

**HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**

**CONVENIENCE TRANSLATION OF THE  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2013  
INTO ENGLISH**

**(ORIGINALLY ISSUED IN TURKISH)**

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## CONSOLIDATED FINANCIAL STATEMENTS AND NOTES FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2013

<b>CONTENTS</b>		<b>PAGE</b>
<b>CONSOLIDATED BALANCE SHEETS .....</b>		<b>1-2</b>
<b>CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME .....</b>		<b>3</b>
<b>CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY .....</b>		<b>4</b>
<b>CONSOLIDATED STATEMENTS OF CASH FLOWS .....</b>		<b>5-6</b>
<b>NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS .....</b>		<b>7-102</b>
NOTE 1	ORGANISATION AND NATURE OF OPERATIONS .....	7-8
NOTE 2	BASIS OF PRESENTATION OF FINANCIAL STATEMENTS .....	9-34
NOTE 3	BUSINESS COMBINATIONS.....	34
NOTE 4	SEGMENT REPORTING.....	35-39
NOTE 5	CASH AND CASH EQUIVALENTS .....	40
NOTE 6	FINANCIAL ASSETS.....	41
NOTE 7	FINANCIAL LIABILITIES.....	42-45
NOTE 8	OTHER FINANCIAL ASSETS AND LIABILITIES.....	46
NOTE 9	TRADE RECEIVABLES AND PAYABLES.....	46-47
NOTE 10	OTHER RECEIVABLES AND PAYABLES.....	48
NOTE 11	INVENTORIES .....	49
NOTE 12	INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD .....	50-51
NOTE 13	INVESTMENT PROPERTY .....	51
NOTE 14	PROPERTY, PLANT AND EQUIPMENT .....	52-53
NOTE 15	INTANGIBLE ASSETS .....	54-56
NOTE 16	GOODWILL .....	56
NOTE 17	GOVERNMENT GRANTS .....	56
NOTE 18	PROVISIONS, CONTINGENT ASSETS AND LIABILITIES .....	57-58
NOTE 19	COMMITMENTS .....	59-61
NOTE 20	EMPLOYMENT TERMINATION BENEFITS .....	61-62
NOTE 21	OTHER ASSETS AND LIABILITIES .....	62-64
NOTE 22	EQUITY .....	65-68
NOTE 23	SALES AND COST OF SALES.....	69
NOTE 24	RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SELLING AND DISTRIBUTION EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES.....	70
NOTE 25	EXPENSES BY NATURE .....	70
NOTE 26	OTHER OPERATING INCOME / EXPENSES.....	71
NOTE 27	FINANCIAL INCOME.....	72
NOTE 28	FINANCIAL EXPENSES.....	72
NOTE 29	ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS.....	73
NOTE 30	TAX ASSETS AND LIABILITIES .....	74-82
NOTE 31	(LOSS)/EARNINGS PER SHARE .....	82
NOTE 32	RELATED PARTY DISCLOSURES.....	83-88
NOTE 33	FINANCIAL RISK MANAGEMENT.....	89-101
NOTE 34	SUBSEQUENT EVENTS.....	102

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## CONSOLIDATED BALANCE SHEETS AS AT 31 MARCH 2013 AND 31 DECEMBER 2012

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

	Note references	Current Period (Unaudited) 31 March 2013	Prior Period (Audited) 31 December 2012
<b>ASSETS</b>			
<b>Current assets</b>		<b>409.413.530</b>	<b>460.821.654</b>
Cash and cash equivalents	5	52.721.753	113.469.192
Trade receivables			
-Due from related parties	32	36.332.107	24.908.183
-Other trade receivables	9	191.085.996	192.287.740
Other receivables	10	73.578.354	74.520.244
Inventories	11	17.713.541	19.396.759
Other financial assets	8	2.346.250	573.393
Other current assets	21	29.126.880	35.666.143
<b>Sub-total</b>		<b>402.904.881</b>	<b>460.821.654</b>
Assets held for sale	29	6.508.649	-
<b>Non-current assets</b>		<b>1.038.876.077</b>	<b>1.092.027.793</b>
Other receivables	10	46.875.424	62.460.105
Financial assets	6	2.225.469	2.227.330
Investments accounted for by the equity method	12	2.870.341	5.258.016
Investment property	13	46.373.169	50.051.137
Property, plant and equipment	14	299.770.378	308.448.007
Intangible assets	15	518.003.422	529.480.148
Goodwill	16	107.211.890	118.374.132
Deferred tax assets	30	14.249.872	14.489.554
Other non-current assets	21	1.296.112	1.239.364
<b>Total assets</b>		<b>1.448.289.607</b>	<b>1.552.849.447</b>

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

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## CONSOLIDATED BALANCE SHEETS AS AT 31 MARCH 2013 AND 31 DECEMBER 2012

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

	Note references	Current Period (Unaudited) 31 March 2013	Prior Period (Audited) 31 December 2012
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>230.221.219</b>	<b>439.474.696</b>
Financial liabilities	7	85.976.975	295.748.520
Other financial liabilities	8	14.626.957	18.207.476
Trade payables			
-Due to related parties	32	7.543.695	4.924.909
-Other trade payables	9	49.707.038	47.396.084
Other payables	10	21.664.376	16.841.053
Income tax payable	30	2.845.467	18.124.177
Provisions	18	3.827.510	3.680.581
Other current liabilities	21	40.713.854	34.551.896
<b>Sub-total</b>		<b>226.905.872</b>	<b>439.474.696</b>
Assets held for sale	29	3.315.347	-
<b>Non-current liabilities</b>			
<b>Non-current liabilities</b>		<b>492.010.491</b>	<b>365.701.496</b>
Financial liabilities	7	339.541.715	208.378.761
Other payables	10	207.376	170.675
Provision for employment termination benefits	20	44.615.917	44.563.930
Deferred tax liability	30	107.609.309	112.550.695
Other non-current liabilities	21	36.174	37.435
<b>EQUITY</b>			
<b>Total equity</b>		<b>726.057.897</b>	<b>747.673.255</b>
<b>Equity attributable to equity holders of the parent company</b>			
<b>Equity attributable to equity holders of the parent company</b>		<b>666.766.446</b>	<b>682.436.911</b>
Share capital	22	552.000.000	552.000.000
Inflation adjustment to share capital	22	77.198.813	77.198.813
Share premiums		76.944	76.944
Translation reserves		56.010.807	58.584.776
Restricted reserves	22	160.501.863	34.266.877
(Accumulated losses) / retained earnings		(165.925.485)	(190.353.127)
Net (loss) / income for the period		(13.096.496)	150.662.628
<b>Non-controlling interests</b>		<b>59.291.451</b>	<b>65.236.344</b>
<b>Total liabilities</b>		<b>1.448.289.607</b>	<b>1.552.849.447</b>

These consolidated financial statements as at and for the period ended 31 March 2013 were approved by the Board of Directors on 15 May 2013.

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

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE INTERIM PERIODS ENDED 31 MARCH 2013 AND 2012

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

	Note references	Current Period (Unaudited) 1 January- 31 March 2013	Restated Prior Period (Unaudited) 1 January- 31 March 2012
Sales	23	193.338.402	199.074.070
Cost of sales (-)	23	(125.951.249)	(130.567.240)
<b>Gross profit</b>		<b>67.387.153</b>	<b>68.506.830</b>
Marketing, selling and distribution expenses (-)	24	(32.331.262)	(33.024.985)
General administrative expenses (-)	24	(38.769.063)	(39.469.636)
Other operating income	26	2.763.793	144.824.669
Other operating expenses (-)	26	(7.651.895)	(5.730.458)
<b>Operating (loss) / profit</b>		<b>(8.601.274)</b>	<b>135.106.420</b>
Share of loss on investments accounted for by the equity method	12	(2.309.641)	(2.707.491)
Financial income	27	17.753.290	58.309.654
Financial expenses (-)	28	(23.783.750)	(24.561.786)
<b>(Loss) / profit before tax</b>		<b>(16.941.375)</b>	<b>166.146.797</b>
<b>Tax (expense) / income</b>			
Current tax expense	30	(3.317.414)	(14.174.539)
Deferred tax income / (expense)	30	3.381.433	(3.268.852)
<b>Net (loss) / profit for the period</b>		<b>(16.877.356)</b>	<b>148.703.406</b>
<b>Allocation of net (loss) / profit for the period</b>			
Attributable to non-controlling interests		(3.780.860)	913.715
Attributable to equity holders of the parent company		(13.096.496)	147.789.691
<b>Other comprehensive (expense) / income</b>			
<b>Net (loss) / profit for the period</b>		<b>(16.877.356)</b>	<b>148.703.406</b>
Change in translation reserves		(3.347.142)	24.690.098
<b>Other comprehensive (expense) / income after tax</b>		<b>(3.347.142)</b>	<b>24.690.098</b>
<b>Total comprehensive (expense) / income</b>		<b>(20.224.498)</b>	<b>173.393.504</b>
<b>Allocation of total comprehensive (expense) / income</b>			
Attributable to non-controlling interests		(4.554.033)	6.229.973
Attributable to equity holders of the parent company		(15.670.465)	167.163.531
<b>(Loss) / earnings per share (TL)</b>	<b>31</b>	<b>(0,0237)</b>	<b>0,2677</b>

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

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE INTERIM PERIODS ENDED 31 MARCH 2013 AND 2012

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

	Note references	Share capital	Inflation adjustment to share capital	Share premiums	Translation reserves	Restricted reserves	Retained earnings/ (accumulated losses)	Net (loss)/ profit for the period	Equity attributable to equity holders of the parent company	Non-controlling interests	Total equity
<b>Balances at 1 January 2012</b> (as previously reported)	22	552.000.000	77.198.813	76.944	57.382.651	34.266.877	28.856.851	(235.684.263)	514.097.873	81.080.176	595.178.049
Effect of change in accounting policy (Note 2.1.5)		-	-	-	-	-	13.229.347	1.707.877	14.937.224	-	14.937.224
<b>Balances at 1 January 2012</b> (as restated)		552.000.000	77.198.813	76.944	57.382.651	34.266.877	42.086.198	(233.976.386)	529.035.097	81.080.176	610.115.273
Transfer		-	-	-	-	-	(233.976.386)	233.976.386	-	-	-
Capital increase of subsidiary		-	-	-	-	-	-	-	-	2.814.070	2.814.070
Subsidiaries' dividend payments to non-group companies		-	-	-	-	-	-	-	-	(686.342)	(686.342)
Put-option adjustment for non-controlling interests (Note 19c)		-	-	-	-	-	35.114.191	-	35.114.191	12.017.025	47.131.216
Other (1)		-	-	-	-	-	-	-	-	(108.233)	(108.233)
Purchase of subsidiary shares (Note 19d)		-	-	-	-	-	(19.966.468)	-	(19.966.468)	(25.846.158)	(45.812.626)
Total comprehensive income		-	-	-	19.373.840	-	-	147.789.691	167.163.531	6.229.973	173.393.504
- Change in translation reserves		-	-	-	19.373.840	-	-	-	19.373.840	5.316.258	24.690.098
- Net profit for the period		-	-	-	-	-	-	147.789.691	147.789.691	913.715	148.703.406
<b>Balances at 31 March 2012</b> (as restated)	22	552.000.000	77.198.813	76.944	76.756.491	34.266.877	(176.742.465)	147.789.691	711.346.351	75.500.511	786.846.862
<b>Balances at 1 January 2013</b>	22	552.000.000	77.198.813	76.944	58.584.776	34.266.877	(190.353.127)	150.662.628	682.436.911	65.236.344	747.673.255
Transfer		-	-	-	-	126.234.986	24.427.642	(150.662.628)	-	-	-
Subsidiaries' dividend payments to non-group companies		-	-	-	-	-	-	-	-	(735.431)	(735.431)
Other (1)		-	-	-	-	-	-	-	-	(655.429)	(655.429)
Total comprehensive expense		-	-	-	(2.573.969)	-	-	(13.096.496)	(15.670.465)	(4.554.033)	(20.224.498)
- Change in translation reserves		-	-	-	(2.573.969)	-	-	-	(2.573.969)	(773.173)	(3.347.142)
- Net loss for the period		-	-	-	-	-	-	(13.096.496)	(13.096.496)	(3.780.860)	(16.877.356)
<b>Balances at 31 March 2013</b>	22	552.000.000	77.198.813	76.944	56.010.807	160.501.863	(165.925.485)	(13.096.496)	666.766.446	59.291.451	726.057.897

(1) Represents fair value changes of put option liabilities and acquisition and disposal of shares from non-controlling shareholders.

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

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED 31 MARCH 2013 AND 2012

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

		<b>Current Period (Unaudited) 1 January- 31 March 2013</b>	<b>Restated Prior Period (Unaudited) 1 January- 31 March 2012</b>
Net (loss) / profit for the period		(16.877.356)	148.703.406
<b>Adjustments:</b>			
Depreciation	14	11.700.679	12.061.635
Amortization	15	7.779.524	7.343.944
Loss / (gain) on sale of plant, property and equipment, intangible assets and investment property (net)	26	1.681.458	(141.711.141)
Provision for impairment of assets held for sale	29	3.536.674	-
Tax (income) / expense	30	(64.019)	17.443.391
Provision for employment termination benefits and unused vacation rights	20,21	8.675.354	5.714.993
Loss on sale of subsidiary	26	-	332.086
Increase in income accruals	21	(397.720)	(328.828)
(Gain) / loss from fair value adjustment	26	(580.941)	917.405
Interest income	27	(1.075.503)	(2.043.155)
Finance income from term sales	27	(2.184.398)	(2.067.561)
Unearned finance income from term sales	28	675.179	1.764.348
Unrealized finance expense from term purchases	27	(111.108)	-
Interest expenses	28	6.792.433	7.590.447
Unrealized foreign exchange expense / (income) from borrowings		2.589.936	(19.536.508)
Deferred (incomes) / expenses		(385.300)	110.502
6111 tax base increase expenses	26,28	-	442.050
Loss from investments accounted for by the equity method	12	2.309.641	2.707.491
Provision for doubtful receivables	9,21	342.494	1.015.552
Provision for impairment of financial assets	6	-	65.322
Provision for impairment of inventories	11	280.405	-
Provision for lawsuits	18,26	572.896	687.906
Reversal of provisions		(1.041.398)	(965.492)
<b>Net cash provided by operating activities before changes in operating assets and liabilities</b>		<b>24.218.930</b>	<b>40.247.793</b>
(Increase) / decrease in blocked deposits	5	(82)	21.963
Increase in trade receivables		(12.731.396)	(81.351.634)
Decrease in inventories		1.498.782	2.390.044
(Increase) / decrease in other current assets		(7.808.172)	79.576.754
Decrease in other financial assets and liabilities		(4.498.427)	(4.796.299)
Increase / (decrease) in trade payables and due to related parties		5.612.711	(324.147)
Increase / (decrease) in other current liabilities		7.964.617	(72.982.381)
(Increase) / decrease in other non-current assets		(20.933)	2.146.773
Taxes paid		(4.664.240)	(5.675.235)
Collections from doubtful receivables	9	530.854	965.492
Employment termination benefits and unused vacation rights paid	20,21	(2.594.020)	(3.447.733)
<b>Net cash provided by / (used in) operating activities</b>		<b>7.508.624</b>	<b>(43.228.610)</b>

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

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED 31 MARCH 2013 AND 2012

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

		<b>Current Period (Unaudited) 1 January- 31 March 2013</b>	<b>Restated Prior Period (Unaudited) 1 January- 31 March 2012</b>
	<b>Note references</b>		
<b>Cash flow from investing activities:</b>			
Purchases of property, plant and equipment	14	(4.003.069)	(12.616.806)
Purchases of intangible assets	15	(1.564.052)	(1.677.453)
Proceeds from sales of property, plant and equipment, intangible assets and investment properties		23.384.268	36.264.210
Interests received		2.059.863	2.196.092
Decrease / (increase) in blocked deposit	21	163	(160.445)
Share capital increase in financial investments	12	-	(2.526)
<b>Net cash provided by investing activities</b>		<b>19.877.173</b>	<b>24.003.072</b>
<b>Cash flow from financing activities:</b>			
Decrease in financial receivables from related parties		-	(78.368.608)
Increase in financial payables to related parties		-	36.693.075
Purchase of subsidiary shares	19	-	(45.812.626)
Increase in share capital of non-controlling interests		-	2.814.070
Dividends paid to non-controlling interests		(735.431)	(686.342)
Bank borrowings received		141.306	12.389.068
Bank borrowings paid		(77.585.930)	(62.859.592)
Decrease in financial liabilities to suppliers		(5.441.852)	(3.410.429)
Interests paid		(6.931.483)	(11.609.020)
<b>Net cash used in financing activities</b>		<b>(90.553.390)</b>	<b>(150.850.404)</b>
Effects of foreign exchange rate			
fluctuations on cash and cash equivalents		2.449.182	(3.857.138)
Decrease in cash and cash equivalents		(60.718.411)	(173.933.080)
Cash and cash equivalents at the beginning of the period	5	113.324.286	281.056.151
<b>Cash and cash equivalents at the end of the period</b>		<b>52.605.875</b>	<b>107.123.071</b>

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



# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

(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 22). Aydın Doğan and Doğan Family (Işıl Doğan, Arzuhan Yalçındağ, Vuşlat Sabancı, Hanzade V. Doğan Boyner ve 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 (“BİST”) 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 22,01% as of 31 March 2013 (31 December 2012: 20,87%) of Hürriyet are accepted as “in circulation”. Shares representing 39,99% 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
Yenibirış 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

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

### 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 Krasnojarsk	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 Nizhnij 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 Stavropol	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 Rosprint Samara	Russia	Russia and EE	Printing services
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
Moje Delo spletni marketing d.o.o	Slovenia	Europe	Internet publishing
TOV E-Prostir	Ukraine	Russia and EE	Internet publishing
SP Pronto Kiev	Ukraine	Russia and EE	Newspaper and internet publishing
Sklad Dela Prekmurje NGO	Slovenia	Europe	Internet publishing
OOO Pronto Pskov	Russia	Russia	Internet publishing
Publishing International Holding BV	Holland	Europe	Investment

#### 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
Tipeez İnternet Hizmetleri A.Ş. ("Tipeez")	Turkey	Turkey	Internet services
OOO Autoscout24	Russia	Russia and EE	Internet publishing
ASPM Holding B.V.	Holland	Europe	Investment

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED 31 MARCH 2013**

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

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**NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS**

**2.1 Basis of presentation**

**2.1.1 Financial reporting standards**

The Capital Markets Board of Turkey (“CMB”) regulated the principles and procedures of preparation, presentation and announcement of financial statements prepared by the entities with the Communiqué No: XI-29, “Principles of Financial Reporting in Capital Markets” (“the Communiqué”). This Communiqué is effective for the annual periods starting from 1 January 2008 and supersedes the Communiqué No: XI-25 “The Financial Reporting Standards in the Capital Markets”. According to the Communiqué, entities shall prepare their financial statements in accordance with International Financial Reporting Standards (“IAS/IFRS”) endorsed by the European Union. Until the differences of the IAS/IFRS as endorsed by the European Union from the ones issued by the International Accounting Standards Board (“IASB”) are announced by Turkish Accounting Standards Board (“TASB”), IAS/IFRS issued by the IASB shall be applied. Accordingly, Turkish Accounting Standards/ Turkish Financial Reporting Standards (“TAS/TFRS”) issued by the local regulatory body which are in line with the aforementioned standards shall be considered.

With the decision taken on 17 December 2005, the CMB has 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 Accounting Standards. Accordingly, IAS 29 “Financial Reporting in Hyperinflationary Economies” issued by IASB is not applied in accompanying consolidated financial statements for the accounting periods starting 1 January 2005 except the subsidiaries operating in Belarus as explained in Note 2.1.2.

Within the scope of CMB’s Communiqué Serial XI, No: 29 and its announcements clarifying this communiqué the consolidated financial statements have been prepared in accordance with the CMB’s Financial Reporting Standards which are based on IAS/IFRS, as the differences of IAS/IFRS, adopted by the European Union, from those published by IASB have not yet been announced by Turkish Accounting Standards Board as of the date of these financial statements. The Company maintains its books of account and prepares its their statutory financial statements in accordance with the Turkish Commercial Code (the “TCC”), tax legislation, and the Uniform Chart of Accounts issued by the Ministry of Finance. Foreign subsidiaries prepare their statutory financial statements in accordance with applicable laws and regulations in force in the countries in which they are registered.

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.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

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### 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 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 International Accounting Standard 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 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 187% for the three years period ended as of 31 March 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 March 2013 are given below:

Dates	Index	Conversion Factor
31 December 2008	1,3524	3,2377
31 December 2009	1,4871	2,9444
31 December 2010	1,6362	2,6761
31 December 2011	3,4143	1,2824
31 December 2012	4,1549	1,0538
31 March 2013	4,3786	1,0000

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

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### 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	1
Change in Euro/BYR (%)	172	5	(2)
Belarus Consumer Price Index (%)	109	22	5

As of 31 March 2013, the exchange rate announced by the National Bank of the Republic of Belarus was BYR 8.670 = USD 1, BYR 11.110 = Euro 1 (31 December 2012: BYR 8.570 = USD 1, BYR 11.340 = Euro 1).

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.
- 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 presents money held and items to be received or paid in cash and cash equivalents.
- Non-monetary assets and liabilities 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). However, the Group Management has not applied inflation accounting to the financial statements of the interim period 31 March 2013 since the effect of the application of inflation accounting is below materiality level.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

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### 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 (collectively referred as the "Group") on the basis set out in sections (a) to (e) 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. Following the transfer of ownership to the Group, subsidiaries are consolidated on the basis of full consolidation. They are excluded in the consolidated financial statements within the date that control ceases. Proportion of ownership interest represents the effective shareholding of the Group through the shares held by Hürriyet and indirectly by its subsidiaries.

The balance sheets and statements of income of the subsidiaries are consolidated on the basis of full consolidation and the recorded value of shares held by Hürriyet and its subsidiaries is offset against the related equity. Intercompany transactions and balances between Hürriyet and its subsidiaries are eliminated on consolidation mutually. Finance costs and the dividends arising from shares held by Hürriyet in its subsidiaries are excluded from equity and income for the period, respectively. Where necessary, adjustments are made to the accounting policies in the financial statements of subsidiaries in order to comply with the Group's accounting policies.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

(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 March 2013 and 31 December 2012 are as follows:

Subsidiaries	Proportion of voting power held by Hürriyet and its Subsidiaries (%)		Effective ownership interests (%)	
	31 March 2013	31 December 2012	31 March 2013	31 December 2013
	Hürriyet Medya Basım	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. <sup>(1)</sup>	100,00	100,00	74,28	74,28
Impress Media Marketing LLC <sup>(1)</sup>	100,00	100,00	74,28	74,28
Moje Delo, spletni marketing, d.o.o <sup>(1),(7)</sup>	100,00	100,00	74,28	74,28
TCM Adria d.o.o.	100,00	100,00	74,28	74,28
Expressz Magyarorszag Media Kft.	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	100,00	100,00	74,28	74,28
OOO Novoprint <sup>(2)</sup>	100,00	100,00	74,28	74,28
ZAO NPK <sup>(2)</sup>	100,00	100,00	74,28	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 <sup>(3)</sup>	100,00	100,00	74,28	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 <sup>(4)</sup>	100,00	100,00	74,28	74,28
OOO Utro Peterburga <sup>(4)</sup>	55,00	55,00	40,85	40,85
OOO Pronto Samara	100,00	100,00	74,28	74,28
OOO Pronto Stavropol <sup>(5)</sup>	100,00	100,00	74,28	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

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

(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 March 2013	31 December 2012	31 March 2013	31 December 2012
OOO Rosprint Samara <sup>(6)</sup>	100,00	100,00	74,28	74,28
OOO Tambukan	85,00	85,00	63,14	63,14
OOO Partner-Soft <sup>(2)</sup>	90,00	90,00	66,85	66,85
Pronto Soft	90,00	90,00	66,85	66,85
OOO Pronto Kemerovo	100,00	100,00	74,28	74,28
OOO Pronto Smolensk	100,00	100,00	74,28	74,28
OOO Pronto Tula	100,00	100,00	74,28	74,28
OOO Pronto Voronezh	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	100,00	100,00	74,28	74,28
OOO Rektcentr	100,00	100,00	74,28	74,28
OOO Pronto Neva	100,00	100,00	74,28	74,28
SP Pronto Kiev	50,00	50,00	37,14	37,14
TOV E-Prostir	50,00	50,00	37,14	37,14
Publishing House Pennsylvania Inc	100,00	100,00	74,28	74,28
Bolji Posao d.o.o. Serbia	100,00	100,00	40,85	40,85
Bolji Posao d.o.o. Bosnia	100,00	100,00	40,85	40,85
Sklad Dela Prekmurje NGO <sup>(7)</sup>	100,00	100,00	40,85	40,85
OOO Rukom <sup>(8)</sup>	100,00	100,00	74,28	74,28
Pronto Ust Kamenogorsk	100,00	100,00	59,42	59,42
OOO Pronto Pskov	100,00	100,00	66,85	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) Related subsidiary has been in the liquidation process in 2012.
- (3) Related subsidiary has been in the liquidation process in 2011.
- (4) Related subsidiary has ceased its operations before the year 2010.
- (5) The merger process with Pronto Rostov has been completed in April 2013.
- (6) Related subsidiary has been in the merger process with Pronto Samara in January 2013.
- (7) Related subsidiary was sold on 23 April 2013.
- (8) Related subsidiary has ceased its operations in 2012.



# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

(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)

###### *(b) Joint ventures*

Joint ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by Hürriyet and its subsidiaries and one or more other parties. Proportionate consolidation had been used for joint ventures until the period ended 31 December 2012, except when the investment is classified as asset held for sale, in which case it is accounted for under IFRS 5; in other words, consolidation had been performed by including the parent company’s asset, liability, income and expense share on the joint venture. Where the Group transacts with its jointly controlled entities, unrealized profits and losses had been eliminated to the extent of the Group’s interest in the joint venture.

Consequent to the amendments under IFRS 11, effective from 1 January 2013, The Group has applied the equity accounting method replaced with proportional consolidation as stated Note 2.1.6.

The joint-ventures, the proportion of voting power held by Hürriyet and its subsidiaries and effective ownership interests at 31 March 2013 and 31 December 2012 are as follows:

<b>Joint Ventures</b>	<b>31 March 2013</b>	<b>31 December 2012</b>
	<b>Direct and indirect share of Hürriyet and its Subsidiaries (%)</b>	<b>Direct and indirect share of Hürriyet and its Subsidiaries (%)</b>
Tipeez İnternet Hizmetleri A.Ş. (“Tipeez”)	30,00	30,00
OOO Autoscout24 (1)	37,88	37,88
ASPM Holding B.V.	37,88	37,88

(1) Related joint venture has been in the liquidation process on 19 February 2013.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

(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)

###### (c) Investments in associates

Investments in associates are consolidated by using the equity method of accounting. These are undertakings over which the Group has significant influence, but no controlling power. 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. Investments in associates are accounted for using the equity method of accounting. Such entities are companies in which Doğan Yayın Holding and its subsidiaries have 20% - 50% of the voting rights of the Group's overall voting power, where the Group has significant influence without any controlling power over the operations. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in its associates; unrealized losses are also eliminated if there is no indication of the assets transferred. Net increases or decreases in the net assets of Associates are included in the consolidated financial statements in regards with the Group's share and classified under "Share of loss of investments accounted for by the equity method". When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interest that, in substance, form part of the Group's net investment in the associate ), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associated undertakings; unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Equity accounting is discontinued when the carrying amount of the investment in an associated undertaking reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associated undertaking. Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value.

The Associates and the proportion of ownership interests at 31March 2013 and 31 December 2012 are as follows:

	<b>31 March 2013</b>	<b>31 December 2012</b>
	<b>Direct and indirect control</b>	<b>Direct and indirect control</b>
	<b>by Hürriyet</b>	<b>by Hürriyet</b>
	<b>and its Subsidiaries (%)</b>	<b>and its Subsidiaries (%)</b>
<b><i>Investments in associates</i></b>		
Doğan Media International GmbH ("Doğan Media")	42,42	42,42

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

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

#### 2.1 Basis of presentation (Continued)

##### 2.1.3 Consolidation principles (Continued)

###### *(d) 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.

###### *(e) 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.

As a consequence, situations that arise due to the content of transactions and events make offsetting necessary, as the stating of the transaction or event over the net values or recognizing assets after the deduction for impairment, is not regarded as a violation of the rule of non-offsetting.

Income obtained, other than revenue, defined under the title "Proceeds" as a result of the Group's transactions realised within the normal course of business, is accounted for over the net values, provided that they are related to the essence of the transaction or event.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

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

#### 2.1 Basis of presentation (Continued)

##### 2.1.5 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. In order to maintain consistency, with current period consolidated financial statements, comparative information is reclassified and significant changes are disclosed if necessary. In the current year, the Group has reclassified its prior period financial statements in order to comply with the presentation of its current period consolidated financial statements. The nature, amount and reason for the reclassifications are described below:

- Personnel expense in "General administrative expenses" amounting to TL 151.916 is classified in "Cost of sales".
- Income in "Financial income" amounting to 1.853.000 TL is presented by offsetting with "Financial expense".

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

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 recognize at their fair values. The group has reflected the effect of this change as of 1 January 2010 and therefore previous period's financial statements are restated according to International Accounting Standard "Accounting Policies, Changes in Accounting Estimates and Errors" (IAS 8). Consequent to the change, the Group's investment properties has increased by TL 13.443.625 as of 31 March 2012; and the change has affected the Group's equity and net loss for the period as TL 12.780.100 and TL (2.157.124), respectively as of 31 March 2012. The details of the change based on the accounts as of 31 December 2012 are as follows:

	Previously Reported	Related Adjustments	As Restated
Investment properties	26.309.614	13.443.625	39.753.329
Deferred tax liabilities	127.533.245	663.525	128.196.770
Retained earnings	(191.679.689)	14.937.224	(176.742.465)
Net profit for the period	149.946.815	(2.157.124)	147.789.691
General administrative expenses (-)	(39.655.467)	33.915	(39.621.552)
Other operating expenses (-)	146.213.621	(1.388.952)	144.824.669
Other operating income	(4.813.053)	(917.405)	(5.730.458)
Deferred tax (expense)/income	(3.384.170)	115.318	(3.268.852)
Earnings / (loss) per share (TL)	0,2716	(0,004)	0,2677

Joint ventures accounted under IAS 31 are determined as jointly controlled entities and are accounted for using the equity method replaced with proportional consolidation according to IFRS 11. With the decision taken as a result of the evaluations by Group management, since the effect of the amendment is below materiality level, the Group has not restated previous financial statements.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

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### 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)

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.

##### 2.1.7 Amendments in the CMB Financial Reporting Standards

Standards that are effective in the current period but has no impact on the Group's financial statements, standards and interpretations that are not yet effective and their earlier practices are not adopted by the Group and standards that are adopted by the Group and have effects on the amounts of the consolidated financial statements are explained in detail below.

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

###### New and revised Standards on consolidation, joint arrangements, associates and disclosures

In May 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (2011) and IAS 28 (2011).

Key requirements of these five Standards are described below:

IFRS 10 replaces the parts of IAS 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 IFRS 10. Under IFRS 10, there is only one basis for consolidation, that is, control. In addition, IFRS 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 IFRS 10 to deal with complex scenarios.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED 31 MARCH 2013**

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

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**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);**

IFRS 11 replaces IAS 31 Interests in Joint Ventures. IFRS 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 IFRS 11. Under IFRS 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 IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportional consolidation.

IFRS 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 IFRS 12 are more extensive than those in the current standards.

In June 2012, the amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the application of these IFRSs 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, with earlier application permitted provided all of these standards are applied at the same time. The Group management does not anticipate that the application of these five standards, except amendment to IFRS 11, will have a significant impact on amounts reported in the consolidated financial statements. Joint ventures accounted under IAS 31 are determined as jointly controlled entities and are accounted for using the equity method replaced with proportional consolidation according to IFRS 11 as stated in Note 2.1.6.

**IAS 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. In 2012, The Group management has preferred to early apply the changes in IAS 19 and all actuarial gains and losses are recognized in other comprehensive income statement. The amendments to IAS 19 require retrospective application. Therefore, the Group management has evaluated the effect of the change in accounting policy to financial statements as of 31 March 2012 and has decided not to restate the previous financial statements since the effects after calculated tax are below materiality level.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

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### 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 IAS 1	<i>Presentation of Items of Other Comprehensive Income</i>
Amendments to IAS 1 IFRS 13	<i>Clarification of the Requirements for Comparative Information Fair Value Measurement</i>
Amendments to IFRS 7	<i>Disclosures – Offsetting Financial Assets and Financial Liabilities</i>
Amendments to IFRSs	<i>Annual Improvements to IFRSs 2009-2011 Cycle except for the amendment to IAS 1</i>
IFRIC 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i>

##### (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 IFRSs and interpretations that have been issued but are not yet effective:

IFRS 9	<i>Financial Instruments</i>
Amendments to IFRS 9 and IFRS 7	<i>Mandatory Effective Date of IFRS 9 and Transition Disclosures</i>
Amendments to IAS 32	<i>Offsetting Financial Assets and Financial Liabilities</i>

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

### 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 control over 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 member (immediate family members) and real persons and/or legal entities that are directly or indirectly controlled individually or jointly (Note 32).

#### 2.2.2 Financial assets

In accordance with IAS 39, the Group classifies its financial instruments as “assets held at fair value through profit or loss”, “held-to-maturity”, “available-for-sale” and “loans and receivables”. Classification is determined based on the acquisition purpose and specifications of the financial asset at the initial recognition.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

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

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

##### 2.2.2 Financial assets (Continued)

All financial assets are recognised at cost including transaction costs in the initial measurement. Group's financial assets as of 31 March 2013 and 31 December 2012 consist of "*Financial assets at fair value through profit or loss*" and "*Financial assets held-for sale*".

"*Financial assets at fair value through profit or loss*" financial assets that have been acquired principally for the purpose of taking advantage of fluctuations in price and other similar elements or independent from initial recognition financial assets held for trading which are part of a portfolio that has a recent actual pattern of short-term profit-taking. A financial asset is classified in this category if it is primarily acquired for the purpose of selling in the short-term. Financial assets at fair value through profit or loss are initially carried at cost including transaction costs at the balance sheet. Subsequent to recognition, the financial assets are carried at fair value. Realized or unrealized gains and losses are recognized in "financial income/expenses". Dividends received, are recognized as dividend income in the consolidated statement of income. Financial assets considered as derivative instruments that are not designated for the purpose of hedging instruments are classified as financial assets at fair value through profit or loss.

The Group's "*available for sale financial assets*" comprise of quoted equity instruments and certain debt securities that are traded in an active market and they are measured at fair value. Unrealized gains or losses on an available-for-sale financial asset shall be recognised in equity, through the investments revaluation reserves and comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in equity shall be recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss. Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group's right to receive payment is established.

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).

The Group's trade receivables from providing goods or services to customers are carried at net off unrealized finance income. Trade receivables, net of unrealized finance income, are calculated by discounting future cash inflows of receivables carried at the original invoice amount using the effective interest method. Short term receivables with indefinite interest rate are carried at cost unless the effect of imputing interest is significant (Note 9).

"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.



# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

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### 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

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.

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 26).

##### 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 11).

##### *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.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

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

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

##### 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 13).

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.

Assets held under operating lease have not been classified as investment properties.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

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### 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 14).

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.

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.

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.

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.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

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### 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 15).

Intangible assets with finite useful lives are evaluated for impairment losses and an impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. 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 15). Following the planning phase and operation; all costs are recognized as expense. Maintenance costs of web pages are accounted as operational expenses.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

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

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

##### 2.2.10 Goodwill

Goodwill arising from business combinations effected subsequent to 30 June 2004 is not amortized and instead reviewed for any impairment losses in accordance with IFRS 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. 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 judgments

###### *Useful lives of intangible assets*

Useful lives of some trade marks 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 3.338.827 (31 March 2012: TL 3.562.233) and their loss before tax and minority interests would have increased by TL 3.338.827 (31 March 2012: TL 3.562.233).

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

If the useful lives of trade names, 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 303.530 and loss before tax and non-controlling interests would have decreased by TL 303.530 (31 March 2012: TL 768.468) or
- Had the useful lives been lower by 10%, amortization charges would have increased by TL 370.981 and loss before tax and non-controlling interests would have increased by TL 370.981 (31 March 2012: TL 939.238).

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

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

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

##### 2.2.12 Taxes

Taxation on income 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.

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 30). 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 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).

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

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

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

##### 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 an 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 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.

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.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

(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

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.

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 March 2013 and 31 December 2012 are summarized below:

<u>Country</u>	<u>Currency</u>	<u>31 March 2013</u>	<u>31 December 2012</u>
Russia	Ruble	0,0582	0,0587
Eurozone	Euro	2,3189	2,3517
Hungary	Forint	0,0076	0,0081
Croatia	Kuna	0,3056	0,3113
Ukraine	Grivna	0,2263	0,2230
Romania	New Ley	0,5252	0,5319
Kazakhstan	Tenge	0,0120	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 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.



# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

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### 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 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.

###### 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.

###### Newspaper sales returns

Provision for newspaper sales returns is accounted at the time of delivery based on past experiences and other related information.

###### 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.

##### 2.2.19 Barter agreements

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.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

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

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

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

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 22). 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 31).

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.

##### 2.2.23 Reporting of cash flows

In the statement of cash flows, consolidated cash flows during the period are classified under operating, investing or 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).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED 31 MARCH 2013**

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

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

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

**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 Assets held for sale**

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. Assets classified as held for sale by the Group and discontinued operations, are measured at the lower of the carrying amount of assets and liabilities related to discontinued operations and fair value less costs to sell (Note 29).

**2.2.26 Business combinations**

The acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognized loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date (Note 3).

**2.2.27 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).

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

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

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

##### 2.2.28 Derivative financial instruments

Derivative financial instruments, predominantly foreign currency interest swap agreements and foreign currency agreements are initially recognized at their historical costs plus the transaction costs. 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 March 2013 and 31 December 2012.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

### NOTE 4 - SEGMENT REPORTING

#### a) Segmental analysis for the period between 1 January – 31 March 2013:

	Turkey	Russia and EE	Europe	Total
Sales	140.846.914	41.837.399	10.654.089	193.338.402
Cost of sales (-)	(94.951.061)	(22.138.166)	(8.862.022)	(125.951.249)
<b>Gross operating profit</b>	<b>45.895.853</b>	<b>19.699.233</b>	<b>1.792.067</b>	<b>67.387.153</b>
Marketing, selling and distribution expenses (-)	(25.453.963)	(6.373.526)	(503.773)	(32.331.262)
Losses from investments accounted for by the equity method (-)	(2.309.641)	-	-	(2.309.641)
<b>Net segment result</b>	<b>18.132.249</b>	<b>13.325.707</b>	<b>1.288.294</b>	<b>32.746.250</b>
General administrative expenses (-)				(38.769.063)
Other operating income				2.763.793
Other operating expenses (-)				(7.651.895)
Financial income				17.753.290
Financial expense (-)				(23.783.750)
<b>Loss before tax</b>				<b>(16.941.375)</b>
Tax expenses for the period (-)				(3.317.414)
Deferred tax income				3.381.433
<b>Net loss for the period</b>				<b>(16.877.356)</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

### NOTE 4 - SEGMENT REPORTING (Continued)

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

	Turkey	Russia and EE	Europe	Total
Sales	141.124.918	46.605.377	11.343.775	199.074.070
Cost of sales (-)	(97.626.314)	(24.323.930)	(8.616.996)	(130.567.240)
<b>Gross operating profit</b>	<b>43.498.604</b>	<b>22.281.447</b>	<b>2.726.779</b>	<b>68.506.830</b>
Marketing, selling and distribution expenses (-)	(26.844.460)	(5.435.490)	(745.035)	(33.024.985)
Losses from investments accounted for by the equity method (-)	(2.707.491)	-	-	(2.707.491)
<b>Net segment result</b>	<b>13.946.653</b>	<b>16.845.957</b>	<b>1.981.744</b>	<b>32.774.354</b>
General administrative expenses (-)				(39.469.636)
Other operating income				144.824.669
Other operating expense (-)				(5.730.458)
Financial income				58.309.654
Financial expense (-)				(24.561.786)
<b>Profit before tax</b>				<b>166.146.797</b>
Tax expenses for the period (-)				(14.174.539)
Deferred tax income				(3.268.852)
<b>Net profit for the period</b>				<b>148.703.406</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

### NOTE 4 - SEGMENT REPORTING (Continued)

#### c) Segment assets:

	31 March 2013	31 December 2012
Turkey	664.878.414	718.712.599
Russia and EE	640.166.620	649.097.511
Europe	118.926.921	143.890.723
	<b>1.423.971.955</b>	<b>1.511.700.833</b>
Unallocated assets	21.447.311	35.890.598
Investments accounted for by the equity method	2.870.341	5.258.016
<b>Total assets per consolidated financial statements</b>	<b>1.448.289.607</b>	<b>1.552.849.447</b>

Group's assets other than segment assets include prepaid taxes (Note 21), VAT receivables (Note 21) and deferred tax assets (Note 30).

#### d) Segment liabilities:

	31 March 2013	31 December 2012
Turkey	35.539.045	24.736.254
Russia and EE	19.989.849	14.734.868
Europe	58.519.513	63.842.780
	<b>114.048.407</b>	<b>103.313.902</b>
Unallocated liabilities	608.183.303	701.862.290
<b>Total liabilities per consolidated financial statements</b>	<b>722.231.710</b>	<b>805.176.192</b>

Group's liabilities other than segment liabilities is composed of short and long-term borrowings (Note 7), provisions (Note 18), employee termination benefits (Note 20), VAT payable and unused vacation provision (Note 21), current tax liability and deferred tax liabilities (Note 30).

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

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### NOTE 4 - SEGMENT REPORTING (Continued)

#### e) Depreciation and amortization charges and capital expenditures

##### Capital expenditures

	31 March 2013	31 March 2012
Turkey	7.535.289	17.150.177
Russia and EE	1.545.713	1.299.627
Europe	254.261	553.828
<b>Total</b>	<b>9.335.263</b>	<b>19.003.632</b>

##### Depreciation and amortization charges:

	31 March 2013	31 March 2012
Turkey	10.806.730	10.869.174
Russia and EE	6.752.402	6.493.027
Europe	1.921.071	2.043.378
<b>Total</b>	<b>19.480.203</b>	<b>19.405.579</b>



# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

### NOTE 4 - SEGMENT REPORTING (Continued)

#### f) Non-cash expenses:

	1 January-31 March 2013			
	Turkey	Russia and EE	Europe	Total
Provision for employee termination benefits and unused vacation rights (Note 20,21)	6.839.865	1.835.489	-	8.675.354
Provision for impairment of asset held for sale (Note 29)	-	-	3.536.674	3.536.674
Provision for lawsuits (Note 18)	572.896	-	-	572.896
Provision for doubtful receivables (Note 9, 21)	196.509	128.050	17.935	342.494
Provision for impairment of inventory (Note 11)	280.405	-	-	280.405
	<b>7.889.675</b>	<b>1.963.539</b>	<b>3.554.609</b>	<b>13.407.823</b>

	1 January 2012- 31 March 2012			
	Turkey	Russia and EE	Europe	Total
Provision for employee termination benefits and unused vacation rights (Note 20,21)	3.933.226	1.781.767	-	5.714.993
Provision for doubtful receivables (Note 9, 21)	485.114	524.030	6.408	1.015.552
Loss from fair value adjustment (Note 26)	917.405	-	-	917.405
Provision for lawsuits (Note 18)	687.906	-	-	687.906
Tax base increase expenses under Law No. 6111 (Note 26, 28)	442.050	-	-	442.050
Provision for impairment of available for sale financial assets (Note 6)	65.322	-	-	65.322
	<b>6.531.023</b>	<b>2.305.797</b>	<b>6.408</b>	<b>8.843.228</b>

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

#### NOTE 5 - CASH AND CASH EQUIVALENTS

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

	31 March 2013	31 December 2012
Cash	910.035	727.453
Banks		
- time deposits	26.256.516	94.346.879
- demand deposits	25.517.595	18.357.335
- blocked deposits	37.607	37.525
<b>Total</b>	<b>52.721.753</b>	<b>113.469.192</b>

The Group has blocked deposits amounting to TL 37.607 as of 31 March 2013 (31 December 2012: TL 37.525). The blocked deposits consist of demand deposits amounting to TL 15.663 (31 December 2012: TL 15.663).

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

	31 March 2013	31 December 2012	31 March 2012	31 December 2011
Cash and banks	52.721.753	113.469.192	107.391.817	281.604.096
Less: Blocked deposits	(37.607)	(37.525)	(13.341)	(35.304)
Less: Interest accruals	(78.271)	(107.381)	(255.405)	(512.641)
<b>Total</b>	<b>52.605.875</b>	<b>113.324.286</b>	<b>107.123.071</b>	<b>281.056.151</b>

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

	31 March 2013	31 December 2012
0-1 month	22.928.749	92.251.013
1-3 months	3.349.711	2.117.728
	<b>26.278.460</b>	<b>94.368.741</b>

There are no time deposits with variable interest rates at 31 March 2013 and 31 December 2012. The gross interest rate for TL time deposits is 6,72 % as of 31 March 2013 (31 December 2012: 7,27%). The gross interest rates of foreign currency denominated time deposits are 0,35 % for Euro (31 December 2012: 2,50%).

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

(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 March 2013 and 31 December 2012 are as presented below:

	Share % 31 March 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")	19,00	169.169	19,00	169.166
B2C Prodüksiyon Bilişim ve Emlak Danışmanlığı Sanayi Ticaret A.Ş. ("B2C")	15,00	150.000	15,00	150.000
Other	-	150.018	-	151.882
<b>Total</b>		<b>2.225.469</b>		<b>2.227.330</b>

Financial investments are carried at cost less provision for impairment since they are not being traded in an active market.

As of 31 March 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
<b>1 January</b>	-	<b>(2.208.193)</b>
Provision for impairment (Note 4.f)	-	(65.322)
<b>31 March</b>	-	<b>(2.273.515)</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

### NOTE 7 - FINANCIAL LIABILITIES

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

#### Short-term financial liabilities and short term portion of long term financial liabilities:

	31 March 2012	31 December 2012
Bank borrowings (Note 33.ii)	59.729.244	261.555.320
Financial liabilities to suppliers (Note 33.ii)	26.247.731	34.193.200
<b>Total</b>	<b>85.976.975</b>	<b>295.748.520</b>

#### Long-term financial liabilities:

	31 March 2012	31 December 2012
Bank borrowings (Note 33.ii)	330.761.271	201.449.549
Financial liabilities to suppliers (Note 33.ii)	8.780.444	6.929.212
<b>Total</b>	<b>339.541.715</b>	<b>208.378.761</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

### NOTE 7 - FINANCIAL LIABILITIES (Continued)

#### Bank borrowings:

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

	<u>Effective interest rate (%)</u>		<u>Original foreign currency</u>		<u>TL</u>	
	<u>31 March 2013</u>	<u>31 December 2012</u>	<u>31 March 2013</u>	<u>31 December 2012</u>	<u>31 March 2013</u>	<u>31 December 2012</u>
<b>Short-term bank borrowings</b>						
- Euro	-	4,0	-	5.041.285	-	11.855.588
<b>Sub-total</b>					-	<b>11.855.588</b>
<b>Short-term portion of long-term bank borrowings</b>						
- USD	5,9	5,4	27.198.453	134.087.546	49.193.843	239.024.460
- Euro	3,7	5,4	4.543.275	4.539.385	10.535.401	10.675.272
<b>Sub-total</b>					<b>59.729.244</b>	<b>249.699.732</b>
<b>Total short-term bank borrowings</b>					<b>59.729.244</b>	<b>261.555.320</b>
<b>Long-term bank borrowings</b>						
- USD	5,7	5,4	180.000.000	110.000.000	325.565.999	196.086.000
- Euro	3,8	3,8	2.240.403	2.280.711	5.195.272	5.363.549
<b>Total long-term bank borrowings</b>					<b>330.761.271</b>	<b>201.449.549</b>

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

(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:

<b>Year</b>	<b>31 March 2013</b>	<b>31 December 2012</b>
2014	108.522.000	108.216.862
2015	218.434.062	90.422.284
2016	1.282.164	1.489.359
2017 and after	2.523.045	1.321.044
<b>Total</b>	<b>330.761.271</b>	<b>201.449.549</b>

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

<b>Period</b>	<b>31 March 2013</b>	<b>31 December 2012</b>
Up to 6 months	388.983.230	461.617.366
6-12 months	1.368.151	1.387.503
1 to 5 years	139.134	-
<b>Total</b>	<b>390.490.515</b>	<b>463.004.869</b>

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 33.1 (i).

In January 2013, OOO Pronto Moscow, one of the indirect subsidiaries of the Group, has restructured its bank loan which was classified as short term financial liabilities of 31 December 2012 amounting to USD 70.000.000 and the loan has been classified as long term financial liabilities in the current period. Besides, the interest rate which was 6,40 % as of 31 December 2012 has been reduced to 6,25 % in the current period.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

(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 0,84% for USD, 1,40 % for Euro and 1,08% for CHF (31 December 2012: USD: 0,91%, Euro: 1,22%, CHF: 1,07%).

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

Year	31 March 2013	31 December 2012
2014	5.074.565	5.146.343
2015 and after	3.705.879	1.782.869
<b>Total</b>	<b>8.780.444</b>	<b>6.929.212</b>

As of 31 March 2013, the Group's short-term financial liabilities to suppliers issued at variable interest rate are amounting to TL 26.247.731 (31 December 2012: TL 34.193.200), the long-term financial liabilities issued at variable interest rate are TL 6.831.172 (31 December 2012: TL 6.929.212) and the long-term financial liabilities issued at fixed interest rate are TL 1.949.272 (31 December 2012: nil).

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

Period	31 March 2013	31 December 2012
Up to 6 months	33.080.300	41.122.412
1 to 5 years	1.947.875	-
<b>Total</b>	<b>35.028.175</b>	<b>41.122.412</b>

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 amounted to TL 215.676.059 as of 31 March 2013 (31 December 2012: TL 298.739.972).

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

#### NOTE 8 - OTHER FINANCIAL ASSETS AND LIABILITIES

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

	31 March 2013	31 December 2012
Derivative financial assets (Note 19)	2.346.250	573.393
<b>Total</b>	<b>2.346.250</b>	<b>573.393</b>

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

	31 March 2013	31 December 2012
Derivative financial liabilities		
Financial liabilities due to put options	14.626.957	18.207.476
- <i>Short term (Note 19)</i>	14.626.957	18.207.476
<b>Total</b>	<b>14.626.957</b>	<b>18.207.476</b>

#### NOTE 9 - TRADE RECEIVABLES AND PAYABLES

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

	31 March 2013	31 December 2012
Trade receivables	238.586.529	238.793.913
Receivables from credit cards	6.291.338	9.135.537
Notes and cheques receivable	3.495.995	4.029.429
	<b>248.373.862</b>	<b>251.958.879</b>
Unearned finance income due from term sales	(675.179)	(2.015.435)
Less: provision for doubtful receivables (Note 33)	(56.612.687)	(57.655.704)
<b>Short-term trade receivables</b>	<b>191.085.996</b>	<b>192.287.740</b>

According to a revocable commitment agreement signed with Doğan Factoring Hizmetleri A.Ş., trade receivables resulting from advertisements, amounting to TL 132.142.682 (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 receivable followed up by Doğan Factoring is 98 days (31 December 2012: 98 days). The unearned finance income due from term sales related with the receivables followed up by Doğan Factoring is TL 727.084 (31 December 2012: TL 939.315) and the compounded interest rate is 8,73 % per annum (31 December 2012: 10,03%).



## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

(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
<b>1 January</b>	<b>(57.655.704)</b>	<b>(55.438.024)</b>
Additions during the period (Note 26)	(342.494)	(900.313)
Collections during the period	530.854	965.492
Currency translation differences	567.074	(223.739)
Provision related to assets held for sale	287.583	-
<b>31 March</b>	<b>(57.655.704)</b>	<b>(55.596.584)</b>

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

	31 March 2013	31 December 2012
Short-term trade payables	49.789.146	47.475.832
Cheques and notes payable	29.000	-
	<b>49.818.146</b>	<b>47.475.832</b>
Unrealized financial expenses due to term purchases	(111.108)	(79.748)
<b>Total</b>	<b>49.707.038</b>	<b>47.396.084</b>

As of 31 March 2013, the due date of Group's trade payables is 53 days (31 December 2012: 51 days). As of 31 March 2013, unrealized financial expense is TL 111.108 and the compounded interest rate is 8,73% per annum ( 31 December 2012: 10,03 %).

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

### NOTE 10 - OTHER RECEIVABLES AND PAYABLES

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

	31 March 2013	31 December 2012
Notes receivable (1)	72.824.706	73.918.846
Deposits and guarantees given	753.648	601.398
<b>Total</b>	<b>73.578.354</b>	<b>74.520.244</b>

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

	31 March 2013	31 December 2012
Notes and cheques receivable(1)	45.644.743	61.276.875
Deposits and guarantees given	1.230.681	1.183.230
<b>Total</b>	<b>46.875.424</b>	<b>62.460.105</b>

- (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 March 2013, USD 41.250.000 (TL 74.608.875) of the related consideration is recognized as short term notes receivable and USD 24.062.500 (TL 43.521.844) is recognized as long term notes receivable in the accompanying consolidated financial statements. Total collectable interest amount related to principal payments is USD 6.395.692 and USD 3.638.451 of this amount (TL 6.449.154), 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 187.279 (TL 338.732) and is recognized as short term notes and cheques receivable and finance income in the accompanying financial statements.

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

	31 March 2013	31 December 2012
Taxes and funds payable	9.178.297	8.700.446
Social security withholdings payable	6.714.728	3.733.101
Due to personnel	5.311.617	3.705.275
Deposits and guarantees received	459.734	702.231
<b>Total</b>	<b>21.664.376</b>	<b>16.841.053</b>

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

	31 March 2013	31 December 2012
Deposits and guarantees received	207.376	170.675
<b>Total</b>	<b>207.376</b>	<b>170.675</b>

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

#### NOTE 11 - INVENTORIES

	31 March 2013	31 December 2012
Raw materials and supplies	14.546.150	14.271.941
Promotion materials (1)	5.302.942	6.882.221
Finished goods and merchandise	1.323.627	1.451.622
Semi-finished goods	170.556	224.881
	<b>21.343.275</b>	<b>22.830.665</b>
Provision for impairment of inventory	(3.629.734)	(3.433.906)
<b>Total</b>	<b>17.713.541</b>	<b>19.396.759</b>

(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
<b>1 January</b>	<b>(3.433.906)</b>	<b>(1.941.808)</b>
Provision for impairment of promotion inventories	(105.715)	-
Provision for impairment of raw materials and supplies	(174.690)	-
Reversal of provision for impairment of promotion materials	84.577	-
<b>31 March</b>	<b>(3.629.734)</b>	<b>(1.941.808)</b>

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

#### NOTE 12 - INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD

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

	Share %	31 March 2013	Share %	31 December 2012
Doğan Media International GmbH ("Dogan Media")	42,42	2.823.315	42,42	5.258.016
ASPM Holding B.V.	37,88	47.026	37,88	-
OOO Autoscout24	37,88	-	37,88	-
Tipeez İnternet Hizmetleri A.Ş.	30,00	-	30,00	-
		<b>2.870.341</b>		<b>5.258.016</b>

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

31 March 2013	Total assets	Total liabilities	Net sales	Net loss for the period
Doğan Media	20.803.990	17.980.675	12.061.871	(2.307.374)
ASPM Holding B.V.	71.950	24.924	-	(3.632)
Tipeez İnternet Hizmetleri A.Ş.	175.572	533.117	100.150	1.365
OOO Autoscout24	-	-	-	-
	<b>21.051.512</b>	<b>18.538.716</b>	<b>12.162.021</b>	<b>(2.309.641)</b>

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

31 December 2012	Total assets	Total liabilities		Net loss for the period
Doğan Media	19.078.823	13.820.807		
	<b>19.078.823</b>	<b>13.820.807</b>		
31 March 2012	Net sales			Net loss for the period
Doğan Media	11.556.056			(2.707.491)
	<b>11.556.056</b>			<b>(2.707.491)</b>

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

#### NOTE 12 - INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD (Continued)

The movements of investments accounted for by the equity method during the periods ending at 31 March are as follows:

	2013	2012
<b>1 January</b>	<b>5.258.016</b>	<b>7.423.271</b>
The effect of change in accounting standard	150.000	-
<b>Restated</b>	<b>5.408.016</b>	<b>7.423.271</b>
Loss from associates	(2.309.641)	(2.707.491)
Currency translation differences	(228.034)	56.846
<b>31 March</b>	<b>2.870.341</b>	<b>4.772.626</b>

#### NOTE 13 - INVESTMENT PROPERTY

The movements in investment property as of 31 March 2013 and 31 December 2012 are as follows:

	1 January 2013	Additions	Disposals	Gain / (loss) from fair value adjustment	31 March 2013
<b>Cost:</b>					
Land	26.109.998	-	-	-	26.109.998
Buildings	23.941.139	3.768.142	(8.027.051)	580.941	20.263.171
	<b>50.051.137</b>	<b>3.768.142</b>	<b>(8.027.051)</b>	<b>580.941</b>	<b>46.373.169</b>

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 2.1.5).

The Group's rent income from investment properties amounted to TL 23.595 as of 31 March 2013 (31 March 2012: TL 21.450). Direct operating expenses arising from the investment properties in the period amounted to TL 82.800 (31 March 2012: TL 70.709).

	1 January 2012	Additions	Disposals	Gain from fair value adjustment	31 March 2012
Land	22.995.000	1.964.442	-	(2.306.357)	22.653.085
Buildings	19.325.984	2.744.931	(6.359.713)	1.388.952	17.100.154
	<b>42.320.984</b>	<b>4.709.373</b>	<b>(6.359.713)</b>	<b>(917.405)</b>	<b>39.753.239</b>

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

#### NOTE 14 - PROPERTY, PLANT AND EQUIPMENT

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

	1 January 2013	Currency translation differences	Additions	Disposals	Transfers(1)	Classified to assets held for sale	31 March 2013
<b>Cost</b>							
Land and land improvements	23.224.425	(105.361)	-	-	-	-	23.119.064
Buildings	153.376.334	(565.517)	31.902	-	(469.999)	-	152.372.720
Machinery and equipments	612.730.375	(813.461)	81.474	(813.108)	-	-	611.185.280
Motor vehicles	9.915.741	(83.998)	-	(419.612)	-	-	9.412.131
Furniture and fixtures	52.866.926	(89.607)	1.981.119	(414.120)	-	(156.666)	54.187.652
Leasehold improvements	36.381.954	(18.554)	450.662	-	469.999	-	37.284.061
Other non-current assets	757.637	(12.902)	-	-	-	-	744.735
Construction in progress	529.407	(130.791)	1.457.912	(30.265)	-	-	1.826.263
	<b>889.782.799</b>	<b>(1.820.191)</b>	<b>4.003.069</b>	<b>(1.677.105)</b>	<b>-</b>	<b>(156.666)</b>	<b>890.131.906</b>
<b>Accumulated depreciation</b>							
Land and land improvements	(378.298)	-	(12.921)	-	-	-	(391.219)
Buildings	(41.551.714)	134.838	(948.251)	-	-	-	(42.365.127)
Machinery and equipments	(471.584.453)	738.118	(8.251.881)	775.685	-	-	(478.322.531)
Motor vehicles	(6.922.655)	147.398	(59.629)	201.244	-	-	(6.633.642)
Furniture and fixtures	(35.637.208)	50.603	(1.831.289)	389.849	-	144.204	(36.883.841)
Leasehold improvements	(24.508.776)	9.275	(552.344)	-	-	-	(25.051.845)
Other non-current assets	(751.688)	82.729	(44.364)	-	-	-	(713.323)
	<b>(581.334.792)</b>	<b>1.162.961</b>	<b>(11.700.679)</b>	<b>1.366.778</b>	<b>-</b>	<b>144.204</b>	<b>(590.361.528)</b>
<b>Net book value</b>	<b>308.448.007</b>						<b>299.770.378</b>

At 31 March 2013, net book value of the property, plant and equipment included in machinery and equipments and acquired through financial leases is amounting to TL 4.681.985 (31 December 2012: TL 5.349.438).

At 31 March 2013 there are mortgages on property, plant and equipment amounting to TL 15.072.850 (31 December 2012: TL 15.286.050).

For the period ended at 31 March 2013 depreciation expense amounting to TL 9.231.502 (31 March 2012: TL 9.567.534) is added to cost of sales (Note 23), amounting to TL 2.469.177 (31 March 2012: TL 2.494.101) is added to marketing, selling and distribution and general administrative expenses (Note 24).

(1) As a result of the review of plant, property and equipment, additional fixed assets amounting to TL 469.999 are decided to be classified from building to leasehold improvements.

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

#### NOTE 14 - PROPERTY, PLANT AND EQUIPMENT (Continued)

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

	1 January 2012	Currency translation differences	Additions	Disposals	Transfers	31 March 2012
<b>Cost</b>						
Land and land improvements	40.852.448	252.250	-	(8.382.233)	-	32.722.465
Buildings	165.179.647	(657.321)	-	(150.718)	-	164.371.608
Machinery and equipments	693.924.022	(217.275)	4.584.004	(650.463)	26.862	697.667.150
Motor vehicles	11.573.299	(118.838)	-	(191.673)	-	11.262.788
Furniture and fixtures	106.612.494	(236.879)	898.293	(1.290.130)	-	105.983.778
Leasehold improvements	25.052.071	15.405	26.043	(44.354)	-	25.049.165
Other non-current assets	685.177	(20.885)	65.594	-	-	729.886
Construction in progress	414.290	(54.671)	7.042.872	(48.450)	(26.862)	7.327.179
	<b>1.044.293.448</b>	<b>(1.038.214)</b>	<b>12.616.806</b>	<b>(10.758.021)</b>	<b>-</b>	<b>1.045.114.019</b>
<b>Accumulated depreciation</b>						
Land and land improvements	(272.438)	-	(14.702)	265.304	-	(21.836)
Buildings	(41.892.377)	75.099	(1.118.724)	3.342.849	-	(39.593.153)
Machinery and equipments	(543.029.694)	290.002	(8.785.420)	464.622	-	(551.060.490)
Motor vehicles	(8.545.165)	122.604	(40.308)	172.886	-	(8.289.983)
Furniture and fixtures	(89.859.756)	572.731	(1.890.685)	1.751.871	-	(89.425.839)
Leasehold improvements	(23.580.234)	4.289	(122.209)	17.655	-	(23.680.499)
Other non-current assets	(400.132)	16.506	(89.587)	-	-	(473.213)
	<b>(707.579.796)</b>	<b>1.081.231</b>	<b>(12.061.635)</b>	<b>6.015.187</b>	<b>-</b>	<b>(712.545.013)</b>
<b>Net book value</b>	<b>336.713.652</b>					<b>332.569.006</b>

At 31 March 2012, net book value of the property, plant and equipment included in machinery and equipment and acquired through financial leases is amounting to TL 7.197.837 (31 December 2011: TL 7.188.520).

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

#### NOTE 15 - INTANGIBLE ASSETS

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

	1 January 2013	Currency translation differences	Additions	Disposals	Classified to asset held for sale	31 March 2013
<b>Cost</b>						
Trade names and licenses	311.021.324	(2.504.739)	-	-	-	308.516.585
Customer list	310.305.078	(3.990.133)	-	-	-	306.314.945
Computer software and rights	73.541.999	(523.316)	531.369	(43.484)	(806.680)	72.699.888
Internet domain names	26.829.768	(224.395)	761.968	-	-	27.367.341
Other intangible assets	6.659.794	(200.609)	40.368	-	-	6.499.553
Construction in progress	33.460	(21.772)	230.347	-	-	242.035
	<b>728.391.423</b>	<b>(7.464.964)</b>	<b>1.564.052</b>	<b>(43.484)</b>	<b>(806.680)</b>	<b>721.640.347</b>
<b>Accumulated amortization</b>						
Trade names and licenses	(20.792.733)	74.433	(365.366)	-	-	(21.083.666)
Customer list	(108.189.520)	1.834.232	(4.682.189)	-	-	(111.037.477)
Computer software and rights	(54.026.761)	445.743	(1.951.182)	41.408	347.270	(55.143.522)
Internet domain names	(9.727.370)	107.987	(689.379)	-	-	(10.308.762)
Other intangible assets	(6.174.891)	202.801	(91.408)	-	-	(6.063.498)
	<b>(198.911.275)</b>	<b>2.665.196</b>	<b>(7.779.524)</b>	<b>41.408</b>	<b>347.270</b>	<b>(203.636.925)</b>
<b>Net book value</b>	<b>529.480.148</b>					<b>518.003.422</b>

Amortization expense amounting to TL 7.779.524 (31 March 2012: TL 7.343.944) has been included in marketing, selling and distribution and general administrative expenses as of 31 March 2013.



## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

#### NOTE 15 - INTANGIBLE ASSETS (Continued)

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

	1 January 2012	Currency translation differences	Additions	Disposals	Transfers	31 March 2012
<b>Cost</b>						
Trade names and licenses	311.871.261	7.591.423	-	-	-	319.462.684
Customer list	309.421.118	9.094.647	-	-	-	318.515.765
Computer software and rights	65.428.382	(772.009)	1.043.397	(36.755)	-	65.663.015
Internet domain names	23.783.299	616.350	563.026	-	-	24.962.675
Other intangible assets	6.041.315	51.630	34.919	(11.091)	-	6.116.773
Construction in progress	1.127.673	115.423	36.111	(26.445)	-	1.252.762
	<b>717.673.048</b>	<b>16.697.464</b>	<b>1.677.453</b>	<b>(74.291)</b>	<b>-</b>	<b>735.973.674</b>
<b>Accumulated amortization</b>						
Trade names and licenses	(19.324.214)	3.887.308	(345.658)	-	-	(15.782.564)
Customer list	(88.936.526)	8.520.596	(4.434.038)	-	-	(84.849.968)
Computer software and rights	(47.314.546)	584.710	(1.833.164)	31.743	-	(48.531.257)
Internet domain names	(6.959.178)	269.529	(625.959)	-	-	(7.315.608)
Other intangible assets	(5.800.648)	(46.945)	(105.125)	12.199	-	(5.910.519)
	<b>(168.335.112)</b>	<b>13.215.198</b>	<b>(7.343.944)</b>	<b>43.942</b>	<b>-</b>	<b>(162.389.916)</b>
<b>Net book value</b>	<b>549.337.936</b>					<b>573.583.758</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

### NOTE 15 - INTANGIBLE ASSETS (Continued)

The cost of trade names and licenses with indefinite useful lives amounted to TL 267.106.151 as of 31 March 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 16 - GOODWILL

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

	2013	2012
<b>1 January</b>	<b>118.374.132</b>	<b>136.195.646</b>
Classification related to assets held for sale (Note 29)	(8.990.851)	-
Foreign currency translation difference	(775.635)	3.298.770
Other (1)	(1.395.756)	2.341.189
<b>31 March</b>	<b>107.211.890</b>	<b>141.835.605</b>

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

As of 31 March 2013, the goodwill amounting to TL 107.211.890 (31 December 2012: TL 118.374.132) is arising from the acquisition of Group's subsidiary TME which operates in abroad.

### NOTE 17 - GOVERNMENT GRANTS

The Group obtained six investment incentives certificates for the imported equipments amounting to USD 13.660.655 and domestic equipments amounting to TL 1.279.898 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 March 2013 (31 December 2012: for the imported equipments amounting to USD 13.450.323, for the domestic equipments amounting to TL 1.279.898).

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

#### NOTE 18 -PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

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

	31 March 2013	31 December 2012
Other provisions for lawsuit and compensation	3.827.510	3.680.581
<b>Total</b>	<b>3.827.510</b>	<b>3.680.581</b>

The lawsuits against the Group amounted to TL 26.980.127 (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 March 2013 the Group has set a provision of TL 3.827.510 for lawsuits (31 December 2012: TL 3.680.581).

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

	31 March 2013	31 December 2012
Legal lawsuits	20.871.088	20.720.990
Commercial lawsuits	3.230.000	3.234.000
Labor lawsuits	2.579.630	2.423.645
Administrative lawsuits	299.409	299.409
<b>Total</b>	<b>26.980.127</b>	<b>26.678.044</b>

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

	2013	2012
<b>1 January</b>	<b>(3.680.581)</b>	<b>(2.813.326)</b>
Additions in the period (Note 26)	(572.896)	(687.906)
Payments related to provisions	425.967	-
<b>31 March</b>	<b>(3.827.510)</b>	<b>(3.501.232)</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

### NOTE 18 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

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

	31 March 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	2.760.443	2.760.443	3.362.593	3.362.593
Euro	25.000	57.973	25.000	58.793
HRK	2.706.054	826.930	2.706.054	842.323
-Mortgages				
TL	-	-	-	-
Euro	6.500.000	15.072.850	6.500.000	15.286.050
B. CPM's given on behalf of the fully consolidated companies (1)				
-Commitments				
TL	1.064.351	1.064.351	1.115.751	1.115.751
Euro	4.055.000	9.403.140	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	-	-	-	-
<b>Total</b>		<b>29.185.687</b>		<b>30.248.688</b>

(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 March 2013 (31 December 2012: 0%).

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

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#### NOTE 19 - COMMITMENTS

The commitments which the management does not expect losses and incidental liability commitments are summarized below:

**a) 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 March 2013, the Group has a commitment for the publication of advertisements amounting to TL 9.831.988 (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 15.469.669 (31 December 2012: TL 15.003.096) in exchange of the goods or services sold.

**b) Derivative financial instruments**

*Forward transactions in foreign exchange*

In the current period, the Group has made Euro forward transactions related to the bank loan amounting to USD 20.974.290 (31 December 2012: 25.221.500 USD). As of 31 March 2013, fair value of the forward transactions which have open status is TL 2.346.250 (As of 31 December 2012, financial liability due to transactions which has open status: TL 573.393).

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

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### NOTE 19 – COMMITMENTS (Continued)

#### c) Put options

##### *OOO Pronto Moscow Option*

The Group has the right to purchase 13% of non-controlling shares from non-controlling shareholders, provided that certain conditions are met related to the Group's subsidiary, Impress Media Marketing LLC ("Impress Media") which was acquired by OOO Pronto Moscow in January 2007. As of 25 May 2012, the Group made a payment of TL 970.389 (USD 527.672) and purchased shares for the remaining non-controlling shares of 10% and the related liability is derecognized accordingly (31 December 2012: TL 970.389). Right to purchase continues for the remaining shares of 3% of the Impress Media capital shares. The fair value of the option is determined based on calculation over the EBITDA of Impress Media and as of 31 March 2013, value of the option is TL 157.357 and is classified as short-term financial liabilities (31 December 2012: TL 155.086).

##### *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 March 2013, the fair value of this option is TL 14.469.600 (USD 8.000.000) (31 December 2012: TL 14.260.800 (USD 8.000.000)) and classified in "other short-term financial liabilities". 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 lawsuit amounting to EUR 3.645.000 has been filed by the non-controlling shareholders against the Group since non-controlling shareholders could not exercise this put option. Subpoena related to the lawsuit had been submitted to the Group on 5 March 2012 the first trial of the lawsuit was held on 12 July 2012.

##### *Moje Delo d.o.o. Option*

In 2007, the Group acquired a 55% interest in Moje Delo d.o.o. ("Moje Delo") operating in Slovenia. The Group has given the right of put option to non-controlling interest owners valid from April 2013 to October 2013 (six months). The total consideration to be calculated can not be less than EUR 1.000.000. If the outcome of the calculation were to be less than the specified amount, the Group would make on payment of EUR 1.000.000. The Group has the right to purchase the non-controlling shares on hand from the non-controlling interest owners valid starting from October 2013. Exercise price shall be calculated based on EBITDA and the net financial debt of Moje Delo. As of 31 March 2013, the fair value of the put option is TL 2.649.746 and is classified in liabilities related to asset held for sale in the consolidated financial statements as of 31 March 2013 (Note 29). (31 December 2012: fair value of related put option is TL 3.791.590 and is classified in other short-term financial liabilities).

The Company has no liabilities in relation to the disputed put option of USD 25 million which was disclosed in the 31 December 2011 financial statements, and subject to appeal of arbitration before the Zurich Chamber of Commerce since the Company has been notified that the other party has sold and transferred the disputed GDR's to another entity as at 21 March 2012 and the other party has also withdrawn its appeal of arbitration (31 December 2012: TL 47.222.500). The effect of this transaction has been accounted under equity.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

### NOTE 19 – COMMITMENTS (Continued)

#### d) Put options (Continued)

##### *Purchase of additional shares of TME*

As stated in Note 2, The Group has acquired 6,98% shares corresponding to 3.490.691 Global Depository Certificates of Trader Media East Ltd in consideration of USD 26.250.000 (TL 45.812.626) in accordance with the valuation report issued by an independent valuation company on 7 March 2012.

The derecognition of the liability related to put option and additional share acquisition explained in (c) and (d) above, are considered as transactions with owners in their capacity as owners according to paragraph 109 of IAS 1 "Presentation of Financial Statements" and recognized under equity in the accompanying financial statements.

### NOTE 20 – EMPLOYMENT TERMINATION BENEFITS

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

	31 March 2013	31 December 2012
Provision for employment termination benefits	44.615.917	44.563.930
<b>Total</b>	<b>44.615.917</b>	<b>44.563.930</b>

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 after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). At 31 March 2013, the amount payable maximum equals to one month of salary is TL 3.129,25 (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 termination benefits are as follows:

- in calculation, the discount rate, inflation rate and real wage increase rate are regarded as 7,69%, 4,98% and 4,98%, respectively.
- in calculation, ceiling wage amounting to TL 3.129,25 which is valid as of 31 March 2013 has been taken into consideration as basis (31 December 2012: TL 3.033,98).
- retirement age is regarded as the earliest age at which each employee can retire.

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

(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 March are as follows:

	2013	2012
Net liability at balance sheet		
at the beginning of the period	(44.563.930)	(26.158.276)
Current period service cost (Note 4.f)	(900.048)	(2.233.964)
Net interest expense due to defined benefit obligation (Dipnot 4.f)	(693.354)	(1.218.978)
Payments during the period	1.541.415	2.531.144
	<b>(44.615.917)</b>	<b>(27.080.074)</b>

Total costs excluding actuarial loss arising from provision for employment termination benefits are added to consolidated income statement as of 31 March 2013. As of 31 March 2013, by considering that the effect of the period's personnel turnover on the provision for employee termination benefits is below materiality; provision corresponding to period's share of obligation for employee termination benefits calculated for the year 2013 has been set at the beginning of the year 2013.

#### NOTE 21 - OTHER ASSETS AND LIABILITIES

##### Other Current Assets

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

	31 March 2013	31 December 2012
Prepaid expenses (1)	10.924.744	5.312.984
Prepaid taxes and deductions (Note 30, 4.c)	5.045.360	18.977.244
Advances given to personnel	3.889.741	4.093.805
Job advances	2.108.438	420.358
Value added tax ("VAT") receivables (Note 4.c)	1.322.160	1.582.473
Income accruals (2)	735.016	337.296
Order advances given	65.330	152.395
Other	5.808.406	5.536.498
Provision for other doubtful receivable (-)	(772.315)	(746.910)
<b>Total</b>	<b>29.126.880</b>	<b>35.666.143</b>

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

(2) Accrued income is mostly composed of ad revenue accruals.



# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

### NOTE 21 - OTHER ASSETS AND LIABILITIES (Continued)

#### Other Current Assets (Continued)

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

	2013	2012
<b>1 January</b>	<b>(746.910)</b>	<b>(833.005)</b>
Additions during the period (Note 26)	-	(115.239)
Currency translation difference	(25.405)	-
Collections during the period	-	185.896
<b>31 March</b>	<b>(772.315)</b>	<b>(762.348)</b>

#### Other Non-Current Assets

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

	31 March 2013	31 December 2012
Value added tax ("VAT") receivable (Note 4.c)	829.919	841.327
Advance given for property, plant and equipment	279.583	165.589
Prepaid expenses	170.019	171.130
Blocked deposit	16.591	16.754
Other	-	44.564
<b>Total</b>	<b>1.296.112</b>	<b>1.239.364</b>

#### Other Short-Term Liabilities

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

	31 March 2013	31 December 2012
Provision for unused vacation rights	20.836.315	14.836.862
Deferred revenues	11.253.864	9.081.379
Expense accruals	4.753.549	3.808.965
VAT payable	2.930.095	3.978.764
Payables to personnel	853.167	2.665.627
Other	86.864	180.299
<b>Total</b>	<b>40.713.854</b>	<b>34.551.896</b>

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

#### NOTE 21 - OTHER ASSETS AND LIABILITIES (Continued)

##### Other Short-Term Liabilities (Continued)

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

	2013	2012
<b>1 January</b>	<b>(14.836.862)</b>	<b>(15.430.714)</b>
Additions during the period (Note 4.f)	(7.081.952)	(2.262.051)
Payments during the period and reversal of provisions	1.052.605	916.589
Currency translation difference	29.894	(94.390)
<b>31 March</b>	<b>(20.836.315)</b>	<b>(16.870.566)</b>

##### Other Long-Term Liabilities

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

	31 March 2013	31 December 2012
Other long-term liabilities	36.174	37.435
<b>Total</b>	<b>36.174</b>	<b>37.435</b>

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

#### NOTE 22 - 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 March 2013 and 31 December 2012 are as follows:

	31 March 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 ve Y. Begümhan Doğan Faralyalı) are the ultimate parent of the Company.

	31 March 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
Other	77.894	0,01	86.450	0,01
Registered at Borsa İstanbul	123.305.638	22,34	123.297.082	22,34
<b>Issued share capital</b>	<b>552.000.000</b>	<b>100,00</b>	<b>552.000.000</b>	<b>100,00</b>
Adjustment to share capital	77.198.813		77.198.813	
<b>Total</b>	<b>629.198.813</b>		<b>629.198.813</b>	

(1) As of 31 March 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.

There are no privileged shares in Hürriyet Gazetecilik ve Matbaacılık A.Ş.

In accordance with the Capital Markets Board's (the "CMB") Resolution No: 21/655 issued on 23 July 2010, it is regarded that 22,01% of the shares (31 December 2012: 20,87%) are outstanding as of 31 March 2013 based on the Central Registry Agency's ("CRA") records. 39,99% 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.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

### NOTE 22 – 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 consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (TCC). The first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company’s paid-in capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in capital. In accordance with the CMB Financial Reporting Standards, Company’s restricted reserves amounting TL 160.501.863 (31 December 2012: TL 34.266.877) consist of legal reserves and gain on sales of real estate as of 31 March 2013.

<b>Restricted reserves:</b>	<b>31 March 2013</b>	<b>31 December 2012</b>
1. Composition restricted reserves	25.071.251	25.071.251
2. Composition restricted reserves	7.408.846	7.408.846
Gain on sales of real estate	128.021.766	1.786.780
<b>Total</b>	<b>160.501.863</b>	<b>34.266.877</b>

- (1) With the decision taken by the Group management, the real estate profit 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.

#### 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. All equity inflation adjustments are only available for bonus shares or loss deduction; and carrying value of extraordinary reserves are only available for cash profit distribution or loss deduction.

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

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#### NOTE 22 – EQUITY (Continued)

##### Capital Reserves and Retained Earnings (Continued)

However, in accordance with the Communiqué No:XI-29 and related announcements of the CMB, effective from 1 January 2008, "Share capital", "Restricted Reserves" and "Share Premiums" shall be carried at their statutory amounts. 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";
- 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

Listed companies registered on ISE are required to distribute their dividends in accordance with the following criteria set out by CMB:

Upon the CMB's Resolution No: 02/51 issued on 27 January 2010, there is no minimum level of dividend distribution requirement for the listed companies at the stock exchange for profits arising from operations in 2009. In this respect, companies will distribute their profits under the scope of the requirements of the CMB's Communiqué No. IV-27, their own articles of association and their own publicly disclosed profit distribution policies. Aforementioned resolution has been maintaining its validity.

Besides, as required by CMB decision numbered 7/242 dated February 25, 2005; amount of distributable profit, calculated from net distributable profit in accordance with CMB regulations related to minimum dividend distribution requirements shall be fully distributed, wherein the amount could be compensated by net distributable profit per statutory books, otherwise full amount of net distributable profit per statutory books will be distributed. No profit distribution shall be made in the case of net loss in either statutory books or the financial statements prepared in accordance with CMB regulations.

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 that are prepared in accordance with Communiqué Serial XI, No: 29 and to be announced to public. The total gross amount that can be subject to profit distribution according to legal records is TL 175.730.138.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

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### NOTE 22 – EQUITY (Continued)

#### Dividend distribution (Continued)

The company’s Board of Directors has, on the date of 04 April 2013, resolved that:

The shareholders be advised that, according to the consolidated financial statements for the fiscal period of 01 January 2012-31 December 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 (IFRS) 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”, pursuant 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 :

- 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 is TL 126.234.986 and the calculation is made in accordance with Turkish Commercial Code 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 secondary legal reserve will be presented to the approval of General Assembly.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

### NOTE 23 - SALES AND COST OF SALES

#### *Sales*

	31 March 2013	31 March 2012
Advertisement sales	123.704.701	126.189.734
Circulation and publishing sales	58.957.060	61.220.365
Other	10.676.641	11.663.971
<b>Net sales</b>	<b>193.338.402</b>	<b>199.074.070</b>
Cost of sales	(125.951.249)	(130.567.240)
<b>Gross profit</b>	<b>67.387.153</b>	<b>68.506.830</b>

#### *Cost of sales*

The details of cost of sales for the periods ended 31 March are as follows:

	31 March 2013	31 March 2012
Raw material	47.525.218	55.679.025
<i>Paper</i>	30.944.232	38.088.407
<i>Printing and ink</i>	12.003.943	12.637.457
<i>Other</i>	4.577.043	4.953.161
Payroll	46.395.759	41.263.151
Depreciation and amortization charges (Note 14)	9.231.502	9.567.534
Commissions	4.176.584	4.580.354
Fuel, electricity, and water and office expenses	2.312.973	1.914.411
Distribution, storage and travel	2.112.927	2.145.670
Rent expenses	2.053.336	1.596.191
Maintenance and repair expenses	1.428.458	1.491.408
News agency expenses	1.059.542	1.073.993
Packaging expenses	1.046.034	1.429.905
Communication	1.014.441	1.024.484
Other	7.594.475	8.801.114
<b>Total</b>	<b>125.951.249</b>	<b>130.567.240</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

### NOTE 24 - RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SELLING AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATION EXPENSES

#### a) Marketing, selling and distribution expenses:

	31 March 2013	31 March 2012
Advertisement	12.656.670	13.231.137
Transportation, storage and travel	7.078.853	6.268.688
Payroll	5.630.421	5.783.909
Promotion	4.748.920	4.751.186
Outsourced services	446.598	536.625
Sponsorship	223.409	277.850
Depreciation and amortization charges (Note 14, 15)	34.186	78.985
Other	1.512.205	2.096.605
<b>Total</b>	<b>32.331.262</b>	<b>33.024.985</b>

#### b) General administrative expenses:

	31 March 2013	31 March 2012
Payroll	15.449.086	15.451.761
Depreciation and amortization charges (Note 14,15)	10.214.515	9.759.060
Rent	3.096.487	2.355.272
Consultancy	2.819.522	4.273.524
Fuel, electricity, water and office expenses	1.939.066	1.603.750
Transportation, storage and travel	885.108	927.278
Communication	864.678	1.010.331
Maintenance and repair expenses	797.470	641.430
Other	2.703.131	3.447.230
<b>Total</b>	<b>38.769.063</b>	<b>39.469.636</b>

### NOTE 25 - EXPENSES BY NATURE

	31 March 2013	31 March 2012
Payroll	67.475.266	62.498.821
Depreciation and amortization charges	19.480.203	19.405.579
<b>Total</b>	<b>86.955.469</b>	<b>81.904.400</b>



## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

#### NOTE 26 - OTHER OPERATING INCOME/EXPENSES

The details of other income and gains for the periods ended at 31 March are as follows:

	31 March 2013	31 March 2012
Rent and building service income	922.400	1.429.547
Gain on changes in fair value (Note13)	580.941	-
Gain on sales of property, plant and equipment (1)	454.329	142.934.922
Terminated provisions	631.896	135.018
Other	174.227	325.182
<b>Total</b>	<b>2.763.793</b>	<b>144.824.669</b>

(1) As of 31 March 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.

The details of other expenses and losses as at and for the periods ended at 31 March are as follows:

	31 March 2013	31 March 2012
Provision for impairment on assets held for sale (Note 29)	3.536.674	-
Loss on sale of property, plant, equipment and investment properties	2.135.787	1.223.781
Provision for lawsuits (Note 18)	572.896	687.906
Provision for doubtful receivables (Note 9,21)	342.494	1.015.552
Punishment and compensation expense	189.540	465.596
Aids and donations	161.001	197.404
Loss on changes in fair value (Note 13)	-	917.405
Tax base increase expense under Law: 6111 (Note 4.f)	-	79.919
Loss on sale of subsidiary	-	332.086
Other	713.503	810.809
<b>Total</b>	<b>7.651.895</b>	<b>5.730.458</b>

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

#### NOTE 27 - FINANCIAL INCOME

The details of financial income for the periods ended at 31 March are as follows:

	31 March 2013	31 March 2012
Foreign exchange income	13.204.271	51.949.844
Finance income from term sales	2.184.398	2.067.561
Finance income from trade receivables	1.178.010	2.249.094
Time deposits interest income	1.075.503	2.043.155
Unrealized finance expenses due from term purchases	111.108	-
<b>Total</b>	<b>17.753.290</b>	<b>58.309.654</b>

#### NOTE 28 – FINANCIAL EXPENSES

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

	31 March 2013	31 March 2012
Foreign exchange loss	15.359.601	13.760.477
Interest expenses on borrowings	6.792.433	7.590.447
Credit commission, banking and factoring expenses	922.062	1.035.864
Unearned finance income from term sales	675.179	1.764.348
Tax base increase interest expense under Law: 6111 (Note 4.f)	-	362.131
Other	34.475	48.519
<b>Total</b>	<b>23.783.750</b>	<b>24.561.786</b>

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

#### NOTE 29 - ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Moje Delo, one of the subsidiaries of the Group, has been sold on 23 April 2013. As a result of this, assets and liabilities of the company have been classified as assets held for sale and presented separately in consolidated balance sheet.

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

<b>Assets</b>	<b>Carrying amount before classification</b>	<b>Provision for impairment (1)</b>	<b>Carrying amount after provision for impairment</b>
Cash and cash equivalents	267.687	-	267.687
Trade receivables			
-Due from related parties	1.181.081	-	1.181.081
-Other trade receivables	168.209	-	168.209
Other receivables	117.566	-	117.566
Other current assets	25.521	-	25.521
Property, plant and equipment and intangible assets (Dipnot 14, 15)	471.872	-	471.872
Goodwill (Dipnot 16)	8.990.851	(3.536.674)	5.454.177
Deferred tax asset (Dipnot 30)	3.617	-	3.617
Receivables eliminated in consolidation	(1.181.081)	-	(1.181.081)
			<b>6.508.649</b>
<b>Liabilities</b>			
Trade payables			
-Due to related parties	231.514	-	231.514
-Other trade payables	170.018	-	170.018
Other financial liabilities (Dipnot 19)	2.649.746	-	2.649.746
Other payables	70.539	-	70.539
Other current liabilities	425.044	-	425.044
Payables eliminated in consolidation	(231.514)	-	(231.514)
			<b>3.315.347</b>

- (1) At 23 April 2013, Group has sold its own shares (55%) and non-controlling interests' shares (45%) in Moje Delo, for a consideration of EUR 2.500.000 (TL 5.797.250) (EUR 1.375.000 Group's share). Consequent to the fair value arising from the sale, provision for goodwill impairment has been set.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

### NOTE 30 - TAX ASSETS AND LIABILITIES

	31 March 2013	31 December 2012
Corporate and income taxes payable	2.845.467	18.124.177
Less: Prepaid taxes (Note 21)	(5.045.360)	(18.977.244)
<b>Tax receivables</b>	<b>(2.199.893)</b>	<b>(853.067)</b>

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 2011 and 2012.

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.

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

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#### NOTE 30 - TAX ASSETS AND LIABILITIES (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 March 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.

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

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#### NOTE 30 - TAX ASSETS AND LIABILITIES (Continued)

##### Turkey (continued):

The investment allowance application which had been in force for a significant period of time; and indicated that the taxpayer may receive 40% of the fixed asset purchase amounts; was abolished by Law No.5479 dated 30 December 2006. However, in accordance with the temporary article 69 of the Income Tax Law, income and corporate taxpayers can deduct the amounts in relation to below mentioned allowances from their income for the year 2006 as well as the investment allowances amounts they could not offset against 2006 gains which were present as of 2006, in accordance with the legislation in force as of 2006:

- a) In the scope of the investment incentive certificates prepared related to the applications before 24 April 2003, investments to be made after 1 January 2006 in the scope of the certificate for the investments started in accordance with the additional 1st, 2nd, 3rd, 4th, 5th and 6th articles prior to the abrogation of Income Tax Law, dated 9 April 2003 with No. 193 and Law No. 4842,
- b) In the scope of the abolished 19th article of Income Tax Law No: 193, the investment allowance amounts to be calculated in accordance with the legislation, the investments which were started before 1 January 2006 and which display an economic and technical integrity,

The Companies can utilize the investment allowance exemption, for their investments performed according to provisions of the legislation as of that date and for their subsequent investments in line with the provisions of the legislation (including provisions regarding tax rates) in calculating tax on their profits for only 2008. Accordingly, above mentioned profits within trade income/loss are considered in the calculation of corporate income tax.

Apart from the above mentioned exceptions in the determination of the corporate tax base, allowances cited in the articles 8, 9 and 10 of Corporate Tax Law and article 40 of Income Tax Law are taken into consideration.

##### 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 28<sup>th</sup> 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. Maximum amount that can be deducted in any year is limited to 30% of the taxable income (2012: 30%). 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. Often they can only be obtained through court action. 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.

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

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#### NOTE 30 - TAX ASSETS AND LIABILITIES (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.

##### Slovenia

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

According to Slovenia's tax system, there is no time limit while transporting financial damages. Capital gains arising from mergers, stock sales provided 50% capital gains are tax-free. Capital losses can not be considered as a deduction in calculation of corporate income tax. Foreign mercenary corporation tax computations, tax and foreign mercenaries paid on foreign currency income tax deduction equal to the difference between the corporate tax base can be used in Slovenia.

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

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#### NOTE 30 - TAX ASSETS AND LIABILITIES (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: 23%). 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.



# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

### NOTE 30 - TAX ASSETS AND LIABILITIES (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 31 March 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 (PE) 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 March 2013, which are used in the calculation of deferred tax, taking each country’s tax legislations into consideration are as follows:

<u>Country</u>	<u>Tax rates (%)</u>	<u>Country</u>	<u>Tax rates (%)</u>
Germany	28,0	Kazakhstan	20,0
Croatia	20,0	Hungary	19,0
Belarus	18,0	Holland	25,0
Russia	20,0	Ukraine	21,0
Slovenia	18,0		

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

### NOTE 30 - TAX ASSETS AND LIABILITIES (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. There are deferred tax assets resulting from tax loss carry-forwards and deductible temporary differences, all of which could reduce taxable income in the future in the Group. Partially or wholly recoverable amount of deferred tax assets was estimated in current circumstances. The main factors which are considered include future earnings potential, cumulative losses in recent years, history of loss carry-forwards, other tax assets expiring and tax planning strategies when needed. In the light of data obtained, if Group's taxable profit will be obtained in future is not enough to meet all deferred tax assets, partially or wholly of deferred tax is reserved.

	31 March 2013	31 December 2012
Deferred tax liabilities	107.609.309	112.550.695
Deferred tax assets (Note 4.c)	(14.249.872)	(14.489.554)
<b>Deferred tax liabilities, net</b>	<b>93.359.437</b>	<b>98.061.141</b>

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

	<u>Total temporary differences</u>		<u>Deferred tax assets / (liabilities)</u>	
	2013	2012	2013	2012
Provision for employment termination benefits and unused vacation rights	65.452.232	59.400.792	12.957.082	11.832.801
Difference between tax base and carrying value of trade receivables	19.451.683	20.516.409	3.801.297	4.010.511
Carry forward tax losses (1)	5.234.938	5.396.867	1.046.625	1.078.660
Investment properties valuation difference	3.727.885	(12.386.955)	750.665	32.064
Deferred revenue	1.505.778	1.594.318	301.156	318.863
Difference between tax bases and carrying value of property, plant and equipment and intangibles	(595.033.876)	(607.388.434)	(119.276.040)	(121.690.968)
Other, net	87.876.329	84.345.621	7.059.778	6.356.928
<b>Total</b>	<b>(411.785.031)</b>	<b>(448.521.382)</b>	<b>(93.359.437)</b>	<b>(98.061.141)</b>

(1) As of 31 March 2013, carry forward tax losses for which no deferred income tax asset was recognised amounted to TL 122.286.547 (31 December 2012: TL 113.620.671).

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

#### NOTE 30 - TAX ASSETS AND LIABILITIES (Continued)

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

	31 March 2013	31 December 2012
2014	495.482	495.482
2015 and after	4.739.456	4.901.385
<b>Total</b>	<b>5.234.938</b>	<b>5.396.867</b>

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

	2013	2012
<b>1 January</b>	<b>(98.061.141)</b>	<b>(104.784.903)</b>
Deferred tax income / (expense) at the consolidated statement of income	3.381.433	(3.268.852)
Currency translation differences	1.323.888	(6.869.941)
Classification related with assets held for sale (Note 29)	(3.617)	-
<b>31 March</b>	<b>(93.359.437)</b>	<b>(114.923.696)</b>

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

	31 March 2013	31 March 2012
Current tax expense	(3.317.414)	(14.174.539)
Deferred tax income / (expense)	3.381.433	(3.268.852)
<b>Total</b>	<b>64.019</b>	<b>(17.443.391)</b>

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

#### NOTE 30 - TAX ASSETS AND LIABILITIES (Continued)

The reconciliation of the current period tax expense in the consolidated statement of income for the periods ended at 31 March 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 March 2013	31 March 2012
(Loss) / profit before taxes and non-controlling interests	(16.941.375)	166.146.797
Current period tax expense calculated at the effective tax rates of countries	(2.915.402)	37.193.063
Expenses not deductible for tax purposes	472.715	3.710.378
Effect of share losses investments accounted for by the equity method	461.928	541.498
Effect of provision related to assets held for sale	707.335	-
Carry forward losses utilized	-	(186.200)
Effect of financial losses which the deferred tax assets not calculated	1.845.723	(1.946.929)
Income exempt from tax	(13.076)	(20.995.988)
Other, net	(623.242)	(872.431)
<b>Tax (income) / expense</b>	<b>(64.019)</b>	<b>17.443.391</b>

#### NOTE 31 – (LOSS) / EARNINGS PER SHARE

(Loss) / earning per share is calculated by dividing the net (loss) / earning for the period attributable to equity holders of the company to the weighted average number of ordinary shares in issue. (Loss) / earning per share as of 31 March 2013 and 2012 is as follows:

	31 March 2013	31 March 2012
Net (loss) / profit for the period	(13.096.496)	147.789.691
Number of ordinary shares in issue (with nominal value of TL 1 each)	552.000.000	552.000.000
<b>(Loss) / earning per share (TL)</b>	<b>(0,0237)</b>	<b>0,2677</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

### NOTE 32 - 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 March 2013, 31 December 2012 and 31 March 2012, related party balances and transactions are described below.

#### i) Balances of related parties:

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

	31 March 2013	31 December 2012
Doğan Gazetecilik A.Ş. ("Doğan Gazetecilik") (1)	9.577.777	7.200.095
Doğan Media International GmbH ("Doğan Media") (2)	8.468.651	4.206.946
Doğan İnternet Yayıncılığı ve Yatırım A.Ş. (3)	6.304.707	6.085.323
Doğan Dağıtım Satış ve Pazarlama A.Ş. ("Doğan Dağıtım") (4)	4.860.156	4.048.701
Doğan TV Holding A.Ş. (5)	1.148.477	-
Milta Turizm İşletmeleri A.Ş. ("Milta") (6)	1.088.449	1.066.230
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş. ("Doğan Burda") (7)	827.107	547.655
Doğan TV Digital Platform İşl. A.Ş. ("Doğan TV Dijital")	538.011	-
Mozaik İletişim Hizmetleri A.Ş.	455.978	11.746
Doğan Dış Ticaret	413.075	-
D- Market Elektronik Hizmetler ve Tic. A.Ş.	407.954	528.969
İşıl İthalat İhracat Mümessillik A.Ş.	-	593.930
DTV Haber ve Görsel Yayıncılık A.Ş. ("Kanal D")	-	161.994
Other	3.040.769	1.255.598
Allowance for doubtful receivables	(799.004)	(799.004)
	<b>36.332.107</b>	<b>24.908.183</b>

- (1) Receivable arising from printing newspapers of Doğan Gazetecilik in the Group's printing houses.
- (2) Receivables arising from printing of Doğan Media newspapers in the Hürriyet Frankfurt Germany plants.
- (3) 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 sales of internet commercials of the Group are carried out through Doğan İnternet Yayıncılığı ve Yatırım A.Ş.
- (4) Receivables arising from the daily distribution of newspapers of the Group.
- (5) The receivable is related with the sharing of the common electrical charge.
- (6) Receivables arising from the sale of Doğan Havacılık.
- (7) The receivable is arising from the Group's commercial advertisement sales to Doğan Burda Dergicilik together with fason printing of magazine, book and insert.

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

#### NOTE 32 - RELATED PARTY DISCLOSURES (Continued)

##### i) Balances of related parties

##### Short term receivables due from related parties (Continued)

Movement of allowance for doubtful receivables:

	2013	2012
1 January	(799.004)	(799.004)
Collections	-	-
31 March	(799.004)	(799.004)

##### Short term payables to related parties:

	31 March 2013	31 December 2012
Galata Wind Enerji A.Ş. (1)	1.501.296	1.508.161
Doğan Holding (2)	1.079.996	644.018
Doğan TV Dijital (3)	818.435	142.432
Doğan Dış Ticaret ve Mümessillik A.Ş. (“Doğan Dış Ticaret”) (4)	773.259	567.987
Falcon Purchasing Services Ltd. (“Falcon”) (5)	740.324	1.352.173
Doğan Yayın Holding	558.083	224.384
Doğanlar Sigorta Aracılık Hizmetleri Ltd. Şti.	515.271	48.986
DTV Haber ve Görsel Yayıncılık A.Ş. (“Kanal D”)	448.755	-
Doğan Müzik Kitap Mağazacılık ve Pazarlama A.Ş.	216.231	142.828
Ortadoğu Otomotiv Ticaret A.Ş.	123.987	53.201
Kutup Televizyon ve Radyo Yayıncılık A.Ş.	104.545	-
Other	663.513	240.739
	<b>7.543.695</b>	<b>4.924.909</b>

- (1) The balance is arising from electricity energy provided for the Hürriyet building and printing houses in regions.
- (2) The balance is arising from financial, legal, information technology and other consultancy services together with other services which are received from Doğan Şirketler Grubu Holding A.Ş..
- (3) Doğan İletişim and Doğan TV Digital Platform İşl. A.Ş. have been merged on 30 April 2012. Transactions made with these two companies are shown in the same line for all periods.
- (4) The Group’s raw materials are provided by Doğan Dış Ticaret.
- (5) Arising from cost of paper purchased by Hürriyet Zweigniederlassung GmbH.

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

#### NOTE 32 - RELATED PARTY DISCLOSURES (Continued)

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

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

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

	<b>2013</b>	<b>2012</b>
Doğan Dağıtım (1)	26.422.295	25.290.327
Doğan Gazetecilik (2)	5.987.010	7.218.284
Doğan Media (3)	2.913.442	3.735.528
Kanal D (4)	990.150	800.016
Medyanet (5)	872.526	2.161.729
Doğan Burda (6)	836.247	1.201.543
Mozaik İletişim Hizmetleri A.Ş. (7)	532.699	-
Lapis Televizyon ve Radyo Yayıncılık A.Ş.	489.605	403.610
Doğan ve Egmont Yayıncılık ve Yapımcı Ticaret A.Ş. ("Doğan Egmont")	377.715	339.314
Other	181.887	785.629
	<b>39.603.576</b>	<b>41.935.980</b>

- (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) The sale and the commercial of Hürriyet Europe edition are carried out by Doğan Media.
- (4) The balance is arising from the Group's commercial advertisement sales to Kanal D.
- (5) 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 sales of internet commercials of the Group are carried out through Doğan İnternet Yayıncılığı ve Yatırım A.Ş..
- (6) The Group provides the printing services of fason magazine, book and insert to Doğan Burda Dergicilik together with the sale of commercial advertisement.
- (7) The balance is arising from the Group's commercial advertisement sales to Mozaik İletişim.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

### NOTE 32 - 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)	29.033.401	18.146.815
Doğan Dağıtım (2)	5.255.283	5.250.270
Kanal D (3)	1.463.873	3.221.319
Galata Wind Enerji A.Ş. (4)	1.291.198	-
Doğan Holding (5)	1.180.104	1.781.464
Ortadoğu Otomotiv (6)	882.873	575.302
Doğan Gazetecilik (7)	780.634	30.400
Falcon (8)	750.508	956.331
Doğan TV Digital Platform İşl. A.Ş. (9)	741.912	1.450
Milta (10)	639.731	405.940
Doğan Müzik Kitap Mağazacılık ve Pazarlama A.Ş.	477.644	419.766
Lapis Televizyon ve Radyo Yayıncılık A.Ş.	234.955	170.526
D Yapım Reklamcılık ve Dağıtım A.Ş. ("D Yapım Reklamcılık")	234.743	157.078
Mozaik İletişim Hizmetleri A.Ş.	143.109	179.871
Doğan Burda	113.085	89.872
Doğan TV Radyo Yayıncılık A.Ş.	110.781	228.020
Kutup Televizyon Ve Radyo Yayıncılık A.Ş.	88.598	13.825
Doğan İnternet Yayıncılığı ve Yatırım A.Ş. (11)	55.480	237.457
Doğanlar Sigorta Aracılık Hizmetleri Ltd. Şti.	17.806	-
Doğan Media	3.667	8.922
İşıl İthalat (1)	-	18.028.721
Other	467.891	974.627
	<b>43.967.276</b>	<b>50.877.976</b>

- (1) The Group's raw materials are provided by Doğan Dış Ticaret and İşıl İthalat.
- (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 Group's commercials.
- (4) The balance is arising from electricity energy provided for the Hürriyet building and printing houses in regions.
- (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 rent and other expenses of the Group's building, which is rented from Ortadoğu Otomotiv in Ankara region.
- (7) The balance is arising from rent, security and other expenses of the Group's building, which is rented from Doğan Gazetecilik as headquarter.
- (8) Hürriyet Zweigniederlassung GmbH, one of the subsidiaries of the Group, has started to purchase of paper from Falcon since 2012.
- (9) Doğan İletişim and Doğan TV Digital Platform İşl. 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 comprised of part of the Group's car rental, organization and transportation expenses provided by Milta.
- (11) 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.



## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

#### NOTE 32 - RELATED PARTY DISCLOSURES (Continued)

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

<b>Other income:</b>	<b>2013</b>	<b>2012</b>
Doğan Dış Ticaret	435.360	184.879
Doğan Dağıtım	137.149	236.809
Doğan Media	101.271	101.024
Doğan Burda	20.061	196.477
Doğan Gazetecilik	18.698	-
İşıl İthalat	-	252.811
Other	19.734	24.189
	<b>732.273</b>	<b>996.189</b>

Other income, amounting to TL 594.668 from related parties, consists of rent income.

<b>Purchase of property, plant and equipment and intangible asset:</b>	<b>2013</b>	<b>2012</b>
Doğan TV Digital Platform İşl. A.Ş.	36.573	-
D-Market	2.376	2.051
Milpa	-	100.234
	<b>38.949</b>	<b>102.285</b>

<b>Financial income:</b>	<b>2013</b>	<b>2012</b>
Doğan Media	48.914	-
Doğan Holding (1)	-	6.578.650
Other	-	9.765
	<b>48.914</b>	<b>6.588.415</b>

(1) In 2011, the Group borrowed a financial debt amounting to USD 51.500.000 from Doğan Holding and the last principal payment of the debt was made on 5 July 2012. Financial income due to realized foreign exchange has occurred with regard to this debt.

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

#### NOTE 32 - RELATED PARTY DISCLOSURES (Continued)

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

<b>Financial expenses:</b>	<b>2013</b>	<b>2012</b>
Doğan Factoring	177.724	279.674
Doğan Yayın Holding	2.121	209
Doğan Holding (1)	384	1.313.892
	<b>180.229</b>	<b>1.593.775</b>

(1) In 2011, the Group borrowed a financial debt amounting to USD 51.500.000 from Doğan Holding and the last principal payment of the debt was made on 5 July 2012. Financial expense has occurred with regard to this debt due to realized foreign exchange and interest expenses.

##### **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.

	<b>2013</b>	<b>2012</b>
Salaries and other short term benefits	1.727.737	1.277.871
Post-employment benefits	-	142.769
	<b>1.727.737</b>	<b>1.420.640</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

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### NOTE 33 - FINANCIAL RISK MANAGEMENT

#### 33.1 Financial Risk Management

##### (i) Interest rate risk

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

	31 March 2013	31 December 2012
<b>Financial instruments with fixed interest rate</b>		
Loans and receivables	144.747.911	229.564.464
Financial liabilities (Note 7)	209.842.631	205.387.309
<b>Financial instruments with floating interest rate</b>		
Financial liabilities (Note 7)	215.676.059	298.739.972

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.

At 31 March 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 824.580 (31 March 2012: TL 905.655).

**HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED 31 MARCH 2013**

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

**NOTE 33 - FINANCIAL RISK MANAGEMENT (Continued)**

**(ii) Liquidity risk**

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

<b>31 March 2013</b>	<b>Carrying value</b>	<b>Total contractual cash outflow</b>	<b>Less than 3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>More than 5 years</b>
<b>Non-derivative financial liabilities</b>						
Financial liabilities (Note 7)	425.518.690	451.767.474	61.954.675	41.157.174	348.655.625	-
Other financial liabilities (Note 8)	14.626.957	14.626.957	-	14.626.957	-	-
Trade payables						
- <i>Related party (Note 32)</i>	7.543.695	7.543.695	7.543.695	-	-	-
- <i>Other (Note 9)</i>	49.707.038	49.818.146	16.335.570	33.482.576	-	-
Other payables (Note 10)						
- <i>Other (Note 10)</i>	21.871.752	21.871.752	21.664.376	-	207.376	-
<b>31 December 2012</b>	<b>Carrying value</b>	<b>Total contractual cash outflow</b>	<b>Less than 3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>More than 5 years</b>
<b>Non-derivative financial liabilities</b>						
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						
- <i>Related party (Note 32)</i>	4.924.909	4.924.909	4.924.909	-	-	-
- <i>Other (Note 9)</i>	47.396.084	47.475.832	13.993.256	33.482.576	-	-
Other payables						
- <i>Other (Note 10)</i>	17.011.728	17.011.728	16.841.053	-	170.675	-

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

### NOTE 33 - 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.

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 March 2013, the Group has long-term bank borrowings amounting to TL 330.761.271 (31 December 2012: TL 201.449.549) and long-term trade payables to suppliers amounting to TL 8.780.444 (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 March 2013 there are past due trade receivables amounting to TL 117.580.097 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 March 2013, the amount of mortgage and indemnity received is TL 13.444.828 for the related receivables. (31 December 2012: TL 12.677.246)

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

	<u>31 March 2013</u>		<u>31 December 2012</u>	
	<b>Related party</b>	<b>Other receivables</b>	<b>Related party</b>	<b>Other receivables</b>
0-1 month	6.434.453	30.522.162	9.440.546	28.147.683
1-3 months	10.393.958	30.814.813	5.573.647	22.755.795
3-6 months	5.949.043	16.835.693	41.817	14.680.406
6-12 months	449.344	9.225.870	82.030	9.699.486
1-2 years	940.340	6.779.989	-	5.668.030
	<b>24.167.138</b>	<b>94.178.527</b>	<b>15.138.040</b>	<b>80.951.400</b>

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

#### NOTE 33 - FINANCIAL RISK MANAGEMENT (Continued)

##### (iii) Credit Risk (Continued)

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

<i>Impaired</i>	<b>31 March 2013</b>	<b>31 December 2012</b>
Past due 0 - 3 months	567.933	696.997
Past due 3 - 6 months	913.394	959.039
Past due 6 months and over	55.131.360	55.999.668
Less: Provision for impairment	(56.612.687)	(57.655.704)

The balance of related party receivables that are past due and impaired as of 31 March 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 March 2013.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

### NOTE 33 - FINANCIAL RISK MANAGEMENT (Continued)

#### (iii) Credit Risk (Continued)

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

31 March 2013	Trade receivables		Other receivables		Bank deposits	Derivative instruments	Other assets
	Related party	Other	Related party	Other			
<b>Maximum credit risk exposure as of balance sheet date</b>	<b>36.332.107</b>	<b>191.085.996</b>	<b>-</b>	<b>120.453.778</b>	<b>51.811.718</b>	<b>2.346.250</b>	<b>16.591</b>
<i>- The part of maximum credit risk under guarantee with collateral</i>	<i>-</i>	<i>15.520.471</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
A. Net book value of financial assets that are not past due/impaired	12.164.969	97.673.037	-	120.453.778	51.811.718	2.346.250	16.591
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)	24.167.138	93.412.959	-	-	-	-	-
<i>- The part under guarantee with collateral</i>	<i>-</i>	<i>13.444.828</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
D. Net book value of impaired asset							
- Past due (gross carrying amount)	799.004	56.612.687	-	772.315	-	-	-
- Impairment (-)	(799.004)	(56.612.687)	-	(772.315)	-	-	-
- 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	-	-	-	-	-	-	-

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

### NOTE 33 - FINANCIAL RISK MANAGEMENT (Continued)

#### (iii) Credit Risk (Continued)

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

31 December 2012	Trade receivables		Other receivables		Bank deposits	Derivative instruments	Other assets
	Related party	Other	Related party	Other			
<b>Maximum credit risk exposure as of balance sheet date</b>	<b>24.908.183</b>	<b>192.287.740</b>	<b>-</b>	<b>136.980.349</b>	<b>112.741.739</b>	<b>573.393</b>	<b>16.754</b>
<i>- The part of maximum credit risk under guarantee with collateral</i>	<i>-</i>	<i>16.151.125</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
A. Net book value of financial assets that are not past due/impaired	9.770.143	111.336.340	-	136.980.349	112.741.739	573.393	16.754
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	-	-	-	-	-
<i>- The part under guarantee with collateral</i>	<i>-</i>	<i>12.677.246</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
D. Net book value of impaired asset							
- Past due (gross carrying amount)	799.004	57.655.704	-	746.910	-	-	-
- Impairment (-)	(799.004)	(57.655.704)	-	(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	-	-	-	-	-	-	-



# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

### NOTE 33 - 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 March 2013 and 31 December 2012 are as follows:

	31 March 2013	31 December 2012
Assets	183.809.566	257.859.640
Liabilities	(483.071.144)	(555.238.493)
Net asset / (liability) position of off-balance sheet derivatives	19.261.171	19.261.171
<b>Net foreign currency position</b>	<b>(280.000.407)</b>	<b>(278.117.682)</b>

Following exchange rates have been used in the translation of foreign currency denominated balance sheet items as of 31 March 2013: 1,8087 TL= 1 USD and 2,3189 TL=1 Euro (31 December 2012: 1,7826 TL= 1 USD and 2,3517 TL=1 Euro ).

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

### NOTE 33 - FINANCIAL RISK MANAGEMENT (Continued)

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

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

31 March 2013	TL Equivalent	USD	Euro	Other
1. Trade Receivables	18.612.901	231.643	8.513.393	9.867.865
2a. Monetary Financial Assets (Cash, Banks included)	30.754.071	2.941.582	2.187.506	25.624.983
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	88.616.238	73.128.322	121.077	15.366.839
<b>4. Current Assets (1+2+3)</b>	<b>137.983.210</b>	<b>76.301.547</b>	<b>10.821.976</b>	<b>50.859.687</b>
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	45.826.356	45.644.743	11.595	170.018
<b>8. Non-Current Assets (5+6+7)</b>	<b>45.826.356</b>	<b>45.644.743</b>	<b>11.595</b>	<b>170.018</b>
<b>9. Total Assets (4+8)</b>	<b>183.809.566</b>	<b>121.946.290</b>	<b>10.833.571</b>	<b>51.029.705</b>
10. Trade Payables	17.533.940	2.196.939	5.928.520	9.408.481
11. Financial Liabilities (Note 7)	85.976.975	50.776.624	21.743.218	13.457.133
12a. Other Monetary Financial Liabilities	39.982.340	388.612	318.503	39.275.225
12b. Other Non-Monetary Financial Liabilities	-	-	-	-
<b>13. Current Liabilities (10+11+12)</b>	<b>143.493.255</b>	<b>53.362.175</b>	<b>27.990.241</b>	<b>62.140.839</b>
14. Trade Payables	-	-	-	-
15. Financial Liabilities (Note 7)	339.541.715	325.565.999	13.975.716	-
16a. Other Monetary Financial Liabilities	36.174	-	-	36.174
16b. Other Non-Monetary Financial Liabilities	-	-	-	-
<b>17. Non-Current Liabilities (14+15+16)</b>	<b>339.577.889</b>	<b>325.565.999</b>	<b>13.975.716</b>	<b>36.174</b>
<b>18. Total Liabilities (13+17)</b>	<b>483.071.144</b>	<b>378.928.174</b>	<b>41.965.957</b>	<b>62.177.013</b>
<b>19. Net asset / liability position of Off-balance sheet derivatives (19a-19b)</b>	<b>19.261.171</b>	<b>33.372.946</b>	<b>(14.111.775)</b>	<b>-</b>
<b>19a. Off-balance sheet foreign currency derivative assets</b>	<b>33.372.946</b>	<b>33.372.946</b>	<b>-</b>	<b>-</b>
<b>19b. Off-balance sheet foreign currency derivative liabilities</b>	<b>14.111.775</b>	<b>-</b>	<b>14.111.775</b>	<b>-</b>
<b>20. Net foreign currency asset liability position (9-18+19)</b>	<b>(280.000.407)</b>	<b>(223.608.938)</b>	<b>(45.244.161)</b>	<b>(11.147.308)</b>
<b>21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(433.704.172)</b>	<b>(375.754.949)</b>	<b>(31.265.058)</b>	<b>(26.684.165)</b>
<b>22. Fair value of foreign currency hedged financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>23. Exports</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>24. Imports</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

### NOTE 33 - 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
<b>4. Current Assets (1+2+3)</b>	<b>196.367.070</b>	<b>125.184.784</b>	<b>21.512.333</b>	<b>49.669.953</b>
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	61.492.570	61.276.875	-	215.695
<b>8. Non-Current Assets (5+6+7)</b>	<b>61.492.570</b>	<b>61.276.875</b>	-	<b>215.695</b>
<b>9. Total Assets (4+8)</b>	<b>257.859.640</b>	<b>186.461.659</b>	<b>21.512.333</b>	<b>49.885.648</b>
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	-	-	-	-
<b>13. Current Liabilities (10+11+12)</b>	<b>346.822.297</b>	<b>247.107.540</b>	<b>41.934.151</b>	<b>57.780.606</b>
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	-	-	-	-
<b>17. Non-Current Liabilities (14+15+16)</b>	<b>208.416.196</b>	<b>196.085.999</b>	<b>12.292.762</b>	<b>37.435</b>
<b>18. Total Liabilities (13+17)</b>	<b>555.238.493</b>	<b>443.193.539</b>	<b>54.226.913</b>	<b>57.818.041</b>
<b>19. Net asset / liability position of Off-balance sheet derivatives (19a-19b)</b>	<b>19.261.171</b>	<b>33.372.946</b>	<b>(14.111.775)</b>	-
<b>19a. Off-balance sheet foreign currency derivative assets</b>	<b>33.372.946</b>	<b>33.372.946</b>	-	-
<b>19b. Off-balance sheet foreign currency derivative liabilities</b>	<b>14.111.775</b>	-	<b>14.111.775</b>	-
<b>20. Net foreign currency asset liability position (9-18+19)</b>	<b>(278.117.682)</b>	<b>(223.358.934)</b>	<b>(46.826.355)</b>	<b>(7.932.393)</b>
<b>21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(448.514.988)</b>	<b>(392.999.499)</b>	<b>(32.876.646)</b>	<b>(22.638.843)</b>
<b>22. Fair value of foreign currency hedged financial assets</b>	-	-	-	-
<b>23. Exports</b>	-	-	-	-
<b>24. Imports</b>	-	-	-	-

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

### NOTE 33 - FINANCIAL RISK MANAGEMENT (Continued)

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

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

31 March 2013

Profit / Loss

Foreign currency appreciation Foreign currency depreciation

#### If the US dollar had changed by 10% against the TL

USD net (liabilities) / assets	(25.698.188)	25.698.1
Hedging amount of USD	-	-
<b>USD net effect on (loss) / income</b>	<b>(25.698.188)</b>	<b>25.698.188</b>

#### If the EUR had changed by 10% against the TL

Euro net (liabilities) / assets	(3.113.239)	3.113.239
Hedging amount of Euro	-	-
<b>Euro net effect on (loss) / income</b>	<b>(3.113.239)</b>	<b>3.113.239</b>

#### If the CHF had changed by 10% against the TL

CHF net (liabilities) / assets	(1.114.731)	1.114.731
Hedging amount of CHF	-	-
<b>CHF net effect on (loss) / income</b>	<b>(1.114.731)</b>	<b>1.114.731</b>

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	-	-
<b>USD net effect on (loss) / income</b>	<b>(25.673.188)</b>	<b>25.673.188</b>

#### If the EUR had changed by 10% against the TL

Euro net (liabilities) / assets	(3.271.458)	3.271.458
Hedging amount of Euro	-	-
<b>Euro net effect on (loss) / income</b>	<b>(3.271.458)</b>	<b>3.271.458</b>

#### If the CHF had changed by 10% against the TL

CHF net (liabilities) / assets	(793.239)	793.239
Hedging amount of CHF	-	-
<b>CHF net effect on (loss) / income</b>	<b>(793.239)</b>	<b>793.239</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

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### NOTE 33 - FINANCIAL RISK MANAGEMENT (Continued)

#### 33.2 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

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.

The fair values of certain financial assets carried at cost where the fair values cannot be measured reliably, including cash and cash equivalents, 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 carrying values of trade payables are assumed to approximate their fair values. The carrying values of borrowings (Note 7), trade payables to suppliers (Note 7) and other long term financial liabilities (Note 8) approximate their carrying values as the effect of the discounting is not material.

#### 33.3 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.

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

#### NOTE 33 - FINANCIAL RISK MANAGEMENT (Continued)

##### 33.3 Capital risk management (Continued)

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

	31 March 2013	31 December 2012
Total liability (1)	611.776.934	674.501.320
Less: Cash and cash equivalents (Note 5)	(52.721.753)	(113.469.192)
Net liability	559.055.181	561.032.128
Equity	726.057.897	747.673.255
Total capital	552.000.000	552.000.000
<b>Net liability / Total equity ratio</b>	<b>1,01</b>	<b>1,02</b>

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

##### 33.4 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.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

### NOTE 33 - FINANCIAL RISK MANAGEMENT (Continued)

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

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

	31 March 2013	Fair value as of reporting date		
		Level 1 TL	Level 2 TL	Level 3 TL
Financial assets				
Financial assets at FVTPL				
Derivative instruments	2.346.250	-	2.346.250	-
Total	2.346.250	-	2.346.250	-

  

	31 March 2013	Fair value as of reporting date		
		Level 1 TL	Level 2 TL	Level 3 TL
Financial liabilities				
Other financial liabilities	14.626.957	-	-	14.626.957
Total	14.626.957	-	-	14.626.957

  

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

  

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

## **HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013**

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

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#### **NOTE 34 - SUBSEQUENT EVENTS**

- The consolidated financial statements for the period ended 31 March 2013 were approved by the Board of Directors on 15 May 2013. Other than Board of Directors has no authority to change financial statements.