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## ABOVE ALL, WE AIMED TO BE RESPECTFUL...

*We achieved great success with our trademarks in print, broadcast and digital media.*

*We said, “Ethics above all else,” and maintained a respectful approach to social values in all our publishing activities.*

*We reached across Turkey with our high quality and honest publishing.*

### > Shareholders' Equity (TL)

2014 > **266,067,298**

2013 > **248,922,018**



WE AIMED FOR  
TECHNOLOGICAL  
TRANSFORMATION FOR THE  
FUTURE...

*We carried out our activities with the awareness that digital media is of great significance both today and in the future.*

*We said, “Digital transformation,” and moved into digital journalism.*

*We maintained our growth and competitive power in the sector in a way that embraces future.*

> **Total Assets (TL)**

2014 > **376,838,493**

2013 > **358,489,061**



WE SAID, “BEING OPEN  
TOWARDS AND CONNECTED  
TO SOCIETY IS ALL THAT  
MATTERS”...

*As a Group that derives its strength from society, we have always fulfilled our responsibilities toward society.*

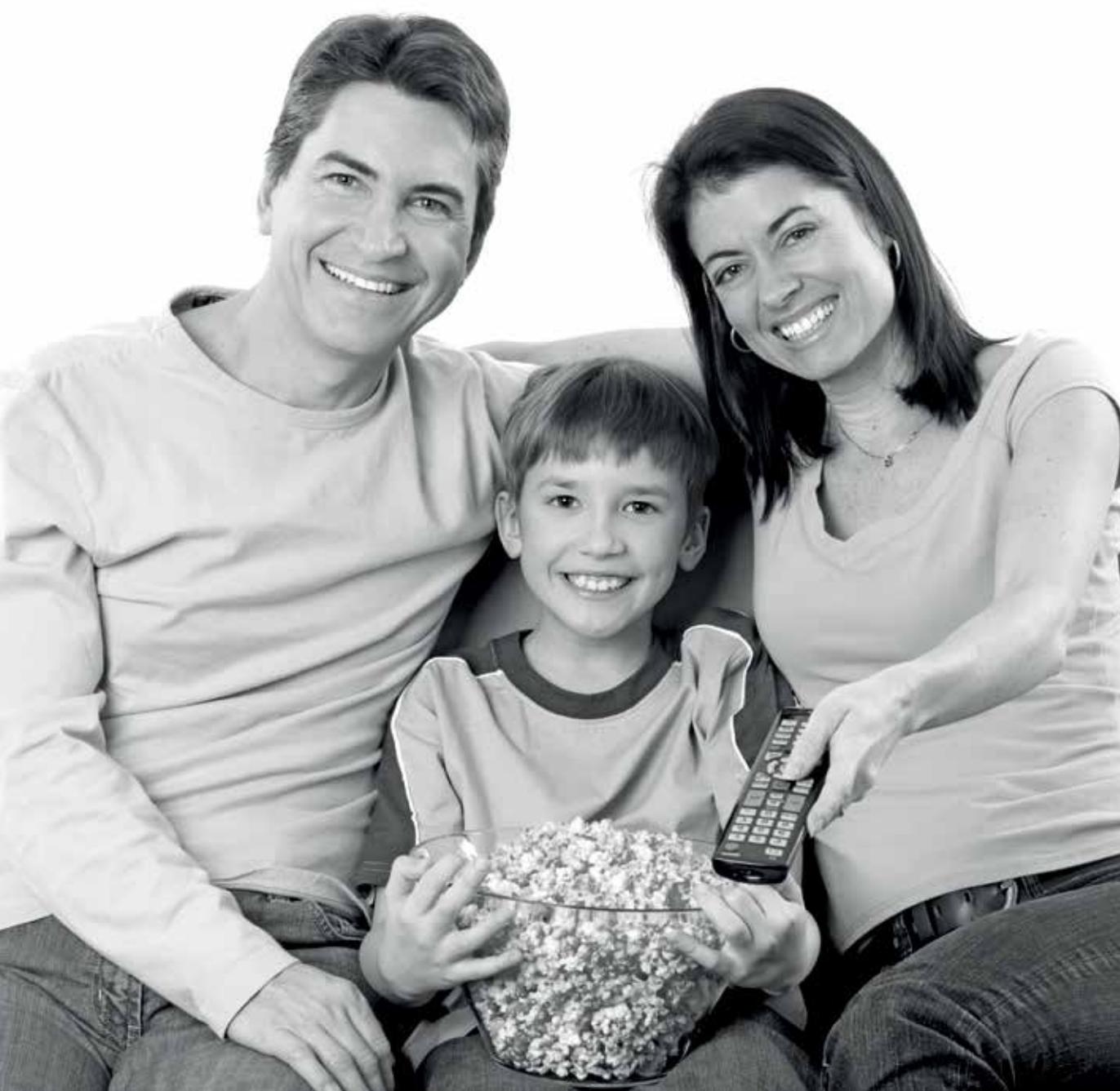
*We said, “Transparency will increase our power,” and thus we have become a publicly traded company since 2010.*

*With every single news report and broadcast, we have further strengthened our bond with our readers and viewers.*

> **Net Sales Income (TL)**

2014 > **175,909,374**

2013 > **170,580,498**



## 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 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 because of using face to face marketing model and reached 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 Home Appliances Company

NUMBER OF COMPANIES  
IN İHLAS GROUP

25

NUMBER OF EMPLOYEES OF THE  
COMPANY AND MARKETING TEAM

9,324

NUMBER OF SERVICED CITIES

81

in 1990, and began manufacturing electronic devices and home appliances. In 1991, the Group moved into the healthcare sector, establishing the Türkiye Gazetesi Hospital.

### PROFOUND EXPERIENCE OF 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 Educational Institutions 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 addition to the developments in publishing in 2004, the Group built the Armutlu Holiday Resort, 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 Construction 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 Marketing Investment 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 Istanbul.

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.”

### SOCIAL RESPONSIBILITY INVESTMENTS

İhlas Group has taken on a social mission within the framework of its “Education and Healthcare” activities. Accordingly, Türkiye Gazetesi Hospital, 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 Educational Institutions, 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 HOLDİNG 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 HOLDİNG A.Ş. (İHLAS MARKETING INVESTMENT HOLDİNG)

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



## EDUCATION AND HEALTH

TÜRKİYE GAZETESİ  
HASTANESİ\* (TÜRKİYE  
GAZETESİ HOSPITAL)

İHLAS EĞİTİM KURUMLARI  
(İHLAS EDUCATIONAL  
INSTITUTIONS)

*\*Operates under İhlas Holding.*

## ABOUT İHLAS YAYIN HOLDING

*İhlas Media Holding, the owner of major Turkish media brands in print, broadcast and digital media, strives to ensure that its subsidiaries carry out their media activities in accordance with ethical principles.*

İhlas Media Holding was established on July 10, 2003 to consolidate the media sector subsidiaries of İhlas Group under one umbrella and to increase management efficiency. İhlas Media Holding manages its subsidiaries towards achieving shared goals and supports them in new investments.

### PUBLICLY TRADED SINCE 2010

İhlas Media Holding went public on October 25-26, 2010. The Holding's shares began trading on BIST (Borsa İstanbul) on October 5, 2010.

### TÜRKİYE NEWSPAPER: "NEW TÜRKİYE FOR THE NEW TURKEY"

Türkiye Newspaper, the subsidiary of İhlas Media Holding in print media, is a distinguished brand in the sector thanks to its reputable publishing policy and high reader loyalty. Communicating effectively with its readers through a widespread network of dealers, Türkiye Newspaper has a significant competitive advantage as well, with its printing facilities located in six cities across Turkey. Türkiye is the only national newspaper that has maintained the same ownership structure since its establishment. In 2013, the Newspaper revised its visual style and content to reflect the slogan, "New Türkiye for the New Turkey," and further strengthened its editorial staff.

### IHA: NEWS FROM AROUND THE WORLD

İhlas News Agency ("IHA"), another subsidiary of İhlas Media Holding, is the first private news agency in Turkey. With its extensive newsgathering network in Turkey and overseas, IHA is among the most reputable news agencies in the world. IHA has considerable competitive power in local news reporting as well, and provides news content to local news organizations via its offices located in all cities and districts in Turkey. The live broadcasting equipment, developed by IHA's own technical staff, enables the Agency to gather news material in a fast and competent manner. IHA started opening its overseas offices in 1996, and today the Agency is capable of transmitting images, photographs and news from 35 countries in five continents. In addition to 145 image transmission points across Turkey and the world, IHA has 32 uplink stations, which enable it to instantly transmit images via satellite to the entire world. Moreover, IHA offers news reporting and content production services to private corporations through its special marketing teams.



### TGRT NEWS TV: ACCURATE AND AUTHENTIC NEWS REPORTS

TGRT News TV defines its accurate, objective and high quality reporting as "Life Itself, the Center of News." With hourly news bulletins, TGRT News TV presents special news from Turkey and the world. In addition to successful news broadcasting, TGRT News TV also stands out with its programs, on which experts offer their views on current events.

### TGRT FM: TURKEY'S WIDE-REACHING NEWS RADIO

Operating under TGRT News TV, TGRT FM has been engaged in broadcast programming since its launch in 1993. In 2014, the station made a major breakthrough in news broadcasting by starting a collaboration with TGRT News. Thanks to its 125 transmitters across Turkey, TGRT FM can be accessed via radios as well as satellite receivers within the coverage area of the Türksat 4A satellite; and since 2012, from anywhere in the world via the Internet.

### TGRT DOCUMENTARY: EMBRACING CIVILIZATIONS AND CULTURAL VALUES

TGRT Documentary TV aims to draw attention to our culture, civilization, history and social values so that they are embraced and supported by society.

Established on April 22, 2010, TGRT Documentary provides 24-hour uninterrupted broadcasting. Unlike other documentary channels, TGRT Documentary is a free-to-view channel that does not require any form of satellite subscription. In 2015, the Channel took steps towards broadcasting its programs over digital platforms such as Türksat Cable TV and D-smart.

### İHLAS MEDIA PLANNING AND PURCHASE SERVICES: A STRONG PLAYER IN THE ADVERTISING INDUSTRY

Having commenced operations in 2005, İhlas Media Planning and Buying Company provides media buying services for various media including newspaper, television, radio, indoor and outdoor.

İhlas Media Planning and Buying Services improves itself continuously and elevates its quality to keep up with the highly competitive advertising industry. The Company offers its clients customized solutions to help them stay

ahead of the competition and maintain their competitive edge, especially during times of crisis.

### İLETİŞİM MAGAZINE PUBLISHING: SECTORAL PUBLICATIONS

Operating under İhlas Gelişim Yayıncılık A.Ş., İletişim Magazin is engaged in publishing, printing, distributing and marketing newspapers, magazines, books and encyclopedias. The Company's publications include Türkiye Çocuk (magazine), Yemek Zevki (magazine), Automotive Exports (magazine), IT Network (magazine),

Print on Demand (magazine), Hotel Restaurant (magazine), Hi-Tech (magazine), and Made in Turkey (newspaper).

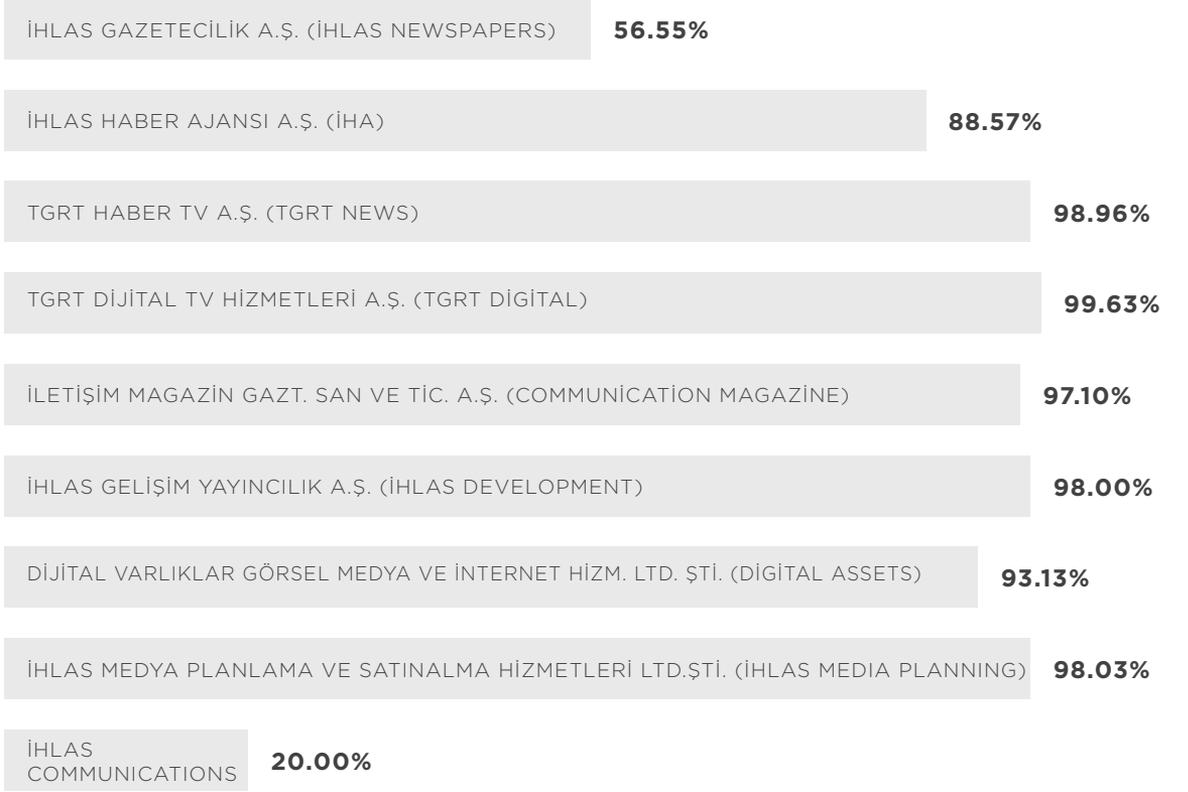
### DİJİTAL VARLIKLAR: THE İHLAS MARK ON TECHNOLOGICAL TRANSFORMATION

Dijital Varlıklar carried out major projects within the scope of the restructuring process, which began in the second half of 2013. With an experienced staff consisting of editors, copywriters, graphic designers, mobile application and software developers, and IT experts, the Company aims to become an important player in the fields of web design, mobile content and applications, Internet software and social media management.

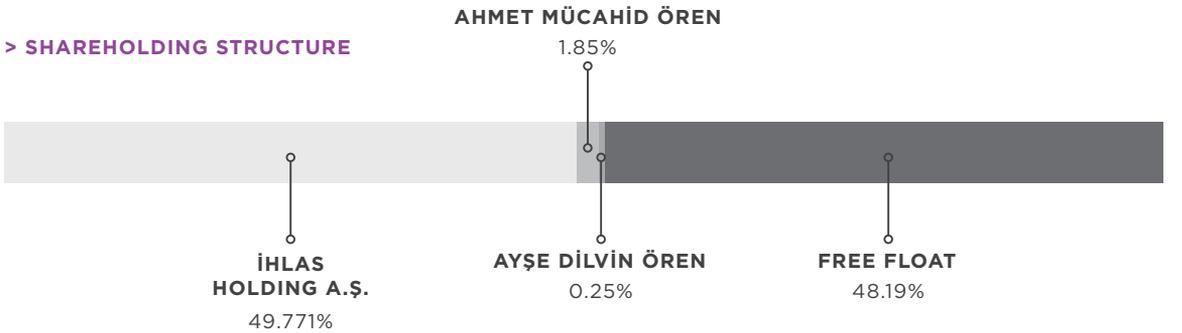


> **AFFILIATES AND AFFILIATED PARTNERSHIPS**

Active Share (%)



> **SHAREHOLDING STRUCTURE**



## MAIN FINANCIAL INDICATORS

*İhlas Media Holding supported the transformation it has initiated in publishing with successful financial and operational results.*

### > Total Assets (TL)

2014 > **376,838,493**

2013 > **358,489,061**

### > Shareholders' Equity

2014 > **266,067,298**

2013 > **248,922,018**

### > Net Sales Income

2014 > **175,909,374**

2013 > **170,580,498**

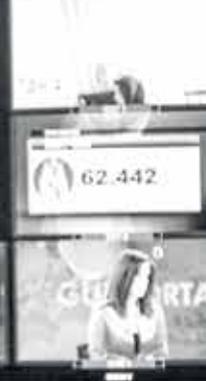
In 2013, strong winds of change started to blow through the media companies operating under İhlas Media Holding, and for Türkiye Newspaper, in particular. This transformation continued within the TGRT Family in 2014, reflected in logos, screen formats and colors, introduced to viewers and listeners at a launch event on April 22, 2014.

The TGRT Family, which has been earning viewers' admiration with its accurate and objective news reports since 1993, began to introduce new programs in line with its vision of being "Always a Pioneer." Accordingly, TGRT News, TGRT Documentary and TGRT FM launched new programs on various topics

across the world of business, politics, culture and health, and started to shape the national agenda with their discussion platforms by giving everyone a voice

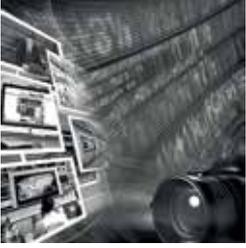
To increase its journalistic dynamism, İhlas Media Holding initiated processes directed at enhancing access via tablets and mobile phones. The Holding made new investments to further improve its digital publishing capabilities.

In 2014, İhlas Media Holding's asset size grew by 5%, net sales by 3%, and shareholders' equity by 7% over the previous year. The Holding posted a loss of TL 7,348,757 in 2013; but in 2014, it achieved a profit of TL 21,573,027.



## MILESTONES

*By maintaining the same ownership structure and strictly adhering to its principles, İhlas Media Holding is one of the largest media conglomerates in Turkey, and uses its own internal resources to grow.*



İhlas Yayın Holding A.Ş. was established.

**July 10,  
> 2003**



The Huzur Radyo TV (TGRT) affiliate was acquired.

**July 24,  
> 2003**



TGRT Dijital TV Hizmetleri A.Ş. was established.

**July 27,  
> 2004**

**July 16,  
> 2003**

The İhlas Journalism (Türkiye Newspaper) and İhlas News Agency (İHA) affiliates were acquired.



**July 15,  
> 2004**

TGRT Haber TV A.Ş. was established.



**September 28,  
> 2006**

Huzur Radyo TV shares were sold to News Netherlands Co. (FOX TV).





The Fikirevim Advertisement Agency was taken over and transformed into Alternatif Medya Hizmetleri Ltd. Şti.

**August 01,  
> 2007**



The newly-established İhlas İletişim A.Ş. became an affiliate.

**February 10,  
> 2009**



İhlas Gazetecilik A.Ş. shares began processing on the BİST.

**June 14,  
> 2010**

**December 01,  
> 2007**

İhlas Gelişim Yayıncılık A.Ş., which collected all of the magazine and fair work under one umbrella, became an affiliate.



**December 24,  
> 2009**

A joint venture was established between İhlas Holding A.Ş. and İhlas Pazarlama A.Ş. to work on a housing project in Bahçeşehir.





Work commenced to prepare for the public offering of İhlas Yayın Holding.

**August 04,  
> 2010**

## PROMAŞ

Promaş A.Ş. and İhlas Medya Planlama ve Satınalma Hizmetleri Ltd. Şti. became affiliates.

**December 14,  
> 2010**



The İhlas Yayın Holding 2011 Annual Activity Report won a third in the world awards in the "Vision Awards" organized by LACP, the world's most reputable public relations platform.

**October 22,  
> 2012**

**November 05,  
> 2010**

İhlas Yayın Holding A.Ş. shares began processing on the BİST.



**January 23,  
> 2012**

Our share in the İhlas Haber Ajansı (İHA) affiliate was increased to 75% from 50%.



**September 17,  
> 2013**

Türkiye Newspaper revised its logo to better reflect its dynamism, and further strengthened its editorial staff with the acquisition of prominent writers.





The Holding increased its stake in İhlas Gelişim A.Ş. to 98% from 84%.

The Holding increased its stake in İletişim Magazin Gazetecilik Sanayi ve Ticaret A.Ş. to 97% from 79%.

**April 17,  
> 2014**



The İhlas Holding A.Ş., İhlas Yayın Holding A.Ş. and İhlas Pazarlama A.Ş. Joint Venture Company was closed down.

**December 01,  
> 2014**

**December 18,  
> 2013**

İhlas Medya Planlama ve Satınalma Hizmetleri Ltd. Şti. took over Promaş A.Ş.



**April 22,  
> 2014**

The TGRT Family changed its logos and implemented a more dynamic broadcasting policy.

The shares owned by İhlas Gelişim A.Ş. in İhlas Fuar Hizmetleri A.Ş. were transferred.

**TGRT  
HABER**

**December 31,  
> 2014**

İhlas Gazetecilik A.Ş. became a partner of İhlas Haber Ajansı A.Ş.

The Holding increased its stake in İhlas New Agency (İHA) to 89% from 75%.



## PUBLISHING SECTOR IN TURKEY AND IN THE WORLD

*The Holding has kept pace with the rapidly changing communications industry landscape, and began conducting its publishing activities over digital platforms that can reach millions of people at a much lower cost.*

The fast-changing global agenda, the increased demand for instant access to information, and the rapid evolution of information technology have all led the media sector to joint content development and management. This process is expected to speed up in the coming period, in parallel with evolving technology.

IN PARALLEL WITH THE STRUCTURING OF “NEW TURKEY,” OUR NEWSPAPER WAS ALSO REVAMPED TO REFLECT THE SLOGAN, “NEW TÜRKİYE FOR THE NEW TURKEY.”

AS A RESULT OF SUCCESSFUL EFFORTS, İHLAS MEDIA HOLDING ACHIEVED PROFITABILITY IN 2014

### RESOURCE EFFICIENCY, A TOP PRIORITY

In light of these developments, publishing companies have recently started to focus on resource efficiency. Some newspapers in the sector are choosing to outsource their printing work to higher-capacity newspaper printing houses rather than setting up their own printing facilities. The advancements in printing technologies also provide cost advantages. In addition, many media companies prefer to use the services of news agencies, rather than establishing their own news teams, for greater efficiency.

### WEB PRINTING IS EXPANDING

Reach and cost advantages are driving the media and publishing industry, and especially newspapers and magazines, towards heavy investment in digital platforms, which enable access to millions of people at a much lower cost. Conversely, while digital tools enable fast production of a wide variety of news content, they also make it more difficult to verify the accuracy of that content. Therefore, “high quality news” becomes even more important.



## MESSAGE FROM THE CHAIRMAN OF THE BOARD

*In 2014, we distinguished ourselves from other media corporations as a powerful company, thanks to our publishing policy based on universal ethical principles and mindful of social values, our 45 years of experience and expertise in the publishing sector, and our visionary investments for the future as well as our capacity to align ourselves with current trends.*



Valuable Partners,

In 2014, İhlas Media Holding achieved successful financial and operational results, and closed the year with profits. The municipal elections in 2014, Turkey's total focus on the June 7, 2015 general elections, and the repercussions of Fed's decision to end its bond-buying program have not prevented our Holding from moving toward its goals in a decisive manner.

### **A "CONSISTENT" BRAND MIX**

In 2014, markets became highly vulnerable to the rapid changes in the global arena, which in turn led to some major changes in the highly sensitive media sector. Media companies experienced financial difficulties, ownership structures changed and new structures were formed.

Despite these difficult conditions, the media companies of İhlas Media Holding continued their activities on a steady course. We owe this success primarily to our visionary, synergistic and multifunctional business models, our publishing policy based on universal ethical principles and mindful of the values of Turkish society, and also to our capacity to align ourselves with the current business environment.

### **WE ARE CHANGING THE DYNAMICS OF JOURNALISM**

In parallel with the structuring of "new Turkey," our newspaper was also revamped to reflect the slogan "New Türkiye for the New Turkey," with a new logo, visual style, and an even stronger editorial staff. This change was also reflected in our newspaper's website, and helped increase the number of readers who access the newspaper via social media. While print newspapers are threatened by the expansion of online journalism, Türkiye Newspaper has become even more powerful thanks to its extensive network of dealers who hand-deliver the newspaper.

The hand-delivery system, established by our Group 40 years ago, is invaluable in today's world in terms of reaching customers who have become accustomed to convenience. This system is also very useful in building one-to-one relationships with readers and closely following their expectations.

### **THE CENTER OF NEWS**

The year 2014 was extremely productive for İhlas News Agency (IHA), regarded as one of the most reputable news agencies in the world with its global news network. In 2014, IHA provided its subscribers in Turkey and overseas with extensive coverage on economic, diplomatic and political crises shaping the global agenda. Receiving strong support from IHA, TGRT News TV and TGRT FM - one of the first private radio stations in Turkey - have always had a strong influence on the national agenda with their news reports, while TGRT Documentary TV has won admiration from documentary lovers through programs that aim to promote Turkish culture and history in the best way possible.

### **IT PROJECTS AIMED AT CREATING ADDED VALUE**

Commencing operations in 2013, the Dijital Varlıklar Visual Media and Internet Services Company developed several projects aimed towards proficiently creating added value. Our Company helps expand the number of readers and viewers by offering solutions in news portal design and management, mobile applications, Internet software, social media and advertising management. Our team is currently working on new projects to build reader loyalty through digital media and to create efficient and effective digital advertising space.

As a result of our successful efforts, İhlas Media Holding achieved profitability in 2014, despite difficult market conditions. Because this is a sector we know intimately, and succeed in, we do our jobs with the same enthusiasm and excitement every single day.

I would like to express my deepest gratitude to our shareholders for their support in all the operations carried out by İhlas Media Holding, and also to the members of İhlas Family, our business partners, viewers, listeners and readers. I wish further success to our companies operating in all areas of the media and publishing sector.

Sincerely,

A. Mücahid Ören  
Chairman of the Board of Directors

## TÜRKİYE GAZETESİ (TÜRKİYE NEWSPAPER)

*İhlas Gazetecilik (İhlas Newspaper Publishing), which owns Türkiye Newspaper as well as several printing facilities that offer printing services both in Turkey and overseas, is among the leading media companies, with strong competitive power and high brand awareness.*

Having maintained the same ownership structure and publishing policy since its launch on April 22, 1970, Türkiye Newspaper revised its visual style in 2013 to reflect the slogan, "New Türkiye for the New Turkey." Committed to the ethical principles of publishing and fundamental rights and freedoms, Türkiye Newspaper maintains a high level of quality in news coverage and content.

### **HIGH BRAND AWARENESS, CONSISTENT PUBLISHING POLICY**

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

Türkiye Newspaper has a proven track record in sales because 90% of total newspapers sold per day are hand delivered to subscribers. The Company has created an integrated business model. Accordingly, all hand-delivery operations are carried out through the extensive

marketing network of İhlas Pazarlama A.Ş. (İhlas Marketing), consisting of 806 sales points across Turkey. The hand delivery system, which is practiced in many countries throughout the world but especially in the US and Japan, both enables a solid bond to be established with the reader and achieves consistency in sales.

### **PUBLICLY TRADED SINCE 2010**

İhlas Gazetecilik A.Ş. shares have been traded on BIST (Borsa İstanbul) under the ticker symbol "İHGZT ISIN" since June 14, 2010. As of year-end 2014, İhlas Media Holding and İhlas Holding respectively held 56.55% and 6.92% stakes in İhlas Gazetecilik.

In taking institutionalization to the highest level with the work it has undertaken in recent years, Türkiye Newspaper has become an exemplary enterprise in the sector by constantly renewing itself in terms of content and appearance; and by introducing a new, smaller dimension in the beginning of 2013 the newspaper has become much easier to read. While decisively continuing its "new journalism approach" using the resources and technology of the information era, Türkiye Newspaper has made very significant changes in its design, content and writing staff



as of September 17, 2013, while continuing to maintain its professional traditions and principles.

#### **“NEW TÜRKİYE” FOR THE NEW TURKEY**

The revamped Türkiye Newspaper welcomed prominent writers, such as Yıldırım Oğur, Burcu Çetinkaya, Fuat Uğur and Ceren Kenar, to its editorial staff. During a time when news channels provide around-the-clock live broadcasts and online journalism is a persistent threat to newspaper circulation, Türkiye Newspaper has implemented a “special” reporting approach, with depth and quality, by adding experienced reporters to its Special News Service and journalism staff. Additionally, Ercan Gürses was appointed as assistant representative for the Newspaper’s Ankara office, and began reporting from the capital city on domestic and international politics, economy, health and education, together with his young and dynamic team.

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

Türkiye Newspaper offers its readers 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 amplify its Internet advertising revenue. Having reached 185,000 visitors daily in 2014, [www.turkiyegazetesi.com.tr](http://www.turkiyegazetesi.com.tr), the online edition of Türkiye Newspaper, is consistently increasing its advertising revenue as well.

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

The printing facilities of İhlas Gazetecilik, originally established to print Türkiye Newspaper, have since grown steadily through offering printing services to companies outside the Group and have gradually become 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 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 Atatürk Airport. Its central location provides easy access and hence time savings in services delivery. 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 facility in İstanbul has the capacity to print 55,000 newspapers per hour; the buildings of the

printing facilities in Trabzon and İzmir were refurbished in 2014. The Company also prints many national and local newspapers at its facilities located in other cities. İhlas Gazetecilik is one of the two companies that 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

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

Printing Center	Number of Turkey Newspapers Printed	Number of Other Newspapers Printed Total Capacity of the	Printing House
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>

\* Total print run includes the number of Türkiye Newspaper copies printed per day as well as contract printing figures.

#### Monthly Circulation for Türkiye Newspaper

MONTHS	2014	2014 Daily Circulation	2013
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

## İHLAS GELİŞİM YAYINCILIK (İHLAS GELİŞİM PUBLISHING)

*With its periodical publications targeted across reader segments, İhlas Gelişim Yayıncılık (İhlas Gelişim Publishing) has a prominent position in the publishing world.*

The İhlas Magazine Group was collected under the single umbrella company of İhlas Gelişim Yayıncılık A.Ş. in December 2007 with the 84% participation share of İhlas Yayın Holding. Its stake increased to 98%.

İhlas Gelişim Yayıncılık A.Ş. runs its magazine publishing activities through İletişim Magazin Gazetecilik Sanayi ve Ticaret A.Ş.



## İLETİŞİM MAGAZİN GAZETECİLİK (İLETİŞİM MAGAZINE JOURNALISM)

*İletişim Magazin Publishing is engaged in publishing, printing, distributing and marketing newspapers, magazines, books and encyclopedias. The sectoral magazines published by the Company are popular among readers and offer opportunities to develop new lines of business in the Turkish economy.*

The sectoral magazines published by the Company are popular among readers and offer opportunities to develop new lines of business in the Turkish economy. The main area of activity of the Communication Magazine is newspapers, magazines, books, encyclopedias and magazine publications, distribution and marketing.

In 2015, the Company aims to maintain its profitability with its existing publications by closely following the latest trends in printed publications while at the same time focusing on digital publishing.

The magazines and newspapers published by the Company are as follows:

**1- Türkiye Çocuk Magazine:** The Magazine is the first publication of İhlas Holding after Türkiye Newspaper and has been published since November 1981. Starting out as a weekly publication, the Magazine switched to monthly publication in 2000 with an average circulation of 17,000. The Magazine is distributed through İhlas Marketing Regional Representatives to 9,500 subscribers by hand delivery, 1,500 subscribers by mail and cargo, and marketed to 6,000 subscribers through Yay-Sat distributors. Its audience is composed of youths aged 7 to 14.

**2- Yemek Zevki Magazine:** Launched in 1997, the Magazine is a trusted source of recipes and a major contributor to food culture.

**3- Automotive Exports Magazine:** Published in English since 1997, this monthly magazine is

delivered to subscribers in Turkey and abroad, and distributed at major international fairs in the U.K., Germany, France, Russia, Ukraine, Kazakhstan, Iran, Algeria, the Czech Republic, Romania, Poland and United Arab Emirates.

**4- IT Network Magazine:** Published every 15 days since 2009, the Magazine provides communication between companies. There are three magazines in the sector that address this area.

**5- Print on Demand:** Published bi-monthly, the Magazine contains information on office materials, copying and digital printing, and is sent to companies involved in this sector as well as to municipalities, schools and preschools.

**6- Hotel Restaurant Hi-Tech Magazine:** Published monthly within the group companies since 1997, the Hi-Tech Magazine is a periodical addressing the needs of establishments such as hotels, motels and restaurants, and is printed in 6,500 copies.

**7- Made in Turkey Newspaper:** is a monthly economics paper that has been printed in English since May 1982. It is the first export newspaper to be distributed outside of Turkey and remains the only publication of its kind. This periodical is sent to importing companies in 107 countries, to all of Turkey's representatives worldwide, and to important chambers of commerce and industry, international economic establishments, exporters within the country, banks and holdings, government and administrative offices, as well as to chambers of commerce and industry and their representatives within Turkey.

## IHLAS HABER AJANSI (IHLAS NEWS AGENCY)

*Operating with 950 permanent employees and independent contractors at 145 offices in Turkey and abroad, IHA produces an average of 250 images, 2,000 news reports supported with pictures, and 3,500 photographs per day.*

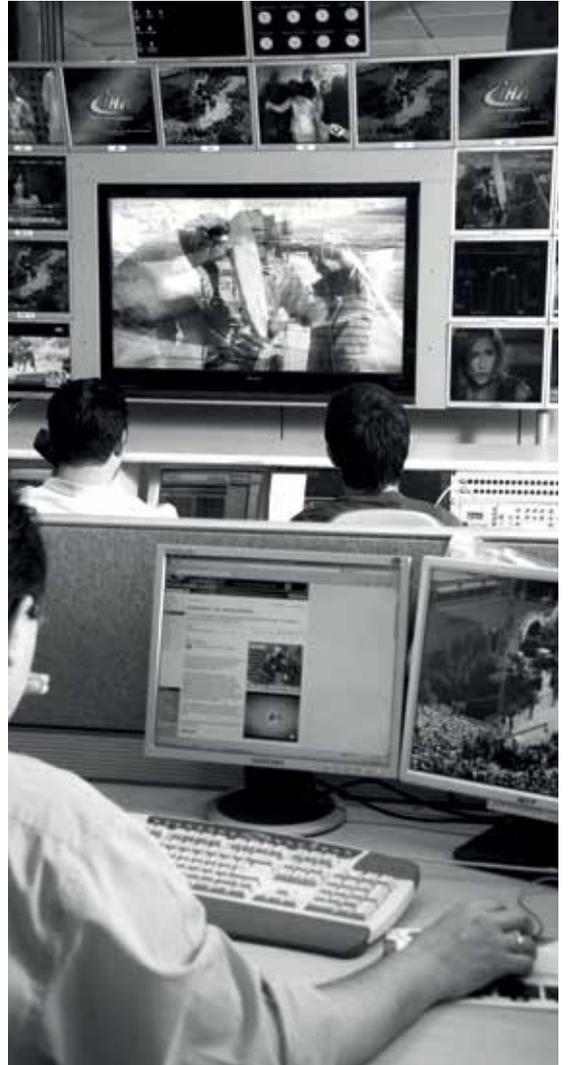
IHA, the first private agency to provide video news service in Turkey, was established in 1993.

Operating with 950 permanent employees and independent contractors at 145 offices in Turkey and abroad, IHA produces an average of 250 images, 2,000 news reports supported with pictures, and 3,500 photographs per day. In 2014, IHA increased the number of its subscribers to 1,800. Subscribers include more than 250 television channels as well as numerous newspapers, websites, magazines and other organizations in Turkey and overseas. The Agency provides its services to over 200 television channels and organizations abroad.

### **News production across 5 continents**

IHA is capable of transmitting images, photographs and news, from all districts and cities in Turkey as well as from 35 countries, to its subscribers via satellite and the Internet. In addition to 145 image transmission points across Turkey and the world, IHA has 32 uplink stations (most of them located outside of Turkey) that provide the Agency with rapid access to the source of events and instantly transmit the images over satellite to the entire world.

IHA began opening its overseas offices in 1996 and today the Agency is among the most reputable news agencies in the world with its news production and satellite operations on five continents. While strengthening its technology





infrastructure, IHA has also broadened its range of services, and begun producing news in Arabic and English. As the global conjuncture changed after the 9/11 attacks, the Agency expanded its operations into Iran, Iraq, Afghanistan, Pakistan, Russia, Greece, Kosovo, Israel, Palestine, Ukraine and the Central Asian countries. Subsequently, the Agency opened offices in Washington, London, Athens and Berlin, and equipped these offices with studios and uplink devices.

#### **State-of-the-art technical infrastructure**

The software developed by IHA's own technical staff enables the Agency to store images in a digital archive. Over the last 16 years, more than 850,000 images have been stored in this system, which was put into use long before its counterparts. Additionally, 6 million printed news articles and 15 million photographs have been stored in electronic format since 1997. Currently, the Agency is in the process of developing a software program that will provide users with access to this wealth of information kept in the digital archive.

The news automation application developed by IHA and launched in 2012 enables direct news entry to the system from anywhere with Internet access. Thanks to this innovation, IHA has significantly expanded its correspondent and redactor network and is able to transmit news to its subscribers much more quickly.

#### **New investments boosting speed and efficiency**

Since 1997, İhlas News Agency has been transmitting video news to television channels (its subscribers), initially via the VBI satellite and later via the SDC system. In 2014, the Agency implemented professional software that enables transmission via the Internet. IHA also provides HD (High-Definition) images to its local and international subscribers and customers.

In 2014, IHA spent about US\$ 600,000 to upgrade its technical infrastructure to HD and purchased 10 HD encoders, 15 mid-size cameras with memory cards, 15 small-size cameras with memory cards, 15 HD 3G cameras, and 40 professional cameras.

The Agency plans to purchase three new generation flyaway uplink systems in 2015.

As of year-end 2014, İhlas Gazetecilik A.Ş. and İhlas Media Holding respectively held 24% and 75% stakes in İhlas News Agency.

## TGRT HABER TV (TGRT NEWS TV)

*With live news bulletins 24 hours per day, and special programs in which experts share their views, TGRT News TV keeps its finger on the pulse of Turkey.*

İhlas Group transferred the experience it has gained in producing and publishing the latest news on the national agenda via Türkiye Newspaper (İhlas Gazetecilik A.Ş.) and İHA (İhlas News Agency) to TGRT News (TGRT Haber TV A.Ş.), which commenced broadcasting on October 29, 2014.

### **Detailed and high quality news reports 24 hours a day**

The Channel presents 24-hour live news from Turkey and the world, and also offers its viewers live programs in which experts share their views on current events in Turkey and abroad.

Broadcasting in Europe and Asia via the Türksat satellite, TGRT News serves as a major source of news for the Turkish community in Europe. The Channel can be viewed across Europe via the Türksat 4A satellite, which commenced operations in 2014.

### **Broadcasting via various channels**

Live broadcasts are made available to a wide range of viewers via digital platforms such as Digitürk, D-Smart, Teledünya, and Tivibu as well as over the Internet ([www.tgrthaber.com.tr](http://www.tgrthaber.com.tr)).

In 2013, the Channel made all the necessary investments to upgrade to high-definition broadcast system, and revamped its studios in order to switch to the 16:9 broadcast format. In 2014, TGRT News revised its logo and introduced new shows for more dynamic programming.

The share of İhlas Yayın Holding in TGRT News is 98.96%.



## TGRT DİJİTAL TV (TGRT DOCUMENTARY TV)

*Local documentaries are aimed at protecting cultural values.*

The documentaries produced and presented by TGRT Documentary TV aim to draw attention to our culture, civilization, history and social values so that they are embraced and supported by society.

Established on April 22, 2010, TGRT Documentary provides 24-hour uninterrupted broadcasting. Unlike other documentary channels, TGRT Documentary is a free-to-view channel, which doesn't require any form of satellite subscription. In 2014, the Channel renewed all of its studios and started to broadcast new programs with high image quality.

In 2015, the Channel took steps towards broadcasting its programs over digital platforms such as Türksat Cable TV and D-smart.

### **The mirror of our culture, civilization and history**

TGRT Documentary TV offers educational, relaxing and informative documentaries about history, civilization, culture, arts and nature, 24 hours per day.

Programs such as Seyyah-ı Fakir, Velhasıl, Kıyıda Kõşeden Hikayeler, Vuslat, and Hidayete Erenler aim to introduce Turkey's cultural and natural wealth and generate enormous interest among viewers.

As well, the "Devri Alem" documentary investigates and presents the history of Turkish and Ottoman civilizations throughout the world. TGRT Documentary TV continues its investments to further expand its range of programs.



## TGRT FM

*Embracing the slogan “The Voice of Your Family,” TGRT FM is specialized in news programming and broadcasts across the entire country via 125 transmitters.*

Operating under TGRT Haber TV A.Ş., TGRT FM has been engaged in broadcast programming since its launch on October 4, 1993. In 2014, the Station made a major breakthrough in news broadcasting by starting a collaboration with TGRT News.

### **Accessible from anywhere in the world**

With 125 transmitters across Turkey, TGRT FM can be accessed via radios as well as satellite receivers within the coverage area of Türksat 4A satellite. Since 2012, the Station has been broadcasting in four different formats via the Internet, and thus became accessible from anywhere in the world.

### **Technology infrastructure**

In 2013, TGRT FM upgraded its technology infrastructure by purchasing advanced digital broadcasting equipment and IP-based audio mixers for its studios (one broadcasting studio, one recording studio and two editing studios). Most of the FM transmitters, which have completed their economic lifecycles, were replaced with new energy-efficient FM transmitters with higher RF power.



FULLY EQUIPPED WITH DIGITAL DEVICES, TGRT FM IS ACCESSIBLE FROM ANYWHERE IN TURKEY AND THE WORLD

## DİJİTAL VARLIKLAR GÖRSEL MEDYA VE İNTERNET HİZMETLERİ LTD. ŞTİ. (DIGITAL ASSETS VISUAL MEDIA AND NET SERVICES LTD. CO.)

*Fully aware of the ever-increasing importance of digital media, Dijital Varlıklar brings innovations that make a difference to the websites of the Group's media companies.*



Dijital Varlıklar carried out major projects within the scope of the restructuring process begun in the second half of 2013.

With its experienced staff consisting of editors, copywriters, graphic designers, mobile application and software developers, and IT experts, the Company has become an important player in the fields of web design, mobile content and applications, Internet software and social media management.

Dijital Varlıklar undertakes systematic efforts to further improve the websites of İhlas Group media companies, namely Türkiye Newspaper, TGRT News, İhlas Son Dakika and Net Newspaper.

İhlas Media Holding owns 93.13% stake in Dijital Varlıklar.

### **[www.turkiyegazetesi.com.tr](http://www.turkiyegazetesi.com.tr)**

[turkiyegazetesi.com.tr](http://turkiyegazetesi.com.tr) website, the online face of Türkiye Newspaper, achieved a significant increase in the number of its followers with its new design. In 2014, the website's daily traffic increased seven-fold over the previous year, reaching 185,000 visitors per day. In 2015, the website aims to increase its daily traffic to 400,000 visitors.

The number of the newspaper's followers on Facebook exceeded 500,000. With a weekly reach of 4 million people on average, Türkiye Newspaper's Facebook page instantly became popular with its news content, writers and photographs, as well as breaking and daily news shares. The Newspaper currently has 105,000 followers on Twitter, and aims to reach 1 million Facebook and 500,000 Twitter followers in a short period.

**[www.tgrthaber.com.tr](http://www.tgrthaber.com.tr)**

The new design of tgrthaber.com.tr, the online face of TGRT News TV, was well received by its followers. In 2014, the website's daily traffic increased eight-fold over the previous year, reaching 60,000 visitors per day. In 2015, the website aims to raise its daily traffic to 250,000 visitors.

**[www.netgazete.com](http://www.netgazete.com)**

The new design of netgazete.com, the first online newspaper in Turkey, helped increase the website's daily traffic three-fold over the previous year to 80,000 visitors per day in 2014.

**[www.ihlassondakika.com](http://www.ihlassondakika.com)**

The new design of ihlassondakika.com, one of the leading online newspapers in Turkey, helped increase the website's daily traffic to 5,000 visitors per day in 2014. Efforts will continue to further promote traffic in 2015.



## İHLAS MEDYA PLANLAMA VE SATINALMA HİZMETLERİ LTD. ŞTİ. (İHLAS MEDIA PLANNING AND PURCHASING SERVICES LTD. CO.)

*İhlas Media Planning and Buying Company provides media buying services for various media including newspaper, television, radio, indoor and outdoor.*



Commencing operations in 2005, İhlas Media Planning and Buying Services Company provides media buying services for various media including newspaper, television, radio, indoor and outdoor. İhlas Media Planning and Buying develops itself continuously and reinforces its quality to keep up with the highly competitive advertising industry. The Company offers its clients customized solutions to help them stay ahead in the sector and maintain their competitive edge, especially during times of crisis.

İHLAS MEDIA PLANNING AND BUYING SERVICES COMPANY OFFERS ITS CLIENTS CUSTOMIZED SOLUTIONS TO HELP THEM STAY AHEAD OF THE COMPETITION.

# İhlas Yayın Holding



**Türkiye**

**TGRT**  
BELGESEL

**TGRT**  
FM

**TGRT**  
HABER



**Dijital**   
Varlıklar

## BOARD OF DIRECTORS



### **AHMET MÜCAHİD ÖREN**

Chairman of the Board of Directors

Born in 1972 in İstanbul, A. Mücahid Ören graduated from Anatolian University Faculty of Economics. Between 1989 and 1991, he worked as a Computer Coordinator at Türkiye Gazetesi and as a General Publishing Consultant at Türkiye Çocuk Magazine. In 1991, he became the General Manager of TGRT Channel and coordinated organizational processes for infrastructure and broadcasting. In 1993, he was appointed İhlas Holding A.Ş. Vice Chairman of the Board of Directors and the Holding General Manager. In 2013, he was elected as Chairman of the Board of Directors of İhlas Holding A.Ş. He is a member of numerous corporations, associations and foundations, in Turkey and abroad, in the industry, trade and service sectors and has published a number of articles.



### **MUSTAFA ERDOĞAN**

Vice Chairman, General Manager and Executive Member

Mustafa Erdoğan began his professional career in 1990 with the İhlas Holding Financial Affairs Coordination Department. He worked at Rehber Independent Accounting and Financial Consulting Office between 1997 and 2000, when he returned to İhlas Holding. He was appointed Financial Affairs Manager at İhlas Yayın Holding in 2005. In 2013, he was elected as a Member of the Board of Directors and became the company's General Manager. He is also 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. He holds a financial consultant license, and is a Member of the İstanbul Chamber of Independent Accountants and Financial Consultants (İSMMMO).



### **ABDULLAH TUĞCU**

Board Member

Born in 1982 in Kayseri, Abdullah Tuğcu graduated from İstanbul University Faculty of Business Administration. He attended the Marmara University Finance Department Financial Law Master's Program. He joined the İhlas Group in 2008 as the Financial Affairs Manager at İhlas Mining Company, became İhlas Yayın Holding Finance Coordinator in 2013, and was appointed as İhlas Holding Assistant General Manager in charge of Finance in 2014. He 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 NUREDDİN YAĞCI**

Board Member

Born in İstanbul in 1969, Mehmet Nureddin Yağcı graduated from Bosphorus University Computer Engineering in 1991 and obtained his post graduate degree in Computer Engineering in 1993. He attended Film and TV at the University of Westminster in London in 1995 and obtained his MBA from Koç University in 2001. He started his professional career at Türkiye Gazetesi in 1989, worked as a research assistant at Boğaziçi University, and then joined BBC Turkish in London as a producer. Since 1997 he has held various roles at TGRT, İhlas Holding and İhlas Yayın Holding, and is a Member of the Board of Directors of İhlas Yayın Holding.



### **İSMAİL KAPAN**

Board Member

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 started his professional career as a columnist in 1978 at the Türkiye Gazetesi. 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 Gazetesi, İsmail Kapan founded the İhlâs 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 İhlâs 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.

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.



### **ORHAN TANIŞMAN**

Board Member and Corporate Governance Committee Member

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).



### **HÜSNÜ KURTIŞ**

Independent Board Member and Chairman of Audit Committee

Born in 1953 in Niğde, Hüsnü Kurtiş worked as the Ankara Representative at Türkiye Gazetesi after graduating from Adana Academy of Economics and Commercial Sciences in 1975. He later worked as İhlas Holding A.Ş. Personnel Manager, TGRT TV Financial Affairs Manager, İhlas Film Prodüksiyon A.Ş. Assistant General Manager and İhlas Kargo Assistant General Manager. He is an Independent Member of the Board of Directors at İhlas Holding A.Ş. and at İhlas Yayın Holding A.Ş.



### İSMAIL CENGİZ

Independent Member of the Board of Directors and Audit Committee Member

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 on the 10th 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 and Chairman of the Corporate Governance Committee

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 is an Independent Member of the Board of Directors at İhlas Gazetecilik A.Ş. and at İhlas Yayın Holding A.Ş.Kurulu Üyesi'dir.

*As per Article 363 of the Turkish Code of Commerce: was elected by the Board of Directors on April 7, 2014, to be submitted to the approval of the first General Assembly to be held and to serve until the end of the term of office of the existing Members of the Board of Directors.*

## AFFILIATES ADMINISTRATORS



### İSMAİL KAPAN

İhlas Gazetecilik Board of Directors Member and Chief Editor

See page 44.



### THOMAS BONIFIELD

İHA General Manager

Born in 1967 in Fort Knox, Kentucky, Thomas Bonifield obtained his Bachelor's Degree in Broadcast Journalism from Arizona State University in 1990, graduating with an Outstanding Achievement Award. He served on the academic staff at Leningrad State University, and started his professional career in 1988 in Phoenix as an editor at a local TV channel. He worked for ABC News as a producer in 1998, and as a correspondent and director at FOX News. He served as the Moscow Bureau Chief for NBC News from 2000 to 2007 where his coverage included Central Asia and the Middle East. From 2007 to 2008, he served as the Deputy Foreign News Editor at NBC Headquarters in New York City, where he coordinated 12 overseas offices. In August 2008, he assumed the role of General Coordinator at İhlas News Agency (İHA) and has served as General Manager since February 21, 2012.



### SAİT EKEN

TGRT Haber TV and TGRT Belgesel TV General Manager

Born in 1960 in Denizli's Babadağ district, Sait Eken also completed his primary, secondary and high school education in Denizli. He graduated from İstanbul Atatürk Education Institute Department of English in 1980, and taught English between 1981 and 1988 in Turkey. In 1988, he attended the ELT Post Graduate Program at Moray House College of Education in Edinburgh, Scotland, through a scholarship granted by the Ministry of Education. He continued his work as an English teacher between 1989 and 1992. He worked as a Branch Manager at the Ministry of Environment between 1992 and 1993. In 1993, he began working at TGRT Huzur Radio-TV as Administrative Coordinator, Program and Broadcasting Director, Assistant General Manager in charge of Program and Broadcasting Planning, Chairman of the Audit Board, Editor in Chief and as a Member of the Board of Directors. He was also a Member of the Board of Directors

and Assistant General Manager of TGRT Haber TV A.Ş. and TGRT Dijital TV A.Ş. (founded in 2004). He served as Editor in Chief at FOX TV (formerly TGRT Huzur Radyo TV A.Ş.) and as Chairman of the Audit Board. He retired in 2008, but resumed working as Assistant General Manager of TGRT Haber TV A.Ş. and TGRT Dijital TV A.Ş. in mid-2008. He reorganized TGRT Marketing TV as the TGRT Documentary Channel in 2010, transforming it into a programmed broadcast channel. Since 2011, he has served as Chairman of the Board of Directors and General Manager at TGRT Dijital TV A.Ş., and from 2014 he has served as Chairman of the Board of Directors and General Manager at TGRT Haber TV A.Ş.



### **H. FERRUH IŞIK**

İhlas Development Group General Manager

Born in İstanbul in 1974, Hüseyin Ferruh Işık graduated from İstanbul Özel Fatih Koleji and attended Anadolu University Business Faculty. He began his career in journalism in 1992 as an Editor at "Made in Turkey" newspaper. He studied business administration in Germany and was appointed General Manager at İhlas Basım Tanıtım A.Ş. In 1996, he took on the role of Chairman of the Board of Directors at İhlas Gelişim Yayıncılık A.Ş., where he contributed significantly to strengthening the corporate structure at İhlas Dergi Group, improving the publishing and communication systems, and deploying fast and modern printing systems. He is a member of the Turkish Journalists Association and Turkish-American Businessmen's Association (TABA).



### **MEHMET SÖZTUTAN**

İletişim Magazine Journalism General Manager

Born in 1956 in Kars's Sarıkamış district, Sırataşlar village, Mehmet Söztutan graduated from Erzurum Trade Vocational High School and from Erzurum Foreign Languages Higher School, Department of English. He taught English at Kadıköy Kız Orta Okulu and at Gaziosmanpaşa İmam Hatip High School. In 1984, he was appointed Editor of "Made in Turkey" newspaper, İhlas Holding's economic news outlet, becoming Editor-in-Chief in 1990. He published various periodicals and played an important role in creating and developing İhlas Dergi Group. As General Manager of the Group, he has published six books and hundreds of articles, editorials and serial publications.



### **KUBILAY GÖKÇE KILIÇ**

Digital Assets Visual Media and Internet Services  
General Manager

Born in 1977 in Ankara, Kubilay Gökçe Kılıç completed secondary school and high school in Yeşilköy, İstanbul, and received his bachelor's degree in Business Administration and Marketing from the University of Westminster in London. He obtained his Master's Degree in International Finance and Investment from Brunel University in London, and worked as a Market Research Specialist in the U.K. at Euromonitor. He served as the Marketing and Sales Manager in Turkey for the South Korean firm LG Electronics between 2003 and 2013. He currently serves as General Manager of Digital Assets, Visual Media and Internet Services Ltd. established within the structure of İhlas Holding.



### **ENGİN HOŞGÖR**

İhlas Media Planning and Purchasing Services  
General Manager

Born in 1976 in Kütahya, Engin Hoşgör graduated from Kütahya High School and graduated from Anatolian University Department of Radio & TV. He started his professional career in 1995 at Star TV. In 1998, he began working at TGRT TV as Measurement & Maintenance Manager, Technical Manager and Assistant General Manager in charge of Technical. He co-founded U.S.-based company BroadTech in 2002 and, with BroadTech's products, became the first Turkish entrepreneur to participate in the Las Vegas, Nevada NAB show. He also served as Executive Manager in founding and operating TV channels in Turkey, the U.S. and Germany. He is currently involved in R&D projects across sectors including broadcasting and mobile payment systems.

## BOARD OF DIRECTORS' REPORT

### a) The Accounting Period of the Report:

01.01.2014-31.12.2014 Period Annual Activity Report

### b) The commercial title, capital, commercial registry number and correspondence information and internet address, if any, for the headquarters and branches, if any:

#### Commercial Title of the Company:

İhlas Yayın Holding Anonim Şirketi

**Registered Capital:** 600.000.000 TL

**Issued Capital:** 200.000.000 TL

**Commercial Registry Number:** 501164

#### Correspondence Information for Headquarters and Branches:

**Headquarters Address:** Merkez Mah. 29 Ekim Cad. İhlas Plaza No: 11 B/31, 34197 Yenibosna-Bahçelievler/İstanbul

**Telephone:** 0(212) 454 24 22

**Fax:**0(212) 454 24 27

İhlas Yayın Holding A.Ş. has no branches other than the headquarters.

**Internet Address:** [www.ihh.com.tr](http://www.ihh.com.tr)

**Corporate e-mail:** [info@ihh.com.tr](mailto:info@ihh.com.tr)

### c) The company organization, capital and partnership structure and changes to these within the accounting period:

The capital and partnership structure of İhlas Yayın Holding A.Ş. as of 31.12.2014 is as follows.

COMPANY PARTNERS	%	SHARE TOTAL
İhlas Holding A.Ş.	%54.54	109,079,614.00
Ahmet Mücahid Ören	%1.85	3,700,000.00
Ayşe Dilvin Ören	%0.25	500,000.00
FREE FLOAT	%43.36	86,720,386.00
<b>TOTAL</b>	<b>%100,00</b>	<b>200,000,000.00</b>

Having sold 7.000.613 shares within the period, İhlas Pazarlama A.Ş. no longer has any shares of the Company. Mahmut Kemal Aydın, transferring his 200.000 shares to Ahmet Mücahid Ören on 19/03/2014, no longer has any shares of the Company. Mehmet Nureddin Yağcı, transferring 199.650 shares to Ahmet Mücahid Ören on 19/03/2014, no longer has any shares of the Company.

As of 08.01.2015, İhlas Yayın Holding A.Ş.'s capital and shareholders' structure is as follows.

COMPANY PARTNERS	%	SHARE TOTAL
İhlas Holding A.Ş.	%49.71	99,417,614.00
Ahmet Mücahid Ören	%1.85	3,700,000.00
Ayşe Dilvin Ören	%0.25	500,000.00
FREE FLOAT	%48.19	96,382,386.00
<b>Total</b>	<b>%100.00</b>	<b>200,000,000.00</b>

Holding shares – with a nominal value of TL 9.662.000 – pledged by İhlas Holding A.Ş. as collateral for the loans it has used, were sold in Borsa İstanbul by the creditor corporation on the 8<sup>th</sup> January 2015. As result of this transaction; the ratio of İhlas Holding A.Ş.'s shares in the Company dropped from 54.54% to %49.71.

### d) Privileged shares, if any and explanation of voting rights for the shares:

The company's registered capital is 600,000,000.00 TL (Six Hundred Million Turkish Lira) TL. The shares have been divided into 600,000,000 (Six Hundred Million) at a value of 1 (one) TL each. The company's issued capital is 200,000,000.00 (Two Hundred Million Turkish Lira) TL, divided into 200,000,000 (Two Hundred Million ) shares, each made out to bearer at a value of 1 (one) TL per share.

Of the issued capital a 190,000,000.00 TL portion is issued to Group A Bearer and a 10,000,000.00 TL portion is issued to Group B Bearer. The entire capital is paid and has been distributed to the company partners at the rate of their shares. The shareholders of Company group B have the privilege of voting in the board member elections and the general assembly meetings. The article concerning privileges in the core contract is provided below.

**PRIVILEGES: (T.T.S.G. NO. 8301 DATED APRIL 16, 2013)**

**Article-9:**

a- Privilege to elect board members;  
If the Company's General Assembly determines that the Board of Directors will have 5 members, at least 4 of the Members of the Board of

Directors; and if the Board of Directors will have 7 members at least 5 of the Members of the Board of Directors; and if Board of Directors will have 9 members, at least 7 of the Board of Directors; and if Board of Directors will have 11 members, at least 9 of the Members of the Board of Directors shall be elected from among the candidates nominated by Group (B) shareholders.

b- Privilege to vote in General Assembly Meetings;  
The group B shareholders have 15 (Fifteen) votes for each share to be used in ordinary and extraordinary General Assembly meetings.r.

**e) Information about the governing body, top level administrators and the number of personnel:**

**The Company Board of Directors,**

Position	Name, Last Name	Description	Start and End of Their Term of Duty
Board of Directors Chairman	Ahmet Mücahid Ören	Non-executive Member	30.05.2012 *2015
Deputy Chairman of the Board and General Manager and Executive Director	Mustafa Erdoğan	Executive Member	30.03.2013 *2015
Board Member	Abdullah Tuğcu	Executive Member	30.03.2013 *2015
Board Member	Nuh Albayrak	Non-Executive Member	30.05.2012 **10.03.2014
Board Member	İsmail Kapan	Non- Executive Member	10.03.2014 **2015
Board Member	Mehmet Nurettin Yağcı	Executive Member	25.11.2013 *2015
Board Member	Orhan Tanışman	Non-executive Member	30.05.2012 *2015
Board Member and Corporate Governance Committee Chairman	Melih Rüçhan Arvasi	Independent Member	30.05.2012 ***07.04.2014
Board Member and Corporate Governance Committee Chairman	Nazmi Örs	Independent Member	07.04.2014 ***2015
Board Member, Audit Committee Chairman and Early Risk Determination Committee Member	Osman Duman	Independent Member	30.05.2012 **06.02.2014
Board Member, Audit Committee Chairman and Early Risk Determination Committee Member	Hüsnü Kurtiş	Independent Member	06.02.2014 **2015
Board Member, Audit Committee Member and Early Risk Determination Committee Chairman	Tolga Sönmez	Independent Member	30.05.2012 **27.03.2014
Board Member, Audit Committee Member and Early Risk Determination Committee Chairman	İsmail Cengiz	Independent Member	27.03.2014 **2015

\* Has been elected to serve for a term of three years on 30.05.2012 until the first General Assembly to be held at the end of the third year.

\*\* Due to the resignation of Osman Duman on 06.02.2014, Nuh Albayrak on 10.03.2014 and Tolga Sönmez on 27.03.2014, Hüsnü Kurtiş has been assigned in place of Osman Duman, İsmail Kapan has been assigned in place of Nuh Albayrak and İsmail Cengiz has been assigned in place of Tolga Sönmez and their duties as board members was submitted and approved in the Ordinary General Assembly held on 30.03.2014.

\*\*\* Due to the resignation of Melih Rüçhan Arvasi effective 07.04.2014, Nazmi Örs has been elected to serve in his place until the first general assembly.

## Top Level Administrators

Name, Last Name	Duty	Professional Experience
Mustafa Erdoğan	General Manager	25 years
Abdullah Tuğcu	Finance Coordinator	11 years
Ümit Firat	Director of Investor Relations Department	10 years

The total number of personnel in the Group is 1,039 (31.12.2013: 1.174), with 19 (31.12.2013: 23) employed in the Main Partnership. There is no collective contract practice. The amount of personnel expenses among the operation expenses of İhlas Yayın Holding A.Ş. is 1,252,317.01-TL. Other than their salary, employees are provided with meals at the workplace and transportation between the workplace and home. Also company internal and outside training is provided to increase the professional knowledge and skills of employees.

**f) If any; information about the transactions by governing body members with the company for themselves or on behalf of others within the framework of permission given to them by the general assembly and their activities in the scope of competition prohibition**

The Board of Directors members have been issued permission by the company general assembly in accordance with the Turkish Commercial Code articles 395 and 396. In the framework of this permission the Board of Directors members may be members of the Board of Directors in other companies and have not conducted transactions on their own behalf within the scope of competition prohibition with these companies.

**THE FINANCIAL RIGHTS PROVIDED TO BOARD OF DIRECTORS MEMBERS AND TOP LEVEL ADMINISTRATORS**

**a) The total amounts of financial benefits such as attendance fees, salaries, premiums and profit shares:**

Within the scope of the core contract Board of Director Members; are not paid anything other than the rights and interests that are assigned to them due to their Board of Director Membership. However the Board Members who are assigned in an executive capacity are paid additionally for their executive duties. In this context it was decided in the 2013 year General Assembly Meeting held on

31.03.2014 that the Board of Directors Chairman would be paid a gross monthly fee of 1,000.00 TL, the Board Members would be paid a gross monthly fee of 750.00 TL and a meeting attendance fee of 250.00 TL monthly would be paid.

While these criteria are taken into consideration for the payment of independent board members the level of independence is carefully maintained. There are no financial benefits other than these.

During the 01.01.2014-31.12.2014 Term 349,350 TL was paid to the Governing Body and Top Administrators.

**b) Information regarding the total of allowances, travel, accommodation and representation expenses and resources in kind and in cash that were given, insurances and similar assurances:**

None.

**THE RESEARCH AND DEVELOPMENT ACTIVITIES OF THE COMPANY**

The company has no research and development activities.

**THE ACTIVITIES OF THE COMPANY AND IMPORTANT DEVELOPMENTS CONCERNING THESE ACTIVITIES**

**Areas of Activity**

The areas of activity of the company and its affiliations have been summarized below.

The Group company İhlas Gazetecilik A.Ş. (İhlas Journalism), produces and prints daily, weekly, monthly and shorter or longer term or no term periodical newspapers, magazines, books, encyclopedias, brochures and journals in Turkish and foreign languages, distributes and markets them in the country and abroad and has 6 printing facilities located in Istanbul, Ankara, Antalya, Izmir, Adana and Trabzon.

The Group Company İhlas Haber Ajansı A.Ş. (İHA) is a news agency and produces video, printed and photographed news in the country and abroad and markets this news via satellite and other channels.

The Group company TGRT Haber TV A.Ş. (TGRT News) produces, films and provides the audio for

television and radio programs, television films, video and advertisement programs, rents out television channels and establishes radio stations. TGRT FM which has on broadcasting, two recording and two editing studios operates under the legal entity of TGRT Haber TV A.Ş.

The Group Company TGRT Dijital TV Hizmetleri A.Ş. (TGRT Digital) is active in television and radio broadcasting, production, documentary broadcasting, television films, video and advertisement program production, filming and sound.

The Group company İletişim Magazin Gazt. ve Tic. A.Ş. (Communication Magazine) is active in the production, printing and marketing of magazines, newspapers and books; it produces a number of different magazines and 1 newspaper.

The main activities of the Group company İhlas Gelişim Yayıncılık A.Ş. (İhlas Development) are to sell, distribute and market all manner of newspapers and other publications in Turkish and foreign languages. İhlas Development is a main partner of İhlas Fair and Communication Magazine.

The Group company Dijital Varlıklar Görsel Medya ve İnternet Hizm. Ltd. Şti. (old title: Alternatif Medya

Görsel İletişim Sis. Ltd. Şti.) (Digital Assets) is active in advertisement, publicity, photography and advertisement agency activities.

The Group company İhlas Medya Planlama ve Satınalma Hiz. Ltd.Şti. (İhlas Media) is active in advertisement, publicity, photography and advertisement agency activities. In the current term İhlas Media has merged by take-over with Promaş Profesyonel Medya Reklam ve Film Pazarlama Hizmetleri A.Ş. (Promaş).

**a) Information on the investments made by the company in the relevant period:**

There are no investments made in the relevant period by the company. There are no incentives the company has taken advantage of in the relevant period.

**b) Information on the internal control system and internal audit activities of the company and the views of the governing body on this subject:**

Work in being done under the Audit Committee with regard to the internal control system and internal audit activities; an Internal Audit Department will be formed.

**c) Information about the direct and indirect affiliations of the company and the share ratios:**

Commercial Title	Area of Activity	Paid/Issued Capital	The Company's Share in Capital	Monetary Unit	The Company's Share in Capital) %	Nature of Relation with Company
İhlas Gazetecilik A.Ş.	Newspaper Printing	120,000,000	67,859,559	TL	56.55	Associated Partnership
İhlas Haber Ajansı A.Ş.	News Agency	14,000,000	12,400,068	TL	88.57	Associated Partnership
TGRT Haber TV A.Ş	TV and Radio Broadcasting	16,030,000	15,863,000	TL	98.96	Associated Partnership
TGRT Dijital TV Hizmetleri A.Ş.	TV Broadcasting	8,500,000	8,475,160	TL	99.63	Associated Partnership
İhlas Gelişim Yayıncılık A.Ş.	Fair Organization and Magazine Publication	5,100,000	4,998,000	TL	98.00	Associated Partnership
Dijital Varlıklar Görsel Medya ve İnternet Hizmetleri Ltd. Şti.	İnternet Broadcasting	560,000	521,500	TL	93.13	Associated Partnership
İhlas Medya Planlama ve Satınalma Hizmetleri Ltd. Şti.	Advertisement Agency	7,730,000	7,577,500	TL	98.03	Associated Partnership
İhlas İletişim Hizmetleri A.Ş.	Electronic Communication	1,000,000	200,000	TL	20.00	Affiliation
İletişim Magazin Gazetecilik San. ve Tic. A.Ş.	Magazine Publication	1,118,850	1,086,402	TL	97.10	Indirect Associated Partnership

**d) Information about the shares acquired by the company:**

There are no acquired shares of the company.

**e) Explanations about the private and public audit done within the accounting period:**

No public audit has been done within the accounting period.

**f) Information about cases opened against the company that may affect the financial situation and activities of the company and their probable results:**

As of 31.12.2014 the information concerning cases and activities against the Group are as follows:

	<b>The Amount</b>
The cases filed by the Group which are ongoing	468,360
The execution of debts actions being carried out by the Group	6,531,932
The cases that have been filed and are ongoing against the Group	1,775,963
The execution of debts actions being carried out against the Group	441,262

**g) Explanation of administrative or judicial actions taken concerning the company and governing body due to practices in violation of regulations:**

There are no such administrative or judicial actions concerning the company and governing body.

**h) Information and assessments on whether previously set goals have been reached or not and whether general assembly decisions have been carried out; and if goals have not been reached, general assembly decisions have not been carried out, the information and assessment of reasons for these:**

The main goal of the company is to provide the necessary support to affiliates in all of their investments to reinforce their position in the media sector with the synergy that is created. The company has worked towards this goal in the past terms. The company has not acted in violation of any decisions made in the general assembly meeting held in 2014.

**i) If an extraordinary general assembly meeting was held within the year, the documents pertaining to the meeting including the date, the decisions made in the meeting and actions taken concerning the extraordinary general assembly:**

No extraordinary general assembly was held in 2014.

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

Donations or assistance was given within the year.

**k) If a company affiliated with the group of companies, the legal actions taken for this company or an affiliated company with the flagship company, a company affiliated with the flagship company or the guidance of the flagship company and all other precautions that were taken or avoided in favor of the commanding company or an affiliated company in the past year:**

Ihlas Holding A.Ş. is the flagship company. There are no legal actions in the previous year that were taken with the guidance of the flagship company or in favor of an affiliated company. There are no precautions taken in favor of the flagship company or an affiliated company or a precaution that was avoided in the past year.

**l) If a company affiliated with the group of companies; according to the states and conditions that they were aware of when the legal action mentioned in clause (i) was taken or avoided, information on whether or not a suitable action was achieved for each legal action and whether the precautions that was taken or avoided caused damage to the company and if such damage was caused, whether or not this damage was offset:**

Since there are no legal actions in the previous year that were taken with the guidance of the flagship company or in favor of an affiliated company and no precautions taken in favor of the flagship company or an affiliated company or a precaution that was avoided in the past year there is no question of actions, counter actions, precautions, reasons for precautions and benefit or loss for the company. The company has not sustained any damages from actions with the flagship or affiliated companies in the past year.

## FINANCIAL STATUS

**a) The governing body'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;**

As of 31.12.2014 the company has 21,573,027 TL in profits on the consolidated financial statement.

The main strategic goal of the company is to enable the affiliated companies in the media sector to achieve stronger positions in their own fields. The necessary support to affiliates in line with this goal has been given by means of participating both administratively and in materially in capital increases.

## SUMMARY STATEMENT

Balance Sheet	31.12.2014	Rate Analysis %	31.12.2013	Rate Analysis %
Current Assets	170,689,666	45	126,329,709	35
Fixed Assets	206,148,827	55	232,159,352	65
<b>TOTAL ASSETS</b>	<b>376,838,493</b>	<b>100</b>	<b>358,489,061</b>	<b>100</b>
Short Term Liabilities	62,271,230	17	67,830,970	19
Long Term Liabilities	48,499,965	13	41,736,073	12
EQUITY CAPITAL	266,067,298	71	248,922,018	69
<b>TOTAL RESOURCES</b>	<b>376,838,493</b>	<b>100</b>	<b>358,489,061</b>	<b>100</b>

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:

Consolidated Financial Statement Data

**SUMMARY INCOME TABLE**

<b>Income Table</b>	<b>31.12.2014</b>	<b>Rate Analysis %</b>	<b>31.12.2013</b>	<b>Rate Analysis %</b>
Sales Revenues	175,909,374	100	170,580,498	100
Cost of Sales (-)	-155,875,087	-89	-149,581,250	-88
<b>GROSS PROFIT/LOSS</b>	<b>20,034,287</b>	<b>11</b>	<b>20,999,248</b>	<b>12</b>
Cost of Sales	-62,211,134		-35	-50,126,468
Other Incomes from Main Operations	21,786,192	12	23,951,390	14
Other Costs from Main Operations (-)	-16,891,409	-10	-18,646,457	-11
<b>MAIN OPERATIONS PROFIT / LOSS</b>	<b>-37,282,064</b>	<b>-10</b>	<b>-23,822,287</b>	<b>-14</b>
Incomes from Investment Activities	73,528,136	42	13,519,129	8
Costs from Investment Activities(-)	0	0	-34,662	0
Shares in Profit/Losses of Investments Valued According to Equity Method	-42,007	0	2,314,388	1
<b>OPERATION PROFIT/LOSS PRIOR TO FINANCING COST</b>	<b>36,204,065</b>	<b>21</b>	<b>-8,023,432</b>	<b>-5</b>
Financing Incomes	2,785,753	2	3,579,027	2
Financing Expenses (-)	-2,889,688	-2	-3,312,765	-2
Ongoing Operations Tax Income/Expense	3,687,839	2	895,700	1
<b>ON-GOING OPERATIONS PROFIT/(LOSS) BEFORE TAXES</b>	<b>36,100,130</b>	<b>21</b>	<b>-7,757,170</b>	<b>-5</b>
<b>DISCONTINUED OPERATIONS</b>	<b>0</b>	<b>0</b>		
Profit/loss before taxes from discontinued operations	74,477	0	0	0
<b>PERIOD PROFIT/LOSS</b>				
<b>Distribution of Period Profit/Loss</b>	<b>39,862,446</b>	<b>23</b>	<b>-6,861,470</b>	<b>-4</b>
Shares with No Control Power	18,289,419	10	487,287	0
Main Partnership Shares	21,573,027	12	-7,348,757	-4

**Ratios**

**31.12.2014**

**Liquidity Rates**

Current Rate	2.74
Liquidity Rate	2.63
Cash Rate	0.05

**Financial Structure Rates**

Financial Leverage	0.26
Total Liabilities/Equity Capital	0.42
K.V.K/Total Resources	0.17
U.V.K/Total Resources	0.13
Financial Debts/Equity Capital	0.04
Financial Debts /Total Assets	0.03

**c) The determination and assessment by the governing body as to whether the company's equity is provided for or if it is immersed in debt:**

As the result of examining the items in the equity capital group accounts included in the Company's 31.12.2014 financial tables it is determined that the company capital is provided for and there is no state of being immersed in debt. The items in the aforementioned account group are as follows.

	31.12.2014	31.12.2013
<b>EQUITY CAPITAL</b>	<b>266,067,298</b>	<b>248,922,018</b>
<b>Equity Capital Belonging to Main Partnership</b>	<b>158,929,697</b>	<b>151,025,311</b>
Paid Capital	200,000,000	200,000,000
Positive Differences of Capital Adjustment	22,039,497	22,039,497
Other Scope Accumulated Incomes or Expenses That Will Not Be Reclassified in Profit or Losses	0	0
- Revaluation and Measurement Gains/Losses	-4,332,380	3,416,065
- Other Gains/Losses Mutual	-775,029	-291,864
Capital Reserves	-31,746,667	-19,814,896
Limited Reserves Separated From Profit	6,529,507	6,545,398
Profits/Losses From Previous Years	-63,023,018	-53,520,132
Profit/Losses of Net Period	21,573,027	-7,348,757

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

The most important factors that could significantly affect the financial status of the company are the changes in the global economy and the fluctuations that could be experienced in the political state of the country. To improve its existing financial structure the company will produce operation profit due to the above mentioned reasons, continue to grow with its own equity capital and minimize financial risks such as collections, exchanges rates and liquidity.

**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:**

İhlas Yayın Holding A.Ş.'s Profit Distribution Policy regarding 2014 and succeeding years, that was renewed in line with the 19<sup>th</sup> and 20<sup>th</sup> Articles of the Capital Markets Law n.6362 and the Capital Markets Board's "Dividend Communiqué" n.II-19.1 (issued as per the abovementioned Articles of the Law), and with the relevant provisions of the Profit Distribution Guide and the Articles of Association of the Company, was determined as follows, and will be presented to the shareholders' approval at the first General Assembly meeting that will be held.

**PROFIT DISTRIBUTION POLICY**

Our Company makes Profit Distribution within the framework of the Turkish Code of Commerce provisions, Capital Markets Regulations, Tax Regulations and other relevant regulations and the "Profit Distribution" Article of our Articles of Association. In Profit Distribution, a balanced and consistent policy between the shareholders' and the Company's benefits is pursued in conformity with the Corporate Governance Principles.

The ratio of the Profit Distribution is presented to the approval of the General Assembly after it is determined by the Board of Directors (i) by taking market expectations, company's long term strategies, investment and financing policies, profitability and cash status into consideration as long as our financial means are available, and (ii) within the framework of the relevant provisions of the Turkish Code of Commerce, Tax Procedure Law, Capital Markets Law, Capital Markets Board principle decisions and similar legislation and the Articles of Association of the Company.

In case a decision is taken to make Profit Distribution, the Board of Directors of the Company will decide to distribute profit in cash and/or in scrip issue and submits the issue to the approval of the General Assembly. In case a decision is taken to distribute dividends in cash,

the amounts can be split into equal or varying installments provided that the issue is resolved at the General Assembly meeting where the decision is taken. The number of installments is determined by the General Assembly or the Board of Directors provided that it is explicitly authorized by the General Assembly.

There are no privileges in Dividend Distribution. Dividends are equally distributed to all existing shares without taking their date of issuance and acquisition into consideration. The timeframe regarding the dividend distribution is presented by the Board of Directors to the approval of the General Assembly. Subsequent to the Board of Directors' proposal and the approval of the Shareholders' General Assembly and on the date determined by the General Assembly; dividends shall be distributed to the shareholders within the legal timeframe by taking the legal regulations and the relevant provisions of the Articles of Association of the Company into consideration.

Unless the contingency reserves which are to be set aside by law are reserved and the first dividend specified for shareholders in the core contract are distributed in cash and/or share stocks no decision can be made to reserve other contingency reserves, to transfer profit to the next year and in the distribution of dividends to distribute it to privileged shareholders, to participation, founding and common shareholders, board members, clerks, servants and workers and/or similar organizations.

A dividend advance may be issued on the condition that the Board of Directors is authorized by the General Assembly and other regulations of the Capital Markets Board are complied with. The total profit share in one period may not exceed half of the profit for the previous year. The authorization given to the board of directors by the general assembly is limited to the year in which it is issued. No decision can be made to issue an additional dividend advance and/or to distribute dividends until the dividend advance of the previous year has been deducted.

Provided that the donations made within the year in conformity with the Capital Markets Law and relevant legislation, are presented for the information of the shareholders at the General Assembly; the upper limit for the donations to be made within the accounting period is determined by the General Assembly. Donations cannot exceed this limit and donations made by the Company are added to the distributable profit base.

	According to CMB 31/12/2014	According to Legal Records (LR) 31/12/2014
Period Profit	25,260,866	386,353.72
Taxes (-)	3,687,839	0
Net Period Profit (=)	21,573,027	386,353.72
Losses over the years (-)	-63,023,018	-21,022,535.35

Regarding the 2014 period results, the General Assembly will decide concerning the accounting period results in our consolidated and nonconsolidated financial tables which have been prepared according to the Tax Procedures Law and in compliance with Turkish Accounting Standards (TAS).

## **RISKS AND THE ASSESSMENT BY THE GOVERNING BODY**

### **a) Information about the risk management policy that the company will apply against projected risks if any:**

Generally our company is exposed to the following risks.

- Receivables Collection Risk
- Currency Exchange Risk
- Liquidity Risk

#### **Receivables Collection Risk**

The Group's risks concerning collections generally occur due to commercial receivables. The commercial receivables are assessed based on past experiences and in light of market conditions by the group management and provisions are reserved for doubtful receivables at a suitable rate. Provisions have been reserved for the doubtful receivables that have accumulated up to the report date.

#### Exchange Rate Risk

Exchange rate risk is generated when the value of any financial instrument changes in connection with a change in the exchange rate. The transactions with foreign currency generated by the group's operation, investment and financial activities have been explained in Note 32. Since the group has a net foreign currency situation of (-) as of 31.12.2014 a foreign currency risk is generated when exchange rates rise in favor of the TL (when the TL loses value against foreign currencies).

#### Liquidity Risk

Liquidity risk refers to the risk in encountering difficulties in providing financing to fulfill commitments concerning the financial instruments of a business. It is balancing the term distribution of actives and passives to manage liquidity risk.

#### **b) If risk has been generated, information on its early determination and the work and reports being done by the board of directors:**

Due to an "Early Risk Detection Committee" being formed pursuant to the Board of Directors decision no. 2013/11 dated 08.03.2013, this committee has taken over this task from the Corporate Governance Committee. Therefore the risk management work that had been started before is now being done by the Early Risk Detection Committee. It has been decided that İsmail Cengiz be assigned as chairman and Hüsnü Kurtiş be assigned as member of the Early Risk Detection Committee.

The activities being carried out concerning risk management;

- The risk assessment and management process that was prepared within the scope of risk management is being continued by the Early Risk Detection Committee.
- In the risk assessment table that was prepared in connection with this process the specific risks that the company could be exposed to and the effect level of these risks have been determined.
- Also the control levels corresponding to certain

risks that the company could be exposed to and the level of risks that the company is exposed to in the existing strategy have been determined.

- The dates that action will be taken against the risks according to their level have been determined.
  - The actions to be taken have been reviewed throughout the year.
  - At the end of the year the risk assessment table was re-assessed and the dates of action were determined according to risk levels.
- Auditor's Report about the Early Risk Detection System and Committee established as per the 4<sup>th</sup> paragraph of the 398<sup>th</sup> Article of the Turkish Code of Commerce n. 6102, was presented to the Company's Board of Directors on the 4<sup>th</sup> March 2015. The conclusion of this report is given below.

#### Conclusion

As result of our Audit, İhlas Yayın Holding A.Ş's Early Risk Detection System and Committee is sufficient in all significant aspects within the 378<sup>th</sup> Article of the Turkish Code of Commerce.

#### **c) Risks projected for the future concerning sales, productivity, capacity for creating income, profitability, debt/equity ratio and similar subjects:**

Due to being a Holding company there are no risks involved with sales and productivity. There is a profitability risk that could be generated according to the profitability statuses of affiliates. There is no sales risk in the company affiliates. Sales risk may be encountered in the printed, video and audio broadcasting and advertisement affiliates of the company due to a drop in sales caused by limiting advertisement as a budget cutting measure when there are financial crises in the market. By making periodical advertisement agreements against these types of risks the company aims to reduce sales risks during short term crisis situations to a minimum. Also due to the company affiliates being active in fields with intense competition and the rapid changes in the digital media there are such sales risks as losing customers and not being able to increase customer portfolios.

With the investments made by the company in line with the general economic growth of affiliates there is a potential to raise advertisement revenues, newspaper and magazine sales revenues, news sales revenues and printing revenues to higher levels. Productivity in the affiliates of the company is dependent on such criteria as fast adaptation to technological developments and employing qualified human resources and if the necessary work is not done in this direction productivity risk could become a factor. There is no indebtedness risk among the company affiliates. Company's subsidiaries do not have debt risk.

## **OTHER MATTERS**

### **a) The changes made to the core contract in the period and the reasons for these changes**

By Board of Directors decision no. 2014/27 dated 03.12.2014 the following changes have been made to our core contract;

The Article 6<sup>th</sup> on "The Structure of the Capital and Shares", was amended as per the second section - "Procedures and Principles Regarding Registered Capital System" - of the Registered Capital System Communiqué n.II-18.1.

The changed text was submitted to the Capital Markets Board Directorate for approval by the Company on 03/12/2014 with letter no. 2014/11 which was approved on 16.12.2014.

After obtaining approval from the Capital Markets Board Directorate the Customs and Trade Ministry was applied to and approval was obtained to change the company core contract on 23/12/2014.

The amended core contract text will submit for approval at the Ordinary General Assembly 2014 to the common and privileged shareholders.

### **b) The nature and amounts of the company financing resources and, if any, the issued capital market instruments:**

There is no capital market instruments issued within the period.

### **c) Related Party Disclosures**

**A.** The existing balances of certain company and key personnel accounts, with which the Group's partners have, and indirectly through the partners, the Group has capital, governance and business relations, as of the December 31, 2014 and December 31, 2013 are as follows:

<b>Receivables from Partners and Parties Related to Partners</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
İhlas Holding A.Ş.	13,042,059	1,882,855
İhlas Pazarlama A.Ş.	3,384,324	7,034,220
İleri Haber Ajansı Tanıtım İletişim ve Teknik Hizmetleri Tic. A.Ş.	1,066,439	-
Armutlu Tatil ve Turizm İşletmeleri A.Ş.	867,691	1,387,178
Mute Grup Medya İç ve Dış Ticaret A.Ş.	581,247	602,321
Klas Dış Ticaret A.Ş.	342,337	214,888
İstmag Magazin Gazetecilik Yayıncılık İç ve Dış Tic. Ltd. Şti. (old name: Yakamoz Sektörel Petrol Ürünleri Yapı Gıda Ltd. Şti.)	119,916	91,699
İhlas Motor A.Ş.	82,666	130,233
Bisan Bisiklet Moped Otomotiv Sanayi ve Ticaret A.Ş.	45,513	39,644
Voli Fuar Hizmetleri A.Ş. (Old Name: İhlas Fuar Hizmetleri A.Ş.)	42,038	-
İhlas Yapı Turizm ve Sağlık A.Ş.	35,961	177,053
İhlas Vakfı Yurt ve Eğitim Hizmetleri İktisadi İşletmesi	33,666	-
Voli Turizm Seyahat Tic. Ltd. Şti	16,963	106,541
Kuzuluk Kaplıca Sağ. ve Petr. Ür.Tic.A.Ş.	15,365	26,236
İhlas Ev Aletleri İmalat San. Tic. A.Ş.	8,651	1,738
Mir Maden İşletmeciliği Enerji ve Kimya San. Ltd. Şti.	8,576	1,127
İhlas İnşaat Proje Taahhüt Turizm ve Tic. A.Ş.	8,232	4,301
Kam Gayrimenkul Proje ve İnşaat Ltd.Şti.	4,213	-
Detes Enerji Üretim A.Ş.	3,975	6,320
İhlas Net A.Ş.	2,960	6,414
İHA GMBH Almanya	2,808	1,803,523
Antalya İmar Ltd. Şti.	2,008	11,265
Net İletişim Hizmetleri Elektronik San. ve Tic. Ltd. Şti.	1,674	387
Fikirevim Reklamcılık Görsel Etkinlik Tic. Ltd. Şti.	-	13,308,546
İhlas Media Trade Center GMBH	-	1,503,216
Abdurrahman Gök	-	13,600
Kristal Gıda Dağ. Paz. San. ve Tic A.Ş.	-	11,584
İhlas Holding A.Ş.-İhlas Yayın Holding A.Ş. ve İhlas Pazarlama A.Ş. Ortak Girişimi	-	11,265
Kristal Kola ve Meşrubat San. Tic. A.Ş.	-	8,244
İhlas İletişim Hizmetleri A.Ş.	-	7,104
İhlas Holding A.Ş.-İhlas Yapı Turizm ve Sağlık A.Ş. Ortak Girişimi-3	-	5,633
Tasfiye Halinde İhlas Finans Kurumu A.Ş.	-	3,413
Plus Gayrimenkul Tic. 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
<b>Total</b>	<b>19,719,282</b>	<b>28,408,437</b>

Of the related parties, those that exceed the commercial dimension limits of receivables interest is applied to accrue.

<b>Debts to Partners and Parties Related to Partners</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
İhlas Ev Aletleri İmalat San. Tic. A.Ş.	1,273,140	13,880
İhlas Madencilik A.Ş.	956,367	979,025
Voli Fuar Hizmetleri A.Ş. (Old Name: İhlas Fuar Hizmetleri A.Ş.)	896,740	-
İhlas Holding A.Ş.	744,594	974,049
İhlas Pazarlama A.Ş.	443,680	2,688,295
Şıfa Yemek ve Gıda Üretim Tesisleri Tic. A.Ş.	244,012	312,807
İhlas Net A.Ş.	104,741	38,255
İhlas İnşaat Proje Taahhüt Turizm ve Tic. A.Ş.	96,960	66,036
KPT Lojistik Taşımacılık Tur. Rek. Paz. İç ve Dış Tic. A.Ş.		79,649
NETTEC Otomasyon ve Çevre Teknolojileri A.Ş. (Old Name: İhlas Net Ltd. Şti.)	38,648	2,674
Klas Dış Ticaret A.Ş.	4,757	219,703
Voli Turizm Seyahat Tic. Ltd. Şti	2,385	96,981
Net İletişim Hizmetleri Elektronik San. ve Tic. Ltd. Şti.	326	227
Other Related Parties	134,665	-
Fikirevim Reklamcılık Görsel Etkinlik Tic. Ltd. Şti.	-	2,407,450
Milenyum Oto Kiralama ve Oto.Tur.Tic.Ltd.Şti.	-	57,680
İhlas Genel Antrepo Nakliyat ve Tic. A.Ş.	-	38,609
Alternatif Görüntülü İşitsel Bilişim ve İletişim Sistemleri Ltd. Şti.	-	9,991
İhlas Vakfı	-	2,993
Kuzuluk Kaplıca Sağ. ve Petr. Ür.Tic.A.Ş	-	990
<b>Total</b>	<b>5,020,664</b>	<b>7,942,630</b>
<b>Short Term Provisions for Benefits Provided to Employees</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
Debts to Other Related Parties (Key Personnel)	100,829	147,132
<b>Total</b>	<b>100,829</b>	<b>147,132</b>
<b>Other Receivables</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
İhlas Holding A.Ş. <sup>(*)</sup>	46,958,503	-
Hüseyin Ferruh Işık	26,830	-
<b>Total</b>	<b>46,985,333</b>	<b>-</b>

<sup>(\*)</sup> It is financial receivables

<b>The Order Advanced Given to Related Parties</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
İhlas İnşaat Proje Taahhüt Turizm ve Tic. A.Ş.	215,622	215,622
İhlas Pazarlama A.Ş.	155,018	225,481
Voli Turizm Seyahat Tic.Ltd.Şti	179,701	1,170
İhlas Holding A.Ş.	5,486	5,706
İhlas Ev Aletleri İmalat San.Tic.A.Ş.	-	274,940
<b>Total</b>	<b>555,827</b>	<b>722,919</b>

<b>The Order Advanced Received to Related Parties</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
İstmag Magazin Gazetecilik Yayıncılık İç ve Dış Tic. Ltd. Şti. (old name: Yakamoz Sektörel Petrol Ürünleri Yapı Gıda Ltd. Şti.)	375,280	-
İhlas Dış Ticaret A.Ş.	272	-
<b>Total</b>	<b>375,552</b>	<b>-</b>

B. The sales and purchases done by the Group with certain companies that the Group's partners have, and indirectly through the partners, the Group has capital, governance and business relations, as of the January 1 - December 31, 2014 and January 1- December 31, 2013 periods are as follows (including term differentials):

<b>Purchases Made</b>	<b>01.01-31.12.2014</b>	<b>01.01-31.12.2013</b>
İhlas Holding A.Ş.	5,229,884	1,489,074
KPT Lojistik Taşımacılık Tur. Rek. Paz. İç ve Dış Tic. A.Ş.	721,249	732,396
Voli Turizm Seyahat Tic.Ltd.Şti.	678,629	599,346
Şifa Yemek ve Gıda Üretim Tesisleri Tic. A.Ş.	424,026	995,645
İHA GMBH Almanya	418,842	954,578
İhlas Net A.Ş.	283,827	338,181
Fikirevim Reklamcılık Görsel Etkinlik Tic. Ltd. Şti.Voli Fuar Hizmetleri A.Ş.	281,092	4,065,545
(Old Name: İhlas Fuar Hizmetleri A.Ş.)	262,815	-
İleri Haber Ajansı Tanıtım İletişim ve Teknik Hizmetleri Tic. A.Ş.	240,000	-
Klas Dış Ticaret A.Ş.	120,073	80,538
Diğer İlişkili Kişiler	136,040	137,458
Mute Grup Medya İç ve Dış Ticaret A.Ş.	74,720	9,865
İhlas Vakfı Yurt ve Eğitim Hizmetleri İktisadi İşletmesi	15,496	10,251
Armutlu Tatil ve Turizm İşletmeleri A.Ş.	3,634	7,791
Kuzuluk Kaplıca İnşaat Turizm Sağlık ve Petrol Ürünleri Tic.A.Ş.	2,021	11,579
Net İletişim Hizmetleri Ltd. Şti.	407	450
İhlas Ev Aletleri İmalat San.Tic.A.Ş.	280	496,004
Balsa Balıkesir Meşrubat San. Tic. A.Ş.	248	-
İhlas Pazarlama A.Ş.	169	5,323,647
İhlas Media Trade Center GMBH	-	773,758
İhlas Madencilik A.Ş.	-	208,385
İhlas Genel Antrepo Nakliyat ve Tic. A.Ş.	-	64,474
Alternatif Görüntülü İşitsel Bilişim ve İletişim Sistemleri Ltd. Şti.	-	37,437
Milenyum Oto Kiralama ve Otom. Tur. Tic. Ltd. Şti.	-	9,300
NETTEC Otomasyon ve Çevre Teknolojileri A.Ş. (eski unvanı: İhlas Net Ltd. Şti.)	-	7,054
İhlas İletişim Hizmetleri A.Ş.	-	3,783
Çağlar Sağlık Güzellik ve Ev Aletleri Paz. İth. Ve İhracat A.Ş.	-	2,626
VAV İnternet Hiz. Paz. Tic. Ltd. Şti.	-	783
Kristal Gıda Dağıtım Pazarlama San. ve Tic. A.Ş.	-	99
<b>Total</b>	<b>8,893,452</b>	<b>16,360,047</b>

Sales	01.01-31.12.2014	01.01-31.12.2013
Fikirevim Reklamcılık Görsel Etkinlik Tic. Ltd. Şti 20,866,767	32,170,230	32,170,230
Armutlu Tatil ve Turizm İşletmeleri A.Ş.	2,497,054	2,157,984
İhlas Holding A.Ş.	1,673,703	697,463
İleri Haber Ajansı Tanıtım İletişim ve Teknik Hizmetleri Tic. A.Ş.	1,221,332	-
Mute Grup Medya İç ve Dış Ticaret A.Ş.	693,489	761,431
İhlas Yapı Turizm ve Sağlık A.Ş.	627,415	2,154,500
İstmag Magazin Gazetecilik Yayıncılık İç ve Dış Tic. Ltd. Şti. (Old Name: Yakamoz Sektörel Petrol Ürünleri Yapı Gıda Ltd. Şti.)	579,551	54,878
İhlas Ev Aletleri İmalat San. Tic. A.Ş.	521,720	465,659
İhlas Pazarlama A.Ş.	313,102	1,717,231
İhlas Vakfı Yurt ve Eğitim Hizmetleri İktisadi İşletmesi	161,695	112,692
Kuzuluk Kaplıca İnşaat Turizm Sağlık ve Petrol Ürünleri Tic.A.Ş.	157,068	124,174
İhlas İnşaat Proje Taahhüt Turizm ve Tic. A.Ş.	98,330	119,365
İHA GMBH Almanya	91,583	
Voli Fuar Hizmetleri A.Ş. (Old Name: İhlas Fuar Hizmetleri A.Ş.)	79,496	-
YB Reklam ve Halkla İlişkiler İnş. Ve Tic. Ltd. Şti.	74,661	-
Bisan Bisiklet Moped Oto. San. Tic. A.Ş.	57,329	68,283
Voli Turizm Seyahat Tic.Ltd.Şti.	27,000	63,175
İhlas Net A.Ş.	18,919	71,779
KPT Lojistik Taşımacılık Tur. Rek. Paz. İç ve Dış Tic. A.Ş.	12,475	2,519
Klas Dış Ticaret A.Ş.	12,400	3,154
Kristal Gıda Dağıtım Pazarlama San. ve Tic. A.Ş.	12,108	49,179
Kristal Kola ve Meşrubat Sanayi Ticaret A.Ş.	3,970	8,448
İhlas Vakfı	3,743	32,319
Ulubol İnşaat Harfiyat Gıda Tur. San. ve Tic. Ltd. Şti.	2,500	-
İhlas Madencilik A.Ş.	2,084	3,599
Bisiklet Pazarlama ve Tic. A.Ş.	1,500	-
Net İletişim Hizmetleri Ltd. Şti.	1,226	361
Tasfiye Halinde İhlas Finans Kurumu A.Ş.	710	480
Şifa Yemek ve Gıda Üretim Tesisleri Tic. A.Ş.	443	6,930
CDC Kurumsal Gelişim Merkezi Ltd. Şti.	160	128
Other Related Parties	1,556	2,645
İhlas Media Trade Center GMBH	-	1,207,280
İHA GMBH Almanya	-	461,109
İhlas Motor A.Ş.	-	11,420
Alternatif Görüntülü İşitsel Bilişim ve İletişim Sistemleri Ltd. Şti.	-	3,313
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
VAV İnternet Hiz. Paz. Tic. Ltd. Şti.	-	938
Çağlar Sağlık Güzellik ve Ev Aletleri Paz. İth. Ve İhracat A.Ş.	-	230
Ekip Teknoloji Bilişim Hiz. Ltd. Şti.	-	17
<b>Total</b>	<b>29,815,089</b>	<b>42,536,885</b>

C. The interest, rent and other income/expenses paid to and collected from certain companies that the Group's partners have, and indirectly through the partners, the Group has capital, governance and business relations, as of the January 1 - December 31, 2014 and January 1- December 31, 2013

<b>The Interest Bills Issued</b>	<b>01.01-31.12.2014</b>	<b>01.01.-31.12.2013</b>
İhlas Pazarlama A.Ş.	553,686	1,893,590
İhlas Holding A.Ş.	549,627	267,242
İHA GMBH Almanya	98,954	182,649
İhlas Dış Ticaret A.Ş.	28,486	3,000
İhlas Motor A.Ş.	27,661	8,451
Klas Dış Ticaret A.Ş.	23,441	27,199
Voli Fuar Hizmetleri A.Ş. (old name: İhlas Fuar Hizmetleri A.Ş)	12,504	-
Mir Maden İşletmeciliği Enerji ve Kimya San. Ltd. Şti.	8,114	-
Voli Turizm Seyahat Tic.Ltd.Şti.	6,358	10,696
Mute Grup Medya İç ve Dış Ticaret A.Ş.	3,820	-
Detes Enerji Üretim A.Ş.	1,721	-
İhlas Net A.Ş.	-	8,600
<b>Total</b>	<b>1,314,372</b>	<b>2,401,427</b>

<b>The Interest Bills Received</b>	<b>01.01-31.12.2014</b>	<b>01.01-31.12.2013</b>
İhlas Holding A.Ş.	680,990	67,227
İhlas Madencilik A.Ş.	85,871	94,793
İhlas Pazarlama A.Ş.	84,981	216,268
İhlas Ev Aletleri İmalat San. Tic. A.Ş.	50,758	21,343
Şifa Yemek ve Gıda Üretim Tesisleri Tic. A.Ş.	10,175	8,389
İhlas Net A.Ş.	1,607	-
Net İletişim Hizmetleri Ltd. Şti.	-	48
<b>Total</b>	<b>914,382</b>	<b>408,068</b>

<b>The Bills Issued for Rent</b>	<b>01.01-31.12.2014</b>	<b>01.01-31.12.2013</b>
İhlas Holding A.Ş.	964,488	479,724
İhlas Yapı Turizm ve Sağlık A.Ş.	270,000	119,898
Tasfiye Halinde İhlas Finans Kurumu A.Ş.	175,800	101,777
İhlas Pazarlama A.Ş.	74,630	218,490
Antalya İmar Ltd. Şti.	22,800	9,685
Voli Fuar Hizmetleri A.Ş. (Old Name: İhlas Fuar Hizmetleri A.Ş.)	15,000	-
Kristal Kola ve Meşrubat Sanayi Ticaret A.Ş.	5,100	-
İhlas Yapı Turizm ve Sağlık A.Ş. - Kam Gayrimenkul Proje ve İnşaat Ltd.Şti. Ordinary Partnership	2,126	-
İhlas Dış Ticaret A.Ş.	2,040	4,981
Detes Enerji Üretim A.Ş.	2,040	623
Kam Gayrimenkul Proje ve İnşaat Ltd.Şti.	2,040	-
Fikirevim Reklamcılık Görsel Etkinlik Tic. Ltd. Şti.	672	7,720
İhlas Motor A.Ş.	-	51,347
Mute Grup Medya İç ve Dış Ticaret A.Ş.	-	26,531
Plus Gayrimenkul Tic. A.Ş.	-	6,706
Tasfiye Halinde İhlas Oxford Mortgage İnşaat ve Ticaret A.Ş.	-	1,107
Armutlu Tatil ve Turizm İşletmeleri A.Ş.	-	865
İhlas İnşaat Proje Taahhüt Turizm ve Tic. A.Ş.	-	649
Kuzuluk Kaplıca İnşaat Turizm Sağlık ve Petrol Ürünleri Tic.A.Ş.	-	519
İhlas Ev Aletleri İmalat San.Tic.A.Ş.	-	346
İhlas İnşaat Holding A.Ş.	-	173
İhlas Pazarlama Yatırım Holding A.Ş.	-	173
Diğer İlişkili Kişiler	-	31,870
<b>Total</b>	<b>1,536,736</b>	<b>1,063,184</b>
<b>The Rent Bills Received</b>	<b>01.01-31.12.2014</b>	<b>01.01-31.12.2013</b>
İhlas Holding A.Ş.	1,520,717	552,539
İhlas Ev Aletleri İmalat San.Tic.A.Ş.	1,296,732	264,348
İhlas Madencilik A.Ş.	395,658	152,556
Diğer İlişkili Kişiler	35,476	30,500
Şifa Yemek ve Gıda Üretim Tesisleri Tic. A.Ş.	20,650	-
İhlas Net A.Ş.	17,655	-
Fikirevim Reklamcılık Görsel Etkinlik Tic. Ltd. Şti.	10,000	-
Net İletişim Hizmetleri Ltd. Şti.	104	-
Milenyum Oto Kiralama ve Otom. Tur. Tic. Ltd. Şti.	-	75,423
İhlas Pazarlama A.Ş.	-	5,653
<b>Total</b>	<b>3,296,992</b>	<b>1,081,019</b>
<b>Fixed Asset Purchases</b>	<b>01.01-31.12.2014</b>	<b>01.01-31.12.2013</b>
Klas Dış Ticaret A.Ş.	14,525	15,066
Bisan Bisiklet Moped Oto. San. Tic. A.Ş.	1,510	1,510
Fikirevim Reklamcılık Görsel Etkinlik Tic. Ltd. Şti.	1,420	-
Mute Grup Medya İç ve Dış Ticaret A.Ş.	-	10,000
İhlas Holding A.Ş.	-	5,486
İhlas İletişim Hizmetleri A.Ş.	-	2,097
<b>Total</b>	<b>17,455</b>	<b>34,159</b>

<b>Fixed Asset Sales</b>	<b>01.01-31.12.2014</b>	<b>01.01-31.12.2013</b>
Ahmet Mücahid Ören	200,990	-
Ceyhan Aral	54.455	-
İhlas Holding A.Ş.	-	6,000,000
Alternatif Görüntülü İştisel Bilişim ve İletişim Sistemleri Ltd. Şti.	-	24,450
İhlas İletişim Hizmetleri A.Ş.	-	1,258
Other Related Parties	-	37,624
<b>Total</b>	<b>255,445</b>	<b>6,063,332</b>

**D.** The short term benefits provided to key administrative personnel in the January 1 - December 31, 2014 and January 1 - December 31, 2013 period by the Group:

01.01-31.12.2014: 2,694,436 TL

01.01-31.12.2013: 2,407,382 TL

**E.** The long term benefits provided to key administrative personnel in the January 1 - December 31, 2014 and January 1 - December 31, 2013 period by the Group and the total of compensation to be provided after departing (severance) and at departure from the company

01.01-31.12.2014: 1,146,821 TL

01.01-31.12.2013: 1,362,077 TL

**d) Other matters that are not in the financial tables but could be beneficial for users**

- Comparative Information and the Amendment of Previous Period Financial Tables In order to determine financial status and performance trends the consolidated financial tables of the Group are prepared with comparisons to the previous period.

When the display or classification of items on financial tables changes the previous period financial tables are reclassified according to this in order to maintain comparability.

In case the Group implements an accounting policy retrospectively or corrects or reclassifies the items in the financial statements of a company retrospectively; relevant footnotes will be presented for the financial statements (balance sheet) of minimum 3 periods, and for the other statements (comprehensive income statement, cash flow statement, changes in equity statement) of 2 periods. Group presents the financial statements as of the following periods:

- as of the end of the current period,
- as of the end of the previous period, and
- as of the beginning of the first comparative period.

**e) Important events that occurred during the period after the accounts were closed until the relevant Annual Activity Report was published:**

Holding shares - with a nominal value of TL 9.662.000 - pledged by İhlas Holding A.Ş. as collateral for the loans it has used, were sold in Borsa Istanbul by the creditor corporation on the 8<sup>th</sup> January 2015. As result of this transaction; the ratio of İhlas Holding A.Ş.'s shares in the Company dropped from 54.54% to %49.71.

**f) Information about the shares of businesses included the group in the main company capital,**  
There is no situation of reciprocal shareholding.

**g) Explanations on the internal audit and risk management systems of the company in connection with the process to prepare consolidated financial tables,**

Company management is responsible for (i) preparing the consolidated financial statements in conformity with the Turkish Accounting Standards ("TMS"), (ii) truthfully presenting the financial statements, and (iii) internal controls necessary to ensure preparing consolidated financial statements that do not have any significant mistakes caused by fault or fraud.

The Group aims to maintain continuity of activities in capital management while keeping a productive balance between debt and equity to increase its profit and market value.

The risks that are associated with the cost of capital as well as each capital class are assessed by the senior management. During such reviews the senior management will assess all risks that can be associated with each capital class along with the cost of capital and will present those that are dependent on Board of Directors decision to the assessment of the Board. The Group diversifies capital to the most optimal state based on the assessments of the senior management and the Board of Directors by taking on new debt, paying back existing debt, and/or increasing capital. The general strategy of the Group has not changed since the previous period.

The Group monitors its capital adequacy by using net debt/equity ratio. This ratio is calculated by dividing the net debt by the total equity capital. Net debt is calculated by deducting the cash and cash equivalents items from the total debt (short and long term loans, commercial and other debts indicated in the balance sheet).

	<b>31.12.2014</b>	<b>31.12.2013</b>
Total Liabilities	110,771,195	109,567,043
Minus: Cash and cash equivalent values (Note 5)	(3,319,215)	(1,677,775)
Net Liability	107,451,980	107,889,268
Total equity (Not 21)	266,067,298	248,922,018
<b>The ratio of Net Liability/ Equity</b>	<b>40%</b>	<b>43%</b>

There is currently no specified risk management model and active application throughout the Group. Among the Group's important financial risks are exchange rate risk, interest rate risk and liquidity risk.

While there is no specified risk management model the Group manages risks with the decisions and applications it carries out. A goal has been set to develop a risk management model and work in this direction is ongoing.

#### Market Risk

Due to its activities the Group is exposed to the differences in exchange and interest rates and the financial risks connected to these. The distribution of incomes and expenses according to their currency and their variable and fixed interest rate distribution is monitored by the Group management.

The change in the market conditions that create market risks include indicator interest rates, another business's financial instrument and goods price or the changes in the indexes of exchange rate or price or rate.

#### Management of stock price changes (price risk)

The Group is exposed to price risks due to the sales prices being impacted by the changes in the price of raw material stocks. There is no kind of instrument to be used for avoiding the adverse price movements on sales margins. The group takes into account the prospective movements in raw material prices when reviewing the order-production-purchasing balances and tries to reflect the changes in raw material prices on the sales prices. However, in the sale of newspapers, which constitutes an important portion of the Group's revenues, the changes in raw material prices are not reflected.

#### Exchange rate risk management:

There is a natural balance between the Group's income and expenses in terms of exchange rate risks and effort is made to maintain this balance while taking into account projections for the future and market conditions.

#### Loan and collections risks management

The Group's loan and collections are basically concerning commercial receivables. The amount shown in the financial statement is comprised of the net amount which is left after the doubtful receivables predicted based on past experience are deducted. The loan risk of the Group is dispersed due to working with a number of different customers and there is no significant concentration of loan risk.

#### Liquidity Risk Management

The Group monitors predicted and active cash flows on a regular basis and by matching up financial assets and liabilities terms makes sure that sufficient funds and loan reserves are maintained to manage liquidity risk.

#### Accounting to Protect Against Financial Risk

Cost of acquiring the derivative financial instruments is used when they are recorded for the first time. In the succeeding periods, these instruments are valued at reasonable values. The method of calculating the profit or loss occurring as a result of the transaction, depends on the type of the transaction where hedging is made.

Reasonable change in the value of the derivative financial instruments, that are effective hedging instruments used as cash flow hedging, is indicated as financial risk hedging fund in the equity. In case the commitment hedged or the potential future transaction hedged becomes an asset or liability, the profit or loss related to these transactions in the equity items will be taken from these items and will be included in the cost of acquiring or the book value of the asset or liability. If the profit and loss included in the cost of acquiring or the book value of the transaction hedged has impact on the net profit/loss, it will be reflected in the statement of other comprehensive income.

Financial risk hedging accounting (Hedge Accounting) will be ended in case the financial risk hedging instrument expires, or becomes unable to meet the terms and conditions required for selling/using it or for financial risk hedging accounting. The cumulative profit or loss arising on the relevant date from the financial risk hedging instrument recorded in the equity, will continue to be included in the equity until the date on which the transaction is to be made. In case the financial risk hedged transaction is not made, cumulative net profit or loss in the equity will be recorded the profit for the period.

Group did not have any derivative instrument transactions within the period.

#### h) Corporate Governance Principles Compliance Report

##### SECTION 1- DECLARATION OF COMPLIANCE WITH THE CORPORATE GOVERNANCE PRINCIPLES

Our Company shows the utmost care to comply with the "Capital Markets Board Corporate Governance Principles" which are issued by the CMB in all corporate governance applications since that day it was opened to the public.

Of the Corporate Governance Principles the required principles are complied with and work is being done to achieve compliance with the optional principles.

##### **1.1. Corporate Governance Principles that are not yet able to be practiced**

###### a) Required Corporate Governance Principles that are not able to be Practiced

Due to the statement that it cannot be applied for partnerships in the second and third group, the third clause in principle number 4.3.7. and the second clause of principle number 4.3.8. of the Corporate Governance Principles cannot be practiced.

###### b) Optional Corporate Governance Principles that are not able to be Practiced

The matters in the Corporate Governance Principles currently being enforced which are unable to be practiced by the Company at this time have been specified under the following headings.

##### **1.2. The Right to Obtain and Examine Information**

-Request for a private Auditor to be Assigned, The phrase concerning the request for a private auditor to be assigned being used as an individual right is included in our core contract therefore there is no conflict of interest due to noncompliance with the principle for this reason.

##### **1.3. General Assembly**

There is no provision in the company core contract concerning the ability to hold general assemblies open to the shareholders and the public including the media without allowing right to speak. However the phrase the company's other administrators "employees, audio and visual technicians and

press members may enter” is included in our company’s Internal Guidelines on the Principles and Procedures for the General Assembly’s Operations.

### 1.5. Minority Rights

- The presence of a minority representative in our Board of Directors,  
Minority shares are not represented in the management.

### 3.1. The Company Policy on Beneficiaries

- There is no compensation policy for company employees. It is planned that this will be created as soon as possible and disclosed to the public via the corporate internet site.

### 3.2 Supporting the Participation of Beneficiaries in the Company Management

-Participation of the Beneficiaries in the Company Management,  
There is no policy setting forth the participation of beneficiaries in management or concerning beneficiaries in the core contract. However, as seen from the statements in clauses 4.1 and 4.2 of Section IV in the Corporate Governance Report there is a policy that is not directly explained by the company but enforced.

### 4.2. The Board of Directors Operation Principles

-The authorities of the board of directors chairman and general manager have been clearly separated. However this distinction has not been stated in writing in the core contract.

-The board of directors have not formed internal audit systems to include risk management and information systems processes. The formation of internal audit systems has been planned for 2015.

Insurance against damaged caused by faults of board members during the execution of their duties in an amount exceeding the company equity by 25% has not yet been obtained. It is planned for this process to be completed as soon as possible and disclosed to the Public Disclosure Platform as soon as possible.

### 4.3. Structure of the Board of Directors

-Women members on the Board of Directors,  
There are no women members on our company’s board of directors. A policy is planned to be created within the year 2015 to reach the goals that are set forth in the Corporate Governance Communiqué number II-17.1.

Work that has Been Done Towards Complying with Principles within the Period  
Our company’s internet site, Annual Activity Report and corporate compliance report have been reviewed in line with the TCC No 6102, the CMB no 6362 and Corporate Governance Principles and the necessary work on compliance have been done.

The work necessary to achieve compliance to the Corporate Governance Principles in the Corporate Governance Communiqué No. 11-17.1 of the Capital Market Board published to go into force on 03.01.2014, is ongoing.

### 1.1. Simplifying the Use of Shareholder Rights

As per the 2<sup>nd</sup> Paragraph of the Article of Capital Markets Board “Corporate Governance Communiqué” n.II-17.1 Shareholders Relations Unit’s name was changed as the “Investor Relations Department” on the 27<sup>th</sup> of June 2014. A decision was taken for the Investor Relations Department to carry out its activities under the Company General Manager Mr. Mustafa Erdoğan. Working fulltime at the Corporation, Ümit Fırat who has a “Capital Markets Activities Advanced Level License” and a “Corporate Governance Rating Specialist License” was appointed as the Investor Relations Department Director and Corporate Governance Committee member.

**MUSTAFA ERDOĞAN**  
Chairman, General  
Manager and Executive  
Director

**ABDULLAH TUĞCU**  
Board of Directors

## **SECTION II - SHAREHOLDERS**

### **2.1. Shareholder Relations Department**

Our Company's Shareholder Relations Department was established in 2010 and serves all shareholders and investors since that day.

As per the Capital Markets Board "Corporate Governance Communiqué" n.II-17.1 Shareholders Relations Unit's name was changed as the "Investor Relations Department" on the 27<sup>th</sup> of June 2014. A decision was taken for the Investor Relations Department to carry out its activities under the Company General Manager Mustafa Erdoğan and to prepare and present a report at least once a year to the Board of Directors about the activities it carries out. Working fulltime at our Company, Ümit Fırat who has a "Capital Markets Activities Advanced Level License" and a "Corporate Governance Rating Specialist License" was appointed as the Investor Relations Department Director and Corporate Governance Committee member. Working fulltime at our Company, Sırrı Söztutan who has a "Capital Markets Activities Advanced Level License" was appointed as a Specialist in the Investor Relations Department.

The contact information of the department is as follows:

İhlas Yayın Holding A.Ş. Shareholders Relations Department  
Merkez Mah. 29 Ekim Cad. İhlas Plaza No:11 B/31  
34197 Yenibosna/İstanbul  
Tel: 0(212) 454 24 22 - Fax: 0(212) 454 24 27  
Sırrı Söztutan  
e-mail: sirri.soztutan@ihlas.com.tr  
Ümit Fırat  
e-mail: umit.firat@ihlasyayinholding.com.tr

The Shareholders relations department primarily;

- Plays an effective role in protecting and making easier the rights of shareholders based on the right to obtain and examine information,
- Provides information and explanations that could affect the use of shareholder rights in updated form on the partnership's corporate internet site,
- Makes sure that the records of correspondence

- and other information and documents between the investors and the partnership are kept properly, securely and up to date,
- Responds to requests for information about the partnership made by partnership shareholders,
- Prepares documents concerning the general assembly meetings that need to be presented for the review and examination of shareholders and takes the necessary precautions to ensure that general assembly meetings are held in compliance with relevant regulations, the core contract and other regulations within the partnership,
- Monitors and tracks the carrying out of all obligations generated by the capital markets regulations including corporate governance and public disclosure,
- To represent our company in all investor relations meetings organized by national and international organizations,
- To prepare the material to be presented in meetings and update them when necessary.

As of the end of December 2014, 5 e-mails and 1 fax which came in over this contact information were responded to also questions from both local and foreign investors were answered. An active role was taken in the formation of the company's Annual Activity Report. Investors were informed in the most comprehensive form.

The Company's corporate web site is updated under the coordination of the Investor Relations Department in line with the developing and changing corporate structure of the company and the Corporate Governance Principles set forth by the CMB.

On 20.02.2015, the Investor Relations Department presented the report about the activities it carried out in 2014 to the Board of Directors.

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

The questions received by e-mail and by phone within the period generally pertaining to the Company's operations and performance in the stock exchange were answered, with caution towards information of a confidential and commercial secret nature, the CMB regulations and the TCC.

The company Annual Activity Report and financial statements disclosed in the previous period have been presented on the web page. Questions other than these have been answered in writing. Electronic formats were used actively and in their most updated form for this information process.

There was no demand for the assignment of a Private Auditor and no individual right regulation has been implemented in the core contract on this subject.

### 2.3. General Assembly Meetings

#### Information on the Ordinary General Assembly Meetings Held in 2013

Company's Ordinary General Assembly was held on the 31<sup>st</sup> of March 2014, at 15:00 PM at the Holding Headquarters with the physical attendance of 134.503.235 shares, and electronic attendance of 1 share, thus with the attendance of 134.503.236 shares in total representing 67% of the paid-in capital. The General Assembly was registered in the Istanbul Trade Registry on the 7<sup>th</sup> of April 2014, and was published in the Turkish Trade Registry Gazette n.8548 (date: 11<sup>th</sup> of April 2014)

In addition to the information about how to attend the General Assembly on electronic platform, the call for the meeting prepared by the Board of Directors, the agenda and the power of attorney (sample) were included in the announcement made via Turkish Trade Registry Gazette on the 7<sup>th</sup> of March 2014 about the General Assembly. The call for the General Assembly and other documents related to the General Assembly were made available on our Company's website, Public Disclosure Platform and Electronic General Assembly System. Furthermore, the announcement for the meeting was sent via fax or e-mail to those who requested information by phone.

21 days prior to the General Assembly date, at the Company Headquarters; Board of Directors' Annual Report, Independent Audit Report prepared by Bilgili Bağımsız Denetim ve Yeminli Finansal Müşavirlik A.Ş., the financial statements prepared and issued in accordance with the provisions of the CMB's "Communiqué

on Principles Regarding Financial Reporting in Capital Markets" n.II.14.1, Balance Sheet and Income Statement prepared in accordance with the legal records, and the General Assembly Information Document, were made available for shareholders' review.

Regarding the 6<sup>th</sup> Agenda Item, our investor (one of the shareholders who used his/her right to ask question) who attended the meeting on electronic platform asked a question; "Will there be a target set for Female Members in the Board of Directors as per the CMB Corporate Governance Principles? At least how many members are you targeting and could you explain the timeframe for reaching this target? I would like to have information about the reasons for not appointing Female Members in the Board of Director." The answer was; "At the General Assembly, explanation about the issue is made available in the Annual Report".

Shareholders' did not make any proposals about the agenda. The utmost care and dedication is shown in complying with the requirements of law to simplify participation in the General Assembly. It is presumed that no difficulties were encountered concerning participation in the general assembly and no feedback has been received from shareholders to date. General Assembly minutes are presented to shareholders at their request at the end of the meetings, they are sent to the Public Disclosure Platform and made available on the company web site for shareholders who were not able to participate in the meeting.

General Assembly minutes were made available for the shareholders on the webpage, Electronic General Assembly System and in the Financial Affairs Unit. No donation or aid was made within the period and the shareholders were informed about the issue at the 2013 General Assembly Meeting with the 9<sup>th</sup> Agenda Item. Furthermore, an amount equivalent to 1% of Company's 2013 consolidated gross sales figure was set as the upper limit for the donations that can be made by the Company in 2014. As per the Article n.1.3.6 of the Corporate Governance Principles stipulated in the Capital Markets Board's Corporate Governance Communiqué n.II-17.1; In case our majority 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 Corporation or its associate companies which may lead to conflicts of interest, and/or in case they make any transaction, related to a commercial business that is within the scope of Corporation's or its associate companies' field of activity, for their own account or for the account of others or did not 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.

Furthermore, at the General Assemblies decision are taken and necessary information is provided in conformity with the Articles of the Turkish Code of Commerce regarding the tasks of the General Assembly and provisions of the Capital Markets Board's Corporate Governance Communiqué n.II-17.1 and the Articles of Association of the Company. The General Assembly meeting announcement is made via the Public Disclosure Platform, EGAS, the company web site and printed media. Also information documents about the General Assembly are available on the company web site.

The General Assembly announcements include;

- Meeting date and time,
- Clear location,
- Agenda
- Information needed concerning the agenda matters,
- Information about the total number of shares reflecting the partnership structure and voting rights, if there are privileged shares in the partnership capital the total number of shares representing each of the privileged groups, the voting rights and nature of privileges as of the date that the disclosure is made,
- Information about changes in management and activities that will have significant impacts on the Company's and/or its associate

companies' activities that were/will be carried out in previous/future accounting periods and information about the reasons behind these changes, and

- If on the General Assembly meeting agenda there are items about dismissal, change, or election of the Members of the Board of Directors; the reasons for dismissal or change, and the following information about the persons nominated as a Member of the Board of Directors; their résumés, list of jobs/positions (within the last ten years), reasons for leaving jobs/positions, the level of importance and nature of their relationship with the corporation and with the related parties of the corporation, information regarding whether they have the qualifications for independence or not, and information about similar issues that may have impact on the activities of the corporation in case these persons are elected as Members of the Board of Directors, and
- The written requests from shareholders for matters they wish to be added to the agenda which have been conveyed to the Investor Relations Department, in situations where the board of directors does not accept recommendations for the agenda the recommendations which have been rejected and their reasons,
- If on the agenda there is an amendment to the Articles of Association, former and new versions of the amendments to the Articles of Association will be included with the relevant Board of Directors decisions, and will be announced to the shareholders.

While the General Assembly agenda is being prepared special care is given to giving each proposal under a different heading, expressing agenda headings clearly so as not to cause varying interpretations and not include articles titled "other" or "various" as prohibited by regulations.

Power of attorney samples are announced along with the meetings and made available to our Shareholders in electronic format for Shareholders who will be represented by a proxy in the meetings.

There is no provision in the company core contract concerning the ability to hold general assemblies

open to the shareholders and the public including the media without allowing right to speak. However the phrase the company's other administrators "employees, audio and visual technicians and press members may enter" is included in our company's Internal Guidelines on the Principles and Procedures for the General Assembly's Operations.

Regarding issues in the General Assembly meetings that require special attention board of directors members, other relevant individuals, authorities who have responsibility in the preparation of financial tables and an authority from the Independent Audit Company that audits the financial tables is invited.

The principles and procedures concerning the use of votes in our Company's General Assembly have been listed below:

- Our partners may be present in person at the General Assemblies or have themselves represented by proxy
  - Votes are submitted in the General Assembly openly and by means of raising hands.
- The article concerning the voting rights of Group A and B shareholders in General Assembly meetings has been provided below.

**VOTES:**

**Article-20:**

Each of the Group A shareholders are allowed 1 (one) vote per share in the Ordinary and Extraordinary General Assembly meetings.

Each of the Group B shareholders are allowed 15 (fifteen) votes per share in the Ordinary and Extraordinary General Assembly meetings.

The principles and procedures concerning the use of votes are announced to Shareholders at the beginning of the meeting.

The subjects that our Shareholders want to be included in the agenda and which they have conveyed to the Shareholder Relations Department are included where possible in the agenda by the Board of Directors when preparing the agenda.

The General Assembly meetings are held according to the core contract at the company headquarters or a convenient location in the city where the headquarters is located.

**2.4. Voting Rights and Minority Rights**

While there are no privileges in the core contract concerning voting rights the core contract article 9 is as follows:

**PRIVILEGES:**

**Article-9:**

a- Privilege to elect board members;  
As long as the Company General Assembly determines the Board to be 5 people at least 4 of the Board of Directors Members; and if the Company General Assembly determines the Board to be 7 people at least 5 of the Board of Directors Members; and if the Company General Assembly determines the Board to be 9 people at least 7 of the Board of Directors Members; and if the Company General Assembly determines the Board to be 11 people at least 9 of the Board of Directors Members are selected from among candidates nominated by the (B) group shareholders

b- Privilege to vote in General Assembly Meetings;  
The group B shareholders have 15 (Fifteen) votes for each share to be used in ordinary and extraordinary General Assembly meetings. The company has no partner with which it is in a reciprocal affiliation relationship. Our affiliates do not have an affiliation in our company. Minority shares are not represented in our management.

**2.5. Shareholding Rights**

There is no privilege in participating in the decision of the company. The company has a profit distribution policy which is disclosed to the public. During meeting no. 2014/28 dated 23.12.2014 of the Board of Directors the Corporate Governance Committee Decision no 2014/07 dated 23.12.2014 was assessed to determine the Profit Distribution Policy written below. The policy in question was disclosed to the Public Disclosure Platform (PDP) on 23.12.2014 was submitted to the information of the General Assembly, included in the Annual Activity Report and disclosed to the public on the company internet site.

On the 5<sup>th</sup> agenda item; Company's 2013 results were discussed at the General Assembly, and the Board of Directors proposal for not making Profit Distribution due to the fact that we have loss in our consolidated and non-consolidated financial statements that were prepared in conformity with the Turkish Accounting Standards (TMS) and the Turkish Financial Reporting Standards (TFRS) and the provisions of the Tax Procedure Law, was unanimously approved.

The General Assembly will take a decision regarding the accounting period results in our consolidated and non-consolidated financial statements that were prepared in conformity with the Turkish Accounting Standards (TMS) and the Turkish Financial Reporting Standards (TFRS) and the provisions of the Tax Procedure Law, was unanimously approved. The profit distribution policy disclosed to the public by the Company is as follows:

#### **THE PROFIT DISTRIBUTION POLICY**

Our Company makes Profit Distribution within the framework of the Turkish Code of Commerce provisions, Capital Markets Regulations, Tax Regulations and other relevant regulations and the "Profit Distribution" Article of our Articles of Association. In Profit Distribution, a balanced and consistent policy between the shareholders' and the Company's benefits is pursued in conformity with the Corporate Governance Principles.

The ratio of the Profit Distribution is presented to the approval of the General Assembly after it is determined by the Board of Directors (i) by taking market expectations, company's long term strategies, investment and financing policies, profitability and cash status into consideration as long as our financial means are available, and (ii) within the framework of the relevant provisions of the Turkish Code of Commerce, Tax Procedure Law, Capital Markets Law, Capital Markets Board principle decisions and similar legislation and the Articles of Association of the Company.

In case a decision is taken to make Profit Distribution, the Board of Directors of the

Company will decide to distribute profit in cash and/or in scrip issue and submits the issue to the approval of the General Assembly. In case a decision is taken to distribute dividends in cash, the amounts can be split into equal or varying installments provided that the issue is resolved at the General Assembly meeting where the decision is taken. The number of installments is determined by the General Assembly or the Board of Directors provided that it is explicitly authorized by the General Assembly.

There are no privileges in profit distribution. Profit shares are distributed equally to all the existing shares regardless of their issue date and acquisition date.

The timeframe regarding the dividend distribution is presented by the Board of Directors to the approval of the General Assembly. Subsequent to the Board of Directors' proposal and the approval of the Shareholders' General Assembly and on the date determined by the General Assembly; dividends shall be distributed to the shareholders within the legal timeframe by taking the legal regulations and the relevant provisions of the Articles of Association of the Company into consideration.

Unless the contingency reserves which are to be set aside by law are reserved and the first dividend specified for shareholders in the core contract are distributed in cash and/or share stocks no decision can be made to reserve other contingency reserves, to transfer profit to the next year and in the distribution of dividends to distribute it to privileged shareholders, to participation, founding and common shareholders, board members, clerks, servants and workers and/or similar organizations.

A dividend advance may be issued on the condition that the Board of Directors is authorized by the General Assembly and other regulations of the Capital Markets Board are complied with. The total profit share in one period may not exceed half of the profit for the previous year. The authorization given to the board of directors by the general assembly is limited to the year in which it is issued. No

decision can be made to issue an additional dividend advance and/or to distribute dividends until the dividend advance of the previous year has been deducted.

Provided that the donations made within the year in conformity with the Capital Markets Law and relevant legislation, are presented for the information of the shareholders at the General Assembly; the upper limit for the donations to be made within the accounting period is determined by the General Assembly. Donations cannot exceed this limit and donations made by the Company are added to the distributable profit base.

## **2.6. Transfer of Shares**

The provisions of the Capital Market Law and the Turkish Commercial Code are complied with in the transfer of shares.

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

### **3.1. The Company Internet Site and Its Content**

The official internet site of the company which is the same as the name of the company, easily found and accessed is [www.ihlasyayinholding.com.tr](http://www.ihlasyayinholding.com.tr).

The internet site is actively used to keep the public informed and the information provided here is constantly updated. The information on the company's internet site is the same and/or consistent with the disclosures that have been made in accordance with relevant regulations and do not contain conflicting or deficient information. The company letterhead included the internet site.

In addition to information that is required to be disclosed by law, the company internet site includes commercial registry information, the partnership and management structure in the most current state, detailed information about privileged shares, the latest form of the company core contract, material disclosures, financial reports, Annual Activity Reports, explanation forms and other documents to inform the public, General Assembly meeting agendas, lists of attendees and meeting minutes, voting by proxy forms, share purchase proposals or the required information forms prepared for collecting

power of attorneys and similar forms, the profit distribution policy, disclosure policy and ethical rules created by the company are included in the internet site. In this context information that goes back at least 5 years is included on the corporate internet site.

Company's shareholders' structure indicating the names, amount and ratio of shares and privileges of the real (natural) shareholders who have more than 5% of the shares free from the indirect and mutual subsidiary relationship, is quarterly updated on the corporate website.

The information on the internet site is also prepared in English so that foreign investors can also benefit from it.

On our web page under the heading "Corporate" our company management structure and information on all our company activities is available, under the heading "Affiliates" all information about activities being conducted is provided to inform the public, under the heading "Corporate Governance" all information that is required to be disclosed within the context of Corporate Governance Principles is provided, under the heading "Investor Relations" the Company's affiliate and organizational structure, financial information, material disclosures, related party transactions, insider trading and detailed information about transactions related to these is provided, under the heading "Information Community Service" a link is provided to the MKK-E-Company system, under the heading "News" all manner of announcements and information released to the press is provided, under the heading "Career" our Human Resources Policy and the application procedures for those who wish to work in one of our groups is provided and under the heading "Contact" contact information such as address, telephone and email plus a map showing directions is provided.

### **3.2. Annual Activity Report**

The Company Annual Activity Report includes all of the information stated in the "Corporate Governance Communiqué" number II-17.1. It is prepared in the detail that the public needs in order to be completely and correctly informed

about the company's activities. In addition to the other matters specified in the relevant regulation and Corporate Governance Principles the Annual Activity Report includes the following;

- Information about the duties carried out by Board of Directors members and administrators outside of the company and the declarations of the Board members concerning independence,
- The members of the committees created within the Board of Directors, frequency of meetings, activities conducted, the Board of Directors assessment on their work principles and efficiency of the committees,
- Number of Board of Directors meetings in a year and attendance of members in the meetings,
- Information about changes in regulations that could have an important effect on the company's operations,
- Information about important cases filed against the company and their probable results,
- Information about conflicts of interest with companies from which the Company obtains services on matters like investment consultation and scoring and the precautions that are taken by the Company to prevent conflicts of interest,
- Information about affiliates with a direct participation in the capital of more than 5%,
- Information about employee social benefits, professional training and corporate social responsibility activities of the company that achieve other community and environmental results.

## **SECTION IV - BENEFICIARIES**

### **4.1. Keeping Beneficiaries Informed**

Beneficiaries are individuals, companies and interest groups who are employees, creditors, customers, suppliers, various nongovernmental organizations that are involved in the company reaching its goals or its activities. The company secures the rights of beneficiaries which are organized with regulations and contracts, in its operations and activities. In situations where the rights of beneficiaries are to be protected by regulations and mutual contracts, the rights of

beneficiaries are protected within the framework of goodwill and company resources.

There is no compensation policy for company employees. It is planned that one will be created as soon as possible and disclosed to the public via the internet site.

Beneficiaries are sufficiently informed about protecting their rights, relevant company policies and procedures by means of using the corporate internet site.

Relevant departments have been assigned to convey any transactions by beneficiaries that are in violation of the company's regulations or not ethically suitable to the Corporate Governance Committee or the committee in charge of auditing. All questions asked by the beneficiaries within the period are responded to by the relevant departments. No special setting has been created for this, the existing information channels are used.

The Company web address [www.ihlasyayinholding.com.tr](http://www.ihlasyayinholding.com.tr) has been used most efficiently both to provide answers and make announcements on this subject.

In the event that conflicts of interest arise between beneficiaries or one beneficiary is included in more than one interest group; a balanced policy is implemented to the extent possible in order to protect rights and the objection is to protect each right independently.

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

There is no policy in the Company core contract that sets forth the participation of beneficiaries in management.

The [etik@ihlasyayinholding.com.tr](mailto:etik@ihlasyayinholding.com.tr) address, which is forwarded to the Audit Committee of our Board of Directors, has been created so that our beneficiaries, who are comprised of our shareholders, customers, suppliers and personnel can convey transactions that they feel is not suitable to our company's legal or ethical values and after such reports are assessed by the Audit Board the necessary actions are taken and informed to the beneficiaries.

All quality efforts being conducted in all of our affiliates are conducted in this scope and kept up to date. Internal services training has been provided on this subject and an approach that the consumer is always right has been implemented in responding to and solving all consumer problems. In order for personnel to participate in management and relay all manner of requests, complaints and suggestions the insanhklari@ihlasyayinholding.com.tr address has been created and announced to all personnel. Also it has been announced that all suggestions that come in over the info@ihlasyayinholding.com.tr address will be considered as well.

### 4.3. Human Resources Policy

#### HUMAN RESOURCES VISION

The vision of the company is to be an exemplary company in which a world standard human resources approach is embraced, a preferred company in terms of its work force in the sector and a place where everyone is proud of working.

#### HUMAN RESOURCES MISSION

Developing people, making sure that they are happy and peaceful to contribute to the community and have employees with high performance will increase our competitive edge in Turkey and the World. Therefore it is our mission to provide fair and transparent working systems and settings for people to work peacefully.

#### THE PRINCIPLES OF THE HUMAN RESOURCES POLICY

The purpose of the Human Resources Policy is to make sure that employees are effective, productive and happy so that İhlas Yayın Holding A.Ş. can achieve national and international competitive superiority. The basic principles to be followed in order to achieve this purpose are as follows;

1-To provide candidates according to the nature of the work and necessary skills and to develop and implement exams and orientation systems,

2-To make sure that personnel work in jobs that are relevant to their knowledge and skills

3-To maintain the productivity and efficiency of the company personnel at the highest level,

4-To provide the opportunity for all employees to improve themselves and develop a career by providing an efficient training plan and program,

5- Preparing Senior Level Administrators from within the company for positions other than very specialized ones with the knowledge of the General Manager

6-To maintain the morale and motivation of personnel in every position at the highest level

7-To protect and improve the material and emotional rights of personnel,

8-To create a setting that develops the desire of employees to work with all administrators and work towards developing good human relations,

9-To ensure the development of institutionalization among all personal without language, religion, race or gender discrimination,

10-To meet the social and cultural needs of personnel within the budget resources, ensure the fair benefit of all personnel from social services and aid to make the Company an appealing place to work.

Listening to all the problems, suggestions and expectations of our employees and finding solutions to their problems is handled by the human resources department. One person within the department is assigned with this duty. Sırrı Söztutan is our colleague who has been assigned with this task. Also the insankaynaklari@ihlasyayinholding.com.tr address has been opened to assess all problems and suggestions and every issue is responded to here.

There are no complaints on discrimination to date. The applications in our company on this issue are quite clear and transparent. No one is excluded based on religion, language, race and gender. This issue is a principle of our HR policy.

The work analysis necessary to establish a fair salary system and the determination of job descriptions, authorities and responsibilities of our employees have been started by our Human

Resources department. After the work analysis is completed a performance assessment system based on goals and skills will be established. After the system is completely formed a Performance assessment handbook will be compiled and implemented once the necessary training is provided to the employees and administrators.

The regulations on supplying and preparing personnel, Leaving employment and discipline rules and regulations on the titles to be used in the holding have been published. In this context training sessions on regulations that have been published concerning the revision work on employee titles, application rules and monitoring work training for employees and other departments are ongoing. Also work on other matters (Individual benefits, salary management etc.) continue. When they are completed announcements will be made. Our organizational structure is being reshaped. After the organizational structure is completed an organization handbook will be prepared and the new job descriptions will be notified to personnel.

#### 4.4. Ethical Rules and Social Responsibility

The ethical rules for our Company and employees have been set forth by our Board of Directors as follows. These ethical rules have been announced to our employees and to the public within the scope of disclosure through our internet address.

##### Ethical Rules

##### Our Board of Directors

Our Company has set forth that the capital market is above all dependent on trust and therefore these ethical principles are extremely necessary only to be exceeded in superiority by laws and that this must be defended. The Financial Affairs Manager Board of Directors Member and Accounting-Finance department administrators must;

- Make complete, fair, correct and clear explanations in all reports and documents that are disclosed to the public or submitted to the capital markets regulators that the company is a member of,
- Act in compliance with all laws, regulations and principles in their relations with the company and shareholders
- Be sure to act in letter and in spirit of these ethical

principles and work to create a working culture that will establish the basis for compliance with laws and company policies in all of the Company's activities.

Also they must make sure that persons who are in the position of knowing information on financial statements which have not been disclosed to the public maintain confidentiality with discretion.

##### Our Employees;

- Are honest, reliable, ethical people who are cautious about moral values and never compromise on these values.
- Carry out their duties in the departments where they are assigned in the company's best interest with care, devotion, objectivity and compliance with confidentiality rules.
- Strive to do their jobs in the best possible way in order to increase the profitability and market share of the company.
- Are always reasonable and restrained in their speech, behavior and apparel.
- Are aware of the importance of superior – subordinate and customer relations and adjust their behavior accordingly.
- Are respectful, restrained, moderate, active and positive in all of their interactions and therefore have a positive impact on relations both within and outside of the company.
- Comply meticulously with laws, professional principles and relevant regulations.
- Assess difference ideas, perspectives and suggestions with an agreeable approach to make the most efficient, solid and suitable decisions.
- Distance themselves from any kind of arguments with political, religious, ethnic and discriminatory content and any illegal activities.
- Have the necessary information and experience for the job they execute. They constantly strive to improve their general culture, professional knowledge and skills. The utilize the resources and values they have to carry out their responsibilities in the best possible way.

##### Social Responsibility

The founders and employees of the İhlas Group came together under the principle that "The most beneficial person is one who serves mankind" and decided to carry out their business within this framework. Therefore our priority principle is to provide services that are beneficial to humanity without religion, race, gender or age discrimination.

Our company has embraced being sensitive to social responsibilities, complying with regulations concerning the environment, consumers and public health as well as ethics, supporting and respecting human rights that are valid throughout the world and combating all manner of corruption including bribery and extortion as part of its basic principles.

The efficient and productive use of world resources which belong to all of humanity, respect for environmental preservation and undertaking as well as carrying out social responsibilities are all an inseparable element of serving humanity. Maintaining peace among people is achieved through educating them well and then enabling them to continue their lives in a healthy manner. It is for this reason that our Group's publication the Türkiye Newspaper places importance on the environment and nature and provides special pages dedicated to carrying out this important social responsibility.

TGRT News, another broadcasting medium of our group prepares programs on subject concerning the environment and disabled people and also serves as a media sponsor for meetings, panels and seminars on these subjects. Our company is not involved in any activities that pollute or harm the environment. There have been no legal or financial problems related to this.

## SECTION V - THE BOARD OF DIRECTORS

### 5.1. Board of Directors Structure, Formation

Our Board of Directors in which the Chairman and Executive Chairman are separate, there are

**3 executive and 3 non-executive members and 3 independent members for a total of 9 members**

Position	Name and Last Name	Task	Start and End of Term
Board of Directors Chairman	Ahmet Mücahid Ören	Non Executive Member	30.05.2012 *2015
Board of Directors Deputy Chairman and General Manager and Executive Director	Mustafa Erdoğan	Executive Member	30.03.2013 *2015
Board of Directors Member	Abdullah Tuğcu	Executive Member	30.03.2013 *2015
Board of Directors Member	Nuh Albayrak	Non-Executive Member	30.05.2012 **10.03.2014
Board of Directors Member	İsmail Kapan	Non Executive Member	10.03.2014 **2015
Board of Directors Member	Mehmet Nurettin Yağcı	Executive Member	25.11.2013 *2015
Board of Directors Member and Corporate Governance Committee Member	Orhan Tanışman	Non Executive Member	30.05.2012 *2015
Board of Directors Member and Corporate Governance Committee Chairman	Melih Rüşan Arvası	Independent Member	30.05.2012 ***07.04.2014
Board of Directors Member and Corporate Governance Committee Chairman	Nazmi Örs	Independent Member	07.04.2014 ***2015
Board of Directors Member, Audit Committee Chairman and Early Risk Detection Committee Member	Osman Duman	Independent Member	30.05.2012 **06.02.2014
Board of Directors Member, Audit Committee Chairman and Early Risk Detection Committee Member	Hüsnü Kurtiş	Independent Member	06.02.2014 **2015
Board of Directors Member, Audit Committee Member and Early Risk Detection Committee Chairman	Tolga Sönmez	Independent Member	30.05.2012 **27.03.2014
Board of Directors Member, Audit Committee Member and Early Risk Detection Committee Chairman	İsmail Cengiz	Independent Member	27.03.2014 **2015

\* Elected on 30.05.2012 to serve for a term of three years until the General Assembly to be held at the end of the third year.

\*\* Due to the fact that Osman Duman, Nuh Albayrak, and Tolga Sönmez resigned from their positions on 06.02.2014, 10.03.2014, and 27.03.2014, Hüsnü Kurtiş was appointed for the vacant position of Osman Duman, İsmail Kapan was appointed for the vacant position of Nuh Albayrak and İsmail Cengiz was appointed for the vacant position of Tolga Sönmez, and they were approved as Members of the Board of Directors at the 2013 Ordinary General Assembly held on 31.03.2014.

\*\*\* Due to the fact that Melih Rüşan Arvası resigned from his position on 07.04.2014, Nazmi Örs was elected for his position to serve till the first General Assembly.

The Backgrounds of the Board of Directors Members

**Ahmet MÜCAHİD ÖREN**

**Chairman of the Board of Directors**

Born in 1972 in Istanbul, A. MÜCAHİD ÖREN graduated from Anatolian University Faculty of Economics. Between 1989-1991, he worked as a Computer Coordinator in Türkiye Gazetesi and as a General Publishing Consultant in Türkiye Çocuk Magazine. In 1991, he became the General Manager of TGRT Channel and coordinated the preparation process of infrastructure and broadcasting. In 1993, He was appointed as İhlas Holding A.Ş. Vice Chairman of the Board of Directors and Holding General Manager. In 2013, he was elected as the Chairman of the Board of Directors of İhlas Holding A.Ş.. Being a member of numerous corporations, associations and foundations in and outside the country in industry, trade and service sectors, Ören has had many articles published.

**Mustafa ERDOĞAN**

**Vice Chairman, General Manager and Executive Member**

Starting his professional career in 1990, at the İhlas Holding Financial Affairs Coordination Department, Mustafa Erdoğan assumed various tasks in this department. He later worked for Rehber Independent Accounting And Financial Consulting Office between 1997-2000. Returning in 2000 to İhlas Holding, Erdoğan was appointed as the Financial Affairs Manager 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. Furthermore, Erdoğan is a Member of the Board of Directors in 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 license, and is Member of the Istanbul Chamber of Independent Accountants and Financial Consultants (İSMMMO).

**Abdullah TUĞCU**

**Board Member**

Born in 1982 in Kayseri, Abdullah Tuğcu graduated from Istanbul University Faculty of Business Administration. He attended the Marmara University Finance Department Financial Law Master's Program. Joining İhlas Group in 2008, as the Financial Affairs Manager of İhlas Mining Company, Tuğcu became İhlas Yayın Holding Finance Coordinator in 2013, and was appointed as İhlas Holding Assistant General Manager in charge of Finance in 2014. Besides his aforementioned positions, Tuğcu is a Member of the Board of Directors in 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..

**İsmail KAPAN**

**Board Member**

Born in 1956 in Malatya, Pütürge district, İsmail Kapan received his Bachelor's degree at Istanbul University Faculty of Law; and received his Master's degree at Istanbul University Faculty of Economics Social Sciences Institute Department of "Social Structure and Social Change"; and received his PhD in the International Relations Department. İsmail Kapan started professional career as a columnist in 1978 in the Türkiye Gazetesi. After completing his military service between 1983-84, he worked as a lawyer and legal consultant for some time and then returned to journalism in 1987. Working as News Director, Editorial Director and Managing Editor in Türkiye Gazetesi, İsmail Kapan founded İhlâs New 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 Gazetesi and worked in this position four years. Later, Kapan was appointed as the İhlâs Holding Media Group President in 1998. Working as the General Coordinator of Türkiye Gazetesi between 2001-2003, İsmail Kapan also continued to write as a columnist besides his administrative tasks. Furthermore, on radio and TV channels of the Publishing Group he has moderated panel programs and commented on daily political developments. Appointed for the second time as the Chief Editor of Türkiye Gazetesi in March 2014, Kapan continues to serve in this position besides writing in his column.

Besides 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 of İhlas Gazetecilik A.Ş. and a Member of the Board of Directors of İhlas Yayın Holding A.Ş.

**Mehmet Nureddin YAĞCI**

**Board Member**

Born in Istanbul in 1969, Mehmet Nureddin Yağcı graduated from Bosphorus University Computer Engineering in 1991. In the same university he achieved a Post Graduate Degree in Computer Engineering (1993), attended Film and TV at the Westminster University in London (1995) and he attended the MBA (2001) program at

Koç University. Starting his professional career in Türkiye Gazetesi in 1989, Yağcı worked as a research assistant at Boğaziçi University for short period and then worked as a producer for the BBC Turkish in London. Having assumed various tasks since 1997 in TGRT, İhlas Holding and İhlas Yayın Holding, Mehmet Nurettin Yağcı is a Member of the Board of Directors of İhlas Yayın Holding.

#### **Orhan TANIŞMAN**

**Board Member and Corporate Governance Committee Member**

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

#### **Hüsnü KURTİŞ**

**Independent Board Member and Chairman of Audit Committee**

Born in 1953 in Niğde, Hüsnü Kurtiş worked as the Ankara Representative of Türkiye Gazetesi after graduating from Adana Academy of Economics and Commercial Sciences in 1975. He later worked as İhlas Holding A.Ş. Personnel Manager, TGRT TV Financial Affairs Manager, İhlas Film Prodüksiyon A.Ş. Assistant General Manager and İhlas Kargo Assistant General Manager. Hüsnü Kurtiş is an Independent Member of the Board of Directors in İhlas Holding A.Ş. and in İhlas Yayın Holding A.Ş.

#### **İsmail CENGİZ**

**Independent Member of the Board of Directors and Audit Committee Member**

Born in 1957 in Sarıkamış. After graduating from Eskişehir Academy of Economics and Commercial Sciences in 1979, he started working in Erzurum for Dadaş Bookstore 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 in "Erzurum Dayanıklı Tüketim and Ticaret Ltd. and worked as the Financial Affairs

Manager. He quit both his positions at the company in October 2005. In 2006, he began working in Tekirdağ Çerkezköy for BDK Construction Laboratory as a partner, and quit his position on the 10<sup>th</sup> of 2012 selling his shares in the company. İsmail Cengiz is an Independent Member of the Board of Directors in İhlas Holding A.Ş. and İhlas Gazetecilik A.Ş. and in İhlas Yayın Holding A.Ş..

#### **Nazmi ÖRS**

**Independent Member of the Board of Directors and Chairman of the Corporate Governance Committee**

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 later worked in Izmir, Kars, Ankara, Gaziantep and Istanbul as a director, teacher and in various other positions under the Ministry of Health. In 1999, he retired from his Assistant Administrative Manager position in Bakırköy Hospital for Psychiatric and Neurological Diseases. He is an Independent Member of the Board of Directors in İhlas Gazetecilik A.Ş. and in İhlas Yayın Holding A.Ş..

#### **Information About the Independent Board of Directors Members**

With the resignation of Independent Board of Directors Member Osman Duman on 06.02.2014 the Corporate Governance Committee, which undertook the duties of the Candidate Nomination Committee, evaluated the nomination of Hüsnü Kurtiş in the report dated February 6, 2014 and submitted this to the Board of Directors on February 6, 2014 after which Hüsnü Kurtiş was elected to serve until the first General Assembly.

At the 2013 Ordinary General Assembly meeting held on 31.03.2014, a decision was taken to approve these persons as Members of the Board of Directors.

Due to the fact that the Independent Member of the Board of Directors Tolga Sönmez resigned from his position on 27.03.2014, the Corporate Governance Committee that carries out the tasks of the Nomination Committee, reviewed (with its report dated 27<sup>th</sup> of March 2014) İsmail Cengiz's nomination for independent membership in the Board of Directors and presented the issue to the Board of Directors on the 27<sup>th</sup> of March 2014, and the Board of Directors elected İsmail Cengiz to serve till the first General Assembly. At the 2013 Ordinary General Assembly meeting held on 31.03.2014, a decision was taken to approve İsmail Cengiz as a Member of the Board of Directors.

Due to the fact that the Independent Member of the Board of Directors Melih Rūchan Arvasi resigned from his position on 07.04.2014, the Corporate Governance Committee that carries out the tasks of the Nomination Committee, reviewed (with its report dated 7<sup>th</sup> of April 2014) Nazmi Őrs's nomination for independent membership in the Board of Directors and presented the issue to the Board of Directors on the 7<sup>th</sup> of April 2014, and the Board of Directors elected Nazmi Őrs to serve will the first General Assembly.

Corporate Governance Committee, which undertook the duties of the Candidate Nomination Committee, evaluated the nomination of Hūsnū Kurtiř in the report dated February 6, 2014 and submitted this to the Board of Directors on February 6, 2014.

Hūsnū Kurtiř has declared that 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) İhlas Yayın Holding A.ř. and the 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; 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.

Based on this report; the Board of Directors was presented to the approval of the shareholders, and was approved at the General Assembly held on 31.03.2014 for electing the Independent Members of the Board of Directors.

With its report dated 27<sup>th</sup> of March 2014, the Corporate Governance Committee that carries out the tasks of the Nomination Committee, reviewed İsmail Cengiz's nomination for independent membership in the Board of Directors and presented the issue to the Board of Directors on the 27<sup>th</sup> of March 2014.

İsmail Cengiz, has declared that 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) İhlas Yayın Holding A.ř. and the 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; 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.

Based on this report; the Board of Directors was presented to the approval of the shareholders, and was approved at the General Assembly held on 31.03.2014 for electing the Independent Members of the Board of Directors.

With its report dated 7<sup>th</sup> of April 2014, the Corporate Governance Committee that carries out the tasks of the Nomination Committee, reviewed Nazmi Őrs's nomination for independent membership in the Board of Directors and presented the issue to the Board of Directors on the 7<sup>th</sup> of April 2014.

Nazmi Őrs has declared 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) İhlas Yayın Holding A.ř. and the 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; 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.

Based on this report; the Board of Directors will be presented to the approval of the shareholders at the first General Assembly to be held for electing the Independent Members of the Board of Directors.

As per Corporate Governance Communiqué n.II-17.1 that entered into force on the 3<sup>rd</sup> of January 2014; Independent Members of the Board of Directors, Hüsnü Kurtiş, İsmail Cengiz and Nazmi Örs, presented their independence statements on 06.02.2014, 27.03.2014 and 07.04.2014.

#### **INDEPENDENT MEMBER DECLARATION**

To the Attention of the İhlas Yayın Holding A.Ş. (Company) Board of Directors,

I hereby declare that neither myself, spouse or relatives by blood or marriage up to the second degree, has established employment in an administrative position taking on important duties and responsibilities in the past five years with the Company and partners with management control or important influence in the company and legal entities with management control over these partners; that I do not have together with others or on my own more than 5% in the Company capital or votes or privileged shares or have an important business relationship established.

I have not been involved in the past five years with companies providing the audit, scoring and consultation services of the Company and had not been an employee in any companies from which the Company makes important service and goods purchases in the scope of contracts or been a partner with over 5% share or in important administrative positions in companies from which services and goods are purchased or sold, or been a member of their Board of Directors, that 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,

I do not currently work full time at a public company or organization,

I am considered a resident of Turkey according to the Income Tax Law,

I have strong ethical standards, professional respectability and experience which will contribute positively to the Company activities, enable me to maintain impartiality in conflicts of interest between the company and shareholders and make decisions taking into account the rights of

beneficiaries. I will devote sufficient time to be able to monitor Company activities and carry out the requirements of my duty.

**Hüsnü Kurtiş**

#### **INDEPENDENT MEMBER DECLARATION**

To the Attention of the İhlas Yayın Holding A.Ş. (Company) Board of Directors,

I hereby declare that neither myself, spouse or relatives by blood or marriage up to the second degree, has established employment in an administrative position taking on important duties and responsibilities in the past five years with the Company and partners with management control or important influence in the company and legal entities with management control over these partners; that I do not have together with others or on my own more than 5% in the Company capital or votes or privileged shares or have an important business relationship established.

I have not been involved in the past five years with companies providing the audit, scoring and consultation services of the Company and had not been an employee in any companies from which the Company makes important service and goods purchases in the scope of contracts or been a partner with over 5% share or in important administrative positions in companies from which services and goods are purchased or sold, or been a member of their Board of Directors, that 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,

I do not currently work full time at a public company or organization,

I am considered a resident of Turkey according to the Income Tax Law,

I have strong ethical standards, professional respectability and experience which will contribute positively to the Company activities, enable me to maintain impartiality in conflicts of interest between the company and shareholders and make decisions taking into account the rights of beneficiaries. I will devote sufficient time to be able to monitor Company activities and carry out the requirements of my duty.

**İsmail Cengiz**

### INDEPENDENT MEMBER DECLARATION

To the Attention of the İhlas Yayın Holding A.Ş.  
(Company) Board of Directors,

I hereby declare that neither myself, spouse or relatives by blood or marriage up to the second degree, has established employment in an administrative position taking on important duties and responsibilities in the past five years with the Company and partners with management control or important influence in the company and legal entities with management control over these partners; that I do not have together with others or on my own more than 5% in the Company capital or votes or privileged shares or have an important business relationship established.

I have not been involved in the past five years with companies providing the audit, scoring and consultation services of the Company and had not been an employee in any companies from which the Company makes important service and goods purchases in the scope of contracts or been a partner with over 5% share or in important administrative positions in companies from which services and goods are purchased or sold, or been a member of their Board of Directors, that 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,

I do not currently work full time at a public company or organization,

I am considered a resident of Turkey according to the Income Tax Law,

I have strong ethical standards, professional respectability and experience which will contribute positively to the Company activities, enable me to maintain impartiality in conflicts of interest between the company and shareholders and make decisions taking into account the rights of beneficiaries. I will devote sufficient time to be able to monitor Company activities and carry out the requirements of my duty.

**Nazmi Örs**

In the framework of the permission granted to Board of Directors Members at the General Assembly, the Board of Directors members have taken on duties as Board of Directors Members in other companies and have not made any transactions on their behalf in the scope of the prohibition on competition with these companies.

### **The Duties Undertaken by Board of Directors Members in other Companies:**

#### **AHMET MÜCAHİD ÖREN**

İhlas Holding A.Ş.	Board of Directors Chairman
İhlas Haber Ajansı A.Ş.	Board of Directors Chairman
İhlas İnşaat Holding A.Ş.	Board of Directors Chairman
İhlas Pazarlama Yatırım Holding A.Ş.	Board of Directors Chairman

#### **MUSTAFA ERDOĞAN**

TGRT Haber TV A.Ş.	Board of Directors Member
TGRT Dijital TV Hizmetleri A.Ş.	Board of Directors Member
İhlas Gazetecilik A.Ş.	Board of Directors Member

#### **ABDULLAH TUĞCU**

İhlas Holding A.Ş.	Board of Directors Member
İhlas Gazetecilik A.Ş.	Board of Directors Member
İhlas Gelişim Yayıncılık A.Ş.	Board of Directors Member
İhlas Haber Ajansı A.Ş.	Board of Directors Member
TGRT Haber TV A.Ş.	Board of Directors Member
TGRT Dijital TV Hizmetleri A.Ş.	Board of Directors Member
İhlas İnşaat Holding A.Ş.	Board of Directors Member
İhlas Pazarlama Yatırım Holding A.Ş.	Board of Directors Member

#### İSMAİL KAPAN

İhlas Gazetecilik A.Ş. Board of Directors  
Chairman and General  
Manager of Broadcasting

#### ORHAN TANIŞMAN

İhlas Gazetecilik A.Ş. Board of Directors  
Member

İhlas Haber Ajansı A.Ş. Board of Directors  
Member

Dijital Varlıklar Görsel  
Medya ve İnternet Hiz.  
Ltd. Şti. Company Manager

#### MEHMET NUREDDİN YAĞCI

TGRT Dijital TV  
Hizmetleri A.Ş. Board of Directors  
Member

#### HÜSNÜ KURTIŞ

İhlas Holding A.Ş. Independent Board of  
Directors Member

#### İSMAİL CENGİZ

İhlas Holding A.Ş. Independent Board of  
Directors Member

İhlas Gazetecilik A.Ş. Independent Board of  
Directors Member

#### NAZMİ ÖRS

İhlas Gazetecilik A.Ş. Board of Directors  
Member

### 5.2. The Principles of the Board of Directors Activities

- The Board of Directors chairman meets with the other members and the general manager to determine the agenda of the meetings. Also the agenda of the Board of Directors meeting is determined according to the suggestions of the company administrators and committees and in situations that require a Board decision on the operation activities of administrators the agenda is determined by current events concerning the period in additions to the meeting demands. The Board of Directors meet at least once a month. The Board of Directors Members are careful to attend every meeting and present their views. Provisions are made to allow Board of Directors meetings to be held in Electronic setting.

- The Board of Directors Secretary is authorized to prepare all the documents concerning the determination of the meeting agenda, announcing it, calling the meeting and informing the Board of Directors Members. Sırrı Söztutan is assigned as the Board of Directors Secretary. The Board of Directors Members are notified of the agenda, meeting place and time (by e-mail and phone) and are invited to the meeting by the Board of Directors Secretary.

- As of December 31, 2014 the Board of Directors Members have held 30 meetings and achieved 81 percent attendance.

- As of December 31, 2014 there were no adversarial events in the Board of Directors meetings that were asked to be recorded. During the same period there were no adversarial matters between the independent members.

- In all of the Board of Directors meetings attendance is made in person.

- The questions that are asked during the meeting are not recorded.

- Majority vote and/or the right to veto has not been given to Board of Directors Members.

Each member of the Board of Directors has one vote.

How the Board of Directors meetings are to be held is organized in the Board of Directors Internal Instructions and has been approved at the General Assembly.

The Board of Directors chairman is responsible for making sure that the information and documents concerning the Board of Directors meeting agenda is presented for the review of Board Members ahead of time to ensure an equal flow of information during the meeting.

The views of members who do not attend the meeting are submitted in writing to the Board of Directors and are submitted for the review of the other members.

The duties of the Board of Directors chairman and the general manager have been clearly separated. However this distinction has not been expressed in writing in the core contract.

The Board of Directors has not yet formed internal control systems to include risk management and information systems operations. The creation of internal control systems is planned within 2015. The Board of Directors reviews risk management at least once a year.

The Board of Directors plays a leading role in providing efficient communication between the company and shareholders and resolving any conflicts that may arise between them and works in close cooperation with the Corporate Governance Committee and the Investor Relations Department for this purpose.

No insurance has been facilitated in an amount exceeding the company capital by 25% against the faults of the Board of Directors members during the execution of their duties and the damages the company may sustain. It is planned that this transaction will be completed as soon as possible and disclosed to the public on the PDP.

During the processes specified in article 1.3.9 of the Capital Markets Board "Corporate Governance Communiqué" no. II-17.1 the independent Board of Directors members attend the meetings and the majority approval is sought among the independent members. In 2013 there has been no process that falls into the scope of 1.3.9 in the "Corporate Governance Communiqué" no. II-17.1.

Within the scope of the Article n.1.3.9 of the "Corporate Governance Communiqué" n.II-17.1, asset sales was made on 29.12.2014 and all independent member casted affirmative votes for this transaction. The text announced on the Public Disclosure Platform on 29.12.2014 is given below.

"At the Board of Directors meeting held on 29.12.2014; decision was taken;

To sell the independent section n.1 owned by our Company at the property located at the address "Istanbul, Bahçelievler, Yenibosna Merkez Mahallesi 29 Ekim Caddesi No 11" to Aslan Ticaret Dayanıklı Tüketim Malları Ltd. Şti., for TL 28.015.000, and to receive this amount via bank until the 31st of January 2015,

To use the amount obtained as a consequence of the sales transaction within the scope of the Article n.5/e of the Corporate Tax Law, and

A decision was taken not to consider the sales transaction that will be made for the property, as a significant transaction due to the fact that it does not exceed the 50% limit within the framework of the "Significance Criteria" stipulated in the Article n.6/1-b of the Communiqué, according to the evaluations made within the scope of the 5<sup>th</sup> Article "Significant Transactions" and the 6<sup>th</sup> Article "Significance Criteria" of the Capital Markets Board "Communiqué (II-23.1) on Common Principles Regarding Significant Transactions and The Retirement Right". These evaluations indicate that the sales transaction;

a) Within the framework of the "Significance Criteria" in the Article n.6/1-a of the Communiqué "Significance Criteria"; the ratio of the value of the sold property recorded in the latest financial statements compared to the value of the total assets in the latest financial statements, is %4,97

b) Within the framework of the "Significance Criteria" in the Article n.6/1 b of the Communiqué "Significance Criteria"; the ratio of the transacted sum compared to the Corporation's value that is calculated based on the arithmetic mean of the weighted average of the daily prices for the six month period prior to the date of the Board of Directors decision, is 48%.

c) Within the framework of the "Significance Criteria" in the Article n.6/1 c of the Communiqué; the contribution of the property (to be sold) on the revenue in the latest annual financial statements was, 0.11%.

At the Board of Directors meeting held on 29.12.2014, all Independent Members of the Board of Directors casted affirmative votes.

Land Registry transactions were completed as of the same date."

### 5.3. The Number, Structure and independence of the Committees formed in the Board of Directors

An Audit Committee, Corporate Governance Committee and Early Risk Detection Committee has been created in the framework of principles in the Company Board of Directors. The committees are comprised of two members.

The distribution and qualities of the committee members are as follows;

Audit Committee Chairman	Osman Duman (Independent Board of Directors Member)*
Audit Committee Chairman	Hüsnü Kurtiş (Independent Board of Directors Member)*
Audit Committee Member	Tolga Sönmez (Independent Board of Directors Member)*
Audit Committee Member	İsmail Cengiz (Independent Board of Directors Member)
Corporate Governance Committee Chairman	Melih Rüçhan Arvasi (Independent Board of Directors Member)*
Corporate Governance Committee Chairman	Nazmi Örs (Independent Board of Directors Member)
Corporate Governance Committee Member	Orhan Tanışman (Non-Executive Board of Directors Member)
Corporate Governance Committee Member	Ümit Fırat (Director)***
Early Risk Detection Committee Chairman	Tolga Sönmez (Independent Board of Directors Member)
Early Risk Detection Committee Chairman	İsmail Cengiz (Independent Board of Directors Member)
Early Risk Detection Committee Member	Osman Duman (Independent Board of Directors Member)
Early Risk Detection Committee Member	Hüsnü Kurtiş (Independent Board of Directors Member)

\* Due to the fact that Osman Duman resigned from his position on 06.02.2014, Hüsnü Kurtiş was elected for his position and was approved as a Member of the Board of Directors together with his positions in the committees at the General Assembly held on 31.03.2014.

\*\* Due to the fact that Tolga Sönmez resigned from his position on 27.03.2014, İsmail Cengiz was elected for his position and was approved as a Member of the Board of Directors together with his positions in the committees at the General Assembly held on 31.03.2014.

\*\*\* Due to the fact that Melih Rüçhan Arvasi resigned from his position on 07.04.2014, Nazmi Örs was elected for his position to serve till the first General Assembly.

\*\*\*\*Investor Relations Department Director Ümit FIRAT was appointed as a Corporate Governance Committee member by the Board of Directors on 27.06.2014 as per the Capital Markets Board's "Corporate Governance Communiqué" n.11-17.1. Whenever possible the Board of Directors Members do not serve on more than one committee.

Since no separate "Nomination Committee" or "Pricing Committee" has been formed as a requirement of the Board of Directors structure, the Corporate Governance Committee carries out these duties in accordance with the Capital Markets Board "Corporate Governance Communiqué" no. Series:II-17.1 article 4.5.1.

The Committee has not needed independent expert opinions in the 2014 activities. The procedure to be followed by the committees while carrying out their activities is as follows; "The committees will act within their

own authority and responsibility and make recommendations to the Board of Directors but the final decision is made by the Board of Directors".

During the 2014 activity period the Corporate Governance Committee met seven times, the Audit Committee five times and the Early Risk Detection Committee met six times and the recommendations decided on as a result of the meetings were all accepted by the Board of Directors.

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

##### **Mechanism**

Work has been done within the Audit Committee for the internal control function and an Internal Audit Department will be formed. The production of data online and the instant control of the whole system constitute the principle of the Internal Control Mechanism.

Pursuant to the Board of Directors decision no 2013/11 dated 08.03.2013 and "Early Risk Detection Committee" was formed therefore taking over the duties that were previously carried out by the Corporate Governance Committee. Thus the risk management work that was started before is being continued by the Early Risk Detection Committee. The work done by the committee in 2014 can be summarized as follows:

- The risk assessment and management process prepared by the Corporate Governance Committee within the scope of risk management is being continued by the Early Risk Detection Committee.
- The specific risks that the company may be exposed to and the levels of their impact have been identified in the risk assessment table which was prepared in the scope of this process.
- Also the existing control levels and strategies against specific risks that the company could be exposed to and the levels of risk have been identified.
- The actions according to risk levels and the date on which these actions will be taken have been determined.
- The actions to be taken have been reviewed throughout the year.
- At the end of the year the risk assessment table was reviewed again and the dates for action according to risk level were reset.

#### **5.5. Strategic Goals of the Company**

The company is active through its affiliates in all manner of written, audio and visual publications, advertisement, news agency and similar sectors. The main strategy of the company is to strengthen its position in the media sector with the synergy that is achieved through providing support to its affiliates for all types of investments. The Board of Directors monitors the degree of reaching these goals by reviewing the performance of past and current activities in quarterly financial tables, audit reports and activities reports.

#### **5.6. The Financial Rights Provided to the Board of Directors**

The waging system for Board of Directors Members and senior level administrators have been written out by the Corporate Governance Committee and presented for the information and approval of partners in the General Assembly held on May 30, 2012. The principles for Board of Directors Members and senior level administrator wages have been announced in the Annual Activity Reports and the corporate internet site. These principles are provided below.

### **THE WAGING PRINCIPLES FOR BOARD OF DIRECTOR MEMBERS AND SENIOR LEVEL ADMINISTRATORS**

1. The decision for paying fees to the Company Board of Directors members and auditors in the scope of articles 12 and 15 of the core contract is at the discretion of the General Assembly.
2. The recommendations concerning wages to be paid to each of the Board of Directors Members and senior level administrators are determined by the Corporate Governance Committee and presented to the Board of Directors. The Board of Directors presents the recommendations to the attention of the partners in the General Assembly meeting.
3. The Corporate Governance Committee determined the wages in direct correspondence with the performance of the Board of Directors Members and senior level administrators.
4. While determining the wages to be paid to Board of Directors Members and senior level administrators the company's internal balance, strategic goals and ethical values are taken into consideration and steps are taken to ensure that the wages that are determined comply with these criteria.
5. The wages to be paid to Board of Directors Members and senior level administrators may not be associated with such short term performance of the company as profit or revenue. On the contrary they are determined considering long term goals.
6. The Corporate Governance Committee which is assigned by the Company Board of Directors monitors and audits waging policies. The Corporate Governance Committee assesses waging policies and applications within the framework of risk management and submits their relevant recommendations in a report form to the Board of Directors every year.
7. No payment plans based on stock options and the company's performance are to be used in the waging of Independent Board of Directors Members.
8. The wages of Independent Board of Directors members are kept at a level that maintains their independent status.
9. The Company may not give a loan to, get a loan on behalf of, extend the period or improve the conditions on previously obtained loans and credits to any Board of Directors Members or senior level administrators or allow them to use loans through a third party as a personal loan or give assurances such as collateral for them.
10. Information about wages all the other benefits provided to Board of Directors members and senior level administrators are disclosed to the public through the Annual Activity Report.

## PROPOSAL ON THE DISTRIBUTION OF PROFITS FOR THE YEAR 2014 OF İHLAS YAYIN HOLDING A.Ş.

Had a period profit of 21,573,027 TL in the consolidated financial statement prepared in accordance with the Turkish Accounting Standards (TAS) and Turkish Financial Reporting Standards (IFRS) published by the Public Oversight Accounting and Auditing Standards Authority within the provisions of the Capital Market Board's "Communiqué on the Principles of Financial Reporting in the Capital Market "(II-14.1).

In our consolidated legal records prepared according to Tax Procedure Law (TPL) there is a net period profit of 386,353,72 TL.

63,023,018 TL past years in losses on our consolidated financial tables prepared in accordance with the Turkish Accounting Standards (TAS) and Turkish Financial Reporting Standards (IFRS) and 21,022,535,35 TL past years in losses our nonconsolidated financial tables prepared in accordance with TPL provisions it has been decided to submit a proposal to the Ordinary General Assembly that no profit distribution be made.

We hereby declare that the information we have presented above is in accordance with the principles in the Capital Market Board's Material Disclosure Communiqué, that it fully reflects the information on the subject/subjects that have been received by us, that the information is in accordance with our ledgers, records and documents, that we have made the utmost effort to obtain complete and correct information on the subject and are responsible for these disclosures.

Sincerely,

**MUSTAFA ERDOĞAN**

Board of Directors Deputy Chairman,  
General Manager and Executive Director

**ABDULLAH TUĞCU**

Board of Directors Member

# STATEMENT OF RESPONSIBILITY

**İHLAS YAYIN HOLDING A.Ş.**  
**STATEMENT OF RESPONSIBILITY**

**DATE: 04.03.2015**

**THE BOARD OF DIRECTORS DECISION  
CONCERNING THE ACCEPTANCE OF FINANCIAL  
TABLES AND ACTIITIES REPORTS  
DECISION DATE: 04.03.2015  
DECISION NO: 2015/04**

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

We hereby declare that the financial tables and Annual Activity Report of İhlas Yayın Holding A.Ş., prepared as of December 31, 2014 in accordance with the International Accounting/Financial Reporting Standards in compliance with the Capital Markets Board's Series: I, No:14.1 "Communiqué on the Principles of Financial Reporting in the Capital Market";

a) Have been reviewed,

b) In the scope of information that we possess in our fields of duties and responsibilities within the company, we have not found the financial tables and Annual Activity Report to be contrary to the truth or to contain any content as of the date of disclosure to be deficient in any way that could cause people to be misled,

c) In the scope of information that we possess in our fields of duties and responsibilities within the company we hereby declare that the financial tables prepared in accordance with the financial reporting standard in force, the assets, liabilities, financial status, profits and losses reflect the truth and the Annual Activity Report is honestly reflected with the progress and performance of work, the company's financial situation and the important risks and uncertainties that the company faces..

Sincerely

**MUSTAFA ERDOĞAN**  
Board of Directors Deputy Chairman,  
General Manager and Executive Director

**ABDULLAH TUĞCU**  
Board of Directors Member



İHLAS YAYIN HOLDİNG ANONİM ŞİRKETİ

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



# INDEPENDENT AUDIT REPORT



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

(Member firm of AGN International)



**İHLAS YAYIN HOLDİNG A.Ş.**

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

**To the Attention of the Board of Directors of İhlas Yayın Holding Anonim Şirketi,**

We have audited the consolidated financial statement (balance sheet) dated December 31, 2014 for İhlas Yayın Holding Anonim Şirketi (hereafter referred to as "Holding") and its subsidiaries (hereafter referred to as "Group" together), as well as profit and loss statement, other consolidated income statement, consolidated statement of changes in equity, consolidated cash flow statement, and the attached consolidated financial statements that contain summary of important accounting policies and footnotes for the year ending on the same date.

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

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

**Responsibilities of the Independent Auditing Firm**

We are responsible for presenting an opinion on these financial statements based on the independent audit we performed. 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 provisions be followed and that the independent audit be planned and executed so as to establish reasonable assurance on whether the financial statements contain critical mistakes.

An independent audit involves implementation of audit procedures with the goal of obtaining proof of audit on the consolidated financial statement figures and footnotes. The selection of these procedures is based on the independent auditor's professional judgment, which includes an assessment of the risks with regard to critical mistakes arising from errors or fraud in the consolidated financial statements. While assessing the risks, the independent auditor scrutinizes the company's internal audit regarding the preparation of consolidated 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 consolidated 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 consolidated financial statements accurately reflect, in all critical aspects, the financial status, financial performance and cash flow of İhlas Yayın Holding Anonim Şirketi for the period ending on December 31, 2014, in compliance with the financial reporting standards published by the Capital Markets Board.

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

On March 4, 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 4, 2015**

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

**RAFET KALKAN**

Sorumlu Ortak Başdenetçi  
Yeminli Mali Müşavir

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## İhlas Yayın Holding A.Ş.

December 31, 2014-December 31, 2013

### Period Consolidated Financial Statements (Balance Sheets)

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

#### Based on Independent Audit

	Footnote References	Audited December 31, 2014	Audited December 31, 2013
<b>ASSETS</b>			
<b>Current Assets</b>		<b>170,689,666</b>	<b>126,329,709</b>
Cash and Cash Equivalents	5	3,319,215	1,677,775
Financial Investments	6	-	7,600,329
Trade Receivables		93,971,301	90,257,392
-Trade Receivables from Related Parties	8-31	19,719,282	28,408,437
-Trade Receivables from Non-Related Parties	8	74,252,019	61,848,955
Financial Receivables		-	-
- Finance Operations Receivables from Related Parties		-	-
- Finance Operations Receivables from Non-Related Parties		-	-
Other Receivables		47,664,269	477,496
-Other Receivables from Related Parties	9-31	46,985,333	-
-Other Receivables from Non-Related Parties	9	678,936	477,496
Derivative Instruments		-	-
Inventories	10	6,957,859	8,008,913
Live Assets		-	-
Prepaid Expenses	18	18,162,210	17,647,047
Current Tax Assets	19	78,510	350,223
Other Current Assets	20	536,302	310,534
(Subtotal)		170,689,666	126,329,709
Fixed Assets Held for Sale		-	-
<b>Fixed Assets</b>		<b>206,148,827</b>	<b>232,159,352</b>
Financial Investments		-	-
Trade Receivables		-	-
-Trade Receivables from Related Parties		-	-
-Trade Receivables from Non-Related Parties		-	-
Financial Receivables		-	-
- Finance Operations Receivables from Related Parties		-	-
- Finance Operations Receivables from Non-Related Parties		-	-
Other Receivables		99,585	103,031
-Other Receivables from Related Parties		-	-
-Other Receivables from Non-Related Parties	9	99,585	103,031
Derivative Instruments		-	-
Investments Valued by Equity Method	11	76,524	1,522,564
Live Assets		-	-
Investment Properties	12	74,627,254	99,124,386
Tangible Fixed Assets	13	46,262,178	46,834,039
Intangible Fixed Assets		60,943,451	63,097,187
-Goodwill	15	5,783,920	7,514,951
-Other Intangible Fixed Assets	14	55,159,531	55,582,236
Prepaid Expenses	18	942,218	2,900,358
Deferred Tax Asset	29	23,197,617	18,577,787
Other Fixed Assets	20	-	-
<b>TOTAL ASSETS</b>		<b>376,838,493</b>	<b>358,489,061</b>

Attached footnotes are supplementary pieces of the financial statements

# İhlas Yayın Holding A.Ş.

December 31, 2014-December 31, 2013

## Period Consolidated Financial Statements (Balance Sheets)

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

	Footnote References	Based on Independent Audit	
		Audited December 31, 2014	Audited December 31, 2013
<b>Liabilities and Shareholders' Equity</b>			
<b>Short-Term Liabilities</b>		<b>62,271,230</b>	<b>67,830,970</b>
Short-Term Borrowing	7	4,506,522	11,694,384
Current Portion of Long-term Borrowings	7	2,556,911	3,066,261
Other Financial Liabilities			
Trade Payables		24,260,127	37,033,175
-Trade Payables to Related Parties	8-31	5,020,664	7,942,630
-Trade Payables to Non-Related Parties	8	19,239,463	29,090,545
Financial Payables			
Other Payables		170,985	262,652
-Other Payables to Related Parties			9,001
-Other Payables to Non-Related Parties	9	170,985	253,651
Derivative Instruments			
Government Incentives and Grants			
Deferred Income	18	6,731,806	4,682,249
Tax for the Period	29	900,317	98,614
Short-Term Provisions		11,742,719	6,085,658
-Short-term Provisions for Employee Benefits	17	10,846,681	5,434,004
-Other Short-Term Provisions	16	896,038	651,654
Other Short-Term Liabilities	20	11,401,843	4,907,977
(Subtotal)		62,271,230	67,830,970
Liabilities for Asset Groups Classified as Held for Sale			
<b>Long-Term Liabilities</b>		<b>48,499,965</b>	<b>41,736,073</b>
Long-Term Borrowing	7	3,064,286	4,409,568
Other Financial Liabilities			
Trade Payables			
Financial Payables			
Other Payables			
Derivative Instruments			
Government Incentives and Grants			
Deferred Income			
Long-Term Provisions		15,332,617	13,756,549
-Long-term Provisions for Employee Benefits	17	14,732,052	13,533,922
-Other Long-Term Provisions	16	600,565	222,627
Current Tax Payables			
Deferred Tax Liability	29	23,929,579	23,566,073
Other Long-Term Liabilities	20	6,173,483	3,883
<b>SHAREHOLDERS' EQUITY</b>		<b>266,067,298</b>	<b>248,922,018</b>
<b>Shareholders' Equity for the Parent Company</b>		<b>158,929,697</b>	<b>151,025,311</b>
Paid-in Capital	21	200,000,000	200,000,000
Capital Adjustment Differences	21	22,039,497	22,039,497
Retracted Shares (-)			
Cross-Ownership Capital Adjustments (-)			
Other Capital Reserves	21	(31,746,667)	(19,814,896)
Share Premiums/Discounts			
Other Accumulated Comprehensive Income or Expenses not to be Reclassified in Profit or Loss		3,557,351	3,124,201
-Profit/Losses from Revaluation and Measurement	21	4,332,380	3,416,065
-Other Profits/Losses	21	(775,029)	(291,864)
Other Accumulated Comprehensive Income or Expenses not to be Reclassified in Profit or Loss			
Restricted Reserves Derived from Profit	21	6,529,507	6,545,398
Retained Earnings/(Loss)	21	(63,023,018)	(53,520,132)
Net Profit/(Loss) for the Period	30	21,573,027	(7,348,757)
<b>Non-Controlling Interests</b>	<b>21</b>	<b>107,137,601</b>	<b>97,896,707</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>376,838,493</b>	<b>358,489,061</b>

Attached footnotes are supplementary pieces of the financial statements

## İhlas Yayın Holding A.Ş.

### January 1-December 31, 2013 and January 1-December 31, 2014 Accounting Period Consolidated Profit and Loss Statements

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

	Footnote References	Based on Independent Audit	
		Audited January 1, 2014- December 31, 2014	Audited January 1, 2013- December 31, 2013
Revenue	22	175,909,374	170,580,498
Cost of Sales (-)	22	(155,875,087)	(149,581,250)
<b>Gross Profit/(Loss) from Trade Operations</b>		<b>20,034,287</b>	<b>20,999,248</b>
Revenues from Finance Operations		-	-
Cost of Finance Operations (-)		-	-
<b>Gross Profit/(Loss) from Finance Operations</b>		<b>-</b>	<b>-</b>
<b>GROSS PROFIT/LOSS</b>		<b>20,034,287</b>	<b>20,999,248</b>
Marketing Expenses (-)	23-24	(11,696,194)	(15,287,081)
Administrative Expenses (-)	23-24	(50,514,940)	(34,839,387)
Research and Development Expenses (-)		-	-
Other Operating Income	25	21,786,192	23,951,390
Other Operating Expenses (-)	25	(16,891,409)	(18,646,457)
<b>OPERATING PROFIT/LOSS</b>		<b>(37,282,064)</b>	<b>(23,822,287)</b>
Income from Investments	26	73,528,136	13,519,129
Expenses from Investments (-)	26	-	(34,662)
Share of Investments Valued by Equity Method in Profit/Loss	11	(42,007)	2,314,388
<b>OPERATING PROFIT/LOSS BEFORE FINANCE EXPENSES</b>		<b>36,204,065</b>	<b>(8,023,432)</b>
Finance Income	27	2,785,753	3,579,027
Finance Expenses (-)	28	(2,889,688)	(3,312,765)
<b>PRETAX PROFIT/(LOSS) FROM CONTINUING OPERATIONS</b>		<b>36,100,130</b>	<b>(7,757,170)</b>
<b>Continuing Operations Tax Income/(Expense)</b>		<b>3,687,839</b>	<b>895,700</b>
-Tax (Expense)/Income for the Period	29	(1,090,978)	(298,546)
-Deferred Tax Income/(Expense)	29	4,778,817	1,194,246
<b>PROFIT/(LOSS) FROM CONTINUING OPERATIONS</b>	<b>30</b>	<b>39,787,969</b>	<b>(6,861,470)</b>
<b>DISCONTINUED OPERATIONS</b>		<b>74,477</b>	<b>-</b>
Net After Tax Earnings/(Loss) for the Period from Discontinued Operations	34	74,477	-
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b>39,862,446</b>	<b>(6,861,470)</b>
<b>Distribution of Profit/(Loss) for the Period</b>			
Non-Controlling Interests	30	18,289,419	487,287
Parent Company Shares	30	21,573,027	(7,348,757)
<b>Profit per Share</b>	<b>30</b>	<b>0.1993</b>	<b>(0.0343)</b>
Profit per Share from Continuing Operations		0.1989	(0.0343)
Profit per Share from Discontinued Operations		0.0004	-
<b>Diluted Profit per Share</b>		<b>-</b>	<b>-</b>
Diluted Profit per Share from Continuing Operations		-	-
Diluted Profit per Share from Discontinued Operations		-	-

Attached footnotes are supplementary pieces of the financial statements

**İhlas Yayın Holding A.Ş.****January 1-December 31, 2013 and January 1-December 31, 2014 Accounting Period Other Consolidated Comprehensive Income Statements**

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

	Footnote References	Based on Independent Audit	
		Audited January 1- December 31, 2014	Audited January 1- December 31, 2013
<b>PROFIT/LOSS FOR THE PERIOD</b>	30	<b>39,862,446</b>	<b>(6,861,470)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items not to be Reclassified in Profit or Loss</b>			
Tangible Fixed Assets Revaluation Increase/Decrease	13	1,648,077	6,314,501
Intangible Fixed Assets Revaluation Increase/Decrease			
Defined Benefit Plans Re-measurement Gains/Losses	17	(484,586)	(33,374)
Shares not to be Reclassified in Profit or Loss from Other Comprehensive Income of Investments Valued by Equity Method			
Other Comprehensive Income not to be Reclassified in Profit or Loss			
Taxes for Other Comprehensive Income not to be Reclassified in Profit or Loss			
Tax Expense/Income for the Period			
Deferred Tax Expense/Income	29	(82,403)	(315,725)
<b>Items to be Reclassified as Profit or Loss</b>			
Foreign Currency Exchange Differences			
Revaluation and/or Reclassification Gains/Losses from Available-for-sale Financial Assets			
Cash Flow Risk Protection Gains/Losses		-	-
Cash Flow Risk Protection Gains/Losses for Business Abroad			
Shares to be Reclassified in Profit or Loss from Other Comprehensive Income of Investments Valued by Equity Method			
Other Comprehensive Income to be Reclassified in Profit or Loss			
Other Comprehensive Income/ Expense to be Reclassified in Profit or Loss			
Tax Expense/Income for the Period		-	-
Deferred Tax Expense/Income		-	-
<b>OTHER COMPREHENSIVE INCOME (AFTER TAXES)</b>		<b>1,081,088</b>	<b>5,965,402</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>40,943,534</b>	<b>(896,068)</b>
<b>Distribution of Total Comprehensive Income</b>			
Non-Controlling Interests		18,968,289	2,940,576
Parent Company Shares		21,975,245	(3,836,644)

Attached footnotes are supplementary pieces of the financial statements

# İhlas Yayın Holding A.Ş.

## January 1-December 31, 2013 and January 1-December 31, 2014 Accounting Period Consolidated Equity Adjustment Statements

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

		Other Comprehensive Income/Expense not to be Reclassified in Profit or Loss								
Footnote References	Paid-in Capital	Capital Adjustment Differences	Other Reserves	Growth Funds	Actuarial Gains/Losses from Severance Payment	Restricted Reserves Derived from Profit	Retained Earnings/ (Loss) Loss	Net Profit/ (Loss) for the Period	Non-Controlling Interests	Total
January 1, 2014	200,000,000	22,039,497	(19,814,896)	3,416,065	(291,864)	6,545,398	(53,520,132)	(7,348,757)	97,896,707	249,922,018
<b>Comprehensive Income</b>								21,573,027	18,289,419	39,862,446
<b>Other Comprehensive Income</b>				885,383					680,291	1,565,674
Tangible fixed assets appreciation fund	21			885,383						
Defined benefit plans re-measurement gains/losses	17				(483,165)				(1,421)	(484,586)
<b>Other total comprehensive Income</b>				885,383	(483,165)			21,573,027	678,870	1,081,088
<b>Total comprehensive Income</b>				885,383	(483,165)			21,573,027	18,968,289	40,943,534
Transfers	21					(7,348,757)		7,348,757		
Transactions with non-controlling shareholders	21		(11,931,771)						(9,167,873)	(21,099,644)
Subsidiaries sold and changes in effective shares	21			30,932		(15,891)	(2,154,129)		(559,522)	(2,698,610)
<b>December 31, 2014</b>	200,000,000	22,039,497	(31,746,667)	4,332,380	(775,029)	6,529,507	(63,023,018)	21,573,027	107,137,601	266,067,298
<b>January 1, 2013 (Reclassified)</b>	200,000,000	22,039,497	(19,814,896)			6,950,379	(47,464,208)	(6,159,567)	94,899,972	250,063,265
<b>Comprehensive Income</b>								(7,348,757)	487,287	(6,861,470)
<b>Other Comprehensive Income</b>				3,416,065					2,582,711	5,998,776
Tangible fixed assets appreciation fund	21			3,416,065						
Defined benefit plans re-measurement gains/losses	17				96,048				(129,422)	(33,374)
<b>Other total comprehensive Income</b>				3,416,065	96,048			(7,348,757)	2,453,289	5,965,402
<b>Total Comprehensive Income</b>				3,416,065	96,048			(7,348,757)	2,940,576	896,068
Transfers	21					(405,299)	(5,754,268)	6,159,567		
Changes in Effective Shares	21					318	(301,656)		56,159	
<b>December 31, 2013</b>	200,000,000	22,039,497	(19,814,896)	3,416,065	(291,864)	6,545,398	(53,520,132)	(7,348,757)	97,896,707	248,922,018

Attached footnotes are supplementary pieces of the financial statements

**ihlas Yayın Holding A.Ş.****January 1-December 31, 2013 and January 1-December 31, 2014 Accounting Period Consolidated Cash Flow Statements**

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

	Based on Independent		
	Footnote	Audited	Audited
	References	Current Period December 31, 2014	Previous Period December 31, 2013
<b>Cash Flows Generated from Operating Activities</b>			
Net Profit/(Loss) for the Period	30	21,573,027	(7,348,757)
<b>Adjustments For Net Income/Loss Reconciliation</b>			
Adjustments For Depreciation and Amortization Expenses	13.14	6,601,979	6,575,467
Adjustments For Severance Pay Provision	17	4,847,240	7,111,374
Adjustments For Tax Expense/Income	29	(3,687,839)	(895,700)
Interest Income Adjustment	27	(2,397,243)	(3,505,508)
Adjustments For Interest Expenses	28	2,091,055	2,668,691
Adjustments for provisions for value increases and impairment of investment properties	26	(22,723,965)	(12,786,374)
Adjustments to gains/losses from disposal of fixed assets	26	(50,804,171)	(698,094)
Non-parent company profit/loss adjustments	30	18,289,419	487,287
Adjustments for goodwill impairment	15	-	5,827,777
Net sales profit from subsidiaries (discontinued operations)	34	(74,477)	-
Adjustments for brand impairment	14	-	1,577,485
Adjustments for litigation provisions	25	642,673	354,619
Adjustments for work advance provisions	24	3,314,346	4,250,651
Adjustments for share of investments valued by equity method in profit/loss	11	42,007	(2,314,388)
Adjustments for doubtful receivable provisions no longer required	8	(3,198,870)	(3,589,798)
Adjustments for severance pay provision no longer required	17	(241,719)	(797,083)
Adjustments for other provisions no longer required		(183,352)	(942,451)
<b>Changes in working capital</b>			
Adjustments for increase/decrease in financial investments		7,600,329	(329)
Adjustments for increase/decrease in trade receivables		(5,072,941)	(14,564,049)
Adjustments for increase/decrease in other receivables		(47,183,327)	(111,382)
Adjustments for increase/decrease in inventories		1,051,054	1,445,471
Adjustments for increase/decrease in other current assets		(469,218)	2,319,221
Adjustments for increase/decrease in other fixed assets		1,958,140	691,883
Adjustments for increase/decrease in trade payables		(12,773,048)	11,690,758
Adjustments for increase/decrease in other payables		6,185,051	2,560,256
Adjustments for increase/decrease in other short- and long-term payables		14,896,374	(1,329,227)
<b>Cash flows from operating activities</b>			
Tax payments	29	992,364	85,650
Severance payments	17	(3,764,883)	(3,867,236)
Adjustments for other expenses/income not requiring cash inflow/outflow/net		(99,668)	(755,973)
<b>Cash flows from operating activities (A)</b>		<b>(62,589,663)</b>	<b>(5,859,759)</b>
<b>Cash flows from investments</b>			
Cash outflows arising from purchase of fixed assets	13	(4,331,044)	(6,806,949)
Cash outflows from purchase of intangible fixed assets	14	(132,369)	(916,351)
Cash inflows from sale of tangible fixed assets		97,436,532	6,415,542
Dividend income from investments valued by equity method	11	1,314,032	1,262,642
Cash inflows from affiliate capital refunds	11	45,000	-
Cash inflows from sale of subsidiaries	34	1,904,000	-
Cash outflows from additional acquisition of subsidiaries	21	(23,230,457)	-
<b>Cash flows from investment activities (B)</b>		<b>73,005,694</b>	<b>(45,116)</b>
<b>Cash flows from financing activities</b>			
Received Interest	27	2,397,243	3,505,508
Paid interest	28	(2,091,055)	(2,668,691)
Cash inflows from financial borrowing	7	(9,042,494)	4,432,283
<b>Cash flows used in finance activities (C)</b>		<b>(8,736,306)</b>	<b>5,269,100</b>
<b>Net increase/decrease in cash and cash equivalents (D=A+B+C)</b>		<b>1,679,725</b>	<b>(635,775)</b>
<b>Cash and cash equivalents at the end of the period (E)</b>	<b>5</b>	<b>1,677,775</b>	<b>2,313,550</b>
<b>Cash balance of subsidiaries at the beginning of the period (F)</b>		<b>(38,285)</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the period (D+E+F)</b>	<b>5</b>	<b>3,319,215</b>	<b>1,677,775</b>

Attached footnotes are supplementary pieces of the financial statements

## İhlas Yayın Holding A.Ş.

### Footnotes to the Consolidated 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 Holding

The area of activity of İhlas Yayın Holding A.Ş. is to join or participate in the capital, management, and control of all types of partnerships, whether existing or to be established, which are, or will be, involved in all types of printed, audio-visual publishing, advertising and news agency activities as well as in other related industries, and establish businesses and companies on its behalf in the aforementioned industries.

The Holding's headquarters is located at the "Merkez Mahallesi, 29 Ekim Cad., İhlas Plaza No. 11, B/31 Yenibosna, Bahçelievler, İstanbul" address.

The number of personnel employed by the Holding and subsidiaries as of the following dates:

Periods	Holding	Subsidiaries	Group Total
December 31, 2014	19	1,015	1,034
December 31, 2013	23	1,151	1,174

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

Name/Title Share %	December 31, 2014		December 31, 2013	
	Share Amount (TL)	Share (%)	Share Amount (TL)	Share (%)
İhlas Holding A.Ş.	54.54	109,079,614	65.15	130,300,000
Open to the Public	43.36	86,720,386	29.25	58,499,387
İhlas Pazarlama A.Ş.	-	-	3.50	7,000,613
Ahmet Mücahid Ören	1.85	3,700,000	1.65	3,300,000
Ayşe Dilvin Ören	0.25	500,000	0.25	500,000
Mahmut Kemal Aydın	-	-	0.10	200,000
Other	-	-	0.10	200,000
<b>Total</b>	<b>100</b>	<b>200,000,000</b>	<b>100</b>	<b>200,000,000</b>
Capital Adjustment Differences		22,039,497		22,039,497
<b>Total</b>		<b>222,039,497</b>		<b>222,039,497</b>

Natural and legal persons that hold the capital indirectly based on the Holding's ultimate partners:

Name/Title Share %	December 31, 2014		December 31, 2013	
	Share Amount (TL)	Share (%)	Share Amount (TL)	Share (%)
Open to the Public	90.47%	180,933,249	87.41%	174,821,511
Ahmet Mücahid Ören	7.62%	15,232,167	8.10%	16,202,328
Ayşe Dilvin Ören	1.46%	2,925,985	1.78%	3,552,990
Other	0.45%	908,599	2.71%	5,423,171
<b>Total</b>	<b>100%</b>	<b>200,000,000</b>	<b>100%</b>	<b>200,000,000</b>

The breakdown and benefits of the Holding's privileged shares (Group B shares):

Partner Name / Title	N/H	Number of Shares	Amount
İhlas Holding A.Ş.	Number of Shares	8,000,000	8,000,000
Ahmet Mücahid Ören	Number of Shares	1,750,000	1,750,000
Ayşe Dilvin Ören	Number of Shares	250,000	250,000
<b>Total</b>		<b>10,000,000</b>	<b>10,000,000</b>

## **İhlas Yayın Holding A.Ş.**

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

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

#### **Benefits of Preferential Shares**

a) Privilege to select the Board Members;

The Members of the Board of Directors are selected among candidates nominated by Group B 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.

b) Privilege to vote at the General Assembly meetings;

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

#### **The Group's Areas of Activity**

The Group is made up of the Holding and its subsidiaries

İhlas Gazetecilik A.Ş. (İhlas Gazetecilik), a Group company, is involved in 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. It owns six printing facilities in Istanbul, Ankara, Antalya, Izmir, Adana, and Trabzon.

İhlas Haber Ajansı A.Ş. (İHA), a Group company, is a news agency producing visual, printed, and photo news domestically and abroad, and marketing these news by way of satellites and other means.

TGRT Haber TV A.Ş. (TGRT Haber), a Group company, mainly broadcasts, produces, and performs audio and visual recordings for television and radio programs, television films, videos, and commercials, leases TV channels, and sets up radio stations. TGRT FM operates under the TGRT Haber TV A.Ş. legal entity, and it owns one broadcasting, two recording, and two montage studios.

TGRT Dijital TV Hizmetleri A.Ş. (TGRT Dijital), a Group company, broadcasts, produces, and performs audio and visual recordings for television and radio programs, documentaries, television films, videos, and commercials.

İletişim Magazin Gazt. ve Tic. A.Ş. (İletişim Magazin), a Group company, prints and markets newspapers, magazines, books, etc., and publishes numerous magazines covering various subjects, as well as a newspaper.

İhlas Gelişim Yayıncılık A.Ş.'nin (İhlas Gelişim), a Group company, sells, distributes, and markets newspapers and all forms of publications in Turkish and foreign languages in Turkey and foreign countries. It is the main partner of İhlas Gelişim, İletişim Magazin.

Dijital Varlıklar Görsel Medya ve İnternet Hizm. Ltd. Şti. (Formerly: Alternatif Medya Görsel İletişim Sis. Ltd. Şti. (Dijital Varlıklar), a Group company, operates as an advertising, publicity, and photography agency.

İhlas Medya Planlama ve Satınalma Hiz. Ltd.Şti. (İhlas Medya), a Group company, operates as an advertising, publicity, photography, publication, and advertising agency. It was merged with İhlas Medya, Promaş Profesyonel Medya Reklam ve Film Pazarlama Hizmetleri A.Ş. (Promaş) through an acquisition in the previous period.

## İhlas Yayın Holding A.Ş.

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

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

#### Subsidiaries

The Holding's subsidiaries and final shares as of December 31, 2014 and December 31, 2013:

	Main Area of Activity	Ownership Ratio	
		December 31, 2014	December 31, 2013
1) İhlas Gazetecilik	Publishing, distribution, marketing, and printing of Türkiye Newspaper	56%	56%
2) İHA	News agency	89%	75%
3) TGRT Haber	Television broadcasting through TGRT Haber TV and radio broadcasting through TGRT FM	98%	98%
4) TGRT Dijital	Television broadcasting through TGRT Belgesel TV	99%	99%
5) İletişim Magazin	Publishing, printing, and marketing magazines, newspapers, books, etc.	97%	79%
6) İhlas Fuar r)	Publishing periodical publications with regard to the organization and topic or fairs and exhibitions	-	77%
7) İhlas Gelişim	Main partner of İletişim Magazin Gazt. San ve Tic. A.Ş.	98%	84%
8) Dijital Varlıklar	Advertising, publicity, photography, and agency	93%	93%
9) İhlas Medya	Advertising, publicity, photography, and agency	98%	98%

(\*) İhlas Fuar was sold in the current period (Note 34)

#### Investments Valued by Equity Method (Affiliates)

The Holding's affiliates and final shares as of December 31, 2014 and December 31, 2013:

	Main Area of Activity	Ownership Ratio	
		December 31, 2014	December 31, 2013
1) İhlas İletişim Hiz. A.Ş. (İhlas İletişim)	Telecommunication and similar communication services	20%	20%
2) İhlas Holding A.Ş.- İhlas Yayın Holding A.Ş. - İhlas Pazarlama A.Ş. Ortak Girişimi (Ortak Girişim) (.)	Business of revenue sharing in return for land		45%

° İhlas Holding A.Ş. - İhlas Yayın Holding A.Ş. - İhlas Pazarlama A.Ş. Ortak Girişimi was closed in the current period as it has served its purpose of establishment

# **İhlas Yayın Holding A.Ş.**

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

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

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

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

##### **Compliance Statement**

The Group keeps accounting records and statutory financial statements in Turkish lira (TL) in compliance with trade legislation, financial legislation, and the 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. This communiqué annuls the Communiqué Serial XI, No: 29 on "Principles Regarding Financial Reporting in the Capital Markets."

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.

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

The Group's consolidated 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 the retroactive application of any of the Group's accounting policies, or retroactive 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 Group presents its financial statements for 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.

##### **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 POA was not applied to the Company's consolidated financial statements dated December 31, 2014.

The enclosed consolidated 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.

## **İhlas Yayın Holding A.Ş.** **Footnotes to the Consolidated Financial Statements** **as of December 31, 2014**

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

As per TAS 21 standard "Effects of Foreign Currency Rate Changes," the Group 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.

Foreign currency closing rates published by the Central Bank of Turkey for the December 31, 2014 - December 31, 2013 period:

Currency	Foreign Exchange Rates (TL/Foreign Currency)	
	December 31, 2014	December 31, 2013
USD	2.3189	2.1343
EURO	2.8207	2.9365
CHF	2.3397	2.3899
GBP	3.5961	3.5114
SEK	0.2958	0.3278

### **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 pertain to showing assets after deducting regulatory accounts, such as inventory impairment provisions and doubtful payables provisions.

### **Basis of Consolidation Applied**

Consolidated financial statements include the accounts of the parent company, İhlas Holding A.Ş., and its subsidiaries ending on December 31, 2014. Subsidiaries are consolidated on the date when control is transferred to the Group, and they are removed from subsidiaries on the date when control is out of the Group's hands. The Group's consolidated financial statements represent the companies in which the Holding has the authority and power to control financial and business policies in line with the Holding's interests, either by employing the authority to use more than 50 percent of the voting rights with regard to the shares that belong to the Holding directly and/or indirectly; or by employing actual control over the financial and business policies when it does not have the authority to use more than 50 percent of the voting rights.

Subsidiaries have been consolidated as per the full consolidation method; thus, the recorded values for subsidiaries have been netted in light of their relevant equities. Subsidiaries' shareholders' equities and net profits for the period with regard to non-main partnership beneficiaries are recognized as non-controlling shares in the consolidated financial statement (balance sheet) and consolidated comprehensive income statement.

The Group evaluates the activities of selling and buying the non-controlling shares of subsidiaries as a method of extending the parent company. Therefore, the difference between the subsidiary's share purchased based on the recorded net value of its assets and the cost of acquisition within the scope of buying and selling transactions of shares outside the parent company is accounted into equity. In other words, the changes in the parent company's shares of the subsidiary, given that there is no loss of control, are recorded as equity transactions.

Balances and transactions between Group companies, including profits across companies, and unrealized profits and losses, are eliminated. Similar accounting principles have been used for similar events and transactions in the consolidated financial statements.

## **İhlas Yayın Holding A.Ş.**

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

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

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 Group classifies its affiliate İhlas İletişim Hiz. A.Ş. (İhlas İletişim) in the investments valued by equity method.

#### **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,
- Implementation of a new accounting policy for events or transactions that have not arisen nor have had any previous importance,

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

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

Investment Businesses (Changes regarding TFRS 10, TFRS 12 and TAS 27)

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 Group's financial status and performance.

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 retroactively for the annual accounting periods starting on or after January 1, 2014. The aforementioned standard has not had a significant effect on the Group's financial status or performance.

## **İhlas Yayın Holding A.Ş.** **Footnotes to the Consolidated Financial Statements** **as of December 31, 2014**

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

### *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. Retroactive application of this interpretation is required. This interpretation does not apply to the Group and is not expected to have a significant impact on the Group's financial position or performance.

### *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 retroactively for the annual accounting periods starting on or after January 1, 2014. The aforementioned amendment had an effect on the disclosure provisions, but it has not had a significant effect on the Group's financial status and performance.

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

TAS 39 Financial Instruments: Amendments to the Recognition and Measurement standard published. These amendments introduce 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 retroactively for the annual accounting periods starting on or after January 1, 2014. The aforementioned standard has not had a significant effect on the Group's financial status or 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 consolidated financial statements' approval dates, but have not been entered into effect for the current reporting period, and which the Group has not begun implementing early. Unless stated otherwise, the Group will make the necessary changes that will affect its consolidated financial statements and footnotes after the new standards and interpretations come 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 in the Other Comprehensive Income table. In November 2013, the second stage of amendments that introduce new requirements for financial instruments were published, and TFRS 9's effective date of January 1, 2015 was postponed. These amendments and requirements are explained below as a 2013 amendment. IASB is continuing the work regarding impairment. The Group is assessing the effects of the standard on its financial status and performance.

## **İhlas Yayın Holding A.Ş.**

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

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

#### *TAS 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 TAS 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 over the periods of service. The amendment will be effective retroactively for the annual accounting periods starting on or after July 1, 2014. The aforementioned amendment is expected to have no significant effect on the Group's financial status and performance.

#### *TAS 16 and TAS 38 - Clarification of Acceptable Depreciation and Amortization Methods (Amendment)*

The amendments prohibited the use of revenue-based depreciation calculation for tangible fixed assets, and brought significant limitation for revenue-based depreciation calculation for intangible fixed assets. The amendments will be effective prospectively for the annual accounting periods starting on or after January 1, 2016. Early adoption is permitted. The aforementioned amendment is expected to have no significant effect on the Group's financial status and performance.

#### **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 Group 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*

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 Group is assessing the effects of the standard on its 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 retroactive or modified retroactive application. When modified retroactive application is preferred, previous periods will not be re-adjusted, but comparative numerical information will be provided in the footnotes of financial statements. The Group is assessing the amendment's impact on its financial position and performance.

## **İhlas Yayın Holding A.Ş.** **Footnotes to the Consolidated Financial Statements** **as of December 31, 2014**

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

### *IAS 27 - Equity Method in Personal Financial Statements (Amendment)*

In August 2014, the IASB amended IAS 27 so as to give the businesses once again the option of using the equity method when recognizing in personal financial statements the investments made in the subsidiaries and affiliates. Accordingly,

- businesses are required to recognize these investments
- based on cost value according to IFRS 9 (or IAS 39)
- or by using the equity method.

Businesses are required to use the same method in every investment category. As a result, an amendment was made to the application of IFRS 1 International Financial Reporting Standards for the first time. The amendment to IFRS 1 makes it possible to for timer businesses to recognize investments using the equity method in personal financial statements while applying the IFRS 1 exemption during the acquisition of the investment for past company mergers. The amendments will be effective retroactively for the annual reporting periods starting on or after January 1, 2016. Early adoption is permitted, and it must be stated. The Group is assessing the amendment's impact on its financial position and performance.

### *Annual improvements: 2010-2012 Period*

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 Group is assessing the amendment's impact on its financial position and performance.

### *Annual improvements: 2012-2014 Period*

In September 2014, the IASB published its annual improvements to the IFRS under the "IFRS Annual Improvements 2012-2014 Period" name. The document introduces five amendments to four standards, excluding the amended standards and related justifications. Effected standards and the subjects of the amendments:

- IFRS 5 Fixed Assets Held-for-Sale Durdurulan Faaliyetler - Discontinued Operations amendment to disposal methods
- IFRS 7 Financial Instruments: Explanations - service contracts; applicability of amendments to IFRS 7 interim period summary financial reports
- IAS 19 Employee Benefits - regional market issue regarding the discount rate
- IAS 34 Interim Period Financial Reporting - explanation of the information "in another section of the interim financial report"

The standard is effective for annual reporting periods beginning on or after January 1, 2016, with early implementation permitted. The Group is assessing the amendments' impact on its financial position and performance.

### *IFRS 10 and IAS 28: Investor's Asset Sales or Contributions for Affiliates or Business Partnership (Changes)*

In September 2014, the IASB amended IFRS 10 and IAS 28 with the goal of eliminating inconsistencies on requirements when handling loss of control of a subsidiary that is given to an affiliate or business partner. The amendment clarifies that it is the responsibility of the investor to recognize all of the gains or losses arising from the sale or contribution, between an investor and an affiliate or business partnership, of assets considered as a business in the manner described by IFRS 3.

Gains or losses that arise from the fair value re-evaluation of the investments retained by the previous subsidiary must be recognized in proportion to the non-related investment shares in that previous subsidiary. Businesses are required to implement the amendment to be effective retroactively for the annual reporting periods starting on or after January 1, 2016. Early adoption is permitted. The aforementioned amendment is expected to have no significant effect on the Group's financial status and performance.

## **ihlas Yayın Holding A.Ş.**

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

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

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

In December 2014, the IASB made amendments to IFRS 10, IFRS 12, and IAS 28 to address the following issues that arise in the application of the investment enterprises exception in IFRS 10 Consolidated Financial Statements standard: i) Consolidated financial statement presentation exception applies when the investment partnership measures all of the subsidiaries based on fair value for a parent company which is the investment enterprise's subsidiary, ii) Consolidation is done only for a subsidiary, which itself is not an investment enterprise, but provides support services to one. All other subsidiaries of the investment enterprise are measured based on fair value, iii) IAS Amendments to standards for Investments in Affiliates and Business Partners allow the investor to preserve the fair value measurement applied to subsidiaries by the affiliate or business partnership, which is the investment enterprise, when using the equity method. Amendments are effective for annual reporting periods beginning on or after January 1, 2016, with early implementation permitted. The aforementioned amendment is expected to have no significant effect on the Group's financial status and performance.

*IAS 1: Explanation Initiative (Amendment to IAS 1)*

The IASB amended IAS 1 in December 2014. These amendments contain limited improvement in the areas of importance, sorting and subtotals, footnote structure, accounting policy explanations, and presentation of other comprehensive income items arising from investments recognized in equity. Amendments are effective for annual reporting periods beginning on or after January 1, 2016, with early implementation permitted. The aforementioned amendment is expected to have no significant effect on the Group's financial status and performance.

#### **TAS/TFRS Improvements:**

In September 2014, the POA published the following amendments to standards with regard to the "Annual Improvements for the 2010-2012 Period" and "Annual Improvements for the 2011-2013 Period."

Amendments are effective for annual accounting periods beginning on or after January 1, 2016.

*Annual improvements: 2010-2012 Period*

*TFRS 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 aforementioned amendment is expected to have no significant effect on the Group's financial status and performance. The amendment will be applied prospectively.

*TFRS 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 TFRS 9 Financial Instruments. The aforementioned amendment is expected to have no significant effect on the Group's financial status and performance. The amendment will be applied prospectively for business mergers.

*TFRS 8 "Operating Segments":* Amendments: i) Operating segments may be combined/aggregated 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 aforementioned amendment is expected to have no significant effect on the Group's financial status and performance. The amendments will be applied retroactively.

*TAS 16 "Tangible Fixed Assets" and TAS 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 aforementioned amendment is expected to have no significant effect on the Group's financial status and performance. The amendment will be applied retroactively.

## **İhlas Yayın Holding A.Ş.**

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

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

TAS 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 aforementioned amendment is expected to have no significant effect on the Group's financial status and performance. The amendment will be applied retroactively.

*Annual improvements: 2011-2013 Period*

TFRS 3 "*Business Mergers*": Amendment has clarified 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 aforementioned amendment is expected to have no significant effect on the Group's financial status and performance. The amendment will be applied prospectively.

TFRS 13 "*Fair Value Measurement*": Clarifies that the portfolio exception in IFRS 13 can be applied to financial assets, financial liabilities and other contracts. The aforementioned amendment is expected to have no significant effect on the Group's financial status and performance. The amendment will be applied prospectively.

TAS 40 "*Investment Properties*": The amendment clarifies the interrelationship of TFRS 3 and TAS 40 when classifying property as investment property or owner-occupied property. The aforementioned amendment is expected to have no significant effect on the Group's financial status and performance. The amendment will be applied prospectively.

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

Corrections and inaccuracies in accounting estimates refer to an adjustment of the carrying amount of an asset or liability, or related expense, resulting from reassessing the expected future benefits and obligations associated with that asset or liability. Changes in accounting estimates result from a new development or information and, therefore, do not constitute a correction of errors.

When preparing the financial statements according to TFRS, the Group management is required to perform some projections and assumption that will affect the reported asset and liability amounts as well as the assets and liabilities that are likely to occur as of the statement date. Actual results may differ from estimates and assumptions.

Material changes to accounting policies and material accounting errors detected are applied retroactively, and the previous period's financial statements are readjusted. If the changes in accounting estimates are only for one period, they are applied during the current period when the changes occur; if they are for future periods, they are applied to both the current period when the changes occur and future periods as projected.

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

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

In terms of presentation of the cash flow table, cash and cash equivalents contain the prompt cash, and cash money and term deposits in banks. Cash and cash equivalents are recognized with the cost of acquisition and the sum of interest accrued. Financial investments with less than three months of term are reported in the cash and cash equivalents group pursuant to the TAS 7 "Cash Flow Statements" standard.

##### **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.

## **İhlas Yayın Holding A.Ş.**

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

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

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.

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 the comprehensive income statement. 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 the comprehensive income statement.

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.

The imputed rate of interest is taken as a basis when effective interest rates of trade receivables are unknown. The Group has used LIBOR as the effective interest rate because as per trade practices, its receivables and payables do not have a cash value and it does not apply delayed 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 in the comprehensive income statement pursuant to the "TAS 39 Financial Instruments: Recognition and Measurement" standard.

## **İhlas Yayın Holding A.Ş.**

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

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

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 Group's management. There are several ways a receivable may be evaluated as doubtful:

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

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 values. 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 in the comprehensive income statement 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 described as the recognition of intangible and tangible assets at cost, less any amortization and impairment losses.

## **İhlas Yayın Holding A.Ş.**

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

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

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. The Group has revaluation performed when there are signs of significant changes in real estate properties for which it uses the revaluation method. Meanwhile, since there is not an active market for tangible and intangible fixed assets other than real estate properties, it uses the cost method.

Provisions of the standards TAS 2 "Inventory" and TAS 16 "Tangible Fixed Assets" are applied for the transfers the Group 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 normal and straight-line method based on a pro-rata basis according to the useful lives and methods indicated below:

	Useful Life (Years)	Method
Buildings	50	Normal
Machinery, plants, and equipment	5-13	Normal
Vehicles, tools, and instruments	5-10	Normal
Furniture and fixtures	3-15	Normal
Other tangible fixed assets (Film)	2	Normal/ Straight-line
Special Costs	5	Normal
Rights	5	Normal
Other intangible fixed assets (computer software)	2-5	Normal

According to TAS 38, some intangible fixed assets can be in or on physical objects such as a legal document (if computer software) or film (if a license or patent). Films are considered within this scope and recognized in tangible fixed assets. These films do not have broadcast right, and they are generally films with religious content distributed by the Türkiye newspaper as a promotion in CD format.

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 value in use, the estimated future cash flow expected to arise is discounted to present value, using the pre-tax rate that reflects the risks specific to the asset. 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 and depreciation losses are recorded in the income statement under administrative expenses, marketing, sales and distribution expenses, and cost of sales, whereas appreciations are recorded in the appreciation fund under equities.

## **İhlas Yayın Holding A.Ş.**

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

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

The Group 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.

Intangible fixed assets represent brand, rights, 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 shares of tangible fixed assets are recorded in the income statement under marketing expenses, administrative expenses, and cost of sales.

İhlas Gazetecilik, a Group 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 is considered to have an indefinite useful life, and thus it is not amortized. This brand is subject to the impairment test as per TAS 36 "Impairment on Assets" standard. When determining the recoverable value of assets with an 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. Impairment provisions are reported under the Other Operating Expenses account, whereas impairment cancellations are recorded under the Other Operating Income account.

Profit or loss derived from the 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 the income and expense account from investment activities in the 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). An investment property is recognized by the Group as an asset if and only if it meets both of the following conditions:

- a) Possible inflow of property-related future benefits to the business, and
- 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.

## **ihlas Yayın Holding A.Ş.**

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

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

In the following periods, investment properties are valued by choosing either the fair value or the cost method, and the Group uses the former method in the valuation of its investment properties. 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.

Income or losses arising from fair value changes of an investment property are included in the profits or losses in the period in which 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.

#### **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.

#### **Goodwill**

Goodwill acquired through company merger represents the payment made by the company for future economic benefits projected from assets which cannot be determined individually and cannot be recognized separately. Goodwill does not create cash flows independent of other assets or asset groups, and usually contributes to the cash flow of multiple departments that create cash. At times, it may be necessary to distribute goodwill only to cash-generating department groups, rather than to departments that create personal cash. As a result, to serve internal administrative purposes, the lowest level where goodwill is recorded may sometimes be made up of a group of cash-creating departments to which goodwill is connected, but cannot be distributed to. Amounts that arise from mergers in which there are no cash-generating departments or to which the cash-generating department does not contribute to cash flow and does offer future economic benefit, and that are not defined as goodwill, are directly associated with expenses without being capitalized.

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 in the income statement as profit derived from business mergers.

## **İhlas Yayın Holding A.Ş.**

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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.

#### **Taxation and Deferred Taxes**

The Group'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 non-taxable or non-deductible items. The Group'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 29).

Deferred tax assets and deferred tax liabilities are deducted from each other as 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.

## **İhlas Yayın Holding A.Ş.**

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

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

Acquired by İhlas Gazetecilik, a Group 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.

#### **Leases**

##### **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 Group, 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 Lease**

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 Group 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 17). 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 laws, a provision for severance pay was calculated in accordance with the "International Accounting Standard Regarding Benefits Provided to Employees" (TAS 19), and by using the actuarial method for future liability amounts which may arise if the entire staff were to retire, discontinue its 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 17.

## **İhlas Yayın Holding A.Ş.**

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

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

#### **Provisions, Contingent Assets, and Liabilities**

Provisions are recognized provided that a present obligation 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.

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 the 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 16).

#### **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; the amount of revenue 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 composed of returns from the Group's sale of the daily newspaper. After the Group prints and distributes the newspaper, these sales are reflected in 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 Group's construction operations of its affiliate which it consolidates through the equity method. 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 Group bears the risk as no revenue is created until the product has been delivered and invoiced.

## **İhlas Yayın Holding A.Ş.**

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

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

#### **Sale of Services (advertising, fairs, TV services, etc.)**

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.

#### **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 Group's forward sales interest income arising from trade receivables are recognized in other operating income.

#### **Dividend**

Share certificate 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 in the comprehensive income statement 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 are the methods:

- 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.

#### **Non-accrual Financial Income/Expenses**

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 number of ordinary stocks outstanding during the period is calculated with respect to undiluted earnings per stock.

## **İhlas Yayın Holding A.Ş.**

### **Footnotes to the Consolidated 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 Group reflects financial assets or financial liabilities in its balance sheet only when it is a party to the financial instrument agreement. The Group must derecognize a financial asset or a part of it only when it loses control of the contractual rights with regard to these assets. The Group removes a financial liability from the balance sheet only when the obligation specified in the contract is discharged, canceled, 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 Group, using the 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 Group in a current market transaction.

The methods and assumptions below have been used in the estimation of the fair value of financial instruments whose fair value can be determined.

##### **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 into these categories: "financial assets at fair value through profit or loss," "held-to maturity investments," "available-for-sale financial investments" and "loans and receivables." The classification depends on the nature and purpose of the financial assets, and is determined at the time of initial recognition.

##### **Effective interest method**

The effective interest method is a method to calculate the amortized cost of a financial asset and to allocate interest income over the relevant period. The effective interest rate is the rate that precisely discounts estimated future cash collections for the expected life, or a shorter period if applicable, of the financial instrument to the net book value of the financial asset or liability.

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.

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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.

#### *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 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.

## **İhlas Yayın Holding A.Ş.**

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#### **Financial Liabilities**

The Group'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 Group's liabilities. Significant accounting policies for certain financial liabilities and equity instruments are described below.

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 Group 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.

#### **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.

## **İhlas Yayın Holding A.Ş.**

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

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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 Group has had no derivative instrument transactions during the period.

#### **Financial Risk Management**

##### **Collection Risk**

The Group's collection risk may generally arise from trade receivables. Trade receivables are evaluated by the Group 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.

##### **Currency Risk**

Currency risk arises from changes in the foreign exchange rates of a financial instrument. The Group's foreign currency balances resulting from its operating, investment, and financial activities as of the report date are described in Note 32. Foreign currency risk arises when the TL loses value against foreign currencies as the Group's net currency position is (-) as of December 31, 2014.

##### **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 Group manages its liquidity risk by balancing the distribution of its assets and liabilities over time (Note 39).

##### **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 similar means. Furthermore, related parties include investors and Group 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 Group's partners and group companies with indirect capital relationships with the Group, 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 Group's operations (Note 31).

Due to ordinary activities, related party transactions have generally been performed at prices compatible with market conditions. The companies which the Group is directly or indirectly associated with, other than its subsidiaries, affiliates, and business partners:

## İhlas Yayın Holding A.Ş.

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

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

#### Name of Related Parties

- 1) İhlas İletişim Hizmetleri A.Ş.
- 2) İhlas Holding A.Ş. - İhlas Yayın Holding A.Ş. ve İhlas Pazarlama A.Ş. Ortak Girişimi 3
- 3) İhlas Holding A.Ş.
- 4) İhlas Ev Aletleri İmalat San.Tic.A.Ş.
- 5) İhlas Pazarlama A.Ş.
- 6) Kuzuluk Kapl.Sağ. ve Petr.Ür.Tic.A.Ş
- 7) İhlas Net A.Ş.
- 8) İhlas Motor A.Ş.
- 9) Bisan Bisiklet Moped Otomotiv Sanayi ve Ticaret A.Ş.
- 10) Bisiklet Pazarlama Sanayi ve Ticaret A.Ş.
- 11) İhlas Yapı Turizm ve Sağlık A.Ş
- 12) Cyprus Office
- 13) Armutlu Tatil ve Turizm İşletmeleri A.Ş.
- 14) İhlas İnşaat Holding A.Ş.
- 15) İhlas Pazarlama Yatırım Holding A.Ş.
- 16) İhlas İnşaat Proje Taahhüt Turizm ve Tic. A.Ş.
- 17) Şifa Yemek ve Gıda Üretim Tesisleri Tic. A.Ş.
- 18) KPT Lojistik Taşımacılık Tur. Rek. Paz. İç ve Dış Tic. A.Ş.
- 19) İhlas Madencilik A.Ş.
- 20) İhlas Yapı Turizm ve Sağlık A.Ş.-Kam Gayrimenkul Proje ve İnşaat Ltd. Şti. Adi Ortaklığı
- 21) Tasfiye Halinde İhlas Finans Kurumu A.Ş.
- 22) İhlas Dış Ticaret A.Ş.
- 23) Detes Enerji Üretim A.Ş.
- 24) Mir Maden İşletmeciliği Enerji ve Kimya San. Ltd. Şti.
- 25) İhlas Mining Ltd. Şti.
- 26) İhlas Holding A.Ş.-Belbeton Beton Elemanları Sanayi Üretim ve Tic. A.Ş. - Ulubol İnşaat Harfiyat Gıda Tur. San. ve Tic. Ltd. Şti. Adi Ortaklığı
- 27) Doğu Yatırım Holding A.Ş.
- 28) Swiss PB AG
- 29) İstmag Magazin Gazetecilik Yayıncılık İç ve Dış Tic. Ltd. Şti. (former name: Yakamoz Sektörel Petrol Ürünleri Yapı Gıda Ltd. Şti.)
- 30) Voli Turizm Seyahat Tic. Ltd. Şti.
- 31) Voli Fuar Hizmetleri A.Ş. (former name: İhlas Fuar Hizmetleri A.Ş.)
- 32) Klas Dış Ticaret A.Ş.
- 33) Ulubol İnşaat Harfiyat Gıda Tur. San. ve Tic.Ltd. Şti.
- 34) Belbeton Beton Elemanları Sanayi Üretim ve Tic. A.Ş.
- 35) İhlas Vakfı
- 36) İhlas Vakfı Yurt ve Eğitim Hizmetleri İktisadi İşletmesi
- 37) Net İletişim Hizmetleri Ltd. Şti.
- 38) NETTEC Otomasyon ve Çevre Teknolojileri A.Ş. (Former name: İhlas Net Ltd. Şti.)
- 39) İleri Haber Ajansı Tanıtım İletişim ve Teknik Hizmetleri Tic. A.Ş.
- 40) İHA GmbH Almanya
- 41) Mute Grup Medya İç ve Dış Ticaret A.Ş.
- 42) Kam Gayrimenkul Proje ve İnşaat Ltd.Şti.
- 43) Antalya İmar Ltd. Şti.
- 44) Plus Gayrimenkul Tic. A.Ş.
- 45) Şecere İnşaat Ticaret A.Ş.
- 46) Kahraman Gayrimenkul Yatırım İnşaat San. Tic. Ltd. Şti.
- 47) CDC Kurumsal Gelişim Merkezi Ltd. Şti.
- 48) London Video Production Center Plc.
- 49) İhlas Holding A.Ş. - İhlas Yapı Turizm ve Sağlık A.Ş. Ortak Girişimi-4
- 50) İhlas Genel Antrepo Nakliyat ve Tic. A.Ş.
- 51) Tasfiye Halinde İhlas Oxford Mortgage İnşaat ve Ticaret A.Ş.
- 52) Tasfiye Halinde Kia-İhlas Motor Sanayi ve Ticaret A.Ş.
- 53) Kristal Kola ve Meşrubat Sanayi Ticaret A.Ş.

## **İhlas Yayın Holding A.Ş.**

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

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

- 54) Kristal Gıda Dağıtım Pazarlama San. ve Tic. A.Ş.
- 55) Sıla Meşrubat Üretim ve Pazarlama A.Ş. (previous name: İhlas Meşrubat Üretim ve Pazarlama A.Ş.)
- 56) Balsa Balıkesir Meşrubat San. Tic. A.Ş.
- 57) ZELA İnş. Otom. Tur. San. ve Tic. A.Ş.
- 58) Fikirevim Reklamcılık Görsel Etkinlik Tic. Ltd. Şti.
- 59) Alternatif Görüntülü İşitsel Bilişim ve İletişim Sistemleri Ltd. Şti.
- 60) YB Reklam ve Halkla İlişkiler İnş. Ve Tic. Ltd. Şti.

#### **Effects of Changes in Foreign Exchange Rate**

The functional currency of the Group is the Turkish lira ("TL"). When initially recognizing the transactions in foreign currency (currencies other than the relative entity's functional currency), the Group 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.

#### **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, the Group discloses them in the accompanying notes (Note 35).

#### **Government Incentives and Aid**

Government incentives are not reflected in the financial statements unless a reasonable assurance exists that certain terms will be fulfilled. These condition are a) the business fulfills the necessary conditions to obtain the incentive, and b) the business obtains the incentive. Unless a reasonable assurance exists that the company will meet the conditions required for the incentive and that the incentive will be obtained, government incentives are not reflected in the financial statements.

#### **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. According to the TAS 7 "Cash Flow Statements" standard, cash equivalents are the assets that are held to meet short-term liabilities and that are not used for any other investment purposes. 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 securities that represent equity are not considered as cash equivalents unless they have intrinsic cash equivalent properties (e.g., preferred stocks with fixed redemption dates).

## **İhlas Yayın Holding A.Ş.** **Footnotes to the Consolidated Financial Statements** **as of December 31, 2014**

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

The Group's cash and cash equivalents:

	<b>December 31, 2014</b>	<b>December 31, 2013</b>
Cash	202,349	281,719
Bank	2,432,623	1,055,898
Other current assets	215,733	211,604
Checks that are due on balance sheet date	468,510	128,554
<b>Total</b>	<b>3,319,215</b>	<b>1,677,775</b>

The Group 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 Group's areas of activity. Cash flows related to investment activities show the cash flows that the Group 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 Group 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.

### **Reportable Parts**

The Group 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 Group prepares a separate report containing information about an operation segment that meets any of the following numerical lower limits:

(a) Reported revenues obtained by 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,

## **ihlas Yayın Holding A.Ş.**

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

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

(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 the activities carried out with the subsidiaries and affiliates within the Group's consolidation scope, and for which the revenue and expenses can be identified separately according to company. As each company included in the consolidation is deemed by the Group as a reportable operating segment, reporting in Note 3 is made accordingly. The goods and services bought and sold between these companies are generally done up to market value.

#### **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 Group while preparing its consolidated financial statements are included in the following footnotes:

Note 8	Provision for impairment of trade receivables
Note 10	Provision for impairment of inventories
Notes 12, 13, and 14	Useful lives and provisions for impairment of investment properties, tangible and intangible fixed assets
Note 16	Provisions for litigations and other payables
Note 29/B	Deferred tax assets and liabilities

Sources of ambiguity as of the date of the annual report 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 Group annually tests goodwill carrying amounts, or 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 and goodwill carrying amount have been compared to their recoverable values and have been subjected to the value impairment test. Recoverable values are determined based on the usage values.

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 anticipated in the future, then the deferred tax is calculated on the carried forward but unused losses as well as on any deductible temporary differences. The Group reviewed transferred tax losses as of December 31, 2014.

c) The management has also used some assumptions and projections to determine useful lives, establish provisions for doubtful receivables (Note 8), and calculate provisions for litigation (Note 16) and other debt provisions.

#### **Note 3 - Business Mergers**

None (December 31, 2013: The Board of Directors resolved on December 18, 2013 to incorporate Promaş, a Group company, into Ihlas Medya by taking over all of its assets and liabilities in their entirety in accordance with the provisions of Article 451 of the Turkish Commercial Code No. 6762, and Articles 19 and 20 of the Corporate Income Tax Law No. 5520. No goodwill was derived since the aforementioned merger was completed between companies included in the consolidation.)

## İhlas Yayın Holding A.Ş.

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

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

#### Note 4 - Department-Based Reporting

##### January 1-December 31, 2014 period:

	Newspaper and Publishing Business	News Agency	TV Services	Advertising Agency	Fairs and Magazines °	Other	Eliminations within the Group	Group Total
Revenues	95,713,790	33,532,641	14,919,543	28,165,470	6,512,567	1,160,454	(4,095,091)	175,909,374
Cost of Sales (-)	(84,999,299)	(30,058,606)	(9,637,725)	(28,530,762)	(4,118,111)	(581,969)	2,051,385	(155,875,087)
<b>Gross Profit/Loss</b>	<b>10,714,491</b>	<b>3,474,035</b>	<b>5,281,818</b>	<b>(365,292)</b>	<b>2,394,456</b>	<b>578,485</b>	<b>(2,043,706)</b>	<b>20,034,287</b>
Operating Expenses (-)	(40,616,856)	(4,175,535)	(11,478,947)	(1,152,852)	(2,875,577)	(4,241,266)	2,329,899	(62,211,134)
Other Operating Income	12,409,500	4,191,174	2,029,534	1,878,232	544,516	1,019,429	(286,193)	21,786,192
Other Operating Expenses (-)	(3,756,614)	(3,261,907)	(4,220,837)	(1,144,609)	(7,870)	(4,499,572)	-	(16,891,409)
<b>Operating Profit/Loss</b>	<b>(21,249,479)</b>	<b>227,767</b>	<b>(8,388,432)</b>	<b>(784,521)</b>	<b>55,525</b>	<b>(7,142,924)</b>	<b>-</b>	<b>(37,282,064)</b>
Income/Expenses (-) from Investments, net	62,762,505	192,738	43,095	-	-	10,604,275	-	73,602,613
Share of Investments Valued by Equity Method in Profit/ Loss	-	-	-	-	-	(42,007)	-	(42,007)
<b>Operating Profit/(Loss) Before Financial Expenses</b>	<b>41,513,026</b>	<b>420,505</b>	<b>(8,345,337)</b>	<b>(784,521)</b>	<b>55,525</b>	<b>3,419,344</b>	<b>-</b>	<b>36,278,542</b>
Financial Income/ (Expenses), (net)	444,111	(33,907)	(41,346)	35,737	(76,376)	(432,154)	-	(103,935)
<b>Pretax Profit/(Loss) from Continuing Operations</b>	<b>41,957,137</b>	<b>386,598</b>	<b>(8,386,683)</b>	<b>(748,784)</b>	<b>(20,851)</b>	<b>2,987,190</b>	<b>-</b>	<b>36,174,607</b>
<b>Total Assets</b>	<b>301,402,793</b>	<b>22,630,887</b>	<b>33,623,344</b>	<b>10,822,981</b>	<b>4,661,316</b>	<b>24,342,948</b>	<b>(20,645,776)</b>	<b>376,838,493</b>
<b>Total Liabilities</b>	<b>62,853,009</b>	<b>13,752,493</b>	<b>37,988,194</b>	<b>7,240,362</b>	<b>4,672,250</b>	<b>4,910,663</b>	<b>(20,645,776)</b>	<b>110,771,195</b>

° The Group terminated fair operations in the current period (Note 34).

As per Article 34 of TFRS 8, which includes in the reporting, according to the aforementioned operating segments, revenues from customers from which the Group has earned more than 10 percent of its total income:

	Newspaper and Publishing Business	News Agency	TV Advertising	Services Agency	Fairs and Magazines	Other	Total
Revenues	1,016,575	-	300,000	27,956,649	10,593	25,000	29,308,817

# İhlas Yayın Holding A.Ş.

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

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

### January 1-December 31, 2013 period:

	Newspaper and Publishing Business	News Agency	TV Services	Advertising Agency	Fairs and Magazines	Other	Eliminations within the Group	Group Total
Revenues	81,715,889	31,300,271	22,821,493	26,747,483	11,739,600	857,012	(4,601,250)	170,580,498
Cost of Sales (-)	(80,709,989)	(28,202,570)	(8,533,897)	(27,689,822)	(8,055,199)	(183,357)	3,793,584	(149,581,250)
<b>Gross Profit/Loss</b>	<b>1,005,900</b>	<b>3,097,701</b>	<b>14,287,596</b>	<b>(942,339)</b>	<b>3,684,401</b>	<b>673,655</b>	<b>(807,666)</b>	<b>20,999,248</b>
Operating Expenses (-)	(22,453,266)	(4,619,527)	(13,275,080)	(996,915)	(5,794,158)	(4,273,861)	1,286,339	(50,126,468)
Other Operating Income	13,878,511	2,997,152	2,761,242	2,281,913	1,146,111	1,370,052	(483,591)	23,951,390
Other Operating Expenses (-)	(4,482,531)	(2,773,136)	(3,623,795)	(787,246)	(38,565)	(6,941,184)	-	(18,646,457)
<b>Operating Profit/(Loss)</b>	<b>(12,051,386)</b>	<b>(1,297,810)</b>	<b>149,963</b>	<b>(444,587)</b>	<b>(1,002,211)</b>	<b>(9,171,338)</b>	<b>(4,918)</b>	<b>(23,822,287)</b>
Income/Expenses (-) from Investments,								
net	12,859,519	44,561	27	-	82,992	497,368	-	13,484,467
Share of Investments Valued by Equity Method in Profit/Loss	-	-	-	-	-	2,314,388	--	2,314,388
<b>Operating Profit/ Loss Before Finance Expenses</b>	<b>808,133</b>	<b>(1,253,249)</b>	<b>149,990</b>	<b>(444,587)</b>	<b>(919,219)</b>	<b>(6,359,582)</b>	<b>(4,918)</b>	<b>(8,023,432)</b>
Financial Income/ (Expenses), (net)	1,038,144	(31,920)	(823,571)	526,416	(103,276)	(344,449)	4,918	266,262
<b>Pretax Profit/Loss from Continuing Operations</b>	<b>1,846,277</b>	<b>(1,285,169)</b>	<b>(673,581)</b>	<b>81,829</b>	<b>(1,022,495)</b>	<b>(6,704,031)</b>	<b>-</b>	<b>(7,757,170)</b>
<b>Total Assets</b>	<b>261,622,837</b>	<b>22,148,363</b>	<b>29,810,703</b>	<b>15,752,414</b>	<b>8,044,591</b>	<b>29,598,805</b>	<b>(8,488,652)</b>	<b>358,489,061</b>
<b>Total Liabilities</b>	<b>45,809,653</b>	<b>13,301,710</b>	<b>26,479,175</b>	<b>11,454,884</b>	<b>7,830,416</b>	<b>13,179,857</b>	<b>(8,488,652)</b>	<b>109,567,043</b>

As per Article 34 of TFRS 8, which includes in the reporting, according to the aforementioned operating segments, revenues from customers from which the Group has earned more than 10 percent of its total income:

	Newspaper and New Publishing Business	New Agency	TV Services	Advertising Agency	Fairs and Magazines	Other	Total
Revenues	683,738	4,526	4,455,000	26,313,566	17,330	-	31,474,160

### Note 5 - Cash and Cash Equivalents

	December 31, 2014	December 31, 2013
<b>Cash</b>	<b>202,349</b>	<b>281,719</b>
-TL	131,404	177,407
-Foreign Currency	70,945	104,312
<b>Bank</b>	<b>2,432,623</b>	<b>1,055,898</b>
<b>-Current deposits</b>	<b>2,289,814</b>	<b>1,050,380</b>
-TL	1,105,973	445,709
-Foreign Currency	1,183,841	604,671
<b>-Term deposits</b>	<b>142,809</b>	<b>5,518</b>
-Term deposits with a maturity of less than 3 months	142,809	-
-Liquid funds	-	5,518
<b>Other Current Assets</b>	<b>215,733</b>	<b>211,604</b>
<b>Checks that are due on balance sheet date</b>	<b>468,510</b>	<b>128,554</b>
<b>Total</b>	<b>3,319,215</b>	<b>1,677,775</b>

## İhlas Yayın Holding A.Ş.

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

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

#### Note 6 - Financial Investments

	December 31, 2014	December 31, 2013
<b>Short-Term Financial Investments</b>		
<b>Banks</b>	-	<b>7,600,329</b>
-Restricted term deposits with maturities of more than 3 months	-	7,600,329
<b>Total</b>	<b>-</b>	<b>7,600,329</b>

Note 13 provides detailed information on the principal of restricted term deposits in the previous period. The interest rate is 7.75 percent for TL term deposits restricted until July 4, 2014 for the previous period.

#### Note 7 - Financial Liabilities

	December 31, 2014	December 31, 2013
<b>Short-term financial liabilities</b>	<b>4,506,522</b>	<b>11,694,384</b>
Bank Loans	3,875,555	10,765,187
Financial Leasing	630,967	929,197
<b>Current Portion of Long-term Financial Liabilities</b>	<b>2,556,911</b>	<b>3,066,261</b>
Bank Loans	-	176,735
Financial Leasing	2,556,911	2,889,526
<b>Long-term Financial Liabilities</b>	<b>3,064,286</b>	<b>4,409,568</b>
Bank Loans	-	70,407
Financial Leasing	3,064,286	4,339,161

#### a) Bank Loans

December 31, 2014	Currency	Applied Interest Rate		Maturity	TL Amount
		Minimum	Maximum		
Short-term Loans	TL	16%	17%	Revolving	3,657,312
	TL	12%	14%	Up to 3 months	58,942
	TL	12%	14%	3 to 12 Months	159,301
<b>Total Short-term Loans</b>					<b>3,875,555</b>
Short-term Portion of Long-term Loans	TL	-	-	Up to 3 months	
	TL	-	-	3 to 12 Months	-
<b>Short-term Portion of Total Long-term Loans</b>					<b>-</b>
Long-term Loans	TL	-	-	1 to 5 Years	-
<b>Total Long-term Loans</b>					<b>-</b>

December 31, 2013	Currency	Applied Interest Rate		Maturity	TL Amount
		Minimum	Maximum		
Short-term Loans	TL	6%	19%	Revolving	2,974,405
	TL	9%	12%	Up to 3 months	19,846
	TL	9%	12%	3 to 12 Months	7,770,936
<b>Total Short-term Loans</b>					<b>10,765,187</b>
Short-term Portion of Long-term Loans	TL	10%	12%	Up to 3 months	45,417
	TL	10%	12%	3 to 12 Months	131,318
<b>Short-term Portion of Total Long-term Loans</b>					<b>176,735</b>
Long-term Loans	TL	10%	12%	1 to 5 Years	70,407
<b>Total Long-term Loans</b>					<b>70,407</b>

# İhlas Yayın Holding A.Ş.

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

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

The following is the maturity analysis as of December 31, 2014 and December 31, 2013:

	December 31, 2014	December 31, 2013
Revolving	3,657,312	2,974,405
Up to 3 months	58,942	65,263
3 to 12 Months	159,301	7,902,254
1 to 5 Years	-	70,407
<b>Total</b>	<b>3,875,555</b>	<b>11,012,329</b>

### b) Financial Leasing

	Currency	Applied Interest Rate		Maturity	December 31, 2014	December 31, 2013
		Minimum	Maximum		Amount	Amount
Financial Leasing Liabilities	TL	-	-	Up to 3 months	-	-
	USD	5%	7%		153,550	277,836
	EUR	7%	8%		91,458	-
	TL	11%	11%	3 to 12 Months	41	-
	USD	5%	7%		297,894	641,750
	EUR	7%	8%		88,024	9,611
<b>Total Short-term Financial Leasing Liabilities</b>					<b>630,967</b>	<b>929,197</b>
Long-term Financial Liabilities Short-term Portion of Financial Liabilities	TL	11%	11%	Up to 3 months	63,792	34,153
	USD	5%	7%		-	84,470
	EUR	3%	8%		493,897	555,987
	TL	11%	11%	3 to 12 Months	423,023	108,654
	USD	5%	7%		-	255,450
	EUR	7%	8%		1,576,199	1,850,812
<b>Short-term Portion of Total Long term Financial Leasing Liabilities</b>					<b>2,556,911</b>	<b>2,889,526</b>
Long-term Financial Liabilities Financial Leasing Liabilities	TL	11%	11%	1 to 5 years	2,214,660	667,140
	USD	5%	7%		-	415,507
	EUR	3%	8%	-	-	-
					849,626	3,256,514
<b>Total Long-term Financial Leasing Liabilities</b>					<b>3,064,286</b>	<b>4,339,161</b>

Maturity analysis of long-term leasing liabilities as of December 31, 2014 and December 31, 2013:

	December 31, 2014	December 31, 2013
2015	-	1,902,701
2016	1,215,669	1,766,894
2017	832,406	546,152
2018	630,112	123,414
2019	386,099	-
<b>Total</b>	<b>3,064,286</b>	<b>4,339,161</b>

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 Yayın Holding A.Ş.

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

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

#### Note 8 - Trade Receivables and Payables

	December 31, 2014	December 31, 2013
<b>Trade receivables from related parties <sup>(1)</sup></b>	<b>19,719,282</b>	<b>28,408,437</b>
-Gross trade receivables from related parties	22,737,912	30,830,860
-Minus: Trade receivables rediscount from related parties	(2,869,049)	(2,174,617)
-Provision for doubtful receivables <sup>(2)</sup>	(149,581)	(247,806)
<b>Trade receivables from non-related parties</b>	<b>74,252,019</b>	<b>61,848,955</b>
-Buyers	32,014,985	36,119,251
-Post-dated checks and notes receivables	80,060,776	42,551,838
-Minus: Trade receivables rediscount	(5,638,321)	(3,706,799)
-Provision for doubtful receivables (2)	(32,185,421)	(13,115,335)
<b>Total</b>	<b>93,971,301</b>	<b>90,257,392</b>

<sup>(1)</sup> Details provided in Note 31.

<sup>(2)</sup> Reconciliation regarding the provision for doubtful trade receivables as of the beginning and end of the period:

	December 31, 2014	December 31, 2013
<b>Balance as of January 1</b>	<b>(13,363,141)</b>	<b>(13,941,435)</b>
Terminated provisions in the current period	3,198,870	3,589,798
Provisions reserved in the period	(22,170,731)	(3,011,504)
<b>Balance as of the period end date</b>	<b>(32,335,002)</b>	<b>(13,363,141)</b>

	December 31, 2014	December 31, 2013
<b>Trade payables to related parties <sup>(*)</sup></b>	<b>5,020,664</b>	<b>7,942,630</b>
-Gross trade payables to related parties	5,467,163	8,871,000
-Minus: Trade payables rediscount to related parties	(446,499)	(928,370)
<b>Trade payables to non-related parties</b>	<b>19,239,463</b>	<b>29,090,545</b>
-Vendors gross amount	18,386,626	29,591,059
-Gross amount of post-dated checks and notes payable	2,249,925	2,233,410
-Minus: Trade liabilities rediscount	(1,397,088)	(2,733,924)
<b>Total</b>	<b>24,260,127</b>	<b>37,033,175</b>

<sup>(\*)</sup> Details provided in Note 31.

#### Note 9 - Other Receivables and Payables

	December 31, 2014	December 31, 2013
<b>Other receivables from related parties <sup>(*)</sup></b>	<b>46,985,333</b>	-
Other receivables from related parties <sup>(*)</sup>	46,958,503	-
Receivable from partners	26,830	-
<b>Other receivables from non-related parties</b>	<b>678,936</b>	<b>477,496</b>
Receivables from personnel	234,115	214,447
Other receivables	374,806	254,042
Deposits and collaterals given	70,015	9,007
<b>Other receivables (Short-term)</b>	<b>47,664,269</b>	<b>477,496</b>
<b>Other receivables from non-related parties</b>	<b>99,585</b>	<b>103,031</b>
Deposits and collaterals given	99,585	103,031
<b>Other Receivables (Long-term)</b>	<b>99,585</b>	<b>103,031</b>

<sup>(\*)</sup> Details provided in Note 31.

## **İhlas Yayın Holding A.Ş.**

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

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

(\*\*) Finance receivable

	<b>December 31, 2014</b>	<b>December 31, 2013</b>
<b>Other payables to non-related parties</b>	<b>170,985</b>	<b>253,651</b>
Other payables	170,985	253,651
<b>Other payables to related parties</b>	<b>-</b>	<b>9,001</b>
Payables to partners	-	9,001
<b>Other Payables (Short-term)</b>	<b>170,985</b>	<b>262,652</b>

#### **Note 10 - Inventories**

	<b>December 31, 2014</b>	<b>December 31, 2013</b>
Raw Materials and Supplies	6,506,513	7,562,335
Semi-finished goods	88,540	71,170
Goods	594,100	417,807
Commodities	63,748	214,988
Other Inventory	101,600	128,764
Provisions for Inventory Impairment (-)	(396,642)	(386,151)
<b>Total</b>	<b>6,957,859</b>	<b>8,008,913</b>

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

	<b>December 31, 2014</b>	<b>December 31, 2013</b>
<b>Balance as of the period start date</b>	<b>(386,151)</b>	<b>(413,003)</b>
Provision for Impairment (-)/Provision no longer required, net	(10,491)	26,852
<b>Balance as of the period end date</b>	<b>(396,642)</b>	<b>(386,151)</b>

The conditions under provisions for impairment of inventories are canceled: a) changes in projected market sales price and expense, b) sale of inventory items for which provisions are allocated, c) current economic conditions and d) the Group's inventory policy.

No inventories have been provided as collateral for the Group'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.

## İhlas Yayın Holding A.Ş.

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

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

#### Note 11 - Investments Valued by Equity Method

##### December 31, 2014

Company Name	Effective Share %	Affiliate Amount	Capital Commitment (-)	Valuation Difference	Net Value
İhlas İletişim	20	200,000	-	(123,476)	76,524
<b>TOTAL</b>		<b>200,000</b>	<b>-</b>	<b>(123,476)</b>	<b>76,524</b>

"İhlas Holding A.Ş. - İhlas Yayın Holding A.Ş. ve İhlas Pazarlama A.Ş. Ortak Girişimi" (Ortak Girişim) was closed on November 30, 2014 as it has served its purpose of establishment. The company was established as an ordinary partnership and it was included in the consolidation by equity method until September 30, 2014 with an effective share ratio of 45 percent.

##### December 31, 2013

Company Name	Effective Share %	Affiliate Amount	Capital Commitment (-)	Valuation Difference	Net Value
Ortak Girişim	45	45,000	-	1,384,757	1,429,757
İhlas İletişim	20	200,000	-	(107,194)	92,806
<b>TOTAL</b>		<b>245,000</b>	<b>-</b>	<b>1,277,563</b>	<b>1,522,563</b>

#### Share of Investments Valued by Equity Method in Profit/(Loss)

	January 1-December 31, 2014	January 1-December 31, 2013
Affiliation valuation difference at the beginning of the period (a)	1,277,563	225,818
Affiliation valuation difference at the end of the period (b)	(123,476)	1,277,563
Dividend income in the period (c)	1,314,032	1,262,643
Capital refund (d)	45,000	-
<b>Affiliates appreciation/(depreciation) in the period (b+c+d-a)</b>	<b>(42,007)</b>	<b>2,314,388</b>

İhlas İletişim is the Group's other affiliate included in the consolidation by equity method. The company is involved in all kinds of telephone and telecommunication, and other similar communication operations. The affiliate's summary financial statements:

	December 31, 2014	December 31, 2013
Current/Non-Current Assets	374,932	569,251
Non-Current/Fixed Assets	122,982	104,410
<b>Total Assets</b>	<b>497,914</b>	<b>673,661</b>
Short-Term Liabilities	112,501	206,962
Long-Term Liabilities	2,792	2,666
Shareholders' Equity	382,621	464,033
<b>Total liabilities and shareholders' equity</b>	<b>497,914</b>	<b>673,661</b>
Net Sales	-	235,794

# İhlas Yayın Holding A.Ş.

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

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

Profit/(Loss) for the Period	(81,412)	19,728
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### Note 12 - Investment Properties

#### January 1-December 31 2014

Investment Properties	January 1, 2014	Inflows	Outflows (")	Appreciation (")	Subsidiary Sales	Transfer	December 31, 2014
Land and lots	74,188,606	-	(32,648,048)	4,118,609	(978,239)	-	44,680,928
Buildings	24,935,780	-	(13,523,049)	18,605,356	(71,761)	-	29,946,326
<b>Total</b>	<b>99,124,386</b>	<b>-</b>	<b>(46,171,097)</b>	<b>22,723,965</b>	<b>(1,050,000)</b>	<b>-</b>	<b>74,627,254</b>

#### January 1-December 31 2013

Investment Properties	January 1, 2013	Inflows	Outflows	Appreciations	Impairment	Transfer	December 31, 2013
Land and lots	39,491,235	-	(3,435,929)	11,690,558	-	26,442,742	74,188,606
Buildings	26,140,729	6,097	(1,994,928)	1,130,477	(34,662)	(311,933)	24,935,780
<b>Total</b>	<b>65,631,964</b>	<b>6,097</b>	<b>(5,430,857)</b>	<b>12,821,035</b>	<b>(34,662)</b>	<b>26,130,809</b>	<b>99,124,386</b>

(")The Group sold the detached units number 2, 3, 4, and 5 in section 24, parcel 10913 in Yenibosna neighborhood, Bahçelievler district, İstanbul, to Aslan Ticaret Dayanıklı Tüketim Malları Ltd. Şti. for a price of 96,015,000 TL on December 29, 2014, and recognized the sales profit of 49,843,903 TL in the income from investments account (Note 26).

(")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 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	The Part Appraised as Investment Property	Values as of December 31, 2013	Resulting Appreciations in the Current Period	Appraisal Date	Appraisal Methods
Detached Units 8, 10, 11, and 12 (,)	45,400,000	43,189,836	25,772,500	17,417,336	January 23, 2015	Peer Comparison Method
Detached Unit No. 13 (,) (2)	24,000,000	23,861,379	19,175,750	4,685,629	January 23, 2015	Peer Comparison Method
Mürselpaşa Bulvarı, No:161 Kahramanlar-Konak/Izmir	8,460,000	8,460,000	8,000,000	460,000	November 10, 2014	Replacement Cost Method
Block 1927, parcel 187 Yüreğir/Adana	2,585,000	2,585,000	2,424,000	161,000	December 31, 2014	Peer Comparison and Cost Methods
<b>Total Appreciation (Note 26)</b>				<b>22,723,965</b>		

(")Detached units located on Section 24, Parcel 10913 in Yenibosna neighborhood, Bahçelievler district, İstanbul.

(1) A 4.87-percent section used by the Group in the detached unit has been classified as a tangible fixed asset.

(2) A 0.58-percent section used by the Group in the detached unit has been classified as a tangible fixed asset.

## İhlas Yayın Holding A.Ş.

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

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

The total amount of lien, restrictions, and mortgages on the Company's investment properties is 68,400,000 TL, or \$7,000,000 (December 12, 2013: 96,400,000 TL, or \$20,000,000).

There are no investment properties which the Group 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 Group earned a total of 3,255,828 TL (previous period: 1,812,171 TL) from its investment properties in the current period, and incurred an insurance and real estate tax expense of 220,854 TL (previous period: 239,663 TL).

#### Note 13 - Tangible Fixed Assets

##### January 1-December 31 2014

	January 1, 2014	Inflows	Outflows	Transfers	Subsidiaries	Sold Growth Funds	December 31, 2014
<b>Tangible Fixed Assets</b>							
Land and lots	17,775,573	-	- (2,097,913)	-	-	750,226	16,427,886
Buildings	6,006,938	-	- 2,097,913	-	-	1,039,159	9,144,010
Machinery, plants and equipment	89,701,640	3,722,082	(1,096,580)	-	-	-	92,327,142
Vehicles	3,747,034	260,960	(1,094,358)	-	-	-	2,913,636
Fixtures	23,720,042	329,884	(307,616)	-	(300,551)	-	23,441,759
Other tangible fixed assets	2,270,229	-	-	-	-	-	2,270,229
Special Costs	256,477	18,118	-	-	(55,170)	-	219,425
<b>Total</b>	<b>143,477,933</b>	<b>4,331,044</b>	<b>(2,498,554)</b>	<b>-</b>	<b>(355,721)</b>	<b>1,789,385</b>	<b>146,744,087</b>
<b>Less: Accumulated Depreciation</b>							
Buildings	(521,388)	(167,897)	-	-	-	(141,308)	(830,593)
Machinery, plants, and equipment	(69,848,869)	(4,653,773)	950,434	-	-	-	(73,552,208)
Vehicles	(2,029,899)	(494,613)	776,056	-	-	-	(1,748,456)
Fixtures	(21,913,709)	(644,967)	300,394	-	280,221	-	(21,978,061)
Other tangible fixed assets	(2,108,804)	(73,425)	-	-	-	-	(2,182,229)
Special Costs	(221,225)	(12,856)	-	-	43,719	-	(190,362)
<b>Total</b>	<b>(96,643,894)</b>	<b>(6,047,531)</b>	<b>2,026,884</b>	<b>-</b>	<b>323,940</b>	<b>(141,308)</b>	<b>(100,481,909)</b>

## İhlas Yayın Holding A.Ş.

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

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

<b>Tangible Fixed Assets (net)</b>	<b>46,834,039</b>	<b>1,648,077</b>	<b>46,262,178</b>
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#### January 1-December 31, 2013

	January 1, 2013	Inflows	Outflow	Transfers	Growth Funds	December 31, 2013
<b>Tangible Fixed Assets</b>						
Land and lots	26,875,439	-	-	(13,537,079)	4,437,213	17,775,573
Buildings	16,724,910	-	-	(12,861,996)	2,144,024	6,006,938
Machinery, plants and equipment	84,905,920	4,987,931	(192,211)	-	-	89,701,640
Vehicles	3,747,215	887,260	(887,441)	-	-	3,747,034
Fixtures	22,998,270	833,368	(111,596)	-	-	23,720,042
Other tangible fixed assets	2,190,129	80,100	-	-	-	2,270,229
Special Costs	244,284	12,193	-	-	-	256,477
<b>Total</b>	<b>157,686,167</b>	<b>6,800,852</b>	<b>(1,191,248)</b>	<b>(26,399,075)</b>	<b>6,581,237</b>	<b>143,477,933</b>
Less: Accumulated Depreciation						
Buildings	(401,498)	(121,420)	-	268,266	(266,736)	(521,388)
Machinery, plants and equipment	(65,678,298)	(4,362,782)	192,211	-	-	(69,848,869)
Vehicles	(2,028,466)	(564,481)	563,048	-	-	(2,029,899)
Fixtures	(21,329,437)	(672,967)	88,695	-	-	(21,913,709)
Other tangible fixed assets	(1,881,854)	(226,950)	-	-	-	(2,108,804)
Special Costs	(206,041)	(15,184)	-	-	-	(221,225)
<b>Total</b>	<b>(91,525,594)</b>	<b>(5,963,784)</b>	<b>843,954</b>	<b>268,266</b>	<b>(266,736)</b>	<b>(96,643,894)</b>
<b>Tangible Fixed Assets (net)</b>	<b>66,160,573</b>			<b>(26,130,809)</b>	<b>6,314,501</b>	<b>46,834,039</b>

The Group's tangible fixed assets acquired through leasing:

	January 1, 2014	Inflows	Outflows	December 31, 2014
<b>Tangible Fixed Assets</b>				
Machinery, plants and equipment	13,103,805	2,394,154	-	15,497,959
<b>Total</b>	<b>13,103,805</b>	<b>2,394,154</b>	<b>-</b>	<b>15,497,959</b>
<b>Less: Accumulated Depreciation</b>				
Machinery, plants and equipment	(3,882,139)	(2,046,345)	-	(5,928,484)
<b>Total</b>	<b>(3,882,139)</b>	<b>(2,046,345)</b>	<b>-</b>	<b>(5,928,484)</b>
<b>Tangible Fixed Assets (net)</b>	<b>9,221,666</b>			<b>9,569,475</b>

	January 1, 2013	Inflows	Outflows	December 31, 2013
<b>Tangible Fixed Assets</b>				
Machinery, plants, and equipment	8,600,796	4,503,009	-	13,103,805
<b>Total</b>	<b>8,600,796</b>	<b>4,503,009</b>	<b>-</b>	<b>13,103,805</b>
<b>Less: Accumulated Depreciation</b>				

## İhlas Yayın Holding A.Ş.

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

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

Machinery, plants and equipment	(2,087,960)	(1,794,179)	-	(3,882,139)
<b>Total</b>	<b>(2,087,960)</b>	<b>(1,794,179)</b>	<b>-</b>	<b>(3,882,139)</b>
<b>Tangible Fixed Assets (net)</b>	<b>6,512,836</b>			<b>9,221,666</b>

Total amount of liens, restrictions, and mortgages on the Group's tangible fixed assets is 43,830,000 TL (December 12, 2013: 57,830,000 TL and \$4,500,000).

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 Group does not have any temporarily idle tangible fixed assets.

#### Note 14 - Tangible Fixed Assets

##### January 1-December 31, 2014

	January 1, 2014	Inflows	Outflows	Subsidiaries Sold	December 31, 2014
<b>Cost</b>					
Brand	54,150,555	-	-	-	54,150,555
Rights	3,812,973	-	-	(1)	3,812,972
Computer software	2,336,075	132,369	-	(42,244)	2,426,200
<b>Total</b>	<b>60,299,603</b>	<b>132,369</b>		<b>(42,245)</b>	<b>60,389,727</b>
<b>Less: Accumulated Depreciation</b>					
Rights	(3,150,546)	(94,008)	-	-	(3,244,554)
Computer software	(1,566,821)	(460,440)	-	41,619	(1,985,642)
<b>Total</b>	<b>(4,717,367)</b>	<b>(554,448)</b>	<b>-</b>	<b>41,619</b>	<b>(5,230,196)</b>
<b>Intangible Fixed Assets (net)</b>	<b>55,582,236</b>			<b>-</b>	<b>55,159,531</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
Rights	3,338,320	474,653	-	-	3,812,973
Computer software	1,894,377	441,698	-	-	2,336,075
<b>Total</b>	<b>60,960,737</b>	<b>916,351</b>		<b>(1,577,485)</b>	<b>60,299,603</b>
<b>Less: Accumulated Depreciation</b>					
Rights	(3,072,896)	(77,650)	-	-	(3,150,546)
Computer software	(1,032,788)	(534,033)	-	-	(1,566,821)
<b>Total</b>	<b>(4,105,684)</b>	<b>(611,683)</b>	<b>-</b>	<b>-</b>	<b>(4,717,367)</b>

## **İhlas Yayın Holding A.Ş.**

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

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

<b>Intangible Fixed Assets (net)</b>	<b>56,855,053</b>	<b>55,582,236</b>
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İhlas Yayın Holding A.Ş.

On December 31, 2014, the Group 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 İhlas Gazetecilik, a Group 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.

- The brand appraisal was performed by taking into consideration macroeconomic factors such economic indicators as gross national product, inflation rates, data regarding the media and printing industries such as newspaper circulations, advertising revenues, etc., as well as the financial statements and projections for İhlas Gazetecilik.

-The brand appraisal was performed by an independent audit company.

The appraisal was performed based on the usage value. The following are the other main

- The 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:

	<b>December 31, 2014</b>	<b>December 31, 2013</b>
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 were maintained without any change.

Pledges, restrictions, or mortgages on the Group's tangible fixed assets.

December 31, 2014: None (December 31, 2013: None).

#### **Note 15 - Goodwill**

Goodwill transactions between December 31, 2014 and December 31, 2013:

	<b>December 31, 2014</b>	<b>December 31, 2013</b>
<b>Balance as of January 1</b>	<b>7,514,951</b>	<b>13,342,728</b>
Inflows	-	-
Goodwill canceled in relation to the subsidiary sold (İhlas Fuar)	(1,731,031)	-

## İhlas Yayın Holding A.Ş.

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

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

Provisions for impairments arising during the period (Note 25)	-	(5,827,777)
<b>Balance as of December 31</b>	<b>5,783,920</b>	<b>7,514,951</b>

The Group compared the goodwill amounts accounted in the consolidated financial statements in the impairment studies with values of use of the relevant cash generating units, as of December 31, 2014. No impairment emerged as a result of these transactions.

The following assumptions were used in the calculation of the goodwill impairment.

- Weighted Average Capital Cost calculated as 11 percent as the discount rate of the usage value within the scope of the Financial Assets Pricing System.
- Projects include 2021 with the calculated discount rate.
- 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.
- Sales income in the projected period was calculated based on the course of the industries in which companies with calculated goodwill are included.

The goodwill carried into the consolidated financial statements is derived from the acquisition of the companies below

	December 31, 2014	December 31, 2013
İhlas Fuar Hizmetleri A.Ş.	-	1,731,031
İletişim Magazin Gaz. San. Tic. A.Ş.	1,904,525	1,904,525
İhlas Medya Planlama Satınalma Hiz. Ltd. Şti.	3,879,395	3,879,395
<b>Total Goodwill</b>	<b>5,783,920</b>	<b>7,514,951</b>

#### Note 16 - Provisions, Contingent Assets and Liabilities, and Commitments

##### a) Guarantees, pledges, and mortgages issued by the Group:

The Group's guarantees, pledges, and mortgages (GPM) position table:

GPMs issued by the Group (December 31, 2014)	USD	EUR	Balance	TOTAL (TL)
	Balance	Balance		
A. Total GPMs issued by the main partnership in favor of its own legal entity			5,900,000	5,900,000
B. i. Total GPMs issued in favor of subsidiaries and affiliates included in the full consolidation of the parent company	259,570	671,003	4,515,975	7,010,591
B. ii. Total GPMs subsidiaries and affiliates included within the full consolidation issued in their own favor and to each other	568,705		55,450,299	56,769,069
B. iii. Total GPMs subsidiaries and affiliates included in the full consolidation issued in favor of the parent company				
C. Total GPMs issued by the Group to secure the liabilities of other third parties so as to carry out ordinary trade operations				
D. Total amount of other GPMs issued	7,100,000	-	57,846,080	74,310,270
i. Total GPMs the Group issued in favor of parent company	7,100,000		57,846,080	74,310,270

## İhlas Yayın Holding A.Ş.

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

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

ii. Total GPMs issued in favor of other Group companies not covered in items B and C				
iii. Total GPMs the Group issued in favor of third parties not covered in item C				
<b>Total</b>	<b>7,928,275</b>	<b>671,003</b>	<b>123,712,354</b>	<b>143,989,930</b>
Total Shareholders' Equity of the Group				266,067,298
<b>Ratio of the other Company-issued GPMs to its shareholders' equity</b>				<b>28%</b>

<b>GPMs issued by the Group (December 31, 2013)</b>	<b>USD Balance</b>	<b>EUR Balance</b>	<b>TL Balance</b>	<b>TOTAL (TL Balance)</b>
A. Total GPMs issued by the main partnership in favor of its own legal entity	-	-	-	-
B. i. Total GPMs issued in favor of subsidiaries and affiliates included in the full consolidation of the parent company	1,027,872	1,149,400	7,494,275	13,063,276
B. ii. Total GPMs subsidiaries and affiliates included within the full consolidation issued in their own favor and to each other	618,705	-	56,653,185	57,973,687
B. iii. Total GPMs subsidiaries and affiliates included in the full consolidation issued in favor of the parent company	-	-	7,600,000	7,600,000
C. Total GPMs issued by the Group to secure the liabilities of other third parties so as to carry out ordinary trade operations	-	-	-	-
D. Total amount of other GPMs issued	25,100,000	225,000	103,054,080	157,285,723
i. Total GPMs the Group issued in favor of parent company	25,100,000	-	102,054,080	155,625,010
ii. Total GPMs issued in favor of other Group companies not covered in items B and C	-	225,000	-	660,713
iii. Total GPMs the Group issued in favor of third parties not covered in item C	-	-	1,000,000	1,000,000
<b>Total</b>	<b>26,746,577</b>	<b>1,374,400</b>	<b>174,801,540</b>	<b>235,922,686</b>
Total Shareholders' Equity of the Group				248,922,018
<b>Ratio of the other Company-issued GPMs to its shareholders' equity</b>				<b>63%</b>

Details regarding the disclosure of the contingent assets, liabilities, and commitments given in the GPM table above are listed below:

-The Parent Company gave its percentage of shares in İhlas Gazetecilik A.Ş. with a nominal value of 15,500,000 TL to the Large Taxpayer Office as collateral with a guarantee amount of 5,900,000 TL on November 23, 2014 (Previous Period: None).

-None (Previous Period: TGRT Dijital, a Group company, voluntarily put a block on the whole of the term savings deposits, of which the principal amount is 7,600,329 TL, in its accounts, as collateral for the loans taken up by the Parent Company).

#### **b) The following is the important information on litigations and performances related to the Groups as of December 31, 2014:**

	<b>Amount</b>
Pending litigation initiated by the Group	468,360
Foreclosure proceedings filed by the Group	6,531,932

## **İhlas Yayın Holding A.Ş.**

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

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

Ongoing litigation initiated against the Group	1,775,963
Foreclosure proceedings filed against the Group	441,262

The Group has not allocated any provisions for the litigation 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 (Note 16-C).

#### **c) Details on provisions for litigation and other liabilities regarding the Company as of December 31, 2014-December 31, 2013:**

	<b>December 31, 2014</b>	<b>December 31, 2013</b>
Litigation provisions	896,038	651,654
<b>Other Short-Term Provisions</b>	<b>896,038</b>	<b>651,654</b>
Litigation provisions	600,565	222,627
<b>Other Long-Term Provisions</b>	<b>600,565</b>	<b>222,627</b>

#### **Note 17 - Employee Benefits**

<b>Provisions for Employee Benefits</b>	<b>December 31, 2014</b>	<b>December 31, 2013</b>
Debts to personnel	6,002,416	4,415,582
-Debts to key personnel	100,829	147,132
-Debts to other personnel (*)	5,901,587	4,268,450
Social security premiums payable (**)	4,844,265	1,018,422
<b>Total</b>	<b>10,846,681</b>	<b>5,434,004</b>

(\*) Of this amount, 4,058,071 TL is overdue.

(\*\*) Of this amount, 4,572,246 TL is overdue.

	<b>December 31, 2014</b>	<b>December 31, 2013</b>
<b>Long-Term Liabilities</b>		
Severance provisions	14,732,052	13,533,922
<b>Total</b>	<b>14,732,052</b>	<b>13,533,922</b>

According to the Turkish Labor Law, the Group 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 Group is obliged to pay severance to each employee who is subject to this law and 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

## **İhlas Yayın Holding A.Ş.**

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

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

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 Group'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:

	<b>December 31, 2014</b>	<b>December 31, 2013</b>
Discount rate	3.26%	3.32%
Rate of non-payment of severance payment liabilities (average)	9%	10%

Provisions for severance payment activities are shown below:

	<b>December 31, 2014</b>	<b>December 31, 2013</b>
<b>Balance as of January 1</b>	<b>13,533,922</b>	<b>11,053,492</b>
Payments	(3,764,883)	(3,867,235)
Provisions canceled in the period	(241,719)	(797,083)
Actuarial gains/losses	484,586	33,374
Provisions reserved in the period	4,847,240	7,111,374
Provisions canceled due to sale of subsidiary	(127,094)	-
<b>Closing Balance</b>	<b>14,732,052</b>	<b>13,533,922</b>

#### **Note 18 - Prepaid Expenses and Deferred Income**

	December 31, 2014	December 31, 2013
Work advances	14,832,141	14,141,096
Advance Payments for Purchase Orders	2,964,706	3,044,898
Expenses for future months	365,363	461,053
<b>Prepaid Expenses (Short-term)</b>	<b>18,162,210</b>	<b>17,647,047</b>
Expenses for future months	726,596	184,736
Advances Given (for fixed assets)	215,622	2,715,622
<b>Prepaid Expenses (Long-term)</b>	<b>942,218</b>	<b>2,900,358</b>

	<b>December 31, 2014</b>	<b>December 31, 2013</b>
Advances Received for Purchase Orders	6,083,338	4,204,788
Expenses for future months	648,468	471,919

## İhlas Yayın Holding A.Ş.

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

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

Prepaid tax receivables	-	5,542
<b>Deferred Income (Short-Term)</b>	<b>6,731,806</b>	<b>4,682,249</b>

#### Note 19 - Current Tax Assets

	December 31, 2014	December 31, 2013
Prepaid tax assets	78,510	350,223
<b>Current Tax Assets</b>	<b>78,510</b>	<b>350,223</b>

#### Note 20 - Other Assets and Liabilities

	December 31, 2014	December 31, 2013
Carry Forward VAT	536,302	310,534
<b>Other Current Assets</b>	<b>536,302</b>	<b>310,534</b>

	December 31, 2014	December 31, 2013
Taxes, fees and other deductions payable <sup>(*)</sup>	5,303,501	3,229,270
Overdue deferred public debts	6,098,342	1,678,707
<b>Other Short-Term Liabilities</b>	<b>11,401,843</b>	<b>4,907,977</b>
Overdue deferred public debts	6,173,483	3,883
<b>Other Long-Term Liabilities</b>	<b>6,173,483</b>	<b>3,883</b>

<sup>(\*)</sup> Of this amount, 3,622,901 TL is overdue tax debts. Of the overdue tax debts, an installment plan was made for 314,225 TL.

#### Note 21 - Shareholders' Equity

##### A. Issued Capital

The Holding's registered and issued capital comprises of shares, each with a nominal value of 1 TL. The Holding's registered authorized capital is 600,000,000 Turkish lira.

The Company's registered and issued capital, and capital 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 Holding A.Ş.	54.54	109,079,614	65.15	130,300,000
Open to the Public	43.36	86,720,386	29.25	58,499,387
İhlas Pazarlama A.Ş.	-	-	3.50	7,000,613
Ahmet Mücahid Ören	1.85	3,700,000	1.65	3,300,000
Ayşe Dilvin Ören	0.25	500,000	0.25	500,000
Mahmut Kemal Aydın	-	-	0.10	200,000
Other	-	-	0.10	200,000
<b>Total</b>	<b>100</b>	<b>200,000,000</b>	<b>100</b>	<b>200,000,000</b>
Capital Adjustment Differences		22,039,497		22,039,497
<b>Total</b>		<b>222,039,497</b>		<b>222,039,497</b>

# İhlas Yayın Holding A.Ş.

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

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

Natural and legal persons that hold capital indirectly based on the Holding's ultimate partners:

Name / Title	December 31, 2014		December 31, 2013	
	Share (%)	Share Amount (TL)	Share (%)	Share Amount (TL)
Open to the Public	90.47%	180,933,249	87.41%	174,821,511
Ahmet Mücahid Ören	7.62%	15,232,167	8.10%	16,202,328
Ayşe Dilvin Ören	1.46%	2,925,985	1.78%	3,552,990
Other	0.45%	908,599	2.71%	5,423,171
<b>Total</b>	<b>100</b>	<b>200,000,000</b>	<b>100</b>	<b>200,000,000</b>

The breakdown and benefits of the Holding's privileged shares (Group B shares):

Partner Name / Title	N/H	Number of Shares	Amount
İhlas Holding A.Ş.	Number of Shares	8,000,000	8,000,000
Ahmet Mücahid Ören	Number of Shares	1,750,000	1,750,000
Ayşe Dilvin Ören	Number of Shares	250,000	250,000
<b>Total</b>		<b>10,000,000</b>	<b>10,000,000</b>

### Benefits of Preferential Shares

a) Privilege to select the Board Members;

The Members of the Holding's Board of Directors are selected among candidates nominated by Group B 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.

b) Privilege to vote at the General Assembly meetings;

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

### B. 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	80,503	86,379
Statutory Reserves	-	10,015
Special reserves (.)	6,449,004	6,449,004
<b>Total</b>	<b>6,529,507</b>	<b>6,545,398</b>

<sup>(1)</sup>Of this amount, 5,955,167 Turkish lira consists of capital reserves paid by the partners to the Group companies in order to cover the taxes paid pursuant to the Law No. 5811 on Integration of Some Assets into the National Economy; the remaining amount consists of capital reserves paid by the partners to the Group companies so as to prevent capital loss in accordance with the Turkish Commercial Code.

## **İhlas Yayın Holding A.Ş.** **Footnotes to the Consolidated Financial Statements** **as of December 31, 2014**

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

Legal Reserve activities in accounting periods:

	December 31, 2014	December 31, 2013
<b>Balance as of January 1</b>	<b>86,379</b>	<b>95,358</b>
Subsidiaries sold and changes in effective shares	(5,876)	38
Transfer to retained earnings/(loss)	-	(9,017)
<b>Closing Balance</b>	<b>80,503</b>	<b>86,379</b>

Legal Reserve activities in accounting periods:

	December 31, 2014	December 31, 2013
<b>Balance as of January 1</b>	<b>10,015</b>	<b>10,015</b>
Subsidiaries sold	(10,015)	-
<b>Closing Balance</b>	<b>-</b>	<b>10,015</b>

Special Reserve activities in accounting periods:

	December 31, 2014	December 31, 2013
<b>Balance as of January 1</b>	<b>6,449,004</b>	<b>6,845,006</b>
Changes in Effective Shares	-	280
Transfer to retained earnings/(loss)	-	(396,282)
<b>Closing Balance</b>	<b>6,449,004</b>	<b>6,449,004</b>

### **C. 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 asset appreciation funds, and actuarial gains/losses from pension plans. The following are the transaction tables:

<b>Profit/Losses from Revaluation and Measurement</b>	<b>December 31, 2014</b>	<b>December 31, 2013</b>
<b>Balance as of January 1</b>	<b>3,416,065</b>	<b>-</b>
Tangible fixed asset appreciation funds in the period	931,982	3,595,858
Taxes for Other Comprehensive Income in the period not to be Reclassified in Profit or Loss	(46,599)	(179,793)
Changes in Effective Shares	30,932	-
<b>Closing Balance</b>	<b>4,332,380</b>	<b>3,416,065</b>

<b>Other Profits/Losses</b>	<b>December 31, 2014</b>	<b>December 31, 2013</b>
<b>Balance as of January 1</b>	<b>(291,864)</b>	<b>(387,912)</b>
Actuarial gains/losses fund in the period	(483,165)	96,048
<b>Closing Balance</b>	<b>(775,029)</b>	<b>(291,864)</b>

### **D. Other Reserves**

	December 31, 2014	December 31, 2013
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## İhlas Yayın Holding A.Ş.

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

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

Other Reserves (purchase of a non-controlling share)	(31,746,667)	(19,814,896)
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Other Reserve activities in accounting periods:

	December 31, 2014	December 31, 2013
Balance as of January 1	(19,814,896)	(19,814,896)
Purchase of a non-controlling share in the period	(11,931,771)	-
<b>Closing Balance</b>	<b>(31,746,667)</b>	<b>(19,814,896)</b>

İhlas Gazetecilik A.Ş., a group company, purchased 24 percent of its nominal shares worth 3,360,000 TL in İHA, a group company of İhlas Holding A.Ş., at a value of 23,230,457 TL by taking into consideration the company value determined by the appraisal company, upon the Board of Directors' resolution dated December 31, 2014. These purchase transaction is considered as a non-controlling interest purchase between the partners, since it did not result in a change of control as per TAS 27. The Group's share in the fair value acquisition rate within the acquired net assets is 2,130,813 TL. Meanwhile, the Group's acquisition amount (purchase value) is 23,230,457 TL. The difference is 21,099,644 TL, and 11,931,771 TL of this amount belongs to the parent company, which is recognized in other reserves under shareholders' equity. This transaction had a 11,931,771 TL negative effect on the parent company's shareholders' equity, and non-controlling shares went down by 9,167,873 TL after the transaction. (Note 21-F). This transaction also had a 23,230,457 TL negative effect on the Group's cash flow.

#### E. Retained Earnings/(Loss)

Retained earning/loss activities in the accounting period:

	December 31, 2014	December 31, 2013
<b>Balance as of January 1</b>	<b>(53,520,132)</b>	<b>(47,464,208)</b>
Changes in accounting policies	-	-
Profit/(loss) for the previous period	(7,348,757)	(6,159,567)
Subsidiaries sold and changes in effective shares	(2,154,129)	(301,656)
Transfer to retained earnings/(loss)	-	(405,299)
<b>Closing Balance</b>	<b>(63,023,018)</b>	<b>(53,520,132)</b>

#### F. Non-Controlling Interests

Non-controlling shares' activities in the accounting period:

	December 31, 2014	December 31, 2013
<b>Balance as of January 1</b>	<b>97,896,707</b>	<b>94,899,972</b>
Net period profit/loss of non-controlling interests	18,289,419	487,287
Tangible fixed assets revaluation increases in the period	716,095	2,718,643
Actuarial gains/losses in the period	(1,421)	(129,422)
Taxes for Other Comprehensive Income in the period not to be Reclassified in Profit or Loss	(35,804)	(135,932)
Subsidiaries sold and changes in effective shares	(559,522)	56,159
Transactions with non-controlling shareholders	(9,167,873)	-

## **İhlas Yayın Holding A.Ş.**

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

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

<b>Closing Balance</b>	<b>107,137,601</b>	<b>97,896,707</b>
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#### **G. Dividend Distribution**

Publicly traded companies distribute dividends pursuant to the CMB Communiqué on Dividends No. II-19.1 dated February 1, 2014. Partnerships distribute dividends upon General Assembly resolutions, according to the dividend distribution policies of their general assemblies and as per the provisions of application legislation. A minimum dividend distribution rate was not set within the scope of this communiqué. Companies pay dividends in the manner stipulated in their articles of association or in dividend policies. Furthermore, dividends can be paid in installments of equal or varying amounts, and a cash dividend advance can be distributed based on the profit amount stated in the interim financial statements.

Unless legal reserves, which are required as per TCC, and dividends, which are determined in the articles of association or in the dividend distribution policy, are set aside, a resolution cannot be passed to set aside other legal reserves, to defer profits to next year, or to distribute dividends to anyone other than dividend share owners, board members, partnership employees or shareholders; and unless dividend share is paid to share holders in cash, dividends cannot be distributed to these people.

No dividends were distributed for the January 1-December 31, 2014 accounting period as the Holding had posted a loss for the previous year.

#### **Note 22 - Cost of Revenue and Sales**

##### **Gross Profit/Loss from Trade Operations**

	<b>January 1-December 31, 2014</b>	<b>January 1-December 31, 2013</b>
Domestic Sales	170,639,865	163,695,983
Overseas Sales	19,175,710	18,866,137
Other Sales	-	153,205
<b>Total Gross Revenue</b>	<b>189,815,575</b>	<b>182,715,325</b>
Sales Discounts (-)	(13,906,201)	(12,134,827)
<b>Net Revenue</b>	<b>175,909,374</b>	<b>,580,498</b>
Cost of Sales (-)	(155,875,087)	(149,581,250)
<b>Gross Sales Profit</b>	<b>20,034,287</b>	<b>20,999,248</b>

(<sup>1)</sup> Cost of sales:

	<b>January 1-December 31, 2014</b>	<b>January 1-December 31, 2013</b>
Raw material expenses	(46,609,487)	(39,778,153)
Personnel expenses (fees, deductions, etc.)	(34,944,971)	(37,137,957)
Outsourced benefits and services	(36,343,198)	(32,331,902)
Advertising and publicity expenses	(27,985,683)	(25,079,251)
Depreciation and amortization costs	(5,416,728)	(5,212,159)
Severance provisions	(3,822,757)	(4,821,035)
Maturity differences regarding purchases transferred to other costs	3,358,798	4,186,147
Inventory DDK (-)/Cancellations (+)	(10,491)	26,852
Other Costs	(4,100,570)	(9,433,792)

## İhlas Yayın Holding A.Ş.

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

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

<b>Total</b>	<b>(155,875,087)</b>	<b>(149,581,250)</b>
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#### Note 23 - Operating Costs

	January 1-December 31, 2014	January 1-December 31, 2013
Marketing, sales, and distribution costs	(11,696,194)	(15,287,081)
Administrative expenses	(50,514,940)	(34,839,387)
Research and development expenses	-	-
<b>Total</b>	<b>(62,211,134)</b>	<b>(50,126,468)</b>

#### Note 24 - Segmented Costs

The following are the details of segmented costs in the January 1-December 31, 2014 and January 1-December 31, 2013 periods:

	January 1-December 31, 2014	January 1-December 31, 2013
Gross personnel expenses (a)	(3,979,774)	(4,655,029)
Advertising and publicity expenses	(2,099,271)	(4,484,451)
Publicity commission and premium expenses	(1,691,273)	(1,725,153)
Outsourced benefits and services	(581,447)	(1,554,816)
Promotional expenses	(809,898)	(1,180,837)
Distribution and transportation expenses	(1,001,664)	(753,505)
Market research expenses	(243,945)	(215,094)
Provisions for severance payment expenses (c)	(78,790)	(194,581)
Maintenance and insurance expenses	(206,562)	(177,857)
Depreciation and amortization costs (b)	(54,794)	(78,421)
Rent expenses	(154,782)	(68,566)
Travel and accommodation expenses	(4,395)	(23,966)
Provision for work advance expenses	(514,231)	-
Provision for doubtful receivables expenses	(52,846)	-
Other marketing, sales, and distribution expenses	(222,522)	(174,805)
<b>Other marketing, sales, and distribution expenses</b>	<b>(11,696,194)</b>	<b>(15,287,081)</b>

	January 1-December 31, 2014	January 1-December 31, 2013
Gross personnel expenses (a)	(9,685,551)	(12,854,963)
Provision for work advance expenses	(2,800,115)	(4,250,651)
Outsourced benefits and services	(3,255,806)	(4,119,994)
Expenses related to provision for doubtful trade receivables	(22,117,885)	(3,011,504)
Rent expenses	(2,328,515)	(2,150,276)
Provisions for severance payment expenses (c)	(946,189)	(2,095,758)
Maintenance and insurance expenses	(1,241,444)	(1,543,643)
Depreciation and amortization costs(b)	(1,130,462)	(1,284,888)
Taxes, duties, and charges	(4,448,409)	(868,814)
Court, notary public, title deed, and service expenses	(256,959)	(816,942)

## İhlas Yayın Holding A.Ş.

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

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

Audit, consultancy, and financial adviser expenses	(753,917)	(693,067)
Travel and accommodation expenses	(525,815)	(687,798)
Other administrative expenses	(1,023,873)	(461,089)
<b>Administrative Expenses</b>	<b>(50,514,940)</b>	<b>(34,839,387)</b>

<sup>(a)</sup>Details of personnel expenses, filed under operating expenses

	January 1-December 31, 2014	January 1-December 31, 2013
Gross salary expenses	(10,685,618)	(14,211,180)
SSI deductions (employee and employer)	(2,448,139)	(2,492,369)
Other Costs	(531,568)	(806,443)
<b>Total</b>	<b>(13,665,325)</b>	<b>(17,509,992)</b>

<sup>(b)</sup>Details of depreciation and amortization expenses:

	January 1-December 31, 2014	January 1-December 31, 2013
Cost of sales	(5,416,728)	(5,212,159)
Administrative expenses	(1,130,462)	(1,284,888)
Marketing, sales, and distribution costs	(54,794)	(78,421)
<b>Total</b>	<b>(6,601,984)</b>	<b>(6,575,468)</b>

<sup>(c)</sup> The Group's severance payment expenses:

	January 1-December 31, 2014	January 1-December 31, 2013
Cost of sales	(3,822,261)	(4,821,035)
Administrative expenses	(946,189)	(2,095,758)
Marketing, sales, and distribution costs	(78,790)	(194,581)
<b>Total</b>	<b>(4,847,240)</b>	<b>(7,111,374)</b>

#### Note 25 - Other Operating Income and Expenses

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	10,965,551	12,044,911
Terminated Provisions	3,623,940	5,329,332
Foreign exchange profits	2,864,340	3,116,648
Rent income	3,540,847	1,357,092
Financial aids (SSI Treasury discount)	68,474	1,031,381
Other income	723,040	1,072,026
<b>Other Operating Income</b>	<b>21,786,192</b>	<b>23,951,390</b>

## İhlas Yayın Holding A.Ş.

### Footnotes to the Consolidated 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
Goodwill impairment provisions	-	(5,827,777)
Late interest income	(7,856,716)	(4,450,152)
Foreign exchange losses	(2,946,236)	(3,905,148)
Provisions for brand impairment	-	(1,577,485)
Commission expenses	(566,250)	(638,890)
Tax expense (pursuant to Law No. 6552)	(1,518,687)	(532,285)
Litigation provision expenses	(642,673)	(354,619)
Other Costs	(3,360,847)	(1,360,101)
<b>Other Operating Expenses</b>	<b>(16,891,409)</b>	<b>(18,646,457)</b>

#### Note 26 - Income and Expenses from Investments

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	49,843,903	-
Appreciation income from investment properties	22,723,965	12,821,035
Profits from sale of fix assets	960,268	698,094
<b>Income from Investments</b>	<b>73,528,136</b>	<b>13,519,129</b>

	January 1-December 31, 2014	January 1-December 31, 2013
Impairment provisions for investment properties	-	(34,662)
<b>Expenses from Investments</b>	<b>-</b>	<b>(34,662)</b>

#### Note 27 - Finance Income

Finance income in the January 1-December 31, 2014 and January 1-December 31, 2013 periods:

	January 1-December 31, 2014	January 1-December 31, 2013
Interest income	2,397,243	3,505,508
Foreign exchange profits	386,618	73,367
Profit from sale of financial investment	1,892	152
<b>Total</b>	<b>2,785,753</b>	<b>3,579,027</b>

#### Note 28 - Finance Expenses

Finance 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
Interest expenses	(2,091,055)	(2,668,691)
Foreign exchange losses	(747,156)	(571,655)
Other finance costs	(51,477)	(72,419)
<b>Total</b>	<b>(2,889,688)</b>	<b>(3,312,765)</b>

#### Note 29 - Deferred Tax Assets and Liabilities

##### A. Current Period Tax Assets and Liabilities

## **İhlas Yayın Holding A.Ş.** **Footnotes to the Consolidated Financial Statements** **as of December 31, 2014**

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

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 date of completion of the transaction.

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	1,090,978	298,546
Pre-paid taxes (-)	(190,661)	(199,932)
<b>Total</b>	<b>900,317</b>	<b>98,614</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>9,754,832</b>	<b>605,789</b>
Additions (+)	2,975,835	1,145,120
Discounts (-)	(492,512)	-
Financial losses used (-)	(6,783,264)	(258,181)
<b>Financial Profit/(Loss)</b>	<b>5,454,891</b>	<b>1,492,728</b>
Tax rate	20%	20%
<b>Tax Provision Amount</b>	<b>1,090,978</b>	<b>298,546</b>

Primary tax expense items and main components in the comprehensive income statement as of December 31, 2014-December 31, 2013:

## İhlas Yayın Holding A.Ş.

### Footnotes to the Consolidated 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
Current period corporate tax	(1,090,978)	(298,546)
Deferred tax income/(expense)	4,778,817	1,194,246
<b>Closing Balance</b>	<b>3,687,839</b>	<b>895,700</b>

#### B. Deferred tax assets and liabilities

The Group 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 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.

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)
Temporary differences in investment properties and tangible fixed assets	(21,666,898)	(4,333,380)	(27,940,941)	(5,588,188)
Temporary differences in intangible fixed assets	(94,099,146)	(18,819,829)	(84,432,059)	(16,886,412)
Debt rediscounts	(1,890,970)	(378,194)	(3,878,737)	(775,748)
Foreign exchange difference income/expense (arising from foreign exchange difference)	(239)	(48)	784	157
Temporary differences in tangible fixed assets	24,851,164	4,970,233	20,988,395	4,197,679
Temporary differences in intangible fixed assets	25,724,528	5,144,905	25,735,685	5,147,137
Severance provisions	14,732,052	2,946,410	13,533,922	2,706,784
Provision for doubtful receivables	23,183,415	4,636,683	4,716,657	943,331
Receivables rediscounts	8,357,763	1,671,553	5,780,577	1,156,115
Provisions for business advances	8,385,628	1,677,126	6,434,161	1,286,832
Provisions for impairment of inventories	422,623	84,525	413,003	82,601
Outstanding social security accruals	2,825,322	565,064	908,953	181,791
Litigation provision expenses	967,388	193,478	743,356	148,671
Provisions for other doubtful receivables	88,241	17,648	48,472	9,694
Undiscounted financial losses	6,449,958	1,289,992	13,584,977	2,716,995
<b>Gross deferred tax liability</b>	<b>(117,657,253)</b>	<b>(23,531,451)</b>	<b>(116,251,737)</b>	<b>(23,250,348)</b>

## İhlas Yayın Holding A.Ş.

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

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

<b>Deferred tax assets</b>	<b>115,988,082</b>	<b>23,197,617</b>	<b>92,888,942</b>	<b>18,577,787</b>
<b>Net deferred tax assets/ (liabilities)</b>	<b>(1,669,171)</b>	<b>(333,834)</b>	<b>(23,362,795)</b>	<b>(4,672,561)</b>

	December 31, 2014		December 31, 2013	
<b>Deferred Taxes Related to Shareholders' Equity</b>	<b>Total Temporary Differences</b>	<b>Deferred Tax Asset/(Liability)</b>	<b>Total Temporary Differences</b>	<b>Deferred Tax Asset/(Liability)</b>
Tangible fixed assets revaluation fund (*)	(1,990,644)	(398,128)	(1,578,625)	(315,725)
<b>Gross deferred tax liability</b>	<b>(1,990,644)</b>	<b>(398,128)</b>	<b>(1,578,625)</b>	<b>(315,725)</b>
<b>Net deferred tax assets/ (liabilities)</b>	<b>(1,990,644)</b>	<b>(398,128)</b>	<b>(1,578,625)</b>	<b>(315,725)</b>

(\*)In accordance with Article 5 of KVK, 75 percent of the fixed asset revaluation fund was not included in deferred tax, but 25 percent 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>(4,988,286)</b>	<b>(5,866,806)</b>
Deferred tax income/(expense)	4,778,817	1,194,245
Taxes income/(expense) related to shareholders' equity	(82,403)	(315,725)
Effects of subsidiaries sold	(440,090)	-
<b>Closing Balance</b>	<b>(731,962)</b>	<b>(4,988,286)</b>

The Group calculated deferred tax assets of 6,449,958 TL (December 31, 2013: 13,584,977 TL) in its consolidated financial statements, which were prepared pursuant to the TFRS standard, to be appropriated.

Maturities of financial losses as of December 31, 2014-December 31, 2013:

<b>Expiration Dates</b>	<b>December 31, 2014</b>	<b>December 31, 2013</b>
2014	-	2,938
2015	2,533,263	3,141,354
2016	-	971,564
2017	865,447	1,144,866
2018	1,946,391	8,324,255
2019	1,104,857	-
<b>Total</b>	<b>6,449,958</b>	<b>13,584,977</b>

Deferred tax assets were recognized to the extent that the Group is likely to generate financial profit to

## İhlas Yayın Holding A.Ş.

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

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

be used for all deductible temporary differences. The Group had losses in the amount of 12,861,547 TL (December 31, 2013: 20,060,524 TL) that can be appropriated and that were deferred as of December 31, 2014 without calculating tax assets to be reviewed again in the following period. Their maturities are as follows:

	December 31, 2014	December 31, 2013
2014	-	1,952,472
2015	2,947,450	3,417,944
2016	1,635,927	2,476,124
2017	2,596,341	3,153,952
2018	2,367,257	9,060,032
2019	3,314,572	-
<b>Total</b>	<b>12,861,547</b>	<b>20,060,524</b>

#### Note 30 - Earnings per Share

The following is the weighted average number of the Group's shares as of December 31, 2013 and December 31, 2012, 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>		
Earnings/(loss) per share from continued operations	39,787,969	(6,861,470)
Weighted average number of shares, each with a nominal value of 1 kuruş	200,000,000	200,000,000
<b>Profit/(Loss) (TL) per share from continuing operations</b>	<b>0.1989</b>	<b>(0.0343)</b>
<b>Profit/(loss) per share from discontinued operations</b>		
Net earnings/(loss) for the period per share from discontinued operations	74,477	-
Weighted average number of stocks, each with a nominal value of 1 kuruş	200,000,000	200,000,000
<b>Profit/(loss) per share from discontinued operations (Kr)</b>	<b>0.0004</b>	<b>-</b>
<b>Profit/(Loss) per share:</b>		
<b>Profit/(Loss) for the Period</b>	<b>39,862,446</b>	<b>(6,861,470)</b>
Net period profit/loss of non-controlling interests	18,289,419	487,287
Net profit/(loss) for the period of the Parent Company	21,573,027	(7,348,757)
Weighted average number of shares, each with a nominal value of 1 kuruş	200,000,000	200,000,000
<b>Profit/(Loss) (TL) per Share</b>	<b>0.1993</b>	<b>(0.0343)</b>

## İhlas Yayın Holding A.Ş.

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

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

<b>Profit/(Loss) per Share for Parent Company (Kr)</b>	<b>0.1079</b>	<b>(0.0367)</b>
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The reconciliation of the number of stock shares of the Group at the beginning and by the end of the period:

	<b>December 31, 2014</b>	<b>December 31, 2013</b>
The number of weighted stock shares at the beginning of the period	200,000,000	200,000,000
The number of weighted stock shares at the end of the period	200,000,000	200,000,000

Diluted earnings per share have not been calculated since the Group 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).

#### Note 31 - Related Party Disclosures

A. Current account balances (net book values) of the Company with its shareholders; with major companies, with which it has an indirect capital, management, and business relationship through its shareholders; and with its key personnel as of December 31, 2014 and December 31, 2013:

<b>Receivables from Partners and Related Parties</b>	<b>December 31, 2014</b>	<b>December 31, 2013</b>
İhlas Holding A.Ş.	13,042,059	1,882,855
İhlas Pazarlama A.Ş.	3,384,324	7,034,220
İleri Haber Ajansı Tanıtım İletişim ve Teknik Hizmetleri Tic. A.Ş.	1,066,439	-
Armutlu Tatil ve Turizm İşletmeleri A.Ş.	867,691	1,387,178
Mute Grup Medya İç ve Dış Ticaret A.Ş.	581,247	602,321
Klas Dış Ticaret A.Ş.	342,337	214,888
İstmag Magazin Gazetecilik Yayıncılık İç ve Dış Tic. Ltd. Şti. (eski unvanı: Yakamoz Sektörel Petrol Ürünleri Yapı Gıda Ltd. Şti.)	119,916	91,699
İhlas Motor A.Ş.	82,666	130,233
Bisan Bisiklet Moped Otomotiv Sanayi ve Ticaret A.Ş.	45,513	39,644
Voli Fuar Hizmetleri A.Ş. (Former Name: İhlas Fuar Hizmetleri A.Ş.)	42,038	-
İhlas Yapı Turizm ve Sağlık A.Ş.	35,961	177,053
İhlas Vakfı Yurt ve Eğitim Hizmetleri İktisadi İşletmesi	33,666	-
Voli Turizm Seyahat Tic. Ltd. Şti	16,963	106,541
Kuzuluk Kaplıca Sağ. ve Petr.Ür.Tic.A.Ş	15,365	26,236
İhlas Ev Aletleri İmalat San.Tic.A.Ş.	8,651	1,738
Mir Maden İşletmeciliği Enerji ve Kimya San. Ltd. Şti.	8,576	1,127
İhlas İnşaat Proje Taahhüt Turizm ve Tic. A.Ş.	8,232	4,301
Kam Gayrimenkul Proje ve İnşaat Ltd.Şti.	4,213	-
Detes Enerji Üretim A.Ş.	3,975	6,320
İhlas Net A.Ş.	2,960	6,414
İHA GMBH Germany	2,808	1,803,523
Antalya İmar Ltd. Şti.	2,008	11,265
Net İletişim Hizmetleri Elektronik San. ve Tic. Ltd. Şti.	1,674	387
Fikirevim Reklamcılık Görsel Etkinlik Tic. Ltd. Şti.	-	13,308,546
İhlas Media Trade Center GMBH	-	1,503,216
Abdurrahman Gök	-	13,600
Kristal Gıda Dağ. Paz. San. ve Tic A.Ş.	-	11,584

## İhlas Yayın Holding A.Ş.

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

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

İhlas Holding A.Ş.-İhlas Yayın Holding A.Ş. ve İhlas Pazarlama A.Ş.		
Ortak Girişimi		11,265
Kristal Kola ve Meşrubat San. Tic. A.Ş.	-	8,244
İhlas İletişim Hizmetleri A.Ş.	-	7,104
İhlas Holding A.Ş.-İhlas Yapı Turizm ve Sağlık A.Ş. Ortak Girişimi - 3	-	5,633
Tasfiye Halinde İhlas Finans Kurumu A.Ş.	-	3,413
Plus Gayrimenkul Tic. 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
<b>Total</b>	<b>19,719,282</b>	<b>28,408,437</b>

Interest determination proceedings are applied for the receivables from related parties that exceed the commercial limits.

<b>Liabilities to Partners and Related Parties</b>	<b>December 31, 2014</b>	<b>December 31, 2013</b>
İhlas Ev Aletleri İmalat San.Tic.A.Ş.	1,273,140	13,880
İhlas Madencilik A.Ş.	956,367	979,025
Voli Fuar Hizmetleri A.Ş. (Former Name: İhlas Fuar Hizmetleri A.Ş.)	896,740	-
İhlas Holding A.Ş.	744,594	974,049
İhlas Pazarlama A.Ş.	443,680	2,688,295
Şifa Yemek ve Gıda Üretim Tesisleri Tic. A.Ş.	244,012	312,807
İhlas Net A.Ş.	104,741	38,255
İhlas İnşaat Proje Taahhüt Turizm ve Tic. A.Ş.	96,960	66,036
KPT Lojistik Taşımacılık Tur. Rek. Paz. İç ve Dış Tic. A.Ş.	79,649	32,985
NETTEC Otomasyon ve Çevre Teknolojileri A.Ş. (previous name: İhlas Net Ltd. Şti.)	38,648	2,674
Klas Dış Ticaret A.Ş.	4,757	219,703
Voli Turizm Seyahat Tic.Ltd.Şti	2,385	96,981
Net İletişim Hizmetleri Elektronik San. ve Tic. Ltd. Şti.	326	227
Other related parties	134,665	-
Fikirevim Reklamcılık Görsel Etkinlik Tic. Ltd. Şti.	-	2,407,450
Milenyum Oto Kiralama ve Oto.Tur.Tic.Ltd.Şti.	-	57,680
İhlas Genel Antrepo Nakliyat ve Tic. A.Ş.	-	38,609
Alternatif Görüntülü İşitsel Bilişim ve İletişim Sistemleri Ltd. Şti.	-	9,991
İhlas Vakfı	-	2,993
Kuzuluk Kaplıca Sağ. ve Petr.Ür.Tic.A.Ş	-	990
<b>Total</b>	<b>5,020,664</b>	<b>7,942,630</b>

<b>Short-term Provisions for Employee Benefits</b>	<b>December 31, 2014</b>	<b>December 31, 2013</b>
Debts to Other Related Parties (Key Personnel)	100,829	147,132
<b>Total</b>	<b>100,829</b>	<b>147,132</b>

<b>Other Receivables</b>	<b>December 31, 2014</b>	<b>December 31, 2013</b>
İhlas Holding A.Ş. r)	46,958,503	-
Hüseyin Ferruh Işık	26,830	-

## İhlas Yayın Holding A.Ş.

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

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

<b>Total</b>	<b>46,985,333</b>	<b>-</b>
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(<sup>1</sup>) Finance receivable

<b>Purchase Order Advances Given to Related Parties</b>	<b>December 31, 2014</b>	<b>December 31, 2013</b>
İhlas İnşaat Proje Taahhüt Turizm ve Tic. A.Ş.	215,622	215,622
İhlas Pazarlama A.Ş.	155,018	225,481
Voli Turizm Seyahat Tic.Ltd.Şti	179,701	1,170
İhlas Holding A.Ş.	5,486	5,706
İhlas Ev Aletleri İmalat San.Tic.A.Ş.	-	274,940
<b>Total</b>	<b>555,827</b>	<b>722,919</b>

<b>Purchase Order Advances Received from Related Parties</b>	<b>December 31, 2014</b>	<b>December 31, 2013</b>
İstimgaz Magazin Gazetecilik Yayıncılık İç ve Dış Tic. Ltd. Şti. (previous name: Yakamoz Sektörel Petrol Ürünleri Yapı Gıda Ltd. Şti.)	375,280	-
İhlas Dış Ticaret A.Ş.	272	-
<b>Total</b>	<b>375.552</b>	<b>-</b>

B) Sales and purchases (including late interests) arising from the Group's shareholders; or from main companies with which it had an indirect capital, management, and business relationship through its shareholders; during the January 1-December 31, 2014 and January 1-December 31, 2013 periods:

<b>Purchases</b>	<b>January 1- December 31, 2014</b>	<b>January 1- December 31, 2013</b>
İhlas Holding A.Ş.	5,229,884	1,489,074
KPT Lojistik Taşımacılık Tur. Rek. Paz. İç ve Dış Tic. A.Ş.	721,249	732,396
Voli Turizm Seyahat Tic.Ltd.Şti.	678,629	599,346
Şifa Yemek ve Gıda Üretim Tesisleri Tic. A.Ş.	424,026	995,645
İHA GMBH Germany	418,842	954,578
İhlas Net A.Ş.	283,827	338,181
Fikirevim Reklamcılık Görsel Etkinlik Tic. Ltd. Şti.	281,092	4,065,545
Voli Fuar Hizmetleri A.Ş. (previous name: İhlas Fuar Hizmetleri A.Ş.)	262,815	-
İleri Haber Ajansı Tanıtım İletişim ve Teknik Hizmetleri Tic. A.Ş.	240,000	-
Klas Dış Ticaret A.Ş.	120,073	80,538
Other related parties	136,040	137,458
Mute Grup Medya İç ve Dış Ticaret A.Ş.	74,720	9,865
İhlas Vakfı Yurt ve Eğitim Hizmetleri İktisadi İşletmesi	15,496	10,251
Armutlu Tatil ve Turizm İşletmeleri A.Ş.	3,634	7,791
Kuzuluk Kaplıca İnşaat Turizm Sağlık ve Petrol Ürünleri Tic.A.Ş.	2,021	11,579
Net İletişim Hizmetleri Ltd. Şti.	407	450
İhlas Ev Aletleri İmalat San.Tic.A.Ş.	280	496,004
Balsa Balıkesir Meşrubat San. Tic. A.Ş.	248	-

## İhlas Yayın Holding A.Ş.

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

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

İhlas Pazarlama A.Ş.	169	5,323,647
İhlas Media Trade Center GMBH	-	773,758
İhlas Madencilik A.Ş.	-	208,385
İhlas Genel Antrepo Nakliyat ve Tic. A.Ş.	-	64,474
Alternatif Görüntülü İşitsel Bilişim ve İletişim Sistemleri Ltd. Şti.	-	37,437
Milenyum Oto Kiralama ve Otom. Tur. Tic. Ltd. Şti.	-	9,300
NETTEC Otomasyon ve Çevre Teknolojileri A.Ş. (previous name: İhlas Net Ltd. Şti.)		7,054
İhlas İletişim Hizmetleri A.Ş.	-	3,783
Çağlar Sağlık Güzellik ve Ev Aletleri Paz. İth. Ve İhracat A.Ş.	-	2,626
VAV İnternet Hiz. Paz. Tic. Ltd. Şti.	-	783
Kristal Gıda Dağıtım Pazarlama San. ve Tic. A.Ş.	-	99
<b>TOTAL</b>	<b>8,893,452</b>	<b>16,360,047</b>

<b>Sales</b>	<b>January 1-December 31, 2014</b>	<b>January 1-December 31, 2013</b>
Fikirevim Reklamcılık Görsel Etkinlik Tic. Ltd. Şti.	20,866,767	32,170,230
Armutlu Tatil ve Turizm İşletmeleri A.Ş.	2,497,054	2,157,984
İhlas Holding A.Ş.	1,673,703	697,463
İleri Haber Ajansı Tanıtım İletişim ve Teknik Hizmetleri Tic. A.Ş.	1,221,332	-
Mute Grup Medya İç ve Dış Ticaret A.Ş.	693,489	761,431
İhlas Yapı Turizm ve Sağlık A.Ş.	627,415	2,154,500
İstmag Magazin Gazetecilik Yayıncılık İç ve Dış Tic. Ltd. Şti. (previous name: Yakamoz Sektörel Petrol Ürünleri Yapı Gıda Ltd. Şti.)	579,551	54,878
İhlas Ev Aletleri İmalat San.Tic.A.Ş.	521,720	465,659
İhlas Pazarlama A.Ş.	313,102	1,717,231
İhlas Vakfı Yurt ve Eğitim Hizmetleri İktisadi İşletmesi	161,695	112,692
Kuzuluk Kaplıca İnşaat Turizm Sağlık ve Petrol Ürünleri Tic.A.Ş.	157,068	124,174
İhlas İnşaat Proje Taahhüt Turizm ve Tic. A.Ş.	98,330	119,365
IHA GMBH Germany	91,583	
Voli Fuar Hizmetleri A.Ş. (previous name: İhlas Fuar Hizmetleri A.Ş.)	79,496	-
YB Reklam ve Halkla İlişkiler İnş. Ve Tic. Ltd. Şti.	74,661	-
Bisan Bisiklet Moped Oto. San. Tic. A.Ş.	57,329	68,283
Voli Turizm Seyahat Tic.Ltd.Şti.	27,000	63,175
İhlas Net A.Ş.	18,919	71,779
KPT Lojistik Taşımacılık Tur. Rek. Paz. İç ve Dış Tic. A.Ş.	12,475	2,519
Klas Dış Ticaret A.Ş.	12,400	3,154
Kristal Gıda Dağıtım Pazarlama San. ve Tic. A.Ş.	12,108	49,179
Kristal Kola ve Meşrubat Sanayi Ticaret A.Ş.	3,970	8,448
İhlas Vakfı	3,743	32,319
Ulubol İnşaat Harfiyat Gıda Tur. San. ve Tic. Ltd. Şti.	2,500	-
İhlas Madencilik A.Ş.	2,084	3,599

## İhlas Yayın Holding A.Ş.

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

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

Bisiklet Pazarlama ve Tic. A.Ş.	1,500	-
Net İletişim Hizmetleri Ltd. Şti.	1,226	361
Tasfiye Halinde İhlas Finans Kurumu A.Ş.	710	480
Şifa Yemek ve Gıda Üretim Tesisleri Tic. A.Ş.	443	6,930
CDC Kurumsal Gelişim Merkezi Ltd. Şti.	160	128
Other related parties	1,556	2,645
İhlas Media Trade Center GMBH	-	1,207,280
İHA GMBH Germany	-	461,109
İhlas Motor A.Ş.	-	11,420
Alternatif Görüntülü İşitsel Bilişim ve İletişim Sistemleri Ltd. Şti.	-	3,313
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
VAV İnternet Hiz. Paz. Tic. Ltd. Şti.	-	938
Çağlar Sağlık Güzellik ve Ev Aletleri Paz. İth. Ve İhracat A.Ş.	-	230
Ekip Teknoloji Bilişim Hiz. Ltd. Şti.	-	17
<b>TOTAL</b>	<b>29,815,089</b>	<b>42,536,885</b>

C. The interest, rent, and other income/expenses the Group paid to or received from its shareholders; or the main companies with 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:

Interest Invoices Issued	January 1-December 31, 2014	January 1-December 31, 2013
İhlas Pazarlama A.Ş.	553,686	1,893,590
İhlas Holding A.Ş.	549,627	267,242
İHA GMBH Germany	98,954	182,649
İhlas Dış Ticaret A.Ş.	28,486	3,000
İhlas Motor A.Ş.	27,661	8,451
Klas Dış Ticaret A.Ş.	23,441	27,199
Voli Fuar Hizmetleri A.Ş. (previous name: İhlas Fuar Hizmetleri A.Ş.)	12,504	-

## İhlas Yayın Holding A.Ş.

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

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

Mir Maden İşletmeciliği Enerji ve Kimya San. Ltd. Şti.	8,114	-
Voli Turizm Seyahat Tic.Ltd.Şti.	6,358	10,696
Mute Grup Medya İç ve Dış Ticaret A.Ş.	3,820	-
Detes Enerji Üretim A.Ş.	1,721	-
İhlas Net A.Ş.	-	8,600
<b>TOTAL</b>	<b>1,314,372</b>	<b>2,401,427</b>

<b>Interest Invoices Received</b>	<b>January 1-December 31, 2014</b>	<b>January 1-December 31, 2013</b>
İhlas Holding A.Ş.	680,990	67,227
İhlas Madencilik A.Ş.	85,871	94,793
İhlas Pazarlama A.Ş.	84,981	216,268
İhlas Ev Aletleri İmalat San.Tic.A.Ş.	50,758	21,343
Şifa Yemek ve Gıda Üretim Tesisleri Tic. A.Ş.	10,175	8,389
İhlas Net A.Ş.	1,607	-
Net İletişim Hizmetleri Ltd. Şti.	-	48
<b>TOTAL</b>	<b>914,382</b>	<b>408,068</b>

<b>Rent Invoices Issued</b>	<b>January 1-December 31, 2014</b>	<b>January 1-December 31, 2013</b>
İhlas Holding A.Ş.	964,488	479,724
İhlas Yapı Turizm ve Sağlık A.Ş.	270,000	119,898
Tasfiye Halinde İhlas Finans Kurumu A.Ş.	175,800	101,777
İhlas Pazarlama A.Ş.	74,630	218,490
Antalya İmar Ltd. Şti.	22,800	9,685
Voli Fuar Hizmetleri A.Ş. (former name: İhlas Fuar Hizmetleri A.Ş.)	15,000	-
Kristal Kola ve Meşrubat Sanayi Ticaret A.Ş.	5,100	-
İhlas Yapı Turizm ve Sağlık A.Ş.-Kam Gayrimenkul Proje ve İnşaat Ltd.Şti. Adi Ortaklığı	2,126	-
İhlas Dış Ticaret A.Ş.	2,040	4,981
Detes Enerji Üretim A.Ş.	2,040	623
Kam Gayrimenkul Proje ve İnşaat Ltd.Şti.	2,040	-
Fikirevim Reklamcılık Görsel Etkinlik Tic. Ltd. Şti.	672	7,720
İhlas Motor A.Ş.	-	51,347
Mute Grup Medya İç ve Dış Ticaret A.Ş.	-	26,531
Plus Gayrimenkul Tic. A.Ş.	-	6,706
Tasfiye Halinde İhlas Oxford Mortgage İnşaat ve Ticaret A.Ş.	-	1,107
Armutlu Tatil ve Turizm İşletmeleri A.Ş.	-	865
İhlas İnşaat Proje Taahhüt Turizm ve Tic. A.Ş.	-	649
Kuzuluk Kaplıca İnşaat Turizm Sağlık ve Petrol Ürünleri Tic.A.Ş.	-	519
İhlas Ev Aletleri İmalat San.Tic.A.Ş.	-	346
İhlas İnşaat Holding A.Ş.	-	173
İhlas Pazarlama Yatırım Holding A.Ş.	-	173
Other related parties	-	31,870
<b>TOTAL</b>	<b>1,536,736</b>	<b>1,063,184</b>

<b>Rent Invoices Received</b>	<b>January 1-December 31, 2014</b>	<b>January 1-December 31, 2013</b>
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## İhlas Yayın Holding A.Ş.

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

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

İhlas Holding A.Ş.	1,520,717	552,539
İhlas Ev Aletleri İmalat San.Tic.A.Ş.	1,296,732	264,348
İhlas Madencilik A.Ş.	395,658	152,556
Other related parties	35,476	30,500
Şifa Yemek ve Gıda Üretim Tesisleri Tic. A.Ş.	20,650	-
İhlas Net A.Ş.	17,655	-
Fikirevim Reklamcılık Görsel Etkinlik Tic. Ltd. Şti.	10,000	-
Net İletişim Hizmetleri Ltd. Şti.	104	-
Milenyum Oto Kiralama ve Otom. Tur. Tic. Ltd. Şti.	-	75,423
İhlas Pazarlama A.Ş.	-	5,653
<b>TOTAL</b>	<b>3,296,992</b>	<b>1,081,019</b>

<b>Tangible Fixed Asset Purchases</b>	<b>January 1- December 31, 2014</b>	<b>January 1- December 31, 2013</b>
Klas Dış Ticaret A.Ş.	14,525	15,066
Bisan Bisiklet Moped Oto. San. Tic. A.Ş.	1,510	1,510
Fikirevim Reklamcılık Görsel Etkinlik Tic. Ltd. Şti.	1,420	-
Mute Grup Medya İç ve Dış Ticaret A.Ş.	-	10,000
İhlas Holding A.Ş.	-	5,486
İhlas İletişim Hizmetleri A.Ş.	-	2,097
<b>TOTAL</b>	<b>17,455</b>	<b>34,159</b>

<b>Tangible Fixed Asset Sales</b>	<b>January 1-December 31, 2014</b>	<b>January 1-December 31, 2013</b>
Ahmet Mücahid Ören	200,990	-
Ceyhan Aral	54,455	-
İhlas Holding A.Ş.	-	6,000,000
Alternatif Görüntülü İşitsel Bilişim ve İletişim Sistemleri Ltd. Şti.	-	24,450
İhlas İletişim Hizmetleri A.Ş.	-	1,258
Other related parties	-	37,624
<b>TOTAL</b>	<b>255,445</b>	<b>6,063,332</b>

D. Short-term benefits provided to the Group's key management personnel in the January 1-December 31, 2014 and January 1-December 31, 2013 periods:

January 1-December 31, 2014: 2,694,436 TL

January 1-December 31, 2013: 2,407,382 TL

E. Short-term benefits, severance payment, and end-of-service indemnity provided to the Group's key management personnel in the January 1-December 31, 2014 and January 1-December 31, 2013 periods:

January 1-December 31, 2014: 1,146,821 TL

January 1-December 31, 2013: 1,362,077 TL

#### **Note 32 - Nature and Extent of Exposure to Risks Arising from Financial Instruments:**

##### **A) Capital risk management**

The Group strives to achieve sustainable operations, while also aiming to increase profitability and market value by establishing an efficient balance between liabilities and shareholders' equity.

## **İhlas Yayın Holding A.Ş.**

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

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

The capital structure of the Holding is composed of liabilities, including the loans stated in Note 7; also equity items, including paid-in capital, reserves, and retained earnings disclosed in Note 21.

Senior management evaluates the Group's capital cost and the risks associated with each type of capital. Senior management evaluates capital costs along with the risks associated with each type of capital. Based on the evaluations conducted by senior management, the Group aims to optimize its capital diversification by means of new borrowing, repaying existing debts, and/or capital increases. The Group's overall strategy remains unchanged from the previous period.

The Group 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 balance sheet).

	<b>December 31, 2014</b>	<b>December 31, 2013</b>
Total liabilities	110,771,195	109,567,043
Minus: Cash and cash equivalents (Note 5)	(3,319,215)	(1,677,775)
Net liabilities	107,451,980	107,889,268
Total shareholder's equity (Note 21)	266,067,298	248,922,018
<b>Net debt/shareholders' equity ratio</b>	<b>40%</b>	<b>43%</b>

#### **B) Significant accounting policies**

The Group'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 Group's significant financial risks include risks of foreign exchange, interest rate, and liquidity.

The Group has in place a committee for the early detection and management of risks. The Board of Directors is responsible for the early detection of risks that prevent the Company's growth and continuity, and for establishing the committee, as well as running and developing the system to take the necessary measures and manage risks.

#### **D) Market risk**

As a result of its operations, the Group is subject to financial risks related to changes in exchange and interest rates. The Group's 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 Group is exposed to price risks as its sales prices are affected by 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 Group 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 the Group's sales income.

## İhlas Yayın Holding A.Ş.

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

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

#### Interest rate risk management:

The Group borrows at fixed interest rates. Interest rates pertaining to the Group's liabilities are disclosed in detail in footnotes 5, 6, and 7.

**Interest Position Table**

	December 31, 2014	December 31, 2013
<b>Financial instruments with fixed interest rates</b>		
Financial assets at fair value through profit or loss	142,809	7,605,847
Available-for-sale financial assets	-	-
Financial liabilities (bank loans)	218,243	8,037,924
<b>Financial instruments with variable interest rates</b>		
Financial assets	-	-
Financial liabilities	3,657,312	2,974,405

As of December 31, 2014-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/income, resulting in net profit/loss of 6,875 TL for the period (December 31, 2013: 29,300 TL).

The Group's interest rate sensitivity is as follows:

**Interest Rate Sensitivity Analysis Table**

	December 31, 2014		December 31, 2013	
	Profit/Loss	Profit/Loss	Profit/Loss	Profit/Loss
	Base Point Increase	Base Point Decrease	Base Point Increase	Base Point Decrease
	<b>Base point 100 change by 100 points (1%):</b>			
TL	(6,875)	6,875	(29,300)	29,300
USD	-	-	-	-
<b>Sabit Faizli Finansal Araçların Toplam Etkisi</b>	<b>(6,875)</b>	<b>6,875</b>	<b>(29,300)</b>	<b>29,300</b>
	<b>Base point change by 100 points (1%):</b>			
<b>Effect of Financial Instruments with Floating Rates</b>	-	-	-	-
<b>Total</b>	<b>(6,875)</b>	<b>6,875</b>	<b>(29,300)</b>	<b>29,300</b>

#### 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:

	December 31, 2014	December 31, 2013
A. Assets in foreign currency	3,317,767	5,978,598
B. Liabilities in foreign currency	14,472,905	19,358,160
<b>Net Foreign Exchange Position (A-B)</b>	<b>(11,155,138)</b>	<b>(13,379,562)</b>

## Ihlas Yayın Holding A.Ş. Footnotes to the Consolidated 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	EUR	Other TL Provisions	USD	EUR	Other
1. Trade Receivables	1,947,505	815,454	17,371	2,100	4,826,686	557,898	1,238,197
2a. Monetary Financial Assets (Including cash and bank accounts)	1,253,651	347,518	158,752		936,169	194,618	177,353
2b. Non-Monetary Financial Assets	-	-	-	-	-	-	-
3. Other	61,230	26,405	-	-	157,301	73,701	-
<b>4. Current Assets (1+2+3)</b>	<b>3,262,386</b>	<b>1,189,377</b>	<b>176,123</b>	<b>2,100</b>	<b>5,920,156</b>	<b>826,217</b>	<b>1,415,550</b>
5. Trade Receivables	-	-	-	-	-	-	-
6a. Monetary Financial Assets	55,381	23,882	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-	-	-
7. Other	-	-	-	-	58,442	27,382	-
<b>8. Fixed Assets (5+6+7)</b>	<b>55,381</b>	<b>23,882</b>	<b>-</b>	<b>-</b>	<b>58,442</b>	<b>27,382</b>	<b>-</b>
<b>9. Total Assets (4+8)</b>	<b>3,317,767</b>	<b>1,213,259</b>	<b>176,123</b>	<b>2,100</b>	<b>5,978,598</b>	<b>853,599</b>	<b>1,415,550</b>
10. Trade Payables	5,455,031	1,711,251	518,399	31,523	4,909,211	1,794,562	357,079
11. Financial Liabilities	2,701,022	194,681	797,524	-	3,675,915	590,125	822,888
12a. Other Monetary Liabilities	4,753,314	592,052	1,198,428	-	-	-	-
12b. Other Non-Monetary Liabilities	-	-	-	-	7,100,993	1,476,058	1,345,358
<b>13. Short-Term Liabilities (10+11+12)</b>	<b>12,909,367</b>	<b>2,497,984</b>	<b>2,514,351</b>	<b>31,523</b>	<b>15,686,119</b>	<b>3,860,745</b>	<b>2,525,325</b>
14. Financial Payables	-	-	-	-	-	-	-
15. Financial Liabilities	849,626	-	301,211	-	3,672,020	194,681	1,108,978
16a. Other Monetary Liabilities	713,912	-	253,098	-	21	10	-
16b. Other Non-Monetary Liabilities	-	-	-	-	-	-	-
<b>17. Long-Term Liabilities (14+15+16)</b>	<b>1,563,538</b>	<b>-</b>	<b>554,309</b>	<b>-</b>	<b>3,672,041</b>	<b>194,691</b>	<b>1,108,978</b>
<b>18. Total Liabilities (13+17)</b>	<b>14,472,905</b>	<b>2,497,984</b>	<b>0,68,660</b>	<b>31,523</b>	<b>19,358,160</b>	<b>4,055,436</b>	<b>3,634,303</b>

## Ihlas Yayın Holding A.Ş. Footnotes to the Consolidated 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	EUR	Other TL Equivalent	USD	EUR	Other
19. Net Asset/(Liability) Position of Off-balance Sheet Financial Instruments (19a-19b)	.	.	.	.	.	.	.
19a. Amount of Active Off-balance Sheet Foreign Currency Derivative Assets	-	-	-	-	-	-	-
19b. Amount of Passive Off-balance Sheet Foreign Currency Derivative Assets	-	-	-	-	-	-	-
<b>20. Net Foreign Currency Asset/(Liability) Position (9-18+19)</b>	<b>(11,155,138)</b>	<b>(1,284,725)</b>	<b>(2,892,537)</b>	<b>(29,423)</b>	<b>(3,201,837)</b>	<b>(2,218,753)</b>	<b>(32,824)</b>
21. Monetary Items Net Foreign Asset/(Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	(11,216,368)	(1,311,130)	(2,892,537)	(29,423)	(1,826,862)	(873,395)	(32,788)
22. Total Fair Value of Financial Instruments Used for Foreign Exchange Hedge	.	.	.	.	.	.	.
23. Amount of Hedged Foreign Exchange Assets	.	.	.	.	.	.	.
24. Amount of Hedged Foreign Exchange Liabilities	.	.	.	.	.	.	.
<b>25. Export</b>	<b>19,262,481</b>	<b>5,340,699</b>	<b>2,311,660</b>	<b>169,197</b>	<b>19,373,970</b>	<b>4,829,139</b>	<b>3,583,365</b>
<b>26. Import</b>	<b>28,271,585</b>	<b>7,777,894</b>	<b>3,880,216</b>	<b>500</b>	<b>25,043,730</b>	<b>6,616,129</b>	<b>4,733,480</b>

As of December 31, 2014, and December 31, 2013, the Group'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 Group performs no futures trading. The Group has a natural balance between income and expense in terms of currency rates and this balance is maintained by taking into account estimates for the future.

If there had been a 10 percent value change in the TL against the USD, EUR 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 1,115,514 TL (December 13, 2013: 1,337,957 TL lower/higher) lower/higher. Foreign exchange risk sensitivity analysis related to the Group's foreign exchange position is as follows:

## İhlas Yayın Holding A.Ş.

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

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

Foreign exchange risk sensitivity analysis related to the Group's foreign exchange position is as follows:

<b>Foreign Exchange Sensitivity Analysis Table</b>				
	<b>December 31, 2013</b>		<b>December 31, 2013</b>	
	<b>Profit/Loss</b>		<b>Profit/Loss</b>	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
<b>In the event of a 10 percent change in USD currency:</b>				
1-Net asset/(liability) in USD	(297,915)	297,915	(683,368)	683,368
2-Portion protected against USD risk (-)	-	-	-	-
<b>3- Net Effect in USD (1+2)</b>	<b>(297,915)</b>	<b>297,915</b>	<b>(683,368)</b>	<b>683,368</b>
<b>In the event of a 10 percent change in EUR currency:</b>				
4-Net asset/(liability) in EUR	(815,898)	815,898	(651,537)	651,537
5-Portion protected against EUR risk (-)	-	-	-	-
<b>6-Net Effect in EUR (4+5)</b>	<b>(815,898)</b>	<b>815,898</b>	<b>(651,537)</b>	<b>651,537</b>
<b>In the event of a 10 percent change in other currencies</b>				
7-Net asset/(liability) in other foreign currency	(1,701)	1,701	(3,052)	3,052
8-The part protected against other foreign currency risk (-)	-	-	-	-
<b>9-Net Effect in Other Currencies (7+8)</b>	<b>(1,701)</b>	<b>1,701</b>	<b>(3,052)</b>	<b>3,052</b>
<b>Total (3 + 6 + 9)</b>	<b>(1,115,514)</b>	<b>1,115,514</b>	<b>(1,337,957)</b>	<b>1,337,957</b>

#### **E) Credit and collection risk management**

The Group'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 Group management based on its previous experience and current economic circumstances. The Group's credit risk is mitigated by the fact that it works with many customers. As a

## İhlas Yayın Holding A.Ş.

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

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

result, no significant credit risk increase is observed.

#### 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>19,719,282</b>	<b>74,252,019</b>	<b>46,985,333</b>	<b>778,521</b>	<b>2,432,623</b>	<b>886,592</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>	19,717,843	56,080,405	46,985,333	778,521	2,432,623	886,592
B. Net book value of assets which are overdue but not subject to impairment <sup>(3)</sup>	-	-	-	-	-	-
-The portion secured by guarantee, etc.	-	-	-	-	-	-
C. Net book value of assets subject to impairment <sup>(3)</sup>	1,439	18,171,614	-	-	-	-
-Overdue (gross book value)	151,020	50,357,035	-	-	-	-
-Impairment (-)	(149,581)	(32,185,421)	-	-	-	-
-The portion of net value secured by guarantee etc.	-	-	-	-	-	-
-Undue (gross book value)	-	-	-	-	-	-
-Impairment (-)	-	-	-	-	-	-
-The portion of net value secured by guarantee, etc.	-	-	-	-	-	-
D. Off-balance sheet credit risk containing elements <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> Following is the age analysis for financial assets which were overdue and impaired as of 31.12.2014:

December 31, 2014	Receivables	
	Provisions of Overdue	Provisions of Overdue
1-30 days overdue	85,804	(8,580)
1-3 months overdue	112,697	(39,444)
3-12 months overdue	36,259,938	(18,237,362)
1-5 years overdue	4,124,695	(4,124,695)
More than 5 years overdue	9,924,921	(9,924,921)
<b>Total</b>	<b>50,508,055</b>	<b>(32,335,002)</b>
The portion secured by guarantee, etc.	-	-

<sup>(4)</sup> There are no guarantees or irrevocable credit commitments received from the companies under credit risk.

## İhlas Yayın Holding A.Ş.

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

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

<sup>(5)</sup> Overdue financial assets that are not impaired have a small collateral and/or short maturity period. Thus, no impairment is projected for them. As of December 31, 2014, there are no overdue financial assets that are impaired.

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>28,408,437</b>	<b>61,848,955</b>	<b>-</b>	<b>580,527</b>	<b>1,055,898</b>	<b>621,877</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>	28,408,437	61,344,698	-	580,527	1,055,898	621,877
B. Net book value of overdue assets that are subject to impairment <sup>(5)</sup>	-	-	-	-	-	-
-The portion secured by guarantee, etc.	-	-	-	-	-	-
C. Net book value of assets subject to impairment <sup>(3)</sup>	-	504,257	-	-	-	-
-Overdue (gross book value)	247,806	13,619,592	-	-	-	-
-Impairment (-)	(247,806)	(13,115,335)	-	-	-	-
-Part of net value secured by guarantee, etc.	-	-	-	-	-	-
-Non-overdue (gross book value)	-	-	-	-	-	-
-Impairment (-)	-	-	-	-	-	-
-Part of net value secured by guarantee etc.	-	-	-	-	-	-
D. Off-balance sheet credit risk containing elements <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 and impaired as of December 31, 2013:

December 31, 2013	Receivables	
	Provisions of Overdue	Doubtful Receivables
1-30 days overdue	113,184	(51,020)
1-3 months overdue	192,450	(67,358)
3-12 months overdue	827,481	(510,481)
1-5 years overdue	4,333,590	(4,333,590)
More than 5 years overdue	8,400,692	(8,400,692)
Total	13,867,397	(13,363,141)
The portion secured by guarantee, etc.	-	-

<sup>(4)</sup> There are no guarantees or irrevocable credit commitments received from the companies under credit risk.

## İhlas Yayın Holding A.Ş.

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

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

<sup>(5)</sup> Overdue financial assets that are not impaired have a small collateral and/or short maturity period. Thus, no impairment is projected for them as of December 31, 2014, there are no overdue financial assets that are impaired.

#### F) Liquidity risk management

The Group manages liquidity risk through monitoring estimated and realized cash flow regularly and ensuring maintenance of sufficient funds and borrowing reserves by matching maturities of financial assets and liabilities.

December 31, 2014					
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>29,430,178</b>	<b>29,701,965</b>	<b>11,734,940</b>	<b>14,903,953</b>	<b>3,063,072</b>
Bank Loans	3,875,555	3,894,415	87,738	3,806,677	-
Financial Leasing Liabilities	6,252,164	6,252,123	802,697	2,386,354	3,063,072
Trade Payables	2,156,038	2,409,006	696,740	1,712,266	-
Other Payables and Liabilities	17,146,421	17,146,421	10,147,765	6,998,656	-
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>42,679,384</b>	<b>44,152,181</b>	<b>20,512,724</b>	<b>12,475,304</b>	<b>11,164,153</b>
Bank Loans (with no definite maturity)	-	-	-	-	-
Trade Payables	22,104,089	23,933,175	11,077,824	8,465,247	4,390,104
Other Payables and Liabilities	20,575,295	20,219,006	9,434,900	4,010,057	6,774,049
Expected (or Contractual) 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	-	-	-	-	-

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>24,282,914</b>	<b>22,968,492</b>	<b>4,373,981</b>	<b>13,900,708</b>	<b>4,693,803</b>
Bank Loans	8,037,925	7,843,608	58,944	7,711,804	72,860
Financial Leasing Liabilities	8,157,882	8,787,689	1,059,015	3,107,731	4,620,943
Trade Payables	2,062,093	2,211,810	904,340	1,307,470	-

## İhlas Yayın Holding A.Ş.

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

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

Other Payables and Liabilities	6,025,014	4,125,385	2,351,682	1,773,703	-
<b>Expected Maturities</b>	<b>Book Value</b>	<b>Expected Cash Outflows Total</b>	<b>Less than 3 Months</b>	<b>3 to 12 Months</b>	<b>1 to 5 Years</b>
<b>Non-Derivative Financial Liabilities</b>	<b>48,184,134</b>	<b>54,842,875</b>	<b>17,412,446</b>	<b>33,030,297</b>	<b>4,400,132</b>
Bank Loans (with no definite maturity)	2,974,405	2,974,405	-	2,974,405	-
Trade Payables	34,971,082	37,836,181	11,340,470	26,495,711	-
Other Payables and Liabilities	10,238,647	14,032,289	6,071,976	3,560,181	4,400,132
<b>Expected (or Contractual) Maturities</b>	<b>Book Value</b>	<b>Contractually 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	-	-	-	-	-

#### G) Hedge Accounting

The Group does not perform forwards, futures, options, or swaps transactions to hedge the risks arising from derivative products trading transactions and foreign exchange and/ or interest rates (fixed and floating).

#### Note 33 - 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	Financial Assets to be Held-on-Hand until End of Term	Loans and Payables	Ready-to-sell Financial Assets	Other Debts/ Debts Measured by Amortized Cost
<b>Financial Assets</b>					

## **İhlas Yayın Holding A.Ş.** **Footnotes to the Consolidated Financial Statements** **as of December 31, 2014**

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

Cash and Cash Equivalents	3,319,215	-	-	-	-
Financial investments	-	-	-	-	-
Trade Receivables	-	-	93,971,301	-	-
Other Receivables	-	-	47,763,854	-	-
<b>Financial Liabilities</b>					
Financial Liabilities	-	-	-	-	10,127,719
Trade Payables	-	-	-	-	24,260,127
Other Payables	-	-	-	-	170,985

December 31, 2013	Financial Assets at Fair Value through Income Statement	Financial Assets to be Held on Hand until End of Term	Loans and Payables	Ready-to-sell Financial Assets	Other Debts/ Debts Measured by Amortized Cost
<b>Financial Assets</b>					
Cash and Cash Equivalents	1,677,775	-	-	-	-
Financial investments	-	7,600,329	-	-	-
Trade Receivables	-	-	90,257,392	-	-
Other Receivables	-	-	580,527	-	-
<b>Financial Liabilities</b>					
Financial Liabilities	-	-	-	-	19,170,213
Trade Payables	-	-	-	-	37,033,175
Other Payables	-	-	-	-	262,652

Fair value measurements are described in the accounting policies for each financial asset and liability; 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 Group 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:

Financial assets carried to statement of financial position from fair value	Level 1	Level 2	Level 3
Cash and Cash Equivalents	3,319,215	-	-

The following is the fair value measurement hierarchy table as of December 31, 2013:

## **İhlas Yayın Holding A.Ş.**

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

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

<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	1,677,775	-	-

#### **Note 34 - Discontinued Operations**

The Group left the exhibition industry by selling 92 percent (77 percent active rate) of its shares, with a nominal value of 3,266,000 TL, in its subsidiary İhlas Fuar Hizmetleri A.Ş., which it included in the consolidation, for 1,904,000 Turkish lira on April 22, 2014 based on a price determined by an appraisal company. The Group earned net 74,477 TL from the sales.

#### **Note 35 - Events After Balance Sheet Date**

##### **Approval of the Financial Statements**

The Holding's consolidated financial statements dated December 31, 2014 were approved by the Board of Directors on March 4, 2015. Only the General Assembly is authorized to change the consolidated financial statements approved by the Holding's Board of Directors.

##### **About the sale of shares**

Related financial institution sold to Borsa Istanbul the Holding's shares with a nominal value of 9,662,000 TL, which İhlas Holding A.Ş. showed as collateral for the loans it obtained. As a result of the sale, the share of İhlas Holding A.Ş. in the Holding decreased to 49.7 percent from 54.54 percent.

#### **Note 36- 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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