HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2017
TOGETHER WITH INDEPENDENT'S AUDITOR'S REPORT**

(ORIGINALLY ISSUED IN TURKISH)

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Hürriyet Gazetecilik ve Matbaacılık A.Ş.

Audit of the Consolidated Financial Statements

1. Opinion

We have audited the accompanying consolidated financial statements of Hürriyet Gazetecilik ve Matbaacılık A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of balance sheet as at 31 December 2017 and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements and a summary of significant accounting policies and consolidated financial statement notes.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with Turkish Accounting Standards ("TAS").

2. Basis for Opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key audit matters	***How our audit addressed the key audit matter***
Assessment of impairment tests for intangible assets Intangible assets of the Group consist of intangible assets with definite and indefinite useful lives. The Group decided to discontinue the activities of the digital platforms of its subsidiaries in Russia due to the intense competition in the marketplace and the level of operational performance which is lower than the Group's expectations. In this context, the Group accounted for a provision for impairment amounting to TRY 279,096,574 as of 31 December 2017 for the aforementioned assets, since the carrying amount of the intangible assets is lower than their recoverable amount. The provision for impairment was accounted for under "Discontinued Operations" in the statement of profit or loss, related currency translation differences was continued to be accounted under equity (Note 22). The carrying amount of intangible assets is material to the consolidated financial statements. Moreover, significant estimations and assumptions were used during the impairment tests performed by the Group management. These assumptions are growth expectations of earnings before interest, tax and depreciation, ultimate growth rates and discount rates used for determining the net present value of the cash flows. These assumptions and estimations are very sensitive to the expected market conditions. Because of these reasons, the impairment test of intangible assets was a key area for our audit. Explanations related to the accounting policies of impairment test of intangible assets and the disclosures of the Group are included in notes 2.2.4, 2.2.8, 2.2.9 and 15.	The procedures that we have performed by taking into consideration the evaluations of the valuation experts in PwC Turkey for the response of risk of material misstatement regarding to the Group's impairment test of intangible assets as of 31 December 2017 are as follows: The mathematical accuracy of the valuation models used during the impairment test was tested. Assessment of appropriateness of the budget data approved by Group's management with respect to prior period financial performance was performed. Reasonableness of the data used in valuation models have been assessed by considering their consistency compared to the budgets approved by the Group's management. Appropriateness of significant assumptions such as growth rates and discount rates used in discounting of cash flows have been evaluated with our valuation experts by comparing rates used in the relevant industries. The analysis and related conclusions of the Group's management regarding the sensitivity of the assumptions compared to the market conditions have been analysed. The disclosures related to the impairment test and its results and the sufficiency of those disclosures were assessed based on the TAS. We had no material findings in our audit procedures related to the assessment of impairment tests for intangible assets.

Key audit matters	***How our audit addressed the key audit matter***
Investment properties that are measured by the fair value method As explained in Note 13, as of 31 December 2017, the Group's investment properties, which have a carrying amount of TRY 172,479,346 and represent a significant share of total assets, comprise of land and buildings. The accounting policy for investment properties used by the Group management is the "fair value method", as described in Note 2.2. The fair values of these assets are determined by independent valuation experts authorised by the Capital Markets Board ("CMB") and are recognised in the consolidated financial statements after being assessed by the Group management. Fair values of the investment properties depend on the valuation method used as well as the input and assumptions used in the valuation model. Fair values are directly affected by factors such as market conditions, specific characteristics, physical condition and the geographic location of each investment property. The reasoning of our focus in this area: • The quantitative materiality of the investment properties in the financial statements, • When determining the fair values of the investment properties, methods such as the benchmarking analysis approach, cost approach and direct capitalisation approach are used, and these methods include variables that may lead to changes in the fair values.	Valuation reports prepared by the independent property valuation institutions assigned by the Group are obtained and the property valuation accreditations and licences of these institutions granted by the Capital Markets Board are checked in accordance with the SIA. Deeds and ownership ratios of investment properties were tested on a sample basis. We compared the consistency of the inputs which have a significant impact on the property value determined and were stated in the valuation reports, such as unit sales value, against observable market prices, and then tested whether the appraised values are within an acceptable range. Fair values stated in the valuation reports were compared with the disclosures in the consolidated financial statements to assess if the values in the disclosures and accounting records are consistent with the valuation report and the disclosures are sufficient based on the requirements of the TAS. We had no material findings in our audit procedures related to the investment properties accounted for using the fair value method.

Key audit matters	*How our audit addressed the key audit matter*
Fair value of land and buildings which are accounted for using the fair value method As explained in Note 14, the Group started to account for land and buildings accounted under property, plant and equipment at their fair value as of 31 December 2017. The fair value of land and buildings was TRY 205,765,665 as of 31 December 2017, and a fair value increase of TRY 128,998,064 was accounted for under equity. The accounting policy of the Group management in accounting for these lands and buildings is the “fair value method”, as described in detail in Note 2.2. The fair values of these assets are determined by independent valuation institutions authorised by the Capital Markets Board (“CMB”) and are recognised in consolidated financial statements after being assessed by the Group management. Fair values of the investment properties depend on the valuation method used as well as the input and assumptions in the valuation model. Fair values are directly affected by factors such as market conditions, specific characteristics, physical condition and the geographic location of each investment property. The reasoning of our focus in this area: • The quantitative significance of land and buildings in the financial statements, • When determining the fair values of the land and buildings, methods such as the benchmarking analysis approach, cost approach and direct capitalisation approach are used, and these methods include variables that can lead to changes in the fair values of the properties.	Valuation reports prepared by the independent property valuation institutions assigned by the Group are obtained and the property valuation accreditations and licences of these institutions granted by the Capital Markets Board are checked in accordance with SIA. Deeds and ownership ratios of land and buildings were tested on a sample basis. We compared the consistency of the inputs which have a significant impact on the property value determined and were stated in the valuation reports, such as unit sales value, against observable market prices, and then tested whether the appraised values are within an acceptable range. Fair values stated in the valuation reports were compared with the disclosures in the consolidated financial statements to assess if the values in the disclosures and accounting records are consistent with the valuation report and the disclosures are sufficient based on the requirements of the TAS. We had no material findings in our audit procedures related to the land and buildings accounted for using the fair value method.

4. Other matter

The consolidated financial statements of the Group as of 31 December 2016 and for the year then ended were audited by another audit firm whose audit report dated 3 March and 29 March 2017 expressed an unqualified opinion.

5. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TAS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

6. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Responsibilities Arising From Regulatory Requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2017 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.

2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 5 March 2018.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Gökhan Yüksel, SMMM
Partner

İstanbul, 5 March 2018

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

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HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

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

	Note references	(Audited) Current Period 31 December 2017	(Audited) Prior Period 31 December 2016
ASSETS			
Current assets		**312,550,446**	**286,251,146**
Cash and cash equivalents	4	65,946,767	24,295,720
Financial investment	6	68,713	111,500
Trade receivables			
-Trade receivables from related parties	33	37,988,588	32,593,103
-Trade receivables from non-related parties	8	184,369,460	204,353,838
Other receivables			
-Other receivables from non-related parties	9	3,217,598	2,106,069
Inventories	11	13,848,026	13,743,974
Prepaid expenses	20	4,083,170	4,519,587
Other current assets	21	3,028,124	4,527,355
Non-current assets		**456,583,934**	**647,424,741**
Financial investments	6	1,343,821	1,343,821
Other receivables			
-Other receivables from non-related parties	9	2,056,772	3,440,787
Financial investments accounted for using the equity method	12	7,124,215	7,368,572
Investment properties	13	172,479,346	227,665,717
Tangible assets	14	253,501,615	130,076,762
Intangible assets			
-Other intangible assets	15	18,277,333	277,201,815
Deferred tax assets	31	1,800,832	327,267
Total assets		**769,134,380**	**933,675,887**

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

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

	Note references	(Audited) Current Period 31 December 2017	(Audited) Prior Period 31 December 2016
LIABILITIES			
Current liabilities		**251,518,848**	**283,312,598**
Short-term borrowings	7	10,550,732	72,725,361
Short-term portion of long-term borrowings	7	101,139,261	75,259,960
Trade payables			
-Trade payables to related parties	33	22,575,033	26,164,835
-Trade payables to non-related parties	8	51,132,420	53,060,248
Employee benefit payables	10	6,160,715	6,592,014
Other payables			
-Other payables to non-related parties	9	10,388,050	8,891,934
Derivative instruments	5	1,098,340	-
Deferred income	20	26,192,931	18,224,955
Current income tax liabilities	31	1,773,031	1,006,854
Short-term provisions			
-Short-term provisions for employment benefits	17	13,381,264	13,686,035
-Other short-term provisions	17	5,946,278	5,779,785
Other short-term liabilities	21	1,180,793	1,920,617
Non-current liabilities		**214,508,622**	**233,768,358**
Long-term borrowings	7	150,478,785	139,729,311
Deferred income	20	1,292,312	-
Long-term provisions			
-Long-term provisions for employment benefits	19	46,184,398	45,199,424
Deferred tax liability	31	16,553,127	48,839,623
Total Liabilities		**466,027,470**	**517,080,956**

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

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

	Note references	(Audited) Current Period 31 December 2017	(Audited) Prior Period 31 December 2016
EQUITY			
Total equity		**303,106,910**	**416,594,931**
Equity attributable to equity holders of the parent company		**302,066,635**	**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	22	76,944	76,944
Other comprehensive income and expenses that will not be reclassified subsequently to profit or loss			
- Gain (loss) on remeasurement			
- Gain (loss) on revaluation of property	22	187,778,810	71,169,629
- Gain (loss) on remeasurement of defined benefit plans	22	(18,617,479)	(17,590,552)
Other comprehensive income and expenses that may be reclassified subsequently to profit or loss			
- Currency translation differences	22	72,041,619	57,552,514
- Derivatives used for hedging			
- Gain (loss) from cash flow hedges	22	(856,705)	-
Restricted reserves	22	191,532,907	187,166,210
Retained earnings		(494,582,896)	(443,630,506)
Net profit (loss) for the period		(264,505,378)	(72,463,833)
Non-controlling interests		**1,040,275**	**5,115,712**
Total liabilities and equity		**769,134,380**	**933,675,887**

These consolidated financial statements as at and for the period ended 31 December 2017 were approved by the Board of Directors on 5 March 2018.

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

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

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

	Note References	(Audited) Current Period 1 January- 31 December 2017	(Audited) Prior Period 1 January- 31 December 2016
Sales	23	538,241,270	544,427,099
Cost of sales (-)	23	(312,082,367)	(317,840,663)
Gross profit (loss)		**226,158,903**	**226,586,436**
General administrative expenses (-)	24	(82,637,090)	(84,709,048)
Marketing expenses (-)	24	(122,531,643)	(122,162,501)
Other operating income	26	32,713,917	40,004,091
Other operating expenses (-)	27	(44,214,050)	(28,313,893)
Operating profit (loss)		**9,490,037**	**31,405,085**
Share of (loss)/gain of investments accounted by the equity method	12	(1,680,725)	(391,280)
Income from investing activities	28	39,893,378	22,209,943
Expenses from investing activities (-)	29	(24,933,882)	(2,087,198)
Operating profit (loss) before finance income (expense)		**22,768,808**	**51,136,550**
Finance expenses (-)	30	(42,368,638)	(47,554,881)
Profit (loss) before tax from continuing operations		**(19,599,830)**	**3,581,669**
Tax income (expense) of continuing operations	**31**	**58,793**	**(5,590,335)**
Current tax income (expense)	31	(2,378,344)	(5,804,670)
Deferred tax income (expense)	31	2,437,137	214,335
Profit (loss) for the period from continuing operations		**(19,541,037)**	**(2,008,666)**
Profit (loss) for the period from discontinued operations			
Profit (loss) for the period from discontinued operations	3g	(252,359,668)	(84,652,277)
Net profit (loss) for the period		**(271,900,705)**	**(86,660,943)**
Allocation of net profit (loss) for the period			
Attributable to non-controlling interests		(7,395,327)	(14,197,111)
Attributable to equity holders of the parent company	32	(264,505,378)	(72,463,832)
Loss per share (TRY)			
Attributable to shareholders of the parent company	32	(0.4792)	(0.1313)

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

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

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

	Note References	(Audited) Current Period 1 January- 31 December 2017	(Audited) Prior Period 1 January- 31 December 2016
Other comprehensive income statement			
Net profit (loss) for the period		**(271,900,705)**	**(86,660,943)**
Other comprehensive income			
Other comprehensive income (expense) that will not be subsequently reclassified to profit and loss			
- Gain (loss) on revaluation of property	14	134,770,872	73,699,081
- Gain (loss) on revaluation for defined benefits	19	(1,291,830)	(2,793,835)
Taxes related to other comprehensive income (expense) that will not be subsequently reclassified to profit and loss			
- Gain (loss) on revaluation of property, tax effect		(18,161,691)	(3,534,012)
- Gain (loss) on revaluation for defined benefits, tax effect		264,903	558,767
Other comprehensive income (expense) that will be subsequently reclassified to profit and loss			
- Currency translation differences		14,991,482	82,089,483
- Other comprehensive income (expense) from cash flow hedges		(1,070,881)	-
Taxes related to other comprehensive income (expense) that will be subsequently reclassified to profit and loss			
- Other comprehensive income (expense) from cash flow hedges, tax effect		214,176	-
Other comprehensive income (expense)		**129,717,031**	**150,019,484**
Total comprehensive income (expense)		**(142,183,674)**	**63,358,541**
Allocation of total comprehensive income (expense)			
Attributable to non-controlling interests		(6,892,950)	(4,968,984)
Attributable to shareholders of the parent company		(135,290,724)	68,327,525

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 PERIOD 1 JANUARY - 31 DECEMBER 2017

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

					Other comprehensive income (expense) that will be subsequently reclassified to profit or loss		Other comprehensive income (expense) that will not be subsequently reclassified to profit or loss			Accumulated profits				
	Note references	Share capital	Inflation adjusment to share capital	Share premiums (discounts)	Hedge instrument gain (loss)	Currency translation differences (1)	Gain (losses) on property revaluation	Gain (losses) on remeasurement of defined benefit plan	Restricted reserves	Retained earnings / (losses)	Net profit / (loss) for the period	Equity attributable to shareholders 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		-	-	-	-	-	(19,955)	-	-	(30,479,159)	30,499,114	-	-	-
Dividend payments		-	-	-	-	-	-	-	-	-	-	-	(81,907)	(81,907)
Proceeds from changes in ownership interests in subsidiaries that do not result in loss of control (2)		-	-	-	-	-	-	-	-	(29,318,577)	-	(29,318,577)	29,417,652	99,075
Total comprehensive income / (expense)		-	-	-	-	72,861,357	70,165,069	(2,235,068)	-	-	(72,463,833)	68,327,525	(4,968,985)	63,358,540
- Other comprehensive income (expense)		-	-	-	-	*72,861,357*	*70,165,069*	*(2,235,068)*	-	-	-	*140,791,358*	*9,228,126*	*150,019,484*
-Net profit (loss) for the period		-	-	-	-	-	-	-	-	-	*(72,463,833)*	*(72,463,833)*	*(14,197,111)*	*(86,660,944)*
Balances at 31 December 2016	**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**
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		-	-	-	-	-	-	-	4,366,697	(76,830,530)	72,463,833	-	-	-
Proceeds from changes in ownership interests in subsidiaries that do not result in loss of control (3)		-	-	-	-	-	-	-	-	25,878,140	-	25,878,140	2,817,513	28,695,653
Total comprehensive income / (expense)		-	-	-	(856,705)	14,489,105	116,609,181	(1,026,927)	-	-	(264,505,378)	(135,290,724)	(6,892,950)	(142,183,674)
-Other comprehensive income (expense)		-	-	-	*(856,705)*	*14,489,105*	*116,609,181*	*(1,026,927)*	-	-	-	*129,214,654*	*502,377*	*129,717,031*
-Net profit (loss) for the period		-	-	-	-	-	-	-	-	-	*(264,505,378)*	*(264,505,378)*	*(7,395,327)*	*(271,900,705)*
Balances at 31 December 2017	**22**	**552,000,000**	**77,198,813**	**76,944**	**(856,705)**	**72,041,619**	**187,778,810**	**(18,617,479)**	**191,532,907**	**(494,582,896)**	**(264,505,378)**	**302,066,635**	**1,040,275**	**303,106,910**

(1) As explained in Note 3g and 22, the Board of Directors of Pronto Media Holding which is a subsidiary of Trader Media East Ltd ("TME") that owned by 97.29% by the Group, has decided to discountinue the digital operatings in its territory and impairment losses have been recognized on related operations under "discontinued operations" in the income statement. Additionally, as explained in detail in Note 2.2.15, foreign currency translation differences recognized under equity attributable to TME activities will be transferred from equity to profit or loss when the necessary conditions are met.

(2) By the existance of "non-controlling interests" which have not participated to the capital increase in TME, the effective ownership interest of the Group increased to 97.29% from 78.57%. The transaction was considered as equity transaction and due to the fact that any cash outflow from the Group did not occur, the change in non-controlling interests was accounted in accumulated losses under equity.

(3) The share premium recognised in financial statements of Glokal Digital Hizmetler A.Ş. ("Glokal") in the context of sales of 8% shares of Glokal to non-controlling interest, was accounted under previous years' losses in equity.

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

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

	Note References	(Audited) Current Period 1 January- 31 December 2017	(Audited) Prior Period 1 January- 31 December 2016
CASH FLOWS FROM OPERATING ACTIVITIES		**19,063,166**	**18,985,703**
Net profit (loss) for the period		**(271,900,705)**	**(86,660,943)**
Profit / (loss) from continuing operations		*(19,541,037)*	*(2,008,666)*
Profit (loss) from discontinued operations		*(252,359,668)*	*(84,652,277)*
Adjustments to reconcile profit / (loss) for the period		**345,241,936**	**165,433,481**
Adjustments related to depreciation and amortization expenses	14, 15	32,163,606	46,927,995
Adjustments related to impairment / (reversal)			
Adjustments related to impairment / (reversal) of receivables	*8, 27*	*26,942,868*	*8,670,491*
Adjustments related to provision for impairment of inventories	*11*	*524,601*	*1,960,907*
Adjustments related to impairment (reversal) of other intangible assets	*15*	*279,096,574*	*77,148,188*
Adjustments related to impairment (reversal) of tangible assets		*6,037,278*	-
Adjustments related to impairment (reversal) of investment property	*28, 29*	*(20,127,878)*	*(15,697,992)*
Adjustments related to provisions			
Adjustments related to (reversal) of provision for employment benefits	*17, 19*	*13,642,555*	*10,472,985*
Adjustments related to litigation and legal provisions (reversal)	*17*	*4,110,287*	*1,555,124*
Adjustment related to general provisions (reversals)		*347,454*	*(354,100)*
Adjustment related to free provisions / (reversal) for probable risks		-	*(2,544,556)*
Adjustment related to other provisions (reversals)		*(3,786,886)*	*(4,162,340)*
Adjustments related to interest (income) / expense			
Adjustments related to interest income	*26*	*(2,220,534)*	*(2,061,918)*
Adjustments related to interest expense	*30*	*40,881,345*	*37,034,327*
Unearned finance income due to term purchases	*26*	*11,676,861*	*9,740,933*
Unearned finance revenue due to term sales	*27*	*7,709,743*	*1,586,022*
Adjustments related to undistributed profits of investments accounted at equity method			
Adjustments related to undistributed profits of associates	*12*	*1,680,725*	*391,280*
Adjustments related to tax (income) / expense	31	(54,188,461)	(6,531,500)
Other adjustment related to noncash items		(311,910)	1,737,144
Adjustments regarding to (gain) / loss on sale of fixed assets			
Adjustments related to (gain) / loss on sale of tangible assets	*28, 29*	*1,063,708*	*(439,509)*
Changes in working capital		**(43,277,492)**	**(42,629,923)**
Adjustments related to (increase) / decrease in trade receivables			
(Increase) / decrease in trade receivables from related parties		*(5,395,485)*	*(6,220,775)*
(Increase) / decrease in trade receivables from third parties		*(49,672,491)*	*(66,778,047)*
Adjusments related to (increase) / decrease in inventories		2,869,661	53,969
(Increase) / decrease in prepaid expenses		436,417	(1,793,572)
Adjustments related to increase / (decrease) in trade payables			
Increase / (decrease) in trade payables to related parties		*(3,589,802)*	*2,044,545*
Increase / (decrease) in trade payables to third parties		*(1,927,828)*	*16,400,046*
Increase / (decrease) in payables related to employee benefits		(431,299)	570,671
Increase / (decrease) in deferred income		9,260,288	12,634,273
Adjustments related to other increase / (decrease) in working capital			
(Increase) / decrease in other assets related to operating activities		*4,416,755*	*981,646*
Increase / (decrease) in other liabilities related to operating activities		*756,292*	*(522,679)*

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

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

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

	Note References	(Audited) Current Period 1 January- 31 December 2017	(Audited) Prior Period 1 January- 31 December 2016
Cash generated from operations		**30,063,739**	**36,142,615**
Employment benefits paid	17, 19	(14,434,762)	(9,620,123)
Payments related to other provisions	17	(3,620,604)	(9,233,161)
Taxes returns / (payments)	31	(1,612,167)	(3,712,201)
Other cash inflows / (outflows)	8, 26	8,666,960	5,408,573
CASH FLOWS FROM INVESTING ACTIVITIES		**66,106,568**	**(6,764,945)**
Cash inflows from sale of tangible, intangible assets and investment properties	13, 14, 15	87,298,003	10,482,847
Proceeds from sales of tangible, intangible assets and investment properties			
Purchases of tangible assets	*14*	*(12,596,116)*	*(12,806,265)*
Purchases of intangible assets	*15*	*(11,127,763)*	*(6,809,271)*
Dividends received	28	311,910	305,826
Interests received	26	2,220,534	2,061,918
CASH FLOWS FROM FINANCING ACTIVITIES		**(39,995,679)**	**(66,980,328)**
Cash flows from changes in ownership of an affiliate not resulting loss of control		28,695,653	99,075
Cash inflows from borrowing			
Bank borrowings utilized		*400,302,091*	*253,336,233*
Cash outflow related to payments of debt			
Bank borrowings paid		*(428,154,866)*	*(285,375,442)*
Dividends paid		-	(81,907)
Interests paid		(40,881,344)	(34,846,787)
Other cash inflows / (outflows)		42,787	(111,500)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF EXCHANGE RATE CHANGES		**45,174,055**	**(54,759,570)**
Effects of exchange rate changes on cash and cash equivalents		(3,523,008)	(7,932,130)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**41,651,047**	**(62,691,700)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**4**	**24,295,720**	**86,987,420**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**4**	**65,946,767**	**24,295,720**

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 December 2017, the Group's average number of personnel is 1,521 (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 and amendment held on 30 October 2014 of CMB; according to the records of Central Registry Agency (CRA); shares representing 22.34% as of 31 December 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	Printing newspaper
Hürriyet Invest B.V. ("Hürriyet Invest")	Netherland	Europe	Investment
Trader Media East ("TME")	Jersey	Europe	Investment
Sporarena Dijital Hizmetler Pazarlama Ve Ticaret A.Ş. ("Sporarena")	Turkey	Turkey	Internet publishing
TCM Adria d.o.o.	Crotia	Europe	Investment
Mirabridge International B.V.	Netherland	Europe	Investment
ZAO Pronto Akzhol	Kazakhistan	Russia and EE	Newspaper and internet publishing
TOO Pronto Akmola	Kazakhistan	Russia and EE	Newspaper and internet publishing
OOO Pronto Samara	Russia	Russia and EE	Newspaper and internet publishing
ID Impress Media LLC	Russia	Russia and EE	Publishing
OOO Rukom	Russia	Russia and EE	Internet publishing
OOO Pronto Media Holding Ltd	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	Netherland	Europe	Investment

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

Joint Ventures	Registered country	Geographic segment	Nature of business
TOV E-Prostir	Ukraine	Europe	İnternet 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
Dogan Media International GmbH ("Dogan Media")	Germany	Europe	Newspaper publishing

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Preparation and presentation of financial statements

Statement of Compliance with 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 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.

These consolidated financial statements are based on the statutory records, which are maintained under historical cost basis except lands, buildings, investment properties and derivative instruments.

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.

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

2.1 Basis of presentation (Continued)

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Turkish Lira, which is the functional and presentation currency of the Company.

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)

(a) Subsidiaries

Subsidiaries comprise entities which Hürriyet directly and indirectly controls. Control is achieved when the Group:

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

The Group 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 Group 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 Group’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Group, over vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities (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.

Intercompany transactions and balances are eliminated on consolidation. The dividends arising from shares held by Hürriyet in its subsidiaries are eliminated from equity and income for the period.

Subsidiaries 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.

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

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

2.1 Basis of presentation (Continued)

Changes in share capital of 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 December 2017 and 31 December 2016 are as follows:

	Proportion of voting power held by Hürriyet and its Subsidiaries (%)		Effective ownersihp interest (%)	
Subsidiaries	**31 December 2017**	**31 December 2016**	**31 December 2017**	**31 December 2016**
Yenibiriş	100.00	100.00	100.00	100.00
Glokal	92.00	100.00	92.00	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
SporArena (1)	100.00	-	100.00	-
ID Impress Media LLC	91.00	91.00	88.53	88.53
TCM Adria d.o.o. (2)	100.00	100.00	97.29	97.29
Mirabridge International B.V.	100.00	100.00	97.29	97.29
ZAO Pronto Akzhol (3)	80.00	80.00	77.83	77.83
TOO Pronto Akmola (4)	100.00	100.00	97.29	97.29
OOO Pronto Atyrau (5)	-	80.00	-	77.83
OOO Pronto Aktobe (6)	-	64.00	-	62.26
OOO Pronto Aktau (7)	-	80.00	-	77.83
OOO Pronto Baikal (8)	-	100.00	-	97.29
OOO Pronto Kazan (9)	-	72.00	-	70.05
OOO Pronto Oka (10)	-	100.00	-	97.29
OOO Utro Peterburga (11)	-	55.00	-	53.51
OOO Pronto Samara	100.00	100.00	97.29	97.29
OOO Rukom (12)	100.00	100.00	97.29	97.29
OOO Pronto Media Holding (13)	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 (14)	-	80.00	-	77.83
Publishing International Holding BV	100.00	100.00	97.29	97.29

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

2.1 Basis of presentation (Continued)

(1) The subsidiary was registered on 6 October 2017.
(2) The subsidiary is in the process of liquidation as of 12 June 2017.
(3) The subsidiary is in the process of liquidation as of 30 September 2017.
(4) The subsidiary is in the process of liquidation as of 1 May 2017.
(5) The subsidiary was liquidated as of 16 November 2017.
(6) The subsidiary was liquidated as of 7 June 2017.
(7) The subsidiary was liquidated as of 29 September 2017.
(8) The subsidiary was liquidated as of 5 September 2017.
(9) The subsidiary was liquidated as of 15 November 2017.
(10) The subsidiary was liquidated as of 9 June 2017.
(11) The subsidiary was liquidated as of 14 August 2017.
(12) The subsidiary ceased its operations in 2012.
(13) The subsidiary decided to discontinue its digital platform operations with the board of decision minute dated 22 November 2017.
(14) The subsidiary was liquidated as of 23 March 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.

(b) 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.

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

2.1 Basis of presentation (Continued)

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).

2.1.4 Offsetting

Financial assets and liabilities are offset and the net amount is reported when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability 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. Consolidated statement of financial position as at 31 December 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.

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

2.1 Basis of presentation (Continued)

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. In accordance with the board decision dated 22 November 2017 of Pronto Media Holding, located in Russia as the indirect subsidiary of Trader Media East Ltd, of which the Group owns 97.29% shares, the Group decided to discontinue the operations of digital platforms within its body, and classified such operations as "discontinued operations." In order to ensure consistency with the presentation of current period financial statements, the Group included such activities as discontinued operations in the income statement for the accounting period of 1 January - 31 December 2016, related footnotes and cash flow statement.

In order to allow the determination of financial position and performance, the Group has made some reclassifications in order to conform to current period financial statements for prior periods. The nature of the classifications and amounts are as follows.

- The "Traffic Support" expenses amounting to TRY5,926,427 reclassified under "Cost of Sales" in the consolidated income statement for the period 1 January-31 December 2016, has been reclassified as "Marketing Expenses" in the related period in order to comply with the financial statements in the consolence prepared as of 31 December 2017.

2.1.6 Significant accounting policies and changes in accounting estimates and errors and restatement of previously reported financial statements

Changes in accounting policies arising from the first time adaptation of a new TAS are applied retrospectively or prospectively in accordance with the respective TAS transition requirements, if any. Where there are no transition requirements for any changes or optional significant changes in accounting policies and identified accounting errors, those are applied retrospectively and prior period financial statements are restated accordingly.

2.1.7 New and revised Turkish Financial Reporting Standards ("TFRS")

In the current period there is no such standard or interpretation affecting the Group's financial performance, statement of financial position, presentation or note disclosures. However, the details of standards and interpretations effective in the current period but have no effect on the consolidated financial statements and standards and interpretations not yet effective and have not been early adopted by the Group are set out below.

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

- TAS 12, "Income Taxes", effective from annual periods beginning on or after 1 January 2017. The amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruements measured at fair value.

- Annual Annual improvements 2014-2016, effective from annual periods beginning on or after 1 January 2017:

- 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. This amendment clarifies that the disclosures requirement of TFRS 12 are applicable to interest in entities classified as held for sale except for summarized financial information.

There are no material effects on the consolidated financial statements of these standards, amendments and interpretations mentioned above.

b) Standards, amendments and interpretations published as of 31 December 2017 but not effective yet:

- TFRS 9, "Financial instruments"; effective from periods beginning on or after 1 January 2018. This standard replaces the guidance in TAS 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. The Group evaluated the effect of this standard within its operations and does not expect any material impact. The Group plans to adopt the new standard on the required effective date using the modified retrospective method which requires the recognition of the cumulative effect of initially applying IFRS 9, as at 1 January 2018, to retained earnings and not restate prior years. The Group performed a detailed assessment of TFRS 9.

- Amendment to TFRS 15, "Revenue from contracts with customers", effective from annual periods beginning 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. Also an additional practical included expedients related to transition to the new revenue standard. If modified retrospective application is preferred, prior periods will not be restated but comparative quantitative information will be provided in the notes to the financial statements. The Group plans to adopt the new standard on the required effective date using the modified retrospective method which requires the recognition of the cumulative effect of initially applying TFRS 15, as at 1 January 2018, to retained earnings and not restate prior years. The Group performed a detailed assessment of TFRS 15.

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

2.1 Basis of presentation (Continued)

- Amendments to 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 Group evaluated the effect of this standard within its operations and does not expect any material impact. The amended standard will:

  - the volatility that could arise when TFRS 9 is applied before the new insurance contracts standard is issued that gives all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss; and

  - the companies whose activities are predominantly connected with insurance that gives an optional temporary exemption to apply TFRS 9 until 2021. The entities that defer the application of TFRS 9 will continue to apply the existing finasncial instruments standard TAS 39.

- Amendment to 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. The Group evaluated the effect of this standard within its operations and does not expect any material impact.

- Amendments to 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. The Group evaluated the effect of this standard within its operations and does not expect any material impact.

- Annual improvements 2014-2016; effective from annual periods beginning on or after 1 January 2018. These amendments impact 2 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,
  - TAS 28, "Investments in associates and joint venture" regarding measuring an associate or joint venture at fair value.

- TFRS Interpretation 22, "Foreign currency transactions and advance consideration"; effective from annual periods beginning on or after 1 January 2018. This TFRS Interpretation 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.

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

2.1 Basis of presentation (Continued)

- Amendment to TFRS 9, 'Financial instruments'; effective from annual periods beginning on or after 1 January 2019. This amendment confirm that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from TAS 39.

- Amendment to TAS 28, "Investments in associates and joint venture"; effective from annual periods beginning on or after 1 January 2019. These amendments clarify that companies account for long-term interests in associate or joint venture to which the equity method is not applied using TFRS 9.

- 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. An optional exemption is included 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 updated 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 TFRS 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.

- TFRS Interpretation 23, "Uncertainty over income tax treatments"; effective from annual periods beginning on or after 1 January 2019. This interpretation clarifies how the recognition and measurement requirements of TAS 12 "Income taxes", are applied where there is uncertainty over income tax treatments. The interpretation had clarified previously that TAS 12, not TAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. TFRS Interpretation 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. TFRS Interpretation 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

- TFRS 17, "Insurance contracts"; effective from annual periods beginning on or after 1 January 2021. This standard replaces TFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

The mentioned standards above are expected to be effective in 2018 and the following years. The Group has not yet determined the possible effects on its financial statements in consequence of applying such standards, other than the abovementioned effects, and does not expect these differences to have a significant effect on its financial statements.

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

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).
- (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. Classification is determined based on the acquisition purpose and specifications of the financial asset at the initial recognition. All financial assets are recognized at cost including transaction costs in the initial measurement.

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

2.2 Summary of significant accounting policies (Continued)

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 recognized 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 derecognized, at which time the cumulative gain or loss previously recognized in equity shall be recognized in profit or loss. Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group's right to receive payment is established (Note 6).

Financial assets classified by Group as "available- for- sale financial assets" that do not have any control power or significant effect have no fair value. When fair value cannot be reliably measured as other fair value estimation methods are not applicable; the carrying value of the financial asset is measured at cost less any impairment loss (Note 7).

"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).

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).

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

2.2 Summary of significant accounting policies (Continued)

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, 29). As of 31 December 2017, as explained in Note 3g, the Group has classified the impairment loss arising from the discontinued operations in the current and previous periods in the intangible assets under "Loss for the period from discontinued operations after tax" in the income statement.

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).

2.2.6 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. As of the date of the report, the properties held for a currently undetermined future use by the Group management, have been classified as investment properties.

Subsequent to initial recognition, at the end of each year when there is an indication of impairment, in accordance with the appraisal reports obtained from licensed real estate appraisal organizations under the Capital Market Legislation, investment properties are stated at fair value which reflects the market conditions as of the statement of financial position date. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated profit or loss in the period in which they arise. Deferred tax liability/asset has been calculated from all the temporary differences from investment properties.

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

2.2 Summary of significant accounting policies (Continued)

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal. Any gain or loss arising on derecognition of the property is included in consolidated profit or loss in the period in which the property is derecognized.

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 cost value and fair value at the date of the change is recognized as revaluation fund in consolidated statement of other comprehensive income (Note 13).

2.2.7 Property, plant and equipment

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:

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

Expected useful life, residual value and depreciation method are reviewed annually for possible effects of changes in estimates and are recognized prospectively if there is a change in estimates.

An item of property, plant and equipment is derecognized in the consolidated statement of financial position upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in consolidated profit or loss.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount provided to allocate provision. 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 as of the consolidated statement of financial position date.

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

2.2 Summary of significant accounting policies (Continued)

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.

Lands and buildings are recorded with their fair values. The difference between the cost value and the fair value is recorded as "revaluation funds" account under the equity, net of deferred tax. The revaluation increase is recorded in the profit or loss if there is a previously recognised impairment in profit or loss. A decrease in the book value of the land and buildings is recorded in the profit or loss if it exceeds the value in the revaluation fund for the previous revaluation of that asset. When the revalued asset is used, the difference between the amortization calculated over the revalued amount and the amortization calculated over the initial cost amount is recorded in retained earnings after deducting the deferred tax effect.

2.2.8 Intangible assets and amortisation

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).

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

Trademark	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 (Note 29 and 3g).

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

2.2 Summary of significant accounting policies (Continued)

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.

2.2.9 Significant accounting estimates, assumptions and decisions

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 253,922 (31 December 2016: TRY 10,797,005) and their loss before tax would have increased by TRY 253,922 (31 December 2016: TRY 10,797,005).

Group amortizes trade names, customer lists and domain names with definite useful lives specified in Note 2.2.8.

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 23,084 and loss before tax would have decreased by TRY 23,084 (31 December 2016: TRY 1,425,248) or

- Had the useful lives been lower by 10%, amortization charges would have increased by TRY 28,214 and loss before tax would have increased by TRY 28,214 (31 December 2016: TRY 1,741,970).

Impairment of intangible assets

The Group conducted intangible asset impairment analysis as of 31 December 2017 and 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.

(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)

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

	31 December 2017		31 December 2016	
	EBITDA margin rate (%)	Discount rate (%)	EBITDA margin rate (%)	Discount rate (%)
TME	3.7-11.1	17.9-22.1	42.9	18.0

The Group has set an impairment on intangible assets in consolidated financial statements as of 1 January - 31 December 2017 and 1 January - 31 December 2016 in the amount of TRY 279,096,574 and TRY 77,148,188 respectively. Impairment of intangibles occured because of the under budget performance of TME. In 2017, the impairment of intangibles mainly occurred from discontinued digital operations of TME and under budget performans of continuing operations (Note 15 and 3g).

If the calculations performed and evaluated as in the current period; if the discount rate applied to cash flow projections on cash-generating units, will be higher for 1% from the management's estimates, as of 31 December 2017 the Group had to recognize more impairment amounting TRY 281,912 (31 December 2016: TRY 21,970,366) on the financial statements and the profit before taxes had to be increased by TRY 396,245 (31 December 2016: TRY 21,970,366).

If the EBITDA rate applied to cash flow projections on cash-generating units, will be higher for 5% from the management's estimates, as of 31 December 2017 the Group had to recognize more impairment amounting TRY 396,245 (31 December 2016: TRY 31,081,948) on the financial statements and the profit before taxes had to be increased by TRY 396,245 (31 December 2016: TRY 31,081,948).

2.2.10 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 recognized when the Group is able to control the reversal of temporary differences, except in those cases where the likelihood of this difference to be recovered in the near future is low, and taxable temporary differences associated with investments in associates and interests in joint ventures calculated for all of the differences. Such investments and taxable temporary deferred tax assets arising from differences, obtaining sufficient profits subject to taxation in the near future it is highly likely that it will benefit from differences and that future related differences it is probable that it will be possible to get out of the way.

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

2.2 Summary of significant accounting policies (Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities (Note 31).

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).

Current and deferred tax

Tax is included in the statement of profit or loss, unless it is related to an operation that is accounted directly under equity. Otherwise, tax is accounted under equity as well as the related transaction (Note 31).

2.2.11 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).

2.2.12 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.

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

2.2 Summary of significant accounting policies (Continued)

2.2.13 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.

If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised by the Group in the financial statements of the period in which the change occurs.

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).

2.2.14 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).

2.2.15 Foreign currency transactions

<u>Foreign currency transactions and balances</u>

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.

(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)

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 accumulated currency translation differences of a foreign Group companies recognized under other comprehensive income, recycled to the income statement only when the gain or loss arising from the disposal of the asset is recognized.

The Group may derecognise its operations abroad in the form of sales, liquidation, repayment of capital or partial or abandonment of the entity. A reduction in the carrying amount of a foreign entity due to impairment, will not result in a partial disposal. Therefore, any gain or loss on exchange rate differences recognized in other comprehensive income is not reclassified to profit or loss when the impairment loss is recognized.

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 3). Foreign currencies and exchange rates at 31 December 2017 and 31 December 2016 are summarized below:

Country	Currency	31 December 2017	31 December 2016
Russia	Ruble	0.0651	0.0573
Eurozone	Euro	4.5155	3.7099
United States of America	Dollar	3.7719	3.5192
Romania	New Leu	0.9637	0.8131

2.2.16 Revenue recognition

Revenue is the fair value amount of sales of goods and services received or receivable which resulted from Group’s operations. Net sales represent the invoiced value of goods or services shipped less any trade discounts, rebates and commissions and are presented with the elimination of intercompany balances. Revenue includes the invoiced amount of goods and service sales. It is recognized on an accrual basis over the fair value of acquisition amount based on product or service delivery, transfer of significant risks and rewards related to product to the buyer, reliable estimate of revenue amount and probable economic benefits associated with the transaction will be obtained by the Group.

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

2.2 Summary of significant accounting policies (Continued)

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 (Note 23).

The difference between the fair value and the nominal amount of the consideration is recognized as financing income on the related periods (Note 26).

Revenues from advertisement

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

Revenues from newspaper sales

Revenues from newspaper sales are recognised on a matching principle at the time of delivery of the newspapers by the distribution company to the vendor at the invoiced values.

Revenues from printing services

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

Interest income

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

Rental income

Rental income is recognized on an accrual basis.

Other income

Other income is recognized on an accrual basis.

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

2.2 Summary of significant accounting policies (Continued)

2.2.17 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.

2.2.18 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 32).

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 22).

2.2.19 Government grants

Government grants are not recognized in the financial statements until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants which are financial assets, should be recognized as deferred revenue in the consolidated statement of financial position rather than recognised in the statement of profit or loss to clarify the expenditure item that is financed and transferred to profit or loss on a systematic and rational basis over the useful lives of the related asset.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates (Note 16).

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

2.2 Summary of significant accounting policies (Continued)

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 4).

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).

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 4).

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 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Summary of significant accounting policies (Continued)

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.

Cash flows of discontinued operations are presented as a separate line together with the correction of prior period cash flow for discontinued operations.

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 3).

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.

(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)

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.

NOTE 3 - SEGMENT REPORTING

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

	Turkey	Russia and EE (*)	Europe	Total
Sales	491,416,416	10,015,006	36,809,848	538,241,270
Cost of sales (-)	(269,028,291)	(6,494,484)	(36,559,592)	(312,082,367)
Gross operating profit (loss)	**222,388,125**	**3,520,522**	**250,256**	**226,158,903**
Marketing expenses (-)	(122,270,935)	(260,708)	-	(122,531,643)
Losses from investments accounted by the equity method (-)	(1,680,725)	-	-	(1,680,725)
Net segment result	**98,436,465**	**3,259,814**	**250,256**	**101,946,535**
General administrative expenses (-)				(82,637,090)
Other operating income				32,713,917
Other operating expenses (-)				(44,214,050)
Finance expenses (-)				(42,368,638)
Income from investing activities				39,893,378
Expense from investing activities (-)				(24,933,882)
Profit (loss) before tax from continuing operations				**(19,599,830)**
Tax income (expense) for the period				(2,378,344)
Deferred tax income (expense)				2,437,137
Profit (loss) for the period from continuing operations				**(19,541,037)**

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

NOTE 3 - SEGMENT REPORTING (Continued)

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

	Turkey	Russia and EE (*)	Europe	Total
Sales	501,541,510	9,803,969	33,081,620	544,427,099
Cost of sales (-)	(276,614,822)	(6,588,605)	(34,637,236)	(317,840,663)
Gross operating profit (loss)	**224,926,688**	**3,215,364**	**(1,555,616)**	**226,586,436**
Marketing expenses (-)	(121,888,378)	(274,123)	-	(122,162,501)
Losses from investments accounted by the equity method (-)	(391,280)	-	-	(391,280)
Net segment result	**102,647,030**	**2,941,241**	**(1,555,616)**	**104,032,655**
General administrative expenses (-)				(84,709,048)
Other operating income				40,004,091
Other operating expenses (-)				(28,313,893)
Finance expenses (-)				(47,554,881)
Income from investing activities				22,209,943
Expense from investing activities (-)				(2,087,198)
Profit (loss) before tax from continuing operations				**3,581,669**
Tax income (expense) for the period				(5,804,670)
Deferred tax income (expense)				214,335
Profit (loss) for the period from continuing operations				**(2,008,666)**

(*) Disclosures related to the discontinued financial operations in Russia and EE are given in Note 3g.

c) Segment assets:

	31 December 2017	31 December 2016
Turkey	699,810,751	574,755,125
Russia and EE	11,933,772	312,480,102
Europe	48,158,995	37,201,440
	759,903,518	**924,436,667**
Unallocated assets (1)	2,106,647	1,870,648
Investments accounted by the equity method (Note 12)	7,124,215	7,368,572
Total assets per consolidated financial statements	**769,134,380**	**933,675,887**

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

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

NOTE 3 - SEGMENT REPORTING (Continued)

d) Segment liabilities:

	31 December 2017	31 December 2016
Turkey	93,901,600	82,300,721
Russia and EE	6,787,552	10,750,931
Europe	19,331,442	15,602,255
	120,020,594	**108,653,907**
Unallocated liabilities (1)	346,006,876	408,427,049
Total liabilities per consolidated financial statements	**466,027,470**	**517,080,956**

(1) Group's liabilities other than other segments liabilities is composed of financial borrowings (Note 7), short term provisions (Note 17), employee termination benefits (Note 19), current tax liability and deferred tax liabilities (Note 31).

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 December 2017	1 January - 31 December 2016
Turkey	32,475,489	34,327,881
Russia and EE	4,757,094	4,082,128
Europe	694,762	1,259,256
Total	**37,927,345**	**39,669,265**

Depreciation and amortization charges:

	1 Ocak - 31 December 2017	1 Ocak - 31 December 2016
Turkey	22,822,950	32,587,677
Russia and EE	7,496,171	11,274,510
Europe	1,844,485	3,065,808
Total	**32,163,606**	**46,927,995**

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

NOTE 3 - SEGMENT REPORTING (Continued)

f) Non-cash other expenses:

	1 January - 31 December 2017			
	Turkey	Russia and EE	Europe	Total
Impairment of tangible assets (Note 14, 29)	(4,634,177)	-	(1,138,631)	(5,772,808)
Provision for impairment of investment property (Note 28, 29)	20,127,878	-	-	20,127,878
Provision of retirement pay and unused vacation (Note 17, 19)	(12,367,835)	(1,274,720)	-	(13,642,555)
Provision for doubtful receivables (Note 8, 27)	(25,952,779)	-	-	(25,952,779)
Provision of legal claims (Note 17, 27)	(3,561,157)	-	-	(3,561,157)
Provision of inventory impairment (Note 11)	(524,601)	-	-	(524,601)
	(26,912,671)	**(1,274,720)**	**(1,138,631)**	**(29,326,022)**

	1 January - 31 December 2016			
	Turkey	Russia and EE	Europe	Total
Provision of retirement pay and unused vacation (Note 17, 19)	(7,884,573)	(1,862,652)	(725,760)	(10,472,985)
Provision for impairment of investment property (Note 28, 29)	16,000,302	-	-	16,000,302
Provision for doubtful receivables (Note 8, 27)	(7,081,424)	(333,232)	-	(7,414,656)
Provision of legal claims (Note 17, 27)	(1,555,124)	-	-	(1,555,124)
Provision of inventory impairment (Note 11)	(1,960,907)	-	-	(1,960,907)
	(2,481,726)	**(2,195,884)**	**(725,760)**	**(5,403,370)**

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

NOTE 3 - SEGMENT REPORTING (Continued)

g) Disclosures related to discontinued operations

Discontinuing digital platform operations of Russia and EE

The Board of Directors of Pronto Media Holding which is a subsidiary of Trader Media East Ltd ("TME") that owned by 97.29% by the Group, has decided to discountinue the digital operatings in its territory on 22 November 2017 due to the operational performance below the desired level. In accordance with the decision, digital operations under Pronto Media Holding classified as "Discontinued Operations". The impairment losses due to discontinued operations recognized under "Discontinued Operations" in income statement.

	1 January- 31 December 2017	1 January- 31 December 2016
Sales	15,996,908	19,674,739
Cost of sales (-)	(10,761,891)	(12,259,149)
General administrative and marketing expenses	(28,192,484)	(26,991,595)
Other operating income (expense), net (1)	(974,255)	(1,230,147)
Finance expenses, net	(3,374,570)	1,227,344
Expenses from investing activities, net (2)	(279,183,044)	(77,195,303)
Loss before tax from discontinued operations	**(306,489,336)**	**(96,774,111)**
Current tax (expense) / income	-	(24,841)
Deferred tax income	54,129,668	12,146,676
Loss for the period from discontinued operations	**(252,359,668)**	**(84,652,277)**

(1) As of 31 December 2017, there is doubtful receivable expense amounting to TRY 990,089 (31 December 2016: TRY 1,255,835) (Note 8).

(2) Related to discontinued operations, the company booked impairment amounting to TRY 279,361,044 (31 December 2016: 77,148,188 TL) in its consolidated financial statements for the ended 31 December 2017.

As explained in detail in Note 2.2.15, foreign currency translation differences recognized under equity attributable to TME activities will be transferred from equity to profit or loss when the necessary conditions are met.

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

NOTE 4 - CASH AND CASH EQUIVALENTS

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

	31 December 2017	31 December 2016
Cash	2,660,628	3,867,744
Banks		
- time deposits	59,423,284	17,233,880
- demand deposits	3,862,855	3,194,096
Total	**65,946,767**	**24,295,720**

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

	31 December 2017	31 December 2016	31 December 2015
Cash and banks	65,946,767	24,295,720	86,987,420
Total	**65,946,767**	**24,295,720**	**86,987,420**

The maturity analysis of time deposits is as follows:

	31 December 2017	31 December 2016
0-1 months	59,423,284	17,233,880
	59,423,284	**17,233,880**

The weighted average interest rate for TRY time deposits is 13.57% as of 31 December 2017 (31 December 2016: 9.50%), for USD weighted average interest rate is 0.60% (31 December 2016: None) and the interest rates are fixed.

NOTE 5 - DERIVATIVE INSTRUMENTS

Derivative instruments for hedging:

	31 December 2017	31 December 2016
Derivative instruments	1,098,340	-
Total	**1,098,340**	**-**

(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 December 2017 and 31 December 2016 are as follows:

	31 December 2017	31 December 2016
Restricted bank balances	68,713	111,500
Total	**68,713**	**111,500**

Long-term financial investments:

The details of available for sale financial assets balances at 31 December 2017 and 31 December 2016 are as follows:

	Share (%)	31 December 2017	Share (%)	31 December 2016
Doruk Faktoring A.Ş. ("Doruk Faktoring") (1)	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**

(1) Doğan Faktoring A.Ş. changed its trade name as Doruk Faktoring as of 9 November 2017.

Since the financial assets in financial investments are not traded in the active market that are shown by deduction the provision for impairment on cost values.

NOTE 7 - CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

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

Short-term borrowings:	31 December 2017	31 December 2016
Short-term bank borrowings	10,550,732	72,725,361
	10,550,732	**72,725,361**
Short term portion of long-term financial liabilities	101,139,261	75,259,960
Total	**111,689,993**	**147,985,321**

Long-term borrowings:	31 December 2017	31 December 2016
Long-term bank borrowings	150,478,785	139,729,311
Total	**150,478,785**	**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 December 2017 and 31 December 2016 are as follows:

	Effective interest rate (%)		Original foreign currency		TRY	
	31 December 2017	**31 December 2016**	**31 December 2017**	**31 December 2016**	**31 December 2017**	**31 December 2016**
Short-term bank borrowings						
- TRY	14.80	12.65	1,022,788	57,530,221	1,022,788	57,530,221
- Russian Ruble (*)	12.51	13.20	145,500,000	265,093,164	9,527,944	15,195,140
Sub-total					**10,550,732**	**72,725,361**
Short-term portion of long-term bank borrowings						
- TRY	12.49	13.50	100,537,860	73,601,778	100,537,860	73,601,778
- Euro	5.71	3.75	133,186	446,961	601,401	1,658,182
Sub-total					**101,139,261**	**75,259,960**
Total short-term bank borrowings					**111,689,993**	**147,985,321**
Long-term bank borrowings						
- TRY	13.69	13.25	121,665,822	139,235,205	121,665,822	139,235,205
- Russian Ruble (*)	12.33	-	440,000,000	-	28,812,963	-
- Euro	-	3.75	-	133,186	-	494,106
Total long-term bank borrowings					**150,478,785**	**139,729,311**

(*) As of 31 December 2017, short-term bank borrowings amounting to TRY 9,527,944 and TRY 28,812,963 of long-term bank borrowings are related to "discontinued operations".

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

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

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

Year	31 December 2017	31 December 2016
2019	135,323,943	99,563,489
2020	15,154,842	40,165,822
Total	**150,478,785**	**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 December 2017	31 December 2016
Up to 6 months	50,540,664	17,971,871
6-12 months	61,149,329	130,013,450
1 to 5 years	150,478,785	139,729,311
Total	**262,168,778**	**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 of fixed interest rate loans are presented in Note 34.1 (i).

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

Net debt reconciliation

Net financial debt reconciliation as of 31 December 2017 and 31 December 2016 is as follows:

	31 December 2017	31 December 2016
Cash and cash equivalents	65,946,767	24,295,720
Borrowings - due within one year	111,689,993	147,985,321
Borrowings - due after one year	150,478,785	139,729,311
	328,115,545	**312,010,352**

2017	Borrowings due within one year	Borrowings due after one year	Total
Financial liabilities as at 1 January	147,985,321	139,729,311	287,714,632
Cash flow effect	(37,119,506)	9,266,731	(27,852,775)
Foreign currency translation differences	824,178	1,482,743	2,306,921
Financial liabilities as at 31 December	**111,689,993**	**150,478,785**	**262,168,778**

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

NOTE 8 - TRADE RECEIVABLE AND PAYABLES

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

Short-term receivables from third parties:

	31 December 2017	31 December 2016
Trade receivables	248,515,051	240,202,004
Credit cards receivables	3,787,318	3,665,493
Notes and cheques receivable	1,614,697	7,071,215
Income accruals	1,868,559	2,216,013
Unearned finance income due from term sales	(7,010,597)	(2,780,744)
Less: Provision for doubtful receivables	(64,405,568)	(46,020,143)
Total	**184,369,460**	**204,353,838**

According to a revocable factoring agreement signed with Doğan Factoring Hizmetleri A.Ş., trade receivables resulting from advertisements, amounting to TRY 115,560,486 (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 104 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 5,127,989 (31 December 2016: TRY 1,081,406) and the compound interest rate is 15.38% per annum (31 December 2016: 12.68%). The rate used in this method and determined on the basis of compound interest is called "effective interest rate"; the aforementioned rate has been determined taking into consideration the data of the Central Bank of the Republic of Turkey.

As of 31 December 2017 and 31 December 2016 the average maturity days of trade receivables that are not followed by Doğan Faktoring are less than 4 months.

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)	(25,952,779)	(7,414,656)
Collections and reversals during the period (Note 26)	8,666,960	5,408,573
Written-off (1)	-	9,148,330
Collections and provisions related to discontinued operations	(990,089)	(1,255,835)
Currency translation differences	(109,517)	(1,546,881)
31 December	**(64,405,568)**	**(46,020,143)**

(1) The Company has excluded the receivables recorded in the previous periods as doubtful receivables from the Trade Registry in accordance with Temporary Article 7 of the Turkish Commercial Code and the companies that have completed the liquidation process in the normal way and the receivables from companies whose liquidation proceedings are completed by the bankruptcy desk And that the receivables which are determined not to be collected have not been followed in the balance sheet.

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

NOTE 8 - TRADE RECEIVABLE AND PAYABLES (Continued)

Short term payables to third parties:

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

	31 December 2017	31 December 2016
Short-term trade payables	47,201,033	48,999,963
Expense accruals	4,565,740	4,258,964
Unrealized financial expenses due to term purchases	(634,353)	(198,679)
Total	**51,132,420**	**53,060,248**

As of 31 December 2017, average turn over date of Group's trade payables is 36 days (31 December 2016: 38 days). As of 31 December 2017, unrealized financial expense due to term purchases is TRY 634,353 (31 December 2016: TRY 198,679) and the compound interest rate is 15.38% per annum (31 December 2016: 12.68%). The compound interest used in the calculations are defined as the effective interest rate; the rate the rate has been determined taking into consideration of data of The Central Bank of the Republic of Turkey.

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

NOTE 9 - OTHER RECEIVABLE AND PAYABLES

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

	31 December 2017	31 December 2016
Other receivables related sale of investment property (1)	2,522,672	1,449,526
Deposits and guarantees given	646,901	607,786
Due from personnel	48,025	48,757
Total	**3,217,598**	**2,106,069**

(1) The receivables arisen from the sale of the building located in Güvenevler district in Çankaya, Ankara.

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

	31 December 2017	31 December 2016
Deposits and guarantees given	1,934,406	1,562,496
Other receivables related sale of investment property (1)	122,366	1,878,291
Total	**2,056,772**	**3,440,787**

(1) The receivables arisen from the sale of the building located in Güvenevler district in Çankaya, Ankara.

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

NOTE 9 - OTHER RECEIVABLE AND PAYABLES (Continued)

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

Short term trade payables to third parties:

	31 December 2017	31 December 2016
Taxes payable	9,443,938	8,118,486
Deposits and guarantees received	627,870	636,625
Other payables	316,242	136,823
Total	**10,388,050**	**8,891,934**

NOTE 10 - PAYABLES REGARDING BENEFITS PROVIDED TO EMPLOYEES

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

	31 December 2017	31 December 2016
Social security premiums	5,350,836	5,376,706
Due to personnel	809,879	1,215,308
Total	**6,160,715**	**6,592,014**

NOTE 11 - INVENTORIES

	31 December 2017	31 December 2016
Raw materials and supplies	8,988,260	8,084,730
Finished goods and spare parts	7,357,660	7,698,612
Promotion materials (1)	1,460,286	5,181,097
	17,806,206	**20,964,439**
Provision for impairment of inventory (-)	(3,958,180)	(7,220,465)
Total	**13,848,026**	**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 3,958,180 (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	(88,328)	(413,681)
Reversal of provision for promotion materials	3,656,500	2,840,765
Provision for raw materials and supplies	(436,273)	(1,547,226)
Reversal of provision for raw materials and supplies	130,386	1,321,575
31 December	**(3,958,180)**	**(7,220,465)**

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

NOTE 12 - INVESTMENTS ACCOUNTED BY THE EQUITY METHOD

As of 31 December 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 December 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 (%)
Dogan Media	42.42	42.42

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 2017	Total assets	Total	Net assets	Net sales	Net loss for the period
Dogan Media	9,874,414	2,750,199	7,124,215	6,146,001	(1,680,725)
	9,874,414	**2,750,199**	**7,124,215**	**6,146,001**	**(1,680,725)**

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
Dogan Media	8,579,485	1,210,913	7,368,572	6,254,454	(391,280)
	8,579,485	**1,210,913**	**7,368,572**	**6,254,454**	**(391,280)**

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

	Share (%)	31 December 2017	Share (%)	31 December 2016
Dogan Media	42.42	7,124,215	42.42	7,368,572
		7,124,215		**7,368,572**

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

	2017	2016
1 January	**7,368,572**	**6,566,895**
Loss from associates	(1,680,725)	(391,280)
Currency translation differences	1,436,368	1,192,957
31 December	**7,124,215**	**7,368,572**

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

NOTE 13 - INVESTMENT PROPERTY

The movements in investment property as of 31 December 2017 and 2016 are as follows:

	Lands (1)	Buildings (2)	Total
1 January 2017	**172,682,904**	**54,982,813**	**227,665,717**
Additions	-	14,203,466	14,203,466
Disposal	(69,002,324)	(20,576,758)	(89,579,082)
Change in fair value adjustment (Note 28,29)	16,760,470	3,367,408	20,127,878
Currency translation differences	(222,785)	284,152	61,367
31 December 2017	**120,218,265**	**52,261,081**	**172,479,346**

(1) The Group sold land of 72,387.98 m2 amounting to TRY 23,800,000 located in Mugla Milas on 21 August 2017 and land of 6,417.59 m2 amounting to TRY 44,920,000 located in Mahmutbey Village - Bagcilar on 26 December 2017 and land of 9,250.07 m2 amounting to TRY 282,324 located in Arsin - Trabzon on 27 October 2017.

(2) Disposals and additions due from the sale of investment properties occurred via barter agreements.

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

	Lands	Buildings	Total
1 January 2016	**65,940,285**	**20,996,821**	**86,937,106**
Additions (1)	-	20,053,729	20,053,729
Disposal	-	(9,897,002)	(9,897,002)
Change in fair value adjustment (2)	18,087,500	(302,310)	17,785,190
Currency translation difference	-	802,471	802,471
Transfer (3)	88,655,119	23,329,104	111,984,223
31 December 2016	**172,682,904**	**54,982,813**	**227,665,717**

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

(2) Group Management has considered effect of upward currency exchange rates on unit prices of land and residences, current valuation reports of investment properties has received and necessary fair value adjustment has been accounted.

(3) The Group classified its building where locate in Izmir Alsancak in investment property in current period which was classified as fixed assets prior periods.

As of 31 December 2017 and 31 December 2016 there are no mortgages on investment properties.

The Group's rent income from investment properties amounted to TRY 3,776,057 as of 31 December 2017 (31 December 2016: TRY 3,338,246) (Note 28). The Group's direct operating expenses arising from the investment properties in the period amounted to TRY 161,499 (31 December 2016: TRY 181,546).

(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 December 2017 and 31 December 2016:

		Fair valueas at reporting date		
	31 December 2017	Level 1 TRY	Level 2 TRY	Level 3 TRY
Land	120,218,265	-	120,218,265	-
Building	52,261,081	-	52,261,081	-

		Fair valueas at reporting date		
	31 December 2016	Level 1 TRY	Level 2 TRY	Level 3 TRY
Land	172,682,904	-	172,682,904	-
Building	54,982,813	-	54,982,813	-

Investment properties of the Group, has been valued by the CMB licensed real estate valuation establishments using the market comparison analysis approach, cost approach and direct capitalisation approach methods. As a result, it was determined that the values calculated from different approaches is similar and consistent with the market comparison method and value has been determined according to the market comparison method. Real estate valuation establishments are authorized by CMB and provide property valuation appraisal services in accordance with the capital markets legislation and have sufficient experience and qualifications regarding the fair value measurement of the real estate in related regions.

(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 December 2017 are as follows:

	1 January 2017	Currency translation differences	Additions	Disposals	Transfers	Impairment losses [1]	Provision for impairment classified to discontinued operations [2]	31 December 2017
Cost								
Land and land improvements	25,687,467	2,559,648	-	(58,691)	(574,574)	131,832,140	-	159,445,990
Buildings	99,088,044	2,881,809	1,725,549	(412,985)	(53,334,180)	(2,834,076)	(792,609)	46,321,552
Machinery and equipment	580,571,195	18,455,593	5,165,615	(494,654)	713,835	-	-	604,411,584
Motor vehicles	7,664,799	-	199,914	(987,265)	-	-	-	6,877,448
Furnitures and fixtures	48,641,305	966,312	1,858,918	(4,547,635)	(1,890)	-	(3,365,267)	43,551,743
Leasehold improvements	13,371,109	17,079	1,102,603	-	-	-	(240,219)	14,250,572
Other intangible assets	2,512,394	545,563	-	-	-	-	-	3,057,957
Construction in progress	748,547	2,433	2,543,517	(16,059)	(711,945)	-	(7,745)	2,558,748
	778,284,860	**25,428,437**	**12,596,116**	**(6,517,289)**	**(53,908,754)**	**128,998,064**	**(4,405,840)**	**880,475,594**
Accumulated amortization								
Land and land improvements	(604,691)	-	(28,574)	58,691	574,574	-	-	-
Buildings	(48,272,145)	(2,286,117)	(3,535,412)	133,406	53,334,180	-	624,211	(1,877)
Machinery and equipments	(545,365,544)	(18,210,628)	(10,919,021)	380,011	(1,890)	-	-	(574,117,072)
Motor vehicles	(2,182,455)	-	(1,236,774)	819,252	-	-	-	(2,599,977)
Furnitures and fixtures	(41,906,804)	(863,722)	(3,333,378)	4,249,419	1,890	-	3,276,940	(38,575,655)
Leasehold improvements	(8,683,218)	(17,078)	(1,482,664)	-	-	-	240,219	(9,942,741)
Other intangible assets	(1,193,241)	(284,345)	(259,071)	-	-	-	-	(1,736,657)
	(648,208,098)	**(21,661,890)**	**(20,794,894)**	**5,640,779**	**53,908,754**	**-**	**4,141,370**	**(626,973,979)**
Net book value	**130,076,762**						**(264,470)**	**253,501,615**

As at 31 December 2017 and 2016 there are no tangible fixed assests in machinery and equipment group which have been acquired through leasing.

At 31 December 2017, there are mortgages on property, plant and equipment amounting to TRY 22,577,500 (31 December 2016: TRY 24,114,350) (Note 18).

At 31 December 2017 depreciation expense amounting to TRY 15,806,550 (31 December 2016: TRY 25,579,099) is added to cost of sales (Note 23), amounting to TRY 4,715,135 (31 December 2016: TRY 5,131,574) is added to marketing, selling and distribution and general administrative expenses (Note 24). As of 31 December 2017, depreciation expense amounting to TRY 273,209 is classified to discontinued operations (31 December 2016: TRY 473,599).

(1) Impairment expenses amounting to TRY 5,772,808 is recognized under "expense from investing activities" (Note 29) and amounting to TRY 134,770,872 is recognized under other comprehensive income

(2) As explained in Note 2.2.9, the carrying value of tangible assets is reviewed and the impairment is recognized in discontinued operations by the Group (Note 3g).

(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 December 2016 are as follows:

	1 January 2016	Currency translation differences	Additions	Disposals	Transfers [(1)]	Adjustments [(2)]	31 December 2016
Cost							
Land and land improvements	18,228,354	1,503,831	-	(3,017)	5,857,380	100,919	25,687,467
Buildings	173,155,205	5,679,682	1,116,621	(1,950,904)	(76,590,965)	(2,321,595)	99,088,044
Machinery and equipment	568,761,000	12,271,599	2,168,101	(2,661,759)	-	32,254	580,571,195
Motor vehicles	320,021	-	5,692,636	-	-	1,652,142	7,664,799
Furnitures and fixtures	48,449,446	2,538,179	2,068,793	(2,745,160)	-	(1,669,953)	48,641,305
Leasehold improvements	12,545,794	69,036	233,717	-	-	522,562	13,371,109
Other intangible assets	1,205,571	312,858	993,965	-	-	-	2,512,394
Construction in progress	198,845	72,854	532,432	(55,584)	-	-	748,547
	822,864,236	**22,448,039**	**12,806,265**	**(7,416,424)**	**(70,733,585)**	**(1,683,671)**	**778,284,860**
Accumulated amortization							
Land and land improvements	(728,959)	-	(36,337)	-	-	160,605	(604,691)
Buildings	(75,052,003)	(2,489,871)	(3,482,942)	903,704	31,527,762	321,205	(48,272,145)
Machinery and equipment	(513,868,610)	(12,001,136)	(20,923,145)	1,584,911	-	(157,564)	(545,365,544)
Motor vehicles	(1,699,363)	-	(481,864)	-	-	(1,228)	(2,182,455)
Furnitures and fixtures	(37,766,267)	(2,264,873)	(3,791,346)	2,078,216	-	(162,534)	(41,906,804)
Leasehold improvements	(5,965,091)	(76,007)	(2,226,729)	-	-	(415,391)	(8,683,218)
Other intangible assets	(814,833)	(159,619)	(241,909)	23,120	-	-	(1,193,241)
	(635,895,126)	**(16,991,506)**	**(31,184,272)**	**4,589,951**	**31,527,762**	**(254,907)**	**(648,208,098)**
Net book value	**186,969,110**						**130,076,762**

(1) The Group classified its building which locate in Izmir Alsancak to investment property in the current period which was followed in tangible asset prior periods. TRY 74,860,169 of fair value increase in relation to the classification is accounted in gain on revaluation of property under equity and TRY 2,081,768 of loss on fair value change is accounted in profit or loss.

(2) The Group reviewed its tangible assets and made some adjustments.

(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 December 2017 are as follows:

	1 January 2017	Currency translation differences	Additions	Disposals	Provision for impairment classified to discontinued operations (2)	31 December 2017
Cost						
Trade names and licenses	252,465,044	26,493,557	228,435	-	(235,033,525)	44,153,511
Customer list	272,772,032	30,075,189	-	(4,183,583)	(38,429,738)	260,233,900
Computer software and rights	81,097,693	4,660,566	770,230	(2,754,009)	(8,037,163)	75,737,317
Internet domain names	31,402,701	(14,991,541)	4,714,223	(274,899)	(5,061,156)	15,789,329
Other intangible assets (2)	3,120,353	-	5,414,875	(3,603)	-	8,531,625
	640,857,823	**46,237,771**	**11,127,763**	**(7,216,094)**	**(286,561,582)**	**404,445,682**
Accumulated amortization						
Trade names and licenses	(36,526,314)	(1,986,032)	(320,397)	-	-	(38,832,743)
Customer list	(232,937,961)	(29,156,206)	(2,319,992)	4,180,260	-	(260,233,900)
Computer software and rights	(72,557,815)	(3,697,683)	(3,860,614)	2,206,176	7,465,008	(70,444,928)
Internet domain names	(18,996,603)	9,566,347	(3,765,926)	274,899	-	(12,921,283)
Other intangible assets	(2,637,315)	-	(1,101,783)	3,603	-	(3,735,495)
	(363,656,008)	**(25,273,574)**	**(11,368,712)**	**6,664,937**	**7,465,008**	**(386,168,349)**
Net book value	**277,201,815**				**(279,096,574)**	**18,277,333**

(1) As disclosed in note 2.2.9, Group has reviewed the carrying value of intangible assets and recognized impairment in discontinued operations (Note 3g).
(2) As of 31 December 2017, website development costs amouting to TRY 3,238,090 capitalized under "other intangible assets" and amortized on a straight-line basis over their useful life.

As of 31 December 2017 the total cost of trademark and licenses with indefinite useful life is TRY 5,078,445 (31 December 2016: TRY 215,940,100). Indetermining the useful life of aforementioned assets as indefinite, stability of the sector, changes in the market demand for the products or services provides through these assets, control duration over assets and other legal classifications have been taken into account.

Amortization expense amounting to TRY 3,004,521 has been included cost of sales (Note 23) and TRY 1,243,799 in marketing, selling and distribution and general administrative expenses as of 31 December 2017 (Note 24) (31 December 2016: TRY 5,026,550). As of 31 December 2017, amortisation expense amounting to TRY 7,120,392 is classified to discontinued operations (31 December 2016: TRY 10,717,173).

(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 December 2016 are as follows:

	1 January 2016	Currency translation differences	Additions	Disposals	Provision for impairment classified to discontinued operations (2)	Adjustments (2)	31 December 2016
Cost							
Trade names and licenses	176,420,551	76,049,970	-	(5,477)	-	-	252,465,044
Customer list	204,506,950	68,265,082	-	-	-	-	272,772,032
Computer software and rights	69,630,856	10,086,935	3,280,756	(756,479)	-	(1,144,375)	81,097,693
Internet domain names	22,228,391	7,807,500	3,524,846	(2,158,036)	-	-	31,402,701
Other intangible assets	3,142,438	(651,301)	3,669	-	-	625,547	3,120,353
	475,929,186	**161,558,186**	**6,809,271**	**(2,919,992)**	**-**	**(518,828)**	**640,857,823**
Accumulated amortization							
Ticari marka ve lisanslar	(21,127,428)	(4,123,870)	(731,964)	-	(10,543,052)	-	(36,526,314)
Müşteri listesi	(119,747,127)	(44,098,758)	(7,812,716)	-	(61,279,360)	-	(232,937,961)
Bilgisayar programları ve haklar	(58,796,023)	(9,811,738)	(5,744,090)	654,361	-	1,139,675	(72,557,815)
İnternet alan adları	(10,795,038)	(3,188,867)	(1,304,873)	1,617,951	(5,325,776)	-	(18,996,603)
Diğer maddi olmayan varlıklar	(2,409,339)	647,343	(150,080)	-	-	(725,239)	(2,637,315)
	(212,874,955)	**(60,575,890)**	**(15,743,723)**	**2,272,312**	**(77,148,188)**	**414,436**	**(363,656,008)**
Net book value	**263,054,231**						**277,201,815**

(1) As disclosed in note 2.2.9, Group has reviewed the carrying value of intangible assets and recognized impairment.
(2) The Group has reviewed its intagible assets and made some adjustments.

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

NOTE 16 - GOVERNMENT GRANTS

The Group benefits under the scope of the social security institution and income tax, %5 of employer share promotion (Law no: 5510), employer share promotion (Law no: 5746), incentive of the minimum wage (Law no: 6661), disable insured (Law no: 4857), priority provinces social security institution stock (Law no: 46486) and R&D income tax (Law no: 5746) are amounting to TRY 3,969,565 (31 December 2016: None). The duration of the above-mentioned incentives as of 31 December 2017 is until 31 December 2018.

NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

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

	31 December 2017	31 December 2016
Provision for unused vacation rights	13,381,264	13,686,035
Provisions for lawsuit and compensation	5,928,728	5,473,663
Provisions for promotion	17,550	306,122
Total	**19,327,542**	**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 December 2017 and 2016 are as follows:

	2017	2016
1 January	**13,686,035**	**12,181,762**
Additions during the period	4,016,150	3,741,713
Payments related to provisions	(4,501,501)	(3,040,179)
Currency translation differences	180,579	802,739
31 December	**13,381,264**	**13,686,035**

ii. Provision for lawsuit and compensation

The lawsuits against the Group amounted to TRY 12,241,171 (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 analysis, as of 31 December 2017 the Group has set a provision of TRY 5,928,728 for lawsuits (31 December 2016: TRY 5,473,663) but not sure about the payment maturity for the litigation.

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

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

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

	31 December 2017	**31 December 2016**
Legal lawsuits	11,186,876	13,632,489
Labor lawsuits	1,039,747	765,156
Commercial lawsuits	14,548	5,000
Total	**12,241,171**	**14,402,645**

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

	2017	**2016**
1 January	**5,473,663**	**12,735,687**
Additions during the period (Note 27)	3,561,157	1,555,124
Currency translation differences	(34,618)	416,013
Additions related to discontinued operations (1)	549,130	-
Payments related to provisions (Note 26) (2)	(3,620,604)	(9,233,161)
31 December	**5,928,728**	**5,473,663**

(1) As of 31 December 2017, additions related to discontinued operations are included in general administrative expense in operating expenses (Note 3g).

(2) As of 31 December 2016, amounting to TRY 1,125,587 is provisions no longer required and remaining balance consist of payments for compensation and provisions.

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

NOTE 18 - COMMITMENTS

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

	31 December 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				
TRY	5,150,911	5,150,911	2,070,443	2,070,443
Rus Rublesi	565,000,000	36,764,550	-	-
-Warranty notes				
TRY	203,937	203,937	-	-
Euro	25,000	112,888	25,000	92,748
-Mortgage				
Euro	5,000,000	22,577,500	6,500,000	24,114,350
B. Total amount of CPM's given on behalf of the fully consolidated companies (1)				
-Commitments				
TRY	3,092,505	3,092,505	357,505	357,505
US Dollar	2,500,000	9,429,750	-	-
Euro	-	-	-	-
Russian Ruble (2)	860,000,000	55,960,200	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	-	-	-	-
TRY	-	-	-	-
US Dollar	-	-	-	-
Euro	-	-	-	-
Other	-	-	-	-
iii) Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-	-	-
Total		**133,292,241**		**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.
(2) As explained in Note 3g, colleterals and mortgages are related with discontinued operations.

(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.

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

Barter agreements:

The Group, as a common practice in the media sector, enters into barter agreements which involve the exchange of goods or services without cash collections or payments. As of 31 December 2017, the Group has unused publication of advertisements commitment amounting to TRY 5,794,651 (31 December 2016: TRY 6,362,724) within these barter contracts. The Group has TRY 2,247,533 amounted receivables (31 December 2016: TRY 14,739,254) which were invoiced and recognized to financial statements but not yet goods or services were received.

NOTE 19 - PROVISION FOR EMPLOYMENT BENEFITS

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

Long term provisions for employment termination benefits

	31 December 2017	31 December 2016
Provision for employment termination benefits	46,184,398	45,199,424
Total	**46,184,398**	**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 4,732.48 as of 31 December 2017 (31 December 2016: TRY 4.297,21 TRY) for each year of service. In employee termination benefits provision calculation Group has taked into consideration the ceiling amount TRY5,001.76 which is effective from 1 January 2018 (31 December 2016: TRY 4,426.16 effective from 1 January 2017).

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.

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

NOTE 19 - PROVISION FOR EMPLOYMENT BENEFITS (Continued)

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 30 June 2016, 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.

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

Discount rate is applied as 11.50% [(1)] (31 December 2016: 11.20%), inflation rate applied as 7.00% [(2)] (31 December 2016: 6.50%) and rate of increase in wages applied as 7.00% (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 11.50 which is 10 years long 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 movements in provision for employment termination benefits during the periods ended at 31 December 2017 and 2016 are as follows:

	2017	2016
1 January	**45,199,424**	**42,254,261**
Actuarial gain / (loss)	1,291,830	2,793,835
Service cost during the period	3,136,855	2,274,964
Interest cost during the period	3,907,758	3,335,767
Payment/ diminishing benefits/transfers/loss due to redundancy	2,581,792	1,120,541
Payments and reversal of provisions during the period	(9,933,261)	(6,579,944)
31 December	**46,184,398**	**45,199,424**

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

NOTE 20 - PREPAID EXPENSES AND DEFERRED INCOME

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

Short-term prepaid expenses

	31 December 2017	31 December 2016
Prepaid expenses (1)	4,083,170	4,519,587
Total	**4,083,170**	**4,519,587**

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

Short-term deferred income

	31 December 2017	31 December 2016
Deferred revenue (2)	22,918,640	11,232,874
Advanced received (3)	2,900,372	6,992,081
Government incentives	373,919	-
Total	**26,192,931**	**18,224,955**

Long-term deferred income

	31 December 2017	31 December 2016
Deferred revenue (2)	1,292,312	-
Total	**1,292,312**	**-**

(2) Deferred revenue is comprised by the subscription service sales and will be recognized as revenue as soon as services are used.

(3) As of 31 December 2017, advances received is related with "Discontinued operations" (31 December 2016: TRY 4,464,091).

NOTE 21 - OTHER ASSETS AND LIABILITIES

Other Current Assets

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

	31 December 2017	31 December 2016
Advances given to personnel	2,109,177	2,197,130
Prepaid taxes and funds	305,815	639,755
Value added tax ("VAT") receivables	-	903,626
Other	613,132	786,844
Total	**3,028,124**	**4,527,355**

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

NOTE 21 - OTHER ASSETS AND LIABILITIES (Continued)

Other Short-Term Liabilities

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

	31 December 2017	31 December 2016
Advances received	949,574	1,446,189
Other	231,219	474,428
Total	**1,180,793**	**1,920,617**

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 December 2017 and 31 December 2016 are as follows:

	31 December 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 December 2017	Share (%)	31 December 2016	Share (%)
Doğan Holding	428,616,468	77.65	428,616,468	77.65
Other shareholders (BİAŞ ve 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 December 2017 (31 December 2016: 22.34%) (Note 1). Shares in circulation rate is 22.34% as of reporting date.

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.

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

NOTE 22 - EQUITY (Continued)

Premium / (discounts) on shares

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

	31 December 2017	31 December 2016
Premium / (discounts) on shares	76,944	76,944
Total	**76,944**	**76,944**

Restricted reserves

Restricted reserves are reserved from the prior period profit due to legal or contractual obligations or for certain purposes other than the profit distribution (for example, to obtain the tax advantage of gain on sale of associates). Restricted reserves are in the scope of solo legal records in accordance with Turkish Commercial Code and Tax Procedure Law.

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

In accordance with the CMB Financial Reporting Standards, Company's restricted reserves amounting to TRY 191,532,907 as of 31 December 2017 (31 December 2016: TRY 187,166,210) consist of legal reserves and gain on sales of real estate.

Restricted reserves	31 December 2017	31 December 2016
Gain on sales of real estate (1)	149,296,831	147,517,827
General legal reserves	41,552,086	39,284,095
Gain on sale of subsidiary	683,990	364,288
Total	**191,532,907**	**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.

As of 31 December 2017, restricted reserves amounting to TRY 126,234,986 from the sale of real estate will be transferred to special funds in 2018 due to the expiry of the period.

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

NOTE 22 - EQUITY (Continued)

Accumulated other comprehensive income/(expenses) 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 December 2017	31 December 2016
Revaluation gain/(loss) of property	187,778,810	71,169,629
Remeasurment gain (loss) in defined benefit plans	(18,617,479)	(17,590,552)
Total	**169,161,331**	**53,579,077**

Revaluation and remeasurement gain/(losses)

The Group management has revalued the lands and buildings that regonized under property,plant and equipment. The revaluation fund presents the difference between the net book value on a cost basis after the deduction of deferred tax effect and the fair value of buildings and lands.

Real estates recognised as property, plant and equipment in prior periods, can be transferred to investment property due to changes in use. The Group has reclassified some of its properties as investment property and has chosen to account such investment properties at fair value. For that reason, valuation reports was taken as of 31 December 2017 and the effects of revaluation was accounted under revaluation fund.

With the first transfer in 31 December 2017, the Group had fair value increase amounting to TRY 187,788,810 (31 December 2016: TRY 71,169,629) and this amount is accounted under the equity as gain on revaluation of property.

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 18,617,479 (31 December 2016: TRY 17,590,552).

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

	31 December 2017	31 December 2016
Currency translation differences (1)	72,041,619	57,552,514
Gain (loss) on hedging	(856,705)	-
Total	**71,184,914**	**57,552,514**

(1) The Board of Directors of Pronto Media Holding which is a subsidiary of Trader Media East Ltd ("TME") that owned by 97.29% by the Group, has decided to discountinue the digital operatings in its territory and impairment losses have been recognized on related operations under "discontinued operations" in the income statement.

NOTE 22 - EQUITY (Continued)

Gains / (losses) on hedging

Changes in the fair value of derivative financial instruments that are designated and protected as financial derivatives of future cash flows are recognized directly in equity and in the inactive portion of profit or loss statement.

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 CMB Financial Reporting Standards.

Capital adjustment differences can only be included to capital.

Dividend distribution

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

On the other hand,

a) In early adaption of TAS/ TFRS, retained earnings resulted from redrafting of 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.

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

NOTE 22 - EQUITY (Continued)

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 (31 December 2016: TRY 158,646,831).

The principles of presentation prepared in accordance with TAS and TFRS published by the CMB in accordance with the provisions of CMB's Communiqué on Principles of Financial Reporting in Capital Markets (Communiqué No: II-14.1) are prepared in accordance with CMB's According to the Consolidated Financial Statements belonging to the period of 01.01.2016 - 31.12.2016; "Net Period Profit" amounted to TRY 72,463,833 when "Deferred Tax Revenue" and "Tax Charge for the Period" and "Non-controlling interests other than Parent Company" are taken into consideration together; "Previous Years' Losses" amounting to TRY 404,269,466 TL calculated in accordance with the CMB profit share guide announced in the Weekly Bulletin dated 27.01.2014 and numbered 2014/2 of the CMB, "General Legal Reserves" and Institutions Tax Exemptions within the scope of Article 5-1 / e of the Tax Law and transferred to the Special Fund within the scope of related regulations of the CMB's profit distribution, when it is taken into consideration in the Real Estate Sales Profits of TRY 1,779,004, shareholders should be informed that no profit can be distributed as a result of taxation, In the financial records of the accounting period of 01.01.2016 - 31.12.2016, which is held according to the Uniform Chart of Accounts issued by the Ministry of Finance, there is a "Period Profit" amounting to TRY 58,320,431; "Net Profit for the Period" was calculated as TRY 52,664,076 after the "Term Tax Payment" amounting to TRY 5,656,355 was paid from this amount; from this point. As a result of the "General Legal Reserves" amounting to TRY 2,267,990 in accordance with paragraph (1) of Article 519 of the Turkish Commercial Code, tax exemptions will be granted and transferred to the Special Fund within the scope of Article 5-1 / e of the Corporate Tax Law. After deducting the "Real Estate Sales Profits" amounting to TRY 1,779,004, the remaining amount of TRY 48.617.081 has been decided to be offset against the "Previous Years' Losses" amounting to TRY 7,304,272 and the "Net Profit for the Period" amounting to TL 41,312,809 has been transferred to the "Extraordinary Reserves" account is given.

NOTE 23 - SALES AND COST OF SALES

Sales:

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

	1 January - 31 December 2017	1 January - 31 December 2016
Advertisement sales	338,870,795	346,860,461
Circulation and publishing sales	177,523,209	180,813,782
Other	21,847,266	16,752,856
Net sales	**538,241,270**	**544,427,099**
Cost of sales (-)	(312,082,367)	(317,840,663)
Gross profit (loss)	**226,158,903**	**226,586,436**

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

NOTE 23 - SALES AND COST OF SALES (Continued)

Cost of Sales:

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

	1 January - 31 December 2017	**1 January - 31 December 2016**
Raw material	(128,694,570)	(134,719,188)
Paper	*(79,498,496)*	*(85,644,298)*
Printing and ink	*(32,709,802)*	*(32,747,730)*
Other	*(16,486,272)*	*(16,327,160)*
Personnel expenses	(115,206,181)	(103,283,556)
Amortization (Note 14,15)	(18,811,071)	(25,579,099)
News agency expenses	(9,324,247)	(11,096,173)
Distribution, storage and travel expenses	(6,631,975)	(5,581,880)
Fuel, electricity, water and office expenses	(4,914,159)	(7,010,766)
Maintenance and repair expenses	(3,614,014)	(3,970,093)
Outsourced services	(3,462,236)	(3,221,834)
Communication	(3,087,196)	(2,759,145)
Rent expenses	(2,624,598)	(2,665,003)
Packaging expenses	(1,659,645)	(1,722,850)
Commissions	(989,661)	(4,982,527)
Other	(13,062,814)	(11,248,549)
Total	**(312,082,367)**	**(317,840,663)**

NOTE 24 - GENERAL ADMINISTRATIVE AND MARKETING EXPENSES

a) General administrative expenses:

	1 January - 31 December 2017	**1 January - 31 December 2016**
Personnel expenses	(31,595,390)	(32,508,100)
Consultancy expenses	(11,889,081)	(11,535,473)
Rent expenses	(10,512,672)	(10,943,527)
Depreciation and amortization charges (Notes 14,15)	(5,486,469)	(9,238,996)
Fuel, electricity, water and office expenses	(5,101,892)	(4,515,036)
Maintenance and repair expenses	(4,445,364)	(4,650,181)
Outsourced services	(2,832,229)	(2,643,752)
Tax expenses	(2,426,946)	(1,872,333)
Transportation, storage and travel expenses	(2,278,454)	(2,579,955)
Other	(6,068,593)	(4,221,695)
Total	**(82,637,090)**	**(84,709,048)**

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

NOTE 24 - GENERAL ADMINISTRATIVE AND MARKETING EXPENSES (Continued)

b) Marketing expenses:

	1 January - 31 December 2017	1 January - 31 December 2016
Personnel expenses	(36,213,377)	(35,997,081)
Transportation,storage and travel expenses	(25,808,192)	(26,262,214)
Advertisement expenses	(21,876,415)	(20,659,799)
Promotion expenses	(17,278,739)	(16,300,392)
Consultancy expenses	(11,546,111)	(10,068,220)
Sponsorship and other marketing expenses	(6,730,604)	(9,761,990)
Outsourced services	(2,605,740)	(2,193,677)
Depreciation and amortization charges (Notes 14,15)	(472,465)	(919,128)
Total	**(122,531,643)**	**(122,162,501)**

NOTE 25 - EXPENSES BY NATURE

	1 January - 31 December 2017	1 January - 31 December 2016
Payroll expenses	(183,014,948)	(171,788,737)
Depreciation and amortization charges	(24,770,005)	(35,737,223)
Total	**(207,784,953)**	**(207,525,960)**

NOTE 26 - OTHER OPERATING INCOME

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

	1 January - 31 December 2017	1 January - 31 December 2016
Finance income due from term sales	8,816,748	6,539,822
Income due from doubtful trade receivables (Note 8)	8,666,960	5,408,573
Foreign exchange gains	4,388,479	18,308,645
Reversal of provisions (Note 17)	3,620,604	1,125,587
Unrealized finance expense due from term purchases	2,860,113	3,201,111
Interest income on bank deposits	2,220,534	2,061,918
Other	2,140,479	3,358,435
Total	**32,713,917**	**40,004,091**

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

NOTE 27 - OTHER OPERATING EXPENSES

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

	1 January - 31 December 2017	1 January - 31 December 2016
Provision expense for doubtful receivables (Note 8)	(25,952,779)	(7,414,656)
Unrealized finance income due from term sales	(7,709,743)	(1,586,022)
Provision for lawsuits (Note 17)	(3,561,157)	(1,555,124)
Foreign exchange loses	(1,886,662)	(10,320,966)
Fines and compensation expense	(1,164,767)	(1,561,643)
Aids and donations	(849,574)	(1,584,830)
Other	(3,089,368)	(4,290,652)
Total	**(44,214,050)**	**(28,313,893)**

NOTE 28 - INCOME FROM INVESTING ACTIVITIES

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

	1 January - 31 December 2017	1 January - 31 December 2016
Gain on fair value changes of the investment property (Note 13)	28,455,722	18,087,500
Gain on sale of fixed assets (1)	7,255,308	439,509
Rent and building service income (Note 13)	3,776,057	3,338,246
Dividend income (Note 33)	311,910	305,826
Foreign exchange gains	94,381	38,862
Toplam	**39,893,378**	**22,209,943**

(1) TRY 685,000 consist of sales of land of 72,387.98 m2 located in Mugla Midas on 21 August 2017 and TRY 5,174,974 consist of sales of land of 9,250.07 m2 located in Arsin - Trabzon on 27 October 2017.

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

NOTE 29 - EXPENSE FROM INVESTING ACTIVITIES

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

	1 January - 31 December 2017	1 January - 31 December 2016
Loss on change in fair value of investment properties (Note 13)	(8,327,844)	(2,087,198)
Loss from sale of fixed assets and investment properties	(8,319,016)	-
Provision for impairment of tangible asset (Note 14)	(5,772,808)	-
Expenses related to investment properties	(2,510,191)	-
Other	(4,023)	-
Total	**(24,933,882)**	**(2,087,198)**

NOTE 30 - FINANCIAL EXPENSES

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

	1 January - 31 December 2017	1 January - 31 December 2016
Interest expense on bank loans	(40,881,345)	(37,034,327)
Credit comission, banking and factoring expenses	(546,962)	(2,186,654)
Foreign exchange income/ (losses), net	378,253	(6,528,470)
Income / (expenses) of held for trading derivative instruments, net	133,749	(700,891)
Other	(1,452,333)	(1,104,539)
Total	**(42,368,638)**	**(47,554,881)**

NOTE 31 - INCOME TAXES

Assets related to current period tax

	31 December 2017	31 December 2016
Corporate and income tax payable	2,378,344	5,656,355
Less: Prepaid taxes	(605,313)	(4,649,501)
Tax payables/(receivables)	**1,773,031**	**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.

NOTE 31 - INCOME TAXES (Continued)

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 which is effective after 1 January 2006, 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.

In accordance with the regulation numbered 7061, published in Official Gazette on 5 December 2017,"Bazı Vergi Kanunları İle Diğer Bazı Kanunlarda Değişiklik Yapılmasına Dair Kanun", corporate tax rate for the years 2018, 2019 and 2020 has increased from 20% to 22%. Therefore, deferred tax assets and liabilities as of 31 December 2017 are calculated with 22% tax rate for the temporary differences which will be realized in 2018, 2019 and 2020, and with 20% tax for those which will be realized after 2021 and onwards.

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)

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 2010 and subsequent periods.

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

Exemption for participation in subsidiaries

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.

Issued premiums exemption

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.

Exemption for participation into foreign subsidiaries

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).

Exemption for sale of participation shares and property

75% of the gains derived from the sale of preferential rights, usufruct shares and founding shares from investment equity and %50 of gains derived from sale of real property which have 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.

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

NOTE 31 - INCOME TAXES (Continued)

Russian Federation

The corporate tax rate effective in Russian Federation is 20% (2016: 20%). This rate can be reduced according to special tax incentives (Special economic zones, investors entering private investment contract, regional incentive programs etc).

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%. 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.

The tax rates at 31 December 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
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 December 2017	31 December 2016
Deferred tax liabilities	(16,553,127)	(48,839,623)
Deferred tax assets	1,800,832	327,267
Deferred tax liabilities, net	**(14,752,295)**	**(48,512,356)**

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

	Total temporary differences		Deferred tax assets / (liabilities)	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Provision for retirement benefits and unused vacation rights	58,757,923	58,159,699	12,926,744	11,631,940
Difference between tax base and carrying value of trade receivables	29,589,490	19,828,019	6,688,240	3,965,604
Deferred income	2,769,496	2,525,842	609,287	505,168
Difference between tax bases and carrying value of property, plant and equipment and intangibles	(177,345,966)	(312,400,555)	(24,104,213)	(62,480,111)
Investing properties valuation differences	(110,794,286)	(146,744,326)	(10,759,684)	(7,337,216)
Other, net	471,032	26,011,297	(112,669)	5,202,259
Toplam	**(196,552,311)**	**(352,620,024)**	**(14,752,295)**	**(48,512,356)**

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

NOTE 31 - INCOME TAXES (Continued)

As of 31 December 2017, carry forward tax losses for which no deferred income tax asset was recognized amounted to TRY 295,693,466 (31 December 2016: TRY 264,682,045).

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

	31 December 2017	31 December 2016
2017	-	1,895,260
2018	5,972,388	5,972,388
2019	2,215,343	2,215,343
2020	512,814	512,814
2022	717,027	-
Indefinite (*)	286,275,894	254,086,240
Total	**295,693,466**	**264,682,045**

(*) Under the new tax regulations in Russia, the 10-year time limit for companies to carry past year's losses in the following periods has been lifted.

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

	2017	2016
1 January	**(48,512,356)**	**(42,647,166)**
Deferred tax income in consolidated income statements	2,437,137	214,335
Accounted in equity	(17,682,612)	(2,975,245)
Currency translation differences	(5,124,132)	(15,250,956)
Tax effect of discontinued operations (Note 3g)	54,129,668	12,146,676
31 December	**(14,752,295)**	**(48,512,356)**

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

	2017	2016
	1 January - 31 December 2017	**1 January - 31 December 2016**
Current tax income / (expense)	(2,378,344)	(5,804,670)
Deferred tax income / (expense)	2,437,137	214,335
Total	**58,793**	**(5,590,335)**

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

NOTE 31 - INCOME TAXES (Continued)

The reconciliation of the current period tax expense in the consolidated statement of income for the periods ended at 31 December 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 December 2017	1 January - 31 December 2016
Loss before taxes and non-controlling interests (*)	(326,089,166)	(93,192,444)
Current period tax calculated at the effective tax rates of countries	65,217,833	18,638,489
Expenses not deductible for tax purposes	(1,664,964)	(4,670,813)
Effect of adjustments unaccounted deferred tax	(9,661,936)	(5,386,542)
Exceptions	7,468,794	-
Effects of tax rate change	(7,286,933)	-
Effects of discontinued operations	(54,129,668)	(12,146,676)
Other, net	115,667	(2,024,793)
Tax (income) / expense	**58,793**	**(5,590,335)**

(*) Consist of tax losses of continuing and discontinued operations.

NOTE 32 - EARNINGS / (LOSS) PER SHARE

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

	1 January - 31 December 2017	1 January - 31 December 2016
Net loss for attributable to equity holders of parent company	**(264,505,378)**	**(72,463,833)**
Number of ordinary shares in issue (with nominal value of TRY 1 each)	552,000,000	552,000,000
Loss from continuing operations attributable to equity holders of parent company	**(0.4792)**	**(0.1313)**

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

NOTE 33 - RELATED PARTY DISCLOSURES

i) Balances of related parties:

a) Short term trade receivables from related parties:

Trade receivables from related parties	31 December 2017	31 December 2016
Doğan İnternet Yayıncılığı ve Yatırım A.Ş. ("Doğan İnternet") (1)	20,978,395	16,782,647
Doğan Gazetecilik A.Ş. ("Doğan Gazetecilik") (2)	9,535,962	9,949,419
Doğan Dağıtım Satış ve Pazarlama A.Ş. ("Doğan Dağıtım") (3)	3,204,446	2,160,233
Dogan Media (4)	1,926,402	178,641
Doğan Müzik Kitap Mağazacılık ve Pazarlama A.Ş. ("Doğan Müzik Kitap") (5)	1,088,351	476,499
Doğan TV Holding A.Ş. ("Doğan TV Holding") (6)	721,729	1,105,193
Other	533,303	1,940,471
	37,988,588	**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 printing of newspaper of Dogan Media in Hurriyet Frankfurt Facility and advertisement given.
(5) Receivables arising from commercial advertising services.
(6) 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.

b) Short term payables to related parties:

Trade payables to related parties	31 December 2017	31 December 2016
Dogan Media (1)	16,896,193	15,024,033
Doğan Dış Ticaret ve Mümessillik A.Ş. ("Doğan Dış Ticaret") (2)	1,787,153	4,660,436
Doğan TV Dijital Platform İşl. A.Ş. ("Doğan TV Digital") (3)	798,776	677,029
Doğan Haber Ajansı A.Ş. (4) ("DHA")	536,500	-
Eko TV Televizyon ve Radyo Yayıncılık A.Ş. (5) ("EKO TV")	532,436	-
Milta Turizm İşletmeleri A.Ş. ("Milta") (6)	-	2,473,919
DTES Elektrik Enerji Toptan Satış A.Ş. ("DTES") (7)	-	1,428,241
Other	2,023,975	1,901,177
	22,575,033	**26,164,835**

(1) Arising from the cash paid by Doğan Media International for the printing service in Frankfurt Facility.
(2) The Group's raw materials are provided by Doğan Dış Ticaret.
(3) The Group receives internet service.
(4) The Group receives news service.
(5) Consist of purchasing related with the activities performed in 2017.
(6) The Group rendered car rental services by barter agreement from Milta Turizm. The company was liquidated by the demerger on 9 March 2017.
(7) The Company provides electricity service for printing facilities.

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

NOTE 33 - RELATED PARTY DISCLOSURES (Continued)

ii) Significant transactions with related parties:

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

a) Significant service and product sales to related parties:

	1 January - 31 December 2017	1 January - 31 December 2016
Doğan Dağıtım (1)	114,501,766	105,068,859
Doğan İnternet (2)	39,316,287	32,728,675
Doğan Gazetecilik (3)	29,594,362	28,404,163
DTV Haber ve Görsel Yayıncılık A.Ş. ("Kanal D") (4)	1,306,531	1,203,254
Dogan Media (5)	121,592	4,683,195
Other	6,147,667	3,405,350
	190,988,205	**175,493,496**

(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.
(4) Service charges of common area costs.
(5) The Group sells news content to Dogan Media.

b) Significant service and product purchases from related parties:

	1 January - 31 December 2017	1 January - 31 December 2016
Doğan Dış Ticaret (1)	86,518,629	91,029,831
Doğan Dağıtım (2)	27,481,193	22,417,357
DHA (3)	7,017,441	7,940,152
Doğan Gazetecilik (4)	3,780,322	3,249,227
Ortadoğu Otomotiv Ticaret A.Ş. ("Ortadoğu Otomotiv") (5)	3,756,047	3,704,742
Doğan Holding (6)	3,391,575	4,064,565
Doğan İnternet (7)	3,361,042	4,179,718
Doğan TV Digital (8)	1,545,311	2,564,034
Galata Wind Enerji A.Ş. (9)	1,279,951	-
DTES (9)	-	6,162,263
Milta (10)	874,907	4,695,850
Doruk Televizyon (11)	583,730	956,826
Mozaik İletişim Hizmetleri A.Ş. ("D-Smart") (12)	333,830	967,381
DTV Haber ve Görsel Yayıncılık A.Ş. ("Kanal D") (13)	175,785	1,197,355
Other	8,220,889	5,373,870
	148,320,652	**158,503,171**

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

NOTE 33 - RELATED PARTY DISCLOSURES (Continued)

(1) The Group's raw materials purchases.
(2) Group's newspaper distribution service purchases.
(3) The Group renders news services.
(4) The balance is arising from rent, security and other expenses of the Group's building, which is rented as headquarter.
(5) Office rent services.
(6) Financial, legal, information technology and other consultancy services together with other services rendered from Doğan Holding A.Ş.
(7) Group's advertisement sales and infrastructure service purchases.
(8) Group purchases internet access service from this company.
(9) Group receives electricity. On 29 December 2017, DTES Energy Company and Galata Wind Energy was merged.
(10) The group was taking car hire, plane tickets and accommodation services from Milta. Milta was divided into separate companies as of 9 March 2017 and the Group started to work with Marlin Oto Kiralama Seyahat Hizmetleri A.Ş. ("Marlin Auto") and then Marlin Auto and Dogan Energy merged on 18 August 2017.
(11) Group's advertisement service purchases.
(12) Group purchases call center and D-Smart channel advertising services.
(13) Group's advertisement service purchases.

c) Significant transactions with related parties:

	1 January - 31 December 2017	1 January - 31 December 2016
Doğan Dağıtım	2,615,170	895,348
Doğan Dış Ticaret	2,554,701	1,507,905
Doğan Gazetecilik	1,803,275	450,977
Doğan Holding	1,174,114	16,945
DHA	963,963	230,969
Doğan TV Holding	608,818	-
Doğan İnternet Yayıncılığı	406,746	-
Kanal D	356,387	20,949
Doğan Müzik Kitap	13,649	130,705
Other	1,407,513	901,784
	11,904,336	**4,155,582**

Amounting to TRY 11,904,336 of other income which totally amounts to TRY 2,621,512 consists of rent income which Hürriyet gathers from the Group companies. (1 January-31 December 2016: TRY 3,338,246).

Dividends income	1 January - 31 December 2017	1 January - 31 December 2016
Doruk Faktoring	255,510	305,826
Coats İplik A.Ş.	56,400	-
	311,910	**305,826**

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

NOTE 33 - RELATED PARTY DISCLOSURES (Continued)

Financial expense:	**1 January - 31 December 2017**	**1 January - 31 December 2016**
Doruk Faktoring [(1)]	520,826	636,760
Doğan Dış Ticaret	-	368,091
Milta	-	43,017
	520,826	**1,047,868**

(1) Invoicing and controlling of advertisements published in Hürriyet and collection of receivables from advertisements are conducted by Doğan Faktoring and the commissions paid for this service is recorded under financial expenses. According to a revocable factoring agreement signed with Doğan Factoring, trade receivables resulting from advertisements are followed up by Doğan Factoring.

iii) Key Management Personnel:

	1 January - 31 December 2017	**1 January - 31 December 2016**
Salaries and other short term benefits	11,442,218	11,020,947
Post-emloyment benefits	286,466	1,481,326
	11,728,683	**12,502,273**

The Company 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.

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 December 2017	**31 December 2016**
Financial instruments with fixed interest rate		
Bank deposits (Note 4)	59,423,284	17,233,880
Financial liabilities (Note 7)	262,168,778	287,714,632

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

Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rate expose the Group to fair value interest rate risk. As of 31 December 2017 and 31 December 2016, the Group does not have borrowings at floating rates.

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

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

(ii) Liquidity risk

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

31 December 2017	Carrying value	Total contractual cash outflow	Less than 3 months	3 - 12 months	1 - 5 years	More than 5 years
Financial liabilities						
Financial payables (Note 7)	262,168,778	305,068,882	45,647,767	96,912,068	162,509,047	-
Trade payables						
-Related party (Note 33)	22,575,033	22,575,033	5,556,992	17,018,041	-	-
-Other (Note 8)	51,132,420	51,634,979	50,922,117	712,863	-	-
Other payables						
-Other (Note 9)	10,388,050	10,388,050	9,128,136	1,259,914	-	-
Payables within employee benefits						
-Due to personnel (Note 10)	809,879	809,879	809,879	-	-	-

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						
Financial payables (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)

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

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

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

At 31 December 2017, the Group has long-term bank borrowings amounting to TRY 150,478,785 (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 December 2017 there are past due trade receivables amounting to TRY 111,490,580 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 December 2017, the amount of mortgage and indemnity received is TRY 16,366,029 for the related receivables (31 December 2016: TRY 13,086,939).

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

	31 December 2017		**31 December 2016**	
	Related party	**Other receivables**	**Related party**	**Other receivables**
0-1 month	1,155,770	32,911,074	527,247	22,830,197
1-3 month	2,446,103	23,205,296	135,912	29,975,180
3-6 month	928,730	25,057,890	63,624	33,454,176
6-12 month	221,448	13,879,753	1,194,712	14,429,179
1-2 years	226,450	11,458,066	-	10,499,334
	4,978,501	**106,512,079**	**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)

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

Impaired	**31 December 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	64,405,568	43,402,690
Less: Provision for impairment (Note 8)	**(64,405,568)**	**(46,020,143)**

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

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

	Trade receivables		Other receivables		Bank	Other
31 December 2017	**Related party**	**Other**	**Related party**	**Other**	**deposits**	**assets**
Maximum credit risk exposure as of balance sheet date	**37,988,588**	**184,369,460**	**-**	**5,274,370**	**63,286,139**	**68,713**
- The part of maximum credit risk under guarantee with collateral	*-*	*16,366,029*	*-*	*-*	*-*	*-*
A. Net book value of financial assets that are not past due/impaired	33,010,087	77,857,381	-	5,274,370	63,286,139	68,713
- The part under guarantee with collateral	-	-	-	-	-	-
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	4,978,501	106,512,079	-	-	-	-
- The part under guarantee with collateral	-	*16,366,029*	-	-	-	-
D. Net book value of impaired asset				-		
- Past due (gross carrying amount)	-	64,405,568	-	-	-	-
- Impairment (-)	-	(64,405,568)	-	-	-	-
- 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)

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 rick 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	-	*39,782*	-	-	-	-
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	-	*13,086,939*	-	-	-	-
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)

(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 December 2017 and 31 December 2016 are as follows:

	31 December 2017	31 December 2016
Assets	11,859,060	1,747,982
Liabilities	(7,094,326)	(2,333,503)
Net foreign currency position	**4,764,734**	**(585,521)**

Following exchange rates have been used in the translation of foreign currency denominated balance sheet items as of 31 December 2017: 3.7719 TRY= 1 US Dollar and 4.5155 TRY=1 Euro (31 December 2016: 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)

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

31 December 2017	**TRY Equivalent**	**USD**	**Euro**	**Other**
1. Trade receivables	3,759,431	281,223	577,141	92,607
2a. Monetary Financial Assets	-	-	-	-
(Cash, Banks included)	7,961,316	1,918,349	39,149	548,718
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	138,313	8,845	-	104,951
4. Current Assets (1+2+3)	**11,859,060**	**2,208,417**	**616,290**	**746,274**
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)	**11,859,060**	**2,208,417**	**616,290**	**746,274**
10. Trade Payables	1,518,360	87,924	183,897	356,335
11. Financial Liabilities	4,618,399	-	-	4,618,399
12a. Other Monetary Financial Liabilities	957,567	96,259	11,020	544,728
12b. Other Non-Monetary Financial Liabilities	-	-	-	-
13. Current Liabilities (10+11+12)	**7,094,326**	**184,182**	**194,917**	**5,519,462**
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)	**7,094,326**	**184,182**	**194,917**	**5,519,462**
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)	**4,764,734**	**2,024,235**	**421,373**	**(4,773,188)**
21. Net foreign currency asset / liability position of monetary items	**-**	**-**	**-**	**-**
(1+2a+5+6a-10-11-12a-14-15-16a)	**4,626,421**	**2,015,390**	**421,373**	**(4,878,137)**
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)

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)

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

31 December 2017	**Profit/Loss**	
	Foreign currency appreciation	**Foreign currency depreciation**
If the US dollar had changed by 10% against the TRY		
USD net (liabilities) / assets	763,521	(763,521)
Hedging amount of USD	-	-
USD net effect on (loss) / income	**763,521**	**(763,521)**
If the EUR had changed by 10% against the TRY		
Euro net (liabilities) / assets	190,271	(190,271)
Hedging amount of Euro	-	-
Euro net effect on (loss) / income	**190,271**	**(190,271)**
If other foreign currency had changed by 10% against the TRY		
Other foreign currency net (liabilities) / assets	(477,319)	477,319
Hedging amount of other foreign currency	-	-
Other foreign currency net effect on (loss) / income	**(477,319)**	**477,319**

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 December 2017 and 31 December 2016 are as follows:

	31 December 2017	**31 December 2016**
Total liability [(1)]	262,168,778	287,714,632
Less: Cash and cash equivalents (Note 4)	(65,946,767)	(24,295,720)
Net liability	196,222,011	263,418,912
Equity	303,106,910	416,594,931
Net liability and Equity	499,328,921	680,013,843
Net liability / Total equity ratio	**39%**	**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 December 2017	Loans and receivables (including cash and cash equivalents)	Available for sale financial assets	Financial liabilities at amortized cost	Hedging instruments	Fair value through profit or loss	Carrying Value	Note
Financial assets							
Cash and cash equivalents	65,946,767	-	-	-	-	65,946,767	4
Trade receivables from non-related parties	184,369,460	-	-	-	-	184,369,460	8
Trade receivables from related parties	37,988,588	-	-	-	-	37,988,588	33
Other receivables from non-related parties	5,274,370	-	-	-	-	5,274,370	9
Financial investments	68,713	1,343,821	-	-	-	1,412,534	6
Financial liabilities							
Financial borrowings	-	-	262,168,778	-	-	262,168,778	7
Trade payables to non-related parties	-	-	51,132,420	-	-	51,132,420	8
Trade payables to related parties	-	-	22,575,033	-	-	22,575,033	33
Employee benefit payables	-	-	809,879	-	-	809,879	10
Other payables to non-related parties	-	-	10,388,050	-	-	10,388,050	9
Other short-term liabilities	-	-	1,180,793	-	-	1,180,793	21
Derivative instruments	-	-	-	1,098,340	-	1,098,340	5

(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	Hedging instruments	Fair value through profit or loss	Carrying Value	Note
Financial assets							
Cash and cash equivalents	24,295,720	-	-	-	-	24,295,720	4
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	111,500	1,343,821	-	-	-	1,455,321	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 continued operations of TME, a subsidiary over which the Group has non-controlling shares, are stated below according to TFRS 12. These summarized financial information represent the amounts without considering the related party eliminations.

	31 December 2017	31 December 2016
Current Assets	5,173,746	10,088,139
Non Current Assets	9,053,856	263,750,903
Current Liabilities	33,609,032	34,009,563
Non Current Liabilities (*)	30,598,479	50,897,822
Total Equity	(49,979,909)	188,931,657

	1 January - 31 December 2017	1 January - 31 December 2016
Revenue	10,015,006	9,803,969
Costs	(6,494,484)	(6,588,605)
Gross profit (loss)	**3,520,522**	**3,215,364**
Net profit (loss) for the period	**(4,385,850)**	**(10,089,339)**

(*) Non-current liabilities comprise deferred tax liabilities and long term borrowings.

NOTE 37 - SUBSEQUENT EVENTS AFTER REPORTING PERIOD

Approval of Financial Statements

The consolidated financial statements for the period ended 31 December 2017 were approved by the Board of Directors on 5 March 2018. Financial statements will be finalized after approval of General Assembly.

Subsidiary Investment

Glokal Digital Hizmetler Pazarlama ve Ticaret A.Ş., subsidiary of the Group, which Group participate its fully paid capital amounting to TRY 11,167,438 with 92%, decided to establish a Company in order to operate in sales and marketing services related to the sale of first hand real estate with a new website / platform channel to be formed in Turkish and / or foreign languages on 2 January 2018. with Prof Estate Ltd which a resident in United Kingdom, participating capital with 86% by Glokal and 14% by Prof Estate Ltd. The new company aims to bring potential buyers of project sales of construction companies by offering new products with different technological approaches.

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