

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

**CONVENIENCE TRANSLATION OF THE
CONSOLIDATED FINANCIAL STATEMENTS
AND THE AUDITOR'S REPORT FOR THE PERIOD
1 JANUARY - 31 DECEMBER 2015
INTO ENGLISH**

(ORIGINALLY ISSUED IN TURKISH)

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONSOLIDATED BALANCE SHEETS

AS OF 31 DECEMBER 2015 AND 31 DECEMBER 2014

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

	Current Period (Audited) 31 December 2015	Previous Period (Audited) 31 December 2014
ASSETS		
Current assets	315.814.507	283.283.769
Cash and cash equivalents	86.987.420	56.609.424
Trade receivables	208.056.092	198.693.274
-Due from related parties	26.372.328	28.886.410
-Trade receivable		
from non-related parties	181.683.764	169.806.864
Other receivables	993.681	3.420.288
Inventories	11.596.510	13.519.003
Prepaid expenses	2.726.015	3.136.250
Assets related with current tax	1.372.140	504.583
Other current assets	4.082.649	7.400.947
Subtotal	315.814.507	283.283.769
Non-current assets	557.533.933	651.694.887
Other receivables	1.444.690	1.764.612
Financial investments	1.393.257	1.976.568
Investments accounted		
by the equity method	6.566.895	9.013.738
Investment property	86.937.106	82.917.210
Property, plant and equipment	186.969.110	219.791.673
Intangible assets	263.054.231	328.454.758
Deferred tax assets	10.005.631	6.661.890
Other non-current assets	1.163.013	1.114.438
Total assets	873.348.440	934.978.656

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**CONSOLIDATED BALANCE SHEETS****AS OF 31 DECEMBER 2015 AND 31 DECEMBER 2014**

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

	Current Period (Audited) 31 December 2015	Previous Period (Audited) 31 December 2014
LIABILITIES		
Current liabilities	361.956.283	303.268.721
Short-term borrowings	55.402.170	13.451.105
Short-term portion of long-term borrowings	198.263.511	159.660.282
Trade payables	60.780.492	69.629.365
-Due to related parties	24.120.290	22.242.940
-Other payables to non-related parties	36.660.202	47.386.425
Employee benefit payable	6.021.343	6.121.303
Other payables	8.595.760	2.017.664
-Due to related parties	-	339.868
-Other payables to non-related parties	8.595.760	1.677.796
Deferred income	5.590.682	7.078.107
Current income tax liabilities	261.684	2.633.452
Short-term provisions	24.917.449	39.370.364
-Short-term provisions for employment benefits	12.181.762	15.696.372
-Other short-term provisions	12.735.687	23.673.992
Other current liabilities	2.123.192	3.307.079
Subtotal	361.956.283	303.268.721
Non-current liabilities	158.172.934	204.515.762
Long-term borrowings	62.343.476	92.128.150
Other payables	698.515	480.590
Long-term provisions	42.254.261	46.429.651
-Long-term provisions for employment benefits	42.254.261	46.429.651
Deferred tax liability	52.652.797	65.477.371
Other non-current liabilities	223.885	-
EQUITY		
Total Equity	353.219.223	427.194.173
Equity attributable to equity holders of the parent company	372.470.271	415.891.705
Share capital	552.000.000	552.000.000
Inflation adjustment to share capital	77.198.813	77.198.813
Accumulated other comprehensive expenses and income that will not be reclassified to profit or loss		
-Re-measurement gains and losses of defined ben	(15.355.484)	(15.331.957)
-Change in investment properties fair value reser	1.024.515	-
Share premium	76.944	76.944
Accumulated other comprehensive expenses and income that will be reclassified to profit or loss		
-Currency translation differences	(15.308.843)	6.633.568
Restricted reserves	187.166.210	165.883.369
Accumulated (losses)	(383.832.770)	(201.896.442)
Net (loss) for the period	(30.499.114)	(168.672.590)
Non-controlling interests	(19.251.048)	11.302.468
Total liabilities and equity	873.348.440	934.978.656

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 PERIODS ENDED 31 December 2015 AND 2014

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

	Current Period (Audited) 1 January- 30 June 2015	Previous Period (Audited) 1 January- 30 June 2014
Sales	596.083.249	719.582.443
Cost of sales (-)	(340.677.814)	(471.373.207)
Gross profit	255.405.435	248.209.236
General administrative expenses (-)	(113.211.613)	(140.948.559)
Marketing expenses (-)	(140.893.050)	(134.298.729)
Other operating income	82.515.795	123.426.312
Other operating expenses (-)	(61.279.352)	(57.242.013)
Operating profit	22.537.215	39.146.247
Share of loss of investments accounted by the equity method	(2.729.188)	(2.460.932)
Income from investing activities	12.047.265	57.580.861
Expense from investing activities (-)	(45.427.823)	(94.620.218)
Operating profit before financial expense	(13.572.531)	(354.042)
Financial expenses (-)	(40.881.440)	(198.577.145)
(Loss) before tax	(54.453.971)	(198.931.187)
Continuing operations tax (expense) /benefit	5.853.326	(3.237.118)
Current tax (expense)	(10.069.347)	(5.034.056)
Deferred tax benefit	15.922.673	1.796.938
Net (loss) from continuing operations	(48.600.645)	(202.168.305)
Net (loss) for period	(48.600.645)	(202.168.305)
Allocation of net (loss) for period		
Attributable to non-controlling interests	(18.101.531)	(33.495.715)
Attributable to equity holders of the parent cor	(30.499.114)	(168.672.590)
(Loss) per share (TL)		
(Loss) per share from continuing operations	(0,0553)	(0,0306)
(Loss) / Earning per share from continuing and discontinued operations	(0,0553)	(0,0306)
Other comprehensive (expense) / income		
Net (loss) for period	(48.600.645)	(202.168.305)
Accumulated other comprehensive income or loss		
-Change in foreign currency differences	(34.523.493)	(97.477.648)
-Actuarial losses in defined pension plan	1.024.515	-
- Actuarial loss in defined benefit plans	(1.596.810)	62.668
- Tax effect of actuarial loss in defined pension p	319.362	(12.534)
Other comprehensive (expense) / income after	(34.776.426)	(97.427.514)
Total comprehensive (expense) / income	(83.377.071)	(299.595.819)
Allocation of total comprehensive (expense) / income		
Attributable to non-controlling interests	(30.682.613)	(40.005.145)
Attributable to equity holders of the parent cor	(52.694.458)	(259.590.674)

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

CONSOLIDATED STATEMENTS OF CHANGE IN SHAREHOLDERS' EQUITY
FOR THE PERIODS ENDED 31 December 2015 AND 2014

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

	Share Capital	Inflation adjustment to share capital	Share premiums	Accumulated other comprehensive income/expense that will be reclassified to profit or loss	Accumulated other comprehensive income/expense that will not be reclassified to profit or loss	Restricted reserves	Retained earnings	Net profit / (loss) for the period	Equity allocated to parent company	Non-controlling interests	Total equity	
				Translation reserves	Re-measurement gains and losses of defined benefit plans							
Balances at 1 January 2014	552.000.000	77.198.813	76.944	97.673.595	-	(15.453.900)	167.305.861	(145.994.420)	(61.093.981)	671.712.912	51.428.972	723.141.884
Transfers	-	-	-	-	-	(1.422.492)	(59.671.489)	61.093.981	-	-	-	
Capital increase of Subsidiaries	-	-	-	-	-	-	-	-	-	5.952.865	5.952.865	
Subsidiaries' dividend payments to non-group companies	-	-	-	-	-	-	-	-	-	(1.885.963)	(1.885.963)	
Effect of change in subsidiary ownership	-	-	-	-	-	-	3.769.467	-	3.769.467	(4.188.261)	(418.794)	
Effect of subsidiary sales	-	-	-	-	-	-	-	-	-	-	-	
Total comprehensive income	-	-	-	(91.040.027)	-	121.943	-	(168.672.590)	(259.590.674)	(40.005.145)	(299.595.819)	
- Revaluation losses on defined benefit plans	-	-	-	-	-	121.943	-	-	121.943	(71.809)	50.134	
- Change in translation reserves	-	-	-	(91.040.027)	-	-	-	-	(91.040.027)	(6.437.621)	(97.477.648)	
- Net (loss) for the period	-	-	-	-	-	-	-	(168.672.590)	(168.672.590)	(33.495.715)	(202.168.305)	
Balances at 31 December 2014	552.000.000	77.198.813	76.944	6.633.568	-	(15.331.957)	165.883.369	(201.896.442)	(168.672.590)	415.891.705	11.302.468	427.194.173
Balances at 1 January 2015	552.000.000	77.198.813	76.944	6.633.568	-	(15.331.957)	165.883.369	(201.896.442)	(168.672.590)	415.891.705	11.302.468	427.194.173
Transfers	-	-	-	-	-	21.282.841	(189.955.431)	168.672.590	-	-	-	
Funds received from shareholders	-	-	-	-	-	-	5.031.498	-	5.031.498	-	5.031.498	
Subsidiaries' dividend payments to non-group companies	-	-	-	-	-	-	-	-	-	-	-	
Sale of subsidiary	-	-	-	-	-	1.253.921	2.987.605	-	4.241.526	71.809	4.313.335	
Effect of change in subsidiary ownership	-	-	-	-	-	-	-	-	-	57.288	57.288	
Total comprehensive expense	-	-	-	(21.942.411)	1.024.515	(1.277.448)	-	(30.499.114)	(52.694.458)	(30.682.613)	(83.377.071)	
- Revaluation and remeasurement gains	-	-	-	-	1.024.515	-	-	-	1.024.515	-	1.024.515	
- Revaluation losses on defined benefit plans	-	-	-	-	-	(1.277.448)	-	-	(1.277.448)	-	(1.277.448)	
- Sale of subsidiary	-	-	-	-	-	-	-	-	-	-	-	
- Change in translation reserves	-	-	-	(21.942.411)	-	-	-	-	(21.942.411)	(12.581.082)	(34.523.493)	
- Net (loss) for the period	-	-	-	-	-	-	-	(30.499.114)	(30.499.114)	(18.101.531)	(48.600.645)	
Balances at 31 December 2014	552.000.000	77.198.813	76.944	(15.308.843)	1.024.515	(15.355.484)	187.166.210	(383.832.770)	(30.499.114)	372.470.271	(19.251.048)	353.219.223

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE PERIODS ENDED 31 December 2015 AND 2014**

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

	Current Period (Audited) 1 January- 31 December 2015	Previous Period (Audited) 1 January- 31 December 2014
CASH FLOW FROM COMPANY'S OPERATIONS	5.485.835	11.301.199
(Loss) for the period	(48.600.645)	(202.168.305)
Adjustments to reconcile net (loss) for the period	108.574.706	223.707.251
Adjustments regarding depreciation	35.973.928	43.374.284
Adjustments regarding amortization	20.843.340	26.378.502
Adjustments regarding loss on disposal of property, plant and equipment	(410.008)	(19.964.275)
Adjustments regarding tax (income) / expense	(5.853.326)	3.237.118
Adjustments regarding provision for employment benefits and unused vacation rights	8.834.693	11.711.792
Impairment losses on intangible assets	44.962.304	-
Impairment losses on goodwill and assets held for sale	-	75.900.664
Adjustments regarding income accruals	(1.486.821)	(124.709)
Adjustments regarding interest accruals and income	(3.065.824)	(3.874.541)
Adjustments of fixed asset	(497.409)	-
Unrealized finance income from term sales	(6.721.934)	(6.941.345)
Unrealized finance expense from term purchases	(1.371.718)	(1.861.775)
Adjustments regarding interest accruals and expenses	20.586.984	18.961.958
Unrealized foreign exchange expense from borrowings	(4.083.171)	82.169.435
Adjustments regarding change in fair value of investment properties	(7.400.936)	(24.565.749)
Adjustments regarding (Increase)/decrease in deferred income	206.512	218.661
Adjustments regarding provision for impairment of inventories	3.755.706	2.010.365
Loss from investments accounted by the equity method	2.729.188	2.460.932
Provision for doubtful receivables	13.241.930	12.262.147
Reversal of put option provision	(15.277.945)	-
Provision for lawsuits	5.864.079	1.978.589
Reversals of provisions	(2.254.866)	(400.028)
Subsidiary Sales Loss	-	775.226

Changes in working capital:	(54.488.226)	(10.237.747)
Change in blocked deposit	-	8.277
Changes in trade and related party receivables	(30.536.357)	(29.091.194)
Changes in inventories	(4.476.446)	1.712.579
Change in prepaid expenses	410.235	2.089.670
Change in other current asset	1.480.330	11.496.992
Change in other financial assets and liabilities	-	(11.461.621)
Changes in trade and related party payables	(11.718.526)	8.146.418
Change in other short term liabilities	12.859.371	25.880.937
Changes in other non-current assets	(51.790)	(938.116)
Changes in payables due from employment benefits	(99.960)	(3.515.027)
Change in deferred revenues	(1.487.425)	(2.994.557)
Taxes paid	(13.308.672)	(1.937.104)
Collections from doubtful receivables	1.966.137	2.527.681
Employment benefits and unused vacation rights paid	(9.525.123)	(12.162.682)
CASH FLOW FROM INVESTING ACTIVITIES :	7.154.276	134.193.967
Purchases of property, plant and equipment	(5.634.380)	(7.396.001)
Purchases of intangible assets	(10.624.093)	(8.695.146)
Proceeds from sales of property, plant and equipment, intangible assets and investment properties	10.188.882	128.939.958
Interests received	10.397.738	9.553.761
Net cash from sales of financial assets	-	55.439
Proceeds from sale of subsidiary	2.826.129	11.735.956
CASH FLOW FROM FINANCING ACTIVITIES :	17.227.493	(144.058.460)
Change in blocked deposit	(130.044)	36.592.426
Increase in share capital of non-controlling interests	-	5.952.865
	6.289.373	-
Dividends paid to non-controlling interests	-	(1.885.963)
Bank borrowings received	168.506.109	172.436.181
Bank borrowings paid	(134.697.450)	(329.729.967)
Decrease in financial liabilities to suppliers	(2.139.637)	(8.444.559)
Interests paid	(20.600.858)	(18.979.443)
Effects of foreign exchange rate on cash and cash equivalents	515.169	8.214.980
Change in cash and cash equivalents	30.382.773	9.631.686
Cash and cash equivalents at the beginning of the period	56.604.647	46.972.961
Cash and cash equivalents at the end of the period	86.987.420	56.604.647

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