual report date related to calculations and assumptions pertaining to the subsequent period, and posing a risk that could cause significant adjustments to the assets and liabilities of the subsequent annual reporting period are explained below:

- a) Within the framework of the established accounting policies, the Company annually tests goodwill carrying amounts and tangible fixed assets with indefinite useful life for impairment in case the circumstances indicate impairment. The values of the tangible fixed assets with indefinite useful life have been compared to their recoverable values and have been subjected to value impairment test. The recoverable amount is determined based on value in use calculations (See: Note 19).



## **İhlas Gazetecilik A.Ş.**

### **Footnotes to the Financial Statements as of December 31, 2014**

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

b) Deferred taxes are recognized in the books only in the event of the possibility of taxable income in the coming years. When taxable income is probable, the deferred tax assets calculation is based on the transferred and unused accumulated losses and all deductible temporary differences. (Note 36).

c) The management has also used some assumptions and projections to determine useful lives, establish provisions for doubtful receivables (Note 10 and 39), to calculate provisions for litigation (Note 21) and severance payments (Note 22).

#### **Note 3 - Business Mergers**

Current Period: None (Previous: None).

#### **Note 4 - Shares in Other Businesses**

Note 16 explains the subsidiaries' details, which the Company presents as shares in other businesses and which are valued through the equity method (Previous Period: None).

#### **Note 5 - Department-Based Reporting**

<b>Media Operations</b>	<b>January 1- December 31, 2014</b>	<b>January 1- December 31, 2013</b>
Sales and Advertising Revenues of Türkiye Newspaper (net)	34,837,441	31,266,388
Outsourcing and Other Sales Revenues (net)	60,876,349	50,449,501
<b>Total Sales Revenues (net)</b>	<b>95,713,790</b>	<b>81,715,889</b>
Cost of Sales and Advertising for Türkiye Newspaper	(29,075,664)	(28,594,426)
Cost of Outsourcing and Other Sales	(55,849,473)	(51,836,929)
<b>Total Cost of sales</b>	<b>(84,925,137)</b>	<b>(80,431,355)</b>
<b>Gross Sales Profit</b>	<b>10,788,653</b>	<b>1,284,534</b>

#### **Note 6 - Cash and Cash Equivalents**

	<b>December 31, 2014</b>	<b>December 31, 2013</b>
<b>Cash</b>	<b>10,695</b>	<b>28,130</b>
-TL	10,695	28,130
<b>Bank</b>	<b>318,736</b>	<b>241,984</b>
<b>-Current deposits</b>	<b>318,736</b>	<b>241,984</b>
-TL	278,134	175,084
-Foreign Currency	40,602	66,900
<b>Other current assets</b>	<b>8,424</b>	<b>4,941</b>
<b>Checks that are due on balance sheet date</b>	<b>411,492</b>	<b>118,553</b>
<b>Total</b>	<b>749,347</b>	<b>393,608</b>

#### **Note 7 - Financial Investments**

##### **Short and Long-Term Financial Investments**

December 31, 2014: None (December 31, 2013: None).

## İhlas Gazetecilik A.Ş.

### Footnotes to the Financial Statements as of December 31, 2014

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

#### Note 8 - Borrowings and Current Portion of Long-Term Debt

	December 31, 2014	December 31, 2013
<b>Short-Term Borrowing</b>	<b>3,657,312</b>	<b>1,537,064</b>
Bank Loans	3,657,312	1,537,064
<b>Current Portion of Long-term Borrowings</b>	<b>1,002,177</b>	<b>1,013,203</b>
Financial Leasing Liabilities	1,002,177	1,013,203
<b>Long-Term Borrowing</b>	<b>137,669</b>	<b>1,186,640</b>
Financial Leasing Liabilities	137,669	1,186,640

#### Bank Loans:

Comprised of rotating loans with a principal balance of 3,500,000 TL and accrued interest of 157,312 TL as of December 31, 2014, (December 31, 2013: Principal balance: 1,500,000 TL, accrued interest: 37,064 TL).

Interest rate of rotating loans: 16.50% (December 31, 2013: 14%-18.75%). No maturity can be set for these loans.

#### Financial Leasing Liabilities:

			December 31, 2014	December 31, 2013
	Currency	Maturity	TL Amount in	TL Amount in
Long-term Financial Leasing	EURO	Up to 3 months	234,623	216,636
Short-term Portion of Debt	EURO	3 to 12 Months	767,554	796,567
<b>Short-term Portion of Total Long-Term Financial Leasing Liabilities</b>			<b>1,002,177</b>	<b>1,013,203</b>
Long-term Financial Leasing Liabilities	EURO	1 to 5 Years	137,669	1,186,640
<b>Total Long-term Financial Leasing Liabilities</b>			<b>137,669</b>	<b>1,186,640</b>

Maturity analysis of long-term leasing liabilities as of December 31, 2014 and December 31, 2013:

	December 31, 2014	December 31, 2013
2015	-	1,043,320
2016	137,669	143,320
<b>Total</b>	<b>137,669</b>	<b>1,186,640</b>

As of December 31, 2014, interest rates of financial leasing liabilities are between 3.48%-6.90% (December 31, 2013: 3.48%-6.90%).

Financial leasing operations are reported over the lesser of the current value and the fair value of the minimum leasing payments. Accordingly, evaluations revealed fair values (acquisition values, capital payments) to be lower than the current value of the minimum leasing payments. Financial leasing activities have been reported based on their fair value as of the dates of the balance sheets.

## **İhlas Gazetecilik A.Ş.**

### **Footnotes to the Financial Statements as of December 31, 2014**

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

#### **Note 9 - Other Financial Liabilities**

December 31, 2014: None (December 31, 2013: None).

#### **Note 10 - Trade Receivables and Payables**

	<b>December 31, 2014</b>	<b>December 31, 2013</b>
<b>Trade Receivables from Related Parties (1)</b>	<b>7,347,077</b>	<b>11,025,037</b>
-Buyers	5,877,043	11,209,308
-Post-dated checks and notes receivables	2,382,000	890,232
Doubtful trade receivables	310,572	2,091,596
-Minus: Trade receivables rediscount from related parties	(911,966)	(1,074,503)
-Minus: Doubtful receivables provision to related parties(2)	(310,572)	(2,091,596)
<b>-Trade Receivables from non-related parties</b>	<b>51,984,338</b>	<b>48,483,242</b>
-Buyers	17,819,538	13,332,342
-Post-dated checks and notes receivables	20,528,517	37,926,649
Doubtful trade receivables	44,951,810	9,095,274
-Minus: Trade receivables rediscount from non-related parties	(4,129,100)	(3,024,615)
-Minus: Doubtful receivables provision to non-related parties(2)	(27,186,427)	(8,846,408)
<b>Total</b>	<b>59,331,415</b>	<b>59,508,279</b>

<sup>(1)</sup> Details provided in Note 38.

<sup>(2)</sup> Reconciliation regarding the provision for doubtful trade receivables as of the beginning and end of the period:

	<b>December 31, 2014</b>	<b>December 31, 2013</b>
<b>Balance as of January 1</b>	<b>(10,938,004)</b>	<b>(9,724,814)</b>
Provisions no longer required in the current period (Note 31)	2,847,502	2,194,607
Amount of current period provisions (Note 30)	(19,406,497)	(3,407,797)
<b>Balance as of the period end date</b>	<b>(27,496,999)</b>	<b>(10,938,004)</b>

Note 39-E explains in detail the aging analysis and any provisions reserved for overdue assets, for which an impairment provision was recognized or not recognized.

A maturity analysis of trade receivables (net), which were not overdue as of December 31, 2014, and December 31, 2013, is presented in Note 39-E.

	<b>December 31, 2014</b>	<b>December 31, 2013</b>
<b>-Trade Payables to Related Parties <sup>(3)</sup></b>	<b>2,757,921</b>	<b>3,040,817</b>
-Vendors	2,795,254	3,070,397
-Minus: Trade payables rediscount to related parties	(37,333)	(29,580)
<b>-Trade payables from non-related parties</b>	<b>3,751,134</b>	<b>4,287,191</b>
-Vendors	3,801,905	4,038,494
-Gross amount of post-dated checks and notes payable	-	293,466
-Minus: Trade payables rediscount from non-related parties	(50,771)	(44,769)
<b>Total</b>	<b>6,509,055</b>	<b>7,328,008</b>

<sup>(3)</sup> Details provided in Note 38.

## İhlas Gazetecilik A.Ş.

### Footnotes to the Financial Statements as of December 31, 2014

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

#### Note 11 - Other Receivables and Payables

	December 31, 2014	December 31, 2013
Other receivables from related parties <sup>(*)</sup>	46,958,502	-
<b>Other Receivables (Short-term)</b>	<b>46,958,502</b>	-
Deposits and collaterals given	16,053	10,178
<b>Other Receivables (Long-term)</b>	<b>16,053</b>	<b>10,178</b>

	December 31, 2014	December 31, 2013
Other miscellaneous liabilities	1,517	19,029
Other short-term liabilities	1,517	19,029
<b>Other long-term liabilities</b>	-	-

#### Note 12 - Receivables and Payables from Finance Sector Activities

December 31, 2014: None (December 31, 2013: None).

#### Note 13 - Inventories

	December 31, 2014	December 31, 2013
Raw Materials and Supplies	6,506,513	7,562,336
Semi-finished Goods	88,540	71,170
Goods	594,100	417,806
Commodities	63,748	63,748
Other Inventory	101,600	128,764
Provision for Impairment of Inventories (-)	(396,642)	(386,151)
<b>Total</b>	<b>6,957,859</b>	<b>7,857,673</b>

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

	December 31, 2014	December 31, 2013
<b>Balance as of the period start date</b>	<b>(386,151)</b>	<b>(413,003)</b>
Provision for inventory impairment (-)/ impairment cancellations (Note 28)	(10,491)	26,852
<b>Balance as of the period end date</b>	<b>(396,642)</b>	<b>(386,151)</b>

Inventory-related provisions for impairment/impairment cancellations are associated with the cost of sales

No inventories have been provided as collateral for the Company's liabilities (Previous period: None).

Inventories do not fall within the scope of qualifying assets described in TAS 23 "Borrowing Costs;" therefore, finance expenses in this regard are recognized in the related income statement and are not capitalized.

#### Note 14 - Live Assets

December 31, 2014: None (December 31, 2013: None).

## İhlas Gazetecilik A.Ş. Footnotes to the Financial Statements as of December 31, 2014

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

### Note 15 - Assets Regarding Ongoing Construction Contracts

December 31, 2014: None (December 31, 2013: None).

### Note 16 - Investments Valued by Equity Method

Subsidiaries Consolidated by Equity Method	Effective Share %	Interest Share	Provisions for Value Increases/Decreases	Net Value
İhlas Haber Ajansı A.Ş.	24.00	23,230,457	-	23,230,457

Pursuant to the Board of Directors resolution dated December 31, 2014, the Company purchased stocks at a value of 23,230,457 TL based on the appraisal value of the Company with a nominal value of 3,360,000 TL, which is 24% of the capital of İhlas Haber Ajansı A.Ş., from İhlas Holding A.Ş., an affiliate. Total goodwill amount of 21,113,404 TL was calculated as follows:

Date of Acquisition	Share per Subsidiary from Shareholders' Equity	Cost	Goodwill Amount	
Arising from the acquisition of the company by İhlas Haber Ajansı A.Ş.	December 31, 2014	2,117,053	23,230,457	21,113,404

Summary financial statement information of İhlas Haber Ajansı A.Ş. as of December 31, 2014

	December 31, 2014
Current Assets	17,777,198
Fixed Assets	4,950,539
Short-Term Liabilities	12,094,891
Long-Term Liabilities	1,811,792
Shareholders' Equity	8,821,054

December 31, 2013: None.

### Note 17 - Investment Properties

January 1-December 31 2014	January 1, 2014	Inflow	Outflows <sup>(1)</sup>	Appreciations <sup>(2)</sup>	December 31, 2014
<b>Investment Properties</b>		-			
Land and lots	65,565,878		(22,226,400)	4,844,335	48,183,813
Buildings	18,533,660		(6,438,600)	20,228,415	32,323,475
<b>Total</b>	<b>84,099,538</b>	<b>-</b>	<b>(28,665,000)</b>	<b>25,072,750</b>	<b>80,507,288</b>

## İhlas Gazetecilik A.Ş.

### Footnotes to the Financial

### Statements as of December 31, 2014

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

January 1-December 31, 2013	January 1, 2013	Inflow	Outflows <sup>(1)</sup>	Appreciations <sup>(2)</sup>	Transfers <sup>(3)</sup>	December 31, 2013
<b>Investment Properties</b>						
Land and lots	42,392,226	-	(3,570,062)	11,646,997	15,096,717	65,565,878
Buildings	28,656,154	-	(1,994,927)	978,283	(9,105,850)	18,533,660
<b>Total</b>	<b>71,048,380</b>	<b>-</b>	<b>(5,564,989)</b>	<b>12,625,280</b>	<b>5,990,867</b>	<b>84,099,538</b>

<sup>(1)</sup>The Company sold the detached units number 2, 3, 4 and 5 on section 24, parcel 10913 in Yenibosna neighborhood, Bahçelievler district, Istanbul to Aslan Ticaret Dayanıklı Tüketim Malları Ltd. Sti. for a price of 68,000,000 TL on December 29, 2014, and recognized the sales profit of 39,335,000 TL in the income from investments account (Note 32).

<sup>(2)</sup>The Company has had an appraisal performed in the current period for its sizable lands, lots and buildings, which it holds to earn rent income, and appreciations have been calculated by using the fair value method according to the appraisal reports.

An independent and expert institution (appraiser) has established the fair values of the investment properties. Appraisal transaction information is as follows:

Properties	Current Appraisal Value	Values as of December 31, 2013	Resulting Appreciations	Appraisal Date	Appraisal Methods
Detached Units 8, 10, 11 and 12 (,)	45,400,000	25,772,500	19,627,500	January 23, 2015	Peer Comparison Method
Detached Unit No. 13 <sup>(1)</sup>	24,000,000	19,175,750	4,824,250	January 23, 2015	Peer Comparison Method
Mürselpaşa Bulvarı, No: 161 Kahramanlar-Konak/Izmir	8,460,000	8,000,000	460,000	November 10, 2014	Replacement Cost Method
Block 1927, parcel 187 Yüreğir/Adana	2,585,000	2,424,000	161,000	December 31, 2014	Peer Comparison and Cost Methods
<b>Total Appreciation (Note 32)</b>			<b>25,072,750</b>		

<sup>(1)</sup>Detached units located on Section 24, Parcel 10913 in Yenibosna neighborhood, Bahçelievler district, Istanbul.

<sup>(3)</sup> The Company earned rent income from two real estates located in Adana and Izmir in 2013, and it began to recognize them under investment properties since that date after recognizing them under tangible fixed assets in previous years. Moreover, transfers have been made between land and building shares based on appraisal reports in 2013.

Total amount of lien, restrictions and mortgages on the Company's investment properties is 69,000,000 TL, and \$7,000,000 (December 31, 2013: 104,400,000 TL, and \$25,000,000).

There are no investment properties which the Company has acquired through leasing and for which it still owes money.

Investment properties do not fall within the scope of qualifying assets described in TAS 23 "Borrowing Costs," and therefore, finance expenses in this regard are recognized in the related income statement and are not capitalized.

The Company earned a total of 3,255,828 TL (previous period: 1,623,671 TL) from its investment properties in the current period, and incurred an insurance and real estate tax expense of 220,854 TL (previous period: 202,153 TL).

# İhlas Gazetecilik A.Ş.

## Footnotes to the Financial Statements as of December 31, 2014

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

### Note 18 - Tangible Fixed Assets

#### January 1 December 31 2014

	January 1, 2014	Inflows	Outflows	Appreciations	Provisions for Impairment	Transfers <sup>(*)</sup>	December 31, 2014
<b>Cost</b>							
Land and lots	14,997,413	-	-	24,500	-	(2,097,913)	12,924,000
Buildings	4,134,591	-	-	-	(583,900)	2,097,913	5,648,604
Machinery, plants and equipment	74,267,936	826,017	(945,936)	-	-	-	74,148,017
Vehicles	1,433,640	1,865	(480,775)	-	-	-	954,730
Fixtures	7,005,516	45,316	-	-	-	-	7,050,832
<b>Total</b>	<b>101,839,096</b>	<b>873,198</b>	<b>(1,426,711)</b>	<b>24,500</b>	<b>(583,900)</b>	<b>-</b>	<b>100,726,183</b>
Less:							
Accumulated Depreciation							
Buildings	(439,604)	(82,692)	-	-	(141,308)	-	(663,604)
Machinery, plants and equipment	(62,706,586)	(2,403,595)	808,712	-	-	-	(64,301,469)
Vehicles	(715,777)	(179,362)	256,079	-	-	-	(639,060)
Fixtures	(6,608,945)	(154,687)	-	-	-	-	(6,763,632)
<b>Total</b>	<b>(70,470,912)</b>	<b>(2,820,336)</b>	<b>1,064,791</b>	<b>-</b>	<b>(141,308)</b>	<b>-</b>	<b>(72,367,765)</b>
<b>Tangible Fixed Assets (net)</b>	<b>31,368,184</b>			<b>24,500</b>	<b>(725,208)</b>		<b>28,358,418</b>

<sup>(\*)</sup> Moreover, transfers have been made between land and building shares based on appraisal reports in 2014.

#### January 1 December 31 2013

	January 1, 2013	Inflows	Outflows	Appreciations	Transfers <sup>(*)</sup>	December 31, 2013
<b>Cost</b>						
Land and lots	12,905,139	-	-	4,149,196	(2,056,922)	14,997,413
Buildings	6,280,276	-	-	1,922,393	(4,068,078)	4,134,591
Machinery, plants and equipment	72,433,337	2,026,810	(192,211)	-	-	74,267,936
Vehicles	1,574,976	274,031	(415,367)	-	-	1,433,640
Fixtures	6,986,306	69,927	(50,717)	-	-	7,005,516
<b>Total</b>	<b>100,180,034</b>	<b>2,370,768</b>	<b>(658,295)</b>	<b>6,071,589</b>	<b>(6,125,000)</b>	<b>101,839,096</b>
Less: Accumulated Depreciation						
Buildings	(348,862)	(101,961)	-	(257,047)	268,266	(439,604)
Machinery, plants and equipment	(60,363,601)	(2,535,196)	192,211	-	-	(62,706,586)
Vehicles	(756,620)	(251,230)	292,073	-	-	(715,777)
Fixtures	(6,429,753)	(227,650)	48,458	-	-	(6,608,945)
<b>Total</b>	<b>(67,898,836)</b>	<b>(3,116,037)</b>	<b>532,742</b>	<b>(257,047)</b>	<b>268,266</b>	<b>(70,470,912)</b>
<b>Tangible Fixed Assets (net)</b>	<b>32,281,198</b>			<b>5,814,542</b>		<b>31,368,184</b>

<sup>(\*)</sup> Moreover, transfers have been made between land and building shares based on appraisal reports in 2013. In addition, two real estates located in Adana and Izmir, which were under tangible fixed assets in previous years, were transferred to investment properties. As of December 31, 2013, the Company does not use these properties, and earns rent income from them.

## İhlas Gazetecilik A.Ş.

### Footnotes to the Financial Statements as of December 31, 2014

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

The following are the tangible fixed assets for which the Company owes money, and which it has acquired through leasing:

	January 1, 2014	Inflows	Outflows	December 31, 2014
<b>Cost</b>				
Machinery, plants and equipment	5,577,635	-	-	5,577,635
<b>Total</b>	<b>5,577,635</b>	-	-	<b>5,577,635</b>
<b>Less: Accumulated Depreciation</b>				
Machinery, plants and equipment	(1,356,430)	(557,764)	-	(1,914,194)
<b>Total</b>	<b>(1,356,430)</b>	<b>(557,764)</b>	-	<b>(1,914,194)</b>
<b>Tangible Fixed Assets (net)</b>	<b>4,221,205</b>			<b>3,663,441</b>

	January 1, 2013	Inflows	Outflows	December 31, 2013
<b>Cost</b>				
Machinery, plants and equipment	4,025,160	1,552,475	-	5,577,635
<b>Total</b>	<b>4,025,160</b>	<b>1,552,475</b>	-	<b>5,577,635</b>
<b>Less: Accumulated Depreciation</b>				
Machinery, plants and equipment	(811,604)	(544,826)	-	(1,356,430)
<b>Total</b>	<b>(811,604)</b>	<b>(544,826)</b>	-	<b>(1,356,430)</b>
<b>Tangible Fixed Assets (net)</b>	<b>3,213,556</b>			<b>4,221,205</b>

The Company had an appraisal performed in 2014 for its lands, lots and buildings, and appreciations and impairments were calculated by using the fair value method according to the appraisal reports. An independent and expert institution (appraiser) has established the fair values of these properties. Appraisal transaction information is as follows:

Properties	Current Appraisal Value	Pre-appraisal Net Active Value	Resulting Appreciations/ Impairments Benefits	Appraisal Date	Appraisal Methods
Block 1896 parcel 35 in Kahramanlar-Konak/Izmir	9,140,000	9,779,927	(639,927)	November 10, 2014	Replacement Cost Method
Block 719 parcel 3 in Tekkeköy/Samsun	1,015,000	1,100,281	(85,281)	November 10, 2014	Replacement Cost Method
Block 719 parcel 2 in Tekkeköy/Samsun	272,000	247,500	24,500	November 10, 2014	Peer Comparison Method
<b>Total Net Provisions for Impairment</b>			<b>(700,708)</b>		

Total amount of liens, restrictions and mortgages on the Company's tangible fixed assets is 43,230,000 TL (December 12, 2013: 28,830,000 TL).

Tangible fixed assets do not fall within the scope of qualifying assets described in TAS 23 "Borrowing Costs;" therefore, finance expenses in this regard are recognized in the related income statement and are not capitalized.

The Company does not have any temporarily idle tangible fixed assets.



## **İhlas Gazetecilik A.Ş.**

### **Footnotes to the Financial Statements as of December 31, 2014**

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

The fully depreciated tangible fixed assets still used by the Company are given below:

	December 31, 2014	December 31, 2013
Machinery, plants and equipment	53,092,879	49,769,745
Vehicles	191,401	168,392
Fixtures	6,072,063	5,876,398
<b>Total</b>	<b>59,356,343</b>	<b>55,814,535</b>

#### **Note 19 - Intangible Fixed Assets**

	January 1, 2014	Inflows	Outflows	December 31, 2014
<b>Cost</b>				
Brand	54,150,555	-	-	54,150,555
Computer software	1,429,557	-	-	1,429,557
<b>Total</b>	<b>55,580,112</b>	<b>-</b>	<b>-</b>	<b>55,580,112</b>

#### **Less: Accumulated Depreciation**

Computer software	(1,060,104)	(289,726)	-	(1,349,830)
<b>Total</b>	<b>(1,060,104)</b>	<b>(289,726)</b>	<b>-</b>	<b>(1,349,830)</b>
<b>Intangible Fixed Assets (net)</b>	<b>54,520,008</b>			<b>54,230,282</b>

#### **January 1 December 31 2013**

	January 1, 2013	Inflows	Outflows	Provisions for Impairment	December 31, 2013
<b>Cost</b>					
Brand	55,728,040	-	-	(1,577,485)	54,150,555
Computer software	1,326,417	103,140	-	-	1,429,557
<b>Total</b>	<b>57,054,457</b>	<b>103,140</b>	<b>-</b>	<b>(1,577,485)</b>	<b>55,580,112</b>
<b>Less: Accumulated Depreciation</b>					
Computer software	(646,510)	(413,594)	-	-	(1,060,104)
<b>Total</b>	<b>(646,510)</b>	<b>(413,594)</b>	<b>-</b>	<b>-</b>	<b>(1,060,104)</b>
<b>Intangible Fixed Assets (net)</b>	<b>56,407,947</b>			<b>(1,577,485)</b>	<b>54,520,008</b>

There are no pledges, restrictions or mortgages on the Company's tangible fixed assets.

On December 31, 2014, the Company performed an impairment test on intangible fixed assets, and no impairment was detected in intangible fixed assets with indefinite useful life. Concept of continuity was taken into consideration when assessing whether the brand value has indefinite useful life. An appraisal firm conducted an impairment test for the Company. The following are the summary information, hypothesis and methods related to the assessment report of the "Türkiye" brand, which the Company owns and uses as the brand of the newspaper it publishes.

- Brand appraisal was performed by taking into consideration macroeconomic factors such as economic indicators like the gross national product, inflation rates; data regarding the media and printing industries such as newspaper circulations, advertising revenues, etc. as well as the Company's financial statements and projections.

-Brand appraisal was performed by an independent audit company.

## İhlas Gazetecilik A.Ş. Footnotes to the Financial Statements as of December 31, 2014

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

Appraisal was performed based on the Usage value. The following are the other main assumptions:

- Discount rate was calculated with the Weighted Average Capital Cost at 13.33 percent within the scope of the Financial Assets Pricing System.
- Inflation rate estimations for the two years following the current reporting period were based on the expectations of the Central Bank of Republic of Turkey.
- Circulation between 2012-2014 were used when projecting the national newspaper circulations in Turkey.
- The market value of the brand and name rights for the Türkiye Newspaper have been calculated by using the Price Premium Analysis Method.

The following are the impairment provisions for the brand:

	December 31, 2014	December 31, 2013
Appraisal value of the brand	55,479,995	54,150,555
Book value of the brand	79,875,083	79,875,083
<b>Provisions for brand impairment</b>	<b>(25,724,528)</b>	<b>(25,724,528)</b>

A brand value of 55,479,995 TL was ascertained for the brand in the appraisal report in the current period. Provisions for impairment did not occur in the current period as this value is higher than the one in the previous year, and as such, the provisions for impairment in the amount of 25,724,528 TL from the previous year was maintained without any change.

Fully depreciated tangible fixed assets still used by the Company total 117,181 TL (previous period: 117,181 TL).

### Note 20 - Government Incentives and Grants

December 31, 2014: None (December 31, 2013: None).

### Note 21 - Provisions, Contingent Assets and Liabilities, and Commitments

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

The Company's guarantees, pledges and mortgages (GPM) position table:

GPMs issued by the Company (December 31, 2014)	USD Balance	Euro Balance	TL Balance	TOTAL (In TL)
A. Total GPM amount issued in favor of its own legal entity	150,000		15,627,824	15,975,659
B. Total GPM amount issued in favor of subsidiaries that are included in the full consolidation				
C. Total GPM amount issued to secure the liabilities of other third parties so as to carry out ordinary trade operations				
D. Total amount of other GPMs issued	7,362,230	-	97,246,080	114,318,355
i. Total amount of GPMs issued in favor of the parent company	-	-	-	-
ii. Total amount of GPMs issued in favor of other group companies not covered in items B and C	7,362,230		97,246,080	114,318,355
iii. Total GPMs issued in favor of third parties not covered in item C				
<b>Total</b>	<b>7,512,230</b>	<b>-</b>	<b>112,873,904</b>	<b>130,294,014</b>
Company's Total Shareholders' Equity				259,477,202
<b>Ratio of other Company-issued GPMs to its shareholder's equity</b>				<b>44%</b>

## **İhlas Gazetecilik A.Ş.**

### **Footnotes to the Financial Statements as of December 31, 2014**

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

<b>GPMs issued by the Company (December 31, 2013)</b>	<b>USD Balance</b>	<b>Euro Balance</b>	<b>TL Balance</b>	<b>TOTAL (In TL)</b>
A. Total GPM amount issued in favor of its own legal entity	150,000		923,978	1,244,123
B. Total GPM amount issued in favor of subsidiaries that are included in the full consolidation	-	-	-	-
C. Total GPM amount issued to secure the liabilities of other third parties so as to carry out ordinary trade operations	-	-	-	-
D. Total amount of other GPMs issued	25,362,230	225,000	136,454,080	191,245,400
i. Total amount of GPMs issued in favor of the parent company				
ii. Total amount of GPMs issued in favor of other group companies not covered in items B and C	25,362,230	225,000	136,454,080	191,245,400
iii. Total GPMs issued in favor of third parties not covered in item C	-	-	-	-
<b>Total</b>	<b>25,512,230</b>	<b>225,000</b>	<b>137,378,058</b>	<b>192,489,523</b>
Company's Total Shareholders' Equity				214,144,835
<b>Ratio of other Company-issued GPMs to its shareholder's equity</b>				<b>89%</b>

b) Lawsuit details regarding the Company as of December 31, 2014-December 31, 2013

	<b>December 31, 2014</b>	<b>December 31, 2013</b>
Litigation provisions	71,350	91,702
<b>Debt Provisions (Long-Term)</b>	<b>71,350</b>	<b>91,702</b>

Information regarding the provisions for lawsuits against the Company as of December 31, 2014

	<b>December 31, 2014</b>	<b>December 31, 2013</b>
<b>Balance at the beginning of Period</b>	<b>91,702</b>	<b>145,180</b>
Payments	-	(47,330)
Terminated litigation provisions (Note 31)	(20,352)	(6,148)
<b>Balance at the End of the Period</b>	<b>71,350</b>	<b>91,702</b>

The Company has not allocated any provisions for the litigations which it deems highly likely to win. However, it has allocated provisions for those lawsuits which might be lost, or in other words, which might lead to the loss of economic resources.

Information regarding the Company's ongoing lawsuits as of December 31, 2014

	<b>Number</b>	<b>Amount</b>
Enforcement proceedings in favor of the Company	236	4,970,064
Enforcement proceedings against the Company	4	29,805
Ongoing lawsuits in favor of the Company	12	274,977
Ongoing lawsuits against the Company	31	663,596

## İhlas Gazetecilik A.Ş.

### Footnotes to the Financial

### Statements as of December 31, 2014

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

#### Note 22 - Employee Benefits, and Employee Benefits Payables

	December 31, 2014	December 31, 2013
<b>Long-Term Liabilities</b>		
Severance provisions	10,635,682	9,730,150
<b>Total</b>	<b>10,635,682</b>	<b>9,730,150</b>

According to the Turkish Labor Law, the Company is legally required to offer a severance payment to an employee who has been terminated without due cause, on the condition of his/her being employed for at least one year, or who has been drafted into the military, or has died, or has retired upon reaching retirement age (58 for females and 60 for males); or after 25 years of service for males and 20 years for females. The amount to be paid is capped at the following amounts and is equal to one month's salary.

- December 31, 2014: 3,438 TL
- December 31, 2013: 3,254 TL

On the other hand, according to the Law on the Regulation of Relationships between Employees and Employers Engaged in the Profession of the Press, the Company is obliged to pay severance to each employee who is subject to this law, who has worked for a minimum of 5 years and whose employment is terminated without due cause. The maximum payable amount is 30 days' salary for each year. There is no severance payments cap application for press personnel.

Early retirement rights of people working in press, publishing, packaging and printing works have been nullified since October 1, 2008.

Currently, no regulations exist for retirement commitments aside from the legal requirements delineated above.

No funds were allocated for such a liability since there are no requirements for allocating such funds.

Provisions for severance payments were calculated based on the estimated balance sheet date value of the possible future liabilities that will arise from retirement of the Company's employees.

The "TAS 19 - Employee Benefits" standard stipulates the use of actuarial evaluation methods when estimating the companies' liabilities within the scope of their specific social rights plans. Accordingly, actuarial assumptions and existing legal obligations were used in the calculation of the total amount of liabilities for each company. The following are the other actuarial estimates and assumptions:

	December 31, 2014	December 31, 2013
Discount rate	3.26%	3.32%
Rate of non-payment of severance payment liabilities (average)	5%	4%

	December 31, 2014	December 31, 2013
<b>Balance as of January 1</b>	<b>9,730,150</b>	<b>7,034,857</b>
Payments	(2,819,910)	(2,295,561)
Actuarial Gains/(Losses) Fund from Pension Plans (Note 27)	10,895	361,066
Provisions reserved during the period (Note 30)	3,714,547	4,629,788
<b>Balance at the End of the Period</b>	<b>10,635,682</b>	<b>9,730,150</b>

## İhlas Gazetecilik A.Ş.

### Footnotes to the Financial Statements as of December 31, 2014

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

	December 31, 2014	December 31, 2013
Social security premiums payable <sup>(*)</sup>	4,444,355	528,184
Wages and severance payments to personnel <sup>(*)</sup>	2,288,937	1,939,230
<b>Employee Benefits Payables</b>	<b>6,733,292</b>	<b>2,467,414</b>

<sup>(\*)</sup> All of this amount is overdue as of January 31, 2015, and an application for an installment plan is being considered to the Social Security Institution.

<sup>(\*\*)</sup> Of this amount 1,359,855 TL is overdue as of January 31, 2015.

#### Note 23 - Pension Plans

Currently, no regulations exist for retirement commitments aside from the legal requirements delineated in Note 22.

#### Note 24 - Prepaid Expenses and Deferred Income

	December 31, 2014	December 31, 2013
Work advances	4,399,335	4,000,191
Advance Payments for Purchase Orders	1,197,720	219,911
Expenses for future months	21,757	34,558
Advances to Personnel	1,750	77,508
<b>Prepaid Expenses (Classified in Current Assets)</b>	<b>5,620,562</b>	<b>4,332,168</b>
Advances Given (for fixed asset purchases) (*)	215,622	2,715,622
<b>Prepaid Expenses (Classified in Non-current Assets)</b>	<b>215,622</b>	<b>2,715,622</b>
Advances Received for Purchase Orders	2,203,134	1,020,125
<b>Deferred Income (Short-Term)</b>	<b>2,203,134</b>	<b>1,020,125</b>
<b>Deferred Income (Long-Term)</b>	<b>-</b>	<b>-</b>

<sup>(\*)</sup> Related party balances are detailed in Note 38.

#### Note 25 - Current Tax Assets

	December 31, 2014	December 31, 2013
Prepaid tax assets	-	290,873
<b>Current Tax Assets</b>	<b>-</b>	<b>290,873</b>

#### Note 26 - Other Assets and Liabilities

	December 31, 2014	December 31, 2013
<b>Other Current/ Current Assets</b>	<b>-</b>	<b>-</b>
<b>Other Non-Current/Fixed Assets</b>	<b>-</b>	<b>-</b>
	December 31, 2014	December 31, 2013
Taxes, fees and other deductions payable	3,469,866	1,386,855
Overdue, deferred and on-installment tax liabilities	2,875,913	-
<b>Other Short-Term Liabilities</b>	<b>6,345,779</b>	<b>1,386,855</b>
Overdue, deferred and on-installment tax liabilities	4,104,448	-
<b>Other Long-Term Liabilities</b>	<b>4,104,448</b>	<b>-</b>

<sup>(\*)</sup> Of this amount, 2,606,847 TL is overdue as of January 31, 2015, and an application for an installment plan is being considered, to be made to relevant institutions.

## İhlas Gazetecilik A.Ş.

### Footnotes to the Financial Statements as of December 31, 2014

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

#### Note 27 – Capital, Reserves and Other Equity Items

##### A. Issued Capital

The Company's registered and issued capital comprises of shares, each with a nominal value of 1 TL.

The Company's registered authorized capital is 240,000,000 TL as of December 31, 2014.

The Company's registered and issued capital, and capital structure as of December 31, 2014-December 31, 2013:

Name/Title	December 31, 2014		December 31, 2013	
	Share (%)	Share Amount (TL)	Share (%)	Share Amount (TL)
İhlas Yayın Holding A.Ş.	56.55	67,859,559	56.55	67,859,559
Open to the Public	33.00	39,600,000	33.00	39,600,000
İhlas Holding A.Ş.	6.92	8,304,075	6.92	8,304,075
Ahmet Mücahid Ören	2.00	2,392,995	1.76	2,108,943
İhlas Ev Aletleri İmalat Sanayi Ticaret A.Ş.	1.03	1,237,553	1.03	1,237,553
Ayşe Dilvin Ören	0.50	605,818	0.50	605,818
Other	-	-	0.24	284,052
<b>Total</b>	<b>100</b>	<b>120,000,000</b>	<b>100</b>	<b>120,000,000</b>
Capital Adjustment Differences		38,494,868		38,494,868
<b>Total</b>		<b>158,494,868</b>		<b>158,494,868</b>

İhlas Holding A.Ş. provided as collateral 5,500,000 of its Company shares for the loans it obtained. In addition, İhlas Yayın Holding A.Ş. pledged 15,500,000 of its Company shares for public institutions.

The Company's indirect partnership structure:

Name/Title	December 31, 2014		December 31, 2013	
	Share (%)	Share Amount (TL)	Share (%)	Share Amount (TL)
Open to the Public	91.13	109,355,898	89.31	107,164,081
Ahmet Mücahid Ören	7.06	8,475,251	7.00	8,403,824
Other	1.81	2,168,851	3.69	4,432,095
<b>Total</b>	<b>100</b>	<b>120,000,000</b>	<b>100</b>	<b>120,000,000</b>

Distribution of the Company's preferred shares (group A shares) as per the Ordinary General Assembly dated March 28, 2014:

Shareholder Name/Title	Bearer/Registered	Number of Shares	Amount
İhlas Yayın Holding A.Ş.	Registered	9,000,000	9,000,000
İhlas Holding A.Ş.	Registered	2,400,000	2,400,000
Ahmet Mücahid Ören	Registered	450,000	450,000
Ayşe Dilvin Ören	Registered	150,000	150,000
<b>Total</b>		<b>12,000,000</b>	<b>12,000,000</b>

## İhlas Gazetecilik A.Ş.

### Footnotes to the Financial Statements as of December 31, 2014

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

#### Benefits of Preferential Shares

The Members of the Board of Directors are selected among candidates nominated by Group A shareholders: At least 4 members if the Board of Directors is made up of 5 people, at least 5 members if the Board of Directors is made up of 7 people, at least 7 members if the Board of Directors is made up of 9 people, and at least 9 members if the Board of Directors is made up of 11 people.

Each of the Group A shareholders has 15 (fifteen) votes in the Company's ordinary and extraordinary general assembly meetings.

#### B. Other Comprehensive Income/ Expense not to be Reclassified in Profit or Loss

Other comprehensive income/expense not to be reclassified in profit or loss consists of tangible fixed assets revaluation increases, and actuarial gains/losses from pension plans. The following are the transaction tables:

	December 31, 2014	December 31, 2013
<b>Balance as of January</b>	<b>5,523,815</b>	<b>-</b>
Tangible fixed assets revaluation increases/ (impairment provisions) in the period	(700,708)	5,814,542
Period taxes for other comprehensive income not to be reclassified in profit or loss	35,035	(290,727)
<b>Balance at the End of the Period</b>	<b>4,858,142</b>	<b>5,523,815</b>

	December 31, 2014	December 31, 2013
<b>Balance as of January 1</b>	<b>(508,657)</b>	<b>(147,591)</b>
Actuarial gains/losses fund from pension plans in the period	(10,895)	(361,066)
<b>Balance at the End of the Period</b>	<b>(519,552)</b>	<b>(508,657)</b>

#### C. Restricted Reserves Derived from Profit

Pursuant to the Turkish Commercial Code, legal reserves are divided into two - primary and secondary. Primary legal reserves are appropriated at 5 percent of the net profits in the balance sheet until the total reaches 20 percent of the revalued paid-in capital. Secondary legal reserves are appropriated at 10 percent of the total dividends that exceed 5 percent of the revalued capital. According to the provisions of the Turkish Commercial Code, legal reserves may be used only for net losses, and not for any other purposes so long as the reserves do not exceed 50 percent of the issued capital.

	December 31, 2014	December 31, 2013
Legal reserves	83,901	83,901
Special reserves <sup>(*)</sup>	873,284	873,284
<b>Total</b>	<b>957,185</b>	<b>957,185</b>

<sup>(\*)</sup> This amount arises from the merger between the Company and Medya Reklam Pazarlama, Film Prodüksiyon ve Basım Hizmetleri Anonim Şirketi in 2008. In accordance with the provisions of the Turkish Commercial Code, the company that is the subject of a merger loses its capital. As such, the amount consists of the capital reserves paid by its partner.

## İhlas Gazetecilik A.Ş.

### Footnotes to the Financial Statements as of December 31, 2014

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

#### D. Retained Earnings/Loss

In accordance with the Communiqué, Serial No: XI, No: 29, and related announcements of the CMB, effective from January 1, 2008, "Paid-in Capital," "Reserves on Retained Earnings" and "Share Premiums" must be recognized at their statutory amounts. The valuation differences during implementation of the Communiqué are classified:

- Under "Inflation Adjustment to Share Capital," if the difference arises from the "Paid-in Capital" and is yet to be transferred to capital;
- Under "Retained Earnings/Losses," if the difference is associated with the inflation adjustment of "Reserves on Retained Earnings" and "Share Premiums," and the amount is yet to be utilized in dividend distribution or capital increase.

The following are the retained earnings/losses:

	December 31, 2014	December 31, 2013
<b>Balance as of January 1</b>	<b>47,405,459</b>	<b>48,540,192</b>
Profit/(loss) for the previous period	2,272,165	(1,134,733)
<b>Balance at the End of the Period</b>	<b>49,677,624</b>	<b>47,405,459</b>

#### Note 28 – Cost of Revenue and Sales

##### A. Gross Profit/(Loss) from Trade Operations

	January 1 - December 31, 2014	January 1 - December 31, 2013
Domestic Sales	107,061,031	90,832,878
Overseas Sales	2,167,297	2,154,497
<b>Total Gross Revenue</b>	<b>109,228,328</b>	<b>92,987,375</b>
Sales Discounts (-)	(13,514,538)	(11,271,486)
<b>Net Revenue</b>	<b>95,713,790</b>	<b>81,715,889</b>
Cost of Sales (-)	(84,925,137)	(80,431,355)
<b>Gross Sales Profit</b>	<b>10,788,653</b>	<b>1,284,534</b>

The following is the Company's Cost of Goods Sold table for the periods January 1-December 31, 2014, and January 1-December 31, 2013.

	January 1 - December 31, 2014	January 1 - December 31, 2013
Raw materials, supplies and merchandise	(46,609,487)	(39,778,153)
Employee expenses	(21,978,206)	(22,973,289)
Electricity, water and heating expenses	(3,578,503)	(3,295,742)
Provisions for severance payment expenses (Note 30)	(3,065,065)	(3,963,530)
Depreciation and amortization costs (Note 30)	(2,403,595)	(2,669,325)
Repair, maintenance and repair expenses	(2,023,438)	(2,313,133)
Rent expenses	(1,569,996)	(1,139,817)
Security, cleaning, health and kitchen expenses	(1,160,208)	(1,111,649)
Shipping, distribution and transportation expenses	(833,664)	(906,186)
Tax, dues, fees, notary public and service expenses	(821,720)	(1,083,980)
Fuel and transportation expenses	(239,621)	(265,278)
Agency and consultation expenses	(111,511)	(160,589)
Communication expenses	(34,277)	(88,757)
Inventory DDK (-)/Cancellations (+)	(10,491)	26,852
Transfer of maturity differences concerning purchases to other expenses	1,148,664	744,634
Other Production Expenses and Adjustments	(1,634,019)	(1,453,413)
<b>Cost of Sales</b>	<b>(84,925,137)</b>	<b>(80,431,355)</b>



## İhlas Gazetecilik A.Ş.

### Footnotes to the Financial Statements as of December 31, 2014

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

#### B. Gross Profit/(Loss) from Finance Operations

January 1-December 31, 2014: None (January 1-December 31, 2013: None).

#### Note 29 - Operating Expenses

	January 1-December 31, 2014	January 1-December 31, 2013
Administrative expenses	(30,352,185)	(13,607,313)
Marketing, Sales and Distribution Costs	(8,520,208)	(10,443,347)
<b>Total</b>	<b>(38,872,393)</b>	<b>(24,050,660)</b>

#### Note 30 - Segmented Costs

The following are the details of segmented costs in the January 1-December 31, 2013 and January 1-December 31, 2014 periods:

	January 1-December 31, 2014	January 1-December 31, 2013
Expenses related to provision for doubtful trade receivables	(19,406,497)	(3,407,797)
Personnel expenses <sup>(a)</sup>	(4,056,175)	(4,456,167)
Work advances provision expenses	(2,347,761)	(1,977,711)
Tax, dues, fees, title deed, subscription, notary public and court expenses	(1,661,863)	(444,119)
Outsourced benefits and services	(787,334)	(579,508)
Depreciation and amortization costs <sup>(b)</sup>	(706,467)	(860,306)
Provisions for severance payment expenses <sup>(c)</sup>	(532,894)	(628,209)
Rent expenses	(263,491)	(95,009)
Maintenance and insurance expenses	(204,912)	(192,147)
Consultancy and audit expenses	(106,071)	(203,402)
Other Administrative Expenses	(278,720)	(762,938)
<b>Administrative Expenses</b>	<b>(30,352,185)</b>	<b>(13,607,313)</b>

	January 1-December 31, 2014	January 1-December 31, 2013
Personnel expenses <sup>(a)</sup>	(2,208,890)	(2,202,311)
Advertising and publicity expenses	(2,099,271)	(3,978,281)
Publicity commission and premium expenses	(1,440,808)	(1,637,831)
Distribution and transportation expenses	(1,001,664)	(753,505)
Outsourced benefits and services	(615,529)	(564,864)
Promotional expenses	(594,180)	(1,033,239)
Rent expenses	(142,782)	(55,613)
Provisions for severance payment expenses <sup>(c)</sup>	(116,588)	(38,049)
Market research expenses	(100,050)	(102,606)
Other marketing, sales and distribution expenses	(200,446)	(77,048)
<b>Marketing, sales and distribution expenses</b>	<b>(8,520,208)</b>	<b>(10,443,347)</b>

<sup>(a)</sup>Details of personnel expenses, filed under operating expenses

## İhlas Gazetecilik A.Ş.

### Footnotes to the Financial Statements as of December 31, 2014

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

	January 1 - December 31, 2014	January 1 - December 31, 2013
Gross salary expenses	(4,834,817)	(5,142,752)
SSI deductions (employee and employer)	(1,042,831)	(1,095,144)
Other Costs	(387,417)	(420,582)
<b>Total</b>	<b>(6,265,065)</b>	<b>(6,658,478)</b>

<sup>(b)</sup>Details of depreciation and amortization expenses:

	January 1 - December 31, 2014	January 1 - December 31, 2013
Cost of sales	(2,403,595)	(2,669,325)
Administrative expenses	(706,467)	(860,306)
<b>Total</b>	<b>(3,110,062)</b>	<b>(3,529,631)</b>

<sup>(c)</sup> Details of severance payment expenses:

	January 1 - December 31, 2014	January 1 - December 31, 2013
Cost of sales	(3,065,065)	(3,963,530)
Administrative expenses	(532,894)	(628,209)
Marketing, sales and distribution expenses	(116,588)	(38,049)
<b>Total</b>	<b>(3,714,547)</b>	<b>(4,629,788)</b>

#### Note 31 - Other Operating Income and Expenses

Details of other operating income and expenses in the January 1-December 31, 2014 and January 1-December 31, 2013 periods:

	January 1 - December 31, 2014	January 1 - December 31, 2013
Late interest income	5,621,969	7,380,250
Rent income	3,255,828	1,623,671
Provisions for terminated trade receivables	2,847,502	2,194,607
Foreign exchange difference income	452,392	1,058,852
SSI premium the Treasury discount	25,376	726,949
Terminated litigation provisions	20,352	6,148
Other income	198,709	426,830
<b>Total Other Operating Income</b>	<b>12,422,128</b>	<b>13,417,307</b>

	January 1 - December 31, 2014	January 1 - December 31, 2013
Late interest income	(2,096,500)	(1,561,599)
Interests and fines for tax and SSI delays	(1,168,394)	-
Foreign exchange difference expenses	(458,317)	(1,397,743)
Provisions for brand impairment	-	(1,577,485)
<b>Total Other Operating Expenses</b>	<b>(3,723,211)</b>	<b>(4,536,827)</b>

## **İhlas Gazetecilik A.Ş.**

### **Footnotes to the Financial Statements as of December 31, 2014**

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

#### **Note 32 - Investment Income and Expenses**

The following are the details of other income and expenses from investment activities in the January 1-December 31, 2013 and January 1-December 31, 2014 periods:

	January 1 - December 31, 2014	January 1 - December 31, 2013
Sales profit from investment properties	39,335,000	-
Appreciation income from investment properties	25,072,750	12,625,281
Sales profit from tangible fixed assets	703,540	598,529
<b>Total Income from Investments</b>	<b>65,111,290</b>	<b>13,223,810</b>
<b>Total Expenses from Investments</b>	<b>-</b>	<b>-</b>

#### **Note 33 - Finance Expenses**

The following are the details of finance expenses in the January 1-December 31, 2013 and January 1-December 31, 2014 periods:

	January 1 - December 31, 2014	January 1 - December 31, 2013
Interest expenses	(1,073,772)	(1,366,901)
<b>Total</b>	<b>(1,073,772)</b>	<b>(1,366,901)</b>

#### **Note 34 - Finance Income**

The following are the details of finance income in the January 1-December 31, 2013 and January 1-December 31, 2014 periods:

	January 1 - December 31, 2014	January 1 - December 31, 2013
Interest income	1,517,882	2,405,045
<b>Total</b>	<b>1,517,882</b>	<b>2,405,045</b>

#### **Note 35 - Fixed Assets Held for Sale and Discontinued Operations**

##### **A. Held-for-Sale Fixed Assets**

December 31, 2014: None (December 31, 2013: None).

##### **B. Discontinued Operations**

January 1-December 31, 2014: None (January 1-December 31, 2013: None).

#### **Note 36 - Income Taxes**

##### **A. Current Period Tax Assets and Liabilities**

The corporate tax rate is 20 percent. Dividends paid to corporations that earn income through an office or a permanent agency in Turkey, and corporations located in Turkey are not subject to withholding tax. Dividend payments other than these shall be subject to withholding tax at a rate of 15 percent. Addition of profit to the capital shall not be deemed as dividend distribution and thus, no withholding tax shall be levied. While advance taxes paid during the year pertain to that year, they are deducted from the corporate tax of the subsequent year, which will be calculated based on the corporate tax statement to be submitted.

Corporate tax exemption applies to the revenues arising from the sale of 75 percent of the properties, participation stocks, dividend right certificates and pre-emption rights that remain in the corporation's assets for at least two full years. In order to benefit from the exemption, such earnings must be held in a fund account under Liabilities and must not be withdrawn for at least 5 years. The sales revenue must be collected by the end of the second calendar year from the transaction completion date.

## **İhlas Gazetecilik A.Ş.**

### **Footnotes to the Financial Statements as of December 31, 2014**

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

According to the Corporate Income Tax Law, financial losses on tax statements may be deducted from the corporate tax base, provided that the period of deduction does not exceed five years. The tax office may review and make changes to declarations and related accounting records within five years.

Primary tax expense items as of December 31, 2014 and December 31, 2013:

	<b>December 31, 2014</b>	<b>December 31, 2013</b>
Current period tax provisions	640,195	-
Pre-paid taxes (-)	(525)	-
<b>Total</b>	<b>639,670</b>	

Current period tax provisions and reconciliation of accounting profits for the December 31, 2014-December 31, 2013 period:

	<b>January 1-December 31, 2014</b>	<b>January 1-December 31, 2013</b>
<b>Accounting Profit/(Loss)</b>	<b>7,861,722</b>	<b>(7,093,831)</b>
Additions (+)	1,641,552	1,403,022
Discounts (-)	(274,288)	(372,063)
Financial Losses Used (-)	(6,028,013)	-
<b>Financial Profit/(Loss)</b>	<b>3,200,973</b>	<b>(6,062,872)</b>
Tax rate	20%	20%
<b>Tax Provision Amount</b>	<b>640,195</b>	<b>*</b>

Primary tax expense items as of December 31, 2014 and December 31, 2013:

	<b>January 1-December 31, 2014</b>	<b>January 1-December 31, 2013</b>
Current period corporate tax	(640,195)	-
Deferred tax income/(expense)	478,553	1,895,857
<b>Closing Balance</b>	<b>(161,642)</b>	<b>1,895,857</b>

#### **B. Deferred tax assets and liabilities**

The Company calculates its deferred tax assets and liabilities by taking into account the impact of temporary differences arising as a result of separate evaluation of balance sheet items in accordance with TFRS standards and tax legislation. These temporary differences arise from the differences in the periods of the recognition of income and expenses in accordance with TFRS and tax legislation.

The corporate tax rate for 2014 is 20 percent (December 31, 2013: 20 percent). Therefore, a 20-percent rate is applied to deferred tax receivables and liabilities that are calculated based on the temporary differences according to the liability method.

## İhlas Gazetecilik A.Ş.

### Footnotes to the Financial Statements as of December 31, 2014

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

The following is the breakdown of accumulated temporary differences and deferred tax assets and liabilities, prepared by using effective tax rates as of December 31, 2014 and December 31, 2013:

Deferred Tax Related to the Income Statement	December 31, 2014		December 31, 2013	
	Total Temporary Differences	Deferred Tax Asset/(Liability)	Total Temporary Differences	Deferred Tax Asset/(Liability)
Intangible fixed assets impairment provisions (brand)	25,724,528	5,144,906	25,724,528	5,144,906
Provisions for doubtful trade receivables	20,308,870	4,061,774	4,145,641	829,128
Impairment provisions for investment properties	12,147,591	2,429,518	20,058,426	4,011,685
Severance provisions	10,635,682	2,127,136	9,730,150	1,946,030
Work advances provision expenses	5,946,243	1,189,249	3,598,482	719,696
Expenses related to trade receivables rediscount from non-related parties	4,129,100	825,820	3,024,615	604,923
Expenses related to trade receivables rediscount from related parties	911,966	182,393	1,074,503	214,901
Provisions for impairment of inventories	396,642	79,328	386,151	77,230
Order advances provision expenses	88,241	17,648	374,033	74,807
Litigation provision expenses	71,350	14,270	91,702	18,340
Undiscounted financial losses	-	-	6,062,872	1,212,574
Temporary differences in intangible fixed assets	(81,829,354)	(16,365,870)	(83,543,045)	(16,708,609)
Appreciation from investment properties	(10,045,052)	(2,009,010)	(3,776,864)	(755,372)
Temporary differences arising from activation of real estates acquired through leasing	(8,835,999)	(1,767,200)	(8,835,999)	(1,767,200)
Temporary differences in tangible fixed assets	(1,570,597)	(314,119)	(2,443,625)	(488,725)
Trade payables rediscount income	(50,771)	(10,154)	(44,769)	(8,954)
Rediscount income related to trade payables to related parties	(37,333)	(7,467)	(29,580)	(5,916)
Foreign exchange difference income/expense	(239)	(48)	885	177
<b>Deferred tax assets</b>	<b>80,360,213</b>	<b>16,072,042</b>	<b>74,271,988</b>	<b>14,854,397</b>
<b>Gross deferred tax liability</b>	<b>(102,369,345)</b>	<b>(20,473,868)</b>	<b>(98,673,882)</b>	<b>(19,734,776)</b>
<b>Net deferred tax assets/(liabilities)</b>	<b>(22,009,132)</b>	<b>(4,401,826)</b>	<b>(24,401,894)</b>	<b>(4,880,379)</b>

## İhlas Gazetecilik A.Ş.

### Footnotes to the Financial Statements as of December 31, 2014

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

	December 31, 2014		December 31, 2013	
	Total Temporary Differences	Deferred Tax Asset/ (Liability)	Total Temporary Differences	Deferred Tax Asset/ (Liability)
<b>Deferred Taxes Related to Shareholders' Equity</b>				
Tangible fixed assets revaluation fund <*>	(1,278,458)	(255,692)	(1,453,635)	(290,727)
<b>Gross deferred tax liability</b>	<b>(1,278,458)</b>	<b>(255,692)</b>	<b>(1,453,635)</b>	<b>(290,727)</b>
<b>Net deferred tax assets/(liabilities)</b>	<b>(1,278,458)</b>	<b>(255,692)</b>	<b>(1,453,635)</b>	<b>(290,727)</b>

<sup>(\*)</sup> In accordance with KVK article 5, 75% of the fixed asset revaluation fund was not included in deferred tax, but 25% was.

Net deferred tax assets transactions as follows:

	January 1-December 31, 2014	January 1-December 31, 2013
<b>Balance as of January 1</b>	<b>(5,171,106)</b>	<b>(6,776,236)</b>
Deferred tax income/(expense)	478,553	1,895,857
Taxes income/(expense) related to shareholders' equity	35,035	(290,727)
<b>Closing Balance</b>	<b>(4,657,518)</b>	<b>(5,171,106)</b>

The Company does not have financial losses that can be entered into account in the balance sheets dated December 31, 2014 (December 12, 2013: 6,062,872 TL)

#### Note 37 - Earnings per Share

Weighted average number of the Company's shares as of December 31, 2014 and December 31, 2013, and the calculation of earnings per unit share:

	January 1 - December 31, 2014	January 1 - December 31, 2013
<b>Profit/(Loss) per share from continuing operations</b>		
Parent company's earnings/(loss) from continued operations	46,008,935	2,272,165
Weighted average number of stocks, each with a nominal value of 1 TL	120,000,000	120,000,000
<b>Profit/(Loss) (TL) per share from continuing operations</b>	<b>0.383</b>	<b>0.019</b>
<b>Profit/(Loss) per share:</b>		
Profit/(Loss) for the Period	46,008,935	2,272,165
Net profit/(loss) for minority shares in the period	-	-
Net profit/(loss) for the period of the Parent Company	46,008,935	2,272,165
Weighted average number of stocks, each with a nominal value of 1 TL	120,000,000	120,000,000
<b>Profit/(Loss) (TL) per Share</b>	<b>0.383</b>	<b>0.019</b>

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

	December 31, 2014	December 31, 2013
<b>The number of weighted stock shares at the beginning of the period</b>	<b>120,000,000</b>	<b>120,000,000</b>
The number of issued stock shares in the period	-	-
<b>The number of weighted stock shares at the end of the period</b>	<b>120,000,000</b>	<b>120,000,000</b>

Diluted earnings per share have not been calculated since the Company does not have any potential common shares with dilutive effect (Previous period: None)

There are no dividends accrued in the current period (Previous period: None).

There are no share-based payments (Previous period: None).

## İhlas Gazetecilik A.Ş.

### Footnotes to the Financial Statements as of December 31, 2014

(All amounts are shown in Turkish Lira ("TL") unless otherwise stated.)

#### Note 38 - Related Party Disclosures

A. The following are the current account balances (net book values) of the Company with its shareholders; with major companies, which it has an indirect capital, management and business relations through its shareholders; and with its key personnel as of December 31, 2014 and December 31, 2013:

	December 31, 2014	December 31, 2013
<b>Receivables from Partners and Related Parties</b>		
İhlas Holding A.Ş.	2,107,441	1,334,938
İhlas Pazarlama A.Ş.	1,644,252	5,621,116
İletişim Magazin Gazt. Yayın San. ve Tic. A.Ş.	994,630	839,022
İleri Haber Ajansı Tanıtım İletişim ve Teknik Hizmetleri Tic. A.Ş.	732,541	-
TGRT Haber TV A.Ş.	678,170	1,963,275
Mute Grup Medya İç ve Dış Ticaret A.Ş.	484,852	506,067
İhlas Medya Planlama ve Satınalma Hiz. Ltd. Şti.	274,871	254,089
İhlas Yayın Holding A.Ş.	124,960	77,204
İstmag Magazin Gazetecilik Yayıncılık İç ve Dış Tic. Ltd. Şti.	112,370	129
İhlas Haber Ajansı A.Ş.	51,464	-
Bisan Bisiklet Moped Oto. San. Tic. A.Ş.	45,513	39,644
İhlas Vakfı Yurt ve Eğitim Hizmetleri İktisadi İşletmesi	33,666	-
İhlas Yapı Turizm ve Sağlık A.Ş.	24,150	128,711
Kuzuluk Kaplıca İnşaat Turizm Sağlık ve Petrol Ürünleri Tic. A.Ş.	11,023	22,300
Mir Maden İşletmeciliği Enerji ve Kimya San. Ltd. Şti.	8,576	1,127
Kam Gayrimenkul Proje ve İnşaat Ltd. Şti.	4,213	-
Detes Enerji Üretim A.Ş.	3,975	6,320
İhlas İnşaat Proje Taahhüt Turizm ve Tic. A.Ş.	3,766	329
İhlas Net A.Ş.	2,960	6,414
Antalya İmar Ltd. Şti.	2,008	11,265
Net İletişim Hizmetleri Elek. San. ve Tic. Ltd. Şti.	1,676	387
Voli Fuar Hizmetleri A.Ş.	-	75,505
İhlas Motor A.Ş.	-	66,595
Dijital Varlıklar Görsel Medya ve İnternet Hiz. Ltd. Şti.	-	32,192
Abdurrahman Gök	-	13,601
İhlas Holding A.Ş.-İhlas Yapı Turizm ve Sağlık A.Ş. Ortak Girişimi 3	-	11,265
İhlas Holding A.Ş.-İhlas Yayın Holding A.Ş. ve İhlas Pazarlama A.Ş. Ortak Girişimi	-	5,633
Plus Gayrimenkul Ticaret A.Ş.	-	3,410
İhlas Pazarlama Yatırım Holding A.Ş.	-	1,237
İhlas Vakfı	-	1,168
Tasfiye Halinde İhlas Oxford Mortgage İnşaat ve Ticaret A.Ş.	-	891
İhlas İnşaat Holding A.Ş.	-	799
VAV İnternet Hiz. Paz. Tic. Ltd. Şti.	-	384
Kristal Kola ve Meşrubat Sanayi Ticaret A.Ş.	-	20
<b>Total</b>	<b>7,347,077</b>	<b>11,025,037</b>

## İhlas Gazetecilik A.Ş.

### Footnotes to the Financial Statements as of December 31, 2014

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

	December 31, 2014	December 31, 2013
<b>Liabilities to Partners and Related Parties</b>		
İhlas Ev Aletleri İmalat Sanayi Ticaret A.Ş.	923,200	12,503
TGRT Haber TV A.Ş.	869,006	-
İhlas Madencilik A.Ş.	690,353	470,572
KPT Lojistik Taşımacılık Tur. Rek. Paz. İç ve Dış Tic. A.Ş.	79,650	32,985
Dijital Varlıklar Görsel Medya ve İnternet Hiz. Ltd. Şti.	77,300	-
Abdurrahman Gök	60,186	-
Şıfa Yemek ve Gıda Üretim Tesisleri Tic. A.Ş.	55,831	123,431
Voli Turizm Seyahat Tic. Ltd. Şti.	2,385	411
İhlas Net A.Ş.	10	-
Fikirevim Reklamcılık Görsel Etkinlikler Tic. Ltd. Şti.	-	2,307,126
İhlas Genel Antrepo Nakliyat ve Tic. A.Ş.	-	38,609
İhlas Holding A.Ş.	-	33,496
İhlas Haber Ajansı A.Ş.	-	18,691
İhlas Vakfı Yurt ve Eğitim Hizmetleri İktisadi İşletmesi	-	2,993
<b>Total</b>	<b>2,757,921</b>	<b>3,040,817</b>

	December 31, 2014	December 31, 2013
Other Receivables		
İhlas Holding A.Ş. r)	46,958,502	-
<b>Total</b>	<b>46,958,502</b>	<b>-</b>

<sup>(\*)</sup> Finance receivable

	December 31, 2014	December 31, 2013
Advance Payments		
İhlas İnşaat Proje Taahhüt Turizm ve Tic. A.Ş.	215,622	215,622
<b>Total</b>	<b>215,622</b>	<b>215,622</b>

	December 31, 2014	December 31, 2013
Advances Received		
İhlas Dış Ticaret A.Ş.	272	-
<b>Total</b>	<b>272</b>	<b>-</b>



## İhlas Gazetecilik A.Ş.

### Footnotes to the Financial Statements as of December 31, 2014

(All amounts are shown in Turkish Lira ("TL") unless otherwise stated.)

B) The following are the sales and purchases (including late interests) arising from the Company's shareholders; or from main companies which it had an indirect capital, management and business relationship through its shareholders; during January 1-December 31, 2014 and January 1-December 31, 2013 periods:

January 1-December 31, 2014	Goods, Services and Advertising Sales	Goods, Services and Advertising Purchases
İletişim Magazin Gazt. Yayın San. ve Tic. A.Ş.	1,144,402	-
İleri Haber Ajansı Tanıtım İletişim ve Teknik Hizmetleri Tic. A.Ş.	1,053,886	-
Fikirevim Reklamcılık Görsel Etkinlikler Tic. Ltd. Şti.	689,300	261,342
İhlas Ev Aletleri İmalat San. Tic. A.Ş.	498,036	-
Mute Grup Medya İç ve Dış Ticaret A.Ş.	490,550	1,992
İstmag Magazin Gazetecilik Yayıncılık İç ve Dış Tic. Ltd. Şti.	349,208	-
TGRT Haber TV A.Ş.	236,601	980,000
İhlas Holding A.Ş.	228,367	3,550,866
İhlas Medya Planlama ve Satılma Hiz. Ltd. Şti.	215,932	-
İhlas Vakfı Yurt ve Eğitim Hizmetleri İktisadi İşletmesi	156,077	15,496
İhlas Pazarlama A.Ş.	130,763	169
Voli Fuar Hizmetleri A.Ş.	65,067	-
İhlas Yayın Holding A.Ş.	58,864	-
Bisan Bisiklet Moped Oto. San. Tic. A.Ş.	56,329	-
Kuzuluk Kaplıca İnşaat Turizm Sağlık ve Petrol Ürünleri Tic. A.Ş.	15,484	-
KPT Lojistik Taşımacılık Tur. Rek. Paz. İç ve Dış Tic. A.Ş.	12,475	721,249
İhlas İnşaat Proje Taahhüt Turizm ve Tic. A.Ş.	9,330	-
Armutlu Tatil ve Turizm İşletmeleri A.Ş.	7,254	52
İhlas Haber Ajansı A.Ş.	6,701	120,587
İhlas Vakfı	3,743	-
İhlas Net A.Ş.	1,970	59,445
Bisiklet Pazarlama ve Tic. A.Ş.	1,500	-
Net İletişim Hizmetleri Elek. San. ve Tic. Ltd. Şti.	1,226	-
Tasfiye Halinde İhlas Finans Kurumu A.Ş.	710	-
İhlas Yapı Turizm ve Sağlık A.Ş.	618	-
İhlas Madencilik A.Ş.	601	-
Kristal Kola ve Meşrubat Sanayi Ticaret A.Ş.	470	-
Şifa Yemek ve Gıda Üretim Tesisleri Tic. A.Ş.	443	227,183
Klas Dış Ticaret A.Ş.	400	-
Dijital Varlıklar Görsel Medya ve İnternet Hiz. Ltd. Şti.	345	88,051
CDC Kurumsal Gelişim Merkezi Ltd. Şti.	160	-
Kristal Gıda Dağıtım Pazarlama San. ve Tic. A.Ş.	108	-
TGRT Dijital TV A.Ş.	60	-
Voli Turizm Seyahat Tic. Ltd. Şti.	-	32,521
Other related parties	1,556	95,840
<b>Total</b>	<b>5,438,536</b>	<b>6,154,793</b>

## İhlas Gazetecilik A.Ş.

### Footnotes to the Financial

### Statements as of December 31, 2014

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

January 1-December 31, 2013	Goods, Services and Advertising Sales	Goods, Services and Advertising Purchases
İhlas Pazarlama A.Ş.	1,683,855	3,853,284
İletişim Magazin Gazt. Yan. San ve Tic. A.Ş.	1,475,983	6,536
İhlas Medya Trade Center GMBH	780,715	773,758
Fikirevim Reklamcılık Görsel Etkinlikler Tic. Ltd. Şti.	683,738	2,794,969
Mute Grup Medya İç ve Dış Ticaret A.Ş.	568,166	-
İhlas Ev Aletleri İmalat San. Tic. A.Ş.	452,281	495,330
İhlas Medya Planlama ve Satınalma Hiz. Ltd. Şti.	250,730	-
İhlas Holding A.Ş.	192,421	704,866
İhlas Vakfı Yurt ve Eğitim Hizmetleri İktisadi İşletmesi	108,442	6,000
İhlas Fuar Hizmetleri A.Ş.	97,818	-
TGRT Haber TV A.Ş.	95,949	123,879
İhlas Yayın Holding A.Ş.	82,582	89,515
Bisan Bisiklet Moped Oto. San. Tic. A.Ş.	68,283	-
İhlas Vakfı	32,319	-
Armutlu Tatil ve Turizm İşletmeleri A.Ş.	14,176	3,216
İhlas İnşaat Proje Taahhüt Turizm ve Tic. A.Ş.	12,942	-
Kuzuluk Kaplıca İnşaat Turizm Sağlık ve Petrol Ürünleri Tic. A.Ş.	12,640	-
İhlas Haber Ajansı A.Ş.	9,513	120,000
İhlas Motor A.Ş.	7,042	-
Şifa Yemek ve Gıda Üretim Tesisleri Tic. A.Ş.	6,930	704,082
Dijital Varlıklar Görsel Medya ve İnternet Hiz. Ltd. Şti.	5,310	46,920
İhlas Madencilik A.Ş.	3,254	208,385
Kristal Gıda Dağıtım Pazarlama San. ve Tic. A.Ş.	3,179	71
Klas Dış Ticaret A.Ş.	3,154	-
İhlas Net A.Ş.	2,841	59,344
KPT Lojistik Taşımacılık Tur. Rek. Paz. İç ve Dış Tic. A.Ş.	2,519	732,396
TGRT Dijital TV Hizmetleri A.Ş.	2,500	-
Konak İnş. Proje Taah. Tic. Tur. A.Ş.	1,750	-
İhlas Dış Ticaret A.Ş.	1,248	-
İhlas Genel Antrepo Nakliyat ve Tic. A.Ş.	974	64,474
VAV İnternet Hiz. Paz. Tic. Ltd. Şti.	938	-
Kristal Kola ve Meşrubat Sanayi Ticaret A.Ş.	606	-
Yakamoz Sektörel Petrol Ürünleri Yapı Gıda Ltd. Şti.	570	-
Tasfiye Halinde İhlas Finans Kurumu A.Ş.	480	-
Net İletişim Hizmetleri	361	-
Çağlar Sağlık Güzellik ve Ev Aletleri Paz. İth. ve İhracat A.Ş.	230	-
CDC Kurumsal Gelişim Merkezi Ltd. Şti.	128	-
Ekip Teknoloji Bilişim Hiz. Ltd. Şti.	17	-
Voli Turizm Seyahat Tic. Ltd. Şti.	-	52,849
Milenyum Oto Kiralama ve Otom. Tur. Tic. Ltd. Şti.	-	9,300
Other related parties	2,646	87,058
<b>TOTAL</b>	<b>6,669,230</b>	<b>10,936,232</b>

## İhlas Gazetecilik A.Ş. Footnotes to the Financial Statements as of December 31, 2014

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

C. The following are the interest, rent and other income/expenses the Company paid to or received from its shareholders; or the main companies which it had an indirect capital, management or business relationship through its shareholders; during the January 1-December 31, 2014 and January 1-December 31, 2013 periods:

January 1-December 31, 2014	Interest income	Rent Income	Interest Expenses	Rent Expenses
İhlas Pazarlama A.Ş.	553,686	74,630	-	-
İhlas Holding A.Ş.	453,455	964,488	-	699,804
TGRT Haber TV A.Ş.	371,645	142,800	-	-
İhlas Medya Planlama ve Satınalma Hiz. Ltd. Şti.	39,082	5,235	-	-
İhlas Dış Ticaret A.Ş.	28,486	2,040	-	-
İhlas Motor A.Ş.	18,760	-	-	-
Dijital Varlıklar Görsel Medya ve İnternet Hiz. Ltd. Şti.	14,404	34,800	-	-
Voli Fuar Hizmetleri A.Ş.	12,504	-	-	-
İhlas Yayın Holding A.Ş.	9,360	46,384	-	-
Mir Maden İşletmeciliği Enerji ve Kimya San. Ltd. Şti.	8,114	-	-	-
TGRT Dijital TV Hizmetleri A.Ş.	3,166	44,268	-	-
Detes Enerji Üretim A.Ş.	1,721	2,040	-	-
İhlas Yapı Turizm ve Sağlık A.Ş.	-	270,000	-	-
Tasfiye Halinde İhlas Finans Kurumu A.Ş.	-	175,800	-	-
Antalya İmar Ltd. Şti.	-	22,800	-	-
Kristal Kola ve Meşrubat Sanayi Ticaret A.Ş.	-	5,100	-	-
İhlas Haber Ajansı A.Ş.	-	3,496	-	-
İhlas Holding A.Ş. - İhlas Yapı Turizm ve Sağlık A.Ş. Ortak Girişimi-4	-	3,350	-	-
İhlas Holding A.Ş.-İhlas Yayın Holding A.Ş. ve İhlas Pazarlama A.Ş. Ortak Girişimi	-	3,100	-	-
İhlas Yapı Turizm ve Sağlık A.Ş.- Kam	-	-	-	-
Gayrimenkul Proje ve İnşaat Ltd. Şti.	-	-	-	-
Adi Ortaklığı	-	2,126	-	-
Kam Gayrimenkul Proje ve İnşaat Ltd. Şti.	-	2,040	-	-
Fikirevim Reklamcılık Görsel Etkinlikler Tic. Ltd. Şti.	-	672	-	-
İhlas Madencilik A.Ş.	-	-	65,567	251,226
İhlas Ev Aletleri İmalat San. Tic. A.Ş.	-	-	50,758	797,340
Other related parties	-	-	-	526
<b>Total</b>	<b>1,514,383</b>	<b>1,805,169</b>	<b>116,325</b>	<b>1,748,896</b>

## İhlas Gazetecilik A.Ş.

### Footnotes to the Financial

### Statements as of December 31, 2014

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

January 1-December 31, 2013	Interest income	Rent Income	Interest Expenses	Rent Expenses
İhlas Pazarlama A.Ş.	1,891,820	218,490	-	-
TGRT Haber TV A.Ş.	293,705	206,391	-	-
İhlas Holding A.Ş.	165,711	472,206	-	364,719
İhlas Medya Planlama ve Satınalma Hiz. Ltd. Şti.	22,181	60,143	-	-
İhlas Fuar Hizmetleri A.Ş.	6,786	-	-	-
İhlas Yayın Holding A.Ş.	6,317	58,220	305	-
İhlas Dış Ticaret A.Ş.	3,000	4,981	-	-
İhlas Motor A.Ş.	1,947	1,816	-	-
İhlas Yapı Turizm ve Sağlık A.Ş.	-	119,898	-	-
Tasfiye Halinde İhlas Finans Kurumu A.Ş.	-	101,777	-	-
İhlas Holding A.Ş. - İhlas Yapı Turizm ve Sağlık A.Ş. Ortak Girişimi-4	-	9,685	-	-
Antalya İmar Ltd. Şti.	-	9,685	-	-
TGRT Dijital TV Hizmetleri A.Ş.	-	8,301	-	-
Fikirevim Reklamcılık Görsel Etkinlikler Tic. Ltd. Şti.	-	7,720	-	-
Plus Gayrimenkul Ticaret A.Ş.	-	6,706	-	-
İhlas Holding A.Ş.-İhlas Yayın Holding A.Ş. ve İhlas Pazarlama A.Ş. Ortak Girişimi	-	4,842	-	-
İhlas Haber Ajansı A.Ş.	-	3,345	-	-
Tasfiye Halinde İhlas Oxford Mortgage İnşaat ve Tic. A.Ş.	-	1,107	-	-
Armutlu Tatil ve Turizm İşletmeleri A.Ş.	-	865	-	-
Detes Enerji Üretim A.Ş.	-	623	-	-
Kuzuluk Kaplıca İnşaat Turizm Sağlık ve Petrol Ürünleri Tic. A.Ş.	-	519	-	-
İhlas Ev Aletleri İmalat San. Tic. A.Ş.	-	346	21,343	-
Mir Maden İşletmeciliği Enerji ve Kimya San. Ltd. Şti.	-	173	-	-
İhlas İnşaat Holding A.Ş.	-	173	-	-
İhlas Pazarlama Yatırım Holding A.Ş.	-	173	-	-
İhlas Madencilik A.Ş.	-	-	42,623	-
Other related parties	-	31,870	-	-
<b>TOTAL</b>	<b>2,391,467</b>	<b>1,330,055</b>	<b>64,271</b>	<b>364,719</b>

### January 1-December 31, 2014

### Fixed Asset Sales

Ahmet Mücahid Ören	200,990
Ceyhan Aral	54,455
<b>Total</b>	<b>255,445</b>

## İhlas Gazetecilik A.Ş.

### Footnotes to the Financial Statements as of December 31, 2014

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

January 1-December 31, 2013	Fixed Asset Sales	Fixed Asset Purchases
İhlas Holding A.Ş.	6,000,000	-
Klas Dış Ticaret A.Ş.	-	12,712
Mute Grup Medya İç ve Dış Ticaret A.Ş.	-	10,000
Bisiklet Pazarlama ve Tic. A.Ş.	-	1,510
Other related parties	37,624	-
<b>TOTAL</b>	<b>6,037,624</b>	<b>24,222</b>

D. Short-term benefits provided to the Company's key management personnel in the January 1-December 31, 2014 and January 1-December 31, 2013 periods:

January 1-December 31, 2014: 872,220 TL (January 1-December 31, 2013: 986,168 TL)

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

January 1-December 31, 2014: 565.492 TL (January 1-December 31, 2013: 832,337 TL)

E. Long-term benefits provided to the Company's key management personnel in the January 1-December 31, 2014 and January 1-December 31, 2013 periods: None.

F. Benefits (wages, attendance fees and compensations) provided to the Company's key management personnel, who left the job or whose senior management position ended, in the January 1-December 31, 2014 and January 1-December 31, 2013 periods:

January 1-December 31, 2014: 409.666 TL (January 1-December 31, 2013: None).

G. The Company does not make share-based payments.

#### Note 39 – Nature and Extent of Exposure to Risks Arising from Financial Instruments:

##### A) Capital risk management

The Company strives to achieve sustainable operations, while also aiming to increase profitability and market value by establishing an efficient balance between liabilities and shareholders' equity.

The capital structure of the Company is comprised of liabilities, including the loans stated in Note 8, as well as cash and cash equivalents; also equity items, including paid-in capital, capital reserves and retained earnings disclosed in Note 27.

Senior management evaluates the Company's capital cost and the risks associated with each type of capital. During such examinations, senior management reviews capital costs and risks associated with each type of capital, and presents to the Board of Directors the decisions that are subject to its consideration. Based on the evaluations conducted by senior management and the Board of Directors, the Company aims to optimize its capital diversification by means of new borrowing, repaying existing debts and/or issuing new shares. The Company's overall strategy remains unchanged from the previous period.

The Company keeps track of its capital adequacy by applying the net debts/shareholders' equity ratio. The ratio is found by dividing the net debt by the total shareholders' equity. Net debt is calculated by deducting cash and cash equivalents from the total amount of debts (comprised of loans, trade payables and other debts indicated in the consolidated financial position table [consolidated balance sheet]).

## **İhlas Gazetecilik A.Ş.**

### **Footnotes to the Financial Statements as of December 31, 2014**

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

	<b>December 31, 2014</b>	<b>December 31, 2013</b>
Total liabilities	62,770,645	45,805,693
Minus: Cash and cash equivalents (Note 6)	(749,347)	(393,608)
Net liabilities	62,021,298	45,412,085
Total Shareholders' Equity	259,477,202	214,144,835
<b>Net liability/shareholders' equity ratio</b>	<b>23.90%</b>	<b>21.21%</b>

#### **B) Significant accounting policies**

The Company's significant accounting policies related to financial instruments are outlined in the section "Financial Instruments" under footnote number 2: "Summary of Significant Accounting Policies."

#### **C) Financial risk management objectives**

The Company constantly keeps up with domestic and foreign market developments so as to monitor and manage the level and size of the risks it faces, or may face, with regard to its facilities. The Company's significant financial risks include risks of foreign exchange, interest rate and liquidity.

Even though the Company does not have a defined risk management model, its administration manages the risks through decisions and implementations. Development of a corporate risk management model is in the works.

#### **D) Market risk**

As a result of its operations, the Company is subject to financial risks related to price, as well as changes in exchange and interest rates. The management continuously monitors the breakdown of revenues and expenses based on foreign currency, the breakdown of liabilities based on foreign currency, and floating/fixed interest rates.

The changes in market conditions that lead to market risk include changes in the benchmark interest rate and changes in the price, cost price, foreign exchange rate and price or ratio indices of another entity.

#### **Management of stock price changes (price risk)**

The Company is exposed to price risks as its sales prices are affected by the changes in raw material stock prices. There is no derivative instrument that can be used to avoid the impact of negative price movements on sales margins. The Company reviews the balance between ordering, production and purchasing by taking into account prospective raw material prices in the future, and it tries to adjust the sales prices based on raw material price changes. However, changes in raw material prices are not reflected in sales price of the newspaper, which makes up a significant part of Company's sales income.

## **İhlas Gazetecilik A.Ş.**

### **Footnotes to the Financial Statements as of December 31, 2014**

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

#### **Interest rate risk management:**

The Company borrows at fixed interest rates. Interest rates pertaining to the Company's liabilities are disclosed in detail in footnote 8.

#### **Interest Position Table**

	<b>December 31, 2014</b>	<b>December 31, 2013</b>
<b>Financial instruments with fixed interest rates</b>		
Financial Assets		
Financial assets at fair value through profit or loss	-	-
Available-for-sale financial assets	-	-
Financial liabilities (Note 8)	4,797,158	3,736,907
<b>Financial instruments with variable interest rates</b>		
	-	-

As of December 31, 2014, and December 31, 2013, if the interest base point had changed by 100 points; in other words, if interest rates had changed by 1 percent; and all other variables had remained the same; it would have led to an increase in net interest expense, resulting in net profit of 35,000 TL for the period (previous period: 15,000 TL).

#### **Foreign exchange risk management:**

As of December 31, 2014, and December 31, 2013, book values (net) of foreign currency-denominated financial assets and liabilities are as follows:

	<b>December 31, 2014</b>	<b>December 31, 2013</b>
A. Assets in foreign currency	61,056	1,150,525
B. Liabilities in foreign currency	1,140,840	2,526,618
<b>Net Foreign Exchange Position (A-B)</b>	<b>(1,079,784)</b>	<b>(1,376,093)</b>

# İhlas Gazetecilik A.Ş.

## Footnotes to the Financial Statements as of December 31, 2014

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

### FOREIGN EXCHANGE POSITION TABLE

	December 31, 2014				December 31, 2013			
	TL Equivalent	USD	EURO	GBP	TL Equivalent	USD	EURO	GBP
1. Trade Receivables	20,454	3,744	1,496	2,100	1,083,625	344,081	118,935	-
2a. Monetary Financial Assets (including cash and bank accounts)	40,602	10	14,386	-	66,900	6,336	18,177	-
2b. Non-Monetary Financial Assets	-	-	-	-	-	-	-	-
3. Other	-	-	-	-	-	-	-	-
<b>4. Current Assets (1+2+3)</b>	<b>61,056</b>	<b>3,754</b>	<b>15,882</b>	<b>2,100</b>	<b>1,150,525</b>	<b>350,417</b>	<b>137,112</b>	<b>-</b>
5. Trade Receivables	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-
<b>8. Fixed Assets (5+6+7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9. Total Assets (4+8)</b>	<b>61,056</b>	<b>3,754</b>	<b>15,882</b>	<b>2,100</b>	<b>1,150,525</b>	<b>350,417</b>	<b>137,112</b>	<b>-</b>
10. Trade Payables	994	189	185	10	317,886	136,125	9,315	-
11. Financial Liabilities	1,002,177	-	355,294	-	1,013,203	-	345,038	-
12a. Other Monetary Liabilities	-	-	-	-	-	-	-	-
12b. Other Non-Monetary Liabilities	-	-	-	-	-	-	-	-
<b>13. Short-Term Liabilities (10+11+12)</b>	<b>1,003,171</b>	<b>189</b>	<b>355,479</b>	<b>10</b>	<b>1,331,089</b>	<b>136,125</b>	<b>354,353</b>	<b>-</b>
14. Trade Payables	-	-	-	-	-	-	-	-
15. Financial Liabilities	137,669	-	48,807	-	1,186,640	-	404,100	-
16a. Other Monetary Liabilities	-	-	-	-	-	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-	8,889	1,234	2,131	-
<b>17. Long-Term Liabilities (14+15+16)</b>	<b>137,669</b>	<b>-</b>	<b>48,807</b>	<b>-</b>	<b>1,195,529</b>	<b>1,234</b>	<b>406,231</b>	<b>-</b>
<b>18. Total Liabilities (13+17)</b>	<b>1,140,840</b>	<b>189</b>	<b>404,286</b>	<b>10</b>	<b>2,526,618</b>	<b>137,359</b>	<b>760,584</b>	<b>-</b>
<b>19. Net Asset/(Liability) Position of Foreign Currency Derivative Instruments outside the Statement of Financial Position (19a-19b)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
19a. Amount of Foreign Currency Derivative Assets outside the Active Financial Position Statement	-	-	-	-	-	-	-	-
19b. Amount of Foreign Currency Derivative Assets outside the Passive Financial Position Statement	-	-	-	-	-	-	-	-
<b>20. Net Foreign Currency Asset/ (Liability) Position (9-18+19)</b>	<b>(1,079,784)</b>	<b>3,565 (388,404)</b>	<b>2,090</b>	<b>(1,376,093)</b>	<b>213,058 (623,472)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>21. Monetary Items Net Foreign Asset/(Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(1,079,784)</b>	<b>3,565 (388,404)</b>	<b>2,090</b>	<b>(1,367,204)</b>	<b>214,292 (621,341)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>22. Total Fair Value of Financial Instruments Used for Foreign Exchange Hedge</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>23. Amount of Hedged Foreign Exchange Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>24. Amount of Hedged Foreign Exchange Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>25. Export</b>	<b>2,167,297</b>	<b>63,679</b>	<b>388,101</b>	<b>169,197</b>	<b>2,154,497</b>	<b>102,242</b>	<b>453,900</b>	<b>-</b>
<b>26. Import</b>	<b>23,417,951</b>	<b>7,244,100</b>	<b>2,602,576</b>	<b>500</b>	<b>20,437,499</b>	<b>6,069,005</b>	<b>3,309,010</b>	<b>13,818</b>



## İhlas Gazetecilik A.Ş.

### Footnotes to the Financial Statements as of December 31, 2014

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

As of December 31, 2014, and December 31, 2013, the Company's hedging ratio of total foreign currency liabilities arising from total imports is the coverage ratio of the exchange rate risk by means of a derivative instrument. There is no hedging ratio of total foreign currency liabilities, since the Company has no futures trading.

The company has a natural balance between income and expense in terms of currency rates and this balance is maintained taking into account estimates for the future.

If there had been a 10 percent value change in the TL against the USD, Euro and other foreign currencies simultaneously, and if all other variables had remained the same as of December 31, 2014, and December 31, 2013, the net period profit/loss before tax as a result of net foreign exchange gains/losses arising from the assets and liabilities in these currencies, would have been:

107,978 TL lower/higher as of December 31, 2014.

137,609 TL lower/higher as of December 31, 2013.

Foreign exchange risk sensitivity analysis related to the Company's foreign exchange position is as follows:

<b>Foreign Exchange Sensitivity Analysis Table</b>				
	<b>December 31, 2014</b>		<b>December 31, 2013</b>	
	<b>Profit/Loss</b>		<b>Profit/Loss</b>	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
<b>In the event of a 10 percent change in USD currency:</b>				
1-Net asset/(liability) in USD	827	(827)	45,473	(45,473)
2-Portion protected against USD risk (-)	-	-	-	-
<b>3- Net Effect in USD (1+2)</b>	<b>827</b>	<b>(827)</b>	<b>45,473</b>	<b>(45,473)</b>
<b>In the event of a 10 percent change in EURO currency:</b>				
4-Net asset/(liability) in EURO	(109,557)	109,557	(183,082)	183,082
5-Portion protected against EURO risk (-)	-	-	-	-
<b>6-Net Effect in EURO (4+5)</b>	<b>(109,557)</b>	<b>109,557</b>	<b>(183,082)</b>	<b>183,082</b>
<b>In the event of a 10 percent change in other currencies</b>				
7-Net asset/(liability) in other foreign currency	752	(752)	-	-
8-The part protected against other foreign currency risk (-)	-	-	-	-
<b>9-Net Effect in Other Currencies (7+8)</b>	<b>752</b>	<b>(752)</b>	<b>-</b>	<b>-</b>
<b>Total (3 + 6 + 9)</b>	<b>(107,978)</b>	<b>107,978</b>	<b>(137,609)</b>	<b>137,609</b>

#### **E) Credit and collection risk management**

The Company's credit and collection risk is essentially related to its trade receivables. The amount recognized in the balance sheet is the net value calculated after deducting the doubtful receivables estimated by the Company management based on its previous experiences and current economic circumstances. The Company's credit risk is mitigated due to the fact that it works with many customers. As a result, no significant credit risk increase is observed.

## İhlas Gazetecilik A.Ş.

### Footnotes to the Financial Statements as of December 31, 2014

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

Credit risk exposure based on type of financial instruments:

December 31, 2014	Receivables					
	Trade Receivables		Other Receivables		Bank Deposits	Cash and Other
	Related Party	Other Party	Related Party	Other Party		
<b>Maximum credit risk exposure as of the reporting date (A+B+C+D)<sup>(1)</sup></b>	<b>7,347,077</b>	<b>51,984,338</b>	<b>46,958,502</b>	<b>16,053</b>	<b>318,736</b>	<b>430,611</b>
The portion of maximum risk secured by guarantee etc.	-	-	-	-	-	-
A. Net book value of financial assets which are neither overdue nor subject to impairment <sup>(2)</sup>	7,347,077	34,218,955	46,958,502	16,053	318,736	430,611
B. Net book value of assets which are overdue but not subject to impairment <sup>(5)</sup>	-	-	-	-	-	-
C. Net book value of assets subject to impairment <sup>(3)</sup>	-	17,765,383	-	-	-	-
-Overdue (gross book value)	310,572	44,951,810	-	-	-	-
-Impairment (-)	(310,572)	(27,186,427)	-	-	-	-
-The portion of net value secured by guarantee etc.	-	-	-	-	-	-
-Undue (gross book value)	-	-	-	-	-	-
-Impairment (-)	-	-	-	-	-	-
-The portion of net value secured by guarantee etc.	-	-	-	-	-	-
D. Credit risk-containing elements outside the statement of financial position <sup>(4)</sup>	-	-	-	-	-	-

<sup>(1)</sup> Factors such as received guarantees, which enhance loan credibility, are not taken into account in the determination of the amount.

<sup>(2)</sup> Financial assets which are not overdue or not subject to impairment are not expected to be subject to impairment in the future either; thus, no credit risk is expected.

<sup>(3)</sup> The aging analysis for financial assets that were overdue but not impaired as of December 31, 2014:

## İhlas Gazetecilik A.Ş. Footnotes to the Financial Statements as of December 31, 2014

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

	Receivables	
	Overdue Amount	Provisions for Doubtful Receivables
1-30 days overdue	27,267	(2,727)
1-3 months overdue	435,197	(152,319)
3-12 months overdue	34,916,160	(17,458,195)
1-5 years overdue	2,559,630	(2,559,630)
More than 5 years overdue	7,324,128	(7,324,128)
<b>Total</b>	<b>45,262,382</b>	<b>(27,496,999)</b>
The portion secured by guarantee etc.	-	-

There are various indicators that would normally be met for a receivable to be deemed doubtful: a) Data on receivables that could not be collected in previous years, b) Debtor's solvency, c) Extraordinary circumstances in the sector and present economic environment d) Initiation of lawsuit procedures due to issues related to the collection of receivables.

Due to a weakening ability to collect the receivables, a provision is allocated for the entire amount of the receivables, which are subject to executive proceedings and are in the trial stage.

<sup>(4)</sup> There are no guarantees or irrevocable credit commitments received from the companies under credit risk.

<sup>(5)</sup> There are no overdue financial assets that are not impaired.

## İhlas Gazetecilik A.Ş.

### Footnotes to the Financial Statements as of December 31, 2014

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

#### Credit risk exposure based on type of financial instruments:

December 31, 2013	Receivables					
	Trade Receivables		Other Receivables		Bank Deposits	Cash and Other
	Related Party	Other Party	Related Party	Other Party		
<b>Maximum credit risk exposure as of the reporting date (A+B+C+D)<sup>(1)</sup></b>	<b>11,025,037</b>	<b>48,483,242</b>	<b>-</b>	<b>10,178</b>	<b>241,984</b>	<b>151,624</b>
The portion of maximum risk secured by guarantee etc.	-	-	-	-	-	-
A. Net book value of financial assets which are neither overdue nor subject to impairment <sup>(2)</sup>	11,025,037	48,234,376	-	10,178	241,984	151,624
B. Net book value of assets which are overdue but not subject to impairment <sup>(5)</sup>	-	-	-	-	-	-
C. Net book value of assets subject to impairment <sup>(3)</sup>	-	248,866	-	-	-	-
-Overdue (gross book value)	2,091,596	9,095,274	-	-	-	-
-Impairment (-)	(2,091,596)	(8,846,408)	-	-	-	-
-The portion of net value secured by guarantee etc.	-	-	-	-	-	-
-Undue (gross book value)	-	-	-	-	-	-
-Impairment (-)	-	-	-	-	-	-
-The portion of net value secured by guarantee etc.	-	-	-	-	-	-
D. Credit risk-containing elements outside the statement of financial position <sup>(4)</sup>	-	-	-	-	-	-

<sup>(1)</sup> Factors such as received guarantees, which enhance loan credibility, are not taken into account in the determination of the amount.

<sup>(2)</sup> Financial assets which are not overdue or not subject to impairment are not expected to be subject to impairment in the future either; thus, no credit risk is expected.

<sup>(3)</sup> The aging analysis for financial assets which were overdue but not impaired as of December 31, 2013:

## İhlas Gazetecilik A.Ş.

### Footnotes to the Financial Statements as of December 31, 2014

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

	Receivables	
	Overdue Amount	Provisions for Doubtful Receivables
1-30 days overdue	57,163	(13,231)
1-3 months overdue	138,050	(56,118)
3-12 months overdue	317,505	(194,503)
1-5 years overdue	4,065,554	(4,065,554)
More than 5 years overdue	6,608,598	(6,608,598)
<b>Total</b>	<b>11,186,870</b>	<b>(10,938,004)</b>
The portion secured by guarantee etc.	-	-

There are various indicators that would normally be met for a receivable to be deemed doubtful: a) Data on receivables that could not be collected in previous years, b) Debtor's solvency, c) Extraordinary circumstances in the sector and present economic environment d) Initiation of lawsuit procedures due to issues related to the collection of receivables.

Due to a weakening ability to collect the receivables, a provision is allocated for the entire amount of the receivables, which are subject to executive proceedings and are in the trial stage.

<sup>(4)</sup> There are no guarantees or irrevocable credit commitments received from the companies under credit risk.

<sup>(5)</sup> There are no overdue financial assets that are not impaired.

#### F) Liquidity risk management

The Company manages its liquidity risk by regularly keeping view of estimated and actual cash flows and by providing continuity of adequate funds and borrowing reserves by matching the maturities of its financial assets and liabilities.

	December 31, 2014				
	Book Value	Contractual Cash Outflows Total	Less than 3 Months	3 to 12 Months	1 to 5 Years
<b>Contractual Maturities</b>					
<b>Non-Derivative Financial Liabilities</b>	<b>22,621,864</b>	<b>22,621,864</b>	<b>11,195,306</b>	<b>7,184,441</b>	<b>4,242,117</b>
Bank Loans	3,657,312	3,657,312	-	3,657,312	-
Financial Leasing Liabilities	1,139,846	1,139,846	234,623	767,554	137,669
Other Payables	1,517	1,517	1,517	-	-
Other Liabilities	17,823,189	17,823,189	10,959,166	2,759,575	4,104,448
<b>Expected Maturities</b>					
<b>Non-Derivative Financial Liabilities</b>	<b>8,783,539</b>	<b>8,871,643</b>	<b>6,597,159</b>	<b>2,203,134</b>	<b>71,350</b>
Trade Payables	6,509,055	6,597,159	6,597,159	-	-
Other Liabilities	2,274,484	2,274,484	-	2,203,134	71,350
<b>Expected (or Contractual) Maturities</b>					
	<b>Book Value</b>	<b>Contractual Cash Expected Cash Outflows Total</b>	<b>Less than 3 Months</b>	<b>3 to 12 Months</b>	<b>1 to 5 Years</b>
Derivative Cash Inflows	-	-	-	-	-
Derivative Cash Outflows	-	-	-	-	-

## İhlas Gazetecilik A.Ş.

### Footnotes to the Financial

### Statements as of December 31, 2014

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

December 31, 2013					
Contractual Maturities	Book Value	Contractual Cash Outflows Total	Less than 3 Months	3 to 12 Months	1 to 5 Years
<b>Non-Derivative Financial Liabilities</b>	<b>7,897,758</b>	<b>7,903,671</b>	<b>4,169,970</b>	<b>2,547,061</b>	<b>1,186,640</b>
Bank Loans	1,537,064	1,537,064	-	1,537,064	-
Financial Leasing Liabilities	2,199,843	2,199,843	216,636	796,567	1,186,640
Trade Payables	287,553	293,466	80,036	213,430	-
Other Payables	19,029	19,029	19,029	-	-
Other Liabilities	3,854,269	3,854,269	3,854,269	-	-
Expected Maturities	Book Value	Expected Cash Outflows Total	Less than 3 Months	3 to 12 Months	1 to 5 Years
<b>Non-Derivative Financial Liabilities</b>	<b>8,152,282</b>	<b>8,220,718</b>	<b>7,108,891</b>	<b>1,020,125</b>	<b>91,702</b>
Trade Payables	7,040,455	7,108,891	7,108,891	-	-
Other Liabilities	1,111,827	1,111,827	-	1,020,125	91,702
Expected (or Contractually) Maturities	Book Value	Contractually Expected Cash Outflows Total	Less than 3 Months	3 to 12 Months	1 to 5 Years
Derivative Cash Inflows	-	-	-	-	-
Derivative Cash Outflows	-	-	-	-	-

#### G) Hedge Accounting

The Company does not perform forwards, futures, options and swaps transactions for hedging the risks arising from derivative products, trading transactions, and foreign exchange and/ or interest rate (fixed and floating).

# İhlas Gazetecilik A.Ş.

## Footnotes to the Financial Statements as of December 31, 2014

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

### Note 40 – Financial Instruments (Disclosures on Fair Value and Hedge Accounting)

In accordance with TAS 39 "Financial Instruments: Recognition and Measurement," financial assets are classified into four categories, whereas financial liabilities are classified into two categories. Financial assets include loans, receivables and assets for sales items where fair value differences are reflected in the income statement. On the other hand, financial liabilities are classified into two groups: those with fair value differences reflected in the income statement and those classified as other financial liabilities.

The following are the values and classification of financial assets and liabilities as of December 31, 2014 and December 31, 2013:

December 31, 2014	Financial Assets at Fair Value through Income Statement and Liabilities	Financial Assets to be Kept Until Maturity	Loans and Receivables	Ready-for-Sale Financial Assets	Other Debts/ Debts Measured by Amortized Cost	Note Ref.
<b>Financial Assets</b>						
Cash and Cash Equivalents	749,347	-	-	-	-	6
Trade Receivables	-	-	59,331,415	-	-	10
Other Receivables	-	-	46,974,555	-	-	11
<b>Financial Liabilities</b>						
Loans	-	-	-	-	4,797,158	8
Trade Payables	-	-	-	-	6,509,055	10
Other Payables	-	-	-	-	1,517	11

December 31, 2013	Financial Assets at Fair Value through Income Statement and Liabilities	Financial Assets to be Kept Until Maturity	Loans and Receivables	Ready-for-Sale Financial Assets	Other Debts/ Debts Measured by Amortized Cost	Note Ref.
<b>Financial Assets</b>						
Cash and Cash Equivalents	393,608	-	-	-	-	6
Trade Receivables	-	-	59,508,279	-	-	10
Other Receivables	-	-	10,178	-	-	11
<b>Financial Liabilities</b>						
Loans	-	-	-	-	3,736,907	8
Trade Payables	-	-	-	-	7,328,008	10
Other Payables	-	-	-	-	19,029	11

## **İhlas Gazetecilik A.Ş.**

### **Footnotes to the Financial Statements as of December 31, 2014**

(All amounts are shown in Turkish lira ("TL") unless otherwise stated.)

Fair value measurements are described in the accounting policies for each financial asset and liability; and there is no other event that requires revaluation. The book value of cash and banks is accepted to be similar to their fair value.

The Company classifies the fair value measurement of each class of financial instruments, reflected at fair values in the consolidated financial statements according to the source of their inputs, using the three-level hierarchy as follows:

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)

Level 2: Other valuation techniques including inputs that are observable, directly or indirectly

Level 3: Valuation techniques not including observable market inputs

The following is the fair value measurement hierarchy table as of December 31, 2014:

<b>Financial assets carried to statement of financial position from fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Cash and Cash Equivalents	-	749,347	-

The following is the fair value measurement hierarchy table as of December 31, 2013:

<b>Financial assets carried to statement of financial position from fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Cash and Cash Equivalents	-	393,608	-

#### **Note 41 - Events After Balance Sheet Date**

The Company's financial statements dated December 31, 2014 were approved by the Board of Directors on March 2, 2015. Only the General Assembly is authorized to change the financial statements approved by the Board of Directors.

#### **Note 42 - Other matters that may affect the financial statements to a significant extent or matters that are required to be explained in order for the financial statements to be clear, interpretable and understandable**

None.



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