HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONVENIENCE TRANSLATION OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2017 INTO ENGLISH

(ORIGINALLY ISSUED IN TURKISH)

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HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2017

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

	Note references	(Not Audited) Current Period 31 March 2017	(Audited) Prior Period 31 December 2016
ASSETS			
Current assets		**291,144,898**	**286,251,146**
Cash and cash equivalents	5	29,714,156	24,295,720
Financial investment	6	86,737	111,500
Trade receivables			
-Trade receivables from related parties	33	33,829,193	32,593,103
-Trade receivables from non-related parties	8	202,073,202	204,353,838
Other receivables			
-Other receivables from non-related parties	9	2,199,410	2,106,069
Inventories	11	12,581,368	13,743,974
Prepaid expenses	20	6,185,212	4,519,587
Other current assets	21	4,475,620	4,527,355
Non-current assets		**664,287,786**	**647,424,741**
Financial investments	6	1,343,821	1,343,821
Other receivables			
-Other receivables from non-related parties	9	3,244,364	3,440,787
Financial investments accounted for using the equity method	12	7,249,909	7,368,572
Investment properties	13	221,044,653	227,665,717
Tangible assets	14	126,688,257	130,076,762
Intangible assets			
-Other intangible assets	15	304,155,578	277,201,815
Prepaid expenses long term		157,795	-
Deferred tax assets	31	403,409	327,267
Total assets		**955,432,684**	**933,675,887**

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017

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

	Note references	(Not Audited) Current Period 31 March 2017	(Audited) Prior Period 31 December 2016
LIABILITIES			
Current liabilities		**246,240,865**	**283,312,598**
Short-term borrowings	7	111,195,634	72,725,361
Short-term portion of long-term borrowings	7	1,761,053	75,259,960
Trade payables			
-Trade payables to related parties	33	20,603,597	26,164,835
-Trade payables to non-related parties	8	50,522,436	53,060,248
Employee benefit payables	10	7,319,717	6,592,014
Other payables			
-Other payables to non-related parties	9	9,697,082	8,891,934
Deferred income	20	24,035,787	18,224,955
Current income tax liabilities	31	85,365	1,006,854
Short-term provisions			
-Short-term provisions for employment benefits	17	12,773,278	13,686,035
-Other short-term provisions	17	6,493,941	5,779,785
Other short-term liabilities	21	1,752,975	1,920,617
Non-current liabilities		**292,212,761**	**233,768,358**
Long-term borrowings	7	189,074,910	139,729,311
Long-term provisions			
-Long-term provisions for employment benefits	19	45,255,504	45,199,424
Deferred tax liability	31	57,882,347	48,839,623
Total Liabilities		**538,453,626**	**517,080,956**

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2017

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

	Note references	(Not Audited) Current Period 31 March 2017	(Audited) Prior Period 31 December 2016
EQUITY			
Total equity		**416,979,058**	**416,594,931**
Equity attributable to equity holders of the parent company		**411,684,759**	**411,479,219**
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
Other comprehensive income and expenses that will not be reclassified subsequently to profit or loss			
-Gains or (losses) on remeasurement			
-Gain or (loss) on revaluation of property	22	71,169,629	71,169,629
-Gain or (loss) on remeasurement of defined benefit plans	22	(17,590,552)	(17,590,552)
Other comprehensive income and expenses that may be reclassified subsequently to profit or loss			
-Currency translation differences	22	77,262,930	57,552,514
Restricted reserves	22	191,213,205	187,166,210
Retained earnings		(520,141,334)	(443,630,506)
Net loss for the period		(19,504,876)	(72,463,833)
Non-controlling interests		**5,294,299**	**5,115,712**
Total liabilities		**955,432,684**	**933,675,887**

These consolidated financial statements as at and for the period ended 31 March 2017 were approved by the Board of Directors on 5 May 2017.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2017

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

	Note references	(Not Audited) Current Period 1 January- 31 March 2017	(Not Audited) Prior Period 1 January- 31 March 2016
Sales	23	131,378,820	138,229,443
Cost of sales (-)	23	(79,142,882)	(80,233,488)
Gros profit		**52,235,938**	**57,995,955**
General administrative expenses (-)	24	(25,082,211)	(28,373,999)
Marketing expenses (-)	24	(32,522,158)	(30,743,938)
Other operating income	26	9,874,666	9,601,534
Other operating expenses (-)	27	(12,194,721)	(20,706,965)
Operating profit		**(7,688,486)**	**(12,227,413)**
Share of loss of investments accounted by the equity method	12	(515,977)	(276,481)
Income from investing activities	28	2,934,148	1,038,492
Expenses from investing activities (-)	29	(457,085)	(5,882)
Operating (loss) / profit before finance expense		**(5,727,400)**	**(11,471,284)**
Finance expenses (-) / income	30	(11,612,300)	(13,461,799)
(Loss) / profit before tax		**(17,339,700)**	**(24,933,083)**
Tax income / (expense)	**31**	**(2,761,771)**	**3,848,234**
Current tax (expense) / income	31	(845,623)	(76,503)
Deferred tax income	31	(1,916,148)	3,924,737
Net loss for the period		**(20,101,471)**	**(21,084,849)**
Allocation of net loss for the period			
Attributable to non-controlling interests		(596,595)	(2,681,844)
Attributable to equity holders of the parent company		(19,504,876)	(18,403,005)
Loss per share			
Attributable to equity holders of the parent company	32	(0.0353)	(0.0333)

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

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2017

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

	Note references	(Not Audited) Current Period 1 January- 31 March 2017	(Not Audited) Prior Period 1 January- 31 March 2016
Other comprehensive (expense) / income			
Net loss for the period		**(20,101,471)**	**(21,084,849)**
Other comprehensive income and expenses that will not be reclassified subsequently to profit and loss			
- Gain or (loss) on revaluation of property		-	(56,555)
Income tax relating to items that will not be reclassified subsequently to profit or loss			
- Gain or loss on revaluation of property, tax effect		-	-
Other comprehensive income and expenses that may be reclassified subsequently to profit or loss			
- Currency translation differences		20,485,598	22,751,833
- Change in hedge funds		-	(1,772,711)
Other comprehensive income / (expense) after income tax		**20,485,598**	**20,922,567**
Total comprehensive income / (expense)		**384,127**	**(162,282)**
Allocation of total comprehensive income / (expense)			
Attributable to non-controlling interests		178,587	8,024,229
Attributable to equity holders of the parent company		205,540	(8,186,511)

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2017

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

					Other comprehensive income and (expenses) that may be reclassified subsequently to profit or loss		Other comprehensive income or (expenses) that may not be reclassified subsequently to profit or loss							
	Note references	Share capital	Inflation adjusment to share capital	Share premiums	Hedge instrument gain (loss)	Currency translation differences	Revaluation and remeasurement gains	Remeasurement gains / (losses) in defined benefit plan	Restricted reserves	Retained earnings / accumulated losses	Net profit / (loss) for the period	Equity attributable to equity holders of the parent company	Non-controlling interests	Total equity
Balances at 1 January 2016	**22**	**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**
Transfer		-	-	-	-	-	-	-	-	(30,499,114)	30,499,114	-	-	-
Dividend payments		-	-	-	-	-	-	-	-	-	-	-	(11,980)	(11,980)
Subsidiaries' dividend payments to non-group companies		-	-	-	-	-	-	-	-	-	-	-	*(11,980)*	*(11,980)*
Total comprehensive income / (expense)		-	-	-	(1,772,711)	12,045,760	(56,555)	-	-	-	(18,403,005)	(8,186,511)	8,024,229	(162,282)
- Other comprehensive income / (expense)		-	-	-	*(1,772,711)*	*12,045,760*	*(56,555)*	-	-	-	-	*10,216,494*	*10,706,073*	20,922,567
- Net profit / (loss) for the period		-	-	-	-	-	-	-	-	-	*(18,403,005)*	*(18,403,005)*	*(2,681,844)*	*(21,084,849)*
Balances at 31 March 2016		**552,000,000**	**77,198,813**	**76,944**	**(1,772,711)**	**(3,263,083)**	**967,960**	**(15,355,484)**	**187,166,210**	**(414,331,884)**	**(18,403,005)**	**364,283,760**	**(11,238,799)**	**353,044,961**
Balances at 1 January 2017	**22**	**552,000,000**	**77,198,813**	**76,944**	**-**	**57,552,514**	**71,169,629**	**(17,590,552)**	**187,166,210**	**(443,630,506)**	**(72,463,833)**	**411,479,219**	**5,115,712**	**416,594,931**
Transfer		-	-	-	-	-	-	-	4,046,995	(76,510,828)	72,463,833	-	-	-
Total comprehensive income / (expense)		-	-	-	-	19,710,416	-	-	-	-	(19,504,876)	205,540	178,587	384,127
- Other comprehensive income / (expense)		-	-	-	-	*19,710,416*	-	-	-	-	-	*19,710,416*	*775,182*	*20,485,598*
- Net profit / (loss) for the period		-	-	-	-	-	-	-	-	-	*(19,504,876)*	*(19,504,876)*	*(596,595)*	*(20,101,471)*
Balances at 31 March 2017	**22**	**552,000,000**	**77,198,813**	**76,944**	**-**	**77,262,930**	**71,169,629**	**(17,590,552)**	**191,213,205**	**(520,141,334)**	**(19,504,876)**	**411,684,759**	**5,294,299**	**416,979,058**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2017

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

	Note reference	(Not Audited) Current Period 1 January- 31 March 2017	(NotAudited) Prior Period 1 January- 31 March 2016
CASH FLOWS FROM OPERATING ACTIVITIES		**(5,579,367)**	**(1,569,863)**
Net profit / (loss) for the period		(20,101,471)	(21,084,849)
Profit / (Loss) continuing operations		(20,101,471)	(21,084,849)
Adjustments to reconcile profit / (loss) for the period		**30,452,416**	**28,764,512**
Adjustments related to depreciation and amortization expenses	14, 15	8,858,275	13,020,595
Adjustments related to impairment / (reversal)			
- Adjustments related to impairment / (reversal) of receivables	*27*	*7,131,496*	*4,272,394*
- Adjustments related to provision for impairment / (reversal) of inventories	*11*	*419,359*	*173,309*
- Adjustments related to increase in value of investment property	*13*	*(810,172)*	*1,960,514*
Adjustments related to provisions			
- Adjustments related to (reversal) of provision for employment benefits	*17, 19*	*701,559*	*2,030,969*
- Adjustments related to lawsuit / (reversal) of provision for lawsuit	*17, 27*	*1,591,440*	*990,142*
- Adjustment related to reversal of provisions		*559,550*	*(641,833)*
- Adjustments related to free provisions / (reversal) for probable risks	*26*	*(30,649)*	*-*
- Adjustments related to other provisions / (reversals)		*1,199,871*	*4,039,385*
Adjustments related to interest (income) / expense			
- Adjustments related to interest income	*26*	*345,163*	*(669,954)*
- Adjustments related to interest expense	*30*	*10,079,758*	*8,300,915*
- Unearned finance income due to term purchases	*26*	*(255,817)*	*(813,338)*
- Unearned finance income due to term sales	*26, 27*	*(1,034,023)*	*(1,605,184)*
Adjustments related to unrealized currency translation differences		(1,032,586)	(1,614,617)
Adjustments related to undistributed profits of investments accounted at equity method			
- Adjustments related to undistributed profits of associates	*12*	*515,977*	*276,481*
Adjustments related to tax (income) / expense	31	2,761,771	(3,848,234)
Other adjustments related to non-cash items		-	2,943,129
Adjustments regarding to (gain) / loss on sale of fix assets			
- Adjustments regarding to (gain) / loss on sale of tangible assets	*28, 29*	*(548,556)*	*(50,161)*
Changes in working capital		**(15,133,760)**	**(1,278,085)**
Adjustments related to (increase) / decrease in trade receivables			
- (Increase) / decrease in trade receivables from related parties		*(1,236,090)*	*2,514,082*
- (Increase) / decrease in trade receivables from third parties		*(9,643,973)*	*(23,642,950)*
Adjusments related to (increase) / decrease in inventories		(751,415)	151,382
(Increase) / decrease in prepaid expenses		(1,665,625)	(756,572)
Adjustments related to increase / (decrease) in trade payables			
- Increase / (decrease) in trade payables to related parties		*(5,561,238)*	*(1,877,350)*
- Increase / (decrease) in trade payables to third parties		*(2,537,729)*	*9,407,131*
Increase / (decrease) in payables related to employee benefits	10	727,703	3,517,392
Increase / (decrease) in deferred income		5,810,832	4,162,392
Adjustments related to other increase / (decrease) in working capital			
- (Increase) / decrease in other assets related to operating activities		*(452,965)*	*177,137*
- (Decrease) / increase in other liabilities related to operating activities		*176,740*	*5,069,271*

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2017

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

	Note reference	(Not Audited) Current Period 1 January- 31 March 2017	(Not Audited) Prior Period 1 January- 31 March 2016
Cash generated from operations		(4,782,815)	6,401,578
Employment benefits paid	17, 19	(1,688,965)	(1,808,465)
Payments related to other provisions	17	(735,036)	(8,107,574)
Taxes returns / (payments)	31	(1,767,112)	7,626
Other cash inflows / (outflows)	8	3,394,561	1,936,972
CASH FLOWS FROM INVESTING ACTIVITIES		**6,979,488**	**(277,903)**
Cash inflows from sale of tangible and intangible assets			
- Proceeds from sales of property, plant and equipment	*14*	*915,021*	*2,424,105*
- Proceeds from sales of intangible assets	*15*	*764,574*	-
Cash outflows from purchase of tangible and intangible assets			
- Purchases of property, plant and equipment	*14*	*(1,243,565)*	*(1,665,022)*
- Purchases of intangible assets	*15*	*(1,865,919)*	*(2,878,908)*
Cash inflows from sale of investment property	13	11,267,435	-
Cash outflows from purchase of investment property	13	(3,802,735)	-
Interests received		944,677	1,841,922
CASH FLOWS FROM FINANCING ACTIVITIES		**4,070,913**	**(49,345,911)**
Cash inflows from borrowing			
- Bank borrowings utilized		*85,954,744*	*64,426,439*
Cash outflow related to payments of debt			
- Bank borrowings paid		*(77,539,794)*	*(106,523,958)*
Dividends paid		-	(11,980)
Interests paid	30	(4,368,800)	(7,269,179)
Other cash inflows / (outflows)		24,763	32,767
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF EXCHANGE RATE CHANGES		**5,471,034**	**(51,193,677)**
Effects of exchange rate changes on cash and cash equivalents		(52,598)	290,983
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**5,418,436**	**(50,902,694)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**5**	**24,295,720**	**86,987,420**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**5**	**29,714,156**	**36,084,726**

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

(Amounts expressed in Turkish Lira ("TRY") 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 undertakes journalism, printing, advertising, internet publishing activities and operates seven printing plants in Turkey with locations in İstanbul, Ankara, İzmir, Adana, Antalya, Trabzon and Germany.

Doğan Şirketler Grubu Holding A.Ş. ("Doğan Holding") is the majority ownership in the Company. Aydın Doğan and Doğan Family (Işıl Doğan, Arzuhan Yalçındağ, Vuslat Sabancı, Hanzade V. Doğan Boyner and Y. Begümhan Doğan Faralyalı) are ultimate shareholders of the Company.

As of 31 March 2017, the Group's average number of personnel is 2,019 (31 December 2016: 2,050).

The address of the registered office is as follows:

100. Yıl Mahallesi, 2264 Sokak No:1
34204 Bağcılar/İstanbul
Turkey

The Company is registered of the Capital Markets Board ("CMB") and its shares have been quoted on the Borsa İstanbul A.Ş. ("BİAŞ or "Borsa" or "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 22.34% as of 31 March 2017 (31 December 2016: 22.34%) of Hürriyet are accepted as "in circulation". As of the date of the report, this ratio is 22.34% (Note 22).

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
Yenibiriş İnsan Kaynakları Hizmetleri Danışmanlık ve Yayıncılık A.Ş. ("Yenibiriş")	Turkey	Turkey	Internet publishing
Glokal Dijital Hizmetler Pazarlama ve Ticaret A.Ş. ("Glokal")	Turkey	Turkey	Internet publishing
Hürriyet Zweigniederlassung GmbH. ("Hürriyet Zweigniederlassung")	Germany	Europe	Newspaper publishing
Hürriyet Invest B.V. ("Hürriyet Invest")	Holland	Europe	Investment
Trader Media East ("TME")	Jersey	Europe	Investment
TCM Adria d.o.o.	Crotia	Europe	Investment
Mirabridge International B.V.	Holland	Europe	Investment
ZAO Pronto Akzhol	Kazakhstan	Russia and EE	Newspaper and internet publishing
TOO Pronto Akmola	Kazakhstan	Russia and EE	Newspaper and internet publishing
OOO Pronto Atyrau	Kazakhstan	Russia and EE	Newspaper and internet publishing
OOO Pronto Aktobe	Kazakhstan	Russia and EE	Newspaper and internet publishing
OOO Pronto Aktau	Kazakhstan	Russia and EE	Newspaper and internet publishing
OOO Pronto Baikal	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Kazan	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Oka	Russia	Russia and EE	Newspaper and internet publishing
OOO Utro Peterburga	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Samara	Russia	Russia and EE	Newspaper and internet publishing
ID Impress Media Marketing LLC	Russia	Russia and EE	Publishing

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

Subsidiaries (Continued)

Subsidiaries	Registered country	Geographic segment	Nature of business
OOO Rukom	Russia	Russia and EE	Internet publishing
OOO Pronto Media Holding	Russia	Russia and EE	Newspaper and internet publishing
OOO Rektcentr	Russia	Russia and EE	Newspaper and internet publishing
Publishing House Pennsylvania Inc.	USA	Russia and EE	Investment
OOO SP Belpronto	Belarus	Russia and EE	Newspaper and internet publishing
Publishing International Holding BV	Holland	Europe	Investment

Joint Ventures	Registered country	Geographic segment	Nature of business
ASPM Holding B.V. ("ASPM")	Holland	Europe	Investment
TOV E-Prostir	Ukraine	Europe	Internet publishing
SP Pronto Kiev	Ukraine	Europe	Newspaper and internet publishing

Associates

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

Associates	Registered country	Geographic segment	Nature of business
Doğan Media International GmbH ("Doğan Media")	Germany	Europe	Newspaper publishing

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Financial reporting standards

Statement of Compliance in TAS

The accompanying consolidated financial statements are prepared in accordance with 2016 TAS Taxonomy based on the requirements of Capital Markets Board ("CMB") Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets" and Turkish Accounting Standarts ("TAS") and Turkish Financial Reporting Standarts ("TFRS") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"), which is developed by POA in accordance with paragraph 9(b) of Decree Law No.660 and announced to the public with Decree No: 30 dated 2 June 2016, subsequently further binded to CMB Decree No: 22/805 dated 15 July 2016 and announced to the public by CMB weekly bulletin No: 2016/22 dated 15 July 2016.

The Group has prepared its financial statements in accordance with TAS 34 "Interim Financial Reporting" in accordance with the CMB Communiqué Serial XII, No. 14.1 and announcements to this Communiqué, regarding the interim financial statements preparation and reporting for the interim period ended on 31 March 2017.

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

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

2.1 Basis of presentation (Continued)

2.1.1 Financial reporting standards (Continued)

Statement of Compliance in TAS (Continued)

These consolidated financial statements are based on the statutory records, which are maintained under historical cost basis except investment properties and derivative instruments, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the Turkish Accounting Standarts.

Adjustment to the financial statements in hyperinflationary periods

Based on the 17 March 2005 dated and 11/367 numbered decision of CMB, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with CMB and POA requirements, effective from 1 January 2005. Accordingly, TAS 29 "Financial Reporting in Hyperinflationary Economies" is not applied in accompanying consolidated financial statements for the accounting periods starting 1 January 2005.

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

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

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

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

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

2.1.3 Consolidation principles

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

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

2.1 Basis of presentation (Continued)

2.1.3 Consolidation principles (Continued)

Subsidiaries and joint ventures acquired or disposed of during the accounting period are included in the consolidation from the date at which the control of operations are transferred to the Group and excluded from the consolidation when the control is lost. Even if non-controlling interests result in a deficit balance, total comprehensive income is attributed to the owners and to the non-controlling interests.

Income and expenses of a subsidiary, acquired or disposed of the during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Accounting policies used in the preparation of these consolidated financial statements are summarized as below:

(a) Subsidiaries

Subsidiaries comprise entities which Hürriyet directly and indirectly controls. The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Power of over the investee
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- Ability to use its power to affect its returns.

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

The Company considers all the relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

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

Subsidiaries are consolidated by full consolidation method by the date the Group takes the control. From the date the control is over, subsidiaries are excluded from the consolidation scope. Proportion of ownership interest represents the effective shareholding of the Group through the shares held by Hürriyet and/or indirectly by its subsidiaries.

The balance sheets and the statements of profit or loss of the subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by the Company and its subsidiaries is eliminated against the related equity. Intercompany transactions and balances between the Company and its subsidiaries are eliminated on consolidation. The dividends arising from shares held by Hürriyet in its subsidiaries are eliminated from equity and income for the period. In case of necessity, adjustments are made to the accounting policies in the financial statements of subsidiaries in order to comply with the Group's accounting policies.

(Amounts expressed in Turkish Lira ("TRY") 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)

Changes in share capital at the Group's existing subsidiaries:

Changes in the Group's ownership interests in subsidiaries that do not result in the loss of control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and 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, a gain or loss is recognised in profit or loss and 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. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable TAS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under TAS 39 "Financial instruments: recognition and measurement", when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

The Subsidiaries and their effective ownership interests at 31 March 2017 and 31 December 2016 are as follows:

	Proportion of voting power held by Hürriyet and its Subsidiaries (%)		Effective ownership interests (%)	
Subsidiaries	**31 March 2017**	**31 December 2016**	**31 March 2017**	**31 December 2016**
Yenibiriş A.Ş.	100.00	100.00	100.00	100.00
Glokal	100.00	100.00	100.00	100.00
Hürriyet Zweigniederlassung	100.00	100.00	100.00	100.00
Hürriyet Invest	100.00	100.00	100.00	100.00
TME	97.29	97.29	97.29	97.29
ID Impress Media Marketing LLC	91.00	91.00	88.53	88.53
TCM Adria d.o.o.	100.00	100.00	97.29	97.29
Mirabridge International B.V.	100.00	100.00	97.29	97.29
ZAO Pronto Akzhol	80.00	80.00	77.83	77.83
TOO Pronto Akmola	100.00	100.00	97.29	97.29
OOO Pronto Atyrau	80.00	80.00	77.83	77.83
OOO Pronto Aktobe	64.00	64.00	62.26	62.26
OOO Pronto Aktau	80.00	80.00	77.83	77.83
OOO Pronto Baikal (1)	100.00	100.00	97.29	97.29
OOO Pronto Kazan (2)	72.00	72.00	70.05	70.05
OOO Pronto Oka (3)	100.00	100.00	97.29	97.29
OOO Utro Peterburga (3)	55.00	55.00	53.51	53.51
OOO Pronto Samara	100.00	100.00	97.29	97.29
OOO Rukom (4)	100.00	100.00	97.29	97.29

(Amounts expressed in Turkish Lira ("TRY") 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 (%)	
Subsidiaries	**31 March 2017**	**31 December 2016**	**31 March 2017**	**31 December 2016**
OOO Pronto Media Holding	100.00	100.00	97.29	97.29
OOO SP Belpronto	60.00	60.00	58.37	58.37
OOO Rektcentr	100.00	100.00	97.29	97.29
Publishing House Pennsylvania Inc	100.00	100.00	97.29	97.29
Pronto Ust Kamenogorsk (5)	-	80.00	-	77.83
Publishing International Holding BV	100.00	100.00	97.29	97.29

(1) The subsidiary is in the process of liquidation as of 5 October 2015.
(2) The subsidiary is in the process of liquidation as of November 2015.
(3) Subsidiaries ceased its operations before 2010.
(4) The subsidiary ceased its operations in 2012.
(5) The subsidiary has been liquidated as of 22 February 2017.

Associates and joint ventures are recognized using the "equity method" in these consolidated financial statements. Under the equity method, an investment in associate or a joint venture is recognized in the consolidated statement of financial position at cost adjusted to recognize the Group's share of the profit or loss and other comprehensive income with the deduction of any impairment loss in the associate or a joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or a joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or a joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or a joint venture.

Group and its associates or joint venture are eliminated to the extent of the Group's interest in the associate or joint venture; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Equity accounting method is discontinued when the carrying amount of the investment in an associate reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associate or the significant influence of the Group ceases.

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

2.1 Basis of presentation (Continued)

2.1.3 Consolidation principles (Continued)

(b) Investments in associates and joint ventures

Joint ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by Hürriyet and one or more other parties. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which only exists when decisions about the relevant activities require unanimous consent of the parties sharing control.

In accordance with the amendments to TFRS 11 effective from 1 January 2013, joint ventures are started to be recognised under the equity method for which the details are presented below starting from this date and the related amendments are applied retrospectively and financial statements are restated accordingly.

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but do not have control or joint control over those policies. Associates and joint ventures mentioned above are accounted for using the equity method of accounting. Under the equity method, an investment in associate or a joint venture is recognized in the consolidated statement of financial position at cost adjusted to recognize the Group's share of the profit or loss and other comprehensive income with the deduction of any impairment loss in the associate or a joint venture. Where the investment's share of losses in the associate or joint venture exceeds the Group's share in the associate or joint venture (including any long-term investments that, in substance, form part of the Group's net investment in the associate or joint venture), the exceeding portion of losses are not recognised. Consideration of additional loss is only possible in case the Group has been exposed to legal liability or has made to payments in the name of associate or joint venture.

Unrealized gains on transactions between the Group and its associates are restated in proportion to the Group's share in the associate and unrealized losses are also restated when there is no indication of impairment of the transferred asset. The Group ceases to use the equity method when they don't fall under obligations with respect to associates, the carrying value of the associates is zero or the significant influence of the Group is over.

(c) Non-controlling interests

The share of non-controlling interests over the net assets and operational results of subsidiaries are classified as "non-controlling interest" in the consolidated balance sheet and statement of profit or loss.

(d) Financial investments

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

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

2.1 Basis of presentation (Continued)

2.1.4 Offsetting

Financial assets and liabilities will be presented in net in case of required legal claim, having objectives for net evaluations of mentioned assets and liabilities or in conditions where acquisition and fulfillment of obligations are hold simultaneously.

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. Consolidated statement of financial position as at 31 March 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended are preapared comperatively with the financial statements prepared as at and the year then ended 31 December 2016. In the current period, in case of a necessity, prior period financial statements are reclassified in order to comply with the presentation of its current period consolidated financial statements and significant changes are explained.

2.1.6 Amendments in Turkish Financial Reporting Standards ("TFRS")

During the reporting period, there are no standards or interpretations affecting the Company's financial performance, balances, presentation or disclosure. However, below are the standards that are valid for the current period and have no impact on the financial statements of the Company and the standards and interpretations that are not yet effective and have not been early adopted by the Company.

a) The new standards, amendments and interpretations which are effective for the financial statements as of 31 March 2017:

- TFRS 14 'Regulatory deferral accounts', effective from annual periods beginning on or after 1 January 2016. TFRS 14, 'Regulatory deferral accounts' permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt TFRS. However, to enhance comparability with entities that already apply TFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.

  Annual improvements 2014, effective from annual periods beginning on or after 1 January 2016. These set of amendments impacts 4 standards:

  • TFRS 5, 'Non-current assets held for sale and discontinued operations' regarding methods of disposal.
  • TFRS 7, 'Financial instruments: Disclosures', (with consequential amendments to TFRS 1) regarding servicing contracts.
  • TAS 19, 'Employee benefits' regarding discount rates.
  • TAS 34, 'Interim financial reporting' regarding disclosure of information.

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

2.1 Basis of presentation (Continued)

2.1.6 Amendments in Turkish Financial Reporting Standards (Continued)

a) The new standards, amendments and interpretations which are effective for the financial statements as of 31 March 2017 (Continued):

- TFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation, effective from annual periods beginning on or after 1 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

- TAS 16 'Property,plant and equipment', and TAS 41, 'Agriculture', regarding bearer plants, effective from annual periods beginning on or after 1 January 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. It has been decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of TAS 16, instead of TAS 41. The produce growing on bearer plants will remain within the scope of TAS 41.

- TAS 16, 'Property, plant and equipment' and TAS 38, 'Intangible assets', on depreciation and amortisation, effective from annual periods beginning on or after 1 January 2016. In this amendment the it has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

- TAS 27, 'Separate financial statements' on the equity method, effective from annual periods beginning on or after 1 January 2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

- TFRS 10 'Consolidated financial statements' and TAS 28, 'Investments in associates and joint ventures', effective from annual periods beginning on or after 1 January 2016. These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.

- TAS 1, 'Presentation of financial statements' on the disclosure initiative, effective from annual periods beginning on or after 1 January 2016, these amendments are as part of the IASB initiative to improvepresentation and disclosure in financial reports

b) Standards, amendments and interpretations effective after 31 March 2017:

- TAS 7, 'Statement of cash flows' on disclosure initiative, effective from annual periods beginning on or after 1 January 2017. These amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.

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

2.1 Basis of presentation (Continued)

2.1.6 Amendments in Turkish Financial Reporting Standards ("TFRS") (Continued)

b) Standards, amendments and interpretations effective after 31 March 2017 (Continued):

- TAS 12 'Income Taxes', effective from annual periods beginning on or after 1 January 2017. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. It also clarify certain other aspects of accounting for deferred tax assets.

- TFRS 2, 'Share based payments' on clarifying how to account for certain types of share-based payment transactions, effective from annual periods beginning on or after 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in TFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

- TFRS 9, 'Financial instruments', effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

- TFRS 15, 'Revenue from contracts with customers', effective from annual periods beginning on or after 1 January 2018. TFRS 15, 'Revenue from contracts with customers' is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.

- TFRS 15, 'Revenue from contracts with customers', effective from annual periods begining on or after 1 January 2018. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.

- TFRS 16, 'Leases', effective from annual periods beginning on or after 1 January 2019, This standard replaces the current guidance in TAS 17 and is a farreaching change in accounting by lessees in particular. Under TAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). TFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The TASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

2.1 Basis of presentation (Continued)

2.1.6 Amendments in Turkish Financial Reporting Standards ("TFRS") (Continued)

b) Standards, amendments and interpretations effective after 31 March 2017 (Continued):

- TFRS 4, 'Insurance contracts' regarding the implementation of TFRS 9, 'Financial Instruments', effective from annual periods beginning on or after 1 January 2018. These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will:
  - give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when TFRS 9 is applied before the new insurance contracts standard is issued; and
  - give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying TFRS 9 until 2021. The entities that defer the application of TFRS 9 will continue to apply the existing financial instruments standard TAS 39.
- TAS 40, Investment property' relating to transfers of investment property, effective from annual periods beginning on or after 1 January 2018. These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence.

- Annual improvements 2014–2016, effective from annual periods beginning on or after 1 January 2018. These amendments impact 3 standards:

  - TFRS 1,' First-time adoption of TFRS', regarding the deletion of short-term exemptions for first-time adopters regarding TFRS 7, TAS 19, and TFRS 10 effective 1 January 2018.
  - TFRS 12,'Disclosure of interests in other entities' regarding clarification of the scope of the standard. These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017.
  - TAS 28,'Investments in associates and joint ventures' regarding measuring an associate or joint venture at fair value effective 1 January 2018.

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

2.1 Basis of presentation (Continued)

2.1.6 Amendments in Turkish Financial Reporting Standards (Continued)

b) Standards, amendments and interpretations effective after 31 March 2017 (Continued):

- TFRS Interpretation 22, 'Foreign currency transactions and advance consideration', effective from annual periods beginning on or after 1 January 2018. This TFRS Interpretation 22 addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice

The above-mentioned standards are expected to be effective in 2017 and the following years. The Company has not yet determined the effects that may arise on the financial statements as a result of the application of such standards and expects to have no significant effect on the financial statements of such differences.

2.2 Summary of significant accounting policies

2.2.1 Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements.

a) A person or a close member of that person's family is related to a reporting entity if that person:

i. has control or joint control over the reporting entity;
ii. has significant influence over the reporting entity; or
iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

iii. Both entities are joint ventures of the same third party.

iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

vi. The entity is controlled or jointly controlled by a person identified in (a).

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

2.2 Summary of significant accounting policies (Continued)

2.2.1 Related parties(Continued)

vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Under the guidance of the explanations mentioned above and also in compliance with TAS 24, Doğan Holding directly or indirectly has participation, including any entities under common control; real persons and/or legal entities that have direct or indirect individual or joint control over the company and their close family members (relatives up to second-degree) and legal entities having direct or indirect individual or joint control by them and legal entities having significant effect over the Company or their key management personnel; Company's subsidiaries and members of the Board of Directors, key management personnel and their close family members (relatives up to second-degree) and real persons and/or legal entities that are directly or indirectly controlled individually or jointly (Note 33).

2.2.2 Financial assets

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

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. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payment is established (Note 6).

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

2.2.3 Trade receivables and provision for doubtful receivables

The Group's trade receivables from providing goods or services to customers are carried at net of unrealized finance income ("unearned financial income due to sales with maturity"). 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. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition. Effective interest method is calculating the present value in accordance with the compound interest basis. The rate determined by compound interest basis and applied in this method is named "effective interest rate". Short term receivables with indefinite interest rate are carried at cost unless the effect of imputing interest is significant (Note 8).

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 (Continued)

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

If there is a partial or whole collection over the doubtful receivable amount subsequent to the allocation of provision for doubtful receivables, the collected portion is recognised as other income following the write-down of the total provision amount (Note 8, 26 and 27).

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

At each balance sheet date, the Group evaluates whether there are any indications that an asset other than goodwill or intangible assets with indefinite useful lives may be impaired. When an indication of impairment exists, carrying value of the assets is compared with the net realizable value which is the higher of value in use and fair value less costs to sell. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Impairment exists if the carrying value of an asset or a cash generating unit including that asset is greater than its recoverable amount. Impairment losses are recognised in the consolidated statement of income (Note 15).

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 weighted average basis (Note 11).

When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of income/(loss) in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down. The management evaluates the inventory impairment amount (if any) as of the balance sheet dates (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 (Note 11).

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

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 period of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. The difference between fair value and cost value, as of the date in which the change has occured, is recognized as revaluation fund under other comprehensive income (Note 13).

2.2.7 Property, plant and equipment and depreciation

Property, plant and equipment are carried at cost less any accumulated depreciation and any accumulated impairment losses (Note 14). Depreciation is provided on property, plant and equipment on a straight-line basis (except land). The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

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

Land and land improvements	8-20 years
Buildings	30-50 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.

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(Continued)

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 income and expenses from investment activities account, 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.

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 (Note 15).

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

2.2 Summary of significant accounting policies (Continued)

2.2.9 Intangible assets (Continued)

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

The Group evaluates whether there are any indications that an asset other than goodwill or infinite life intangible assets 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 which is the higher of value in use or fair value less costs to sell.

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.

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

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

2.2 Summary of significant accounting policies (Continued)

2.2.10 Critical accounting estimates and judgements

Useful lives of intangible assets

Useful lives of some trademarks are expected to be indefinite by the Group management. Where useful life is definite, in case of useful lives of 20 years, such intangible assets' amortization would have increased by TRY 3,324,759 (31 December 2016: TRY 10,797,005) and their loss before tax would have increased by TRY 3,324,759 (31 December 2016: TRY 10,797,005).

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

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

- Had the useful lives been higher by 10%, amortization charges would have decreased by TRY 233,017 and loss before tax would have decreased by TRY 233,017 (31 December 2016: TRY 1,425,248) or
- Had the useful lives been lower by 10%, amortization charges would have increased by TRY 362,132 and loss before tax would have increased by TRY 362,132 (31 December 2016: TRY 1,741,970).

Impairment of intangible assets

The Group conducted intangible asset impairment analysis as of 31 December 2016 according to the details occured as explained below:

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

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

	31 December 2016	
	EBITDA margin rate (%)	Discount Rate (%)
TME	42.9	18.0

The Group has set a impairment on intangible assets in consolidated financial statements as of 31 December 2016 in the amount of TRY 77,148,188. Impairment of intangibles occured because of the under budget performance of TME.

As at 31 March 2017 Group has not set intangible assets impairement provision.

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

2.2 Summary of significant accounting policies (Continued)

2.2.11 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 the previous year's tax liabilities.

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

Deferred income 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 (and laws) that have been enacted or substantially 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. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they are related to income taxes levied by the same taxation authority (Note 31).

2.2.12 Financial borrowings and borrowing costs

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 profit or loss as finance expense over the period of the borrowings. The borrowing costs which are directly related with the acquisition, manufacturing or production of a specialty good (means that a long period of time is required to make available for sale and use as purposed) are capitalized as a part of the related asset (Note 7).

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

2.2 Summary of significant accounting policies (Continued)

2.2.13 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.

The provision for employment termination benefit represents the present value of the estimated total reserves of the future probable liability of the Group arising from the retirement of the employees measured in accordance with the Turkish Labour and Press Labour Laws (Note 19).

According to the amendment in TAS 19, the Group calculated employment benefit in accordance with the report prepared by the actuarial firm and recognised all actuarial loss and gains in the other comprehensive statement of profit or loss as of balance sheet date.

2.2.14 Provisions, contingent assets and liabilities

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

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

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

Possible assets that arisen from past events and whose existence will be confirmed only by the Group occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the 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 (Note 17).

2.2.15 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 (Note 22).

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

2.2 Summary of significant accounting policies (Continued)

2.2.16 Foreign currency transactions

Functional currency

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

Foreign currency transactions and balances

Income and expenses arising in foreign currencies have been translated into TRY at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TRY 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.

Foreign group companies

The results of Group undertakings using a measurement currency other than TRY are first translated into TRY by using the average exchange rate for the period. The assets and liabilities of such Group undertakings are translated into TRY 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.

The Group has monetary receivables and payables from foreign operations which a group company has no intention or possibility to pay back. Foreign exchange differences arisen from these receivables accounted in currency translation differences under equity, and in case of sale of the subsidiary, the accumulated exchange differences will be classified to profit or loss.

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 2017 and 31 December 2016 are summarized below:

Country	Currency	31 March 2017	31 December 2016
Russia	Ruble	0.0642	0.0573
Eurozone	Euro	3.9083	3.7099
United States of America	Dollar	3.6386	3.5192
Romania	New Leu	0.8549	0.8131
Kazakhstan	Tenge	0.0116	0.0106

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

2.2 Summary of significant accounting policies (Continued)

2.2.17 Revenue recognition

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

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

The difference between the fair value and the nominal amount of the consideration is recognized as financing income on the related periods (Note 23).

<u>Revenues from advertisement</u>

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.

<u>Revenues from newspaper sales</u>

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

<u>Revenues from printing services</u>

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.

<u>Interest income</u>

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

<u>Rental income</u>

Rental income is recognized on an accrual basis.

<u>Other income</u>

Other income is recognized on an accrual basis.

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

2.2 Summary of significant accounting policies (Continued)

2.2.18 Barter agreements

The Group provides advertising services in return for advertisement and other products and services. When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a revenue generating transaction. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a revenue generating transaction. Revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. If the fair value of the goods or services received is not measured reliably, the revenue is measured at the fair value of the goods or services supplied, adjusted by the amount of any cash or cash equivalents transferred (Note 18). Barter agreements is recognized on an accrual basis.

2.2.19 Profit / (Loss) per share

Profit / (loss) per share disclosed in the consolidated statements of income are determined by dividing net profit / (loss) for the period by the weighted average number of shares that have been outstanding during the period concerned (Note 22).

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares "bonus shares" to existing shareholders from retained earnings. 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 32).

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

2.2.20 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).

2.2.21 Subsequent events

In the case that events requiring a correction to be made occur subsequent to the balance sheet date, the Group makes the necessary corrections to the consolidated financial statements.

In the case that events not requiring a correction to be made occur subsequent to the balance sheet date, those events are disclosed in the notes of consolidated financial statement (Note 37).

2.2.22 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 non-current assets and financial investments).

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

2.2 Summary of significant accounting policies (Continued)

2.2.22 Reporting of cash flows (Continued)

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 and bears no risk of change in present value and highly liquid with 3 months or less to maturity (Note 5).

2.2.23 Non-current assets held for sale and discontinued operations

Assets held for sale are operations that the Group disposes of or classified as available for sale and cash flows which can be treated as a part separately from the Group. Non-current assets held for sale and discontinued operations represents a separate major line of business or geographical area of operations; is part of single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. The Group must evaluate its discontinued operations with the lower of carrying value and fair values less costs to sell (Note 34).

Discontinued operations are components of an entity that either have been disposed of or represented as a major part of an entity separately from the Group's operations and cash flows. Operating results as of the Group has ceased its control over its disposal groups are presented separately under "discontinued operations" in the consolidated statement of profit or loss. Prior period consolidated statement of profit or loss is restated for comparative purposes and the results of discontinued operations are also classified under the "discontinued operations" account.

Gain/(loss) and tax expense occurring from the sale are included to the results of operations of discontinued operations. Gain/ (loss) amount from the sale is calculated as the difference between the book value of net assets disposed and sales value.

2.2.24 Segment reporting

The chief operating decision maker of the Group is the Executive Committee and /or Board of Directors. 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).

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

2.2 Summary of significant accounting policies (Continued)

2.2.25 Derivative instruments and Hedge accounting

Derivative financial instruments, predominantly foreign currency and interest swap agreements and foreign currency forward agreements are initially recognised at their acquisition costs plus the transaction costs. Derivative financial instruments are subsequently remeasured at their fair value. All derivative financial instruments are classified as financial assets at fair value through profit or loss. Fair values of derivative financial instruments are obtained from quoted market prices or discounted cash flow models as appropriate. Based on positive or negative fair value, derivative financial instruments are carried as assets or liabilities respectively.

Based on the fair value assessment, changes in the fair value of derivatives at fair value through profit or loss are included in the statement of profit or loss.

In the case of future cash flows being subject to cash flow hedges and related transactions being effective, the effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognized directly in equity whereas the ineffective portion is recognized immediately in the statement of profit or loss.

If the cash flow hedge of a firm commitment or an expected forward transaction result in the recognition of an asset or liability, at the initial recognition of this asset or liability the gain or loss previously recognized under equity related to derivatives are included in the measurement of the initial amount of the asset or liability. In a hedge accounting that does not result in the recognition of an asset or liability, the amounts previously recognized under equity are transferred to statement of profit or loss in the period in which the hedged item has an effect on profit or loss. The changes in the fair value of derivatives that do not meet the criteria for hedge accounting are recognized in the statement of profit or loss.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

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.

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

NOTE 3 - BUSINESS COMBINATIONS

There are no business combinations as of 31 March 2017 and 31 December 2016 regarding to "TFRS 3 Business Combination".

NOTE 4 - SEGMENT REPORTING

a) Segmental analysis for the period between 1 January - 31 March 2017:

	Turkey	Russia and EE	Europe	Total
Sales	115,830,066	6,599,233	8,949,521	131,378,820
Cost of sales (-)	(67,314,060)	(4,524,489)	(7,304,333)	(79,142,882)
Gross operating profit (loss)	**48,516,006**	**2,074,744**	**1,645,188**	**52,235,938**
Marketing expenses (-)	(27,454,325)	(5,067,833)	-	(32,522,158)
Losses from investments accounted by the equity method (-)	(515,977)	-	-	(515,977)
Net segment result	**20,545,704**	**(2,993,089)**	**1,645,188**	**19,197,803**
General administrative expenses (-)				(25,082,211)
Other operating income				9,874,666
Other operating expenses (-)				(12,194,721)
Finance expenses (-)				(11,612,300)
Income from investing activities				2,934,148
Expense from investing activities (-)				(457,085)
Profit (loss) before tax				**(17,339,700)**
Tax income (expenses) for the period				(845,623)
Deferred tax income (expenses)				(1,916,148)
Profit (loss) for the period				**(20,101,471)**

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

NOTE 4 - SEGMENT REPORTING (Continued)

b) Segmental analysis for the period between 1 January - 31 March 2016:

	Turkey	Russia and EE	Europe	Total
Sales	122,381,111	6,677,572	9,170,760	138,229,443
Cost of sales (-)	(68,398,452)	(4,067,265)	(7,767,771)	(80,233,488)
Gross operating profit (loss)	**53,982,659**	**2,610,307**	**1,402,989**	**57,995,955**
Marketing expenses (-)	(29,855,786)	(888,152)	-	(30,743,938)
Losses from investments accounted by the equity method (-)	(276,481)	-	-	(276,481)
Net segment result	**23,850,392**	**1,722,155**	**1,402,989**	**26,975,536**
General administrative expenses (-)				(28,373,999)
Other operating income				9,601,534
Other operating expenses (-)				(20,706,965)
Finance expenses (-)				(13,461,799)
Income from investing activities				1,038,492
Expense from investing activities (-)				(5,882)
Profit (loss) before tax				**(24,933,083)**
Tax income (expenses) for the period				(76,503)
Deferred tax income (expenses)				3,924,737
Profit (loss) for the period				**(21,084,849)**

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

NOTE 4 - SEGMENT REPORTING (Continued)

c) Segment assets:

	31 March 2017	31 December 2016
Turkey	598,916,938	574,755,125
Russia and EE	307,414,751	312,480,102
Europe	40,110,931	37,201,440
	946,442,620	**924,436,667**
Unallocated assets [i]	1,740,155	1,870,648
Investments accounted by the equity method (Note 12)	7,249,909	7,368,572
Total assets per consolidated financial statements	**955,432,684**	**933,675,887**

[i] Group's assets other than segment assets include prepaid taxes (Note 31), VAT receivables (Note 21), prepaid taxes and funds (Note 21) and deferred taxes assets (Note 31).

d) Segment liabilities:

	31 March 2017	31 December 2016
Turkey	94,846,643	82,300,721
Russia and EE	18,010,028	10,750,931
Europe	13,581,161	15,602,255
	126,437,832	**108,653,907**
Unallocated liabilities [i]	412,015,794	408,427,049
Total liabilities per consolidated financial statements	**538,453,626**	**517,080,956**

[i] Group's liabilities other than other segments liabilities is composed of financial borrowings (Note 7), other provisions (Note 17), employee termination benefits (Note 19), VAT payable (Note 21) and unused vacation provision (Note 17), current tax liability and deferred tax liabilities (Note 31).

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

NOTE 4 - SEGMENT REPORTING (Continued)

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

Property, plant and equipment, intangible assets and investment property purchases:

	1 January - 31 March 2017	1 January - 31 March 2016
Turkey	5,223,143	10,772,646
Russia and EE	1,687,869	1,017,251
Europe	1,207	22,031
Total	**6,912,219**	**11,811,928**

Depreciation and amortization charges:

	1 January - 31 March 2017	1 January - 31 March 2016
Turkey	6,317,078	8,477,969
Russia and EE	2,105,043	4,162,777
Europe	436,154	379,849
Total	**8,858,275**	**13,020,595**

f) Non-cash other expenses:

	1 January - 31 March 2017			
	Turkey	Russia and EE	Europe	Total
Provision for impairment of investment property (Note 29)	292,671	-	-	292,671
Provision of retirement pay and unused vacation (Note 17, 19)	1,771,418	507,217	-	2,278,635
Provision for doubtful receivables (Note 8, 27)	6,801,226	330,270	-	7,131,496
Provision of legal claims (Note 17)	1,743,343	-	572,769	2,316,112
Provision of inventory impairment (Note 11)	419,359	-	-	419,359
	11,028,017	**837,487**	**572,769**	**12,438,273**

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

NOTE 4 - SEGMENT REPORTING (Continued)

f) Non-cash other expenses (Continued)

	1 January - 31 March 2016			
	Turkey	Russia and EE	Europe	Total
Provision of retirement pay and unused vacation (Note 17, 19)	1,594,605	436,364	-	2,030,969
Provision for doubtful receivables (Note 8,27)	1,113,153	3,159,241	-	4,272,394
Provision of legal claims (Note 17)	990,142	-	-	990,142
Provision of inventory impairment (Note 11)	173,309	-	-	173,309
	3,871,209	**3,595,605**	-	**7,466,814**

NOTE 5 - CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents at 31 March 2017 and 31 December 2016 are as follows:

	31 March 2017	31 December 2016
Cash	2,478,386	3,867,744
Banks		
- time deposits	17,532,821	17,233,880
- demand deposits	9,702,949	3,194,096
Total	**29,714,156**	**24,295,720**

Cash and cash equivalents included in the consolidated statements of cash flows as of 31 March 2017, 31 December 2016 and 2015 are as follows:

	31 March 2017	31 December 2016	31 December 2015
Cash and banks	29,714,156	24,295,720	86,987,420
Total	**29,714,156**	**24,295,720**	**86,987,420**

The maturity analysis of time deposits is as follows:

	31 March 2017	31 December 2016
0-1 months	17,532,821	17,233,880
	17,532,821	**17,233,880**

There are no time deposits with variable interest rates at 31 March 2017 and 31 December 2016. The average interest rate for TRY time deposits is 11.15% as of 31 March 2017 (31 December 2016: 9.50%), for USD average interest rate is 0.60% (31 December 2016: None).

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

NOTE 6 - FINANCIAL INVESTMENTS

Short-term financial investments:

The details of restricted bank balances at 31 March 2017 and 31 December 2016 are as follows:

	31 March 2017	31 December 2016
Restricted bank balances	86,737	111,500
Total	**86,737**	**111,500**

Non-current financial investments:

The details of available for sale inancial assets available for sales as of 31 March 2017 and 31 December 2016 are as presented below:

	Share (%)	31 March 2017	Share (%)	31 December 2016
Doğan Faktoring A.Ş. ("Doğan Faktoring")	5.11	1,029,898	5.11	1,029,898
Coats İplik Sanayi A.Ş.	0.50	257,850	0.50	257,850
Other	<1	56,073	<1	56,073
Total		**1,343,821**		**1,343,821**

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

NOTE 7 - CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

The details of financial liabilities at 31 March 2017 and 31 December 2016 are as follows:

Short-term borrowings:	31 March 2017	31 December 2016
Short-term bank borrowings	111,195,634	72,725,361
	111,195,634	**72,725,361**
Short term portion of long-term financial liabilities	1,761,053	75,259,960
Total	**112,956,687**	**147,985,321**

Long-term borrowings:	31 March 2017	31 December 2016
Long-term bank borrowings	189,074,910	139,729,311
Total	**189,074,910**	**139,729,311**

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

NOTE 7 - CURRENT AND NON-CURRENT FINANCIAL LIABILITIES (Continued)

Bank borrowings:

The details of bank borrowings at 31 March 2017 and 31 December 2016 are as follows:

	Effective interest rate (%)		Original foreign currency		TRY	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Short-term bank borrowings						
- TL	11.64	12.65	85,307,471	57,530,221	85,307,471	57,530,221
- Russian Ruble	12.87	13.20	403,242,414	265,093,164	25,888,163	15,195,140
Sub-total					**111,195,634**	**72,725,361**
Short-term portion of long-term bank borrowings						
- TL	-	13.50	-	73,601,778	-	73,601,778
- Euro	3.75	3.75	450,593	446,961	1,761,053	1,658,182
Sub-total					**1,761,053**	**75,259,960**
Total short-term bank borrowings					**112,956,687**	**147,985,321**
Long-term bank borrowings						
- Euro	3.75	3.75	19,167	133,186	74,910	494,106
- TL	13.01	13.25	189,000,000	139,235,205	189,000,000	139,235,205
Total long-term bank borrowings					**189,074,910**	**139,729,311**

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

NOTE 7 - CURRENT AND NON-CURRENT FINANCIAL LIABILITIES (Continued)

Bank borrowings (Continued)

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

Year	31 March 2017	31 December 2016
2018	40,074,910	99,563,489
2019	149,000,000	40,165,822
Total	**189,074,910**	**139,729,311**

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

Period	31 March 2017	31 December 2016
Up to 6 months	32,195,634	-
6-12 months	80,835,963	286,415,196
1 to 5 years	189,000,000	1,299,436
Total	**302,031,597**	**287,714,632**

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

Group borrows loans on fixed interest rate. Distribution interest rates on loans are presented in Note 34.1 (i).

The Group's bank borrowings is none with variable interest rate as of 31 March 2017 (31 December 2016: None).

NOTE 8 - TRADE RECEIVABLE AND PAYABLES

Short-term trade receivables net off of unearned finance income at 31 March 2017 and 31 December 2016 are as follows:

Short-term receivables from third parties:

	31 March 2017	31 December 2016
Trade receivables	246,449,222	240,202,004
Notes and cheques receivable	3,556,007	7,071,215
Credit cards receivables	3,268,980	3,665,493
Income accruals	1,656,463	2,216,013
Unearned finance income due from term sales	(2,589,002)	(2,780,744)
Less: Provision for doubtful receivables	(50,268,468)	(46,020,143)
Short-term trade receivables	**202,073,202**	**204,353,838**

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

NOTE 8 - TRADE RECEIVABLE AND PAYABLES (Continued)

According to a revocable factoring agreement signed with Doğan Factoring Hizmetleri A.Ş., trade receivables resulting from advertisements, amounting to TRY 131,871,277 (31 December 2016: TRY 137,135,478) are followed up by Doğan Factoring Hizmetleri A.Ş. ("Doğan Factoring"). Group has not transferred the risk of default of the above mentioned receivables and has continued to recognize its balance sheet. These receivables are related to commercial advertisements and classifieds. Weighted average maturity of the Group's sales followed up by Doğan Factoring is 111 days (31 December 2016: 111 days). The unearned finance income due from term sales related with the receivables followed up by Doğan Factoring is TRY 1,349,017 (31 December 2016: TRY 1,081,406) and the compound interest rate is 12.68% per annum (31 December 2016: 12.68%).

The movements of provision for doubtful receivables are as follows:

	2017	2016
1 January	**(46,020,143)**	**(50,359,674)**
Additions during the period (Note 27)	(7,131,496)	(4,272,394)
Collections during the period (Note 26)	3,394,561	1,936,972
Disposal of subsidiary	-	(26,468)
Reversal provisions	30,649	-
Currency translation differences	(542,039)	(159,750)
31 March	**(50,268,468)**	**(52,881,314)**

Short term payables to third parties:

Trade payables at 31 March 2017 and 31 December 2016 are as follows:

	31 March 2017	31 December 2016
Short-term trade payables	42,010,814	48,999,963
Expense accruals	8,772,540	4,258,964
Unrealized financial expenses due to term purchases	(260,918)	(198,679)
Total	**50,522,436**	**53,060,248**

As of 31 March 2017, average turn over date of Group's trade payables is 41 days (31 December 2016: 38 days). As of 31 March 2017, unrealized financial expense due to term purchases is TRY 260,918 (31 December 2016: TRY 198,679) and the compound interest rate is 12.68% per annum (31 December 2016: 12.68%).

Explanations about the nature and level of risks related to trade receivable and payables are provided in Note 34.

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

NOTE 9 - OTHER RECEIVABLE AND PAYABLES

Other short-term receivables at 31 March 2017 and 31 December 2016 are as follows:

	31 March 2017	31 December 2016
Other receivables related sale of investment property [1]	1,590,925	1,449,526
Deposits and guarantees given	608,485	607,786
Due from personnel	-	48,757
Total	**2,199,410**	**2,106,069**

[1] The receivables arisen from the sale of the Kargir Apartment located in Güvenevler Mahallesi in Çankaya/Ankara.

Other long-term receivables at 31 March 2017 and 31 December 2016 are as follows:

Other long-term receivables from third parties:

	31 March 2017	31 December 2016
Other receivables related sale of investment property [1]	1,538,365	1,878,291
Deposits and guarantees given	1,705,999	1,562,496
Total	**3,244,364**	**3,440,787**

[2] The receivables arisen from the sale of the Kargir Apartment located in Güvenevler Mahallesi in Çankaya/Ankara.

Other short-term payables at 31 March 2017 and 31 December 2016 are as follows:

Short term trade payables to third parties:

	31 March 2017	31 December 2016
Taxes payable	8,338,845	8,118,486
Deposits and guarantees received	655,927	636,625
Other payables	702,310	136,823
Total	**9,697,082**	**8,891,934**

NOTE 10 - EMPLOYEE BENEFIT PAYABLES

Employee benefit payables as of 31 March 2017 and 31 December 2016 are as follows:

	31 March 2017	31 December 2016
Social security premiums	4,185,534	1,215,308
Due to personnel	3,134,183	5,376,706
Total	**7,319,717**	**6,592,014**

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

NOTE 11 - INVENTORIES

	31 March 2017	31 December 2016
Raw materials and supplies	11,915,101	12,557,934
Finished goods and merchandise	2,381,054	3,225,408
Promotion materials [1]	4,725,166	5,181,097
	19,021,321	**20,964,439**
Provision for impairment of inventory	(6,439,953)	(7,220,465)
Total	**12,581,368**	**13,743,974**

[1] Promotion materials include promotion materials such as books, CDs and DVDs provided to readers.

Provision for impairment of promotion inventories, raw materials and supplies and finished goods and merchandise goods amounting to TRY 6,439,953 (31 December 2016: TRY 7,220,465) and their movement during the period are as follows:

	2017	2016
1 January	**(7,220,465)**	**(9,421,898)**
Provision for promotion inventories	(320,295)	(173,309)
Reversal of provision for promotion materials	1,161,358	-
Provision for raw materials and supplies	(99,064)	-
Reversal of provision for raw materials and supplies	38,513	-
31 March	**(6,439,953)**	**(9,595,207)**

NOTE 12 - INVESTMENTS ACCOUNTED BY THE EQUITY METHOD

As of 31 March 2017 and 31 December 2016, the corresponding portion of associate's and joint venture's current assets, non-current assets, short-term and long-term liabilities and shareholders' equity, which are consolidated with the equity method in accordance with TFRS 11 are as follows:

Associate	31 March 2017 percentage of shares, directly or indirectly owned by Hurriyet and its Subsidiaries (%)	31 December 2016 percentage of shares, directly or indirectly owned by Hurriyet and its Subsidiaries (%)
Doğan Media International GmbH ("Doğan Media")	42.42	42.42

Joint Venture	31 March 2017 percentage of shares, directly or indirectly owned by Hurriyet and its Subsidiaries (%)	31 December 2016 percentage of shares, directly or indirectly owned by Hurriyet and its Subsidiaries (%)
ASPM Holding B.V.	49.62	49.62

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

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

The summary of Group's share of the financial statements of the investments accounted by the equity method at 31 March 2017 is as follows:

31 March 2017	Total assets	Total liabilities	Net assets	Net sales	Net loss for the period
Doğan Media	8,275,641	1,025,732	7,249,909	2,757,606	(515,977)
	8,275,641	**1,025,732**	**7,249,909**	**2,757,606**	**(515,977)**

The summary of Group's share of the financial statements of the investments accounted by the equity method at 31 December 2016 is as follows:

31 December 2016	Total assets	Total liabilities	Net assets	Net sales	Net loss for the period
Doğan Media	8,579,485	1,210,913	7,368,572	14,744,115	(391,280)
	8,579,485	**1,210,913**	**7,368,572**	**14,744,115**	**(391,280)**

The investments accounted by the equity method as of 31 March 2017 and 31 December 2016 are as follows:

	Share (%)	31 March 2017	Share (%)	31 December 2016
Doğan Media	42.42	7,249,909	42.42	7,368,572
		7,249,909		**7,368,572**

The summary of Group's share in the financial statements of the investments accounted by the equity method at 31 March 2017 and 2016 is as follows:

	2017	2016
1 January	**7,368,572**	**6,566,895**
Loss from associates	(515,977)	(276,481)
Currency translation differences	397,314	74,648
31 March	**7,249,909**	**6,365,062**

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

NOTE 13 - INVESTMENT PROPERTY

The movements in investment property as of 31 March 2017 are as follows:

Fair value:	**Lands**	**Buildings**	**Total**
1 January	**172,682,904**	**54,982,813**	**227,665,717**
Additions [1]	-	3,802,735	3,802,735
Disposal [1]	-	(10,164,592)	(10,164,592)
Change in fair value adjustment (Note 29)	-	(292,671)	(292,671)
Currency translation differences	-	33,464	33,464
31 March	**172,682,904**	**48,361,749**	**221,044,653**

[1] Disposals and additions due from the sale of investment properties occurred via barter agreements.

The Group's rent income from investment properties amounted to TRY 834,852 as of 31 March 2017 (31 March 2016: TRY 980,673). The Group's direct operating expenses arising from the investment properties in the period amounted to TRY 34,957 (31 March 2016: TRY 72,178).

The movements in investment property as of 31 March 2016 are as follows:

Fair value:	**Lands**	**Buildings**	**Total**
1 January	**65,940,285**	**20,996,821**	**86,937,106**
Additions [1]	-	7,267,998	7,267,998
Disposal [1]	-	(776,563)	(776,563)
Change in fair value adjustment (Note 28)	-	(1,960,514)	(1,960,514)
31 March	**65,940,285**	**25,527,742**	**91,468,027**

[1] Disposals and additions due from the sale of investment properties occurred via barter agreements.

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

NOTE 13 - INVESTMENT PROPERTY (Continued)

The information and fair value hierarchy level classification of lands and buildings are as follows 31 March 2017 and 31 December 2016:

		Fair value as at Reporting Date		
	31 March 2017	Level 1 TRY	Level 2 TRY	Level 3 TRY
Land	172,682,904	-	-	172,682,904
Building	48,361,749	-	-	48,361,749

		Fair value as at Reporting Date		
	31 December 2016	Level 1 TL	Level 2 TL	Level 3 TL
Land	172,682,904	-	-	172,682,904
Building	54,982,813	-	-	54,982,813

The fair value of the Group's investment property as at 31 December 2016 has been arrived at on the basis of a valuation carried out by independent valuers not related to the Group. The valuer which is authorized by Capital Markets Board and they have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The fair values of the lands were determined based on the market comparable approach that reflects recent transaction prices for similar properties.

As of 31 March 2017 the Group has not obtained valuation report.

(Amounts expressed in Turkish Lira ("TRY") 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 2017 are as follows:

	1 January 2017	Currency translation differences	Additions	Disposals	31 March 2017
Cost					
Land and land improvements	25,687,467	560,471	-	-	26,247,938
Buildings	99,088,044	2,191,159	624,121	-	101,903,324
Machinery and equipment	580,571,195	4,527,409	147,655	(3,963)	585,242,296
Motor vehicles	7,664,799	-	199,914	(987,265)	6,877,448
Furnitures and fixtures	48,641,305	898,127	160,419	(835,658)	48,864,193
Leasehold improvements	13,371,109	-	111,456	-	13,482,565
Other intangible assets	2,512,394	134,358	-	-	2,646,752
Construction in progress	748,547	3,129	-	(16,269)	735,407
	778,284,860	**8,314,653**	**1,243,565**	**(1,843,155)**	**785,999,923**
Accumulated amortization					
Land and land improvements	(604,691)	-	(6,516)	-	(611,207)
Buildings	(48,272,145)	(1,398,247)	(849,351)	-	(50,519,743)
Machinery and equipments	(545,365,544)	(4,434,019)	(3,279,772)	2,569	(553,076,766)
Motor vehicles	(2,182,455)	-	(313,110)	1,402,758	(1,092,807)
Furnitures and fixtures	(41,906,804)	(802,229)	(979,247)	71,363	(43,616,917)
Leasehold improvements	(8,683,218)	(25,082)	(366,203)	-	(9,074,503)
Other intangible assets	(1,193,241)	(63,812)	(62,670)	-	(1,319,723)
	(648,208,098)	**(6,723,389)**	**(5,856,869)**	**1,476,690**	**(659,311,666)**
Net book value	**130,076,762**				**126,688,257**

As at 31 March 2017 and 2016 there are no tangible fixed assest in machinery and equipment group which have been acquired through leasing.
At 31 March 2017, there are mortgages on property, plant and equipment amounting to TRY 25,403,950 (31 December 2016: TRY 24,114,350) (Note 18).
At 31 March 2017 depreciation expense amounting to TRY 5,111,119 (31 March 2016: TRY 5,514,175) is added to cost of sales (Note 23), amounting to TRY 745,750 (31 March 2016: TRY 2,041,386) is added to marketing, selling and distribution and general administrative expenses (Note 24).

(Amounts expressed in Turkish Lira ("TRY") 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 2016 are as follows:

	1 January 2016	Currency translation differences	Additions	Disposals	31 March 2016
Cost					
Land and land improvements	18,228,354	86,087	-	-	18,314,441
Buildings	173,155,205	893,473	28,545	(640,844)	173,436,379
Machinery and equipment	568,761,000	363,162	28,080	(4,502)	569,147,740
Motor vehicles	320,021	-	1,037,955	-	1,357,976
Furnitures and fixtures	48,449,446	117,680	505,194	(939,922)	48,132,398
Leasehold improvements	12,545,794	(9,600)	16,750	-	12,552,944
Other intangible assets	1,205,571	11,572	22,030	-	1,239,173
Construction in progress	198,845	24,904	26,468	-	250,217
	822,864,236	**1,487,278**	**1,665,022**	**(1,585,268)**	**824,431,268**
Accumulated amortization					
Land and land improvements	(728,959)	-	(8,979)	-	(737,938)
Buildings	(75,052,003)	(322,815)	(948,526)	177,144	(76,146,200)
Machinery and equipment	(513,868,610)	(685,491)	(5,164,240)	3,255	(519,715,086)
Motor vehicles	(1,699,363)	-	(252,981)	-	(1,952,344)
Furnitures and fixtures	(37,766,267)	149,279	(1,099,546)	555,129	(38,161,405)
Leasehold improvements	(5,965,092)	(4,603)	(30,404)	-	(6,000,099)
Other intangible assets	(814,833)	(7,287)	(50,885)	-	(873,005)
	(635,895,127)	**(870,917)**	**(7,555,561)**	**735,528**	**(643,586,077)**
Net book value	**186,969,109**				**180,845,191**

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

NOTE 15 - INTANGIBLE ASSETS

The movements of intangible assets and related accumulated amortization for the period ended 31 March 2017 are as follows:

	1 January 2017	Currency translation differences	Additions	Disposals	31 March 2017
Cost					
Trade names and licenses	252,465,044	25,551,834	-	-	278,016,878
Customer list	272,772,032	19,192,121	-	-	291,964,153
Computer software and rights	81,097,693	2,631,968	230,976	(1,420,740)	82,539,897
Internet domain names	31,402,701	2,875,961	1,634,943	-	35,913,605
Other intangible assets	2,652,021	-	-	-	2,652,021
Construction in progress	468,332	-	-	-	468,332
	640,857,823	**50,251,884**	**1,865,919**	**(1,420,740)**	**691,554,886**
Accumulated amortization					
Trade names and licenses	(36,526,314)	(1,410,220)	(76,683)	-	(38,013,217)
Customer list	(232,937,961)	(15,931,740)	(1,124,466)	-	(249,994,167)
Computer software and rights	(72,557,815)	(2,372,531)	(1,170,326)	656,166	(75,444,506)
Internet domain names	(18,996,603)	(1,683,569)	(616,625)	-	(21,296,797)
Other intangible assets	(2,637,315)	-	(13,306)	-	(2,650,621)
	(363,656,008)	**(21,398,060)**	**(3,001,406)**	**656,166**	**(387,399,308)**
Net book value	**277,201,815**				**304,155,578**

Amortization expense amounting to TRY 3,001,406 has been included in marketing, selling and distribution and general administrative expenses as of 31 March 2017 (Note 24) (31 March 2016: TRY 5,465,034).

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

NOTE 15 - INTANGIBLE ASSETS (Continued)

The movements in intangible assets and related accumulated amortization for the period ended 31 March 2016 are as follows:

	1 January 2016	Currency translation differences	Additions	Disposals	31 March 2016
Cost					
Trade names and licenses	176,420,551	7,998,651	-	-	184,419,202
Customer list	204,506,950	8,686,189	-	(641,769)	212,551,370
Computer software and rights	69,630,856	(524,089)	2,014,569	(173,513)	70,947,823
Internet domain names	22,228,391	1,138,754	864,339	(123,518)	24,107,966
Other intangible assets	2,613,046	(33,422)	-	(88,226)	2,491,398
Construction in progress	529,392	(1,558)	-	-	527,834
	475,929,186	**17,264,525**	**2,878,908**	**(1,027,026)**	**495,045,593**
Accumulated amortization					
Trade names and licenses	(21,127,428)	(410,768)	(245,498)	-	(21,783,694)
Customer list	(119,747,127)	(4,392,283)	(2,626,224)	-	(126,765,634)
Computer software and rights	(58,796,023)	670,791	(1,550,393)	173,513	(59,502,112)
Internet domain names	(10,795,038)	(621,348)	(820,511)	105,872	(12,131,025)
Other intangible assets	(2,409,339)	12,733	(222,408)	-	(2,619,014)
	(212,874,955)	**(4,740,875)**	**(5,465,034)**	**279,385**	**(222,801,479)**
Net book value	**263,054,231**				**272,244,114**

The cost of trade names and licenses with indefinite useful lives amounted to TRY 238,948,648 as of 31 March 2017 (31 December 2016: TRY 215,940,100). 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.

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

NOTE 16 - GOVERNMENT GRANTS

None (31 December 2016: None).

NOTE 17 -PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

As of 31 March 2017 and 31 December 2016, short term provisions are as follows:

	31 March 2017	31 December 2016
Provision for unused vacation rights	12,773,278	13,686,035
Provisions for lawsuit and compensation	6,332,764	5,473,663
Provisions for promotion	161,177	306,122
Total	**19,267,219**	**19,465,820**

i. Provision for unused vacation rights

Short Term Provisions of Employment Termination Benefits:

Movements of provision for unused vacation rights during the periods ended at 31 March 2017 and 2016 are as follows:

	2017	2016
1 January	**(13,686,035)**	**(12,181,762)**
Additions during the period	(645,479)	(626,242)
Payments related to provisions	1,688,965	231,527
Currency translation differences	(130,729)	(471,757)
31 March	**(12,773,278)**	**(13,048,234)**

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

NOTE 17 -PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

ii. Provision for lawsuit and compensation

The lawsuits against the Group amounted to TRY 16,190,497 (31 December 2016: TRY 14,402,645). 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 2017 the Group has set a provision of TRY 6,332,764 for lawsuits (31 December 2016: TRY 5,473,663).

As at 31 March 2017 and 31 December 2016, the Group's ongoing lawsuits are as follows:

	31 March 2017	**31 December 2016**
Legal lawsuits	15,411,106	13,632,489
Commercial lawsuits	774,391	765,156
Labor lawsuits	5,000	5,000
Total	**16,190,497**	**14,402,645**

Movements of provision for lawsuits for the periods ending 31 March 2017 and 2016 are as follows:

	2017	**2016**
1 January	**(5,473,663)**	**(12,735,687)**
Additions during the period (Note 27)	(2,316,112)	(990,142)
Currency translation differences	(2,697)	(97,768)
Reversal of provisions (Note 26)	724,672	-
Payments related to provisions (Note 26)	735,036	4,068,189
31 March	**(6,332,764)**	**(9,755,408)**

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

NOTE 18 – COMMITMENTS

Group's collaterals/pledge/mortgage ("CPM") position as of 31 March 2017 and 31 December 2016 are as follows:

	31 March 2017		31 December 2016	
	Foreign Currency	**TRY Equivalent**	**Foreign Currency**	**TRY Equivalent**
A. CPM's given in the name of its own legal personality				
-Collaterals				
TL	2,402,538	2,402,538	2,070,443	2,070,443
Euro	25,000	97,708	25,000	92,748
-Mortgages	-	-	-	-
Euro	6,500,000	25,403,950	6,500,000	24,114,350
B. Total amount of CPM's given on behalf of the fully consolidated companies [(1)]				
-Commitments				
TL	357,505	357,505	357,505	357,505
US Dollar	-	-	-	-
Euro	-	-	-	-
Russian Ruble	85,000,000	5,456,150	85,000,000	4,872,200
C. Total amount of 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				
TL	-	-	-	-
US Dollar	-	-	-	-
Euro	-	-	-	-
Other	-	-	-	-
iii) Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-	-	-
		33,717,851		**31,507,246**

(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.

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

NOTE 18 - COMMITMENTS (Continued)

CPM's given by the Group

There are no CMP's given to third parties as it is stated on the table above.

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

Barter agreements:

The Group, as a common practice in the media sector, enters into barter agreements which involve the exchange of goods or services without cash collections or payments. As of 31 March 2017, the Group has unused publication of advertisements commitment amounting to TRY 6,676,680 (31 December 2016: TRY 6,362,724) within these barter contracts. The Group has TRY 3,445,413 amounted receivables (31 December 2016: TRY 14,739,254) which were invoiced and recognized to finanacial statements but not yet goods or services were received.

NOTE 19 - EMPLOYMENT TERMINATION BENEFITS

Provision for employment termination benefits at 31 March 2017 and 31 December 2016 are as follows:

	31 March 2017	31 December 2016
Provision for employment termination benefits	45,255,504	45,199,424
Total	**45,255,504**	**45,199,424**

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

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies or retires. The amount payable maximum equals to one month of salary is TRY 4,426.16 as of 31 March 2017 (31 December 2016: TRY 4,297.21 TRY) 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 due to any 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.

Provision for employment termination benefits is calculated by estimating the present value of the future probable obligation arising from the retirement of the employees of the Group.

Employee termination benefits aren't subject to any funding. 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. TAS 19 Employee Benefits, requires companies to compute their liabilities by developing actuarial assumptions within defined benefit plans.

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 March 2017, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees.

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

NOTE 19 - EMPLOYMENT TERMINATION BENEFITS (Continued)

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

Discount rate is applied as 11.20% (31 December 2016: 11.20%), inflation rate applied as 6.50% (31 December 2016: 6.50%) and rate of increase in wages applied as 6.50% (31 December 2016: 6.50%) in the calculation.

Age of retirement is based on considering the Company’s historical operating data and taken as the average age of retirement from the Group.

(1) The discount rate used in the calculation of severance pay determined as 11,20 which is 8 years term government bond’s compound interest rate.

(2) The maximum range of inflation rate which is declared by Central Bank of Turkey has been used in retirement pay provision calculation.

The principal assumptions used in the calculation of retirement pay liability are discount rate and anticipated turnover rate

- If the discount rate had been 1% higher, provision for employee termination benefits would decrease by TRY 2,353,499 and If the discount rate had been 1% lower, provision for employee termination benefits would increase by TRY 2,772,855.

- If other assumptions remain unchanged while the posibility rate of resignation was not used in calculations, provision for employee termination benefits would increase by TRY 278,674.

The movements in provision for employment termination benefits during the periods ended at 31 March 2017 and 2016 are as follows:

	2017	2016
1 January	**(45,199,424)**	**(42,254,261)**
Service cost during the period	(656,217)	(570,785)
Interest cost during the period	(976,939)	(833,942)
Net interest expense due to the defined benefit obligation	1,577,076	1,576,938
31 March	**(45,255,504)**	**(42,082,050)**

Total employee termination benefits expenses’ for the interim period ended 1 January -31 March 2017 TRY 976,939 was recognized as interest expense, TRY 402,817 cost of sales, TRY 138.413 general administrative exepense and TRY 114,987 marketing expense accordingly.

Total employee termination benefits expenses’ for the interim period ended 1 January -31 March 2016 TRY 867,480 was recognized as cost of sales, TRY 277,065 general administrative expense and TRY 260,182 marketing expense accordingly.

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

NOTE 20 - PREPAID EXPENSES

Short term prepaid expenses at 31 March 2017 and 31 December 2016 are as follows:

	31 March 2017	31 December 2016
Prepaid expenses (*)	6,185,212	4,519,587
Total	**6,185,212**	**4,519,587**

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

Short Term Deferred Revenue

	31 March 2017	31 December 2016
Deferred revenue (*)	24,035,787	18,224,955
Total	**24,035,787**	**18,224,955**

(*) Deferred income amounting to TRY 24,035,787 is regarding with services provided as subscripiton and they will be recognize as revenue when they are used (31 December 2016: 18,224,955).

NOTE 21 - OTHER ASSETS AND LIABILITIES

Other Current Assets

Other current assets at 31 March 2017 and 31 December 2016 are as follows:

	31 March 2017	31 December 2016
Advances given to personnel	1,911,179	2,197,130
Value added tax ("VAT") receivables	863,109	903,626
Prepaid taxes and funds	473,637	639,755
Other	1,227,695	786,844
Total	**4,475,620**	**4,527,355**

Other Short-Term Liabilities

Other short-term liabilities at 31 March 2017 and 31 December 2016 are as follows:

	31 March 2017	31 December 2016
Advances received	1,315,145	1,446,189
VAT payable	144,337	-
Payables within the law no. 6736	-	298,326
Other	293,493	176,102
Total	**1,752,975**	**1,920,617**

(Amounts expressed in Turkish Lira ("TRY") 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 TRY 1. There are no privileged shares. The Company's historical authorised and paid-in share capital at 31 March 2017 and 31 December 2016 are as follows:

	31 March 2017	31 December 2016
Registered share capital	800,000,000	800,000,000
Paid-in share capital	552,000,000	552,000,000

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

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

Shareholders	31 March 2017	Share (%)	31 December 2016	Share (%)
Doğan Holding	428,616,468	77.65	428,616,468	77.65
Other shareholders (BİAŞ and other shareholders)	123,383,532	22.35	123,383,532	22.35
Issued share capital	**552,000,000**	**100.00**	**552,000,000**	**100.00**
Adjustment to share capital	77,198,813		77,198,813	
Total	**629,198,813**	**100.00**	**629,198,813**	**100.00**

In accordance with the Capital Markets Board's (the "CMB") Resolution No: 31/1059 30 October 2014 and Resolution No. 21/655 issued on 23 July 2010, it is regarded that 22.34% of the shares are in circulaton in accordance with CSD as of 31 March 2017 (31 December 2016: 22.34%). Shares in circulation rate is 22.34% as of reporting date (Note 1).

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

Premium / (discounts) on shares

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

(Amounts expressed in Turkish Lira ("TRY") 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 without subjecting to profit distribution) except dividend distribution or any purposes for necessity of law and agreement.

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

In accordance with the CMB Financial Reporting Standards, Company's restricted reserves amounting to TRY 191,213,205 as of 31 March 2017 (31 December 2016: TRY 187,166,210) consist of legal reserves and gain on sales of real estate.

Restricted reserves	31 March 2017	31 December 2016
Composition restricted reserves	41,552,086	39,284,095
Gain on sales of real estate (1)	149,296,831	147,517,827
Gain on sale of subsidiary	364,288	364,288
Total	**191,213,205**	**187,166,210**

(1) With the decision taken by the Group management, the real estate profit with the amount of TRY 199,062,441 occurred in statutory records in 2012 from the sale of lands located in Gaziemir and Esenyurt in 2014 and Ankara Cinnah in 2016 amounting to TRY 149,296,831 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, 1 January 2014 - 31 December 2014, 1 January 2016 - 31 December 2016 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.

Accumulated other comprehensive (expenses) / income that will not be reclassified in profit and loss

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

	31 March 2017	31 December 2016
Revaluation gain/(loss) of property	71,169,629	71,169,629
Remeasurement losses in defined benefit plans	(17,590,552)	(17,590,552)
Total	**53,579,077**	**53,579,077**

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

NOTE 22 - EQUITY (Continued)

Accumulated other comprehensive (expenses)/income that will not be reclassified in profit and loss (Continued)

Revaluation and remeasurement gain/(losses)

Land and buildings which has been followed as a tangible asset can be transferred to investment properties when the purpose of use chages. During the year of 2016, the Group has reclassfied their land and buildings as investment properties and carried at fair value method. With the first transfer in 31 December 2016, the Group had fair value increase amounting to TRY 71,169,629 and this amount is accounted under the equity as gain on revaluation of property. No valuation report was received for related tangible assets for the interim period between 1 January 2017 - 31 March 2017.

Remeauserement Gains/(Losses) in Defined Benefit Plans

Provision for employment benefits is calculated by estimating the present value of the future probable obligation arising from the retirement of the employees of the Group. Group recognized all actuarial gains and losses in other comprehensive income. Remeasurement loss recognized under equity in the balance sheet amounts to TRY 17,590,552 (31 December 2016: TRY 17,590,552).

Accumulated other comprehensive (expenses) / income that may be reclassified in profit and (loss)

	31 March 2017	31 December 2016
Foreign exchange differences	77,262,930	57,552,514
Total	**77,262,930**	**57,552,514**

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.

Based on the declaration of CMB, "Paid-in Capital", "Restricted reserves appropriated from profit" and "Share Premiums" is required to present by their amounts in statutory accounts. Differences arising from inflation adjustments:

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

- If the difference is due to the inflation adjustment of "Restricted Reserves" and "Share Premium" and the amount has not been utilized 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 TASs.

Capital adjustment differences can only be included to capital.

NOTE 22 - EQUITY (Continued)

Dividend distribution

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

On the other hand,

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

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

Disclosure of net profit after deducting accumulated losses in records, which are prepared in accordance with tax legislations of companies' and Uniform Chart of Accounts published by T.C. Ministry of Finance, and other resources which may be subject to profit distribution in the financial statements has been decided by CBM and as of balance sheet date, total net amount that can be subject to profit distribution according to legal records is TRY 207,263,912.

Resolutions of the Ordinary General Assembly Meeting of the Company, considering TCC, Capital Market Statutes, Capital Market Law (CML), Capital Market Board (CMB) and other relevant statute provisions and relevant provisions in Company's Articles of Association and "Dividend Policy" announced to the public; according to the financial statements for the 1 January 2016 - 31 December 2016 financial period prepared in accordance with "Statement on Principles Regarding Financial Reporting on Capital Market" (II - 14.1) provisions of CMB and according to Turkish Accounting Standards and Turkish Financial Reporting Standards published by "Public Oversight, Accounting and Auditing Standards Institute;" its principles of presentation defined according to CMB decisions on the subject, passed through independent auditing; when considering "Current Tax Expense for the Period", "Deferred Tax Income" and "Consolidated Equity of Participations" all together, subtracting a TRY 72,463,833 section of this amount for "Net profit for the year" and seeing that TRY 52,664,076 is "net profit for the period", in accordance with the regulations of CMB regarding profit distribution; informing shareholders that no profit distribution shall be made for the 1 January 2015 - 31 December 2015 financial period and submitting this matter to General Meeting for approval, as our legal records held in the scope of TCC and TPL reveal that "Net Period Profit" for the 1 January 2016 - 31 December 2016 financial period; informing General Meeting that legal reserves in the scope of TCC shall be allocated and transferring this amount to previous years losses.

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

NOTE 23 - SALES AND COST OF SALES

Sales:

The detail of sales for the years ended 31 March 2017 and 2016 are as follows:

	1 January - 31 March 2017	1 January - 31 March 2016
Advertisement sales	79,517,523	85,552,883
Circulation and publishing sales	48,498,704	46,207,762
Other	3,362,593	6,468,798
Net sales	**131,378,820**	**138,229,443**
Cost of sales	(79,142,882)	(80,233,488)
Gross profit	**52,235,938**	**57,995,955**

Cost of Sales:

The details of cost of sales for the years ended 31 March 2017 and 2016 are as follows:

	1 January - 31 March 2017	1 January - 31 March 2016
Raw material	34,552,714	33,778,414
Paper	*20,620,114*	*20,625,721*
Printing and ink	*7,529,715*	*7,831,914*
Other	*6,402,885*	*5,320,779*
Personnel expenses	27,408,249	25,695,691
Depreciation (Note 14)	5,111,119	5,514,175
News agency expenses	2,472,745	2,879,588
Distribution, storage and travel expenses	1,589,985	1,223,979
Fuel, electricity, water and office expenses	1,231,391	1,725,436
Commissions	1,036,381	1,114,601
Outsourced services	788,701	1,256,063
Maintenance and repair expenses	761,515	909,046
Communication	722,425	513,845
Rent expenses	639,024	735,302
Packaging expenses	447,518	692,179
Other	2,381,115	4,195,169
Total	**79,142,882**	**80,233,488**

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

NOTE 24 - GENERAL ADMINISTRATIVE AND MARKETING EXPENSES

a) General administrative expenses:

	1 January - 31 March 2017	1 January - 31 March 2016
Personnel expenses	8,738,256	9,174,003
Depreciation and amortization charges (Notes 14,15)	3,646,358	7,449,657
Consultancy expenses	2,992,908	2,760,422
Rent expenses	2,895,346	2,465,864
Tax and charges expenses	1,582,872	495,178
Fuel, electricity, water and office expenses	1,515,540	955,965
Maintenance and repair expenses	1,287,852	1,181,291
Transportation, storage and travel expenses	630,585	927,719
Communication expenses	55,967	382,975
Other	1,736,527	2,580,925
Total	**25,082,211**	**28,373,999**

b) Marketing expenses:

	1 January - 31 March 2017	1 January - 31 March 2016
Personnel expenses	8,233,509	8,263,360
Advertisement expenses	7,798,845	8,576,520
Transportation,storage and travel expenses	7,759,677	5,892,377
Promotion expenses	4,492,655	4,002,929
Consultancy expenses	2,281,765	907,270
Outsourced services	592,317	564,595
Sponsorship expenses	514,985	1,429,541
Depreciation and amortization charges (Notes 14,15)	100,798	56,763
Other	747,607	1,050,583
Total	**32,522,158**	**30,743,938**

NOTE 25 - EXPENSES BY NATURE

	1 January - 31 March 2017	1 January - 31 March 2016
Payroll expenses	44,380,014	43,133,054
Depreciation and amortization charges	8,858,275	13,020,595
Total	**53,238,289**	**56,153,649**

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

NOTE 26 - OTHER OPERATING INCOME

The details of other operating income for the periods ended at 31 March 2017 and 2016 are as follows:

	1 January - 31 March 2017	1 January - 31 March 2016
Income due from doubtful trade receivables (Note 8)	3,394,561	1,936,972
Foreign exchange gains	1,842,922	2,677,569
Reversal of provisions (Note 17)	1,459,708	-
Finance income due from term sales	1,349,017	1,605,184
Finance income from trade and other receivables	942,929	2,629,663
Interest income on bank deposits	398,924	669,954
Other	486,605	82,192
Total	**9,874,666**	**9,601,534**

NOTE 27 - OTHER OPERATING EXPENSES

The details of other operating expenses for the periods ended at 31 March 2017 and 2016 are as follows:

	1 January - 31 March 2017	1 January - 31 March 2016
Provision expense for doubtful receivables (Note 8)	7,131,496	4,272,394
Provision for lawsuits (Note 17)	2,316,112	990,142
Foreign exchange losses	860,558	10,996,418
Unrealized finance income due from term sales	314,994	1,816,325
Fines and compensation expense	203,299	217,129
Aids and donations	56,697	24,869
Other	1,311,565	2,389,688
Total	**12,194,721**	**20,706,965**

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

NOTE 28 - INCOME FROM INVESTING ACTIVITIES

The details of income from investing activities for the periods ended at 31 March 2017 and 2016 are as follows:

	1 January - 31 March 2017	1 January - 31 March 2016
Gain on fair value changes of the investment property	1,102,843	-
Rent and building service income	834,852	980,673
Gain on sale of fixed assets	710,943	56,043
Dividend income	285,510	-
Foreign exchange gains	-	1,776
Total	**2,934,148**	**1,038,492**

NOTE 29 - EXPENSE FROM INVESTING ACTIVITIES

The details of expenses from investing activities for the periods ended at 31 March 2017 and 2016 are as follows:

	1 January - 31 March 2017	1 January - 31 March 2016
Loss on change in fair value of investment properties (Note 13)	292,671	-
Loss on sale of property, plant and equipments	162,387	5,882
Other	2,027	-
Total	**457,085**	**5,882**

NOTE 30 - FINANCIAL EXPENSES

The details of financial expenses for the periods ended at 31 March 2017 and 2016 are as follows:

	1 January - 31 March 2017	1 January - 31 March 2016
Interest expense on bank loans	11,056,697	8,300,915
Credit comission, banking and factoring expenses	278,603	669,737
Foreign exchange losses	78,473	4,288,617
Other	198,527	202,530
Total	**11,612,300**	**13,461,799**

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

NOTE 31 - INCOME TAXES

Assets related to current tax:

	31 March 2017	31 December 2016
Corporate and income tax payable	845,623	5,656,355
(Less): Prepaid taxes	(760,258)	(4,649,501)
Tax payables / (receivables)	**85,365**	**1,006,854**

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 2017 (2016: 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 since 2005.

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.

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

NOTE 31 - INCOME TAXES (Continued)

Turkey (continued):

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses cannot 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 2017, 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 center at the rate of at least 15% (minimum corporate income tax applicable in Turkey for those whose principal activity is finance assurance or insurance).

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

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

NOTE 31 - INCOME TAXES (Continued)

Turkey (continued):

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

Addition to Article 69 in accordance with Law No: 6009, which is related to the 25% threshold and requires the incentive amount that will be subject to investment incentive exemption in determining tax base cannot exceed 25% of the respective income, has been revoked based on the ground that it is contrary to the Constitution upon the Constitutional Court's resolution No: E. 2010/93 K. 2012/9 ("stay of execution") issued on 9 February 2012 and published in the Official Gazette No: 28208 on 18 February 2012. The related Constitutional Court's decision was published in the official Gazette No: 28719 as at 26 July 2013.

Russian Federation

The corporate tax rate effective in Russian Federation is 20% (2016: 20%).

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

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

The amendments introduce changes to the requirements on utilisation of tax losses carried forward in the Russian Tax Code. In 2017-2020, taxable profits of any given year may be reduced by accumulated tax losses carried forward by no more than 50% and after 2021 taxable profits may be reduced by all accumulated tax losses carried forward. Additionally tax losses may now be carried forward realized after 2007 for an unlimited period, not for 10 years maximum as was the case previously. The Group is evaluating the possible effects of new tax regulations.

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

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

Belarus

The corporate tax rate effective in Belarus is 18% (2016: 18%).

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

The annual corporate tax declaration is due by 20 March of the following year. Tax loss carry forward is not allowed. Tax refunds are possible. Tax consolidations of tax reporting/payments by different legal entities (or grouping) are not permitted in Belarus at present. Generally, dividend income payable to a foreign organization is subject to withholding tax at 12%. This standard rate may, however, be reduced under the provisions of applicable double tax treaty. The Belarus tax regulations change frequently.

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

NOTE 31 - INCOME TAXES (Continued)

Kazakhstan

Under the Tax Code of the Republic of Kazakhstan companies shall pay the CIT on taxable income at a 20% rate (2016: 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 25^{th} 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;

- New 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 2017, which are used in the calculation of deferred tax, taking each country's tax legislations into consideration are as follows:

Country	Tax Rate (%)
Germany	28
Belarus	18
Russia	20
Kazakhstan	20
Holland	25

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

NOTE 31 - INCOME TAXES (Continued)

Deferred Tax

The Group recognizes deferred tax assets and liabilities based on temporary differences arising between the financial statements as reported for Financial Reporting Standards announced by Public Oversight Authority and financial statements prepared in accordance with the tax legislation. These differences usually result in the recognition of revenue and expenses in different reporting periods for the TFRS tax purposes.

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

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

	31 March 2017	31 December 2016
Deferred tax liabilities	(57,882,347)	(48,839,623)
Deferred tax assets	403,409	327,267
Deferred tax liabilities, net	**(57,478,938)**	**(48,512,356)**

The temporary differences and deferred tax assets/(liabilities) using the enacted tax rates as of 31 March 2017 and 2016 are as follows:

	Total temporary differences		Deferred tax assets / (liabilities)	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Provision for retirement benefits and unused vacation rights	57,003,967	58,159,699	11,400,793	11,631,940
Difference between tax base and carrying value of trade receivables	22,712,990	19,828,019	4,542,598	3,965,604
Deferred income	2,945,910	2,525,842	589,184	505,168
Difference between tax bases and carrying value of property, plant and equipment and intangibles	(350,636,970)	(312,400,555)	(70,127,394)	(62,480,111)
Investing properties valuation differences	(139,348,770)	(146,744,326)	(9,587,361)	(7,337,216)
Other, net	28,516,220	26,011,297	5,703,242	5,202,259
Total	**(378,806,653)**	**(352,620,024)**	**(57,478,938)**	**(48,512,356)**

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

NOTE 31 - INCOME TAXES (Continued)

Deferred Tax (Continued)

As of 31 March 2017, carry forward tax losses for which no deferred income tax asset was recognized amounted to TRY 287,613,911 (31 December 2016: TRY 264,682,045).
The maturity analysis of carry forward tax losses utilized is as follows:

The maturity analysis:

	31 March 2017	31 December 2016
2016	-	1,895,260
2017	5,972,388	5,972,388
2018	2,215,343	2,215,343
2019	512,814	512,814
2020	259,238	-
2021	559,569	-
Indefinite (*)	278,094,559	254,086,240
Total	**287,613,911**	**264,682,045**

(*) In accordance with new tax regulations in Russia, 10-year time limit to carry the accumulated losses to next periods has been abrogated.

The movements of net deferred tax liabilities for the periods ended 31 March 2017 and 2016 are as follows:

	2017	2016
1 January	**(48,512,356)**	**(42,647,166)**
Deferred tax income in consolidated income statements	(1,916,148)	3,924,737
Accounted in equity	-	443,178
Currency translation differences	(7,050,434)	(2,010,676)
31 December	**(57,478,938)**	**(40,289,927)**

The analysis of the tax expense/(income) for the periods ended at 31 March 2017 and 2016 are as follows:

	1 January - 31 March 2017	1 January - 31 March 2016
Current tax expense	845,623	76,503
Deferred tax income/(expense)	1,916,148	(3,924,737)
Total	**2,761,771**	**(3,848,234)**

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

NOTE 31 - INCOME TAXES (Continued)

Deferred Tax (Continued)

The reconciliation of the current period tax expense in the consolidated statement of income for the periods ended at 31 March 2017 and 2016 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:

	1 January - 31 March 2017	1 January - 31 March 2016
Loss before taxes and non-controlling interests	(17,339,700)	(24,933,083)
Current period tax calculated at the effective tax rates of countries	(3,467,940)	(5,183,846)
Expenses not deductible for tax purposes	2,459,513	(17,188,298)
Effect of unrecognised deferred tax assets of loss and adjustments	3,136,417	1,636,261
Income not deductible for tax purposes	(1,195,351)	(195,485)
Other, net	1,829,132	17,083,134
Tax (income) / expense	**2,761,771**	**(3,848,234)**

NOTE 32 - EARNINGS / (LOSS) PER SHARE

Loss per share as of 31 March 2017 and 2016 is as follows:

	1 January - 31 March 2017	1 January - 31 March 2016
Net loss for the period attributable to Equity Holders of Parent Company	**(19,504,876)**	**(18,403,005)**
Number of ordinary shares in issue (with nominal value of TRY 1 each)	552,000,000	552,000,000
Loss per share from continued and discontinued operations attributable to Equity Holders of Parent Company	**(0.0353)**	**(0.0333)**

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

NOTE 33 - RELATED PARTY DISCLOSURES

i) Balances of related parties:

Short term trade receivables from related parties:

Trade receivables from related parties	31 March 2017	31 December 2016
Doğan İnternet Yayıncılığı ve Yatırım A.Ş. ("Doğan İnternet Yayıncılığı") (1)	18,011,849	16,782,647
Doğan Gazetecilik A.Ş. ("Doğan Gazetecilik")(2)	9,491,451	9,949,419
Doğan Dağıtım Satış ve Pazarlama A.Ş. ("Doğan Dağıtım")(3)	2,615,340	2,160,233
Doğan TV Holding A.Ş. ("Doğan TV Holding") (4)	1,135,939	1,105,193
Doğan Müzik Kitap Mağazacılık ve Pazarlama A.Ş. ("D&R")(5)	391,336	476,499
DTV Haber ve Görsel Yayıncılık A.Ş. ("Kanal D")	354,927	499,699
Other	1,828,351	1,619,413
	33,829,193	**32,593,103**

(1) The balance is arising from sales of internet commercials to Doğan İnternet Yayıncılığı ve Yatırım A.Ş. through websites.

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

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

(4) The balance arising from expenses invoiced to Hürriyet Gazetecilik ve Matbaacılık A.Ş. by Doğan TV Holding as a result of that Hürriyet share the same building with Doğan TV Holding.

(5) Receivables arising from commercial advertising services of Group.

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

NOTE 33 - RELATED PARTY DISCLOSURES (Continued)

i) Balances of related parties (Continued):

Short term payables to related parties:

	31 March 2017	31 December 2016
Trade payables to related parties		
Doğan Media [1]	14,950,758	15,024,033
Marlin Oto Kiralama Seyahat Hizmetleri A.Ş.	1,924,408	-
Doğan Dış Ticaret ve Mümessillik A.Ş. ("Doğan Dış Ticaret") [2]	1,632,422	4,660,436
Doğan İnternet Yayıncılığı ve Yatırım A.Ş.	443,034	-
Doğan Gazetecilik A.Ş.	333,221	-
Doğan TV Dijital Platform İşl. A.Ş. (Doğan TV Digital") [3]	319,614	677,029
Milta Turizm İşletmeleri A.Ş. ("Milta") [4]	-	2,473,919
DTES Elektrik Enerji Toptan Satış A.Ş. ("DTES") [5]	-	1,428,241
Other	1,000,140	1,901,177
	20,603,597	**26,164,835**

(1) Arising from the cash paid by Doğan Media International for the printing service of newspaper in facility of Hurriyet Frankfurt.

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

(3) The Company provides internet access services.

(4) The balance is arising from the services of car rental received from Milta with barter deal. The mentioned company has been liquidated as of 15 March 2017.

(5) The balance comprise of electricity service received for building of Hurriyet and print centers.

ii) Significant transactions with related parties:

Transactions in related parties for the periods ended as of 31 March 2017 and 2016 are as follows:

Significant service and product sales to related parties:

	1 January - 31 March 2017	1 January - 31 March 2016
Doğan Dağıtım [1]	27,489,933	24,736,841
Doğan İnternet Yayıncılığı [3]	8,224,077	6,690,645
Doğan Gazetecilik [3]	7,650,291	5,967,411
Other	1,550,477	2,496,945
	44,914,778	**39,891,842**

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

(2) The sales of internet commercials of the Group are carried out through Doğan İnternet.

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

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

NOTE 33 - RELATED PARTY DISCLOSURES (Continued)

ii) Significant transactions with related parties (Continued):

Significant service and product purchases from related parties:

	1 January - 31 March 2017	1 January - 31 March 2016
Doğan Dış Ticaret (1)	21,504,711	22,886,026
Doğan Dağıtım (2)	6,975,755	4,903,022
DHA (3)	1,684,526	2,097,296
DTES (4)	1,279,951	2,291,909
Milta (5)	843,946	932,622
Ortadoğu Otomotiv (6)	823,791	1,422,299
Doğan Gazetecilik (7)	826,597	783,727
Doğan Holding (8)	786,005	938,926
Doğan İnternet Yayıncılığı (9)	743,103	1,162,935
Other	1,114,361	2,210,770
	36,582,746	**39,629,532**

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

(2) Doğan Dağıtım provides newspaper distribution services to the Group.

(3) Doğan Haber Ajansı provides news services. The related subsidiary has been sold to Doğan Şirketler Grubu Holding A.Ş. on 27 March 2015.

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

(5) The balance consists of flight tickets, accommodation and rental cars used for operation purposes. The Company was liquidated by partial division as of 15 March 2017. The related balance consists of the transactions arised for the period of 1-15 March 2017.

(6) Services of office rental received.

(7) The balance is arising from rent, security and other expenses of the Group's building, which is rented as headquarter.

(8) The Group receives consultancy, IT and law services from Doğan Holding.

(9) Services received for online advertisement and infrastructure.

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

NOTE 33 - RELATED PARTY DISCLOSURES (Continued)

ii) Significant transactions with related parties (Continued)

Other income	1 January - 31 March 2017	1 January - 31 March 2016
Doğan Dağıtım	561,196	126,146
Doğan Dış Ticaret	511,294	371,462
DHA	330,792	-
Doğan Holding	299,157	-
Doğan Internet Yayıncılığı ve Yatırım A.Ş.	87,512	-
Doğan Gazetecilik	20,064	19,497
Doğan Media International S.A.	6,296	139,667
Doğan TV Digital	4,217	-
Diğer	236,861	138,809
	2,057,389	**795,581**

As of 31 March 2017, amounting to TRY 2,473,189 of other income which totally amounts to TRY 596,554 consists of rent income which Hürriyet gathers from the Group companies. (1 January - 31 March 2016: TRY 540,722)

Purchase of property, plant and equipment and intangible assets	1 January - 31 March 2017	1 January - 31 March 2016
D-Market	-	369
	-	**369**

Financial expense:	1 January - 31 March 2017	1 January - 31 March 2016
Doğan Faktoring (1)	134,376	165,497
Milta	-	43,017
	134,376	**208,514**

(1) Invoicing and controlling of Group's commercial advertisement and collection of these commercial advertisement receivables are made by Doğan Factoring, commissions paid for these services are accounted in financial expenses. The trade receivables resulting from in accordance with the revocable commitment agreement which is signed between Group and Doğan Factoring has been followed by Doğan Factoring.

NOTE 33- RELATED PARTY DISCLOSURES (Continued)

ii) Significant transactions with related parties (Continued)

iii) Key Management Personnel:

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

	1 January - 31 March 2017	1 January - 31 March 2016
Salaries and other short term benefits	2,119,051	2,170,142
Post-emloyment benefits	36,629	579,770
	2,155,680	**2,749,912**

NOTE 34- NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS

34.1 Financial Risk Management

(i) Interest rate risk

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

	31 March 2017	31 December 2016
Financial instruments with fixed interest rate		
Bank deposits (Note 5)	17,532,821	17,233,880
Financial liabilities (Note 7)	302,031,597	287,714,632
Financial instruments with floating interest rate		
Financial liabilities (Note 7)	-	-

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

Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rate expose the Group to fair value interest rate risk. As of 31 March 2017 and 31 December 2016, the Group's borrowings at floating rates are predominantly denominated in US Dollar and Euro.

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

NOTE 34 - NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

34.1 Financial Risk Management (Continued)

(ii) Liquidity risk

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

31 March 2017	**Carrying value**	**Total contractual cash outflow**	**Less than 3 months**	**3 – 12 months**	**1 – 5 years**	**More than 5 years**
Financial liabilities						
Short and long term financial liabilities (Note 7)	302,031,597	317,233,847	33,926,268	83,780,537	199,527,042	-
Trade payables						
-Related party (Note 33)	20,603,597	20,603,597	20,603,597	-	-	-
-Other (Note 8)	50,522,436	50,783,354	50,783,354	-	-	-
Other payables						
-Other (Note 9)	9,697,082	9,697,082	9,697,082	-	-	-
Payables within employee benefits						
-Due to personnel (Note 10)	4,185,534	4,185,534	4,185,534	-	-	-

31 December 2016	**Carrying value**	**Total contractual cash outflow**	**Less than 3 months**	**3 – 12 months**	**1 – 5 years**	**More than 5 years**
Financial liabilities						
Short and long term financial liabilities (Note 7)	287,714,632	337,009,430	21,027,783	159,635,951	156,345,696	-
Trade payables						
-Related party (Note 33)	26,164,835	26,164,835	26,164,835	-	-	-
-Other (Note 8)	53,060,248	53,258,927	53,258,927	-	-	-
Other payables						
-Other (Note 9)	8,891,934	8,891,934	8,891,934	-	-	-
Payables within employee benefits						
-Due to personnel (Note 10)	1,215,308	1,215,308	1,215,308	-	-	-

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

NOTE 34 - NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

34.1 Financial Risk Management (Continued)

(ii) Liquidity risk (Continued)

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

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

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

At 31 March 2017, the Group has long-term bank borrowings amounting to TRY 189,074,910 (31 December 2016: TRY 139,729,311) (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 2017 there are past due trade receivables amounting to TRY 122,295,208 which are not considered as doubtful receivables (31 December 2016: TRY 113,109,561). 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 2017, the amount of mortgage and indemnity received is TRY 10,885,778 for the related receivables (31 December 2016: TRY 10,369,175).

As of 31 March 2017 and 31 December 2016, aging analysis for trade receivables that are past due but not impaired are as follows:

	31 March 2017		**31 December 2016**	
	Related party	**Other receivables**	**Related party**	**Other receivables**
0-1 month	4,175,035	19,688,596	527,247	22,830,197
1-3 month	2,626,242	29,582,582	135,912	29,975,180
3-6 month	397,878	21,099,102	63,624	33,454,176
6-12 month	1,803,897	19,227,755	1,194,712	14,429,179
1-2 years	1,582,726	22,111,396	-	10,499,334
	10,585,778	**111,709,431**	**1,921,495**	**111,188,066**

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

NOTE 34 - NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

34.1 Financial Risk Management (Continued)

(iii) Credit Risk (Continued)

As of 31 March 2017 and 31 December 2016, aging analysis for trade receivables that are past due and impaired is as follows:

Impaired	**31 March 2017**	**31 December 2016**
Past due 0 - 3 months	-	2,479,033
Past due 3 - 6 months	-	138,420
Past due 6 months and over	50,268,468	43,402,690
Less: Provision for impairment (Note 8, 33.i)	**(50,268,468)**	**(46,020,143)**

The balance of related party receivables that are past due and impaired as of 31 March 2017 is none (31 December 2016: TRY None). There is no trade receivable which is not over due and impaired as of 31 March 2017 (31 December 2016: None).

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

NOTE 34 - NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

34.1 Financial Risk Management (Continued)

(iii) Credit Risk (Continued)

The Group's credit risk of financial instruments as of 31 March 2017 is as follows:

	Trade receivables		**Other receivables**		**Bank**	**Other**
31 March 2017	**Related party**	**Other**	**Related party**	**Other**	**deposits**	**assets**
Maximum credit risk exposure as of balance sheet date	**33,829,193**	**202,073,202**	**-**	**5,443,774**	**27,235,770**	**86,737**
- The part of maximum credit risk *under guarantee with collateral*	**-**	***11,376,504***	**-**	**-**	**-**	**-**
A. Net book value of financial assets that are not past due/impaired	23,243,415	90,363,771	-	5,443,774	27,235,770	86,737
- *The part under guarantee with collateral*	-	*19,279*	-	-	-	-
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	10,585,778	111,709,431	-	-	-	-
- *The part under guarantee with collateral*	-	*11,357,226*	-	-	-	-
D. Net book value of impaired asset						
- Past due (gross carrying amount)	-	50,268,468	-	-	-	-
- Impairment (-)	-	(50,268,468)	-	-	-	-
- The part of net value under guarantee with collateral	-	-	-	-	-	-
- Not over due (gross carrying value)						
- Impairment (-)	-	-	-	-	-	-
- The part of net value under guarantee with collateral	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

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

NOTE 34 - NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

34.1 Financial Risk Management (Continued)

(iii) Credit Risk (Continued)

The Group's credit risk of financial instruments as of 31 December 2016 is as follows:

	Trade receivables		Other receivables		Bank	Other
31 December 2016	**Related party**	**Other**	**Related party**	**Other**	**deposits**	**assets**
Maximum credit risk exposure as of balance sheet date	**32,593,103**	**204,353,838**	**-**	**5,546,856**	**20,427,976**	**111,500**
- The part of maximum credit risk under guarantee with collateral	*-*	***13,126,721***	-	-	-	-
A. Net book value of financial assets that are not past due/impaired	30,671,608	93,165,772	-	5,546,856	20,427,976	111,500
- The part under guarantee with collateral	-	*2,757,546*	-	-	-	-
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	1,921,495	111,188,066	-	-	-	-
- The part under guarantee with collateral	-	*10,369,175*	-	-	-	-
D. Net book value of impaired asset						
- Past due (gross carrying amount)	-	46,020,143	-	-	-	-
- Impairment (-)	-	(46,020,143)	-	-	-	-
- The part of net value under guarantee with collateral	-	-	-	-	-	-
- Not over due (gross carrying value)						
- Impairment (-)	-	-	-	-	-	-
- The part of net value under guarantee with collateral	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

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

NOTE 34 - NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

34.1 Financial Risk Management (Continued)

(iv) Foreign currency risk

The Group is exposed to foreign exchange risk through the impact of rate changes in the translation of foreign currency denominated liabilities to TRY. 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.

TRY equivalents of assets and liabilities denominated in foreign currencies at 31 March 2017 and 31 December 2016 are as follows:

	31 March 2017	31 December 2016
Assets	12,510,704	1,747,982
Liabilities	(7,309,729)	(2,333,503)
Net foreign currency position	**5,200,975**	**(585,521)**

Following exchange rates have been used in the translation of foreign currency denominated balance sheet items as of 31 March 2017: 3.6386 TRY= 1 US Dollar and 3.9083 TRY=1 Euro (31 December 2016: 3.5192 TRY= 1 US Dollar and 3.7099 TRY=1 Euro).

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

NOTE 34 - NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

34.1 Financial Risk Management (Continued)

(iv) Foreign currency risk (Continued)

The table summarizes the foreign currency position risk as of 31 March 2017 and 31 December 2016. The carrying amount of foreign currency denominated assets and liabilities of the Group are as follows:

31 March 2017	TRY Equivalent	USD	Euro	Other
1. Trade receivables	2,566,445	188,098	441,511	156,474
2a. Monetary Financial Assets (Cash, Banks included)	7,873,572	1,815,596	203,992	470,082
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	1,263,786	171,400	-	640,130
4. Current Assets (1+2+3)	**11,703,803**	**2,175,094**	**645,503**	**1,266,686**
5. Trade receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	663,808	-	-	663,808
8. Non-Current Assets (5+6+7)	**663,808**	-	-	**663,808**
9. Total Assets (4+8)	**12,367,611**	**2,175,094**	**645,503**	**1,930,494**
10. Trade Payables	2,335,607	587,900	4,510	178,848
11. Financial Liabilities	-	-	-	-
12a. Other Monetary Financial Liabilities	4,891,956	1,059,100	27,797	929,676
12b. Other Non-Monetary Financial Liabilities	-	-	-	-
13. Current Liabilities (10+11+12)	**7,227,563**	**1,647,000**	**32,307**	**1,108,524**
14. Trade Payables	-	-	-	-
15. Financial Liabilities	-	-	-	-
16a. Other Monetary Financial Liabilities	-	-	-	-
16b. Other Non-Monetary Financial Liabilities	-	-	-	-
17. Non-Current Liabilties (14+15+16)	-	-	-	-
18. Total Liabilities (13+17)	**7,227,563**	**1,647,000**	**32,307**	**1,108,524**
19. Net asset / liability position of off-balance sheet derivatives (19a-19b)	-	-	-	-
19a. Off-balance sheet foreign currency derivative assets	-	-	-	-
19b. Off-balance sheet foreign currency derivative liabilities	-	-	-	-
20. Net foreign currency asset liability position (9-18+19)	**5,140,048**	**528,094**	**613,196**	**821,970**
21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	**3,212,454**	**356,694**	**613,196**	**(481,968)**
22. Fair value of foreign currency hedged financial assets	-	-	-	-

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

NOTE 34 - NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

34.1 Financial Risk Management (Continued)

(iv) Foreign currency risk (Continued)

31 December 2016	**TRY Equivalent**	**USD**	**Euro**	**Other**
1. Trade receivables	1,663,342	37,085	413,174	-
2a. Monetary Financial Assets	-	-	-	-
(Cash, Banks included)	54,551	7,833	7,274	-
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	30,089	8,550	-	-
4. Current Assets (1+2+3)	**1,747,982**	**53,467**	**420,448**	-
5. Trade receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. Non-Current Assets (5+6+7)	-	-	-	-
9. Total Assets (4+8)	**1,747,982**	**53,467**	**420,448**	-
10. Trade Payables	1,753,365	97,219	375,146	19,478
11. Financial Liabilities	-	-	-	-
12a. Other Monetary Financial Liabilities	580,138	160,000	4,600	-
12b. Other Non-Monetary Financial Liabilities	-	-	-	-
13. Current Liabilities (10+11+12)	**2,333,503**	**257,219**	**379,746**	**19,478**
14. Trade Payables	-	-	-	-
15. Financial Liabilities	-	-	-	-
16a. Other Monetary Financial Liabilities	-	-	-	-
16b. Other Non-Monetary Financial Liabilities	-	-	-	-
17. Non-Current Liabilties (14+15+16)	-	-	-	-
18. Total Liabilities (13+17)	**2,333,503**	**257,219**	**379,746**	**19,478**
19. Net asset / liability position of off-balance sheet derivatives (19a-19b)	-	-	-	-
19a. Off-balance sheet foreign currency derivative assets	-	-	-	-
19b. Off-balance sheet foreign currency derivative liabilities	-	-	-	-
20. Net foreign currency asset liability position (9-18+19)	**(585,521)**	**(203,752)**	**40,702**	**(19,478)**
21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	**(615,610)**	**(212,302)**	**40,702**	**(19,478)**
22. Fair value of foreign currency hedged financial assets	-	-	-	-

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

NOTE 34 - NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

34.1 Financial Risk Management (Continued)

(iv) Foreign currency risk (Continued)

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

31 March 2017	**Profit/Loss**	
	Foreign currency appreciation	**Foreign currency depreciation**
If the US dollar had changed by 10% against the TRY		
USD net (liabilities) / assets	192,152	(192,152)
Hedging amount of USD	-	-
USD net effect on (loss) / income	**192,152**	**(192,152)**
If the EUR had changed by 10% against the TRY		
Euro net (liabilities) / assets	239,655	(239,655)
Hedging amount of Euro	-	-
Euro net effect on (loss) / income	**239,655**	**(239,655)**
If other foreign currency had changed by 10% against the TRY		
Other foreign currency net (liabilities) / assets	82,197	(82,197)
Hedging amount of other foreign currency	-	-
Other foreign currency net effect on (loss) / income	**82,197**	**(82,197)**

31 December 2016	**Profit/Loss**	
	Foreign currency appreciation	**Foreign currency depreciation**
If the US dollar had changed by 10% against the TRY		
USD net (liabilities) / assets	(71,704)	71,704
Hedging amount of USD	-	-
USD net effect on (loss) / income	**(71,704)**	**71,704**
If the EUR had changed by 10% against the TRY		
Euro net (liabilities) / assets	15,100	(15,100)
Hedging amount of Euro	-	-
Euro net effect on (loss) / income	**15,100**	**(15,100)**
If other foreign currency had changed by 10% against the TRY		
Other foreign currency net (liabilities) / assets	(1,948)	1,948
Hedging amount of other foreign currency	-	-
Other foreign currency net effect on (loss) / income	**(1,948)**	**1,948**

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

NOTE 34 - NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

34.2 Capital risk management

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

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

The net liability/total equity ratio at 31 March 2017 and 31 December 2016 are as follows:

	31 March 2017	31 December 2016
Total liability (1)	302,031,597	287,714,632
Less: Cash and cash equivalents (Note 5)	(29,714,156)	(24,295,720)
Net liability	272,317,441	263,418,912
Equity	416,979,058	416,594,931
Net liability and total equity	689,296,499	680,013,843
Net liability / Total equity ratio	**0.40**	**0.39**

(1) It is calculated by subtracting long-term and short-term liabilities.

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

NOTE 35 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING)

31 March 2017	Loans and receivables (including cash and cash equivalents)	Available for sale financial assets	Financial liabilities at amortized cost	Carrying Value	Note
Financial assets					
Cash and cash equivalents	29,714,156	-	-	29,714,156	5
Trade receivables					
from non-related parties	202,073,202	-	-	202,073,202	8
Trade receivables from related parties	33,829,193	-	-	33,829,193	33
Other receivables					
from non-related parties	5,443,774	-	-	5,443,774	9
Financial investments	-	1,343,821	-	1,343,821	6
Financial liabilities					
Financial borrowings	-	-	302,031,597	302,031,597	7
Trade payables					
to non-related parties	-	-	50,522,436	50,522,436	8
Trade payables to related parties	-	-	20,603,597	20,603,597	33
Employee benefit payables	-	-	7,319,717	7,319,717	10
Other payables					
to non-related parties	-	-	9,697,082	9,697,082	9
Other short-term liabilities	-	-	1,752,975	1,752,975	21

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

NOTE 35 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING) (Continued)

31 December 2016	Loans and receivables (including cash and cash equivalents)	Available for sale financial assets	Financial liabilities at amortized cost	Carrying Value	Note
Financial assets					
Cash and cash equivalents	24,295,720	-	-	24,295,720	5
Trade receivables from non-related parties	204,353,838	-	-	204,353,838	8
Trade receivables from related parties	32,593,103	-	-	32,593,103	33
Other receivables from non-related parties	5,546,856	-	-	5,546,856	9
Financial investments	-	1,343,821	-	1,343,821	6
Financial liabilities					
Financial borrowings	-	-	287,714,632	287,714,632	7
Trade payables to non-related parties	-	-	53,060,248	53,060,248	8
Trade payables to related parties	-	-	26,164,835	26,164,835	33
Employee benefit payables	-	-	1,215,308	1,215,308	10
Other payables to non-related parties	-	-	8,891,934	8,891,934	9
Other short-term liabilities	-	-	1,920,617	1,920,617	21

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

NOTE 35 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING) (Continued)

Fair value of financial instruments

The fair value of financial assets and liabilities is assigned as below:

- Level 1: the fair value 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 value 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; and
- Level 3: the fair value of the financial assets and financial liabilities are determined where there is no observable market data.

NOTE 36 - INTERESTS IN OTHER ENTITIES

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

	31 March 2017
Current assets	6,604,281
Non current assets	300,810,470
Current liabilities	45,433,366
Non current liabilities (*)	57,437,481
Total Equity	204,543,904
	1 January- 31 March 2016
Revenue	6,599,233
Costs	(4,524,489)
Gross profit	**2,074,744**
Net loss for the period	**(9,406,986)**

(*) Non-current liabilities comprise deferred tax liabilities.

NOTE 37 - SUBSEQUENT EVENTS AFTER REPORTING PERIOD

Approval of Financial Statements

The consolidated financial statements for the period ended 31 March 2017 were approved by the Board of Directors on 5 May 2017. Other than Board of Directors has no authority to change financial statements.

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