HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONVENIENCE TRANSLATION OF THE
CONSOLIDATED FINANCIAL STATEMENTS
AND THE AUDITOR'S REPORT FOR THE PERIOD
1 JANUARY – 31 DECEMBER 2013
INTO ENGLISH

(ORIGINALLY ISSUED IN TURKISH)

# Deloitte

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**(CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)**

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Hürriyet Gazetecilik Ve Matbaacılık A.Ş.
İstanbul

We have audited the accompanying consolidated balance sheet Hürriyet Gazetecilik Ve Matbaacılık A.Ş. (the "Company"), its subsidiaries (together the "Group") as at 31 December 2013 and the related consolidated statement of profit or loss, the related consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year ended 31 December 2013, and a summary of significant accounting policies and other explanatory notes.

**Group Managements' Responsibility for the Financial Statements**

Group management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Turkish Accounting Standards ("TAS") published by Public Oversight Accounting and Auditing Standards Authority ("POA"), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with standards on auditing issued by Capital Markets Board. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte.

**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Hürriyet Gazetecilik Ve Matbaacılık A.Ş. and its subsidiaries as at 31 December 2013, and of their financial performance and their cash flows for the year then ended in accordance with TAS (refer to Note 2).

**Reports on Other Legal and Regulatory Requirements**

In accordance with Article 402 of Turkish Commercial Code No. 6102 ("TCC"), the Board of Directors provided us all the required information and documentation in terms of audit; and nothing has come to our attention that may cause us to believe that the Group's set of accounts prepared for the period 1 January-31 December 2013 does not comply with the code and the provisions of the Group's articles of association in relation to financial reporting.

In accordance with Article 378 of Turkish Commercial Code No. 6102, in publicly traded companies, the board of directors is obliged to establish a committee consisting of specialized experts, to run and to develop the necessary system for the purposes of early identification of any risks that may compromise the existence, development and continuation of the company; applying the necessary measures and remedies in this regard and managing such risks. According to paragraph 4 of Article 398 of the same code, the auditor is required to prepare a separate report explaining whether the Board of Directors has established the system and authorized committee stipulated under Article 378 to identify risks that threaten or may threaten the company and to provide risk management, and, if such a system exists, the report, the principles of which shall be announced by POA, shall describe the structure of the system and the practices of the committee. This report shall be submitted to the Board of Directors along with the auditor's report. Our audit does not include the evaluation of the operational efficiency and adequacy of the operations carried out by the management of the Group in order to manage these risks. As of the balance sheet date, POA has not announced the principles of this report, yet. Therefore, no separate report has been drawn up regarding this matter. On the other hand, the Company established the mentioned committee on 26 July 2012, and the committee is comprised of 4 members. Since the date of its establishment, the committee has held 9 meetings for the purposes of early identification of any risks that may compromise the existence and development of the Company, applying the necessary measures and remedies in this regard and managing such risks, and has submitted the relevant reports to the Board of Directors.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Berkman Özata, SMMM
Partner

İstanbul, 6 March 2014

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## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2013, 2012 AND 2011

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

| | Note references | Current Period (Audited) 31 December 2013 | Restated (Audited) Prior Period 31 December 2012 | Restated (Audited) Prior Period 31 December 2011 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Current assets** | | **419.004.238** | **445.879.948** | **542.467.281** |
| Cash and cash equivalents | 5 | 47.206.848 | 108.189.130 | 275.910.951 |
| Trade receivables | | 212.514.859 | 214.312.273 | 142.089.657 |
| -Due from related parties | 34 | 28.053.511 | 21.915.410 | 21.769.432 |
| -Trade receivables from non-related parties | 9 | 184.461.348 | 192.396.863 | 120.320.225 |
| Other receivables | | 77.097.231 | 77.513.017 | 496.145 |
| -Due from related parties | 34 | - | 2.992.773 | - |
| -Other receivables from non-related parties | 10 | 77.097.231 | 74.520.244 | 496.145 |
| Inventories | 12 | 17.359.688 | 19.050.935 | 18.150.472 |
| Prepaid expenses | 21 | 5.225.920 | 3.906.513 | 5.982.263 |
| Assets related with current tax | 32 | 1.854.825 | 11.395.894 | 7.735.578 |
| Derivative instruments | 8 | - | 573.393 | - |
| Other current assets | 22 | 43.782.297 | 10.938.793 | 11.414.896 |
| **Subtotal** | | **405.041.668** | **445.879.948** | **461.779.962** |
| Assets held for sale | 35 | 13.962.570 | - | 80.687.319 |
| **Non-current assets** | | **1.019.399.816** | **1.095.247.168** | **1.101.152.764** |
| Other receivables | 10 | 1.508.340 | 62.460.105 | 910.363 |
| Financial investments | 6 | 1.976.906 | 2.227.330 | 4.534.498 |
| Investments accounted by the equity method | 13 | 13.768.940 | 8.905.216 | 11.348.405 |
| Investment property | 14 | 57.378.321 | 50.051.137 | 42.320.984 |
| Property, plant and equipment | 15 | 272.180.560 | 308.196.660 | 336.403.872 |
| Intangible assets | | 654.664.493 | 647.795.454 | 685.490.137 |
| -Goodwill | 16 | 119.422.217 | 118.331.349 | 136.195.646 |
| -Other intangible assets | 16 | 535.242.276 | 529.464.105 | 549.294.491 |
| Deferred tax assets | 32 | 15.590.176 | 14.371.902 | 13.382.408 |
| Other non-current assets | 22 | 2.332.080 | 1.239.364 | 6.762.097 |
| **Total assets** | | **1.438.404.054** | **1.541.127.116** | **1.643.620.045** |

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

## CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2013, 2012 AND 2011

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

| | Note references | Current Period (Audited) 31 December 2013 | Restated (Audited) Prior Period 31 December 2012 | Restated (Audited) Prior Period 31 December 2011 |
|---|---|---|---|---|
| **LIABILITIES** | | | | |
| **Current liabilities** | | **294.282.082** | **431.396.001** | **546.397.750** |
| Short-term borrowings | 7 | 8.823.406 | 46.048.788 | 56.395.501 |
| Short-term portion of long-term borrowings | 7 | 143.052.144 | 249.699.732 | 208.789.989 |
| Other financial liabilities | 8 | 16.154.517 | 18.207.476 | 66.438.280 |
| Trade payables | | 61.525.828 | 56.105.002 | 55.352.470 |
| -Trade payables to related parties | 34 | 13.514.346 | 4.946.300 | 11.972.022 |
| -Other payables to non-related parties | 9 | 48.011.482 | 51.158.702 | 43.380.448 |
| Employee benefit payables | 11 | 9.636.330 | 10.102.221 | 13.740.128 |
| Other payables | | 7.358.224 | 1.717.936 | 107.072.223 |
| -Other payables to related parties | 34 | 3.279.095 | - | 97.434.767 |
| -Other payables to non-related parties | 10 | 4.079.129 | 1.717.936 | 9.637.456 |
| Deferred income | 21 | 10.072.664 | 8.915.597 | 10.927.060 |
| Current income tax liabilities | 32 | 886.742 | 17.942.352 | 477.892 |
| Short-term provisions | | 21.830.060 | 18.517.443 | 18.244.040 |
| -Short-term provisions for employment benefits | 18 | 17.760.561 | 14.836.862 | 15.430.714 |
| -Other short-term provisions | 18 | 4.069.499 | 3.680.581 | 2.813.326 |
| Derivative financial instruments | 8 | 2.440.486 | - | 299.825 |
| Other current liabilities | 22 | 3.223.879 | 4.139.454 | 8.660.342 |
| **Subtotal** | | **285.004.280** | **431.396.001** | **546.397.750** |
| Assets held for sale | 35 | 9.277.802 | - | - |
| **Non-current liabilities** | | **420.980.088** | **365.701.496** | **490.988.811** |
| Long-term borrowings | 7 | 266.158.639 | 208.378.761 | 337.956.619 |
| Other payables | 10 | 463.857 | 170.675 | 132.529 |
| Long-term provisions | | | | |
| -Long-term provisions for employment benefits | 20 | 47.989.848 | 44.563.930 | 26.158.276 |
| Deferred tax liability | 32 | 106.367.744 | 112.550.695 | 118.309.079 |
| Other non-current liabilities | | - | 37.435 | 8.432.308 |

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

## CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2013, 2012 AND 2011

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

| | Note references | Current Period (Audited) 31 December 2013 | Restated (Audited) Prior Period 31 December 2012 | Restated (Audited) Prior Period 31 December 2011 |
|---|---|---|---|---|
| **EQUITY** | | | | |
| **Total equity** | | **723.141.884** | **744.029.619** | **606.233.484** |
| **Equity attributable to equity holders of the parent company** | | **671.712.912** | **682.314.430** | **528.938.059** |
| Share capital | 23 | 552.000.000 | 552.000.000 | 552.000.000 |
| Inflation adjustment to share capital | 23 | 77.198.813 | 77.198.813 | 77.198.813 |
| Items that will not be reclassified subsequently to profit or loss | | | | |
| -Actuarial losses in defined benefit plan | | (15.453.900) | (13.610.662) | - |
| Share premiums | | 76.944 | 76.944 | 76.944 |
| Items that may be reclassified subsequently to profit or loss | | | | |
| -Currency translation differences | | 97.673.595 | 58.453.680 | 57.275.667 |
| Restricted reserves | 23 | 167.305.861 | 34.266.877 | 34.266.877 |
| (Accumulated losses) / retained earnings | | (145.994.420) | (176.732.519) | 42.086.198 |
| Net (loss) / income for the period | | (61.093.981) | 150.661.297 | (233.966.440) |
| **Non-controlling interests** | | **51.428.972** | **61.715.189** | **77.295.425** |
| **Total liabilities** | | **1.438.404.054** | **1.541.127.116** | **1.643.620.045** |

These consolidated financial statements as at and for the period ended 31 December 2013 were approved by the Board of Directors on 6 March 2014.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

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

| | Note References | Current Period (Audited) 1 January- 31 December 2013 | Restated Prior Period (Audited) 1 January- 31 December2012 |
|---|---|---|---|
| Sales | 24 | 805.574.612 | 830.402.405 |
| Cost of sales (-) | 24 | (514.437.753) | (519.195.921) |
| **Gross profit** | | **291.136.859** | **311.206.484** |
| General administrative expenses(-) | 25 | (144.178.097) | (144.337.312) |
| Marketing, selling and distribution expenses(-) | 25 | (145.417.796) | (141.401.298) |
| Other operating income | 27 | 82.810.976 | 98.189.553 |
| Other operating expenses (-) | 28 | (45.274.193) | (60.071.167) |
| **Operating profit** | | **39.077.749** | **63.586.260** |
| Share of loss of investments accounted by the equity method | 13 | (7.160.944) | (11.166.626) |
| Monetary gain | | 74.229 | 118.285 |
| Income from investing activities | 29 | 21.220.794 | 196.497.070 |
| Expenses from investing activities (-) | 30 | (13.020.147) | (12.626.368) |
| **Operating profit before finance expense** | | **40.191.681** | **236.408.621** |
| Finance expenses (-) | 31 | (101.479.505) | (64.551.705) |
| **Continued operations (loss)/ profit before tax** | | **(61.287.824)** | **171.856.916** |
| **Continued operations tax benefit / (expense)** | | **7.063.582** | **(21.111.585)** |
| Current tax (expense) / benefit | 32 | (5.218.150) | (24.136.886) |
| Deferred tax benefit | 32 | 12.281.732 | 3.025.301 |
| **Continued operations net (loss) / profit for the period** | | **(54.224.242)** | **150.745.331** |
| **Discontinued operations** | | | |
| Net income for the period from discontinued operations after income taxes | 35 | (24.583.900) | (3.718.815) |
| **Net (loss) / profit for the period** | | **(78.808.142)** | **147.026.516** |
| **Allocation of net profit/(loss) for the period** | | | |
| Attributable to non-controlling interets | | (17.714.161) | (3.634.781) |
| Attributable to equity holders of the parent company | | (61.093.981) | 150.661.297 |
| **(Loss) / earnings per share (TL)** | | | |
| (Loss)/ earnings from continuing operations per share | 33 | (0,0982) | 0,2731 |
| (Loss) from discontinued operations per share | 33 | (0,0445) | (0,0067) |
| (Loss)/ earnings from continuing and discontinuing operations per share | | (0,1427) | 0,2664 |

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

## CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

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

| | Note References | Current Period (Audited) 1 January- 31 December 2013 | Restated Prior Period (Audited) 1 January- 31 December 2012 |
|---|---|---|---|
| **Other comprehensive income/(expense)** | | | |
| **Net profit/(loss) for the period** | | **(78.808.142)** | **147.026.516** |
| Accumulated other comprehensive income/expenses reclassified in profit and loss | | | |
| Change in foreign currency differences | | 49.244.586 | 1.526.538 |
| Accumulated other comprehensive income/expenses not to be reclassified in profit and loss | | | |
| Actuarial loss in defined pension plans | | (2.304.048) | (17.013.328) |
| Tax effect of actuarial loss in defined pension plans | | 460.810 | 3.402.666 |
| **Other comprehensive income/(expense) after tax** | | **47.401.348** | **(12.084.124)** |
| **Total comprehensive income/(expense)** | | **(31.406.794)** | **134.942.392** |
| **Allocation of total comprehensive income/(expense)** | | | |
| Attributable to non-controlling interets | | (7.689.490) | (3.286.256) |
| Attributable to equity holders of the parent company | | (23.717.304) | 138.228.648 |

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY AS AT 31 DECEMBER 2013

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

| | Note references | Share capital | Inflation adjustment to share capital | Share premiums | Items will be reclassified subsequently to profit or loss: Translation currency differences | Items will not be reclassified subsequently to profit or loss: Actuarial losses in defined benefit plan | Restricted reserves | Retained earnings: Retained earnings / (accumulated losses) | Retained earnings: Net profit / (loss) for the period | Equity attributable to equity holders of the parent company | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balances at 1 January 2012** | | | | | | | | | | | | |
| **(as previously reported)** | 23 | **552.000.000** | **77.198.813** | **76.944** | **57.275.667** | - | **34.266.877** | **28.856.851** | **(235.674.317)** | **514.000.835** | **77.295.425** | **591.296.260** |
| Effect of change in | | | | | | | | | | | | |
| accounting policy (Note 2.1.6) | | - | - | - | - | - | - | 13.229.347 | 1.707.877 | 14.937.224 | - | 14.937.224 |
| **Balances at 1 January 2012** | | | | | | | | | | | | |
| **(as restated)** | | **552.000.000** | **77.198.813** | **76.944** | **57.275.667** | - | **34.266.877** | **42.086.198** | **(233.966.440)** | **528.938.059** | **77.295.425** | **606.233.484** |
| Transfer | | - | - | - | - | - | - | (233.966.440) | 233.966.440 | - | - | - |
| Capital increase of subsidiary | | - | - | - | - | - | - | - | - | - | 4.014.072 | 4.014.072 |
| Subsidiaries' dividend payments | | | | | | | | | | | | |
| to non-group companies | | - | - | - | - | - | - | - | - | - | (2.724.446) | (2.724.446) |
| Put-option adjustment for | | | | | | | | | | | | |
| non-controlling interests | | - | - | - | - | - | - | 35.114.191 | - | 35.114.191 | 12.017.025 | 47.131.216 |
| Other (1) | | - | - | - | - | - | - | - | - | - | 245.527 | 245.527 |
| Purchase of subsidiary shares (Note 2.1.3) | | - | - | - | - | - | - | (19.966.468) | - | (19.966.468) | (25.846.158) | (45.812.626) |
| Total comprehensive income | | - | - | - | 1.178.013 | (13.610.662) | - | - | 150.661.297 | 138.228.648 | (3.286.256) | 134.942.392 |
| - Revaluation losses on defined benefit plans | | - | - | - | - | (13.610.662) | - | - | - | (13.610.662) | - | (13.610.662) |
| - Change in translation reserves | | - | - | - | 1.178.013 | - | - | - | - | 1.178.013 | 348.525 | 1.526.538 |
| - Net profit/(loss) for the period | | - | - | - | - | - | - | - | 150.661.297 | 150.661.297 | (3.634.781) | 147.026.516 |
| **Balances at 31 December 2012** | | **552.000.000** | **77.198.813** | **76.944** | **58.453.680** | **(13.610.662)** | **34.266.877** | **(176.732.519)** | **150.661.297** | **682.314.430** | **61.715.189** | **744.029.619** |
| **Balances at 1 January 2013** | 23 | **552.000.000** | **77.198.813** | **76.944** | **58.453.680** | **(13.610.662)** | **34.266.877** | **(176.732.519)** | **150.661.297** | **682.314.430** | **61.715.189** | **744.029.619** |
| Transfer | | - | - | - | - | - | 133.038.984 | 17.622.313 | (150.661.297) | - | - | |
| Subsidiaries' dividend payments | | | | | | | | | | | | |
| to non-group companies | | - | - | - | - | - | - | - | - | - | (3.244.945) | (3.244.945) |
| Other (1) | | - | - | - | - | - | - | - | - | - | 648.218 | 648.218 |
| Disposal of associate (Note 13) (2) | | - | - | - | - | - | - | 13.115.786 | - | 13.115.786 | - | 13.115.786 |
| Total comprehensive expense | | - | - | - | 39.219.915 | (1.843.238) | - | | (61.093.981) | (23.717.304) | (7.689.490) | (31.406.794) |
| - Revaluation losses on defined benefit plans | | - | - | - | - | (1.843.238) | - | - | - | (1.843.238) | - | (1.843.238) |
| - Change in translation reserves | | - | - | - | 39.219.915 | - | - | - | - | 39.219.915 | 10.024.671 | 49.244.586 |
| - Net loss for the period | | - | - | - | - | - | - | - | (61.093.981) | (61.093.981) | (17.714.161) | (78.808.142) |
| **Balances at 31 December 2013** | 23 | **552.000.000** | **77.198.813** | **76.944** | **97.673.595** | **(15.453.900)** | **167.305.861** | **(145.994.420)** | **(61.093.981)** | **671.712.912** | **51.428.972** | **723.141.884** |

(1)Represents fair value changes of put option liabilities and acquisition and disposal of shares from non-controlling shareholders.
(2)Kanal D Romania, subsidiary of Doğan Media International Gmbh which was consalidated by the equity method, was sold to a related party in 2013.

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

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2013

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

| | Note references | Current Period (Audited) 1 January- 31 December 2013 | Prior Period (Audited) 1 January- 31 December 2012 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | **143.064.863** | **(60.132.213)** |
| Net (loss) / profit for the period | | (78.808.142) | 147.026.516 |
| **Adjustments to reconcile net (loss) / profit for the period** | | **176.867.078** | **(31.123.621)** |
| Adjustments regarding depreciation | 15 | 46.647.326 | 46.103.551 |
| Adjustments regarding amortization | 16 | 31.799.159 | 30.629.467 |
| Adjustments regarding loss / (gain) on sale of plant,property and equipment, intangible assets | 29,30 | 3.863.360 | (168.716.721) |
| Adjustments regarding tax (income) / expense | 32 | (7.063.582) | 21.111.585 |
| Adjustments regarding provision for employment benefits and unused vacation rights | 18,20 | 15.773.714 | 13.160.899 |
| Gain on sale of financial assets | | (128.021) | (1.141.650) |
| Adjustments regarding income accruals | 9 | (250.383) | 172.896 |
| Adjustments regarding interest income | 27 | (2.702.793) | (7.128.483) |
| Finance income/expense accruals due from sales with maturity | 27,28 | (4.268.955) | (5.338.486) |
| Unrealized finance expenses due to purchases with maturity | 27 | (225.536) | (79.748) |
| Adjustments regarding interest expenses and accruals | 31 | 23.292.953 | 28.919.845 |
| Unrealized foreign exchange expense / (income) from borrowings | | 47.192.807 | (21.900.712) |
| Provision for impairment of goodwill and available for sale assets | | 23.301.137 | 18.105.868 |
| Changes in fair value adjustments | 14 | (16.743.808) | (502.696) |
| Adjustments regarding increase in deferred income | | (214.833) | (215.174) |
| Accrual of tax penalties and tax base increase expense | | - | 416.353 |
| Adjustments regarding provision for impairment of inventories | 12 | 1.116.831 | 2.109.581 |
| Loss from investments accounted by the equity method | 13 | 7.160.944 | 11.166.626 |
| Provision for doubtful receivables | 28 | 8.201.319 | 7.604.720 |
| Provision for lawsuits | 18 | 1.897.012 | 2.576.440 |
| Reversal of provisions | | (4.308.090) | (7.629.369) |
| Loss on sale of subsidiary | 30,36 | 2.526.517 | (548.413) |
| **Changes in working capital:** | | **(45.005.927)** | **(176.035.108)** |
| Changes in blocked deposits | 5 | 6.019 | (2.221) |
| Changes in trade and related party receivables | | (6.289.773) | (113.330.354) |
| Changes in inventories | | 1.285.692 | (5.624.949) |
| Changes in prepaid expenses | | (1.319.407) | 2.075.750 |
| Changes in other current assets | | 50.574.839 | (10.016.269) |
| Changes in other financial assets and liabilities | | 3.013.879 | (8.181.133) |
| Changes in trade and related party payables | | 10.990.273 | 6.145.788 |
| Changes in other short term liabilities | | (4.003.760) | (17.360.868) |
| Changes in other non-current assets | | (2.285.392) | 2.860.622 |
| Changes in payables due from employment benefits | | (465.891) | (3.637.907) |
| Changes in deferred revenue | | 1.157.067 | (2.011.463) |
| Changes in short-term provisions for employment benefits | | 2.923.699 | (593.852) |
| Taxes paid | | (951.940) | (10.493.298) |
| Tax penalty paid and tax base increase | | - | (8.795.894) |
| Collections from doubtful receivables | 9 | 2.418.092 | 5.302.701 |
| Employment benefits and unused vacation rights paid | 18, 20 | (12.047.470) | (12.371.761) |

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

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2013

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

| | Note references | Current Period (Audited) 1 January- 31 December 2013 | Prior Period (Audited) 1 January- 31 December 2012 |
|---|---|---|---|
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | **8.646.126** | **117.321.801** |
| Purchases of property, plant and equipment | 15 | (12.981.167) | (47.965.002) |
| Purchases of intangible assets | 16 | (6.733.893) | (11.826.722) |
| Proceeds from sales of property, plant and equipment, intangible assets and investment properties | | 12.770.816 | 162.622.279 |
| Interests received | | 12.492.736 | 16.575.336 |
| Proceeds from disposal of financial assets | | 128.021 | 3.446.550 |
| Proceeds from disposal of subsidiary | | 2.969.613 | 1.128.386 |
| Share capital increase in investments accounted by the equity method | | - | (9.905.723) |
| Changes in blocked deposits | | - | 3.246.697 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | **(215.498.963)** | **(243.129.759)** |
| Changes in blocked deposits | | (36.594.775) | - |
| Increase in share capital of non-controlling interests | | - | 4.014.072 |
| Purchase of subsidiary shares | | - | (45.812.626) |
| Dividends paid to non-controlling interests | | (2.649.869) | (2.724.446) |
| Bank borrowings received | | 17.549.573 | 131.186.000 |
| Bank borrowings paid | | (141.415.377) | (164.144.910) |
| Decrease in financial liabilities to suppliers | | (32.767.172) | (35.353.378) |
| Interests paid | | (22.900.438) | (29.866.931) |
| Changes in financial payables to related parties | | 3.279.095 | (97.434.767) |
| Changes in advances teken from related parties | | - | (2.992.773) |
| Effects of foreign exchange rate fluctuations on cash and cash equivalents | | 2.716.711 | 18.621.389 |
| Change in cash and cash equivalents | | (61.071.263) | (167.318.782) |
| **Cash and cash equivalents at the beginning of the period** | **5** | **108.044.224** | **275.363.006** |
| **Cash and cash equivalents at the end of the period** | **5** | **46.972.961** | **108.044.224** |

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

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

## NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Hürriyet Gazetecilik ve Matbaacılık A.Ş. ("Hürriyet" or the "Company") was established in 1960 and is registered in Turkey. The Company which undertakes journalism, printing, advertising and internet publishing activities operates seven printing plants in Turkey with locations in İstanbul, Ankara, İzmir, Adana, Antalya, Trabzon and in Germany. The Company is a member of Doğan Şirketler Grubu Holding A.Ş. ("Doğan Holding") through the investment of Doğan Yayın Holding A.Ş. ("Doğan Yayın Holding"), which has a majority ownership in the Company (Note 23). Aydın Doğan and Doğan Family (Işıl Doğan, Arzuhan Yalçındağ, Vuslat Sabancı, Hanzade V. Doğan Boyner and Y.Begümhan Doğan Faralyalı) are ultimate shareholders of the Company.

The address of the registered office is as follows:

100. Yıl Mahallesi, Matbaacılar Caddesi No:78
34204 Bağcılar/İstanbul
Turkey

The Company is registered to the Capital Markets Board ("CMB") and its shares have been quoted on the Borsa İstanbul ("BIST") since 25 February 1992. In accordance with the resolution numbered 21/655 on 23 July 2010 of CMB; according to the records of Central Registry Agency (CRA); shares representing 21,98 % as of 31 December 2013 (31 December 2012: 20,87%) of Hürriyet are accepted as "in circulation". Shares representing 40,00% (31 December 2012:39,98%) of Hürriyet are in "open" status.

### Subsidiaries

The name of the Company's subsidiaries ("Subsidiaries"), the nature of the business and geographic segments are as follows:

| Subsidiaries | Registered country | Geographic segment | Nature of business |
|---|---|---|---|
| Hürriyet Medya Basım Hizmetleri ve Ticaret A.Ş. ("Hürriyet Medya Basım") | Turkey | Turkey | Printing and administrative services |
| Doğan Ofset Yayıncılık ve Matbaacılık A.Ş. ("Doğan Ofset") | Turkey | Turkey | Magazine and book publishing |
| Yenibiriş İnsan Kaynakları Hizmetleri Danışmanlık ve Yayıncılık A.Ş. ("Yenibir") | Turkey | Turkey | Internet publishing |
| Doğan Haber Ajansı A.Ş. ("Doğan Haber") | Turkey | Turkey | News agency |
| Nartek Bilişim Turizm ve Pazarlama Hizmetleri Ticaret A.Ş. ("Nartek") | Turkey | Turkey | Internet publishing |
| Hürriyet Zweigniederlassung GmbH. ("Hürriyet Zweigniederlassung") | Germany | Europe | Newspaper publishing |
| Trader Media East ("TME") | Jersey | Europe | Investment |
| Publishing House Pennsylvania Inc | USA | Russia and EE | Investment |
| Pronto Soft | Belarus | Russia and EE | Internet publishing |
| OOO SP Belpronto | Belarus | Russia and EE | Newspaper and internet publishing |
| Bolji Posao d.o.o. Bosnia | Bosnia-Herzegovina | Europe | Internet publishing |
| Oglasnik d.o.o. | Croatia | Europe | Newspaper and internet publishing |
| TCM Adria d.o.o. | Croatia | Europe | Investment |
| Hürriyet Invest B.V. ("Hürriyet Invest") | Holland | Europe | Investment |
| Pronto Invest B.V. | Holland | Europe | Investment |
| Mirabridge International B.V. | Holland | Europe | Investment |
| TOO Pronto Akmola | Kazakhstan | Russia and EE | Newspaper and internet publishing |

## NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

### Subsidiaries (Continued)

| Subsidiaries | Registered country | Geographic segment | Nature of business |
|---|---|---|---|
| OOO Pronto Aktau | Kazakhstan | Russia and EE | Newspaper and internet publishing |
| OOO Pronto Aktobe | Kazakhstan | Russia and EE | Newspaper and internet publishing |
| OOO Pronto Atyrau | Kazakhstan | Russia and EE | Newspaper and internet publishing |
| Pronto Ust Kamenogorsk | Kazakhstan | Russia and EE | Newspaper publishing |
| ZAO Pronto Akzhol | Kazakhstan | Russia and EE | Newspaper and internet publishing |
| Expressz Magyarorszag Media Kft. | Hungary | Europe | Newspaper and internet publishing |
| Impress Media Marketing LLC | Russia | Russia and EE | Publishing |
| OOO Delta-M | Russia | Russia and EE | Newspaper and internet publishing |
| OOO Novoprint | Russia | Russia and EE | Newspaper and internet publishing |
| OOO Partner-Soft | Russia | Russia and EE | Internet publishing |
| OOO Pronto Baikal | Russia | Russia and EE | Newspaper and internet publishing |
| Job.ru LLC | Russia | Russia and EE | Internet publishing |
| OOO Pronto DV | Russia | Russia and EE | Newspaper and internet publishing |
| OOO Pronto Ivanovo | Russia | Russia and EE | Newspaper and internet publishing |
| OOO Pronto Kaliningrad | Russia | Russia and EE | Newspaper and internet publishing |
| OOO Pronto Kazan | Russia | Russia and EE | Newspaper and internet publishing |
| OOO Pronto Kemerovo | Russia | Russia and EE | Newspaper and internet publishing |
| OOO Pronto Krasnodar | Russia | Russia and EE | Newspaper and internet publishing |
| OOO Pronto Krasnoyarsk | Russia | Russia and EE | Newspaper and internet publishing |
| OOO Pronto Moscow | Russia | Russia and EE | Newspaper and internet publishing |
| OOO Pronto Neva | Russia | Russia and EE | Internet publishing |
| OOO Pronto Nizhny Novgorod | Russia | Russia and EE | Newspaper and internet publishing |
| OOO Pronto Novosibirsk | Russia | Russia and EE | Newspaper and internet publishing |
| OOO Pronto Obninsk | Russia | Russia and EE | Newspaper and internet publishing |
| OOO Pronto Oka | Russia | Russia and EE | Newspaper and internet publishing |
| OOO Pronto Rostov | Russia | Russia and EE | Newspaper and internet publishing |
| OOO Pronto Samara | Russia | Russia and EE | Newspaper and internet publishing |
| OOO Pronto Smolensk | Russia | Russia and EE | Newspaper and internet publishing |
| OOO Pronto Tula | Russia | Russia and EE | Newspaper and internet publishing |
| OOO Pronto UlanUde | Russia | Russia and EE | Newspaper and internet publishing |
| OOO Pronto Vladivostok | Russia | Russia and EE | Newspaper and internet publishing |
| OOO Pronto Voronezh | Russia | Russia and EE | Newspaper and internet publishing |
| OOO Rektcentr | Russia | Russia and EE | Investment |
| OOO Tambov-Info | Russia | Russia and EE | Newspaper and internet publishing |
| OOO Tambukan | Russia | Russia and EE | Newspaper and internet publishing |
| OOO Utro Peterburga | Russia | Russia and EE | Newspaper and internet publishing |
| OOO Rukom | Russia | Russia and EE | Internet publishing |
| ZAO NPK | Russia | Russia and EE | Call center |
| Bolji Posao d.o.o. Serbia | Serbia | Europe | Internet publishing |
| Publishing International Holding BV | Holland | Europe | Investment |

### Associates

Associates of the Company, registered countries, nature of businesses, geographic segments are as follows:

| Associates | Registered country | Geographic segment | Nature of business |
|---|---|---|---|
| ASPM Holding B.V. ("ASPM") | Hollanda | Europe | İnvestment |

### Joint Ventures

Joint Ventures of the Company, registered countries, nature of businesses, geographic segments are as follows:

| Joint Venture | Registered country | Geographic segment | Nature of business |
|---|---|---|---|
| Doğan Media International GmbH ("Doğan Media") | Germany | Europe | Newspaper publishing |
| SP Pronto Kiev | Ukraine | Russia and EE | Newspaper and internet publishing |
| TOV E-Prostir | Ukraine | Russia and EE | Internet publishing |

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

### 2.1 Basis of presentation

#### 2.1.1 Financial reporting standards

Public Oversight, Accounting and Auditing Standards Board ("POA"), published the "Financial Statement Samples and User Guide", to be prepared in the scope of TAS/TFRS in accordance with the "Turkey Accounting / Financial Reporting Standards" in the Official Gazette No. 28652 dated 20 May 2013 for the companies that are obliged to apply Turkish Accounting Standards ("TAS") and Turkish Financial Reporting Standards ("TFRS") except for the financial institutions such as banks, insurance companies, capital market institutions operating under the scope of Banking Act No. 5411, the Capital Market Law No. 6362, No. 5684, No. 4683 of the Insurance Law, Private Pension Savings and Investment.

In accordance with the Capital Markets Board ("CMB")'s No. II-14.1 "Principles of Financial Reporting in Capital Markets" ("Communiqué No. II-1.14"), capital market institutions except for the partnerships whose issued capital market instruments are traded on a stock exchange and investment funds, housing finance and asset finance funds, financial statements, should prepare its financial statements in accordance with TAS / TFRS.

Upon the CMB's resolution dated 7 June 2013 and 20/670, for capital market institutions, except for the corporations whose capital market instruments are traded on a stock exchange and investment funds, housing finance and asset finance funds within the scope of Communique No: II-14.1, formats are declared in the weekly bulleting at 7 June 2013 numbered 2013/19 starting from the interim periods 31 March 2013. The Company prepared the consolidated financial statements as of 31 December 2013 in accordance with the standards described above.

With the decision taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with CMB Financial Reporting Standards. Accordingly, IAS 29, "Financial Reporting in Hyperinflationary Economies" ("IAS 29"), issued by the IASB, has not been applied in the financial statements for the accounting year commencing 1 January 2005.

The Group maintain their books of account and prepare their statutory financial statements in TL in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance.

These consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion except investment properties, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the CMB's Financial Reporting Standards.

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

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.1 Basis of presentation (Continued)

#### 2.1.2 Financial statements of Subsidiaries, Associates and Joint Ventures operating in foreign countries

Financial statements of subsidiaries, associates and joint ventures that are operating in foreign countries are prepared in accordance with applicable laws and regulations in countries in which they are registered and required adjustments and reclassifications are reflected for the purpose of fair presentation in accordance with the Group's accounting policies.

If the Group companies' functional currency is different from its presentation currency, the functional currency is translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.
- Income and expenses for each income statement are translated at average exchange rates; and all resulting exchange differences are recognised as a separate component of equity and statements of comprehensive income (currency translation reserve).

When a foreign operation is partially disposed of or sold, exchange differences recorded in equity are recognised in the income statement as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

The financial statements of the companies operating in Belarus (Pronto Soft, OOO SP Belpronto) included within the accompanying consolidated financial statements are prepared on the historical cost basis adjusted in accordance with IAS No. 29. The methods used to measure the fair values are explained in Note 2.2.2. Determination of historical cost is generally based on the fair value of the amount paid for the asset. As explained in Note 2.1.1, effective from 1 January 2005, the application of inflation accounting has lasted for the companies operating in Turkey. Hyper-inflationary period is commenced on 1 January 2011 in Belarus. In the financial statements of subsidiaries operating in Belarus, restatement adjustments resulting from changes in the general purchasing power of the Belarusian Ruble have been made in accordance with IAS 29 which requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date. One characteristic that necessitates the application of IAS 29 is a cumulative three-year inflation rate approaching or exceeding 100%. The related cumulative rate became 196% for the three-year period ended as of 31 December 2013 based on the consumer price index published by Belarus National Statistic Committee.

Index and the conversion factors used to adjust the financial statements of the subsidiaries operating in Belarus as at 31 December 2013 are given below:

| Dates | Index | Conversion Factor |
|---|---|---|
| 31 December 2009 | 1,4907 | 3,2535 |
| 31 December 2010 | 1,6362 | 2,9598 |
| 31 December 2011 | 3,4197 | 1,4183 |
| 31 December 2012 | 4,1645 | 1,1646 |
| 31 December 2013 | 4,8501 | 1,0000 |

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

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.1 Basis of presentation (Continued)

#### 2.1.2 Financial statements of Subsidiaries, Associates and Joint Ventures operating in foreign countries (Continued)

The annual change in Belarusian Ruble ("BYR") exchange rate against USD and Euro compared with the consumer price index in Belarus is as follows:

| Years | 2011 | 2012 | 2013 |
|---|---|---|---|
| Change in USD/BYR (%) | 178 | 3 | 11 |
| Change in Euro/BYR (%) | 172 | 5 | 15 |
| Belarus Consumer Price Index (%) | 109 | 22 | 16 |

As of 31 December 2013, the exchange rate announced by the National Bank of the Republic of Belarus was USD 1= BYR 9.510, Euro 1= BYR 13.080 (31 December 2012: USD 1= BYR 8.570, Euro 1= BYR 11.340).

The main guidelines for the IAS 29 restatement are as follows:

- All items of financial statements of subsidiaries operating in Belarus, except for the ones already presented at the current purchasing power level, are restated by applying a general price index until 31 December 2013.

- Monetary assets and liabilities of the subsidiaries operating in Belarus are not restated because they are already expressed in terms of the current measuring unit at the balance sheet date. Monetary items present money held and items to be received or paid in cash and cash equivalents.

- Non-monetary assets and liabilities in financial statements of the subsidiaries operating in Belarus are restated by applying, to the initial acquisition cost and any accumulated depreciation, the change in the general price index from the date of acquisition or initial recording to the balance sheet date, in the manner that not to exceed their market values. Depreciation is similarly restated. The components of shareholders' equity are restated by applying the applicable general price index from the dates the components were contributed or arose otherwise.

- All items in the statement of income of the subsidiaries operating in Belarus, except non-monetary items in the statement of financial position that have effect over statement of income, are restated by applying the relevant conversion factors from the dates when the income and expense items were initially recorded in the financial statements.

- The gain or loss on the net monetary position is the result of the effect of general inflation and is the difference resulting from the restatement of non-monetary assets, shareholders' equity and statement of income items. The gain or loss on the net monetary position is included in net profit / (loss).

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.1 Basis of presentation (Continued)

### 2.1.3 Consolidation principles

The consolidated financial statements include the accounts of the parent company, Hürriyet, its Subsidiaries, Joint Ventures, and its Associates (together the "Group") on the basis set out in sections (a) to (d) below. The financial statements of the companies included in the consolidation are based on historical cost of the statutory records and for the purpose of fair presentation in accordance with the accounting policies described in Note 2.1.1 and Note 2.1.2 and application of uniform accounting policies and presentations; adjustments and reclassifications.

Consolidation principles used in the preparation of these consolidated financial statements are summarized below:

*(a) Subsidiaries*

Subsidiaries are companies in which the Company has power to control the financial and operating policies for the benefit of the Company either (a) through the power to exercise more than 50% voting rights relating to shares in the companies as a result of shares owned directly and indirectly by itself, or (b) although not having the power to exercise more than 50% of the voting rights, through the power to govern the financial and operating policies. Control is achieved when the Company:

- Has power over the investee
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to at least one of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all the relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, over vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made,including voting patterns at previous shareholders' meetings.

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

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.1 Basis of presentation (Continued)

### 2.1.3 Consolidation principles (Continued)

*(a) Subsidiaries (Continued)*

The Subsidiaries and their effective ownership interests at 31 December 2013 and 31 December 2012 are as follows:

| | Proportion of voting power held by Hürriyet and its Subsidiaries (%) | | Effective ownership interests (%) | |
|---|---|---|---|---|
| Subsidiaries | 31 December 2013 | 31 December 2012 | 31 December 2013 | 31 December 2012 |
| Hürriyet Medya Basım | 100,00 | 100,00 | 100,00 | 100,00 |
| Doğan Ofset | 99,93 | 99,93 | 99,93 | 99,93 |
| Yenibir | 100,00 | 100,00 | 100,00 | 100,00 |
| Doğan Haber | 53,10 | 53,10 | 53,10 | 53,10 |
| Nartek | 60,00 | 60,00 | 60,00 | 60,00 |
| Hürriyet Zweigniederlassung | 100,00 | 100,00 | 100,00 | 100,00 |
| Hürriyet Invest | 100,00 | 100,00 | 100,00 | 100,00 |
| TME | 74,28 | 74,28 | 74,28 | 74,28 |
| Oglasnik d.o.o. (1) (2) | 100,00 | 100,00 | 74,28 | 74,28 |
| Impress Media Marketing LLC | 97,00 | 100,00 | 72,05 | 74,28 |
| Moje Delo, spletni marketing, d.o.o (3) | - | 100,00 | - | 74,28 |
| TCM Adria d.o.o. (2) | 100,00 | 100,00 | 74,28 | 74,28 |
| Expressz Magyarorszag Media Kft. (2) | 100,00 | 100,00 | 74,28 | 74,28 |
| Job.ru LLC | 100,00 | 100,00 | 74,28 | 74,28 |
| Mirabridge International B.V. | 100,00 | 100,00 | 74,28 | 74,28 |
| Pronto Invest B.V. | 100,00 | 100,00 | 74,28 | 74,28 |
| ZAO Pronto Akzhol | 80,00 | 80,00 | 59,42 | 59,42 |
| TOO Pronto Akmola | 100,00 | 100,00 | 74,28 | 74,28 |
| OOO Pronto Atyrau | 100,00 | 100,00 | 59,42 | 59,42 |
| OOO Pronto Aktobe | 80,00 | 80,00 | 47,54 | 47,54 |
| OOO Pronto Aktau | 100,00 | 100,00 | 59,42 | 59,42 |
| OOO Pronto Rostov (4) | 100,00 | 100,00 | 74,28 | 74,28 |
| OOO Novoprint (5) | - | 100,00 | - | 74,28 |
| ZAO NPK (5) | - | 100,00 | - | 74,28 |
| OOO Delta-M | 55,00 | 55,00 | 40,85 | 40,85 |
| OOO Pronto Baikal | 100,00 | 100,00 | 74,28 | 74,28 |
| OOO Pronto DV | 100,00 | 100,00 | 74,28 | 74,28 |
| OOO Pronto Ivanovo | 100,00 | 100,00 | 74,28 | 74,28 |
| OOO Pronto Kaliningrad | 95,00 | 95,00 | 70,57 | 70,57 |
| OOO Pronto Kazan | 72,00 | 72,00 | 53,48 | 53,48 |
| OOO Pronto Krasnodar | 80,00 | 80,00 | 59,42 | 59,42 |
| OOO Pronto Krasnoyarsk (5) | - | 100,00 | - | 74,28 |
| OOO Pronto Nizhny Novgorod | 90,00 | 90,00 | 66,85 | 66,85 |
| OOO Pronto Novosibirsk | 100,00 | 100,00 | 74,28 | 74,28 |
| OOO Pronto Oka (6) | 100,00 | 100,00 | 74,28 | 74,28 |
| OOO Utro Peterburga (6) | 55,00 | 55,00 | 40,85 | 40,85 |
| OOO Pronto Samara | 100,00 | 100,00 | 74,28 | 74,28 |
| OOO Pronto Stavropol (7) | - | 100,00 | - | 74,28 |
| OOO Pronto UlanUde | 90,00 | 90,00 | 66,85 | 66,85 |
| OOO Pronto Vladivostok | 90,00 | 90,00 | 66,85 | 66,85 |
| OOO Pronto Moscow | 100,00 | 100,00 | 74,28 | 74,28 |

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

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.1 Basis of presentation (Continued)

### 2.1.3 Consolidation principles (Continued)

*(a) Subsidiaries (Continued)*

| | Proportion of voting power held by Hürriyet and its Subsidiaries (%) | | Effective ownership interests (%) | |
|---|---|---|---|---|
| | 31 December 2013 | 31 December 2012 | 31 December 2013 | 31 December 2012 |
| OOO Rosprint Samara (8) | - | 100,00 | - | 74,28 |
| OOO Tambukan | 85,00 | 85,00 | 63,14 | 63,14 |
| OOO Partner-Soft (9) | 90,00 | 90,00 | 66,85 | 66,85 |
| Pronto Soft | 90,00 | 90,00 | 66,85 | 66,85 |
| OOO Pronto Kemerovo (4) | 100,00 | 100,00 | 74,28 | 74,28 |
| OOO Pronto Smolensk | 100,00 | 100,00 | 74,28 | 74,28 |
| OOO Pronto Tula (4) | 100,00 | 100,00 | 74,28 | 74,28 |
| OOO Pronto Voronezh (4) | 100,00 | 100,00 | 74,28 | 74,28 |
| OOO SP Belpronto | 60,00 | 60,00 | 44,57 | 44,57 |
| OOO Tambov-Info | 100,00 | 100,00 | 74,28 | 74,28 |
| OOO Pronto Obninsk(10) | 10,00 | 100,00 | 7,43 | 74,28 |
| OOO Rektcentr | 100,00 | 100,00 | 74,28 | 74,28 |
| OOO Pronto Neva(11) | 100,00 | 100,00 | 74,28 | 74,28 |
| Publishing House Pennsylvania Inc | 100,00 | 100,00 | 74,28 | 74,28 |
| Bolji Posao d.o.o. Serbia(2) | 100,00 | 100,00 | 74,28 | 40,85 |
| Bolji Posao d.o.o. Bosnia(2) | 100,00 | 100,00 | 74,28 | 40,85 |
| Sklad Dela Prekmurje NGO (3) | - | 100,00 | - | 40,85 |
| OOO Rukom (12) | 100,00 | 100,00 | 74,28 | 74,28 |
| Pronto Ust Kamenogorsk | 100,00 | 100,00 | 59,42 | 59,42 |
| OOO Pronto Pskov (13) | - | 100,00 | - | 66,85 |
| Publishing International Holding BV | 100,00 | 100,00 | 74,28 | 74,28 |

(1) Related rates include put-options regarding non-controlling shares explained in detail in Note 19.
(2) Affiliated companies are classified to long-term assets held for sale.
(3) Related subsidiary was sold on 23 April 2013.
(4) Related subsidiary is in the liquidation process as of 2013.
(5) The liquidation process of related subsidiary was completed in 2013.
(6) Related subsidiary has ceased its operations before the year 2010.
(7) The merger process with OOO Pronto Rostov has been completed in April 2013.
(8) Related subsidiary's merger process with Pronto Samara completed in September 2013.
(9) Related subsidiary has been in liquidation process in 2012.
(10) 90% of the shares are sold in December 2013 and the remaining 10% is sold as of January 2014.
(11) The liquidation process of related subsidiary was completed in 2014.
(12) Related subsidiary has ceased its operations in 2012.
(13) Related subsidiary was sold on 26 April 2013.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.1 Basis of presentation (Continued)

#### 2.1.3 Consolidation principles (Continued)

***(b) Investments in associates and joint ventures***

Joint ventures are the entities where Hürriyet and its subsidiaries together with one or more parties are subject to joint control and undertake an economic operation through an agreement. Joint ventures were consolidated using the proportional consolidation method until 31 December, 2012. In accordance with the amendments to TFRS 11 effective from 1 January 2013, joint ventures are recognized under the equity method starting from this date .

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Subsisidaries and business combinations' operational results, assets and liabilities are recognized by using equity pick up method in consolidated financial statements (note 13).

***(c) Non-controlling interests***

Non-controlling interests of shareholders over the net assets and operational results of subsidiaries are classified as "non-controlling interest" in the consolidated balance sheet and statement of income.

***(d) Financial investments***

Financial investments in which the Group and its subsidiaries, have less than 20%, or more than 20% direct or indirect participation but the Group has no significant influence over the related assets, or which are immaterial to consolidated financial statements are classified as available for sale financial assets. Available for sale financial assets that do not have a quoted market price in an active market and whose fair value cannot be measured reliably are carried at cost less any allowance for impairment (Note 6).

#### 2.1.4 Offsetting

All items, significant in terms of content and amount, are stated separately in the consolidated financial statements even if they bear the same characteristics. Insignificant amounts or items displaying similar characteristics are stated collectively.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.1 Basis of presentation (Continued)

#### 2.1.5 Comparative information and restatement of prior period financial statements

The consolidated financial statements of the Group are prepared comparatively with the previous period to identify the financial position and performance trends. The Group prepared the consolidated balance sheet as of 31 December 2013 with 31 December 2011 and 31 December 2012, and the consolidated statement of profit or loss and other comprehensive income, statement of cash flows and statement of changes in equity for the period ended as of 31 December 2013 with 1 January- 31 December 2012 accounting period's related financial statements comparatively.

#### 2.1.6 Significant Accounting Policies and Changes in Accounting Estimates and Errors

Changes inaccounting policies arising from the first time adoption of a new IAS\IFRS are applied retrospectively or prospectively in accordance with the respective IASs\IFRSs transition requirements, if any. Where there are no transition requirements for any changes or optional significant changes in accounting policies and identified accounting errors, those are applied retrospectively and prior-period financial statments are restated accordingly.

As explained in Note 2.1.7, amendments to TFRS 10 should be applied retrospectively. Subsidiaries TOV E-Prostir and SP Pronto Kiev, which were accounted according to TAS 27, were included to the consolidated financial statement by equity method in accordance with TFRS 10 as of 1 January 2012 and prior periods' financial statements were restated accordingly.The effect of these changes to the financial statements is summarized in the following table:

In addition, Group's subsidiaries operating in Croatia and Hungary are classified under assets held for sale and discontinued operations. As a result of this reason, the assets, liabilities and operations are classified as assets held for sale and discontinued operations and presented separately in balance sheet. The related operations are classified as discontinued operations in profit or loss and other comprehensive income statements for the purpose of complying current period financial statements.

The consolidated financial statements of the Group are prepared comparatively with the previous period to identify the financial position and performance trends. In the current period, the Group has reclassified its prior period financial statements in order to comply with the formats declared by CMB decision numbered 20/670 dated 7 June 2013. Related classifications does not have any effect on previously disclosed shareholders' equity and net loss for the period; besides the amount and the nature of the classifications on the financial statements for the year 2012 are stated below.

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

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.1 Basis of presentation (Continued)

### 2.1.6 Significant Accounting Policies and Changes in Accounting Estimates and Errors (Continued)

| | (Audited) 31 December 2012 | Consolidated by the equity accounting method | Effect of CMB Communique on 7 June 2013 | Restated Prior Period (Audited) 31 December 2012 |
|---|---|---|---|---|
| Assets | | | | |
| **Current Assets** | **460.821.654** | **(7.360.356)** | **(7.581.350)** | **445.879.948** |
| Cash and cash equivalents | 113.469.192 | (5.280.062) | - | 108.189.130 |
| Trade receivables | | | | |
| - Trade receivables from related parties | 24.908.183 | - | (2.992.773) | 21.915.410 |
| - Trade receivables from non-related parties | 192.287.740 | (228.173) | 337.296 | 192.396.863 |
| Other receivables | | | | |
| - Other receivables from related parties | - | - | 2.992.773 | 2.992.773 |
| - Other receivables from non-related parties | 74.520.244 | - | - | 74.520.244 |
| Inventories | 19.396.759 | (345.824) | - | 19.050.935 |
| Prepaid expenses | - | (1.406.471) | 5.312.984 | 3.906.513 |
| Assets related with current tax | - | - | 11.395.894 | 11.395.894 |
| Derivative instruments | 573.393 | - | - | 573.393 |
| Other current assets | 35.666.143 | (99.826) | (24.627.524) | 10.938.793 |
| **Non-current assets** | **1.092.027.793** | **3.219.375** | **-** | **1.095.247.168** |
| Other receivables | 62.460.105 | - | - | 62.460.105 |
| Financial investments | 2.227.330 | - | - | 2.227.330 |
| Investments accounted for by using the equity method | 5.258.016 | 3.647.200 | - | 8.905.216 |
| Investment property | 50.051.137 | - | - | 50.051.137 |
| Property, plant and equipment | 308.448.007 | (251.347) | - | 308.196.660 |
| Intangible assets | | | | |
| - Goodwill | 118.374.132 | (42.783) | - | 118.331.349 |
| - Other intangible assets | 529.480.148 | (16.043) | - | 529.464.105 |
| Deferred tax asset | 14.489.554 | (117.652) | - | 14.371.902 |
| Other non-current assets | 1.239.364 | - | - | 1.239.364 |
| **Total assets** | **1.552.849.447** | **(4.140.981)** | **(7.581.350)** | **1.541.127.116** |

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

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.1 Basis of presentation (Continued)

### 2.1.6 Significant Accounting Policies and Changes in Accounting Estimates and Errors (Continued)

| | (Audited) 31 December 2012 | Consolidated by the equity accounting method | Effect of CMB Communique on 7 June 2013 | Restated Prior Period (Audited) 31 December 2012 |
|---|---|---|---|---|
| **Current Liabilities** | **439.474.696** | **(497.345)** | **(7.581.350)** | **431.396.001** |
| Financial Liabilities | 295.748.520 | - | (295.748.520) | - |
| Short-term liabilities | - | - | 46.048.788 | 46.048.788 |
| Short-term portion of long-term liabilities | - | - | 249.699.732 | 249.699.732 |
| Other financial liabilities | 18.207.476 | - | - | 18.207.476 |
| Trade payables | | | | |
| - Trade payables to related parties | 4.924.909 | 21.391 | - | 4.946.300 |
| - Trade payables to non-related parties | 47.396.084 | (46.347) | 3.808.965 | 51.158.702 |
| Provisions | 3.680.581 | - | (3.680.581) | - |
| Payables regarding employee benefits | | (1.782) | 10.104.003 | 10.102.221 |
| Other payables | | | | |
| - Other payables to related parties | | - | - | - |
| - Other payables to non-related parties | 16.841.053 | (103.391) | (15.019.726) | 1.717.936 |
| Deferred income | - | (165.782) | 9.081.379 | 8.915.597 |
| Current income tax liabilities | 18.124.177 | (181.825) | - | 17.942.352 |
| Short-term provisions | | | | |
| - Short-term provisions regarding employee benefits | - | - | 14.836.862 | 14.836.862 |
| - Other short-term provisions | | - | 3.680.581 | 3.680.581 |
| Other current liabilities | 34.551.896 | (19.609) | (30.392.833) | 4.139.454 |
| **Non-current liabilities** | **365.701.496** | **-** | **-** | **365.701.496** |
| Long-term liabilities | 208.378.761 | - | - | 208.378.761 |
| Other liabilities | 170.675 | - | - | 170.675 |
| Long-term provisions | | | | |
| - Short-term provisions regarding employee benefits | 44.563.930 | - | - | 44.563.930 |
| Deferred tax liability | 112.550.695 | - | - | 112.550.695 |
| Other non-current liabilities | 37.435 | - | - | 37.435 |

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

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.1 Basis of presentation (Continued)

### 2.1.6 Significant Accounting Policies and Changes in Accounting Estimates and Errors (Continued)

| | (Audited) 31 December 2012 | Consolidated by the equity accounting method | Effect of CMB Communique on 7 June 2013 | Restated Prior Period (Audited) 31 December 2012 |
|---|---|---|---|---|
| **Equity** | | | | |
| **Total equity** | **747.673.255** | **(3.643.636)** | **-** | **744.029.619** |
| **Equity attributable to equity holdersof the parent company** | **682.436.911** | **(122.481)** | **-** | **682.314.430** |
| Share capital | 552.000.000 | - | - | 552.000.000 |
| Inflation adjustment to share capital | 77.198.813 | - | - | 77.198.813 |
| Items that will not be reclassified subsequently to profit or loss | | | | |
| - Actuarial losses in defined benefit plan | - | - | (13.610.662) | (13.610.662) |
| Share premiums | 76.944 | - | - | 76.944 |
| Items that may be reclassified subsequently to profit or loss | | | | |
| -Currency translation differences | 58.584.776 | (131.096) | - | 58.453.680 |
| Restricted reserves | 34.266.877 | - | - | 34.266.877 |
| (Accumulated losses) / retained earnings | (190.353.127) | 9.946 | 13.610.662 | (176.732.519) |
| Net (loss) / income for the period | 150.662.628 | (1.331) | - | 150.661.297 |
| **Non-controlling interests** | **65.236.344** | **(3.521.155)** | **-** | **61.715.189** |

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

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.1 Basis of presentation (Continued)

### 2.1.6 Significant Accounting Policies and Changes in Accounting Estimates and Errors (Continued)

| | Audited Priod period 31 December 2012 | Consolidated by the equity accounting method | Reclassified to Discontinued operations | Effect of CMB Communique on 7 June 2013 | Restated (Audited) Prior period 31 December 2012 |
|---|---|---|---|---|---|
| Sales | 853.127.501 | (8.803.286) | (13.921.810) | - | 830.402.405 |
| Cost of sales (-) | (529.936.576) | 4.000.190 | 6.740.464 | - | (519.195.921) |
| **Gross profit** | **323.190.925** | **(4.803.096)** | **(7.181.345)** | - | **311.206.484** |
| General administrative expenses(-) | (153.276.806) | 2.562.846 | 6.376.648 | - | (144.337.312) |
| Marketing, Expenses(-) | (144.283.155) | 562.751 | 2.319.106 | - | (141.401.298) |
| Other operating income | 184.450.566 | - | - | (184.450.566) | - |
| Other operating expenses (-) | (42.251.901) | - | - | 42.251.901 | - |
| Other operating income | - | - | (28.675) | 98.218.228 | 99.189.553 |
| Other operating expenses (-) | - | 10.753 | 1.833.421 | (61.915.341) | (60.071.167) |
| **Operating profit** | **167.829.629** | **(1.666.746)** | **3.319.154** | **(105.895.778)** | **63.586.260** |
| Share of loss of investments accounted by the equity method | (12.007.168) | 840.542 | - | - | (11.166.626) |
| Monetary gain | 118.285 | - | - | - | 118.285 |
| Finance income | 114.220.117 | (510.777) | (3.444.607) | (110.264.732) | - |
| Finance expenses (-) | (101.379.363) | - | 4.537.850 | 96.841.513 | - |
| Income from investing activities | - | - | - | 196.497.070 | 196.497.070 |
| Expenses from investing activities (-) | - | - | - | (12.626.369) | (12.626.369) |
| **Operating profit before finance expense** | - | - | - | **236.408.621** | **236.408.621** |
| Finance expenses (-) | - | - | - | (64.551.705) | (64.551.705) |
| **Continued operations (loss)/profit before tax** | **168.781.500** | **(1.336.981)** | **4.412.397** | - | **171.856.916** |
| **Continued operations tax (expense)/benefit** | **(20.923.404)** | **494.647** | **(682.828)** | - | **(21.111.585)** |
| Current tax expense | (24.771.325) | 476.725 | 168.467 | - | (24.136.886) |
| Deferred tax benefit | 3.847.921 | 17.922 | (840.542) | - | 3.025.301 |
| **Continued operations (loss)/profit for the period** | **147.858.096** | **(842.334)** | **3.718.815** | - | **150.745.331** |
| **Discontinued Operations** | | | | | |
| Net income for the period from discontinued operations after income taxes | - | - | (3.718.815) | - | (3.718.815) |
| **Net (loss) / profit for the period** | **147.858.096** | **(842.334)** | - | - | **147.026.516** |
| **Allocation of net (loss) / profit for the period** | | | | | |
| Attributable to non-controlling interests | (2.804.532) | (840.542) | - | - | (3.634.781) |
| Attributable to equity holders of the parent company | 150.662.628 | (1.792) | - | - | 150.661.297 |
| **(Loss) / earnings per share (TL)** | | | | | |
| (Loss)/ Earnings from continuing operations per share | 0,2679 | (0,0015) | 0,0067 | - | 0,2731 |
| (Loss) from discontinued operations per share | - | - | (0,0067) | - | (0,0067) |

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

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.1 Basis of presentation (Continued)

### 2.1.6 Significant Accounting Policies and Changes in Accounting Estimates and Errors (Continued)

| | (Audited) Prior period 31 December 2011 | Consolidated by the equity accounting method | Effect of CMB Communique on 7 June 2013 | Restated Prior Period (Audited) 31 December 2011 |
|---|---|---|---|---|
| ASSETS | | | | |
| **Current assets** | **553.169.468** | **(7.761.487)** | **(2.940.700)** | **542.467.281** |
| Cash and cash equivalents | 281.604.096 | (5.693.145) | - | 275.910.951 |
| -Trade receivables due from related parties | 21.769.432 | - | - | 21.769.432 |
| -Trade receivables from non-related parties | 119.991.368 | (181.335) | 510.192 | 120.320.225 |
| -Other receivables due from related parties | - | | - | |
| -Other receivables from non-related parties | 496.145 | - | - | 496.145 |
| Inventories | 18.571.696 | (421.224) | - | 18.150.472 |
| Prepaid expenses | - | (1.173.007) | 7.155.270 | 5.982.263 |
| Assets related with current tax | - | - | 7.735.578 | 7.735.578 |
| Derivative instruments | - | - | - | - |
| Other current assets | 30.049.412 | (292.776) | (18.341.740) | 11.414.896 |
| **Subtotal** | **472.482.149** | **(7.761.487)** | **(2.940.700)** | **461.779.962** |
| Non-current assets held for sale | 80.687.319 | - | - | 80.687.319 |
| **Non-current assets** | **1.097.722.523** | **3.430.241** | **-** | **1.101.152.764** |
| Other receivables | 910.363 | - | - | 910.363 |
| Financial investments | 4.534.498 | - | - | 4.534.498 |
| Investments accounted by the equity method | 7.423.271 | 3.925.134 | - | 11.348.405 |
| Investment property | 42.320.984 | - | - | 42.320.984 |
| Property, plant and equipment | 336.713.652 | (309.780) | - | 336.403.872 |
| Intangible assets | 685.533.582 | (43.445) | - | 685.490.137 |
| -Goodwill | 136.195.646 | - | - | 136.195.646 |
| -Other intangible assets | 549.337.936 | - | - | 549.294.491 |
| Deferred tax assets | 13.524.076 | (141.668) | | 13.382.408 |
| Other non-current assets | 6.762.097 | - | - | 6.762.097 |
| **Total assets** | **1.650.891.991** | **(4.331.246)** | **(2.940.700)** | **1.643.620.045** |

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

## 2.1 Basis of presentation (Continued)

### 2.1.6 Significant Accounting Policies and Changes in Accounting Estimates and Errors (Continued)

| | (Audited) Prior period 31 December 2011 | Consolidated by the equity accounting method | Effect of CMB Communique on 7 June 2013 | Restated Prior Period (Audited) 31 December 2011 |
|---|---|---|---|---|
| **LIABILITIES** | | | | |
| **Current liabilities** | **549.788.007** | **(6.330.957)** | **2.940.700** | **546.397.750** |
| Financial liabilities | 265.185.490 | | (265.185.490) | - |
| Short-term borrowings | - | - | 56.395.501 | 56.395.501 |
| Short-term portion of long-term borrowings | - | - | 208.789.989 | 208.789.989 |
| Other financial liabilities | 66.438.280 | - | - | 66.438.280 |
| Trade payables | 52.898.715 | (45.333) | 2.499.088 | 55.352.470 |
| - Trade payables to related parties | 11.972.022 | - | - | 11.972.022 |
| - Other payables | 40.926.693 | (45.333) | 2.499.088 | 43.380.448 |
| Employee benefit payables | - | - | 13.740.128 | 13.740.128 |
| Other payables | 119.880.023 | (4.992.273) | (7.815.527) | 107.072.223 |
| - Other payables to related parties | 97.434.767 | - | - | 97.434.767 |
| - Other payables | 22.445.256 | (4.992.273) | (7.815.527) | 9.637.456 |
| Deferred income | - | (145.445) | 11.072.505 | 10.927.060 |
| Current income tax liabilities | 638.448 | (160.556) | - | 477.892 |
| Short-term provisions | 2.813.326 | - | 15.430.714 | 18.244.040 |
| -Short-term provisions for employment benefits | | - | 15.430.714 | 15.430.714 |
| -Other short-term provisions | 2.813.326 | - | - | 2.813.326 |
| Derivative financial instruments | 299.825 | - | - | 299.825 |
| Other current liabilities | 41.633.900 | (987.350) | (31.986.208) | 8.660.342 |
| **Non-current liabilities** | **490.988.711** | **100** | **-** | **490.988.811** |
| Long-term borrowings | 337.956.619 | - | - | 337.956.619 |
| Other payables | 132.529 | - | - | 132.529 |
| Long-term provisions | | | | |
| -Long-term provisions for employment benefits | 26.158.276 | - | - | 26.158.276 |
| Deferred tax liability | 118.308.979 | 100 | - | 118.309.079 |
| Other non-current liabilities | 8.432.308 | - | - | 8.432.308 |

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

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.1 Basis of presentation (Continued)

### 2.1.6 Significant Accounting Policies and Changes in Accounting Estimates and Errors (Continued)

| | (Audited) Prior period 31 December 2011 | Consolidated by the equity accounting method | Effect of CMB Communique on 7 June 2013 | Restated Prior Period (Audited) 31 December 2011 |
|---|---|---|---|---|
| **EQUITY** | | | | |
| **Total equity** | **610.115.273** | **(3.881.789)** | **-** | **606.233.484** |
| **Equity attributable to equity holders of the parent company** | **529.035.097** | **(97.038)** | **-** | **528.938.059** |
| Share capital | 552.000.000 | - | - | 552.000.000 |
| Inflation adjustment to share capital | 77.198.813 | - | | 77.198.813 |
| Items that will not be reclassified subsequently to profit or loss | | | | |
| -Actuarial losses in defined benefit plan | - | - | - | - |
| Share premiums | 76.944 | - | | 76.944 |
| Items that may be reclassified subsequently to profit or loss | | | | |
| -Currency translation differences | 57.382.651 | (106.984) | - | 57.275.667 |
| Restricted reserves | 34.266.877 | - | - | 34.266.877 |
| (Accumulated losses) / retained earnings | 42.086.198 | - | - | 42.086.198 |
| Net (loss) / income for the period | (233.976.386) | 9.946 | - | (233.966.440) |
| **Non-controlling interests** | **81.080.176** | **(3.784.751)** | **-** | **77.295.425** |
| **Total liabilities** | **1.650.891.991** | **(10.212.646)** | **2.940.700** | **1.643.620.045** |

The preparation of consolidated financial statements requires the use of estimations and assumptions that may have an effect over the assets and liabilities reported at the balance sheet date, contingent assets and liabilities disclosures and income and expenses reported during the accounting period. The estimates and assumptions are based on the best available information on the current circumstances and operations; however, they may differ from the actual results. If changes in accounting estimates only relate to one period, the change is reflected in the current period in which the change is made, if they relate to future periods, the change is both reflected in the current period in which the change is made and prospectively for future periods. Significant accounting policies used in the current period are consistent with those that are used in the preparation of the consolidated financial statements for the year ended 31 December 2012.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.1 Basis of presentation (Continued)

### 2.1.7 Amendments in the CMB Financial Reporting Standards

**(a) Standards that are effective as of 1 January 2013 and have effect on financial statements:**

**TFRS 10 Consolidated Financial Statements and TFRS 11 Joint Agreements**

TFRS 10 replaces the parts of TAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. SIC-12 Consolidation - Special Purpose Entities will be withdrawn upon the effective date of TFRS 10. Under TFRS 10, there is only one basis for consolidation, that is control. In addition, TFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's return. Extensive guidance has been added in TFRS 10 to deal with complex scenarios.

TFRS 11 replaces TAS 31 Interests in Joint Ventures. TFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC-13 Jointly Controlled Entities - Non-monetary Contributions by Venturers will be withdrawn upon the effective date of TFRS 11.

Under TFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under TAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under TFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under TAS 31 can be accounted for using the equity method of accounting or proportional consolidation.

TFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in TFRS 12 are more extensive than those in the current standards.

In June 2012, the amendments to TFRS 10, TFRS 11 and TFRS 12 were issued to clarify certain transitional guidance on the application of these TFRSs for the first time.

These five standards together with the amendments regarding the transition guidance are effective for annual periods beginning on or after 1 January 2013. The application of these five standards, except for the amendments to TFRS 10, does not have a significant impact on amounts reported in the consolidated financial statements. These amendments should be applied retrospectively. Entities under common control recognized under TAS 27 are considered as joint ventures and have been accounted for by using the equity method rather than the proportionate consolidation method in accordance with TFRS 10 and prior period financial statements are restated accordingly as explained in detail in Note 2.1.6.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.1 Basis of presentation (Continued)

### 2.1.7 Amendments in the CMB Financial Reporting Standards (Continued)

**(a) Standards that are effective as of 1 January 2013 and have effect on financial statements(Continued):**

**TAS 19 Employee Benefits**

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. The group ,has decided to apply the changes made on IAS 19 in 2012, which are effective as of 1 January 2013, in 31 December 2012 and recognized actuarial gains/losses in the consolidated statement of income.

**TAS 1 Presentation of Financial Statements**

The amendments to IAS 1 Presentation of Items of Other Comprehensive Income are effective for the annual periods beginning on or after 1 July 2012. The amendments introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to IAS 1, the 'statement of comprehensive income' is renamed the 'statement of profit or loss and other comprehensive income' and the 'income statement' is renamed the 'statement of profit or loss'. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments can be applied retrospectively. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.1 Basis of presentation (Continued)

### 2.1.7 Amendments in the CMB Financial Reporting Standards (Continued)

**(b) Standards that are effective as of 1 January 2013, but have no effect on financial statements:**

| | |
|---|---|
| Amendments to TFRS 7 | Offsetting Financial Assets and Liabilities and relates Disclosures |
| Amendments to TAS 16 | Property, plant and equipment |
| Amendments to TAS 32 | Financial Instruments: Disclosure |
| Amendments to TAS 34 | Financial Reporting for Annual Period |
| Amendments to TAS 12 | Deferred Tax– Recovery of Underlying Assets |
| TFRS 11 | Joint Arrangements |
| TFRS 12 | Disclosure of Interest in Other Entities |
| TFRS 7 | Financial Instruments: Disclosures- Offsetting Financial Assets and liabilities |
| TFRS 10, TFRS 11 | Consolidated Financial Statements, Joint Arrangements |
| Amendments to TFRS 12 | Disclosure of Interest in Other Entities: Transition Rules |
| TAS 27 | Separate Financial Statements |
| TAS 28 | Investments in Associates and Joint Ventures |
| Amendments to TFRSs | Annual Improvements except for the amendment to IAS 1 |
| IFRIC 20 | Stripping Costs in the Production Phase of a Surface Mine |

**(c) New and Revised Standards and Interpretations that are not yet effective and have not been early adopted by the Group**

The Group has not applied the following new and revised TFRSs and interpretations that have been issued but are not yet effective:

| | |
|---|---|
| TFRS 9 | *Financial Instruments* |
| Amendments to TFRS 9 and TFRS 7 | *Mandatory Effective Date of TFRS 9 and Transition Disclosures* |
| Amendments to IAS 32 | *Offsetting Financial Assets and Financial Liabilities*[1] |
| Amendants to IAS 10, IAS 11 and IAS 27 | *Investment Entities*[1] |
| Amendments to IAS 36 | *Recoverable Amount Disclosures for Non-Financial Assets* [1] |
| Amendments to IAS 39 | *Novation of Derivatives and Continuation of Hedge Accounting* |
| Amendments to TFRS 21 | *Levies* |

(1) Effective for annual periods starting on 1 January 2014 or subsequent periods

Above mentioned standards will be effective in 2014 and following years and the Company has not yet had an opportunity to consider the potential impacts of the adoption of these revised standards and the Company does not anticipates that the amendments will have a significant effect on the financial statements.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.2 Summary of significant accounting policies

#### 2.2.1 Related parties

For the purpose of accompanying consolidated financial statements, related parties are referred to as legal entities in which Doğan Holding directly or indirectly has participation, including any entities under joint control; real persons and/or legal entities that have direct or indirect control or joint controlover the Company and their close family members (immediate family members) and legal entities having direct or indirect control or joint control by them and legal entities having significant effect over the Company or their key management personnel; Company's affiliates, subsidiaries and members of the BOD, key management and their close family members (immediate family members) and real persons and/or legal entities that are directly or indirectly controlled individually or jointly (Note 34).

#### 2.2.2 Financial assets

In accordance with IAS 39, the Group classifies its financial instruments as "available-for-sale" and "loans and receivables". All financial assets are recognised at cost including transaction costs in the initial measurement.

Financial assets classified by the Group as "available for sale financial assets" that do not have any control power or significant effect have no fair value. When fair value cannot be reliably measured as other fair value estimation methods are not applicable; the carrying value of the financial asset is measured at cost less any impairment loss (Note 6).

"Loans and receivables" are financial assets that have fixed or determinable payments and fixed maturity dates and non-derivative financial assets that are not quoted in an active market.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.2 Summary of significant accounting policies (Continued)

#### 2.2.3 Trade receivables and provision for doubtful receivables

Trade receivables ,formed as a result of provided goods or services by the Group, are presented after netting of with unaccrued finance income. After netting of trade receivables with unaccrued finance income, remaining trade receivable balance is discounted by using the effective interest rate in the subsequent period in which the original invoice is issued. Short-term trade receivables with undetermined interest rate are presented at cost value when the original effective interest rate effect is insignificant.

Provision is allocated for receivables when the Group has an objective indication over the collectability. The Group also set allowance for the receivables which are overdue for more than one year unless there is no guarantee and collaterals taken or special agreement. The amount of the provision is the difference between the carrying amount and the recoverable amount. Recoverable amount is the present value of all cash flows, including amounts recoverable from guarantees and collaterals discounted based on using the original effective interest rate of the trade receivable occurred.The management evaluates the possibility of reserving provision for doubtful receivables when the trade receivables are uncollectible and unguaranteed, in legal proceedings or due more than the regular commercial day terms.

If there is a partial or whole collection over the doubtful receivable amount subsequent to the allocation of provision for doubtful receivables, the collected portion is recognised as other income following the write-down of the total provision amount (Note 27).

#### 2.2.4 Impairment of assets excluding goodwill and intangible assets with indefinite useful lives

At each balance sheet date, the Group evaluates whether there are any indications that an asset other than goodwill or intangible assets with indefinite useful lives may be impaired. When an indication of impairment exists, carrying value of the assets is compared with the net realizable value which is the higher of value in use and fair value less costs to sell. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Impairment exists if the carrying value of an asset or a cash generating unit including that asset is greater than its recoverable amount. Impairment losses are recognised in the consolidated statement of income.

#### 2.2.5 Inventories

Inventories are valued at the lower of cost or estimated selling price less estimated costs necessary to make a sale. Cost elements included in inventory are purchase costs and other costs necessary to prepare the asset for its intended use. Cost elements included in inventories are materials, labor and production overheads. The unit cost of inventories is determined on the moving weighted average basis (Note 12).

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.2 Summary of significant accounting policies (Continued)

### 2.2.5 Inventories (Continued)

When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of income/(loss) in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.The management evaluates the inventory impairment amount (if any) as of the balance sheet dates.

*Promotion materials*

Assessment of impairment on promotion materials and determination of impairment amount is carried out by the Group management. Impairment amount is determined by considering the purchase dates and rates identified by management.

### 2.2.6 Investment properties

Land and buildings that are held to earn rentals and/or for capital appreciation are classified as investment property. Investment properties are carried at cost less transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are included in the statement of income in the year which they arise (Note 14). The Group recognized its investment properties by using cost method in previous years, however, as of 31 December 2012, the Group decided to adopt fair value method and restated the financial statements as shown in note: 2.1.6 according to "Significant accounting policies and changes in estimates and errors" IAS 8.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of income in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.The difference between fair value and cost value, as of the date in which the change has occured, is recognized as revaluation fund under other comprehensive income.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.2 Summary of significant accounting policies (Continued)

### 2.2.7 Property, plant and equipment and depreciation

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. Depreciation is provided using the straight-line method based on the estimated useful lives of tangible assets (except lands) (Note 15).

The depreciation periods for property and equipment, which approximate the economic useful lives of assets concerned, are as follows:

| | |
|---|---|
| Buildings | 25-50 years |
| Machinery and equipment | 3-15 years |
| Furniture and fixtures | 3-15 years |
| Motor vehicles | 5 years |
| Leasehold improvements | 2-20 years |

Useful life and depreciation are reviewed regularly and the Group also reviews the consistency of the useful life and depreciation method applied with the economic benefits to be obtained from the underlying assets.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset less the costs of disposal. Value in use is the present value of the future cash flows expected to be derived from an asset plus the residual value of the related assets.

Gains or losses on disposals of property, plant and equipment are determined with respect to the difference between collections received and carrying amounts of property, plant and equipment and are included in the other income and expense accounts, as appropriate.

Repair and maintenance expenses are charged to the consolidated statement of income as they are incurred. Capital expenditures that increase the present value of the future cash flows expected to be derived from property, plant and equipment by increasing its capacity is added to the cost of tangible fixed asset.

### 2.2.8 Financial leases

Leases are classified as finance leases by the Group whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. Lease payments are treated as consisting of capital and interest.

Principal lease payments are treated as liabilities and reduced with their payments. Interest charges are charged directly against income statement over the financial lease period. Capitalized leased assets are depreciated over the estimated useful life of the asset.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.2 Summary of significant accounting policies (Continued)

#### 2.2.9 Intangible assets

Intangible assets excluding goodwill and assets with infinite useful lives comprise trade names and licenses, customer lists, computer software and rights, internet domain names and other intangible assets. All trade names, customer lists and internet domain names have been identified as a result of independent valuations performed for the purchase price allocation related with the business combinations. Useful lives of certain trade names are determined to be indefinite. Assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually.

Estimated useful lives of the intangible assets with finite useful lives are as follows:

| | |
|---|---|
| Trade names | 20 years |
| Customer lists | 9 and 18 years |
| Computer software and rights | 5-15 years |
| Domain names | 3-20 years |
| Other intangible assets | 5 years |

Intangible assets with finite useful lives are carried at their acquisition cost and amortised using the straight-line method over their estimated useful lives (Note 16).

Intangible assets with finite useful lives are evaluated for impairment losses and if the book value exceeds the recoverable value, a provision is reserved to decrease the book value to recoverable value. Recoverable amount is considered to be the higher of future net cash flows of the intangible asset or the fair value less costs to sell. Impairment losses are recognized immediately in the consolidated income statement.

Web page development costs

Costs associated with developing web pages are capitalized and are amortized over their estimated useful lives (Note 16). Following the planning phase and operation; all costs are recognized as expense. Maintenance costs of web pages are accounted as operational expenses.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.2 Summary of significant accounting policies (Continued)

### 2.2.10 Goodwill

Goodwill and negative goodwill amount, which represent the difference between the purchase price and the fair value of the acquiree's net assets, arising from business combinations effected prior to 30 June 2004 in the consolidated financial statements is capitalized and amortized over the useful life by using the straight-line method prior to 31 December 2004. Goodwill arising from business combinations effected subsequent to 31 March 2004 is not amortized and instead reviewed for any impairment losses in accordance with TFRS 3 Business Combinations.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired as of the balance sheet dates. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period (Note 16).

### 2.2.11 Critical accounting estimates and judgements

*Useful lives of intangible assets*

Useful lives of some trademarks are expected to be indefinite by the Group management. Where useful life is definite, in case of useful lives of 20 years, such intangible assets' amortization would have increased by TL 13.875.870 (31 December 2012: TL 13.468.004) and their loss before tax and minority interests would have increased by TL 13.875.870 (31 December 2012: TL 13.468.004).

Group amortizes trade names, customer lists and domain names with definite useful lives specified in Note 2.2.9.

If the useful lives of tradenames, customer lists and domain names differ from the management's estimates by 10%, the effects on the financial statements would be as follows:

- Had the useful lives been higher by 10%, amortization charges would have decreased by TL 1.261.443 and loss before tax and non-controlling interests would have decreased by TL 1.261.443 (31 December 2012: TL 1.224.364) or
- Had the useful lives been lower by 10%, amortization charges would have increased by TL 1.541.763 and loss before tax and non-controlling interests would have increased by TL 1.541.763 (31 December 2012: TL 2.219.056).

*Impairment of goodwill and intangible assets:*

The Group conducted goodwill impairment analysis as of 31 December 2013 and 2012 according to the details occured as explained below:

The recoverable amounts of cash generating units have been calculated using value in use model.Value in use is measured based on estimated cash flows after tax using financial budgets covering five-year period and EBITDA (profit margin before budgeted interest, taxes, amortization and depreciation, impairment charges and other non-operating expenses) expectations play an important role in these calculations.

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

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.2 Summary of significant accounting policies (Continued)

#### 2.2.11 Critical accounting estimates and judgements (Continued)

Discount and EBITDA increase rates for projected cash flows following the five-year period are as below:

| | EBITDA Increase Rate (%) | Discount Rate (%) |
|---|---|---|
| TME | 40 | 12,6 |

The Group has not set a provision for impairment of goodwill in consolidated financial statements as of 31 December 2013 (31 December 2012, TRY 18.109.868 has been set as goodwill impairment provision) (Note: 16).

If after-tax discount rate applied to cash flow projection on cash generating units is 1% more than management's estimates, the Group would account an additional provision for goodwill amounting to TL 25.962.498 (31 December 2012 : 51.648.365 for goodwill and itangible assets) to its financial statements and net profit before tax and non-controlling interests would decrease by TL 25.962.498 (31 December 2012 51.648.365).

If the cash generating units to cash flow projections applied to EBITDA ratio is 5% lower than management's estimates, the Group would account an additional provision for goodwill amounting to TL 24.141.823, to its financial statements and net profit before tax and non-controlling interest would decrease by TL 24.141.823.

#### 2.2.12 Taxes

Taxation on profit or loss includes current period income taxes and deferred taxes. Current year tax liability consists of tax liability on period income calculated according to currently enacted tax rates and tax legislation in force as of balance sheet date and includes adjustments related to previous year's tax liabilities. Turkish tax legislation does not permit a parent company, its subsidiaries and joint ventures to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the consolidated financial statements, have been calculated on a separate-entity basis.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred income tax is determined using tax rates that have been enacted by the balance sheet date.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.2 Summary of significant accounting policies (Continued)

#### 2.2.12 Taxes (Continued)

Deferred tax liabilities are recognised for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized (Note 32). Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they are related to income taxes levied by the same taxation authority.

#### 2.2.13 Financial borrowings

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective interest method. Any difference between proceeds, net of transaction costs, and the redemption value is recognised in the income statement as finance expense over the period of the borrowings (Note 7).

#### 2.2.14 Employment termination benefits

The Group is required to pay termination benefits to employees who is retired, whose employment is terminated without due causes in Labour Law, in accordance with the Law related with The Arrangement of the Relationships within the Employees in Press Sector (employees in media sector) and other laws. The total provision represents the present value of future probable obligation of the Group arising from the retirement of its employees regarding the actuarial projections (Note 20).

#### 2.2.15 Provisions, contingent assets and liabilities

Provisions are recognised when the Group has a present legal or constructive obligation or a result of past events, it is probable that on outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Contingent liabilities are assessed continually to determine whether an outflow of resources comprising economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the financial statements of the period in which the change in probability occurs except in the extremely rare circumstances where no reliable estimation can be made.

The Group has disclosed the contingent liability if it becomes probable, but no reliable estimation can be made on the amounts of resources comprising economic benefits.

Possible assets that arise from past events and whose existence will be confirmed only by the Group occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the are treated as contingent assets. A contingent asset is disclosed where an inflow of economic benefit is probable.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.2 Summary of significant accounting policies (Continued)

### 2.2.15 Provisions, contingent assets and liabilities (Continued)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### 2.2.16 Share capital and dividends

Ordinary shares are classified as equity. Dividend income is recognised as income by the Group when right to obtain of dividend is generated in the consolidated financial statements. Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders.

### 2.2.17 Foreign currency transactions

Functional currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity. The consolidated financial statements are presented in Turkish Lira, which is the functional currency of the Company.

Foreign currency transactions and balances

Income and expenses arising in foreign currencies have been translated into TL at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TL at the exchange rates prevailing at the balance sheet dates. Exchange gains or losses arising from the settlement and translation of foreign currency items have been included in the consolidated statement of income.

The results of Group undertakings using a measurement currency other than TL are first translated into TL by using the average exchange rate for the period. The assets and liabilities of such Group undertakings are translated into TL by using the closing rate at the balance sheet date. Differences arising on retranslation of the opening net assets of such Group undertakings and differences between the average and period-end rates are included in currency translation reserve in the equity.

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

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.2 Summary of significant accounting policies (Continued)

### 2.2.17 Foreign currency transactions (Continued)

Foreign currency transactions and balances (Continued)

A significant portion of the Group's foreign operations are performed in Russia, Europe and Eastern Europe countries (Note 4). Foreign currencies and exchange rates at 31 December 2013 and 31 December 2012 are summarized below:

| Country | Currency | 31 December 2013 | 31 December 2012 |
|---|---|---|---|
| Russia | Ruble | 0,0652 | 0,0587 |
| Eurozone | Euro | 2,9365 | 2,3517 |
| Hungary | Forint | 0,0099 | 0,0081 |
| Croatia | Kuna | 0,3846 | 0,3113 |
| Ukraine | Grivna | 0,2670 | 0,2230 |
| Romania | New Ley | 0,6549 | 0,5319 |
| Kazakhstan | Tenge | 0,0139 | 0,0118 |
| Belarus | Belarusian Ruble | 0,0002 | 0,0002 |

### 2.2.18 Revenue recognition

Revenue is the fair value amount of sales of goods and services received or receivable which is resulted from Group's operations. Net sales represent the invoiced value of goods/services shipped less any trade discounts, rebates or commissions and are presented with the elimination of intercompany balances.

Revenue is initially recognized at the fair value of the consideration received or receivable when it can be measured reliably and when there is an inflow of economic benefits. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The interest rate used in discounting, is the rate to discount nominal amount of the receivable to the amortised cost of the related goods or services given.

The difference between the fair value and the nominal amount of the consideration is recognized as financing income on the related periods.

Revenues from advertisement

Revenues from advertisement are recognised on an accrual basis based on the time of publishing. Unpublished part of the advertisement is recorded as deferred revenue in balance sheet.

Revenues from newspaper sales

Revenues from newspaper sales are recognised on a matching principle at the time of delivery of the newspapers by the distribution company to the vendor at the invoiced values. Provision for newspaper sales returns is accounted at the time of delivery based on past experiences and other related information.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.2 Summary of significant accounting policies (Continued)

#### 2.2.18 Revenue recognition (Continued)

Revenues from printing services

Revenues from printing services arise from printing services given to Group companies and third parties by using Group's printing facilities. Related income is recognised on an accrual basis at the time of services given.

Interest income

Interest income is recognized on accruals basis in accordance with effective interest yield method.

Rental income

Rental income is recognized on an accrual basis.

Other income:

Other income is recognized on an accrual basis.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.3 Summary of significant accounting policies (Continued)

#### 2.2.19 Barter agreements

The Group provides advertising services in return for advertisement and other products and services. When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a revenue generating transaction. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a revenue generating transaction. Revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. If the fair value of the goods or services received is not measured reliably, the revenue is measured at the fair value of the goods or services supplied, adjusted by the amount of any cash or cash equivalents transferred (Note 19). Barter agreements is recognized on an accrual basis.

#### 2.2.20 (Loss) / profit per share

(Loss) / profit per share disclosed in the consolidated statements of income are determined by dividing net (loss) / profit for the period by the weighted average number of shares that have been outstanding during the period concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares "bonus shares" to existing shareholders from retained earnings (Note 23). For the purpose of earnings per share computations, such bonus shares issuances are regarded as issued shares. Accordingly the weighted average number of shares used in earnings per share computations is derived by considering the retrospective effects of the issuances of the shares (Note 33).

In case of dividend payment, earnings per share are determined on existing number of shares rather than the weighted average numbers of shares.

#### 2.2.21 Cash and cash equivalents

Cash and cash equivalents are carried at cost in the balance sheet. Cash and cash equivalents comprise cash in hand, bank deposits and highly liquid investments without a significant risk over the change in their value, whose maturity at the time of purchase is three months or less (Note 5).

#### 2.2.22 Subsequent events

Subsequent events and announcements related to net income or even declared after other selective financial information has been publicly announced, include all events that take place between the balance sheet date and the date when the balance sheet is authorised for issue.

In the case that events requiring a correction to be made occur subsequent to the balance sheet date, the Group makes the necessary corrections to the consolidated financial statements. In the case that events not requiring a correction to be made occur subsequent to the balance sheet date, those events are disclosed in the notes of consolidated financial statement.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.2 Summary of significant accounting policies (Continued)

#### 2.2.23 Reporting of cash flows

In the statement of cash flows, consolidated cash flows during the period are classified under operating, investing and financing activities.

The cash flows raised from operating activities indicate cash flows due to the Group's operations.

The cash flows due to investing activities indicate the Group cash flows that are used for and obtained from investments (investments in assets and financial investments).

The cash flows due to financing activities indicate the cash obtained from financial arrangements and used in their repayment.

Cash and cash equivalents include cash and bank deposits and the investments that are readily convertible into cash and highly liquid with 3 months or less to maturity (Note 5).

#### 2.2.24 Financial liabilities to non-controlling interests put options

Under the certain terms of acquisition agreements, the Group is committed to acquire the interests owned by non-controlling shareholders in consolidated subsidiaries, upon the request of non-controlling interest holders.

As it is highly probable that the Group will fulfill this obligation, IAS 32, "Financial Instruments: Disclosure and Presentation", requires the value of such put option to be presented as a financial liability on the balance sheet for the discounted value of the expected exercise price of this option, notwithstanding the ability of the Company to settle part of these obligations with its own shares rather than cash. Furthermore, the share of non-controlling shareholders in the net asset of the company subject to the put option must be reclassified from "non-controlling interest" to "other financial liabilities" in the consolidated balance sheet. The Group recognises, on initial recognition, the difference between the exercise price of the option and the carrying value of the non-controlling interests as a reduction of non-controlling interest and then as additional goodwill. The subsequent unwinding of the discount is recognised in financial expense while the change in the value of the commitment is recorded through goodwill (Note 16).

#### 2.2.25 Non-current assets held for sale and discontinued operations

Assets held for sale are operations that the Group disposes of or classified as available for sale and cash flows which can be treated as a part separately from the Group. Non-current assets held for sale and discontinued operations represents a separate major line of business or geographical area of operations; is part of single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. The Group must evaluate its discontinued operations with the lower of carrying value and fair values less costs to sell (Note 35).

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.2 Summary of significant accounting policies (Continued)

### 2.2.26 Segment reporting

The chief operating decision maker of the Group is the Executive Committee or Management Committee. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group has selected the geographical segment as the Group's primary segment reporting format based on the risks and returns in geographical areas reflecting the primary source of the enterprise's risks and returns (Note 4).

### 2.2.27 Derivative instruments

Derivative financial instruments consist of mainly foreign currency and interest rate swaps and forward foreign exchange contracts. Derivative instruments are initially recognized at acquisition cost. The related transaction costs are included in the acquisition cost. Derivative financial instruments are subsequently remeasured at their fair value. All derivative financial instruments are classified as financial assets carried at fair value through profit or loss. Fair value of derivative financial instruments is measured by using its market value or by applying discounted cash flows method. Derivative financial instruments are classified as assets or liabilities in accordance with their fair values to be positive or negative (Note 8).

According to valuation studies, changes in the fair value of derivatives at fair value through profit or loss are included in the statement of comprehensive income.

While certain derivatives provide effective hedge relationships, they are recognised as financial assets through profit or loss in accordance with IAS 39 and their fair value gains and losses are reported in the statement of comprehensive income.

## NOTE 3 - BUSINESS COMBINATIONS

There are no business combinations as of 31 December 2013 and 31 December 2012.

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

## NOTE 4 - SEGMENT REPORTING

**a) Segmental analysis for the period between 1 January – 31 December 2013:**

| | Turkey | Russia and EE | Europe | Total |
|---|---|---|---|---|
| Sales | 586.105.099 | 183.270.112 | 36.199.401 | 805.574.612 |
| Cost of sales (-) | (388.215.159) | (88.742.514) | (37.480.080) | (514.437.753) |
| **Gross operating profit** | **197.889.940** | **94.527.598** | **(1.280.679)** | **291.136.859** |
| Marketing, selling and distribution expenses (-) | (112.157.628) | (33.120.637) | (139.531) | (145.417.796) |
| Losses from investments accounted by the equity method (-) | (7.770.000) | 609.056 | - | (7.160.944) |
| **Net segment result** | **77.962.312** | **62.016.017** | **(1.420.210)** | **138.558.119** |
| General administrative expenses (-) | | | | (144.178.097) |
| Other operating income | | | | 82.810.976 |
| Other operating expenses (-) | | | | (45.274.193) |
| Finance expenses (-) | | | | (101.479.505) |
| Income from investing activities | | | | 21.220.794 |
| Expense from investing activities (-) | | | | (13.020.147) |
| Monetary gain | | | | 74.229 |
| **Loss before tax** | | | | **(61.287.824)** |
| Tax expenses for the period (-) | | | | (5.218.150) |
| Deferred tax income | | | | 12.281.732 |
| **Net loss for the period** | | | | **(54.224.242)** |

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

## NOTE 4 - SEGMENT REPORTING (Continued)

### b) Segmental analysis for the period between 1 January – 31 December 2012:

| | Turkey | Russia and EE | Europe | Total |
|---|---|---|---|---|
| Sales | 578.580.397 | 207.196.640 | 44.625.368 | 830.402.405 |
| Cost of sales (-) | (382.371.706) | (100.016.273) | (36.807.942) | (519.195.921) |
| **Gross operating profit** | **196.208.691** | **107.180.367** | **7.817.426** | **311.206.484** |
| Marketing, selling and distribution expenses (-) | (111.450.052) | (26.985.470) | (2.965.776) | (141.401.298) |
| Losses from investments accounted by the equity method (-) | (11.166.626) | - | - | (11.166.626) |
| **Net segment result** | **73.592.013** | **80.194.897** | **4.851.650** | **158.638.560** |
| General administrative expenses (-) | | | | (144.337.312) |
| Other operating income | | | | 98.189.553 |
| Other operating expense (-) | | | | (60.071.167) |
| Finance expenses (-) | | | | (64.551.705) |
| Income from investing activities | | | | 196.497.070 |
| Expense from investing activities (-) | | | | (12.626.368) |
| Monetary gain | | | | 118.285 |
| **Loss before tax** | | | | **171.856.916** |
| Tax expenses for the period (-) | | | | (24.136.886) |
| Deferred tax income | | | | 3.025.301 |
| **Net loss for the period** | | | | **150.745.331** |

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

## NOTE 4 - SEGMENT REPORTING (Continued)

### c) Segment assets:

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| Turkey | 612.525.953 | 710.676.637 |
| Russia and EE | 658.048.124 | 649.462.944 |
| Europe | 134.628.186 | 143.890.723 |
| | **1.405.202.263** | **1.504.030.304** |
| Unallocated assets | 19.432.851 | 28.191.596 |
| Investments accounted by the equity method | 13.768.940 | 8.905.216 |
| **Total assets per consolidated financial statements** | **1.438.404.054** | **1.541.127.116** |

Group's assets other than segment assets include prepaid taxes (Note 22), VAT receivables (Note 22) and deferred taxes assets (Note 32).

### d) Segment liabilities:

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| Turkey | 32.386.348 | 16.858.991 |
| Russia and EE | 169.726.775 | 141.112.296 |
| Europe | 66.195.033 | 63.842.780 |
| | **268.308.156** | **221.814.067** |
| Unallocated liabilities | 446.954.014 | 575.283.430 |
| **Total liabilities per consolidated financial statements** | **715.262.170** | **797.097.497** |

Group's liabilities other than other segments liabilities is composed of short and long-term borrowings (Note 7) , provisions (Note 18), employee termination benefits (Note 20), VAT payable (Note 22) unused vacation provision (Note 18), and current tax liability and deferred tax liabilities (Note 32).

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

## NOTE 4 - SEGMENT REPORTING (Continued)

### e) Property, plant and equipment, intangible assets and investment property purchases and depreciation and amortization

*Capital expenditures:*

| | 2013 | 2012 |
|---|---|---|
| Turkey | 19.261.397 | 76.748.786 |
| Russia and EE | 5.036.455 | 7.892.883 |
| Europe | 1.272.213 | 1.660.185 |
| **Total** | **25.570.065** | **86.301.854** |

*Depreciation and amortization charges:*

| | 2013 | 2012 |
|---|---|---|
| Turkey | 43.260.786 | 41.319.563 |
| Russia and EE | 26.772.653 | 27.325.370 |
| Europe | 8.413.046 | 8.088.085 |
| **Total** | **78.446.485** | **76.733.018** |

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

## NOTE 4 - SEGMENT REPORTING (Continued)

### f) Non-cash other expenses:

| | 1 January-31 December 2013 | | | |
|---|---|---|---|---|
| | **Turkey** | **Russia and EE** | **Europe** | **Total** |
| Provision of impairment for assets available for sale (Note 35) | - | - | 23.301.137 | 23.301.137 |
| Provision of retirement pay and unused vacation (Note: 18,20) | 9.964.842 | 5.808.872 | - | 15.773.714 |
| Allowance for doubtful receivables (Note16) | 5.418.694 | 2.782.625 | - | 8.201.319 |
| Provision of legal claims (Note 18) | 1.897.012 | - | - | 1.897.012 |
| Provision of inventory impairment (Note 12) | 1.116.831 | - | - | 1.116.831 |
| | **18.397.379** | **8.591.497** | **23.301.137** | **50.290.013** |

| | 1 January - 31 December 2012 | | | |
|---|---|---|---|---|
| | **Turkey** | **Russia and EE** | **Europe** | **Total** |
| Provision of goodwill impairment | - | 18.105.868 | - | 18.105.868 |
| Provision of employee termination benefits and unused vacation (Note 18,20) | 8.418.738 | 4.742.161 | - | 13.160.899 |
| Provision of doubtful receivables (Note 9,22) | 5.772.487 | 1.658.829 | 285.708 | 7.717.024 |
| Provision of legal claims (Note 18) | 2.576.440 | - | - | 2.576.440 |
| Provision of inventory impairment (Note 12) | 2.109.581 | - | - | 2.109.581 |
| | **18.877.246** | **24.506.858** | **285.708** | **43.669.812** |

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

## NOTE 5 - CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents at 31 December 2013 and 31 December 2012 are as follows:

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| Cash | 661.026 | 727.452 |
| Banks | | |
| - time deposits | 24.717.629 | 90.072.204 |
| - demand deposits | 21.796.687 | 17.351.949 |
| - blocked deposits | 31.506 | 37.525 |
| **Total** | **47.206.848** | **108.189.130** |

The Group has blocked deposits amounting to TL 31.506 as of 31 December 2013 (31 December 2012: TL 37.525). The blocked deposits consist of demand deposits amounting to TL 30.341 (31 December 2012: TL 15.663).

Cash and cash equivalents included in the consolidated statements of cash flows as of 31 December 2013, 31 December 2012 and 31 December 2011 are as follows:

| | 31 December 2013 | 31 December 2012 | 31 December 2011 |
|---|---|---|---|
| Cash and Banks | 47.206.848 | 108.189.130 | 275.910.951 |
| Less: Blocked deposits | (31.506) | (37.525) | (35.304) |
| Less: Interest accruals | (202.381) | (107.381) | (512.641) |
| **Total** | **46.972.961** | **108.044.224** | **275.363.006** |

The maturity analysis of time deposits including the blocked time deposits is as follows:

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| 0-1 month | 24.620.616 | 87.976.338 |
| 1-3 months | 98.178 | 2.117.728 |
| | **24.718.794** | **90.094.066** |

There are no time deposits with variable interest rates at 31 December 2013 and 31 December 2012. The gross interest rate for TL time deposits is 8,32% as of 31 December 2013 (31 December 2012: 7,27%). The gross interest rate of foreign currency denominated time deposits is 4,07 % for USD (31 December 2012: 2,50%).

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

## NOTE 6 - FINANCIAL ASSETS

**Financial assets available for sale:**

The details of financial assets available for sales as of 31 December 2013 and 31 December 2012 are as presented below:

| | Share % | 31 December 2013 | Share % | 31 December 2012 |
|---|---|---|---|---|
| Doğan Faktoring Hizmetleri A.Ş. ("Doğan Factoring") | 5,11 | 1.029.898 | 5,11 | 1.029.898 |
| Doğan Dış Ticaret ve Mümessillik A.Ş. ("Doğan Dış Ticaret") | 1,75 | 468.534 | 1,75 | 468.534 |
| Coats İplik Sanayi A.Ş. | 0,50 | 257.850 | 0,50 | 257.850 |
| Hür Servis Sosyal Hizmetler ve Ticaret A.Ş. ("Hürservis")(1) | - | - | 19,00 | 169.166 |
| B2C Prodüksiyon Bilişim ve Emlak Danışmanlığı Sanayi Ticaret A.Ş. ("B2C") | 15,00 | 150.000 | 15,00 | 150.000 |
| Other | - | 70.624 | - | 151.882 |
| **Total** | | **1.976.906** | | **2.227.330** |

At 30 December 2013, Hürservis was sold to Doğan Müzik Kitap Mağazacılık Pazarlama A.Ş. for TL 604.200. Regarding to this sale, loss amounting to TL 485.734 has occured in the financial statements pepared in accordance with the regulations of CMB and Turkish Tax Legislation.

Financial investments are carried at cost less provision for impairment since they are not being traded in an active market. There is no impairment during the period.

As of 31 December 2012, the provision for impairment of financial assets in consolidated income statement is related to Doğan Havacılık which was sold at 11 December 2012 and its movement in the period is as follows:

| | 2013 | 2012 |
|---|---|---|
| **1 January** | **-** | **(2.208.193)** |
| Provision for impairment | - | 2.208.193 |
| **31 December** | **-** | **-** |

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

## NOTE 7 - FINANCIAL LIABILITIES

The details of financial liabilities at 31 December 2013 and 31 December 2012 are as follows:

| **Short-term borrowings:** | **31 December 2013** | **31 December 2012** |
|---|---|---|
| Bank borrowings (Note 37.ii) | 2.387.299 | 11.855.588 |
| Financial liabilities to suppliers (Note 37.ii) | 6.436.107 | 34.193.200 |
| | **8.823.406** | **46.048.788** |
| Short-term portion of long-term financial liabilities (Note 37.ii) | 143.052.144 | 249.699.732 |
| **Total** | **151.875.550** | **295.748.520** |

| **Long-term financial liabilities:** | **31 December 2013** | **31 December 2012** |
|---|---|---|
| Bank borrowings (Note 37.ii) | 261.465.762 | 201.449.549 |
| Financial liabilities to suppliers (Note 37.ii) | 4.692.877 | 6.929.212 |
| **Total** | **266.158.639** | **208.378.761** |

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

## NOTE 7 - FINANCIAL LIABILITIES (Continued)

**Bank borrowings:**

The details of bank borrowings at 31 December 2013 and 31 December 2012 are as follows:

| | Effective interest rate (%) | | Original foreign currency | | TL | |
|---|---|---|---|---|---|---|
| | 31 December 2013 | 31 December 2012 | 31 December 2013 | 31 December 2012 | 31 December 2013 | 31 December 2012 |
| **Short-term bank borrowings** | | | | | | |
| - Euro | - | 4,0 | - | 5.041.285 | - | 11.855.588 |
| - TL | - | - | 2.387.299 | - | 2.387.299 | - |
| **Sub-total** | | | | | **2.387.299** | **11.855.588** |
| **Short-term portion of long-term bank borrowings** | | | | | | |
| - USD | 6,1 | 5,4 | 62.117.344 | 134.087.546 | 132.577.048 | 239.024.460 |
| - Euro | 2,9 | 5,4 | 3.567.205 | 4.539.385 | 10.475.096 | 10.675.272 |
| **Sub-total** | | | | | **143.052.144** | **249.699.732** |
| **Total short-term bank borrowings** | | | | | **145.439.443** | **261.555.320** |
| **Long-term bank borrowings** | | | | | | |
| - USD | 5,6 | 5,4 | 120.000.000 | 110.000.000 | 256.116.000 | 196.086.000 |
| - Euro | 2,9 | 3,8 | 1.821.816 | 2.280.711 | 5.349.762 | 5.363.549 |
| **Total long-term bank borrowings** | | | | | **261.465.762** | **201.449.549** |

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

## NOTE 7 - FINANCIAL LIABILITIES (Continued)

**Bank borrowings (Continued)**

The repayment schedules of long-term bank borrowings are as follows:

| Year | 31 December 2013 | 31 December 2012 |
|---|---|---|
| 2014 | - | 108.216.862 |
| 2015 | 257.904.161 | 90.422.284 |
| 2016 | 1.857.998 | 1.489.359 |
| 2017 and after | 1.703.603 | 1.321.044 |
| **Total** | **261.465.762** | **201.449.549** |

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at balance sheet dates are as follows:

| Period | 31 December 2013 | 31 December 2012 |
|---|---|---|
| Up to 6 months | 405.378.225 | 461.617.366 |
| 6-12 months | 1.350.790 | 1.387.503 |
| 1 to 5 years | 176.190 | - |
| **Total** | **406.905.205** | **463.004.869** |

Carrying value of the financial liabilities is considered to approximate their fair value since discount effect is not material.

Group borrows loans on fixed and floating interest rates. Distribution of variable and fixed interest loans are presented in Note 37.1 (i).

In December 2013, OOO Pronto Moscow, one of the indirect subsidiaries of the Group, has restructured its bank loan amounting to USD 70.000.000 with a maturity of April 2014 and was classified in short term portion of long term bank borrowings as of 31 December 2013 and 31 December 2012 by using the extension option in the agreement. The maturity of the loan has been extended to 20 April 2015. Besides, the interest rate which was 6,40 % as of 31 December 2012 was decreased to 6,25 % in the current period. Regarding to Doğan Holding's loan agreement, USD 70.000.000 deposits have been blocked as guarantee.

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

## NOTE 7 - FINANCIAL LIABILITIES (Continued)

**Financial liabilities to suppliers:**

Short and long-term financial liabilities to suppliers are related with the purchase of machinery and equipment. Effective interest rates of short-term and long-term financial liabilities to suppliers are 1,60% for Euro (31 December 2012: Euro: 1,22%).

The repayment schedules of long-term financial liabilities to suppliers are as follows:

| Year | 31 December 2013 | 31 December 2012 |
|---|---|---|
| 2014 | - | 5.146.343 |
| 2015 and after | 4.692.877 | 1.782.869 |
| **Total** | **4.692.877** | **6.929.212** |

As of 31 December 2013, the Group's short-term financial liabilities to suppliers issued at variable interest rate are amounting to TL 6.436.107 (31 December 2012: TL 34.193.200), long-term financial liabilities issued at variable interest rate are amounting to 2.226.217 (31 December 2012: TL 6.929.212) and the long-term financial liabilities issued at fixed interest rate are TL 2.466.660 (31 December 2012: none).

The exposure of the Group's financial liabilities to suppliers to interest rate changes and the contractual repricing dates are as follows:

| Period | 31 December 2013 | 31 December 2012 |
|---|---|---|
| Up to 6 months | 8.662.324 | 41.122.412 |
| 1 to 5 years | 2.466.660 | - |
| **Total** | **11.128.984** | **41.122.412** |

The fair values of short-term and long-term financial liabilities to suppliers are considered to approximate their carrying values as the effect of discount is not material.

The Group's bank borrowings and financial liabilities to suppliers with variable interest rate are amounting to TL 224.302.700 as of 31 December 2013 (31 December 2012: TL 298.739.972).

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

## NOTE 8 - OTHER FINANCIAL ASSETS AND LIABILITIES

Other short term financial assets at 31 December 2013 and 31 December 2012 are as follows:

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| Derivative instruments | - | 573.393 |
| **Total** | **-** | **573.393** |

Other short term financial liabilities at 31 December 2013 and 31 December 2012 are as follows:

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| Derivative instruments | 2.440.486 | - |
| Financial liabilities due to put options | 16.154.517 | 18.207.476 |
| **Total** | **18.595.003** | **18.207.476** |

### a) Derivative instruments

*i) Derivative instruments against foreign exchange risk*

The Group has made a Euro swap transaction amounting to USD 20.000.000 (31 December 2012: USD 25.221.500) related with bank borrowings in the current period.

Group has a right to buy or sell 1 million USD on every monday of each week depending on the market rates, which is valid until 13 January 2014. As of 31 December 2013, the financial liability arising from the fair value of swap agreements and other derivative transactions is amounting to TL 2.440.486 (31 December 2012: TL 573.393 of financial assets arising from the fair value of swap agreements and other derivative transactions) (Note 8).

*ii) Interest rate swap transactions*

Group had interest rate swap agreement for USD variable interest rate (Libor) of its loan, amounting to USD 10.000.000 with maturity to 2015, to convert EUR variable interest rate (Euribor). Financial expense amounting to TL 634.886 has been recognised during the period regarding to this agreement.

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

## NOTE 8 - OTHER FINANCIAL ASSETS AND LIABILITIES (Continued)

### b) Non-controlling interests put options

*Oglasnik d.o.o. Option*

The Group was granted a put option, on the remainder of 30% of non-controlling shares during the acquisition of 70% interest of the shares in its subsidiary Oglasnik d.o.o. located in Croatia. The negotiations related with using that put option is still continuing as of the date which the financial statements publicly announced. As of 31 December 2013, the fair value of this option is TL 16.154.517 and classified in "other short-term financial liabilities" (31 December 2012: TL 18.207.476). There is a dispute about the protocol between the parties concerned and an arbitration process is in progress in the presence of Zagreb Court of Arbitration. A declaratory lawsuit has been filed by the non-controlling shareholders against the Group since non-controlling shareholders could not exercise this put option. An alternative EUR 3.500.000 plus default interest is claimed as compensation together with the declaratory lawsuit. The third trial of the lawsuit was held on 3 July 2013 and the arbitration procedure is still on progress.

## NOTE 9 - TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables net off of unearned finance income at 31 December 2013 and 31 December 2012 are as follows:

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| Trade receivables | 233.608.011 | 238.540.783 |
| Notes and cheques receivable | 2.996.291 | 4.029.429 |
| Receivables from credit cards | 1.718.307 | 9.135.537 |
| Income accruals | 250.383 | 337.296 |
| Unearned finance income due from term sales | (2.727.380) | (2.015.435) |
| Less: Provision for doubtful receivables (Note 36) | (51.384.264) | (57.630.747) |
| **Short-term trade receivables** | **184.461.348** | **192.396.863** |

According to a revocable commitment agreement signed with Doğan Factoring Hizmetleri A.Ş., trade receivables resulting from advertisements, amounting to TL 129.692.268 (31 December 2012: TL 134.954.258) are followed up by Doğan Factoring Hizmetleri A.Ş. ("Doğan Factoring"). Group has not transferred the risk of not collecting the above mentioned receivables and has continued to bear in its balance sheets. These receivables are related to commercial advertisements and some of classified advertisements. The due date of the Group's trade receivables followed up by Doğan Factoring is 96 days (31 December 2012: 98 days). The unearned finance income due from sales with maturity related with the receivables followed up by Doğan Factoring is TL 895.559 (31 December 2012: TL 939.315) and the compound interest rate is 12,01% per annum (31 December 2012: 10,03%).

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

## NOTE 9 - TRADE RECEIVABLES AND PAYABLES (Continued)

The movements of provision for doubtful receivables are as follows:

| | 2013 | 2012 |
|---|---|---|
| **1 January** | **(57.630.747)** | **(55.438.024)** |
| Additions during the period (Note 28) | (8.201.319) | (7.317.968) |
| Collections during the period (Note 27) | 2.418.092 | 3.264.976 |
| Provisions classified to assets disposed of | 6.650.273 | 1.750.973 |
| Currency translation differences | 965.589 | 109.296 |
| Disposal of subsidiary | 4.413.848 | - |
| **31 December** | **(51.384.264)** | **(57.630.747)** |

Trade payables at 31 December 2013 and 31 December 2012 are as follows:

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| Short-term trade payables | 46.499.414 | 47.429.485 |
| Expense accruals | 1.737.604 | 3.808.965 |
| Unrealized financial expenses due to term purchases | (225.536) | (79.748) |
| **Total** | **48.011.482** | **51.158.702** |

As of 31 December 2013, the due date of Group's trade payables is 50 days (31 December 2012: 51 days). As of 31 December 2013, urealized financial expense is TL 225.536 and the compound interest rate is 12,01% per annum ( 31 December 2012: 10,03 %).

## NOTE 10 - OTHER RECEIVABLES AND PAYABLES

Other short-term receivables at 31 December 2013 and 31 December 2012 are as follows:

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| Notes and cheques receivable (1) | 73.576.936 | 73.918.846 |
| Deposits and guarantees given | 3.520.295 | 601.398 |
| **Total** | **77.097.231** | **74.520.244** |

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

## NOTE 10 - OTHER RECEIVABLES AND PAYABLES (Continued)

Other long-term receivables at 31 December 2013 and 31 December 2012 are as follows:

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| Deposits and guarantees given | 1.508.340 | 1.183.230 |
| Cheques receivable (1) | - | 61.276.875 |
| **Total** | **1.508.340** | **62.460.105** |

(1) In 2012, the Group has sold the properties that consist of 58.609,45 m2 land and buildings including the building that has been used as company headquarters for 28 years (Hürriyet Media Towers) in Bağcılar, İstanbul to Nurol Garimenkul Yatırım Ortaklığı in consideration of USD 127.500.000 (TL 225.993.750), excluding late interest. USD 17.500.000 of consideration was paid in advance and the remaining portion which amounts to USD 110.000.000 is payable in 32 equal installments starting from 6 March 2012 by applying 3,5% interest for remaining balance after the each payment. As of 31 December 2013, USD 34.375.000 (TL 73.366.563) of the related consideration is recognized as short term notes receivable. Total collectable interest amount related to principal payments is USD 6.395.692 and USD 2.013.898 of this amount (TL 3.569.633), excluding VAT, has been collected and is recognized as finance income in the accompanying financial statements in the current period. Interest accrual calculated by using the effective interest rate in the current period amounts to USD 98.568 (TL 210.373) and is recognized as short term notes and cheques receivable and finance income in the accompanying financial statements.

Other short-term payables at 31 December 2013 and 31 December 2012 are as follows:

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| Taxes payable | 3.501.640 | 1.015.705 |
| Deposits and guarantees received | 577.489 | 702.231 |
| **Total** | **4.079.129** | **1.717.936** |

Other long-term payables at 31 December 2013 and 31 December 2012 are as follows:

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| Deposits and guarantees received | 235.345 | 170.675 |
| Other | 228.512 | - |
| **Total** | **463.857** | **170.675** |

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

## NOTE 11 – EMPLOYEE BENEFIT PAYABLES

Employee benefit payables as of 31 December 2013 and 31 December 2012 are as follows:

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| Social security withholdings payable | 3.528.442 | 3.733.101 |
| Due to personnel | 6.107.888 | 6.369.120 |
| **Total** | **9.636.330** | **10.102.221** |

## NOTE 12 - INVENTORIES

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| Raw materials and supplies | 15.074.781 | 13.926.117 |
| Promotion materials (1) | 4.122.716 | 6.882.221 |
| Finished goods and merchandise | 1.978.084 | 1.451.622 |
| Semi-finished goods | 352.940 | 224.881 |
| | **21.528.521** | **22.484.841** |
| Provision for impairment of inventory | (4.168.833) | (3.433.906) |
| **Total** | **17.359.688** | **19.050.935** |

(1) Promotion materials include promotion materials such as books, CDs and DVDs.

Movements of the provision for impairment of promotion inventories, raw materials and supplies and finished goods and merchandise are as follows:

| | 2013 | 2012 |
|---|---|---|
| **1 January** | **(3.433.906)** | **(1.941.808)** |
| Provision of promotion inventories | (427.515) | (361.041) |
| Reversal of provision of promotion materials | 326.866 | 617.483 |
| Provision of raw materials and supplies | (689.316) | (1.569.253) |
| Reversal of provision of raw materials and supplies | 55.038 | - |
| Provision of finished goods and merchandise | - | (179.287) |
| **31 December** | **(4.168.833)** | **(3.433.906)** |

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

## NOTE 13 - INVESTMENTS ACCOUNTED BY THE EQUITY METHOD

As of 31 December 2013 and 31 December 2012, the corresponding portion of subsidiaries' and joint ventures' current assets, non-current assets, short-term and long-term liabilities and shareholders' equity, which are consolidated with the equity method in accordance with TFRS 10 and TFRS 11 are as follows:

| Subidiaries | 31 December 2013 percentage of shares, directly or indirectly owned by Hurriyet and its Subsidiaries | 31 December 2012 percentage of shares, directly or indirectly owned by Hurriyet and its Subsidiaries |
|---|---|---|
| Doğan Media International GmbH ("Doğan Media") | 42,42 | 42,42 |
| SP Pronto Kiev | 37,14 | 37,14 |
| TOV E-Prostir | 37,14 | 37,14 |

| Joint Ventures | 31 December 2013 percentage of shares, directly or indirectly owned by Hurriyet and its Subsidiaries | 31 December 2012 percentage of shares, directly or indirectly owned by Hurriyet and its Subsidiaries |
|---|---|---|
| OOO Autoscout24 (1) | - | 37,88 |
| ASPM Holding B.V. | 37,88 | 37,88 |
| Tipeez İnternet Hizmetleri A.Ş. ("Tipeez") (2) | - | 30,00 |

(1) Liquidated in 2013.
(2) All of the shares were sold to controlling shareholder, Tweege Holding LP on 25 June 2013.

Profit and loss resulting from transactions between the Group companies and its subsidiaries are eliminated with the direct proportion of the ownership percentage. As of 31 December 2013, the Group's share of financial statements which are valued by equity method, are as follows:

| 31 December 2013 | Total assets | Total liabilities | Net assets | Net sales | Net profit /(loss) |
|---|---|---|---|---|---|
| Dogan Media | 14.180.969 | 4.855.641 | 9.325.328 | 18.843.636 | (7.770.000) |
| SP Pronto Kiev | 4.582.656 | 196.670 | 4.385.986 | 2.985.867 | 570.093 |
| ASPM Holding B.V. | 91.570 | 33.944 | 57.626 | - | (3.866) |
| TOV E-Prostir | 212.755 | 212.755 | - | 451.189 | 42.829 |
| | **19.067.950** | **5.299.010** | **13.768.940** | **22.280.692** | **(7.160.944)** |

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

## NOTE 13 - INVESTMENTS ACCOUNTED BY THE EQUITY METHOD (Continued)

The summary of Group's share of the financial statements of the investments accounted by the equity method at 31 December 2012 is as follows:

| 31 December 2012 | Total assets | Total liabilities | Net assets | Net sales | Net (loss)/profit for the period |
|---|---|---|---|---|---|
| Dogan Media | 19.078.823 | 13.820.807 | 5.258.016 | 49.741.861 | (12.007.168) |
| SP Pronto Kiev | 3.857.923 | 210.723 | 3.647.200 | 3.685.333 | 921.641 |
| TOV E-Prostir | 99.522 | 99.522 | - | 231.429 | (81.099) |
| | **23.036.268** | **14.131.052** | **8.905.216** | **53.658.623** | **(11.166.626)** |

The investments accounted by the equity method as of 31 December 2013 and 31 December 2012 are as follows:

| | Share % | 31 December 2013 | Share % | 31 December 2012 |
|---|---|---|---|---|
| Doğan Media International GmbH ("Dogan Media") | 42,42 | 9.325.328 | 42,42 | 5.258.016 |
| SP Pronto Kiev | 37,14 | 4.385.986 | 37,14 | 3.647.200 |
| ASPM Holding B.V. | 37,88 | 57.626 | 37,88 | - |
| TOV E-Prostir | 37,14 | - | 37,14 | - |
| | | **13.768.940** | | **8.905.216** |

The summary of Group's share of the financial statements of the investments accounted by the equity method at 31 December 2013 and 31 December 2012 is as follows:

| | 2013 | 2012 |
|---|---|---|
| **1 January** | **8.905.216** | **11.348.405** |
| Increase in share capital | - | 9.905.723 |
| Disposal of subsidiary (1) | 13.115.786 | - |
| Loss from associates | (7.160.944) | (11.166.626) |
| Currency translation differences | (496.043) | (285.220) |
| Dividend distribution | (595.075) | (897.066) |
| **31 December** | **13.768.940** | **8.905.216** |

(1) Kanal D Romania, which is consolidated by using under the equity method, has been sold to related company as of 31 December 2013 and the effect of this sale is recognized under equitiy.

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

## NOTE 14 - INVESTMENT PROPERTY

The movements in investment property as of 31 December 2013 are as follows:

| | 1 January 2013 | Additions | Disposals (1) | Change in fair value adjustment | 31 December 2013 |
|---|---|---|---|---|---|
| Land | 26.109.998 | 225.000 | - | 14.048.787 | 40.383.785 |
| Buildings | 23.941.139 | 5.630.005 | (15.271.629) | 2.695.021 | 16.994.536 |
| | **50.051.137** | **5.855.005** | **(15.271.629)** | **16.743.808** | **57.378.321** |

(1) Disposals due from the sale of investment properties acquired by the barter agreements.

With the decision taken based on the review done by the group management, investment properties, which were carried at cost less accumulated depreciation under cost method less impairment charges if any in the previous financial statements, are decided to carry at their fair values (Note 2.2.6).

The Group's rent income from investment properties amounted to TL 95.638 as of 31 December 2013 (31 December 2012: 30.000). The Group's direct operating expenses arising from the investment properties in the period amounted to TL 366.723. (31 December 2012: TL 177.755).

The movements in investment property as of 31 December 2012 are as follows:

| | 1 January 2012 | Additions | Disposals | Change in fair value adjustment | 31 December 2012 |
|---|---|---|---|---|---|
| **Cost:** | | | | | |
| Land | 22.995.000 | 2.306.355 | - | 808.643 | 26.109.998 |
| Buildings | 19.325.984 | 24.203.775 | (19.282.673) | (305.947) | 23.941.139 |
| | **42.320.984** | **26.510.130** | **(19.282.673)** | **502.696** | **50.051.137** |

## NOTE 15 - PROPERTY, PLANT AND EQUIPMENT

The movements of property, plant and equipment and related accumulated depreciation for the period ended 31 December 2013 are as follows:

| | 1 January 2013 | Currency translation differences | Additions | Disposals | Transfers (1) | Reclassified as assets held for sale (3) | Disposal of subsidiary (2) | 31 December 2013 |
|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | |
| Land and land improvements | 23.224.425 | 1.903.198 | - | - | - | (4.571.650) | - | 20.555.973 |
| Buildings | 153.376.334 | 4.579.642 | 108.142 | (1.903) | (479.632) | (277.882) | - | 157.304.701 |
| Machinery and equipment | 612.730.375 | 10.993.948 | 2.667.402 | (1.626.797) | 56.937 | - | - | 624.821.865 |
| Motor vehicles | 9.915.741 | 490.792 | 228.229 | (740.058) | - | - | - | 9.894.704 |
| Furnitures and fixtures | 51.339.237 | 27.251 | 7.290.367 | (2.204.250) | 177.007 | (3.226.094) | (171.297) | 53.232.221 |
| Leasehold improvements | 36.381.954 | 28.784 | 689.719 | - | 479.630 | (411.113) | - | 37.168.974 |
| Other intangible assets | 757.635 | 181.483 | 2.696 | - | - | - | - | 941.814 |
| Construction in progress | 531.190 | 71.445 | 1.994.612 | (32.355) | (233.942) | (1.220.015) | - | 1.110.935 |
| | **888.256.891** | **18.276.543** | **12.981.167** | **(4.605.363)** | **-** | **(9.706.754)** | **(171.297)** | **905.031.187** |
| **Accumulated amortization** | | | | | | | | |
| Land and land improvements | (378.298) | - | (51.683) | - | - | - | - | (429.981) |
| Buildings | (41.551.713) | (2.291.629) | (3.858.951) | - | - | 81.842 | - | (47.620.451) |
| Machinery and equipments | (471.584.453) | (9.507.059) | (32.697.386) | 1.391.616 | - | - | - | (512.397.282) |
| Motor vehicles | (6.922.655) | (186.879) | (826.970) | 428.198 | - | - | - | (7.508.306) |
| Furnitures and fixtures | (34.362.648) | (688.233) | (7.013.523) | 2.023.665 | - | 2.826.401 | 157.974 | (37.056.364) |
| Leasehold improvements | (24.508.776) | (96.971) | (2.130.899) | - | - | 97.068 | - | (26.639.578) |
| Other intangible assets | (751.688) | (379.063) | (67.914) | - | - | - | - | (1.198.665) |
| | **(580.060.231)** | **(13.149.834)** | **(46.647.326)** | **3.843.479** | **-** | **3.005.311** | **157.974** | **(632.850.627)** |
| **Net book value** | **308.196.660** | | | | | | | **272.180.560** |

At 31 December 2013, net book value of the property, plant and equipment included in machinery and equipments and acquired through financial leases is amounting to TL 4.379.154 (31 December 2012: TL 5.349.438).

At 31 December 2013 there are mortgages on property, plant and equipment amounting to TL 19.087.250 (31 December 2012: TL 15.286.050).

For the period ended at 31 December 2013 depreciation expense amounting to TL 35.778.039 (31 December 2012: TL 36.648.028) is added to cost of sales (Note 24), amounting to TL 10.869.287 (31 December 2012: TL 9.455.523) is added to marketing, selling and distribution and general administrative expenses (Note 25).

(1) As a result of the review of plant property and equipment, additional fixed assets amounting to TL 479.630 are decided to be classified from building to leasehold improvements.

(2) In 2013, the Group has disposed of its entire shares in its subsidiary Moje Delo, spletni marketing d.o.o.(Note 35).

(3) Group has agreed to sale by 9 million USD its land with the size of 17.725,69 $m^2$ which is located in Esenler, İstanbul. In accordance whith the agreement the land has classified to non current assets held for sale. In addition, the Group's subsidiaries, which operate in Hungary and Croatia, are classified as assets held for sale.

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

## NOTE 15 - PROPERTY, PLANT AND EQUIPMENT (Continued)

The movements of property, plant and equipment and related accumulated depreciation for the period ended 31 December 2012 are as follows:

| | 1 January 2012 | Currency translation differences | Additions | Disposals | Transfers | Reclassified as assets held for sale | Disposal of subsidiary | 31 December 2012 |
|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | |
| Land and land improvements | 40.852.448 | (264.483) | 1.444.281 | (20.901.406) | - | 2.093.585 | - | 23.224.425 |
| Buildings | 165.179.647 | (804.008) | 638.388 | (2.048.485) | 462.388 | (9.944.064) | (107.532) | 153.376.334 |
| Machinery and equipment | 693.924.022 | (722.970) | 12.679.332 | (104.069.140) | 11.474.713 | - | (555.582) | 612.730.375 |
| Motor vehicles | 11.573.299 | (79.185) | 241.755 | (1.820.128) | - | - | - | 9.915.741 |
| Furnitures and fixtures | 104.952.151 | (149.062) | 8.572.979 | (62.578.075) | 591.426 | - | (50.182) | 51.339.237 |
| Leasehold improvements | 25.052.071 | 13.648 | 11.360.589 | (44.354) | - | - | - | 36.381.954 |
| Other intangible assets | 685.177 | (23.428) | 95.886 | - | - | - | - | 757.635 |
| Construction in progress | 414.290 | (60.548) | 12.931.792 | (225.817) | (12.528.527) | - | - | 531.190 |
| | **1.042.633.105** | **(2.090.036)** | **47.965.002** | **(191.687.405)** | **-** | **(7.850.479)** | **(713.296)** | **888.256.891** |
| **Accumulated amortization** | | | | | | | | |
| Land and land improvements | (272.438) | - | (53.464) | - | - | (52.396) | - | (378.298) |
| Buildings | (41.892.377) | 42.835 | (3.883.096) | 517.946 | - | 3.627.135 | 35.844 | (41.551.713) |
| Machinery and equipment | (543.029.694) | 739.817 | (33.214.293) | 103.534.394 | - | - | 385.323 | (471.584.453) |
| Motor vehicles | (8.545.165) | 94.362 | (56.471) | 1.584.619 | - | - | - | (6.922.655) |
| Furnitures and fixtures | (88.509.193) | 447.415 | (7.571.114) | 61.225.439 | - | - | 44.805 | (34.362.648) |
| Leasehold improvements | (23.580.234) | 5.919 | (952.117) | 17.656 | - | - | - | (24.508.776) |
| Other intangible assets | (400.132) | 21.440 | (372.996) | - | - | - | - | (751.688) |
| | **(706.229.233)** | **1.351.788** | **(46.103.551)** | **166.880.054** | **-** | **3.574.739** | **465.972** | **(580.060.231)** |
| **Net book value** | **336.403.872** | | | | | | | **308.196.660** |

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

## NOTE 16 - INTANGIBLE ASSETS

### i) Goodwill

The movements of goodwill for the periods ended at 31 December are as follows:

| | 2013 | 2012 |
|---|---|---|
| **1 January** | **118.331.349** | **136.195.646** |
| Currency translation differences | 11.091.759 | (618.685) |
| Provision for goodwill impairment (1) (Note 28) | - | (18.105.868) |
| Disposal of subsidiary (2) (Note 36) | (6.457.517) | - |
| Other (3) | (3.543.374) | 860.256 |
| **31 December** | **119.422.217** | **118.331.349** |

(1) As of 31 December 2013, there is no goodwill impairment as described in Note 2.2.11 (31 December 2012: TRY 18.105.868).

(2) In 2013, the Group has disposed of its entire shares in its subsidiary Moje Delo, spletni marketing, d.o.o. according to the Slovenia statutory legislation.

(3) Represents the changes in the fair value of the put options (Note 2.2.24).

As of 31 December 2013, the goodwill amounting to TL 119.422.217 (31 December 2012: TL 118.374.132) is arising from the acquisition of Group's subsidiary TME which operates in abroad.

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

## NOTE 16 - INTANGIBLE ASSETS (Continued)

### ii) Other intangible assets

The movements of intangible assets and related accumulated amortization for the period ended 31 December 2013 are as follows:

| | 1 January 2013 | Currency translation differences | Additions | Disposals | Transfers | Reclassified to assets held for sale(2) | Disposals of subsidiary(1) | 31 December 2013 |
|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | |
| Trade names and licenses | 311.021.324 | 33.712.058 | - | - | - | (13.316.301) | - | 331.417.081 |
| Customer list | 310.305.078 | 60.085.100 | - | - | - | (31.039.266) | - | 339.350.912 |
| Computer software and rights | 73.267.479 | 7.818.100 | 2.547.747 | (1.814.701) | 526.037 | (16.141.887) | (877.421) | 65.325.354 |
| Internet domain names | 26.829.768 | 3.205.066 | 3.406.907 | (1.516.930) | 262.655 | (2.135.503) | - | 30.051.963 |
| Other intangible assets | 6.659.793 | 413.466 | 52.415 | (3.604) | - | (4.023.576) | - | 3.098.494 |
| Construction in progress | 33.460 | 40.000 | 726.824 | - | (788.692) | - | - | 11.592 |
| | **728.116.902** | **105.273.790** | **6.733.893** | **(3.335.235)** | **-** | **(66.656.533)** | **(877.421)** | **769.255.396** |
| **Accumulated amortization** | | | | | | | | |
| Trade names and licenses | (20.792.733) | (1.071.529) | (1.491.168) | - | - | - | - | (23.355.430) |
| Customer list | (108.189.520) | (39.387.620) | (19.272.816) | - | - | 23.279.449 | - | (143.570.507) |
| Computer software and rights | (53.768.283) | (6.683.750) | (7.009.033) | 1.550.236 | - | 13.743.729 | 424.726 | (51.742.375) |
| Internet domain names | (9.727.370) | (1.951.344) | (3.473.181) | 1.522.640 | - | 1.303.761 | - | (12.325.494) |
| Other intangible assets | (6.174.891) | (311.030) | (552.961) | 3.605 | - | 4.015.963 | - | (3.019.314) |
| | **(198.652.797)** | **(49.405.273)** | **(31.799.159)** | **3.076.481** | **-** | **42.342.902** | **424.726** | **(234.013.120)** |
| **Net book value** | **529.464.105** | | | | | | | **535.242.276** |

Amortization expense amounting to TL 31.799.159 (31 December 2012: TL 29.822.977) has been included in marketing, selling and distribution and general administrative expenses as of 31 December 2013.

(1) In 2013, the Group has disposed of its entire shares in its subsidiary Moje Delo, spletni marketing, d.o.o. (Note 36).
(2) The Group's subsidiaries operating in Hungary and Croatia are classified as non-current assets held for sale.

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

## NOTE 16 - INTANGIBLE ASSETS (Continued)

### ii) Other intangible assets (Continued)

The movements in intangible assets and related accumulated amortization for the period ended 31 December 2012 are as follows:

| | 1 January 2012 | Currency translation differences | Additions | Disposals | Transfers | 31 December 2012 |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| Trade names and licenses | 311.871.261 | (849.937) | - | - | - | 311.021.324 |
| Customer list | 309.421.118 | 883.960 | - | - | - | 310.305.078 |
| Computer software and rights | 65.141.269 | (972.557) | 7.910.555 | (200.218) | 1.388.430 | 73.267.479 |
| Internet domain names | 23.783.299 | (39.699) | 3.086.168 | - | - | 26.829.768 |
| Other intangible assets | 6.041.314 | 76.424 | 553.145 | (11.090) | - | 6.659.793 |
| Construction in progress | 1.127.673 | 17.363 | 276.854 | - | (1.388.430) | 33.460 |
| | **717.385.934** | **(884.446)** | **11.826.722** | **(211.308)** | **-** | **728.116.902** |
| **Accumulated amortization** | | | | | | |
| Trade names and licenses | (19.324.214) | (29.211) | (1.439.308) | - | - | (20.792.733) |
| Customer list | (88.936.526) | (689.386) | (18.563.608) | - | - | (108.189.520) |
| Computer software and rights | (47.070.877) | 736.185 | (7.596.703) | 163.112 | - | (53.768.283) |
| Internet domain names | (6.959.178) | (33.332) | (2.734.860) | - | - | (9.727.370) |
| Other intangible assets | (5.800.648) | (79.255) | (294.988) | - | - | (6.174.891) |
| | **(168.091.443)** | **(94.999)** | **(30.629.467)** | **163.112** | **-** | **(198.652.797)** |
| **Net book value** | **549.294.491** | | | | | **529.464.105** |

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

## NOTE 16 - INTANGIBLE ASSETS (Continued)

The cost of trade names and licenses with indefinite useful lives amounted to TL 277.517.400 as of 31 December 2013 (31 December 2012: TL 269.360.081). The utilization period of the assets with indefinite useful lives is determined based on the stability of the industry, changes in market demands as to the products and services provided through assets, control period over the assets and legal or similar restrictions on their utilization.

## NOTE 17 - GOVERNMENT GRANTS

The Group obtained six investment incentives certificates for the imported equipments amounting to USD 13.805.393 and domestic equipments amounting to TL 1.502.399 for the modernization of its printing plants in Istanbul, Ankara, Izmir, Adana, Antalya and Trabzon on 28 October, 2, 4 November and 30 December 2011. The agreements are valid for two years and equipment imported within the scope of the certificate is exempt from Customs Duty and VAT. The investments amounting to USD 13.595.062 for imported equipments and TL 1.502.399 for domestic equipments are realized within these certificates as of 31 December 2013 (31 December 2012: for the imported equipments amounting to USD 13.450.323, for the domestic equipments amounting to TL 1.279.898).

## NOTE 18 -PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

As of 31 December 2013 and 31 December 2012, short term provisions are as follows:

| | **31 December 2013** | **31 December 2012** |
|---|---|---|
| Provision for unused vacation rights | 17.760.561 | 14.836.862 |
| Other provisions for lawsuit and compensation | 4.069.499 | 3.680.581 |
| **Total** | **21.830.060** | **18.517.443** |

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

## NOTE 18 -PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

*i. Provision of unused vacation rights*

The movements in provision for unused vacation rights during the periods ended at 31 December are as follows:

| | 2013 | 2012 |
|---|---|---|
| **1 January** | **(14.836.862)** | **(15.430.714)** |
| Additions during the period | (8.049.497) | (5.114.456) |
| Payments during the period and reversal of provision | 5.445.123 | 5.717.644 |
| Currency translation difference | (319.325) | (9.336) |
| **31 December** | **(17.760.561)** | **(14.836.862)** |

The lawsuits against the Group amounted to TL 29.686.311 (31 December 2012: TL 26.678.044). The Group recognises provision related to cases when there is a legal or valid liability resulting from past event and it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimation can be made of the amount of the obligation. As a result of these analyses, as of 31 December 2013 the Group has set a provision of TL 4.069.499 for lawsuits (31 December 2012: TL 3.680.581).

*ii. Provision of litigation*

As at 31 December 2013 and 31 December 2012, the Group's ongoing lawsuits are as follows:

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| Legal lawsuits | 23.199.519 | 20.720.990 |
| Commercial lawsuits | 3.286.792 | 3.234.000 |
| Labor lawsuits | 3.200.000 | 2.423.645 |
| Administrative lawsuits | - | 299.409 |
| **Total** | **29.686.311** | **26.678.044** |

The movements of provision for lawsuits for the periods ending 31 December are as follows:

| | 2013 | 2012 |
|---|---|---|
| **1 January** | **(3.680.581)** | **(2.813.326)** |
| Payments related to provisions | 1.508.094 | 1.709.185 |
| Additions during the period (Note 28) | (1.897.012) | (2.576.440) |
| **31 December** | **(4.069.499)** | **(3.680.581)** |

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

## NOTE 19 - COMMITMENTS

Group's collaterals/pledge/mortgage ("CPM") position as of 31 December 2013 and 31 December 2012 are as follows:

| | 31 December 2013 | | 31 December 2012 | |
|---|---|---|---|---|
| | Foreign Currency | TL Equivalent | Foreign Currency | TL Equivalent |
| A. CPM's given in the name of its own legal personality | | | | |
| -Collaterals | | | | |
| TL | 1.624.865 | 1.624.865 | 3.362.593 | 3.362.593 |
| Euro | 25.000 | 73.413 | 25.000 | 58.793 |
| HRK | - | - | 2.706.054 | 842.323 |
| -Mortgages | | | | |
| TL | - | - | - | - |
| Euro | 6.500.000 | 19.087.250 | 6.500.000 | 15.286.050 |
| B. CPM's given on behalf of the fully consolidated companies (1) | | | | |
| -Commitments | | | | |
| TL | 918.903 | 918.903 | 1.115.751 | 1.115.751 |
| USD | 3.540 | 7.555 | - | - |
| Euro | 3.055.000 | 8.971.008 | 4.075.000 | 9.583.178 |
| C. CPM's given on behalf of third parties for ordinary course of the business | - | - | - | - |
| D. Total amount of other CPM's given | | | | |
| i) Total amount of CPM's given on behalf of the majority shareholder | - | - | - | - |
| ii) Total amount of CPM's given on behalf of other group companies which are not in scope of B and C | - | - | - | - |
| iii) Total amount of CPM's given on behalf of third parties which are not in scope of C | - | - | - | - |
| **Total** | | **30.682.994** | | **30.248.688** |

(1) Commitments given regarding to the borrowings obtained for the main operations of the Group, that are intended to meet various financial needs of subsidiaries.

**CPM's given by the Group**

There is no CPM's given for third parties as indicated in the table above except CPM's given for their own legal entities. The ratio of other CPM's given against the Group's equity is 0% as of 31 December 2013 (31 December 2012: 0%).

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

## NOTE 19 – COMMITMENTS (Continued)

Commitments and contingencies which the Management does not expect significant losses or liabilities are as follows:

**Barter agreements:**

The Group, as a common practice in the media sector, enters into barter agreements which involve the exchange of goods or services without cash collections or payments. As of 31 December 2013, the Group has a commitment for the publication of advertisements amounting to TL 5.379.691 (31 December 2012: TL 7.103.533) in exchange for purchasing goods and services and has an option to purchase goods and services amounting to TL 14.997.250 (31 December 2012: TL 15.003.096) in exchange of the goods or services sold.

## NOTE 20 – EMPLOYMENT TERMINATION BENEFITS

Provision for employment termination benefits at 31 December 2013 and 31 December 2012 are as follows:

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| Provision for employment termination benefits | 47.989.848 | 44.563.930 |
| **Total** | **47.989.848** | **44.563.930** |

Except the legal requirements other than Turkey in which the Group operates, there are no pension plans and benefits.

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies or retires. The amount payable maximum equals to one month of salary is TL 3.254,44 (31 December 2012: TL 3.033,98) for each year of service.

On the other hand Group is liable to make payments to personnel who work for a minimum of 5 years and whose employment is terminated without due cause in accordance with the regulations with regards to Employees Employed in the Press Sector. The maximum payable amount is 30 days' salary for each year of service.

Employment termination benefit liabilities are not subject to any funding and there are no legal requirements for funding of these liabilities.

The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The Group has preferred to early adopt the amendment for IAS 19 which occurred in 2012 and has been effective as of 1 January 2013, therefore the Group has recognized all actuarial gains and losses in other comprehensive income.

The main actuarial assumptions used in the calculation of the total provision for employment benefits are as follows:

- in calculation, the discount rate, inflation rate and real wage increase rate are regarded as 9,70% (31 December 2012: 7,69%), 6,40% (31 December 2012: 4,98%) and 6,40% (31 December 2012: 4,98%), respectively.

- in calculation, ceiling wage amounting to TL 3.254,44 which is valid as of 31 December 2013 (31 December 2012: TL 3.033,98) has been taken into consideration as basis.

- retirement age is regarded as the earliest age at which each employee can retire.

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

## NOTE 20 - EMPLOYMENT TERMINATION BENEFITS (Continued)

The movements in provision for employment termination benefits during the periods ended at 31 December are as follows:

| | 2013 | 2012 |
|---|---|---|
| **1 January** | **(44.563.930)** | **(26.158.276)** |
| Actuarial loss | (2.304.048) | (17.013.328) |
| Service cost during the period | (3.600.194) | (2.602.993) |
| Net interest expense due to the defined benefit obligation | (2.773.416) | (2.794.975) |
| Unrecognized amortisation of prior service cost | (141.288) | - |
| Payments and reversal of provisions during the period | 6.602.347 | 6.654.117 |
| Settlement/curtailment/termination loss | (1.209.319) | (2.648.475) |
| **31 December** | **(47.989.848)** | **(44.563.930)** |

Total costs resulting from employee termination benefits with the exception actuarial losses have been included in the consolidated statement of income as of 31 December 2013.

## NOTE 21 – PREPAID EXPENSES

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| Prepaid expenses | 5.225.920 | 3.906.513 |
| | **5.225.920** | **3.906.513** |

Prepaid expenses are mostly composed of the prepaid rents and insurance expenses.

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| Deferred income | 10.072.664 | 8.915.597 |
| | **10.072.664** | **8.915.597** |

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

## NOTE 22 - OTHER ASSETS AND LIABILITIES

### Other Current Assets

Other current assets at 31 December 2013 and 31 December 2012 are as follows:

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| Blocked deposits (1) | 36.591.846 | - |
| Advances given to personnel | 3.908.028 | 3.913.762 |
| Value added tax ("VAT") receivables | 1.235.760 | 1.582.473 |
| Job advances | 466.137 | 420.358 |
| Advances given | 88.716 | 152.395 |
| Other | 2.364.739 | 5.616.715 |
| Provision for other doubtful receivable (-) | (872.929) | (746.910) |
| **Total** | **43.782.297** | **10.938.793** |

(1) According to the amendment agreement of USD 50.000.000 bank loan made in 24 February 2014, together with the addition to blocked deposit amount at 31 December 2013, total of USD 17.200.000 was paid as principal of related loan.

### Other Current Assets

Movements of the provision for other doubtful receivables are as follows:

| | 2013 | 2012 |
|---|---|---|
| **1 January** | **(746.910)** | **(833.005)** |
| Additions during the period (Note 26) | - | (112.436) |
| Currency translation difference | (126.019) | 198.399 |
| **31 December** | **(872.929)** | **(746.910)** |

### Other Non-Current Assets

Other non-current assets at 31 December 2013 and 31 December 2012 are as follows:

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| Value added tax ("VAT") receivable | 752.090 | 841.327 |
| Prepaid expenses | 1.165.214 | 171.130 |
| Advance given due to fixed asset purchase | 395.093 | 165.589 |
| Blocked deposit | 19.683 | 16.754 |
| Deposits and guarantees given | - | 44.564 |
| **Total** | **2.332.080** | **1.239.364** |

### Other Short-Term Liabilities

Other short-term liabilities at 31 December 2013 and 31 December 2012 are as follows:

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| VAT payable | 3.113.944 | 3.959.156 |
| Other | 109.935 | 180.298 |
| **Total** | **3.223.879** | **4.139.454** |

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

## NOTE 23 - EQUITY

The Company adopted the registered share capital system and set a ceiling on its registered share capital representing registered type shares with a nominal value of TL 1. There are no privileged shares. The Company's historical authorised and paid-in share capital at 31 December 2013 and 31 December 2012 are as follows:

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| Registered share capital | 800.000.000 | 800.000.000 |
| Paid-in share capital | 552.000.000 | 552.000.000 |

Companies in Turkey may exceed the limit for registered share capital in case of issuance of free capital shares to existing shareholders.

Aydın Doğan and Doğan family (Işıl Doğan, Arzuhan Yalçındağ, Vuslat Sabancı, Hanzade V. Doğan Boyner and Y. Begümhan Doğan Faralyalı) are the ultimate parent of the Company.

| | 31 December 2013 | Share (%) | 31 December 2012 | Share (%) |
|---|---|---|---|---|
| Doğan Yayın Holding (1) | 367.416.194 | 66,56 | 367.416.194 | 66,56 |
| Doğan Holding (1) | 61.200.274 | 11,09 | 61.200.274 | 11,09 |
| Registered at Borsa İstanbul and other | 123.383.532 | 22,35 | 123.383.532 | 22,35 |
| **Issued share capital** | **552.000.000** | **100** | **552.000.000** | **100** |
| Adjustment to share capital | 77.198.813 | | 77.198.813 | |
| **Total** | **629.198.813** | **100** | **629.198.813** | **100** |

(1) As of 31 December 2013, 6,56% (31 December 2012: 6,56%) of Hürriyet's share capital belonging to Doğan Yayın Holding which is the main shareholder of the Group, and 11,09% (31 December 2012: 11,09%) of Hürriyet's share capital belonging to Doğan Holding, have "open" status and are in circulation in stock market.

In accordance with the Capital Markets Board's (the "CMB") Resolution No: 21/655 issued on 23 July 2010, it is regarded that 21,98% of the shares (31 December 2012: 20,87%) are outstanding as of 31 December 2013 based on the Central Registry Agency's ("CRA") records. 40,00% of Hürriyet's shares are publicly available.

Adjustment to share capital represents the difference between balances which restatement effect of cash contributions to share capital equivalent purchasing power and balance before the inflation adjustment calculated.

### Premium on shares

The share premium of public offering represents the difference between with the nominal amount and the sales amount.

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

## NOTE 23 – EQUITY (Continued)

**Restricted reserves**

Restricted reserves are reserves which are reserved from profit of previous period for particular purposes (for instance, to advantage from sales of investment in associates) except dividend distribution or any purposes for necessity of law and agreement.

The legal reserves are appropriated out in accordance with the Article 519 of Turkish Commercial Code (TCC) and are used according to the procedures specified in this Article. Related amounts have to be classified in "Restricted Reserves" in accordance with the CMB Financial Reporting Standards.

In accordance with the CMB Financial Reporting Standards, Company's restricted reserves amounting to TL 167.305.861 (31 December 2012: TL 34.266.877) consist of legal reserves and gain on sales of real estate as of 31 December 2013.

| **Restricted reserves:** | **31 December 2013** | **31 December 2012** |
|---|---|---|
| Composition restricted reserves | 39.284.095 | 32.480.097 |
| Gain on sales of real estate (1) | 128.021.766 | 1.786.780 |
| **Total** | **167.305.861** | **34.266.877** |

(1) With the decision taken by the Group management, the real estate profit with the amount of TL 168.313.315 occurred in statutory records in 2012 from the sale of Hürriyet headquarter and a land located in Esenyurt amounting to TL 126.234.986 that benefits from the exemption (75%) referred to in Article 5-1/e of the Corporate Tax Law will not be involved in allocation of profits for periods 1 January 2012 – 31 December 2012 in compliance with the Tax Legislation, Capital Market Legislation and any other fiscal legislations, and will be deposited in a special fund account in liabilities.

***Items that will not be Reclassified to Profit or Loss***

Other comprehensive expenses occurred from the losses based on revaluation and measurement and which are not to be reclassified in profit or loss, are related with the defined benefit plans and summarized below.

***Remeauserement Losses in Defined Benefit Plans***

Provision for employment benefits is calculated by estimating the present value of the future probable obligation arising from the retirement of the employees of the Group. In 2012, the Group has decided to early adopt the amendments to TAS 19 which is applicable as of 1 January 2013 and recognized all actuarial gains and losses in other comprehensive income. Remeasurement loss recognized under equity in the balance sheet amounts to TL 15.453.900 (31 December 2012: TL 13.610.662).

## NOTE 23 – EQUITY (Continued)

### Capital Reserves and Retained Earnings

Subsequent to the first inflation adjusted financial statements, equity items such as; "Capital, Emission Premiums, Legal Reserves, Statutory Reserves, Special Reserves and Extraordinary Reserves" are carried at carrying value in the balance sheet and their adjusted values are collectively presented in equity.

The valuation differences resulted due to the application of the requirements set out in the communiqué (such as, inflation adjustment differences) shall be disclosed as follows:

- If the difference is arising due to the inflation adjustment of "Paid-in Capital" and not yet been transferred to capital should be classified under the "Inflation Adjustment to Share Capital" following "Paid-in Capital" ;

- If the difference is due to the inflation adjustment of "Restricted Reserves" and "Share Premium" and the amount has not been utilised in dividend distribution or capital increase yet, it shall be classified under "Retained Earnings".

Other equity items shall be carried at the amounts valued in accordance with CMB Financial Reporting Standards. Capital adjustment differences can only be included to capital.

### Dividend distribution

The company takes dividend distribution decision in general board by taking into account Turkish Commercial Code (TCC), Capital Markets Law (CMB) and Capital Market Regulations, Corporate Tax, Income Tax, other relevant legislations and relevant legislations of the Articles of Association of the Company and "Dividend Distribution Policy".

On the other hand,

a) In early adaption of TAS/ TFRS, retained earnings resulted from redrafting of comperative financial statements in line with regulations, ,
b) "Equity inflation adjustment differences" resulting from restricted reserves without any record preventing dividend distribution,
c) Retained earning resulting from the adjustments of financial statements according to inflation for the first time, can be distributed to the shareholders as dividend.

Besides, in case "Equity Effect Related to the Share Purchase" account is in the consolidated financial statement of equity, related account item is not considered as discount or premium item while calculating the net distributable profit.

The CMB's requires the disclosure of total amount of net profit in the statutory records and other resources which may be subject to profit distribution in the financial statements and to be announced to public. The total gross amount that can be subject to profit distribution according to legal records is TL 160.146.442.

## NOTE 23 – EQUITY (Continued)

### Capital Reserves and Retained Earnings (Continued)

### Dividend distribution (Continued)

The company's Board of Directors has, on the date of 20 June 2013, resolved that:

The shareholders be advised that, according to the consolidated financial statements for the fiscal period of 01.01.2012-31.12.2012, prepared pursuant to the provisions of the Capital Market Board's (CMB) Communiqué Series: XI, No.29 and in accordance with the International Accounting Standards (IAS) and International Financial Reporting Standards (TFRS) and presented in compliance with the related resolutions of the CMB and audited independently; when "tax expenses for the period", "deferred tax revenue" and the "non-controlling interests" are considered together, there is an amount of TL 150.662.628 "Consolidated Net Period Profit"; however, after setting aside the amount of TL 6.803.998, as the "First Legal Reserves", persuant to article 519 of the TCC, deduction of the amount of TL 190.353.127, as "accumulated losses from previous years" and as resolved by the Board of Directors on 14.02.2012 with the meeting number of 2012/08 and on 28.11.2012 with the meeting number of 2012/64, article 5-1/e of the Corporate Tax Law will not be involved in allocation of profits for the period 01 January 2012 – 31 December 2012 in compliance with the Tax Legislation, Capital Market Legislation and any other fiscal legislations, and will be deposited in a special fund account in liabilities and (which is 75% the profit on sale ) the amount of TL 126.234.986 gain on sale from real estate , it is determined that there is no "distributable profit for the period" (loss of TL 172.729.483) in accordance with the CMB's regulations on profit distribution; and the related issue be presented for approval to the General Assembly accordingly; It has been determined that the company's fiscal records for the period 01 January 2012 - 31 December 2012 show a net profit amounting to TL 180.216.737 calculated in accordance with Turkish Commercial Code and Tax Procedure Law. Net distributable profit is calculated to be TL 3.040.976 after following deductions are made; taxes payable amounting to TL 16.334.288, prior period loss amounting to TL 44.136.777, primary reserve amounting to TL 6.803.998 calculated in line with Turkish Commercial Code, Article 519; profit from sales of property, plant and equipment which is announced to be kept in a special reserve account in the balance sheet to benefit from the tax exemption as defined by Corporate Tax Legislation, Capital Market Board Legislation , Article Number 5-1 /e, in line with Tax Legislation, Capital Market Board Legislation and all other related rules and regulations. The calculated amount (which is 75% the profit on sale) is TL 126.234.986 and the calculation is made in accordance with Turkish Commercial Cade and Tax procedure Law. The announcement with respect to booking this amount to a special reserve account were made on 14.02.2012 and 28.11.2012 in conjunction with Board Decisions numbered 2012/08 and 2012/64 respectively. Offsetting the prior year loss with the current year profit, the booking of profit from property, plant, equipment sales to a special reserve account and recording TL 3.040.976 as extraordinary reserve will be presented to the approval of General Assembly.

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

## NOTE 24 - SALES AND COST OF SALES

***Sales***

| | 2013 | 2012 |
|---|---|---|
| Advertisement sales | 522.236.809 | 545.239.427 |
| Circulation and publishing sales | 242.256.103 | 238.690.076 |
| Other | 41.081.700 | 46.472.902 |
| **Net sales** | **805.574.612** | **830.402.405** |
| Cost of sales | (514.437.753) | (519.195.921) |
| **Gross profit** | **291.136.859** | **311.206.484** |

***Cost of Sales***

The details of cost of sales for the years ended 31 December are as follows:

| | 2013 | 2012 |
|---|---|---|
| Raw material | 196.420.901 | 212.389.184 |
| *Paper* | *127.217.157* | *140.581.531* |
| *Printing and ink* | *50.026.681* | *51.955.398* |
| *Other* | *19.177.063* | *19.852.255* |
| Payroll | 179.895.979 | 169.776.811 |
| Amortization (Dipnot 15) | 35.778.039 | 35.841.538 |
| Commissions | 17.399.969 | 17.710.520 |
| Distribution, storage and travel | 10.240.547 | 9.372.374 |
| Fuel, electricity, water and office expenses | 8.804.845 | 9.986.439 |
| Rent expenses | 8.349.872 | 7.208.243 |
| Maintenance and repair expenses | 6.282.144 | 6.413.611 |
| Outsourced services | 5.679.225 | 4.754.859 |
| News agency expenses | 4.859.509 | 5.220.109 |
| Communication | 4.291.301 | 4.469.668 |
| Packaging expenses | 4.068.856 | 5.317.085 |
| Other | 32.366.566 | 30.735.480 |
| **Total** | **514.437.753** | **519.195.921** |

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

## NOTE 25 - GENERAL ADMINISTRATION EXPENSES, MARKETING EXPENSES

### a) General administrative expenses:

| | 2013 | 2012 |
|---|---|---|
| Payroll | 54.119.512 | 47.922.884 |
| Depreciation and amortization charges (Note 15,16) | 42.439.080 | 39.786.127 |
| Consultancy | 10.941.973 | 14.778.232 |
| Rent | 11.632.095 | 10.439.395 |
| Fuel, electricity, water and office expenses | 6.302.475 | 8.371.172 |
| Transportation, storage and travel | 3.495.228 | 3.895.541 |
| Communication | 3.372.990 | 3.768.103 |
| Maintenance and repair expenses | 3.143.708 | 3.035.930 |
| Other | 8.731.036 | 12.339.928 |
| **Total** | **144.178.097** | **144.337.312** |

### b) Marketing expenses:

| | 2013 | 2012 |
|---|---|---|
| Advertisement | 54.760.314 | 54.782.684 |
| Transportation, storage and travel | 28.542.626 | 26.666.507 |
| Payroll | 25.368.924 | 24.942.328 |
| Promotion | 23.079.886 | 22.261.864 |
| Outsourced services | 4.461.614 | 2.301.795 |
| Sponsorship | 1.924.028 | 2.439.396 |
| Depreciation and amortization charges (Note 15,16) | 229.366 | 298.863 |
| Other | 7.051.038 | 7.707.861 |
| **Total** | **145.417.796** | **141.401.298** |

## NOTE 26 - EXPENSES BY NATURE

| | 2013 | 2012 |
|---|---|---|
| Payroll | 259.384.415 | 242.642.023 |
| Depreciation and amortization charges | 78.446.485 | 75.926.528 |
| **Total** | **337.830.900** | **318.568.551** |

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

## NOTE 27 - OTHER OPERATING INCOME

The details of other operating income for the periods ended at 31 December are as follows:

| | **2013** | **2012** |
|---|---|---|
| Foreign exchange gains | 58.476.989 | 72.181.611 |
| Finance income from trade and other receivables | 7.953.970 | 5.868.005 |
| Finance income due from term sales | 6.996.335 | 7.433.669 |
| Interest income on bank deposits | 2.702.793 | 7.128.483 |
| Terminated provisions | 2.418.092 | 3.264.976 |
| Rent and building service income | 466.836 | 991.890 |
| Unrealised finance expense due from term purchases | 225.536 | - |
| Other | 3.570.425 | 1.320.919 |
| | **82.810.976** | **98.189.553** |

## NOTE 28 - OTHER OPERATING EXPENSES

The details of other operating expenses for the periods ended at 31 December are as follows:

| | **2013** | **2012** |
|---|---|---|
| Foreign exchange losses | 26.764.523 | 25.816.167 |
| Provision for doubtful receivables (Note 9, 22) | 8.201.319 | 7.430.272 |
| Provision for impairment of goodwill (Note 16) | - | 18.105.868 |
| Unrealized finance income due from term sales | 2.727.380 | 2.015.435 |
| Provision for lawsuits (Note 18) | 1.897.012 | 2.576.440 |
| Aids and donations | 1.124.625 | 931.489 |
| Punishment and compensation expense | 574.431 | 1.062.670 |
| Other | 3.984.903 | 2.132.826 |
| | **45.274.193** | **60.071.167** |

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

## NOTE 29 – INCOME FROM INVESTING ACTIVITIES

The details of income from investing activities for the periods ended at 31 December are as follows:

| | 2013 | 2012 |
|---|---|---|
| Gain on fair value changes of the investment property (Note 14) | 16.743.808 | 502.696 |
| Foreign exchange gains | 3.653.904 | 17.419.428 |
| Gain on sales of property, plant and equipment (1) | 695.061 | 176.884.883 |
| Gain on sale of subisidaries | - | 548.413 |
| Gain on sale of financial investments | 128.021 | 1.141.650 |
| | **21.220.794** | **196.497.070** |

(1) As of 31 December 2012, amounting to TL 142.905.241 is arising from the sale of Hürriyet headquarter to Nurol Gayrimenkul Yatırım Ortaklığı occurred on 1 February 2012 and amounting to TL 28.098.595 is gain on sale of fixed assets arising from the sale of the Group's land located in Esenyurt and calculated in accordance with TAS.

## NOTE 30 – EXPENSES FROM INVESTING ACTIVITIES

The details of expenses from investing activities for the periods ended at 31 December are as follows:

| | 2013 | 2012 |
|---|---|---|
| Foreign exchange losses | 5.935.209 | 4.458.206 |
| Loss on investment property, plant and equipments (1) | 4.558.421 | 8.168.162 |
| Loss on sale of subisidiaries (Note 36) (2) | 2.526.517 | - |
| | **13.020.147** | **12.626.368** |

(1) Amounting to TL 4.170.103 (2012: TL 4.829.523) is arising from the sale of investment properties acquired by the Group's barter agreements and amounting to TL 388.318 (2012: TL 3.338.639) is arising from the disposal of property, plant and equipments.

(2) The Group disposed of its shares of Moje Delo, Spletni Marketin, D.O.O according Slovenian legislation in 2013.

## NOTE 31 – FINANCIAL EXPENSES

The details of financial expenses for the periods ended at 31 December are as follows:

| | 2013 | 2012 |
|---|---|---|
| Foreign exhange losses | 72.804.417 | 30.003.472 |
| Interest expense on bank loans | 23.292.953 | 28.919.845 |
| Credit comission, banking and factoring expenses | 4.840.775 | 3.411.757 |
| Interest expense on tax base increase under Law: 6111 | - | 416.353 |
| Other | 541.360 | 1.800.278 |
| | **101.479.505** | **64.551.705** |

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

## NOTE 32 – INCOME TAXES

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| Corporate and income taxes payable | 886.742 | 17.942.352 |
| Less: Prepaid taxes | (1.854.825) | (11.395.894) |
| **Tax receivables** | **(968.083)** | **6.546.458** |

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis.

The details of the effective tax laws in countries which Group has significant operations are stated below:

Turkey:

In accordance with Turkish Corporate Tax Law has been amended by Law No. 5520 dated 13 June 2006, corporation tax is 20% for 2013 (2012: 20%). Corporation tax is payable on the total income of the companies after adjusting for certain disallowable expenses, corporate income tax exemptions (gain from associates' exemption, investment allowances etc.) and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, having representative office in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital is not considered as a profit distribution.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% on their corporate income. Advance tax is to be declared by the 14th day of the second month following each calendar quarter end and is payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

In accordance with Tax Law No: 5024 "Law Related to Changes in Tax Procedure Law, Income Tax Law and Corporate Tax Law" that was published on the Official Gazette on 30 December 2003 to amend the tax base for non-monetary assets and liabilities, effective from 1 January 2004, the income and corporate taxpayers will prepare the statutory financial statements by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of the Turkish Lira. In accordance with the aforementioned law provisions, in order to apply inflation adjustment, cumulative inflation rate (TURKSTAT WPI) over last 36 months and 12 months must exceed 100% and 10%, respectively. Inflation adjustment has not been applied as these conditions were not fulfilled in the years 2012 and 2013.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 25th of the fourth month following the close of the financial year to which they relate.

## NOTE 32 – INCOME TAXES (Continued)

Turkey (continued):

Tax authorities can review accounting records within five years and if they determine any errors on the accounting records, tax payable can be reassessed.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses can not be carried back to offset profits from previous periods. As publicly disclosed on 19 April 2011, the Company plans to make use of the requirements set out in relation to "Tax Base Increase" in Law No: 6111 "Restructuring of some receivables and Social Security and General Health Insurance Law and Other Law Amending Certain Laws and Decrees"; therefore, 50% of losses attributable to the periods that are subject to tax base increase will not be offset against the income to be obtained in 2011 and subsequent periods.

As of 31 December 2013, the Company has offset its financial losses attributable to the calculation of offsetting of tax asset against deductible financial losses or current tax provision in accordance with the above-mentioned principles.

There are numerous exemptions in the Corporate Income Tax Law. This is one of the exceptions to the Company are described below:

Dividend income from shares in capital of another corporation subject to resident taxpaying (except dividends from investment funds participation certificates and investment trusts shares) are exempt from corporate tax.

Gains from issued premiums derived from the disposal of sales at nominal values during incorporations and the capital increase of joint stock companies are exempt from corporate tax.

For companies participating in 10% or more of the capital of a non-resident limited liability or joint stock company, (except for those whose principal activity is financial leasing or investment property) for at least one year until the date of the income is generated and transferred to Turkey until the date of the filing of the corporate income tax return of the fiscal year in which the income is generated is exempt from corporation tax subject to those subsidiaries being subject to corporate income tax, or alike, in their country of legal residence or business centre at the rate of at least 15% (minimum corporate income tax applicable in Turkey for those whose principal activity is finance assurance or insurance).

The income of corporations arising from their offices or permanent representatives abroad (except for corporations whose principal activity is financial leasing or investment of marketable securities) for at least a year until the date of the income is generated and transferred to Turkey until the date of the filing of the corporate income tax return of the fiscal year in which the income is generated is exempt from corporation tax and provided that the foreign office or permanent representative must be subject to corporate income tax, or alike, in the country it is located at the rate of at least 15% (at corporate income tax rate applicable in Turkey for those companies whose principal activity is financial assurance or insurance).

75% of the gains derived from the sale of preferential rights, usufruct shares and founding shares from investment equity and real property which has remained in assets more than two full years are exempt from corporate tax. To be entitled to the exemption, the relevant gain is required to be held in a fund account in liabilities and it must be withdrawn from the entity for a period of 5 years. The sales consideration should be collected until the end of the second calendar year following the year the sale was realized.

## NOTE 32 – INCOME TAXES (Continued)

Turkey (continued):

According to the regulation, published in the 27659 numbered Official Gazette on August 1, 2010 based on Law No. 6009 through article 5, the phrase " regarding only the years 2006, 2007 and 2008" on temporary article 69 of Income Tax Law.193 has been revised which was abolished by The Constitutional Court decision numbered 2009/144 published in the Official Gazette on 8 January 2010. With respect to this revision, undeductible investment allowance due to insufficient income and deferred investment allowance amounts can be used without a year limitation. Investment allowance amount, which will be used in determination of the tax assessment, will not exceed 25% profit of the relevant year. In addition to this, instead of the corporate tax rate 30% for the ones that benefit the related allowance, effective corporate tax rate (20%) will be applied on the income after the deduction of the allowance.

In accordance with Law No:6009, which is related to the 25% threshold and requires the incentive amount that will be subject to investment incentive exemption in determining tax base cannot exceed 25% of the respective income, has been revoked based on the ground that it is contrary to the Constitution upon the Constitutional Court's resolution No: E. 2010/93 K. 2012/9 ("stay of execution") issued on 9 February 2012 and published in the Official Gazette No: 28208 on 18 February 2012. The related Constitutional Court's decision was published in the official Gazette No: 28719 as at 26 July 2013.

Russian Federation

The corporate tax rate effective in Russian Federation is 20% (2012: 20%).

Russian tax year is the calendar year and other fiscal year ends are not permitted. Profit tax is calculated on a year-to-date basis. Advance payments are made monthly, with different calculation methods for quarterly or monthly schedules subject to the taxpayer's choice.

Tax returns are filed till the 28th of March, following the close of the financial year.

According to Russian Federation's tax system, losses may be carried forward for 10 years to be deducted from future taxable income. Starting from 2007 there is no limitation as to the maximum amount that can be deducted in each particular year. Rights related to tax losses that have not been utilized in the related periods will be lost.

Tax refunds are technically possible but are very difficult to obtain in practice. Tax consolidations of tax reporting/payments by different legal entities (or grouping) are not permitted in Russia at present. Generally, dividend income payable to a foreign organization is subject to withholding tax at 15%. This standard rate may, however, be reduced under the provisions of applicable double tax treaty.

In Russian Federation the tax regulations are subject to various comments and change frequently. Regarding to TME's operations the interpretation of tax regulations by tax authorities may differ from the management.

## NOTE 32 – INCOME TAXES (Continued)

Hungary

The corporate tax rate effective in Hungary is 19% (2012: 19%).

According to Hungary's tax system, there is no time limit while transporting financial damages. The tax authority's permission is needed to carry forward the tax-year's losses if a company's pre-tax profit is negative and its income is less than 50% of its costs and expenses or the company's tax base was also negative in the previous two years.

From 1 January 2007, capital gains from the sale of registered shareholdings are tax-exempt, provided that the taxpayer has held the shareholding for at least two years prior to its disposal.

The two-year holding period has been reduced to one year from 1 January 2008. Capital losses and impairments on registered shares are not deductible for corporate income tax purposes.

Croatia

The corporate tax rate effective in Croatia is 20% (2012: 20%).

There are no formal procedures in Croatia to agree the final level of tax charge upon submission of the declaration for corporate tax and VAT. However, such tax charges may be subject to review by the relevant tax authorities during the limitation period of three years. The limitation period of three years starts with the year that follows the year of submission of tax declarations. The counting of three years starts again with any action of tax authorities with the purpose to collect tax, interest or fines until absolute statute of limitation of six years expires.

Tax losses may be carried forward and used within five years following the year in which they were incurred.

When paying fees for the use of intellectual property, market research services, tax and business consultation, auditing and similar services, and interest to foreign legal persons, Croatian taxpayers are obliged to withhold and pay 15% tax.

## NOTE 32 – INCOME TAXES (Continued)

Ukraine

On 4 December 2010, the Tax Code of Ukraine (the "TCU" or the "Code") was adopted and officially published. The TCU comes into effect on 1 January 2011, although some of its provisions come into effect at a later date (the most important of these being Section III, which deals with corporate income tax and came into effect on 1 April 2011). The Code makes essential changes to the existing Ukrainian tax rules, introducing a number of concepts common in other jurisdictions (e.g. beneficial ownership, substance over form) to various degrees.

The tax that companies pay is known as corporate income tax (CIT). Currently, this tax is calculated at a flat rate of 21% (2012: 21%). The most recent changes to Ukrainian tax legislation envisage a gradual reduction in CIT rates, as follows:

21% from 1 January 2012 until 31 December 2012;
19% from 1 January 2013 until 31 December 2013;
16% from 1 January 2014 onwards.

According to domestic tax accounting rules, taxable items are normally recognized on the basis of the accrual method. In accordance with this method, taxable income is generally recognized in the reporting period, in which it was accrued. Cost of sold goods/services is recognized in the period when income is recognized (in line with financial accounting rules).

Other deductible expenses are generally recognized when they are incurred (i.e. upon receipt of goods or services), regardless of the period of payment. However, certain types of taxable income are recognized on a cash basis. This includes fines and financial assistance received from non-residents (unless financial assistance is provided by the company's shareholders and returned within 365 days).

Gross taxable income is defined as any income, from domestic or foreign sources, that is received or accrued by the taxpayer in the course of conducting any activity. This income may be in monetary, tangible or intangible form.

The tax year for CIT is a calendar year, while CIT reporting periods are a calendar quarter, half year, first three quarters and calendar year. Taxpayers must submit tax returns for each reporting period and make quarterly tax payments. Quarterly tax returns must be submitted within 40 days of the last calendar day of each reporting period (10 May, 9 August, 9 November, 9 February). Quarterly tax payments should be made within 50 days of the end of a reporting period.

Belarus

The corporate tax rate effective in Belarus is 18% (2012: 18%).

The tax period is the calendar year. Profit tax is calculated as progressive total. Advance payments are made quarterly, on the basis of either the previous year results or expected current year profits.

The annual corporate tax declaration is due by 20 March of the following year. Tax loss carry forward is not allowed.

Tax refunds are possible. Tax consolidations of tax reporting/payments by different legal entities (or grouping) are not permitted in Belarus at present. Generally, dividend income payable to a foreign organization is subject to withholding tax at 12%. This standard rate may, however, be reduced under the provisions of applicable double tax treaty.

The Belarus tax regulations change frequently.

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

## NOTE 32 – INCOME TAXES (Continued)

Kazakhstan

Under the Tax Code of the Republic of Kazakhstan companies shall pay the CIT on taxable income at a 20% rate (2012: 20%).

According to the Tax Code, taxable income is defined as the difference between gross annual income and deductible expenses provided for under the Tax Code taking into account adjustments made. Gross annual income is defined as any income, from domestic or foreign sources, that is received or accrued by a taxpayer during the tax period. This income may be in monetary, tangible or intangible form.

Deductible expenses should be directly associated with generating taxable income from activities performed by a company. An accrual method is applied with respect to income and expenses determination for CIT purposes. According to the tax legislation, losses may be carried forward for 10 years to be deducted from future taxable income.

A tax period for CIT is a calendar year. A taxpayer is to forecast its expected taxable income and calculate advance monthly payments which are due not later than 25th day of each month of the reporting year. The annual CIT return is due by 30 June of the year following the reporting year. Should actual CIT liability be different from the initially estimated advances, taxpayers may correct their tax liabilities during the tax year but not later than 20 December of the reporting tax period. There are other special requirements relative to calculation of advance payments in the Tax Code. The following taxpayers shall be entitled not to calculate and make CIT advance payments:

- Taxpayers whose gross annual income after adjustments for the tax period preceding the previous tax period, did not exceed 325 times the monthly calculation index set by the law on the state budget and effective at January 1 of the relevant financial year;

- Newly created taxpayers – during the tax period in which state registration (record of registration) was carried out with the justice authorities, and also during the subsequent tax period;

- Non-resident legal entities newly registered with the tax authorities as taxpayers, and operating in Kazakhstan through a permanent establishment without a branch or representative office – during the tax period in which registration with the tax bodies was carried out, and also during the subsequent tax period.

The tax rates at 31 December 2013, which are used in the calculation of deferred tax, taking each country's tax legislations into consideration are as follows:

| Country | Tax rates (%) | Country | Tax rates (%) |
|---|---|---|---|
| Germany | 28,0 | Kazakhstan | 20,0 |
| Croatia | 20,0 | Hungary | 19,0 |
| Belarus | 18,0 | Holland | 25,0 |
| Russia | 20,0 | Ukraine | 21,0 |

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

## NOTE 32 – INCOME TAXES (Continued)

### Deferred Tax

The Group recognizes deferred tax assets and liabilities based on temporary differences arising between the financial statements as reported for CMB Financial Reporting Standards and financial statements prepared in accordance with the tax legislation. . These differences usually result in the recognition of revenue and expenses in different reporting periods fort he CMB's Financial Reporting Standards and tax purposes.

Deferred taxes are calculated on temporary differences that are expected to be realized or settled based on the taxable income in coming years under the liability method using tax rates enacted at the balance sheet dates.

Deferred tax assets and liabilities are presented in net in the consolidated financial statements of the Group, since they are presented in net in the financial statements of subsidiaries and joint ventures, which are each individual tax payers. Temporary differences deferred tax assets and deferred tax liabilities at the table below are presented based on gross amounts.

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| Deferred tax liabilities | (106.367.744) | (112.550.695) |
| Deferred tax assets | 15.590.176 | 14.371.902 |
| **Deferred tax liabilities, net** | **(90.777.568)** | **(98.178.793)** |

The temporary differences and deferred tax assets / (liabilities) using the enacted tax rates as of 31 December 2013 and 31 December 2012 are as follows:

| | Total temporary differences | | Deferred tax assets / (liabilities) | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| Provision for employment benefits and unused vacation rights | 65.750.409 | 59.400.792 | 13.151.427 | 11.832.801 |
| Difference between tax base and carrying value of trade receivables | 18.890.857 | 20.516.409 | 3.778.465 | 4.010.511 |
| Investment incentives | 56.958.599 | 56.958.599 | 742.605 | 742.604 |
| Carry forward tax losses (1) | 53.792.898 | 5.396.867 | 10.759.006 | 1.078.660 |
| Investment properties valuation difference | (12.536.712) | (12.386.955) | (247.676) | 32.064 |
| Deferred revenue | 2.074.046 | 1.594.318 | 414.809 | 318.863 |
| Difference between tax bases and carrying value of property, plant and equipment and intangibles | (594.799.841) | (607.388.434) | (124.579.430) | (121.692.751) |
| Other, net | 23.714.891 | 26.832.633 | 5.203.226 | 5.498.455 |
| **Total** | **(386.154.853)** | **(449.075.771)** | **(90.777.568)** | **(98.178.793)** |

(1) As of 31 December 2013, carry forward tax losses for which no deferred income tax asset was recognised amounted to TL 85.519.173 (31 December 2012: TL 113.620.671).

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

## NOTE 32 – INCOME TAXES (Continued)

The maturity analysis of carry forward tax losses utilized is as follows:

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| 2014 | - | 5.396.867 |
| 2015 and after | 53.792.898 | - |
| **Total** | **53.792.898** | **5.396.867** |

The movements of net deferred tax liabilities for the periods ended 31 December are as follows:

| | 2013 | 2012 |
|---|---|---|
| **1 January** | **(98.178.793)** | **(104.926.671)** |
| Deferred tax liability in consolidated income statements | 12.281.732 | 3.025.301 |
| Actuarial loss | 460.810 | 3.402.666 |
| Translation reserves | (5.337.700) | (452.892) |
| Disposal of subsidiary | (3.617) | (67.739) |
| Discontinued operations | - | 840.542 |
| **31 December** | **(90.777.568)** | **(98.178.793)** |

The analysis of the tax expense / (income) for the periods ended at 31 December are as follows:

| | 2013 | 2012 |
|---|---|---|
| Current | 5.218.150 | (24.136.886) |
| Deferred | (12.281.732) | 3.025.301 |
| **Total** | **(7.063.582)** | **(21.111.585)** |

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

## NOTE 32 – INCOME TAXES (Continued)

The reconciliation of the current period tax expense in the consolidated statement of income for the periods ended at 31 December and consolidated tax and the tax (income) / expense calculated with the current tax rate over income before tax and non-controlling interests are as follows:

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| Profit/ (loss) before taxes and non-controlling interests | (61.287.824) | 171.856.916 |
| Current period tax expense / (income) calculated at the effective tax rates of countries | (19.031.199) | 37.873.240 |
| Expenses not deductible for tax purposes | 3.804.602 | 3.597.360 |
| Effect of impairment of goodwill | - | 3.621.174 |
| Effect of share losses investments accounted by the equity method | 1.462.412 | 2.233.325 |
| Carry forward losses utilized | (5.009.486) | (2.713.176) |
| Tax on dividend distributions | 11.462.475 | 4.627.612 |
| Income exempt from tax | (241.584) | (25.689.164) |
| Other, net | 489.198 | (2.438.786) |
| **Tax (income) / expense** | **(7.063.582)** | **21.111.585** |

## NOTE 33 – (LOSS) / PROFIT PER SHARE

(Loss) / profit per share is calculated by dividing the net (loss) / profit for the period attributable to equity holders of the company to the weighted average number of ordinary shares in issue. (Loss) / profit per share for the periods ended 31 December is as follows:

| | 2013 | 2012 |
|---|---|---|
| Continued operations net (loss)/incomefort he period | (54.224.242) | 150.745.331 |
| Discontinued operations net (loss) for the period | (24.583.900) | (3.718.815) |
| Net (loss)/income fort he period | (78.808.142) | 147.026.516 |
| Number of ordinary shares in issue (with nominal value of TL 1 each) | 552.000.000 | 552.000.000 |
| Earning / (loss) per share (TL) | | |
| **Earning / (loss) pers hare from continued operations** | **(0,0982)** | **0,2731** |
| **Loss pers hare from discontinued operations** | **(0,0445)** | **(0,0067)** |
| **Loss pers hare from continued and discontinued operations** | **(0,1427)** | **0,2664** |

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

## NOTE 34 - RELATED PARTY DISCLOSURES

For the purpose of accompanying consolidated financial statements, related parties are referred to as legal entities in which Doğan Holding directly or indirectly has participation, including any entities under joint control; real persons and/or legal entities that have direct or indirect control or joint control over the Company and their and their close family members (immediate family members) and legal entities having direct or indirect control or joint control by them and legal entities having significant effect over the Company or their key management personnel; Company's affiliates, subsidiaries and members of the BOD, key management and their close family member (immediate family members) and real persons and/or legal entities that are directly or indirectly controlled individually or jointly. As of 31 December 2013 and 31 December 2012 related party balances and transactions are described below.

**i) Balances of related parties:**

**Short term receivables due from related parties:**

| **Short term trade receivables from related parties** | **31 December 2013** | **31 December 2012** |
|---|---|---|
| Doğan İnternet Yayıncılığı ve Yatırım A.Ş. ("Doğan İnternet") (1) | 10.469.632 | 6.085.323 |
| Doğan Gazetecilik A.Ş. ("Doğan Gazetecilik") (2) | 8.258.663 | 7.200.095 |
| Doğan Dağıtım Satış ve Pazarlama A.Ş. ("Doğan Dağıtım") (3) | 3.047.138 | 4.048.701 |
| Milta Turizm İşletmeleri A.Ş. ("Milta") (4) | 2.914.750 | 1.066.230 |
| Doğan TV Holding | 1.076.734 | - |
| Doğan Media International GmbH ("Doğan Media") (5) | 225.625 | 1.214.173 |
| DTV Haber ve Görsel Yayıncılık A.Ş. ("Kanal D") | 551.110 | 161.994 |
| Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş. ("Doğan Burda") (6) | 492.938 | 546.735 |
| D- Market Elektronik Hizmetler ve Tic. A.Ş. ("D Market") | 442.473 | 528.969 |
| Işıl İthalat | - | 593.930 |
| Other | 1.373.452 | 1.268.264 |
| Allowance for doubtful receivables | (799.004) | (799.004) |
| | **28.053.511** | **21.915.410** |
| **Short term other receivables from related parties** | | |
| Doğan Media | - | 2.992.773 |
| | **28.053.511** | **24.908.183** |

(1) Medyanet and Doğan İnternet Yayıncılığı ve Yatırım A.Ş. have been merged on 8 February 2013. Transactions made with these two companies are shown in the same line for all periods. The balance is arising from sales of internet commercials to Doğan İnternet Yayıncılığı ve Yatırım A.Ş. through websites.

(2) Receivable arising from printing newspapers of Doğan Gazetecilik in the Group's printing houses.

(3) Receivables arising from the daily distribution of newspapers of the Group.

(4) Receivables arising from transportation services provided by Milta regarding to barter agreement made in 2013.

(5) Receivables arising from printing of Doğan Media newspapers in the Hürriyet Frankfurt Germany plants.

(6) The receivable is arising from the Group's commercial advertisement sales to Doğan Burda Dergicilik together with fason printing of magazine, book and insert.

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

## NOTE 34 - RELATED PARTY DISCLOSURES (Continued)

**i) Balances of related parties (Continued):**

**Short term receivables due from related parties (Continued):**

Movement of allowance for doubtful receivables are as follows:

| | 2013 (1) | 2012 (1) |
|---|---|---|
| **1 January** | (799.004) | (799.004) |
| Collections | - | - |
| **31 December** | **(799.004)** | **(799.004)** |

(1) Doubtful amount is arising from the receivables of Katalog Yayın ve Tanıtım Hizmet A.Ş. which is an inactive group company.

**Short term payables to related parties:**

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| **Short term trade payables to related parties** | | |
| Doğan Media International GmbH (1) | 5.247.811 | - |
| Doğan Dış Ticaret ve Mümessillik A.Ş. ("Doğan Dış Ticaret") (2) | 2.061.706 | 567.987 |
| Doğan Holding (3) | 2.371.925 | 644.018 |
| Falcon Purchasing Services Ltd. ("Falcon") (4) | 1.514.309 | 1.352.173 |
| Galata Wind Enerji A.Ş. ("Galata Wind") (5) | 1.477.892 | 1.508.161 |
| Doğan Müzik Kitap Mağazacılık ve Pazarlama A.Ş. ("Doğan Müzik Kitap") | | 142.828 |
| Ortadoğu Otomotiv Ticaret A.Ş. ("Ortadoğu Otomotiv") | 167.700 | 53.201 |
| Doğan TV Dijital Platform İşl. A.Ş. (Doğan TV Digital") | 109.346 | 142.432 |
| Doğan Yayın Holding | 83.008 | 224.384 |
| Doğanlar Sigorta Aracılık Hizmetleri Ltd. Şti. | 72.528 | 48.986 |
| Milta Turizm | 69.433 | 21.143 |
| Doruk Televizyon ve Radyo Yayıncılık ("Doruk Televizyon") | 18.120 | - |
| Other | 320.568 | 240.987 |
| | **13.514.346** | **4.946.300** |
| **Short term other payables to related parties** | | |
| Doğan Yayın Holding | 3.277.571 | - |
| Doğan Holding | 1.524 | - |
| | **16.793.441** | **4.946.300** |

(1) Arising from the cash paid by Doğan Media International for the printing service.

(2) The Group's raw materials are provided by Doğan Dış Ticaret.

(3) The balance is arising from financial, legal, information technology and other consultancy services together with other services which are received from Doğan Holding.

(4) Arising from cost of paper purchased by Hürriyet Zweigniederlassung GmbH.

(5) The balance is arising from electricity energy provided for the Hürriyet building and printing houses in regions.

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

## NOTE 34 - RELATED PARTY DISCLOSURES (Continued)

### ii) Significant transactions with related parties:

Transactions in related parties for the periods ended as of 31 December 2013 and 2012 are as follows:

**Significant service and product sales to related parties:**

| | **2013** | **2012** |
|---|---|---|
| Doğan Dağıtım (1) | 99.309.970 | 100.155.142 |
| Doğan Gazetecilik (2) | 25.703.875 | 25.875.635 |
| Doğan İnternet Yayıncılığı (3) | 17.382.210 | 11.821.197 |
| Doğan Media (4) | 9.293.086 | 14.530.167 |
| Kanal D (5) | 3.834.669 | 3.445.412 |
| D Market (6) | 1.985.254 | 847.819 |
| Doğan Burda (7) | 3.212.043 | 4.295.887 |
| Mozaik İletişim Hizmetleri A.Ş. (8) | 1.668.412 | 2.220.439 |
| Doruk TV ve Radyo Yayincılık A.Ş (9) | 1.673.338 | 1.646.950 |
| Doğan ve Egmont Yayıncılık ve Yapımcı Ticaret A.Ş. ("Doğan Egmont") (10) | 1.224.024 | 1.376.820 |
| Doğan Müzik Kitap | 334.364 | 302.389 |
| Doğan TV Digital Platform İşl. A.Ş. | 89.019 | 501.352 |
| Other | 729.467 | 541.936 |
| | **166.439.731** | **167.561.145** |

(1) The group makes the sales of daily newspapers to Doğan Dağıtım.

(2) The newspapers owned by Doğan Gazetecilik are printed in the Group's printing houses.

(3) Medyanet and Doğan Internet Yayıncılığı ve Yatırım A.Ş. have been merged on 8 February 2013. Transactions made with these two companies are shown in the same line for all periods. The sales of internet commercials of the Group are carried out through Doğan İnternet Yayıncılığı ve Yatırım A.Ş.

(4) The sale and the commercial of Hürriyet Europe edition are carried out by Doğan Media.

(5) The balance is arising from the Group's commercial advertisement sales to Kanal D.

(6) The balance is arising from the Group's commercial advertisement sales to D Market.

(7) The Group provides the printing services of fason magazine, book and insert to Doğan Burda together with the sale of commercial advertisement.

(8) The balance is arising from the Group's commercial advertisement sales to Mozaik.

(9) The balance is arising from the Group's news and commercial advertisement sales to Mozaik.

(10) The Group provides the printing services of fason magazine to Doğan Egmont together with the sale of commercial advertisement.

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

## NOTE 34 - RELATED PARTY DISCLOSURES (Continued)

**ii) Significant transactions with related parties (Continued):**

**Significant service and product purchases from related parties:**

| | 2013 | 2012 |
|---|---|---|
| Doğan Dış Ticaret (1) | 123.853.413 | 79.470.287 |
| Doğan Dağıtım (2) | 23.736.312 | 22.526.842 |
| Doğan Holding (3) | 6.128.897 | 7.676.566 |
| Galata Wind (4) | 10.911.851 | - |
| Kanal D (5) | 4.325.343 | 8.990.089 |
| Falcon (6) | 4.907.574 | 3.286.513 |
| Ortadoğu Otomotiv (7) | 3.732.370 | 3.058.586 |
| Milta (8) | 3.506.748 | 2.121.239 |
| Doğan TV Digital Platform İşl. A.Ş. (9) | 3.152.030 | 3.330.019 |
| Doğan Gazetecilik (10) | 2.956.739 | 2.144.543 |
| Doğan İnternet Yayıncılık | 1.134.327 | 1.150.980 |
| Mozaik | 1.130.406 | 1.348.907 |
| Doruk TV ve Radyo Yayıncılığı | 990.081 | 561.026 |
| D Yapım Reklamcılık ve Dağıtım A.Ş. ("D Yapım Reklamcılık") | 984.582 | 881.829 |
| Dogan Burda | 514.128 | 479.842 |
| Doğan TV –Radyo | 328.835 | 863.397 |
| Kutup Televizyon ve Radyo Yayıncılık A.Ş | 132.052 | 549.426 |
| Doğan Media | 124.396 | 2.230.163 |
| Işıl İthalat (1) | - | 60.662.329 |
| Diğer | 4.061.327 | 2.109.719 |
| | **196.611.411** | **203.442.302** |

(1) The Group's raw materials are provided by Doğan Dış Ticaret. Doğan Dış Ticaret and Işıl Ithalat Ihracat have merged in 31 December 2012.
(2) Doğan Dağıtım provides newspaper distribution services to the Group. The amount of services and goods purchased from Doğan Dağıtım comprises newspaper returns, distribution and transportation expenses.
(3) The balance is arising from electricity energy provided for the Hürriyet building and printing houses in regions.
(4) Hürriyet Zweigniederlassung GmbH, one of the subsidiaries of the Group, has started to purchase of paper from Falcon since 2012.
(5) Financial, legal, information technology and other consultancy services together with other services which had been received from Doğan Yayın Holding A.Ş. in the prior period have started to be provided by Doğan Şirketler Grubu Holding A.Ş. in the current period.
(6) The balance is arising from Group's commercials.
(7) The balance is arising from rent and other expenses of the Group's building, which is rented from Ortadoğu Otomotiv in Ankara region.
(8) The balance is comprised of part of the Group's car rental, organization and transportation expenses provided by Milta.
(9) Doğan Iletişim and Doğan TV Digital Platform Işl. A.Ş. have been merged on 30 April 2012. Transactions made with these two companies are shown in the same line for all periods.
(10) The balance is arising from rent, security and other expenses of the Group's building, which is rented as headquarter.

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

## NOTE 34 - RELATED PARTY DISCLOSURES (Continued)

### ii) Significant transactions with related parties (Continued)

| **Other Income:** | **2013** | **2012** |
|---|---|---|
| Doğan Dış Ticaret(1) | 1.618.804 | 1.844.424 |
| Doğan Dağıtım | 549.040 | 739.658 |
| Doğan Media | 317.051 | 397.050 |
| Doğan Gazetecilik | 77.597 | 242.449 |
| Doğan Burda | 68.667 | 417.546 |
| D- Market Elektronik Hizmetler ve Tic. A.Ş. (2) | 9.766 | 2.816 |
| Doğan TV Digital Platform İşl. A.Ş. | 4.957 | 145.944 |
| Doğan Egmont | 900 | 84.135 |
| Doğan Yayın Holding | - | 72.014 |
| Other | 74.223 | 163.173 |
| | **2.721.005** | **4.109.209** |

(1)The Group's raw materials are provided by Doğan Dış Ticaret. Işıl İthalat Ihracat has merged with Doğan Dış Ticaret on 31 December 2012. Transactions made with these two companies are shown in the same line for all periods.

(2)The website "yenicarsim.com" which operates under the Hürriyet Gazetecilik ve Matbaacılık A.Ş, is sold to D-Market Elektronik Hizmetler ve Ticaret A.Ş. with all brand, royalties, internet domain names and fixtures.

Amounting to TL 2.215.298 of other income which totally amounts to TL 2.215.298 consists of rent income which Hürriyet gathers from the Group companies.

| **Purchase of property, plant and equipment and intangible asset:** | **2013** | **2012** |
|---|---|---|
| Doğan TV Digital Platform İşl. A.Ş. | 527.088 | 62.520 |
| Doğan Media International | 47.195 | - |
| D-Market | 25.132 | 88.876 |
| Doğan İnternet Yayıncılığı ve Yatırım A.Ş. | - | 2.620.000 |
| Doğan Gazetecilik | - | 124.684 |
| Milpa | - | 100.234 |
| Other | 6.708 | 35.108 |
| | **606.123** | **3.031.422** |

| **Financial income:** | **2013** | **2012** |
|---|---|---|
| Doğan Holding (1) | 295.750 | 7.856.650 |
| Doğan Media (2) | 239.735 | 102.379 |
| Other | - | 4.406 |
| | **535.485** | **7.963.435** |

(1) In 2013, the Group borrowed a financial debt amounting to USD 21.500.000 from Doğan Holding (2012: USD 51.500.000) and the last principal payment of the debt was made on 24 September 2013. Financial expense, due to realized foreign exchange and interest, has occured regarding to this debt.

(2) In 2013, the Group gave financial debt amounting to EUR 3.110.825 (2012: EUR 1.272.600) and the last principal payment of the debt was made on 29 November 2013. Financial income has occured regarding to this debt.

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

## NOTE 34 - RELATED PARTY DISCLOSURES (Continued)

### ii) Significant transactions with related parties (Continued)

| **Financial Expenses:** | **2013** | **2012** |
|---|---|---|
| Doğan Holding (1) | 2.467.643 | 3.536.939 |
| Doğan Faktoring (2) | 788.771 | 1.205.733 |
| Doğan Yayın Holding | 2.595 | 527 |
| | **3.259.009** | **4.743.199** |

(1) In 2013, the Group borrowed a financial debt amounting to USD 21.500.000 from Doğan Holding (2012: USD 51.500.000) and the last principal payment of the debt was made on 24 September 2013. Financial expense, due to realized foreign exchange and interest, has occured regarding to this debt.

(2) Invoicing and controlling of Grup's commercial advertisement and collection of these commercial advertisement receivables are made by Doğan Factoring, commisions paid for these services are accounted in financial expenses.

### iii) Key Management Personnel:

The Group determined the key management personnel as board of directors and executive committee. Benefits provided to key management personnel consist of wage, premium, health insurance, transportation and post-employment benefits.

| | **2013** | **2012** |
|---|---|---|
| Salaries and other short term benefits | 8.038.531 | 7.676.202 |
| Post-employment benefits | 1.235.931 | 380.914 |
| | **9.274.462** | **8.057.116** |

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

## NOTE 35 – NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

In November 2013, the Group decided to sell its subsidiaries operating in Hungary and Crotia so that companies' assets and liabilities are classified as assets held for sale and presented seperately in the balance sheet. In 28 February 2014, the Group transferred its subsidiary Oglasnik d.o.o. for Kuna 2 to the non-controlling interests.

The details of assets and liabilities held for sale are as follows:

| **Assets and liabilities** | **31 December 2013** |
|---|---|
| Cash and cash equivalemts | 1.009.524 |
| Trade receivables | 894.272 |
| Other receivables and current assets | 968.972 |
| Intengible assets | 27.264.532 |
| Property, plant and equipment | 2.441.639 |
| Provision for net assets disposed | (23.301.137) |
| Total assets classified as held for sale | 9.277.802 |
| Trade payables | 2.439.505 |
| Other financial liabilities | 1.011.658 |
| Other payables | 34.149 |
| Deferred tax liabilities | 5.760.476 |
| Other long term liabilities | 32.014 |
| Total liabilities classified as held for sale | 9.277.802 |

In 19 September 2013, the Group made an agreement to sell the plant for USD 9 million which is located in Istanbul Esenyurt and 17.725,69 m2. According to the agreement, this area is classified as assets held for sale.

| **Assets** | **31 December 2013** |
|---|---|
| Property, plant and equipment | 4.684.768 |
| Total assets classified as held for sale | 4.684.768 |

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

## NOTE 35 – NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Continued)

In November 2013, the Group decided to sold its subsidiaries operating in Hungary and Croatia and classified their operations as discontinued operations.

| **Net result of discontinued operations** | **2013** |
|---|---|
| Gain from sale | 10.610.898 |
| Cost of sales (-) | (5.831.711) |
| General administrative expenses (-) | (6.728.166) |
| Marketing, sales and distribution expenses (-) | (2.108.856) |
| Other operating income | 3.899.923 |
| Other operating expenditures (-) | (1.450.315) |
| Financial expenses (-) | (47.583) |
| Loss before taxes | (1.655.810) |
| Tax income | 373.047 |
| Net loss | (1.282.763) |
| Provision for net assets disposed | (23.301.137) |
| **Loss from discontinued operations after income taxes** | **(24.583.900)** |

## NOTE 36 - DISPOSAL OF SUBSIDIARY

In 2013, the Group has disposed of its entire shares in its subsidiary Moje Delo, spletni marketing, d.o.o. according to the Slovenia statutory legislation.

| **Book value of net assets disposed of** | **31 December 2013** |
|---|---|
| Current assets | |
| Cash and cash equivalents | 267.687 |
| Trade receivables | 168.209 |
| Other receivables | 117.566 |
| Other current assets | 25.521 |
| Non-current assets | |
| Tangible and intangible assets | 511.185 |
| Deferred tax assets | 3.617 |
| Short-term liabilities | |
| Trade payables | 1.859.475 |
| Other payables | 70.539 |
| Other short-term liabilities | 425.044 |
| **Net assets disposed of** | **(1.261.273)** |
| **Loss on sale of subsidiary** | |
| Group's share on net assets disposed of (55%) | (693.700) |
| Goodwill (Note 16) | 6.457.517 |
| Consideration: | |
| Consideration paid in cash and cash equivalents | 3.237.300 |
| Net cash inflow on disposal: | |
| (Less) cash and cash equivalent balances disposed of | (267.687) |
| Total cash obtained from sale | 2.969.613 |
| **Loss on sale of subsidiary (Note 30)** | **(2.526.517)** |

## NOTE 37 - FINANCIAL RISK MANAGEMENT

### 37.1 Financial Risk Management

### (i) Interest rate risk

The Group's interest rate sensitive financial instruments are as follows:

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| **Financial instruments with fixed interest rate** | | |
| Bank deposits (Note 5) | 24.718.794 | 90.094.066 |
| Loans and receivables | 73.576.936 | 135.195.723 |
| Financial liabilities (Note 7) | 193.731.489 | 205.387.309 |
| **Financial instruments with floating interest rate** | | |
| Financial liabilities (Note 7) | 224.302.700 | 298.739.972 |

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. The Group management uses interest bearing short term assets within natural policy context to stabilize the maturity of the interest bearing liabilities and assets. Furthermore, the Group hedges interest rate risks arising from floating rate borrowings, by limited use of derivatives, such as interest rate swaps.

Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rate expose the Group to fair value interest rate risk. As of 31 December 2013 and 31 December 2012, the Group's borrowings at floating rates are predominantly denominated in US Dollars and Euros.

At 31 December 2013, had the interest rates on USD and Euro denominated borrowings been 100 basis point higher/lower with all other variables held constant, mainly as a result of higher/lower interest expense on floating rate borrowings; net profit for the period before tax and non-controlling interests would have been lower/higher by TL 439.195 (31 December 2012: TL 536.396).

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

## NOTE 37 - FINANCIAL RISK MANAGEMENT (Continued)

### 37.1 Financial Risk Management (Continued)

### (ii) Liquidity risk

The table below shows the liquidity risk arising from financial liabilities of the Group:

| 31 December 2013 | Carrying value | Total contractual cash outflow | Less than 3 months | 3-12 months | 1-5 years | More than 5 years |
|---|---|---|---|---|---|---|
| **Non-derivative financial liabilities** | | | | | | |
| Financial liabilities (Note 7) | 418.034.189 | 442.860.458 | 10.201.429 | 157.844.204 | 274.814.825 | - |
| Other financial liabilities (Note 8) | 16.154.517 | 16.154.517 | 16.154.517 | - | - | - |
| Derivative financial liabilities (Note 8) | 2.440.486 | 2.440.486 | - | 2.440.486 | - | - |
| Trade payables | | | | | | |
| *- Related party (Note 34)* | *13.514.346* | *13.514.346* | *13.514.346* | - | - | - |
| *- Other (Note 9)* | *48.011.482* | *48.237.018* | *8.536.904* | *39.700.114* | - | - |
| Other payables | | | | | | |
| *- Related party (Note 34)* | *3.279.095* | *3.279.095* | *3.279.095* | - | - | - |
| *- Other (Note 10)* | *4.542.986* | *4.542.986* | *4.079.129* | - | *463.857* | - |

| 31 December 2012 | Carrying value | Total contractual cash outflow | Less than 3 months | 3-12 months | 1-5 years | More than 5 years |
|---|---|---|---|---|---|---|
| **Non-derivative financial liabilities** | | | | | | |
| Financial liabilities (Note 7) | 504.127.281 | 530.245.874 | 91.551.053 | 217.663.564 | 220.760.575 | 270.682 |
| Other financial liabilities (Note 8) | 18.207.476 | 18.207.476 | - | 18.207.476 | - | - |
| Trade payables | | | | | | |
| *- Related party (Note 34)* | *4.946.300* | *4.946.300* | *4.946.300* | - | - | - |
| *- Other (Note 9)* | *51.158.702* | *51.238.450* | *13.946.909* | *37.291.541* | - | - |
| Other payables | | | | | | |
| *- Other (Note 10)* | *1.888.611* | *1.888.611* | *1.717.936* | - | *170.675* | - |

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

## NOTE 37 - FINANCIAL RISK MANAGEMENT (Continued)

### 37.1 Financial Risk Management (Continued)

### (ii) Liquidity risk (Continued)

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

Funding risk of current and future debt requirements is managed by continuance of sufficient and highly qualified creditor's access. The Group aims at maintaining cash and cash equivalents for the anticipated cash flows of raw material purchase for the subsequent six-months.

The liquidity table demonstrates the Group's net financial liabilities in accordance with the redemption schedule. Such amounts are undiscounted future cash flows of financial liabilities of the Group. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 December 2013, the Group has long-term bank borrowings amounting to TL 261.465.762 (31 December 2012: TL 201.449.549) and long-term trade payables to suppliers amounting to TL 4.692.877 (31 December 2012: TL 6.929.212) (Note 7).

### (iii) Credit Risk

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. These risks are monitored by limiting the credit amount of any individual counterparty. The credit risk is generally highly spread due to the large number of entities comprising the customer bases.

Aging analysis for trade receivables:

As of 31 December 2013 there are past due trade receivables amounting to TL 98.979.383 which are not considered as doubtful receivables (31 December 2012: TL 96.089.440). The Group does not foresee any collection risk for the delay up to one month due to sector dynamics and conditions. The Group restructures the trade receivables by applying due date differences which are due over one month and/or the Group does not foresee any collection risk since they are under coverage of guarantees such as mortgage, indemnity or guarantee notes. As of 31 December 2013, the amount of mortgage and indemnity received is TL 11.117.148 for the related receivables. (31 December 2012: TL 12.677.246)

As of 31 December 2013 and 31 December 2012, aging analysis for trade receivables that are past due but not impaired are as follows:

| | 31 December 2013 | | 31 December 2012 | |
|---|---|---|---|---|
| | **Related party** | **Other receivables** | **Related party** | **Other receivables** |
| 0-1 month | 6.067.740 | 24.687.770 | 9.440.546 | 28.147.683 |
| 1-3 months | 11.628.381 | 22.243.183 | 5.573.647 | 22.755.795 |
| 3-6 months | 93.530 | 13.900.614 | 41.817 | 14.680.406 |
| 6-12 months | 1.209.586 | 12.161.327 | 82.030 | 9.699.486 |
| 1-2 years | 78.688 | 6.908.564 | - | 5.668.030 |
| | **19.077.925** | **79.901.458** | **15.138.040** | **80.951.400** |

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

## NOTE 37 - FINANCIAL RISK MANAGEMENT (Continued)

### 37.1 Financial Risk Management (Continued)

### (iii) Credit Risk (Continued)

As of 31 December 2013 and 31 December 2012, aging analysis for trade receivables that are past due and impaired is as follows:

| *Impaired* | **31 December 2013** | **31 December 2012** |
|---|---|---|
| Past due 0 - 3 months | 510.098 | 696.997 |
| Past due 3 - 6 months | 1.182.402 | 959.039 |
| Past due 6 months and over | 51.363.697 | 57.520.625 |
| Less: Provision for impairment (Note 9, 34.i) | (53.056.197) | (59.176.661) |

The balance of related party receivables that are past due and impaired as of 31 December 2013 is TL 799.004 (31 December 2012: TL 799.004). There is no trade receivable which is not over due and impaired as of 31 December 2013.

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

## NOTE 37 - FINANCIAL RISK MANAGEMENT (Continued)

### 37.1 Financial Risk Management (Continued)

### (iii) Credit Risk (Continued)

The Group's credit risk of financial instruments as of 31 December 2013 is as follows:

| | Trade receivables | | Other receivables | | | | |
|---|---|---|---|---|---|---|---|
| **31 December 2013** | **Related party** | **Other** | **Related party** | **Other** | **Bank deposits** | **Derivative instruments** | **Other assets** |
| **Maximum credit risk exposure as of balance sheet date** | **28.053.511** | **184.461.348** | **-** | **78.605.571** | **46.545.822** | **-** | **19.683** |
| ***- The part of maximum credit risk under guarantee with collateral*** | - | *15.695.353* | - | - | - | - | - |
| A. Net book value of financial assets that are not past due/impaired | 8.975.586 | 104.559.890 | - | 78.605.571 | 46.545.822 | - | 19.683 |
| *- The part under guarantee with collateral* | - | *3.362.975* | - | - | - | - | - |
| B. Net book value of financial assets that are renegotiated if not that will be accepted as past due or impaired | - | - | - | - | - | - | - |
| C. Carrying value of financial assets that are past due but not impaired | 19.077.925 | 79.901.458 | - | - | - | - | - |
| *- The part under guarantee with collateral* | - | *11.117.148* | - | - | - | - | - |
| D. Net book value of impaired asset | | | | | | | |
| - Past due (gross carrying amount) | 799.004 | 51.384.264 | - | 872.929 | - | - | - |
| - Impairment (-) | (799.004) | (51.384.264) | - | (872.929) | - | - | - |
| - The part of net value under guarantee with collateral | - | - | - | - | - | - | - |
| - Not over due (gross carrying amount) | - | - | - | - | - | - | - |
| - Impairment (-) | - | - | - | - | - | - | - |
| - The part of net value under guarantee with collateral | - | - | - | - | - | - | - |
| E. Off-balance sheet items with credit risk | - | - | - | - | - | - | - |

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

## NOTE 37 - FINANCIAL RISK MANAGEMENT (Continued)

### 37.1 Financial Risk Management (Continued)

### (iii) Credit Risk (Continued)

The Group's credit risk of financial instruments as of 31 December 2012 is as follows:

| | Trade receivables | | Other receivables | | | | |
|---|---|---|---|---|---|---|---|
| **31 December 2012** | **Related party** | **Other** | **Related party** | **Other** | **Bank deposits** | **Derivative instruments** | **Other assets** |
| **Maximum credit risk exposure as of balance sheet date** | **21.915.410** | **192.396.863** | **2.992.773** | **136.980.349** | **107.461.678** | **573.393** | **16.754** |
| ***- The part of maximum credit risk under guarantee with collateral*** | - | *16.151.125* | - | - | - | - | - |
| A. Net book value of financial assets that are not past due/impaired | 6.777.370 | 111.445.463 | 2.992.773 | 136.980.349 | 107.461.678 | 573.393 | 16.754 |
| *- The part under guarantee with collateral* | - | *3.403.801* | - | - | - | - | - |
| B. Net book value of financial assets that are renegotiated if not that will be accepted as past due or impaired | - | - | - | - | - | - | - |
| C. Carrying value of financial assets that are past due but not impaired (Note 9) | 15.138.040 | 80.951.400 | - | - | - | - | - |
| *- The part under guarantee with collateral* | - | *12.677.246* | - | - | - | - | - |
| D. Net book value of impaired asset | | | | | | | |
| - Past due (gross carrying amount) | 799.004 | 57.630.747 | - | 746.910 | - | - | - |
| - Impairment (-) | (799.004) | (57.630.747) | - | (746.910) | - | - | - |
| - The part of net value under guarantee with collateral | - | - | - | - | - | - | - |
| - Not over due (gross carrying amount) | | | | | | | |
| - Impairment (-) | - | - | - | - | - | - | - |
| - The part of net value under guarantee with collateral | - | - | - | - | - | - | - |
| E. Off-balance sheet items with credit risk | - | - | - | - | - | - | - |

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

## NOTE 37 - FINANCIAL RISK MANAGEMENT (Continued)

### 37.1 Financial Risk Management (Continued)

### (iv) Foreign currency risk

The Group is exposed to foreign exchange risk through the impact of rate changes in the translation of foreign currency denominated liabilities to TL. These risks are monitored by the analysis of foreign currency position.

The foreign exchange risk mainly arises from the impact of rate changes in the translation of the Group's foreign currency denominated borrowings which are obtained to fund capital expenditures in domestic and overseas operations (The risk is monitored in regular meetings). The Group maintains a certain portion of its excess cash and cash equivalents in foreign currency to minimize the currency risk exposure.

The Group's risk management policy for currency risk is to maintain sufficient liquid assets for the anticipated cash flows of raw material purchase and borrowing repayment amounts in each major foreign currency for the subsequent three to six months. However, this policy should be revised by the management when deemed necessary, according to market conditions.

TL equivalents of assets and liabilities denominated in foreign currencies at 31 December 2013 and 31 December 2012 are as follows:

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| Assets | 163.899.403 | 257.859.640 |
| Liabilities | (461.403.156) | (555.238.493) |
| Net asset / (liability) position of off-balance sheet derivatives | (2.571.782) | 19.261.171 |
| **Net foreign currency position** | **(300.075.535)** | **(278.117.682)** |

Following exchange rates have been used in the translation of foreign currency denominated balance sheet items as of 31 December 2013: 2,1343 TL= 1 USD and 2,9365 TL=1 Euro (31 December 2012: 1,7826 TL= 1 USD and 2,3517 TL=1 Euro ).

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

## NOTE 37 - FINANCIAL RISK MANAGEMENT (Continued)

### 37.1 Financial Risk Management (Continued)

### (iv) Foreign currency risk (Continued)

The table summarizes the foreign currency position risk as of 31 December 2013 and 31 December 2012. The carrying amount of foreign currency denominated assets and liabilities of the Group are as follows:

| 31 December 2013 | TL Equivalent | USD | Euro | Other |
|---|---|---|---|---|
| 1. Trade Receivables | 11.307.150 | 592.985 | 6.280.952 | 4.433.213 |
| 2a. Monetary Financial Assets (Cash, Banks included) | 29.896.020 | 8.370.923 | 3.688.131 | 17.836.966 |
| 2b. Non-Monetary Financial Assets | - | - | - | - |
| 3. Other | 85.899.751 | 73.892.522 | 151.033 | 11.856.196 |
| **4. Current Assets (1+2+3)** | **127.102.921** | **82.856.430** | **10.120.116** | **34.126.375** |
| 5. Trade Receivables | - | - | - | - |
| 6a. Monetary Financial Assets | - | - | - | - |
| 6b. Non-Monetary Financial Assets | - | - | - | - |
| 7. Other | 36.796.482 | 36.591.846 | 14.683 | 189.953 |
| **8. Non-Current Assets (5+6+7)** | **36.796.482** | **36.591.846** | **14.683** | **189.953** |
| **9. Total Assets (4+8)** | **163.899.403** | **119.448.276** | **10.134.799** | **34.316.328** |
| 10. Trade Payables | 10.436.324 | 823.352 | 2.228.527 | 7.384.445 |
| 11. Financial Liabilities (Note 7) | 149.488.251 | 132.577.048 | 16.911.203 | - |
| 12a. Other Monetary Financial Liabilities | 35.319.946 | 369.249 | 454.183 | 34.496.514 |
| 12b. Other Non-Monetary Financial Liabilities | - | - | - | - |
| **13. Current Liabilities (10+11+12)** | **195.244.517** | **133.769.649** | **19.593.913** | **41.880.955** |
| 14. Trade Payables | - | - | - | - |
| 15. Financial Liabilities (Note 7) | 266.158.639 | 256.116.000 | 10.042.639 | - |
| 16a. Other Monetary Financial Liabilities | - | - | - | - |
| 16b. Other Non-Monetary Financial Liabilities | - | - | - | - |
| **17. Non-Current Liabilities (14+15+16)** | **266.158.639** | **256.116.000** | **10.042.639** | **-** |
| **18. Total Liabilities (13+17)** | **461.403.156** | **389.885.649** | **29.636.552** | **41.880.955** |
| **19. Net asset / liability position of off-balance sheet derivatives (19a-19b)** | **(2.571.782)** | **10.671.500** | **(13.243.282)** | **-** |
| **19a. Off-balance sheet foreign currency derivative assets** | **77.127.864** | **46.954.600** | **30.173.264** | **-** |
| **19b. Off-balance sheet foreign currency derivative liabilities** | **79.699.646** | **36.283.100** | **43.416.546** | **-** |
| **20. Net foreign currency asset liability position (9-18+19)** | **(300.075.535)** | **(259.765.873)** | **(32.745.035)** | **(7.564.627)** |
| **21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)** | **(420.199.990)** | **(380.921.741)** | **(19.667.469)** | **(19.610.780)** |
| **22. Fair value of foreign currency hedged financial assets** | **-** | **-** | **-** | **-** |

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

## NOTE 37 - FINANCIAL RISK MANAGEMENT (Continued)

### 37.1 Financial Risk Management (Continued)

### (iv) Foreign currency risk (Continued)

| 31 December 2012 | TL Equivalent | USD | Euro | Other |
|---|---|---|---|---|
| 1. Trade Receivables | 17.452.649 | 497.495 | 8.109.173 | 8.845.981 |
| 2a. Monetary Financial Assets (Cash, Banks included) | 89.270.856 | 49.696.545 | 13.241.094 | 26.333.217 |
| 2b. Non-Monetary Financial Assets | - | - | - | - |
| 3. Other | 89.643.565 | 74.990.744 | 162.066 | 14.490.755 |
| **4. Current Assets (1+2+3)** | **196.367.070** | **125.184.784** | **21.512.333** | **49.669.953** |
| 5. Trade Receivables | - | - | - | - |
| 6a. Monetary Financial Assets | - | - | - | - |
| 6b. Non-Monetary Financial Assets | - | - | - | - |
| 7. Other | 61.492.570 | 61.276.875 | - | 215.695 |
| **8. Non-Current Assets (5+6+7)** | **61.492.570** | **61.276.875** | **-** | **215.695** |
| **9. Total Assets (4+8)** | **257.859.640** | **186.461.659** | **21.512.333** | **49.885.648** |
| 10. Trade Payables | 13.398.849 | 2.362.821 | 2.467.502 | 8.568.526 |
| 11. Financial Liabilities (Note 7) | 295.748.520 | 240.584.431 | 38.345.036 | 16.819.053 |
| 12a. Other Monetary Financial Liabilities | 37.674.928 | 4.160.288 | 1.121.613 | 32.393.027 |
| 12b. Other Non-Monetary Financial Liabilities | - | - | - | - |
| **13. Current Liabilities (10+11+12)** | **346.822.297** | **247.107.540** | **41.934.151** | **57.780.606** |
| 14. Trade Payables | - | - | - | - |
| 15. Financial Liabilities (Note 7) | 208.378.761 | 196.085.999 | 12.292.762 | - |
| 16a. Other Monetary Financial Liabilities | 37.435 | - | - | 37.435 |
| 16b. Other Non-Monetary Financial Liabilities | - | - | - | - |
| **17. Non-Current Liabilities (14+15+16)** | **208.416.196** | **196.085.999** | **12.292.762** | **37.435** |
| **18. Total Liabilities (13+17)** | **555.238.493** | **443.193.539** | **54.226.913** | **57.818.041** |
| **19. Net asset / liability position of off-balance sheet derivatives (19a-19b)** | **19.261.171** | **33.372.946** | **(14.111.775)** | **-** |
| **19a. Off-balance sheet foreign currency derivative assets** | **33.372.946** | **33.372.946** | **-** | **-** |
| **19b. Off-balance sheet foreign currency derivative liabilities** | **14.111.775** | **-** | **14.111.775** | **-** |
| **20. Net foreign currency asset liability position (9-18+19)** | **(278.117.682)** | **(223.358.934)** | **(46.826.355)** | **(7.932.393)** |
| **21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)** | **(448.514.988)** | **(392.999.499)** | **(32.876.646)** | **(22.638.843)** |
| **22. Fair value of foreign currency hedged financial assets** | **-** | **-** | **-** | **-** |

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

## NOTE 37 - FINANCIAL RISK MANAGEMENT (Continued)

### 37.1 Financial Risk Management (Continued)

### (iv) Foreign currency risk (Continued)

The Group is exposed to foreign currency risk of USD, Euro and other foreign currency.

| 31 December 2013 | Profit / Loss | |
|---|---|---|
| | **Foreign currency appreciation** | **Foreign currency depreciation** |
| **If the US dollar had changed by 10% against the TL** | | |
| USD net (liabilities) / assets | (27.043.737) | 27.043.737 |
| Hedging amount of USD | - | - |
| **USD net effect on (loss) / income** | **(27.043.737)** | **27.043.737** |
| **If the EUR had changed by 10% against the TL** | | |
| Euro net (liabilities) / assets | (1.950.175) | 1.950.175 |
| Hedging amount of Euro | - | - |
| **Euro net effect on (loss) / income** | **(1.950.175)** | **1.950.175** |
| **If other foreign currency had changed by 10% against the TL** | | |
| Other foreign currency net (liabilities) / assets | (756.463) | 756.463 |
| Hedging amount of other foreign currency | - | - |
| **Other foreign currency net effect on (loss) / income** | **(756.463)** | **756.463** |

| 31 December 2012 | Profit / Loss | |
|---|---|---|
| | **Foreign currency appreciation** | **Foreign currency depreciation** |
| **If the US dollar had changed by 10% against the TL** | | |
| USD net (liabilities) / assets | (25.673.188) | 25.673.188 |
| Hedging amount of USD | - | - |
| **USD net effect on (loss) / income** | **(25.673.188)** | **25.673.188** |
| **If the EUR had changed by 10% against the TL** | | |
| Euro net (liabilities) / assets | (3.271.458) | 3.271.458 |
| Hedging amount of Euro | - | - |
| **Euro net effect on (loss) / income** | **(3.271.458)** | **3.271.458** |
| **If other foreign currency had changed by 10% against the TL** | | |
| Other foreign currency net (liabilities) / assets | (793.239) | 793.239 |
| Hedging amount of other foreign currency | - | - |
| **Other foreign currency net effect on (loss) / income** | **(793.239)** | **793.239** |

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

## NOTE 37 - FINANCIAL RISK MANAGEMENT (Continued)

### 37.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in and to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders in accordance with the CMB regulations, issue new shares or sell assets to decrease borrowing. There are covenants related with the bank borrowings stated in Note 7 which the Group has to fulfill net debt / equity ratio as stated in the contracts of the related bank borrowings.

The net liability/total equity ratio at 31 December 2013 and 31 December 2012 are as follows:

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| Total liability (1) | 605.567.198 | 666.604.450 |
| Less: Cash and cash equivalents (Note 5) | (47.206.848) | (108.189.130) |
| Net liability | 558.360.350 | 558.415.320 |
| Equity | 723.141.884 | 744.029.619 |
| Total capital | 552.000.000 | 552.000.000 |
| **Net liability / Total equity ratio** | **1,01** | **1,01** |

(1) It is calculated by subtracting income tax liability, derivative financial liability and deferred tax liability from total liability.

### 37.3 Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Group using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange.

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value.

#### (i) Monetary assets (Continued)

The fair value of the balances denominated in foreign currencies, which are translated by using the exchange rates prevailing at year-end, is considered to approximate carrying value.

## NOTE 37 - FINANCIAL RISK MANAGEMENT (Continued)

### 37.3 Fair value of financial instruments (Continued)

#### (i) Monetary assets (Continued)

The fair values of certain financial assets carried at cost where the fair values cannot be measured reliably, including cash and bank deposits, are considered to approximate their respective carrying values due to their short-term nature and is negligible impairment risk of the receivables.

The carrying value of trade receivables measured at amortised cost using the effective interest method, less provision for impairment are assumed to approximate their fair values.

#### (ii) Monetary liabilities

The fair value of the bank borrowings and other monetary liabilities are considered to approximate their carrying value.

The fair values of long term foreign exchange borrowings are translated by using the exchange period-end rate and because of this their fair value approximates their carrying value.

The carrying value of trade receivables measured at amortised cost using the effective interest method, are assumed to approximate their fair values.

### 37.4 Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

•Level 1: The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

•Level 2: The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

•Level 3: The fair values of the financial assets and financial liabilities are determined in accordance with the unobservable current market data.

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

## NOTE 37 - FINANCIAL RISK MANAGEMENT (Continued)

### 37.3 Fair value of financial instruments (Continued)

Level classification of financial assets and liabilities that are valued with their fair values are as follows:

| | | Fair value as of reporting date | | |
|---|---|---|---|---|
| Financial assets | 31 December 2013 | Level 1 TL | Level 2 TL | Level 3 TL |
| Financial assets at FVTPL | | | | |
| Investment properties | 57.378.321 | - | 57.378.321 | - |
| Total | 57.378.321 | - | 57.378.321 | - |

| | | Fair value as of reporting date | | |
|---|---|---|---|---|
| Financial liabilities | 31 December 2013 | Level 1 TL | Level 2 TL | Level 3 TL |
| Derivative instruments | 2.440.486 | - | 2.440.486 | - |
| Other financial liabilities | 16.154.517 | - | - | 16.154.517 |
| Total | 18.595.003 | - | 2.440.486 | 16.154.517 |

| | | Fair value as of reporting date | | |
|---|---|---|---|---|
| Financial assets | 31 December 2012 | Level 1 TL | Level 2 TL | Level 3 TL |
| Financial assets at FVTPL | | | | |
| Derivative instruments | 573.393 | - | 573.393 | - |
| Total | 573.393 | - | 573.393 | - |

| | | Fair value as of reporting date | | |
|---|---|---|---|---|
| Financial liabilities | 31 December 2012 | Level 1 TL | Level 2 TL | Level 3 TL |
| Other financial liabilities | 18.207.476 | - | - | 18.207.476 |
| Total | 18.207.476 | - | - | 18.207.476 |

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

## NOTE 38 – SHARES IN OTHER ENTITIES

Summary of the financial informations of TME, a subsidiary over which the Group has non-controlling shares, are stated below. These summarized financial informations represent the amounts without considering the related party eliminations.

| | 31 December 2013 |
|---|---|
| Current assets | 48.638.563 |
| Non current assets | 609.219.816 |
| Current liabilities | 94.927.261 |
| Non current liabilities | 252.534.828 |
| Equity attributable to equity holders of the parent company | 231.320.184 |
| Non-controlling interests | 79.076.106 |

| | 1 January-31 December 2013 |
|---|---|
| Revenue | 183.870.200 |
| Costs | (248.021.206) |
| **Net loss for the period** | (64.151.006) |
| **Allocation of net loss for the period:** | |
| Attributable to equity holders of the parent company | (45.756.914) |
| Attributable to non-controlling interests | (18.394.092) |
| **Net loss for the period** | **(64.151.006)** |

## NOTE 39 - SUBSEQUENT EVENTS

### Confirmation of financial statements

The consolidated financial statements for the period ended 31 December 2013 were approved by the Board of Directors on 6 March 2014. Other than Board of Directors has no authority to change financial statements.