HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 MARCH 2018

(ORIGINALLY ISSUED IN TURKISH)

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

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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 MARCH 2018

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

	Note references	(Not Audited) Current Period 31 March 2018	(Audited) Prior Period 31 December 2017
ASSETS			
Current assets			
Cash and cash equivalents	4	15,332,602	65,946,767
Financial investment	6	69,509	68,713
Trade receivables			-
-Trade receivables from related parties	34	36,243,892	37,988,588
-Trade receivables from non-related parties	8	128,154,120	184,369,460
Other receivables			-
-Other receivables from non-related parties	9	4,673,650	3,217,598
Inventories	11	12,922,801	13,848,026
Prepaid expenses	20	5,274,553	4,083,170
Derivative instruments	5	1,841,120	-
Other current assets	21	2,870,972	3,028,124
Sub-total		**207,383,219**	**312,550,446**
Assets classified as held for sale	32	62,395,976	-
Total Current Asset		**269,779,195**	**312,550,446**
Non-current assets			
Financial investments	6	313,923	1,343,821
Other receivables			-
-Other receivables from non-related parties	9	2,095,807	2,056,772
Financial investments accounted for using the equity method	12	7,115,624	7,124,215
Investment properties	13	174,394,573	172,479,346
Tangible assets	14	254,958,974	253,501,615
Intangible assets			-
-Other intangible assets	15	15,473,656	18,277,333
Deferred tax assets	31	1,863,016	1,800,832
Total non-current assets		**456,215,573**	**456,583,934**
Total assets		**725,994,768**	**769,134,380**

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 MARCH 2018

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

	Note references	(Not Audited) Current Period 31 March 2018	(Audited) Prior Period 31 December 2017
LIABILITIES			
Current liabilities			
Short-term borrowings	7	10,708,098	10,550,732
Short-term portion of long-term borrowings	7	142,422,040	101,139,261
Trade payables			
-Trade payables to related parties	34	24,414,487	22,575,033
-Trade payables to non-related parties	8	35,419,630	50,362,747
Employee benefit payables	10	5,211,318	6,160,715
Other payables			
-Other payables to non-related parties	9	7,926,961	10,388,050
Derivative instruments	5	-	1,098,340
Deferred income	20	12,286,603	27,912,178
Current income tax liabilities	31	2,740	1,773,031
Short-term provisions			
-Short-term provisions for employment benefits	17	12,816,310	13,381,264
-Other short-term provisions	17	6,699,188	5,946,278
Other short-term liabilities		160,461	231,219
Sub-total		**258,067,836**	**251,518,848**
Liabilities directly associated with assets classfied as held for sale	32	25,764,724	-
Total Current Liabilities		**283,832,560**	**251,518,848**
Non-current liabilities			
Long-term borrowings	7	79,557,557	150,478,785
Deferred income	20	938,201	1,292,312
Long-term provisions			
-Long-term provisions for employment benefits	19	44,000,306	46,184,398
Deferred tax liability	31	19,024,334	16,553,127
Total non-current liabilities		**143,520,398**	**214,508,622**
Total Liabilities		**427,352,958**	**466,027,470**

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

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 MARCH 2018

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

	Note references	(Not Audited) Current Period 31 March 2018	(Audited) Prior Period 31 December 2017
EQUITY			
Total equity		**298,641,810**	**303,106,910**
Equity attributable to equity holders of the parent company		**297,641,202**	**302,066,635**
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	187,778,810
- Gain (loss) on remeasurement of defined benefit plans	22	(18,617,479)	(18,617,479)
Other comprehensive income and expenses that may be reclassified subsequently to profit or loss			
- Currency translation differences	22	73,067,834	72,041,619
- Derivatives used for hedging			
- Gain (loss) from cash flow hedges	22	1,436,074	(856,705)
Restricted reserves	22	100,928,085	191,532,907
Retained earnings/Accumulated Deficit		(671,268,213)	(494,582,896)
Net profit (loss) for the period		(4,959,666)	(264,505,378)
Non-controlling interests		**1,000,608**	**1,040,275**
Total liabilities and equity		**725,994,768**	**769,134,380**

These consolidated financial statements as at and for the period ended 31 March 2018 were approved by the Board of Directors on 7 May 2018.

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD 1 JANUARY - 31 MARCH 2018

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

	Note References	(Not Audited) Current Period 1 January- 31 March 2018	Revised (Not Audited) Prior Period 1 January- 31 March 2017
Sales	23	109,481,728	115,382,706
Cost of sales (-)	23	(67,845,178)	(73,767,345)
Gross profit/(loss)		**41,636,550**	**41,615,361**
General administrative expenses (-)	24	(20,453,709)	(20,880,311)
Marketing expenses (-)	24	(20,359,349)	(19,254,410)
Other operating income	26	13,965,389	9,408,770
Other operating expenses (-)	27	(8,058,474)	(10,540,656)
Operating profit/(loss)		**6,730,407**	**348,754**
Share of (loss)/gain of investments accounted by the equity method	12	(360,331)	(515,977)
Income from investing activities	28	1,486,471	2,912,073
Expenses from investing activities (-)	29	(1,594,077)	(366,731)
Operating profit/(loss) before finance income (expense)		**6,262,470**	**2,378,119**
Finance expenses (-)	30	(9,226,335)	(10,865,963)
Profit/(loss) before tax from continuing operations		**(2,963,865)**	**(8,487,844)**
Tax income/(expense) of continuing operations	**31**	**(2,126,474)**	**(2,732,288)**
Current tax income/(expense)	31	(126,034)	-
Deferred tax income/(expense)	31	(2,000,440)	(2,732,288)
Profit/(loss) for the period from continuing operations		**(5,090,339)**	**(11,220,132)**
Profit/(loss) for the period from discontinued operations			
Profit/(loss) for the period from discontinued operations	32	67,225	(8,881,339)
Net profit/(loss) for the period		**(5,023,114)**	**(20,101,472)**
Allocation of net profit/(loss) for the period			
Attributable to non-controlling interests		(63,448)	(596,595)
Attributable to equity holders of the parent company	33	(4,959,666)	(19,504,876)
Loss per share (TRY)			
Attributable to shareholders of the parent company	33	(0.0090)	(0.0353)

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 MARCH 2018

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

	Note References	(Not Audited) Current Period 1 January- 31 March 2018	Revised (Not Audited) Prior Period 1 January- 31 March 2017
Other comprehensive income statement			
Net profit (loss) for the period		**(5,023,114)**	**(20,101,472)**
Other comprehensive income			
Other comprehensive income (expense) that will not be subsequently reclassified to profit and loss			
- Gain (loss) on revaluation of property		-	-
- Gain (loss) on revaluation for defined benefits		-	-
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		-	-
- Gain (loss) on revaluation for defined benefits, tax effect		-	-
Other comprehensive income (expense) that will be subsequently reclassified to profit and loss			
- Currency translation differences		974,713	20,485,598
- Other comprehensive income (expense) from cash flow hedges		2,939,460	-
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	31	(646,681)	-
Other comprehensive income/(expense)		**3,267,492**	**20,485,598**
Total comprehensive income/(expense)		**(1,755,622)**	**384,126**
Allocation of total comprehensive income/(expense)			
Attributable to non-controlling interests		(114,950)	178,587
Attributable to shareholders of the parent company		(1,640,672)	205,540

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 CHANGES IN EQUITY
FOR THE PERIOD 1 JANUARY – 31 MARCH 2018

(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 adjustment 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) (2)	Net profit / (loss) for the period	Equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
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**
Transfers		-	-	-	-	-	-	-	4,046,995	(76,510,828)	72,463,833	-	-	-
Total comprehensive income / (expense)		-	-	-	-	19,710,416	-	-	-	-	(19,504,876)	205,540	178,587	384,127
- Other comprehensive income (expense)		-	-	-	-	*19,710,416*	-	-	-	-	-	*19,710,416*	*775,182*	*20,485,598*
-Net profit (loss) for the period		-	-	-	-	-	-	-	-	-	*(19,504,876)*	*(19,504,876)*	*(596,595)*	*(20,101,471)*
Balances at 31 March 2017	**22**	**552,000,000**	**77,198,813**	**76,944**	**-**	**77,262,930**	**71,169,629**	**(17,590,552)**	**191,213,205**	**(520,141,334)**	**(19,504,876)**	**411,684,759**	**5,294,299**	**416,979,058**
Balances at 1 January 2018	**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**
Adjustments related to required		-	-	-	-	-	-	-	-	-	-	-	-	-
changes in accounting policies (Note 2)		-	-	-	-	-	-	-	-	(2,784,761)	-	(2,784,761)	(122,369)	(2,907,130)
IFRS 9 policy change effect, net		-	-	-	-	-	-	-	-	(2,784,761)	-	(2,784,761)	(122,369)	(2,907,130)
Balances after adjustments		**552,000,000**	**77,198,813**	**76,944**	**(856,705)**	**72,041,619**	**187,778,810**	**(18,617,479)**	**191,532,907**	**(497,367,657)**	**(264,505,378)**	**299,281,874**	**917,906**	**300,199,780**
Transfers		-	-	-	-	-	-	-	(90,604,822)	(173,900,556)	264,505,378	-	-	-
Proceeds from changes in ownership interests in subsidiaries that do not result in loss of control		-	-	-	-	-	-	-	-	-	-	-	197,652	197,652
Total comprehensive income / (expense)		-	-	-	2,292,779	1,026,215	-	-	-	-	(4,959,666)	(1,640,672)	(114,950)	(1,755,622)
-Other comprehensive income (expense)		-	-	-	*2,292,779*	*1,026,215*	-	-	-	-	-	*3,318,994*	*(51,502)*	*3,267,492*
-Net profit (loss) for the period		-	-	-	-	-	-	-	-	-	*(4,959,666)*	*(4,959,666)*	*(63,448)*	*(5,023,114)*
Balances at 31 March 2018	**22**	**552,000,000**	**77,198,813**	**76,944**	**1,436,074**	**73,067,834**	**187,778,810**	**(18,617,479)**	**100,928,085**	**(671,268,213)**	**(4,959,666)**	**297,641,202**	**1,000,608**	**298,641,810**

(1) As explained in Note 3g and 32, in accordance with the board decision dates 22 November 2017 of Pronto Media Holding, which is located in Russia as the indirect subsidiary of Trader Media East Ltd. of which of the Group owns 97.29% shares, the Group decided to discontinue the operations of digital operations within its body and impairment losses of such operations have been recognized under “discontinued operations” in the in statement of profit/(loss). Additionally, as explained in detail in Note 2.2.15, currency translation differences recognized under equity attributable to TME activities will be transferred from equity to the statement of profit or loss when the necessary conditions are met.

(2) In 2018, net outflow of restricted reserves amounting to TRY 90,604,822 has been realised. This outflow consists of real estate sale profits transferred to the extraordinary reserve from restricted reserves separated from the profit due to the expiration of the period of TRY 126,234,986. In addition to this transfer, the Group has allocated general legal reserves amounting to TRY 1,963,885 from the profit of the year 2017 and transferred the fund exempted from gain on sale of real estates amounting to TRY 33,666,169 to the restricted reserve during for the period.

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 MARCH 2018

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

	Note References	(Not Audited) Current Period 1 January- 31 March 2018	Revised (Not Audited) Prior Period 1 January- 31 March 2017
CASH FLOWS FROM OPERATING ACTIVITIES		**(9,353,842)**	**(5,122,629)**
Net profit (loss) for the period		**(5,023,114)**	**(20,101,471)**
Profit / (loss) from continuing operations		(5,090,339)	(11,220,132)
Profit (loss) from discontinued operations		67,225	(8,881,339)
Adjustments to reconcile profit / (loss) for the period		**5,877,876**	**31,671,255**
Adjustments related to depreciation and amortization expenses	14, 15	5,299,667	8,858,275
Adjustments related to impairment / (reversal)			
Adjustments related to impairment / (reversal) of receivables	8, 27	5,067,961	7,131,496
Adjustments related to provision for impairment of inventories	11	118,642	419,359
Adjustments related to impairment (reversal) of investment property	29	987,426	292,671
Adjustments related to provisions			
Adjustments related to (reversal) of provision for employment benefits	17, 19	2,058,924	2,278,635
Adjustments related to litigation and legal provisions (reversal)	17	785,175	1,591,440
Adjustment related to general provisions (reversals)		1,038,793	559,550
Adjustment related to other provisions (reversals)		5,900,717	1,199,871
Adjustments related to interest (income) / expense			
Adjustments related to interest income	26	(684,472)	(384,368)
Adjustments related to interest expense	30	8,372,489	10,441,746
Unearned finance income due to term purchases	26	(5,161,549)	(2,291,946)
Unearned finance revenue due to term sales	27	121,252	45,213
Adjustments related to undistributed profits of investments accounted at equity method			
Adjustments related to undistributed profits of associates	12	360,331	515,977
Adjustments related to tax (income) / expense	31	2,126,474	2,732,288
Adjustments regarding to (gain) / loss on sale of fixed assets			
Adjustments related to (gain) / loss on sale of tangible assets	28, 29	(86,160)	(1,718,952)
Adjustments related to profit/(loss) confirmation	32	(20,427,794)	-
Changes in working capital		**(10,294,059)**	**(14,318,785)**
Adjustments related to (increase) / decrease in trade receivables			
(Increase) / decrease in trade receivables from related parties		(364,179)	(1,236,090)
(Increase) / decrease in trade receivables from third parties		628,984	(9,674,622)
Adjusments related to (increase) / decrease in inventories		832,055	(751,415)
(Increase) / decrease in prepaid expenses		(2,539,690)	(1,665,625)
Adjustments related to increase / (decrease) in trade payables			
Increase / (decrease) in trade payables to related parties		3,074,416	(5,561,238)
Increase / (decrease) in trade payables to third parties		(6,227,772)	(2,537,729)
Increase / (decrease) in payables related to employee benefits		(528,775)	727,703
Increase / (decrease) in deferred income		(2,422,439)	5,810,832
Adjustments related to other increase / (decrease) in working capital			
(Increase) / decrease in other assets related to operating activities		(1,063,860)	(452,964)
Increase / (decrease) in other liabilities related to operating activities		(1,682,799)	1,022,363

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 CASH FLOWS FOR THE PERIOD 1 JANUARY - 31 MARCH 2018

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

	Note References	(Not Audited) Current Period 1 January- 31 March 2018	Revised (Not Audited) Prior Period 1 January- 31 March 2017
Cash generated from operations		**(9,439,297)**	**(2,749,001)**
Employment benefits paid	17, 19	(3,867,744)	(3,266,041)
Payments related to other provisions	17	(106,020)	(735,036)
Taxes returns / (payments)	31	(1,896,325)	(1,767,112)
Other cash inflows / (outflows)	8	5,955,544	3,394,561
CASH FLOWS FROM INVESTING ACTIVITIES		**(1,201,483)**	**6,486,732**
Cash inflows from sale of tangible, intangible assets and investment properties	13, 14, 15	5,668,421	9,211,848
Proceeds from sales of tangible, intangible assets and investment properties			
Purchases of tangible assets	14	(3,576,479)	(1,243,565)
Purchases of intangible assets	15	(3,977,897)	(1,865,919)
Interests received	26	684,472	384,368
CASH FLOWS FROM FINANCING ACTIVITIES		**(39,786,319)**	**2,867,397**
Cash flows from changes in ownership of an affiliate not resulting loss of control		197,652	-
Cash inflows from borrowing			
Bank borrowings utilized		20,737,892	85,113,216
Cash outflow related to payments of debt			
Bank borrowings paid		(52,348,577)	(77,539,794)
Interests paid		(8,372,490)	(4,730,788)
Other cash inflows / (outflows)		(796)	24,763
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF EXCHANGE RATE CHANGES		**(50,341,644)**	**4,231,500**
Effects of exchange rate changes on cash and cash equivalents		(272,521)	1,186,936
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**(50,614,165)**	**5,418,436**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**4**	**65,946,767**	**24,295,720**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**4**	**15,332,602**	**29,714,156**

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 stated in Note 38, Doğan Holding, in its meeting dated 6 April 2018 and numbered 2018/14, decided to sell Hürriyet, a direct subsidiary, total paid TL 552,000,000 representing the issued capital, with a nominal value of 1 Turkish Liras and 552,000,000 units of all shares registered by Central Securities Depository of Turkey and all of the shares representing 77.66% of the issued capital of Hürriyet to Demirören Medya Yatırımları Ticaret A.Ş. and 155,000,000 US Dollars in cash and in advance. As of the reporting date, the closing conditions are expected to be met.

As of 31 March 2018, the Group's average number of personnel is 1,472 (31 December 2017: 1,521).

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 Securities of Depository of Turkey (CSD); shares representing 22.34% as of 31 March 2018 (31 December 2017: 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.	The United States of America	Russia and EE	Investment
OOO SP Belpronto	Belarus	Russia and EE	Newspaper and internet publishing
Publishing International Holding BV	Netherland	Europe	Investment
Proje Land Dijital Hizmetler Pazarlama ve Ticaret A.Ş. ("Projeland")	Turkey	Turkey	Internet publishing

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

Subsidiaries (Continued)

Joint Ventures	Registered country	Geographic segment	Nature of business
TOV E-Prostir	Ukraine	Europe	Internet publishing
SP Pronto Kiev	Ukraine	Europe	Newspaper and internet publishing

Associates

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

Associates	Registered country	Geographic segment	Nature of business
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 has prepared its financial statements in accordance with TAS 34 "Interim Financial Reporting" in accordance with the CMB Communiqué Serial XII, No. 14.1 and announcements to this Communiqué, regarding the interim financial statements preparation and reporting for the interim period ended on 31 March 2018.

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.

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

2.1 Basis of presentation (Continued)

2.1.1 Preparation and presentation of financial statements (Continued)

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.

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 statement of profit/(loss) 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 Principles for consolidation and accounting using equity method

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

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

2.1 Basis of presentation (Continued)

2.1.3 Consolidation principles (Continued)

(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)

2.1.3 Consolidation principles (Continued)

(a) Subsidiaries (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 March 2018 and 31 December 2017 are as follows:

	Proportion of voting power held by Hürriyet and its Subsidiaries (%)		Effective ownersihp interest (%)	
Subsidiaries	**31 March 2018**	**31 December 2017**	**31 March 2018**	**31 December 2017**
Yenibiriş	100.00	100.00	100.00	100.00
Glokal [1]	92.00	92.00	92.00	92.00
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 [2]	100.00	100.00	100.00	100.00
ID Impress Media LLC	91.00	91.00	88.53	88.53
TCM Adria d.o.o. [3]	100.00	100.00	97.29	97.29
Mirabridge International B.V.	100.00	100.00	97.29	97.29
ZAO Pronto Akzhol [4]	80.00	80.00	77.83	77.83
TOO Pronto Akmola [5]	100.00	100.00	97.29	97.29
OOO Pronto Samara	100.00	100.00	97.29	97.29
OOO Rukom [6]	100.00	100.00	97.29	97.29
OOO Pronto Media Holding Ltd [7]	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
Publishing International Holding BV	100.00	100.00	97.29	97.29
Projeland [1], [8]	86.00	-	79.12	-

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

2.1 Basis of presentation (Continued)

2.1.3 Consolidation principles (Continued)

(a) Subsidiaries (Continued)

(1) The subsidiary, as stated in note 32, is classified as asset for the sale.

(2) The subsidiary was registered on 6 October 2017.

(3) The subsidiary is in the process of liquidation as of 12 June 2017.

(4) The subsidiary is in the process of liquidation as of 30 September 2017.

(5) The subsidiary is in the process of liquidation as of 1 May 2017.

(6) The subsidiary ceased its operations in 2012.

(7) The subsidiary decided to discontinue its digital platform operations with the Board of Directors' decision on 22 November 2017.

(8) The subsidiary was established on 2 February 2018.

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)

2.1.3 Consolidation principles (Continued)

(b) Associates and joint ventures (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 (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 March 2018 is prepared comperatively with the financial statement prepared as at and the year then ended 31 December 2017; 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 period of 1 January-31 March 2018 are prepared comperatively with the financial statements prepared for the period 1 January-31 March 2017.

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

2.1 Basis of presentation (Continued)

2.1.5 Comparative information and restatement of prior period financial statements (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 which is 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. The Group within that context has presented the related activities as the discontinued operation in order to conform to the income statement and its related notes and the current financial statement in the cash flow for the period of 1 January -31 March 2017.

Doğan Holding has decided to start necessary actions at the meeting as of 6 April 2018 and numbered 2018/14 in order to transfer Hürriyet's share which consists of 10,274,043 unit, covering %92 of paid-in capital, at Glokal, to the Doğan Holding or its direct or indirect subsidiaries and has given the management necessary authority. In the result of the action explained above, the assets belonging to Glokal have been classified in the assets classified as held for sale whereas its liabilities have been categorized into the liabilities directly associated with assets classified as held for sale. The activies of Glokal during the period 1 January- 31 March 2018 have been classified in the discontinued operations. With the same decision, financial investment of the Group, Doruk Faktoring, has been transferred to assets classified as held for sale. The Group has presented related activities as the discontinued operation in order to conform the income statement and its related notes and the current financial statement in the cash flow for the period 1 January- 31 March 2017.

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 "Sales Return Provision" amounting to TRY 769,673 reclassified under "Trade Payables" in the consolidated statement of financial position for the period 1 January - 31 December 2017, has been reclassified as "Deferred Revenue" in the related period in order to comply with the financial statements prepared as of 31 March 2018.
- The "Other Miscellaneous Payables and Liabilities" amounting to TRY 949,574 reclassified under "Other Short-term Liabilities" in the consolidated statement of financial position for the period 1 January - 31 December 2017, has been reclassified as "Deferred Revenue" in the related period in order to comply with the financial statements prepared as of 31 March 2018.
- The "Dealer Contribution Expense" amounting to TRY 1,175,590 reclassified under "Marketing Expense" in the consolidated income statement for the period 1 January - 31 March 2017, has been reclassified as "Revenue" in the related period in order to comply with the financial statements prepared as of 31 March 2018.

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

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

2.1 Basis of presentation (Continued)

2.1.5 Comparative information and restatement of prior period financial statements (Continued)

TFRS 15 "First transition to the revenue arising from the contracts with the customer

The Group has accounted TFRS 15 "Revenue arising from the contracts with the customer" in the place of TAS 18 at 1 January 2018,first application date. The Group has not recorded any impact of the first transition to TFRS 15 on the previous years' profits. Therefore, the consolidated financial statements of the previous years have not been restated and the financial statements have been presented in accordance with TAS 18.

TFRS 9 "The first transition to the "Financial Instruments" Standard

The Group has started to apply TFRS 9 "Financial Instruments" standard in the place of TAS 39 at 1 January 2018. This standard includes the requirements related to classification and measurement of financial assets and liabilities and expected credit risk model instead of impairment loss model, being used now. The effect of transition of standard has been accounted in accordance with simplified method. The group recorded the cumulative effect related to first transtion to TFRS 9 in the retained earning at first application date. Therefore, no requirement about the reoganization of previous year's financial statement is not considered necessary and such financial statements have been presented according to TAS 39.

The adjustments related to the classification of financial assets and liabilities under TFRS 9 are summarized below.The classification differences has no impact on the mesurement of financial assets, except for financial investment account group.

Financial Assets	**Previous classification based on TAS 39**	**New classification based on TFRS 9**
Cash and cash equivalent	Loans and receivables	Amortised cost
Trade receivable	Loans and receivables	Amortised cost
Derivative financial assets	Fair value adjustment reclassified to profit and loss or other comprehensive income	Fair value adjustment reclassified to profit and loss or other comprehensive income
Financial investment	Available-for-sale financial assets	Fair value adjustment reclassified to profit and loss or other comprehensive income

Financial Liabilities	**Previous classification based on TAS 39**	**New classification based on TFRS 9**
Derivative financial liabilities	Fair value adjustment reclassified to profit and loss or other comprehensive income	Fair value adjustment reclassified to profit and loss or other comprehensive income
Loans	Amortised cost	Amortised cost
Trade Payable	Amortised cost	Amortised cost

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

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

2.1 Basis of presentation (Continued)

2.1.5 Comparative information and restatement of prior period financial statements (Continued)

Explanations related to the effects of transition to the TFRS 15 ve TFRS 9

The effects of the changes in application of TFRS 9 to the consolidated financial statements for the period ended 31 March 2018 are below:

31 March 2018	Reported	Adjustments	Balances before the standards applied
Consolidated statement of financial position			
Trade receivables	164,398,012	(3,684,605)	168,082,617
Deferred tax asset	1,863,016	810,613	1,052,403
Consolidated profitor loss statement and other comprehensive income statement			
Other operating expenses	(8,058,474)	(3,684,605)	(4,373,869)
Deferred tax income	(2,000,440)	810,613	(2,811,053)
Consolidated cash flow statement			
Profit for the period from continuing operations	(5,090,339)	(2,873,992)	(2,216,347)

The effects of the changes in applying TFRS 9 and TFRS 15 to the consolidated financial statements for the period ended 1 January 2018 are below:

Retained earnings as of 1 January	2018
Previously reported	**(494.582.896)**
The effect of the adjustment related to the application of TFRS 9	(2.784.761)
The effect of the adjustment related to the application of TFRS 15	-
Revised balance	**(497.367.657)**

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

2.1 Basis of presentation (Continued)

2.1.6 Significant accounting policies and changes in accounting estimates and errors 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.If the changes in the accounting estimates is relavent to only one period, such changes have been applied for the current period. However,if the changes is relevant to future period, such changes have been applied for the current and future period.

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 March 2018:

- TFRS 9, "Financial instruments"; effective from annual 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.

- 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.

- 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 amended standard will:

  - give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when TFRS 9 is applied before the new insurance contracts standard is issued; and
  - give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying TFRS 9 until 2021. The entities that defer the application of TFRS 9 will continue to apply the existing financial instruments standard TAS 39.

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

2.1 Basis of presentation (Continued)

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

a) The new standards, amendments and interpretations which are effective for the financial statements as of 31 March 2018: (Continued)

- 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.

- 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 IFRS 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.

- 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 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. This guideline reduces the diversity in the purposeful application. Studies on the Company's financial condition and its impact on its performance have been completed and no significant impact is anticipated.

The possible effects on its financial statements in consequence of applying such standards are disclosed in Note 2.1.5.

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

2.1 Basis of presentation (Continued)

2.1.7 New and revised Turkish Financial Reporting Standards (“TFRS”) (Continued)

b) Standards, amendments and interpretations published as of 31 March 2018 but not effective yet:

- 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, with earlier application permitted if TFRS 15‘Revenue from Contracts with Customers’ is also applied. This standard replaces the current guidance in TAS 17 and is a farreaching change in accounting by lessees in particular. Under TAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). TFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a ‘right of use asset’ for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

- TFRS Interpretation 23, “Uncertainty over income tax treatments”; effective from annual periods beginning on or after 1 January 2019. This IFRIC clarifies how the recognition and measurement requirements of TAS 12 ‘Income taxes’, are applied where there is uncertainty over income tax treatments. The IFRS IC had clarified previously that TAS 12, not TAS 37 ‘Provisions, contingent liabilities and contingent assets’, applies to accounting for uncertain income tax treatments. IFRIC 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. IFRIC 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..

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

2.1 Basis of presentation (Continued)

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

b) Standards, amendments and interpretations published as of 31 March 2018 but not effective yet:

- 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.

- Annual improvements 2015-2017; effective from annual periods beginning on or after 1 January 2019. These amendments include minor changes to:

  - TFRS 3, "Business combinations", - a company remeasures its previously held interest in a joint operation when it obtains control of the business.
  - TFRS 11, "Joint arrangements", - a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
  - TAS 12, "Income taxes" - a company accounts for all income tax consequences of dividend payments in the same way.
  - TAS 23, "Borrowing costs" - a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

- Amendments to TAS 19, "Employee benefits" on plan amendment, curtailment or settlement'; effective from annual periods beginning on or after 1 January 2019. These amendments require an entity to:

  - use updated assumptions to determine current service cost and net interest for the reminder of the period after a plan amendment, curtailment or settlement; and
  - recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling..

The mentioned standards above are expected to be effective in 2019 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 34).

2.2.2 Financial assets

<u>Classification and measurement</u>

The Group has categorized its financial assets into three accounts financial assets accounted at amortized cost,financial assets whose fair value is reflected to the income statement and financial assets whose fair value is reflected to the other comprehensive income.Classification has been performed by considering business model according to the purpose of use and expected cash flow. Management classified its financial assets at the date that the purchase is completed.

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

2.2 Summary of significant accounting policies

2.2.2 Financial assets (Continued):

a)Financial assets accounted at amortized cost:

Management,which adopted collection business model of cash flow as based on contract including only the payment of cash and the interest steming from cash balance,classified the financial assets, which have certain and fixed payment,are not traded in active market and are not derivative instrument,at amortized cost.If the maturity of the financial asset is less than 12 months,it is called Current assets whereas if the maturity is more than 12 months,it is called Non-Current Assets.The financial assets accounted at amortized cost include 'Trade Receivable','Other Receivable' and Cash and 'Cash Equivalent'.In addition to that,the trade receivable which are taken from factoring firm is classified in the financial assets accounted at amortized cost because its collection risk is not transferred.

Impairment

The Group uses the provision matrice by choosing simplified application method in the process of calculating the impairment of trade receivable because such receivables don't have significant funding component.In the case of unimpairment in the trade receivable due to any sertain reasons,the Group consider expected credit loss to be equal to lifelong expected credit loss.The calculation of provision for expected credit loss has been performed such calculation using the expected credit loss ratio determined by considering historical credit loss experience and macroeconomic indicators.

(b)Assets accounted at fair value

The assets which management adopted the collection or sale business model of cash flow resulted from contracts have been accounted at fair value.The assets as explained in previous sentence have been classified as the fixed asset if the management does not intend to sell within 12 months.The Group makes a decision about recording the fair value difference as equity investment in the income statement or the other comprehensive income for the investment on the financial assets as based on equity in the process of first record.This decision cannot be changed.

i) The Assets whose fair value is recorded in the income statement

The assets whose fair value is recorded in the income statement include the 'Derivative Instrument' accounts.Derivative instrument is recorded as an asset if its fair value is positive whereas derivative instrument is recorded as a liability if its fair value is negative.The derivative instruments of the Group consist of the operation of purchase and sale of currency with maturiy.

ii) The Assets whose fair value is recorded in the other comprehensive income

The assets whose fair value is recorded in the other comprehensive income include 'Financial Investment' and 'Derivative Instrument' accounts in the financial statement.Valuation difference has been classified in retained earning in the case of the sale of the assets whose fair value difference is recorded in the other comprehensive income.

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

2.2 Summary of significant accounting policies

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).

When calculating the impairment of trade receivables, which are recognised based on the cost amortised in financial statements and do not include an important financing component, Group preferred to adopt “simplified approach” in TFRS 9 standard.

According to “simplified approach” of TFRS 9 Standard, loss provisions concerning trade receivables are calculated equal to “lifetime expected credit loss” if trade receivables are not impaired due to valid reasons as stated in TFRS 9.

TAS 39 “Financial Instruments” valid before 1 January 2018: Instead of “realised credit losses model” in Accounting and Measurement Standard, “expected credit loss model” was defined in TFRS 9 “Financial Instruments” Standard. Expected credit loss is estimated by weighting credit losses, expected to occur throughout the expected life of financial instruments, based on previous statistics. When calculating the expected credit losses, credit losses in the previous years and forecasts of the Group are considered.

When trade receivables and impairment loss are not impaired due to any certain reasons, under TFRS 9,the expected credit loss is equal to the provison of lifelong expected credit. The calculation of provision for expected credit loss has been performed such calculation using the expected credit loss ratio determined by considering historical credit loss experience and macroeconomic indicators.The change related to the expected credit loss is recorded in the income (expense) from main operations(Note 27).

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

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

At each balance sheet date, the Group evaluates whether there are any indications that an asset other than goodwill or intangible assets with indefinite useful lives may be impaired. When an indication of impairment exists, carrying value of the assets is compared with the net realizable value which is the higher of value in use and fair value less costs to sell. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Impairment exists if the carrying value of an asset or a cash generating unit including that asset is greater than its recoverable amount. Impairment losses are recognised in the consolidated statement of income (Note 15, 29).

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

2.2 Summary of significant accounting policies

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 value increase. 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.

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).

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

2.2 Summary of significant accounting policies (Continued)

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 useful life of land is considered infinite.

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.

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.

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

2.2 Summary of significant accounting policies (Continued)

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.

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).In the calculation of value in use,the discount rate before tax ,which reflects the value of money in use within current market conditions and risks related to estimates about the future cash flow is used.

<u>Web page development costs</u>

Costs associated with developing web pages are capitalized and are amortized over their estimated useful lives (Note 15). Following the planning phase and operation; all costs are recognized as expense. Maintenance costs of web pages are accounted as operational expenses.

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

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

2.2 Summary of significant accounting policies (Continued)

2.2.9 Significant accounting estimates, assumptions and decisions

Impairment of intangible assets

The Group conducted intangible asset impairment analysis as of 31 December 2017 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 (earning before interest, taxes, amortization and depreciation) expectations play an important role in thes calculations.

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

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

The Group has set an impairment on intangible assets in consolidated financial statements as of 1 January - 31 December 2017 TRY 279,096,574. Impairment of intangibles occured because of the under budget performance of TME. The impairment of intangibles mainly occurred from discontinued digital operations of TME and under budget performans of continuing operations (Note 15 and 32).

Additional provision for impairment in intangible assets is not posted as of 31 March 2018.

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

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

2.2 Summary of significant accounting policies (Continued)

2.2.10 Taxes (Continued)

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.

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 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.

<u>Group Foreign companies</u>

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.

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

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

2.2 Summary of significant accounting policies (Continued)

2.2.15 Foreign currency transactions (Continued)

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 March 2018 and 31 December 2017 are summarized below:

Country	**Currency**	**31 March 2018**	**31 December 2017**
Russia	Ruble	0.0685	0.0651
Eurozone	Euro	4.8673	4.5155
United States of America	Dollar	3.9489	3.7719

2.2.16 Revenue recognition

Group recognizes revenue when the goods or services is transferred to the customer and when performance obligation is fulfilled. Goods is counted to be transferred when the control belongs to the customer.

Group recognizes revenue based on the following 5 main principles:
- Identification of customer contracts
- Identification of performance obligations
- Determination of transaction price in the contract
- Allocation of price to performance obligations
- Recognition of revenue when the performance obligations are fulfilled

Group recognized revenue from its customers only when all of the following criteria are met:
(a) The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations,
(b) Group can identify each party's rights regarding the goods or services to be transferred,
(c) Group can identify the payment terms for the goods or services to be transferred;
(d) The contract has commercial substance,
(e) It is probable that Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that

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

2.2 Summary of significant accounting policies (Continued)

2.2.16 Revenue recognition (Continued)

amount of consideration when it is due.

The Group has taken just the ability and intention of the customers to pay into account while evaluating whether collection of the amount is probable or not.

In the beginning of the contracts,the Group evaluates the goods and services commited accordint to contracts and each commitments,which is given to customers as performance obligation,is defined as follows:

a) Different goods or service or
b) Different goods or service which show significant similarities and whose transfer method is the same.

A series of different goods or services are subject to the same cycle if the following conditions are met together:

a) Each different goods or service in the series that the Group has committed to transfer to the customer constitutes a performance obligation to be completed over time or,
b) In accordance with the related paragraphs of the Standard, the same method can be used to measure the progress of the Group in respect of the fulfillment of the performance obligation to fulfill the obligation of assignment of each different goods or services constituting a series.

The performance obligations are explained below:

Performance obligation	Contents
Advertising revenue	The Group's advertising revenues mainly consist of revenues from advertising in print media and digital media. As the client publishes the advertisement, the simultaneous use and consumption of the benefit from the deed shows that the Group has overdue the control of the service over time. Therefore, revenue is accounted for over time and output method as the performance obligation is fulfilled (as advertised). Unpublished portions of advertisements are recognised in the statement of financial position as a contractual obligation.

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

2.2 Summary of significant accounting policies (Continued)

2.2.16 Revenue recognition (Continued)

Subcontracted Printing Revenues	Subcontracted printing revenues consist of the printing services given to the companies within and outside the Group, using the printing facilities owned by the Group. Revenues generated under this service are accounted for "at a specific moment in time" when the newspaper is delivered for distribution.
Newspaper sale (circulation)Revenue	Circulation revenues consist of distribution company and revenue from mass sales and newspaper sales. The revenues generated under this service are accounted for "at a specific moment in time" on the date the newspapers are shipped.
Membership Revenues	The services provided by Glokal and Yenibiris.com members as a package are followed by the Group as membership incomes. Glokal's customers come declared to be presented as a package, foregrounding, technological products and other substantive rights of each of the different goods and services are accounted for as separate performance obligations considering the transfer of control. Announcement and promotion services are services that are consumed by the customer simultaneously and are accounted for by "time" and by output as a progression. The features service, sold as an additional product, is accounted for "at a certain moment in time". The technological product is accounted for "at a certain moment in time" since the control is transferred to the customer when the product is delivered. Other rights include services such as offering a subscription service that will be provided at a discount in the future, Google add, and domain provisioning. The Group takes into account the expected sales price of detached services and a corresponding amount expected to be collected by looking at the transaction price of the goods or services are optional to deploy. The service is accounted for as "on time" or "at a certain moment in time" as the control cycle takes place. In this context, the Group makes "principal" and "agent" evaluations if it provides services with more than one party. The discount for the next package purchase is accounted for as a material rights-contract obligation. When this right is granted, it is recognized in the income statement. The contract is recognized as a contractual obligation considering the probability of its fair value. The goods are recorded as income when the goods and services corresponding to the contract are transferred.

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

2.2 Summary of significant accounting policies (Continued)

2.2.16 Revenue recognition (Continued)

When another party is involved in the provision of goods or services to the customer, the Group determines that the nature of the contract is a performance obligation for mediating the goods or services specified (noble) or mediating the goods or services provided to the other party (proxy). The group is suspended if it controls the designated goods or services before transferring the goods or services to the customer. In the case of fulfillment of the obligation to fulfill the obligation (or bring it), the gross amount of the gross amount of the price that it waits for the transferred goods or services is taken on the financial statements. The Group is a proxy if it acts as intermediary for the provision of goods or services for which the performance obligation has been set aside, and does not reflect the financial statement for the obligation to fulfill the obligation.

The Group is a agent for certain products and services provided by "Yakala.co" contracts that companies have agreed to in accordance with their digital marketing strategies and "Hürriyetemlak.com" contracts that provide digital advertising services. When the Group fulfills the obligation of performance for these contracts which it considers to be a proxy, it takes the financial statement of the proceeds in the amount or commission it expects to deserve. The net amount is the remaining amount after the Group has paid the price or commission, the portals are provided with goods or services. However, in the case of cinema tickets sold in the "Yakala.co" site operating in the field of E-commerce, the Group has a inventory risk regarding the tickets and is principal because it has the discretion in determining the price for this service. Revenue from ticket sales is not a commission income, but is recognized as gross on the financial statements.

The Group considers contractual provisions and commercial practices to determine the transaction price. The transaction price is the amount that the Group expects to qualify for the goods or services it has pledged, other than the amounts collected on behalf of third parties (eg some sales tax), for the customer transfer. Committed to a contract with a client, the price may include fixed amounts, variable amounts, or both. Group contracts can have variable amounts due to turnover based reductions, repayments, points. If the commitment price is a variable amount, the Group determines the cost of the goods or services promised by the customer through the estimated cost to be eligible for the acquisition. It is highly probable that there will not be a significant cancellation of the cumulative gross receipts in the financial statements when the uncertainty related to the variable cost is eliminated in the future because the Group can include part or all of the variable cost amount estimated by the Group. The Group considers both the likelihood and the magnitude of the cancellation of revenue, inasmuch as it is highly probable that there will not be a significant reversal of the cumulative gross receipts in the financial statements when the uncertainty regarding the variable cost subsequently disappears.

Revenue-based premiums that the Group has associated with retroactive service acquisitions to media agencies are variable costs. Revenue-based discounts determined by the Group are estimated as "contractual obligation" in the statement of financial position.

The Group offers advertising services for advertising and other products and services. The exchange of goods or services with similar characteristics and value is not defined as transactions that generate revenue, while the exchange of goods or services with different characteristics and value is defined as transactions that generate income. The Group measures the fair value of non-cash loans (or non-cash loan commitments) at fair value to determine the transaction price for contracts in which customers are

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

2.2 Summary of significant accounting policies (Continued)

2.2.16 Revenue recognition (Continued)

required to pay cash non-cash consideration. In cases where the fair value of the goods or services obtained can not be measured reliably, revenue is recognized as the fair value of the goods or services received, including cash and cash equivalents transferred.

The Group records accrual basis revenue from barter ad sales. The Group's non-published advertising revenue is recognized as "contractual obligation" in the statement of financial position.

If a contract has offered the option of obtaining additional goods or services to the business customer, this option will result in a liability if the customer provides a material right not to be obtained unless the contract is signed by the contracting party. If the option gives the customer a material right, the entitled customer pays in advance for the goods or services that it will receive in the future, and the entity receives the financial statements when the goods or services to be delivered in the future are transferred or the option is terminated.If the stand-alone selling price of the customer's option to purchase additional goods or services can not be directly observed, the entity determines this through estimation. This estimate reflects the discount that the customer would receive if he / she used the option in question, corrected for both of the following:

(a) a discount that the customer may receive if he / she does not use the option, and
(b) the likelihood of your choice being used.

After the customer receives a prepayment, the entity shall acquire a contractual obligation of prepayment amount in the financial statement in exchange for the obligation to transfer the goods or services in the future or prepare for the prepayment. When the entity realizes the transfer of the goods or services and therefore fulfills the obligation to fulfill the obligation, the contract derives the obligation from the financial statements (and is included a revenue in the financial statements).

The awards given to the dealers and final sellers of the Group are recognized as a contractual obligation in the financial statements as the awards related to the dealership loyalty project are awarded by the customer as a party and can not be obtained unless they are signed by the contractor. These prizes won under the Dealer Loyalty Project will be deducted from the contractual obligation and used as financial statements in the form of proceeds.

In cases where the Group has collected a customer's consideration and expects to repay part or all of the consideration to the customer in question, the Group takes the restitution obligation in the financial statements. The return obligation is measured at the cost (ie, the amounts not included in the transaction price) at the price (or receivable) that the entity does not expect to receive. The return obligation (the change in the transaction price and therefore the contract obligation) is updated at the end of each reporting period, taking into account the changes in the terms. The Group takes all of the following financial statements to account for the transfer of goods for which there is a right of return (together with some services provided by registration)

(a) gross receipts for products transferred at the amount that the entity is not entitled to receive (hence the revenue for the products that are expected to be returned is not included in the financial statements)
(b) a restitution obligation and
(c) an asset for which the entity is entitled to recover its products upon the fulfillment of the entity's obligation to return it (and an adjustment to be made in the cost of the sales accordingly).

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

2.2 Summary of significant accounting policies (Continued)

2.2.16 Revenue recognition (Continued)

In the event that an asset received in the financial statement under the right to withdraw from customers for the return obligation is first deducted from the previous book value of the product, the expected expenses to be incurred within the scope of the redemption of these products (including possible reductions in the value of the returned products) It should be measured. The Group returns the return obligation measurement at the end of each reporting period, reflecting the changes in the expected return amounts, and takes the necessary corrections as revenue (or rebates) financial statements.

The price specified for a goods or service is the selling price of that goods or service. If there are more than one goods or services to be transferred to the contract, the Group distributes the transaction price to each performance obligation (or different goods or services) at a rate that indicates the price the customer expects to qualify for the transfer of the goods or services promised. In order to reach the purpose of distribution, the Group distributes the transaction price to each performance obligation determined on the contract at a relative individual selling price. To distribute the transaction price on a per-sale price basis relative to each performance obligation, the Group determines the independent sale price of the different goods or services underlying each performance liability in the contract at the beginning of the contract and distributes the transaction price in proportion to these individual selling prices.

When a party fulfills the contract, the entity presents the contract in the statement of financial position as a contract asset or contractual obligation, depending on the relationship between the actuation of the entity and the payment of the customer. The entity separately displays unconditional rights for the cost as a receivable.

The Group represents a contractual obligation before the transfer of a good or service to the customer, in the event that the customer has a payment of the price of the customer or the price of the customer unconditionally, on the date when the payment is made or the payment is made, whichever is sooner. The contractual obligation is the obligation to transfer the goods or services to the customer in exchange for the amount that the entity has collected (or is entitled to collect) from the customer.

The Group presents the contract as a contract asset, except for the amounts presented as receivables, in the event that the customer fulfills the performance by transferring the goods or services to the customer before the payment is made or the payment is made. The contract asset is the right of the operator to get the price for the goods or services transferred by the customer.

The Group recognizes its contractual assets and liabilities that it has activated in the balance sheet under "contract asset" and "contractual obligation" accounts in the balance sheet.

2.2.17 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 33).

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

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

2.2 Summary of significant accounting policies (Continued)

2.2.17 Profit / (loss) per share (Continued)

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).

2.2.18 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).

2.2.19 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).

2.2.20 Events after the reporting period

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 38).

2.2.21 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.

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

2.2 Summary of significant accounting policies (Continued)

2.2.21 Reporting of cash flows (Continued)

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).

2.2.22 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.

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.

2.2.23 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).

2.2.24 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.

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

2.2 Summary of significant accounting policies (Continued)

2.2.24 Derivative instruments and Hedge accounting (Continued)

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

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

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

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

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

NOTE 3 - SEGMENT REPORTING

a) Segmental analysis for the period between 1 January - 31 March 2018:

	Turkey (*)	Russia and EE (*)	Europe	Total
Sales	98,336,647	1,577,182	9,567,899	109,481,728
Cost of sales (-)	(58,177,603)	(1,157,683)	(8,509,892)	(67,845,178)
Gross profit/(loss)	**40,159,044**	**419,499**	**1,058,007**	**41,636,550**
Marketing expenses (-)	(20,343,696)	(15,653)	-	(20,359,349)
Losses from investments accounted by the equity method (-)	(360,331)	-	-	(360,331)
Net segment result	**19,455,017**	**403,846**	**1,058,007**	**20,916,870**
General administrative expenses (-)				(20,453,709)
Other operating income				13,965,389
Other operating expenses (-)				(8,058,474)
Finance expenses (-)				(9,226,335)
Income from investing activities				1,486,471
Expense from investing activities (-)				(1,594,077)
Profit/(loss) before tax from continuing operations				**(2,963,865)**
Tax income/(expense) for the period				(126,034)
Deferred tax income/(expense)				(2,000,440)
Profit/(loss) for the period from continuing operations				**(5,090,339)**

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

	Turkey (*)	Russia and EE (*)	Europe	Total
Sales	104,592,890	1,840,295	8,949,521	115,382,706
Cost of sales (-)	(65,165,784)	(1,297,228)	(7,304,333)	(73,767,345)
Gross profit/(loss)	**39,427,106**	**543,067**	**1,645,188**	**41,615,361**
Marketing expenses (-)	(19,211,302)	(43,108)	-	(19,254,410)
Losses from investments	-	-	-	-
accounted by the equity method (-)	(515,977)	-	-	(515,977)
Net segment result	**19,699,827**	**499,959**	**1,645,188**	**21,844,974**
General administrative expenses (-)				(20,880,311)
Other operating income				9,408,770
Other operating expenses (-)				(10,540,656)
Finance expenses (-)				(10,865,963)
Income from investing activities				2,912,073
Expense from investing activities (-)				(366,731)
Profit/(loss) before tax from continuing operations				**(8,487,844)**
Tax income/(expense) for the period				-
Deferred tax income/(expense)				(2,732,288)
Profit/(loss) for the period from continuing operations				**(11,220,132)**

(*) The information related to the discontinued operations in Russia and EE and the financial investments classified as assets held for sale is given in Note 32.

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

NOTE 3 - SEGMENT REPORTING (Continued)

c) Segment assets:

	31 March 2018	31 December 2017
Turkey	655,584,967	699,810,751
Russia and EE	9,206,371	11,933,772
Europe	51,688,671	48,158,995
	716,480,009	**759,903,518**
Unallocated assets [(1)]	2,399,135	2,106,647
Investments accounted by the equity method (Note 12)	7,115,624	7,124,215
Total assets per consolidated financial statements	**725,994,768**	**769,134,380**

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

d) Segment liabilities

	31 March 2018	31 December 2017
Turkey	89,436,766	93,901,600
Russia and EE	6,365,264	6,787,552
Europe	16,320,355	19,331,442
	112,122,385	**120,020,594**
Unallocated liabilities [(1)]	315,230,573	346,006,876
Total liabilities per consolidated financial statements	**427,352,958**	**466,027,470**

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

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

BNOTE 3 - SEGMENT REPORTING (Continued)

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

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

	1 January - 31 March 2018	**1 January - 31 March 2017**
Turkey	14,663,701	5,223,143
Russia and EE	-	1,687,869
Europe	11,101	1,207
Total	**14,674,802**	**6,912,219**

Depreciation and amortization charges:

	1 January - 31 March 2018	**1 January - 31 March 2017**
Turkey	5,067,763	6,317,078
Russia and EE	18,697	2,105,043
Europe	213,207	436,154
Total	**5,299,667**	**8,858,275**

Amortisation and depreciation expense amounting to TRY 416,229 is related to assets classified as held for sale (31 March 2017: TRY 2,223,725).

f) Non-cash other income and expense:

	1 January - 31 March 2018			
	Turkey	**Russia and EE**	**Europe**	**Total**
Provision for impairment of investment property (Note 29)	(987,426)	-	-	(987,426)
Provision of employee termination benefit and unused vacation (Note 17, 19)	(2,058,924)	-	-	(2,058,924)
Provision for doubtful receivables (Note 8, 27)	(4,756,440)	-	-	(4,756,440)
Provision of legal claims (Note 17, 27)	(991,425)	-	-	(991,425)
Provision of inventory (Note 11)	(118,642)	-	-	(118,642)
	(8,912,857)	**-**	**-**	**(8,912,857)**

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

NOTE 3 - SEGMENT REPORTING (Continued)

f) Non-cash other income and expense: (Continued)

	1 January - 31 March 2017			
	Turkey	**Russia and EE**	**Europe**	**Total**
Provision for impairment of investment property (Note 29)	(292,671)	-	-	(292,671)
Provision of employee termination benefit and unused vacation (Note 17, 19)	(1,723,655)	(507,217)	-	(2,230,872)
Provision for doubtful receivables (Note 8, 27)	(5,748,325)	(330,270)	-	(6,078,595)
Provision of legal claims (Note 17, 27)	(1,743,343)	-	(572,769)	(2,316,112)
Provision of inventory (Note 11)	(419,359)	-	-	(419,359)
	(9,927,353)	**(837,487)**	**(572,769)**	**(11,337,609)**

g) Disclosures related to discontinued operations

Discontinuing digital platform operations of Russia and EE

In accordance with the board decision dated 22 November 2017 of Pronto Media Holding which is 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. The impairment losses due to discontinued operations recognized under "Discontinued Operations" in income statement. Information related to discontinued operations are disclosed in Note 32.

NOTE 4 - CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents at 31 March 2018 and 31 December 2017 are as follows:

	31 March 2018	**31 December 2017**
Cash	2,626,850	2,660,628
Banks		
- time deposits	8,708,175	59,423,284
- demand deposits	3,997,577	3,862,855
Total	**15,332,602**	**65,946,767**

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

NOTE 4 - CASH AND CASH EQUIVALENTS (Continued)

Cash and cash equivalents included in the consolidated statements of cash flows as of 31 March 2018 and 2017, 31 December 2017 and 2016 are as follows:

	31 March 2018	31 December 2017	31 March 2017	31 December 2016
Cash and banks	15,332,602	65,946,767	29,714,156	24,295,720
Total	**15,332,602**	**65,946,767**	**29,714,156**	**24,295,720**

The maturity analysis of time deposits is as follows:

	31 March 2018	31 December 2017
0-1 months	8,708,175	59,423,284
	8,708,175	**59,423,284**

The weighted average interest rate for TRY time deposits is 12.38% as of 31 March 2018 (31 December 2017: 13.57%) and it is fixed. Group has no time deposit in USD as of 31 March 2018.(31 December 2017:0.60%)

NOTE 5 - DERIVATIVE INSTRUMENTS

Derivative instruments whose fair value are classified in the other comprehensive income:

	31 March 2018	31 December 2017
Assets related to term purchase and sale of currency	1,841,120	-
Liabilities related to term purchase and sale of currency	-	(1,098,340)
Total	**1,841,120**	**(1,098,340)**

NOTE 6 - FINANCIAL INVESTMENTS

Short-term financial investments:

The details of restricted bank balances at 31 March 2018 and 31 December 2017 are as follows:

	31 March 2018	31 December 2017
Restricted bank balances	69,509	68,713
Total	**69,509**	**68,713**

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

NOTE 6 - FINANCIAL INVESTMENTS (Continued)

Long-term financial investments:

The details of financial assets whose fair value are recognised on the other comprehensive income at 31 March 2018 and 31 December 2017 are as follows:

	Share (%)	31 March 2018	Share (%)	31 December 2017
Coats İplik Sanayi A.Ş.	0.50	257,850	0.50	257,850
Doruk Faktoring A.Ş. ("Doruk Faktoring") [1]	-	-	5.11	1,029,898
Other	<1	56,073	<1	56,073
Total		**313,923**		**1,085,971**

[1] As explained in Note 32, it has been accounted in the assets classified as held for sale as of 31 March 2018.

NOTE 7 - SHORT TERM AND LONG TERM BORROWINGS

The details of borrowings at 31 March 2018 and 31 December 2017 are as follows:

Short-term borrowings:	**31 March 2018**	**31 December 2017**
Short-term bank borrowings	10,708,098	10,550,732
	10,708,098	**10,550,732**
Short term portion of long-term financial liabilities	142,422,040	101,139,261
Total	**153,130,138**	**111,689,993**

Long-term borrowings:	**31 March 2018**	**31 December 2017**
Long-term bank borrowings	79,557,557	150,478,785
Total	**79,557,557**	**150,478,785**

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

NOTE 7 – SHORT TERM AND LONG TERM BORROWINGS (Continued)

Bank borrowings:

The details of bank borrowings at 31 March 2018 and 31 December 2017 are as follows:

	Effective interest rate (%)		Original foreign currency		TRY	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017
Short-term bank borrowings						
- TRY	14.80	14.80	1,019,432	1,022,788	1,019,432	1,022,788
- Russian Ruble (*)	11.83	12.51	140,500,000	145,500,000	9,688,666	9,527,944
Sub-total					**10,708,098**	**10,550,732**
Short-term portion of long-term bank borrowings						
- TRY	13.28	12.49	137,948,178	100,537,860	137,948,178	100,537,860
- Euro	4.97	5.71	919,167	133,186	4,473,862	601,401
Sub-total					**142,422,040**	**101,139,261**
Total short-term bank borrowings					**153,130,138**	**111,689,993**
Long-term bank borrowings						
- TRY	13.98	13.69	51,629,384	121,665,822	51,629,384	121,665,822
- Russian Ruble (*)	12.25	12.33	405,000,000	440,000,000	27,928,173	28,812,963
Total long-term bank borrowings					**79,557,557**	**150,478,785**

(*) As of 31 March 2018, TRY 9,688,666 short-term bank borrowings and TRY 27,928,173 of long-term bank borrowings are related to "discontinued operations".(As of 31 December 2017,TRY 9,527,944 of short-term bank borrowings and TRY 28,812,963 of long-term bank borrowings are related to the discontinued operations).

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

NOTE 7 – SHORT TERM AND LONG TERM BORROWINGS (Continued)

Bank borrowings (Continued)

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

Year	31 March 2018	31 December 2017
2019	63,598,607	135,323,943
2020	15,958,950	15,154,842
Total	**79,557,557**	**150,478,785**

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

Period	31 March 2018	31 December 2017
Up to 6 months	30,048,137	50,540,664
6-12 months	123,082,001	61,149,329
1 to 5 years	79,557,557	150,478,785
Total	**232,687,695**	**262,168,778**

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

The Group borrows on fixed interest rate. Distribution of fixed interest rate loans are presented in Note 35.1 (i).

The Group's bank borrowings is none with variable interest rate as of 31 March 2018 (31 December 2017: None).

Net borrowing reconciliation

Net borrowing reconciliation as of 31 March 2018 and 31 December 2017 is as follows:

	31 March 2018	31 December 2017
Cash and cash equivalents	15,332,602	65,946,767
Borrowings - due within one year	(153,130,138)	(111,689,993)
Borrowings - due after one year	(79,557,557)	(150,478,785)
	(217,355,093)	**(196,222,011)**

2018	Borrowings due within one year	Borrowings due after one year	Total
Borrowing as at 1 January	(111,689,993)	(150,478,785)	(262,168,778)
Cash flow effect	(38,425,753)	70,036,438	31,610,685
Foreign currency translation differences	(3,014,392)	884,790	(2,129,602)
Borrowing as at 31 March	**(153,130,138)**	**(79,557,557)**	**(232,687,695)**

(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 March 2018 and 31 December 2017 are as follows:

Short-term receivables from third parties:

	31 March 2018	**31 December 2017**
Trade receivables	183,360,829	248,515,051
Credit cards receivables	4,249,376	3,787,318
Notes and cheques receivable	2,359,414	1,614,697
Income accruals	829,766	1,868,559
Unearned finance income due from term sales	(2,021,740)	(7,010,597)
Less: Provision for doubtful receivables	(60,623,525)	(64,405,568)
Total	**128,154,120**	**184,369,460**

According to a revocable factoring agreement signed with Doruk Factoring, trade receivables resulting from advertisements, amounting to TRY 100,040,172 (31 December 2017: TRY 115,560,486) are followed up by Doruk Factoring. Group has not transferred the risk of default of the receivables mentioned above and has continued to recognize its balance sheet. These receivables are related to commercial advertisements and classified ads. Weighted average maturity of the Group’s sales followed up by Doruk Factoring is 103 days (31 December 2017: 104 days). The unearned finance income due from term sales related to the receivables followed up by Doruk Factoring is TRY 1,692,355 (31 December 2017: TRY 5,127,989) and the compound interest rate is 16.18% per annum (31 December 2017: 15.38%). The rate used in this method and determined on the basis of compound interest is called “effective interest rate”; the aformentioned rate has been determined taking into consideration the data of the Central Bank of the Republic of Turkey.

As of 31 March 2018 and 31 December 2017 the average maturity days of trade receivables that are not followed by Doruk Faktoring are less than 3 months.

The movements of provision for doubtful receivables are as follows:

	2018	**2017**
1 January	**(64,405,568)**	**(46,020,143)**
The effect of TFRS 9	(3,727,090)	-
Reported	**(68,132,658)**	**(46,020,143)**
Additions during the period (Note 26, 27)	(4,691,047)	(6,078,595)
Collections and reversals during the period (Note 26, 27)	5,955,544	3,394,561
Provisions related to assets for the sale	6,410,789	-
Expected credit loss (Dipnot 26, 27)	42,485	-
Collections and provisions related to discontinued operations	(376,914)	(1,052,901)
Currency translation differences	168,276	(511,390)
31 March	**(60,623,525)**	**(50,268,468)**

(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 March 2018 and 31 December 2017 are as follows:

	31 March 2018	31 December 2017
Short-term trade payables	31,987,079	47,201,033
Expense accruals	3,917,063	3,796,067
Unrealized financial expenses due to term purchases	(484,512)	(634,353)
Total	**35,419,630**	**50,362,747**

As of 31 March 2018, average turnover of Group's trade payables is 37 days (31 December 2017: 36 days). As of 31 March 2018, unrealized financial expense due to term purchases is TRY 484,512 (31 December 2017: TRY 634,353) and the compound interest rate is 16.18% per annum (31 December 2017: 15.38%). 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 35.

NOTE 9 - OTHER RECEIVABLE AND PAYABLES

Other short-term receivables from third parties:

Other short-term receivables at 31 March 2018 and 31 December 2017 are as follows:

	31 March 2018	31 December 2017
Due from personnel	2,597,840	-
Other receivables related sale of investment property [(1)]	1,579,058	2,522,672
Deposits and guarantees given	496,752	646,901
Other receivables	-	48,025
Total	**4,673,650**	**3,217,598**

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

Other long-term receivables from third parties

Other long-term receivables at 31 March 2018 and 31 December 2017 are as follows:

	31 March 2018	31 December 2017
Deposits and guarantees given [(1)]	2,095,807	1,934,406
Other receivables related sale of investment property	-	122,366
Total	**2,095,807**	**2,056,772**

(1) The significant part of deposits and guarantee given consists of depositS given for legal claims.

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

NOTE 9 - OTHER RECEIVABLE AND PAYABLES (Continued)

Other short-term payables at 31 March 2018 and 31 December 2017 are as follows:

Short term trade payables to third parties:

	31 March 2018	31 December 2017
Taxes payable	7,115,888	9,443,938
Deposits and guarantees received	653,030	627,870
Other payables	158,043	316,242
Total	**7,926,961**	**10,388,050**

NOTE 10 - PAYABLES REGARDING BENEFITS PROVIDED TO EMPLOYEES

Employee benefit payables as of 31 March 2018 and 31 December 2017 are as follows:

	31 March 2018	31 December 2017
Social security premiums	4,588,318	5,350,836
Due to personnel	623,000	809,879
Total	**5,211,318**	**6,160,715**

NOTE 11 - INVENTORIES

	31 March 2018	31 December 2017
Raw materials and supplies	8,721,276	8,988,260
Finished goods and spare parts	6,779,884	7,357,660
Promotion materials [1]	1,443,636	1,460,286
	16,944,796	**17,806,206**
Provision for impairment of inventory (-)	(4,021,995)	(3,958,180)
Total	**12,922,801**	**13,848,026**

(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 4,021,995 (31 December 2017: TRY 3,958,180) and their movement during the period are as follows:

	2018	2017
1 January	**(3,958,180)**	**(7,220,465)**
Provision for promotion inventories	(24,927)	(320,295)
Reversal of provision for promotion materials	14,734	1,161,358
Provision for raw materials and supplies	(93,715)	(99,064)
Reversal of provision for raw materials and supplies	40,093	38,513
31 March	**(4,021,995)**	**(6,439,953)**

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

NOTE 12 - INVESTMENTS ACCOUNTED BY THE EQUITY METHOD

As of 31 March 2018 and 31 December 2017, the corresponding portion of associate's and joint venture's current assets, non-current assets, short-term and long-term liabilities and shareholders' equity, which are consolidated with the equity method in accordance with TFRS 11 are as follows:

Associate	31 March 2018 percentage of shares, directly or indirectly owned by Hurriyet and its Subsidiaries (%)	31 December 2017 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 March 2018 is as follows:

31 March 2018	Total assets	Total liabilities	Net assets	Net sales	Net loss for the period
Dogan Media	9,049,949	1,934,325	7,115,624	1,314,639	(360,331)
	9,049,949	**1,934,325**	**7,115,624**	**1,314,639**	**(360,331)**

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

31 December 2017	Total assets	Total liabilities	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 investments accounted by the equity method as of 31 March 2018 and 31 December 2017 are as follows:

	Share (%)	31 March 2018	Share (%)	31 December 2017
Dogan Media	42.42	7,115,624	42.42	7,124,215
		7,115,624		**7,124,215**

The summary of Group's share in the financial statements of the investments accounted by the equity method at 31 March 2018 and 2017 is as follows:

	2018	2017
1 January	**7,124,215**	**7,368,572**
Loss from associates	(360,331)	(515,977)
Currency translation differences	351,740	397,314
31 March	**7,115,624**	**7,249,909**

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

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

	2018	2017
1 January	**7,124,215**	**7,368,572**
Loss from associates	(360,331)	(515,977)
Currency translation differences	351,740	397,314
31 March	**7,115,624**	**7,249,909**

NOTE 13 - INVESTMENT PROPERTY

The movements in investment property as of 31 March 2018 and 2017 are as follows:

	Lands	Buildings [1]	Total
1 January 2018	**120,218,265**	**52,261,081**	**172,479,346**
Additions	-	7,120,426	7,120,426
Disposal	-	(4,264,000)	(4,264,000)
Change in fair value adjustment (Note 29)	-	(987,426)	(987,426)
Currency translation differences	-	46,227	46,227
31 March 2018	**120,218,265**	**54,176,308**	**174,394,573**

(1) The addition and disposal of the sale investment property related to the advertising-barter agreement.

	Lands	Buildings	Total
1 January 2017	**172,682,904**	**54,982,813**	**227,665,717**
Additions	-	3,802,735	3,802,735
Disposal	-	(10,164,592)	(10,164,592)
Change in fair value adjustment (Note 29)	-	(292,671)	(292,671)
Currency translation difference	-	33,464	33,464
31 March 2017	**172,682,904**	**48,361,749**	**221,044,653**

(1) The addition and disposal of the sale investment property related to the advertising-barter agreement.

As of 31 March 2018 and 31 December 2017, there are no mortgages on investment properties.

The Group's rent income from investment properties amounted to TRY 1,051,620 as of 31 March 2018 (31 March 2017: TRY 834,852) (Note 28). The Group's direct operating expenses arising from the investment properties in the period amounted to TRY 26,544 (31 March 2017: TRY 34,957).

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

NOTE 13 - INVESTMENT PROPERTY (Continued)

The information and fair value hierarchy level classification of lands and buildings are as follows 31 March 2018 and 31 December 2017:

		Fair valueas at reporting date		
	31 March 2018	**Level 1 TRY**	**Level 2 TRY**	**Level 3 TRY**
Land	120,218,265	-	120,218,265	-
Building	54,176,308	-	54,176,308	-

		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	-

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.The report of the valuation of investment property as of 31 March 2018 has not been obtained.

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

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT

The movements of property, plant and equipment and related accumulated depreciation for the period ended 31 March 2018 are as follows:

	1 January 2018	Currency translation differences	Additions	Disposals	Transfers	Classification to assets classified as held for the sale [1]	31 March 2018
Cost							
Land and land improvements	159,445,990	1,242,987	-	-	-	-	160,688,977
Buildings	46,321,552	1,126,012	55,589	-	-	-	47,503,153
Machinery and equipment	604,411,584	8,089,166	283,002	(157,348)	-	(47,926)	612,578,478
Motor vehicles	6,877,448	-	-	(507,937)	-	-	6,369,511
Furnitures and fixtures	43,551,743	256,074	1,158,162	(232,032)	-	(1,185,925)	43,548,022
Leasehold improvements	14,250,572	-	254,648	-	-	(747,646)	13,757,574
Other tangible assets	3,057,957	238,244	-	-	-	-	3,296,201
Construction in progress	2,558,748	995	1,825,078	-	(262,250)	-	4,122,571
	880,475,594	**10,953,478**	**3,576,479**	**(897,317)**	**(262,250)**	**(1,981,497)**	**891,864,487**
Accumulated amortization							
Land and land improvements	-	-	-	-	-	-	-
Buildings	(1,877)	-	-	-	-	-	(1,877)
Machinery and equipments	(574,117,072)	(7,971,183)	(2,452,922)	118,160	-	32,324	(584,390,693)
Motor vehicles	(2,599,977)	-	(280,041)	319,117	-	-	(2,560,901)
Furnitures and fixtures	(38,575,655)	(229,246)	(670,007)	220,049	-	702,976	(38,551,883)
Leasehold improvements	(9,942,741)	-	(242,479)	-	-	732,799	(9,452,421)
Other tangible assets	(1,736,657)	(138,186)	(72,895)	-	-	-	(1,947,738)
	(626,973,979)	**(8,338,615)**	**(3,718,344)**	**657,326**	**-**	**1,468,099**	**(636,905,513)**
Net book value	**253,501,615**					**(513,398)**	**254,958,974**

[1] As explained in Note 32, assets of Glokal, the Group's subsidiary, have been transferred to assets classified as held for sale by the Group with the decision dated 6 April 2018.

As at 31 March 2018 and 31 December 2017,there are no tangible fixed assests in machinery and equipment group which have been acquired through leasing.

At 31 March 2018, there are mortgages on property, plant and equipment amounting to TRY 24,336,500 (31 December 2017: TRY 22,577,500) (Note 18).

At 31 March 2018 depreciation expense amounting to TRY 2,920,801 (31 March 2017: TRY 5,026,519) is accounted under cost of sales (Note 23), amounting to TRY 762,619 (31 March 2017: TRY 745,750) is accounted under marketing, selling and distribution and general administrative expenses (Note 24). As of 31 March 2018, depreciation expense amounting to TRY 34,924 is classified to discontinued operations (31 March 2017: TRY 84,600).

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

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT (Continued)

The movements of property, plant and equipment and related accumulated depreciation for the period ended 31 March 2017 are as follows:

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

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

NOTE 15 - INTANGIBLE ASSETS

The movements of intangible assets and related accumulated amortization for the period ended 31 March 2018 are as follows:

	1 Ocak 2018	Currency translation differences	Additions	Disposals	Transferler	Classification to assets classified as held for the sale [3]	31 March 2018
Cost							
Trade names and licenses	44,153,511	985,924	-	-	-	-	45,139,435
Customer list	260,233,900	8,109,571	-	-	-	-	268,343,471
Computer software and rights	75,737,317	2,154,518	1,201,649	-	-	(3,046,557)	76,046,927
Internet domain names [2]	15,789,329	109,704	-	(11,134,040)	-	-	4,764,993
Development cost	-	-	-	-	262,250	-	262,250
Other intangible assets [1]	8,531,625	-	2,776,248	-	-	(2,305,831)	9,002,042
	404,445,682	**11,359,717**	**3,977,897**	**(11,134,040)**	**262,250**	**(5,352,388)**	**403,559,118**
Accumulated amortization							
Trade names and licenses	(38,832,743)	(747,615)	(3,807)	-	-	-	(39,584,165)
Customer list	(260,233,900)	(8,109,570)	-	-	-	-	(268,343,470)
Computer software and rights	(70,444,928)	(2,154,885)	(607,367)	-	-	2,078,671	(71,128,509)
Internet domain names	(12,921,283)	(83,521)	-	8,476,712	-	-	(4,528,092)
Development cost	-	-	(4,371)	-	-	-	(4,371)
Other intangible assets	(3,735,495)	-	(965,778)	-	-	204,418	(4,496,855)
	(386,168,349)	**(11,095,591)**	**(1,581,323)**	**8,476,712**	**-**	**2,283,089**	**(388,085,462)**
Net book value	**18,277,333**					**(3,069,299)**	**15,473,656**

(1) As of 31 March 2018, website development costs amouting to TRY 1,564,925 capitalized under "other intangible assets" and amortized on a straight-line basis over their useful life. (31 December 2017: 3,328,090 TRY)

(2) Internet domain names related to the sale of website and traffic of Job.ru in the result of discontinuing the digital activities of Russia and EE.

(3) As explained in Note 32, assets of Glokal, the Group's subsidiary, have been transferred to assets classified as held for sale the sale by the Group with the decision dated 6 April 2018.

As of 31 March 2018 the total cost of trademark and licenses with indefinite useful life is TRY 5,078,445 (31 March 2017: TRY 238,948,648). In determining 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 933,464 has been included in the cost of sales (Note 23) (31 March 2017: None) and TRY 266,154 in marketing and general administrative expenses as of 31 March 2018 (Note 24) (31 March 2017: TRY 862,281). As of 31 March 2018, amortisation expense amounting to TRY 381,705 is classified into discontinued operations (31 March 2017: TRY 2,139,125).

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

NOTE 15 - INTANGIBLE ASSETS (Continued)

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

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

(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 974,716 (31 December 2017: TRY 3,969,565).

NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

As of 31 March 2018 and 31 December 2017, short term provisions are as follows:

	31 March 2018	**31 December 2017**
Provision for unused vacation rights	12,816,310	13,381,264
Provisions for lawsuit and compensation	6,571,948	5,928,728
Provisions for promotion	127,240	17,550
Total	**19,515,498**	**19,327,542**

i. Provision for unused vacation rights

Short Term Provisions of Employment Termination Benefits:

Movements of provision for unused vacation rights during the periods ended at 31 March 2018 and 2017 are as follows:

	2018	**2017**
1 January	**13,381,264**	**13,686,035**
Additions during the period	656,683	645,479
Payments related to provisions	(879,869)	(1,688,965)
Transfer to liabilities related to non-current asset groups as held for sale	(389,042)	-
Currency translation differences	47,274	130,729
31 March	**12,816,310**	**12,773,278**

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

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

ii. Provision for lawsuit and compensation

The lawsuits against the Group amounted to TRY 13,259,448 (31 December 2017: TRY 12,241,171). 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 March 2018 the Group has set a provision of TRY 6,571,948 for lawsuits (31 December 2017: TRY 5,928,728) but not sure about the payment maturity for the litigation.

As at 31 March 2018 and 31 December 2017, the Group's ongoing lawsuits are as follows:

	31 March 2018	**31 December 2017**
Legal lawsuits	12,090,743	11,186,876
Labor lawsuits	1,154,157	1,039,747
Commercial lawsuits	14,548	14,548
Total	**13,259,448**	**12,241,171**

Movements of provision for lawsuits for the periods ending 31 March 2018 and 2017 are as follows:

Legal Lawsuits	**2018**	**2017**
1 January	**5,928,728**	**5,473,663**
Additions during the period (Note 27) [1]	991,425	2,316,112
Payments related to provisions (Note 26)	(106,020)	(735,036)
Provision reversed (Note 26)	(206,250)	(724,672)
Currency translation differences	(35,935)	2,697
31 March	**6,571,948**	**6,332,764**

[1] As of 31 March 2018, additions related to discontinued operations are included in general administrative expense in operating expenses (Note 32).

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

NOTE 18 - COMMITMENTS

Group's collaterals/pledge/mortgage ("CPM") position as of 31 March 2018 and 31 December 2017 are as follows:

	31 March 2018		31 December 2017	
	Foreign Currency	**TRY Equivalent**	**Foreign Currency**	**TRY Equivalent**
A. CPM's given in the name of its own legal personality				
-Collaterals				
TRY	5,509,953	5,509,953	5,150,911	5,150,911
Russian Ruble [2]	565,000,000	38,674,250	565,000,000	36,764,550
-Warranty notes				
TRY	203,937	203,937	203,937	203,937
Euro	25,000	121,683	25,000	112,888
-Mortgage				
Euro	5,000,000	24,336,500	5,000,000	22,577,500
B. Total amount of CPM's given on behalf of the fully consolidated companies [1]				
-Commitments				
TRY	3,092,505	3,092,505	3,092,505	3,092,505
US Dollar	2,500,000	9,872,250	2,500,000	9,429,750
Euro	-	-	-	-
Russian Ruble [2]	860,000,000	58,867,000	860,000,000	55,960,200
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		**140,678,078**		**133,292,241**

(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 32, 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 CPM'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 March 2018, the Group has unused publication of advertisements commitment amounting to TRY 4,010,868 (31 December 2017: TRY 5,794,651) within these barter contracts. The Group has TRY 2,534,350 amounted receivables as of 31 March 2018(31 December 2017: TRY 2,247,533) 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 March 2018 and 31 December 2017 are as follows:

Long term provisions for employment termination benefits

	31 March 2018	**31 December 2017**
Provision for employment termination benefits	44,000,306	46,184,398
Total	**44,000,306**	**46,184,398**

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 5,001.76 as of 31 March 2018 (31 December 2017: TRY 4,732.48 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 2017: TRY 5,001,76 effective from 1 January 2018).

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.

TAS 19 Employee Benefits, requires companies to compute their liabilities by developing actuarial assumptions within defined benefit plans. According to the report prepared by Actuarial firm in order to calculate total liability, the assumptions below are used:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 March 2018, 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 2017: 11.50%), inflation rate applied as 7.00% (2) (31 December 2017: 7.00%) and rate of increase in wages applied as 7.00% (31 December 2017: 7.00%) in the calculation.

(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.

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

The movements in provision for employment termination benefits during the periods ended at 31 March 2018 and 2017 are as follows:

	2018	2017
1 January	**46,184,398**	**45,199,424**
Service cost during the period	573,163	656,217
Interest cost during the period	981,034	929,176
Net effect related to intangible assets for the sale	(151,956)	47,763
Payments and reversal of provisions during the period	(2,987,875)	(1,577,076)
Transfer to liabilities related to non-current asset groups as held for sale	(598,458)	-
31 March	**44,000,306**	**45,255,504**

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

NOTE 20 - PREPAID EXPENSES AND DEFERRED INCOME

Short term prepaid expenses at 31 March 2018 and 31 December 2017 are as follows:

Short-term prepaid expenses

	31 March 2018	31 December 2017
Prepaid expenses (1)	5,274,553	4,083,170
Total	**5,274,553**	**4,083,170**

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

Short-term deferred income

	31 March 2018	31 December 2017
Contract liabilities (1)	12,121,368	27,538,259
Government incentives	165,235	373,919
Total	**12,286,603**	**27,912,178**

(1) Contract liabilities is comprised by the service sold, advances received and the sale return provisions.

Long-term deferred income

	31 March 2018	31 December 2017
Contract liabilities (1)	938,201	1,292,312
Total	**938,201**	**1,292,312**

(1) Contract liabilities is comprised by the service sold and advances received.

The movement of contract liabilities during the period is as follows:

	2018
1 January	**28,830,571**
Increase in cash, except for the amount accounted as revenue	5,633,080
The revenue realized, included in the opening balance of contract liabilities	(21,404,082)
31 March	**13,059,569**

NOTE 21 - OTHER ASSETS AND LIABILITIES

Other Current Assets

Other current assets at 31 March 2018 and 31 December 2017 are as follows:

	31 March 2018	31 December 2017
Advances given to personnel	1,692,368	2,109,177
Prepaid taxes and funds	119,049	305,815
Value added tax ("VAT") receivables	417,070	-
Other	642,485	613,132
Total	**2,870,972**	**3,028,124**

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

NOTE 22 - EQUITY

The Company adopted the registered share capital system and set a ceiling on its registered share capital representing registered type shares with a nominal value of TRY 1. There are no privileged shares. The Company's historical authorised and paid-in share capital at 31 March 2018 and 31 December 2017 are as follows:

	31 March 2018	31 December 2017
Registered share capital	800,000,000	800,000,000
Paid-in share capital	552,000,000	552,000,000

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

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

Shareholders	31 March 2018	Share (%)	31 December 2017	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 March 2018 (31 December 2017: 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.

Premium / (discounts) on shares

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

	31 March 2018	31 December 2017
Premium / (discounts) on shares	76,944	76,944
Total	**76,944**	**76,944**

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

NOTE 22 – EQUITY (Continued)

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" (except for inflation differences) in accordance with TAS.

In accordance with TAS, Company's restricted reserves amounting to TRY 100,928,085 as of 31 March 2018 (31 December 2017: TRY 191,532,907) consist of legal reserves and gain on sale of real estate and subsidiaries.

Restricted reserves	**31 March 2018**	**31 December 2017**
Gain on sale of real estate (1)	56,728,014	149,296,831
General legal reserves (2)	43,516,081	41,552,086
Gain on sale of subsidiary	683,990	683,990
Total (3)	**100,928,085**	**191,532,907**

(1) With the decision taken by the Group management, the real estate profit with the amount of TRY 86,647,154 occurred in statutory records from the sale of lands located in Trabzon and Bağcılar warehouses, Gaziemir and Esenyurt in 2014, Ankara Cinnah in 2016 and Muğla Milas in 2017. TRY 56,728,014 of total amount which is benefit from the exemption referred to in Article 5-1/e of the Corporate Tax Law will not be involved in allocation of profits for periods 1 January 2014 - 31 December 2014, 1 January 2016 - 31 December 2016 and 1 January 2017- 31 December 2017 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.

(2) The Group has classified the amount of TRY 1,963,995 from the profits of the period 2017 as General Legal Reserve.

(3) In 2018, net outflow from the restricted reserves is TRY 90,604,822. This outflow consists of real estate sale profits transferred to the extraordinary reserve from restricted reserves separated from the profit due to the expiration of the period of TRY 126,234,986. In addition to this outflow, the Group has allocated general legal reserves amounting to TRY 1,963,885 from the profit of the year 2017 and transferred the sale profit amounting to TRY 33,666,169 exempted from the sale of real estates sold in 2017 to the restricted reserve for 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 income/expenses occurred from the gain/losses based on revaluation and measurement and which are not to be reclassified in profit or loss, are related with the defined benefit plans and summarized below:

	31 March 2018	**31 December 2017**
Gain or loss from revaluation of property	187,778,810	187,778,810
Remeasurement gain (loss) in defined benefit plans	(18,617,479)	(18,617,479)
Total	**169,161,331**	**169,161,331**

Gain or loss from revaluation of property

The Group management has revalued the lands and buildings that classified 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.

Accordingly, the Group accounted the fair value increase after the deduction of deferred tax amounting to TRY 187,778,810 under the equity as gain on revaluation of property in its consolidated financial statements as of 31 December 2017. Valuation report related to the property plant and equipment has not been obtained during the interim reporting period 1 January -31 March 2018.

Remeasurement 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. The Group recognized all actuarial gains and losses in other comprehensive income. Remeasurement difference recognized under the equity in the balance sheet amounts to TRY 18,617,479 (31 December 2017: TRY 18,617,479).

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

	31 March 2018	**31 December 2017**
Currency translation differences (1)	73,067,834	72,041,619
Gain (loss) on hedging	1,436,074	(856,705)
Total	**74,503,908**	**71,184,914**

NOTE 22 – EQUITY (Continued)

Gain / (loss) from cash flow hedges

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 TAS Standards.

Capital adjustment differences can only be included to capital.

Dividend distribution

The Group takes dividend distribution decision in General Assembly 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".The principles of dividend distribution is determined by 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)

Dividend distribution (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 337,148,639 (31 December 2017: TRY 207,263,912).

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 01.01.2017 - 31.12.2017; "Net Loss for the Period" amounted to TRY 264,505,378 when "Deferred Tax Revenue" and "Tax Charge for the Period","Net Loss from Discountinued Operations" and "Non-controlling interests other than Parent Company" are taken into consideration together; When "Accumulated Deficit" ,amounting to TRY 452,953,867 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, are taken into account, shareholders should be informed that no profit can be distributed as a result of taxation. In the financial records of the accounting period of 01.01.2017 - 31.12.2017, which is held according to Tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance, there is a "Period Profit" amounting to TRY 41,309,117; "Net Profit for the Period" was calculated as TRY 39,279,905 after the "Tax Expense for the Period" amounting to TRY 2,029,212 was paid from this amount; from this point. As a result of the "General Legal Reserves" amounting to TRY 1,963,995 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. The remaining amount of TRY 33,666,169 has been decided to transferred to special fund without subject to profit distribution and the "Net Profit for the Period" amounting to TL 3,649,741 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 March 2018 and 2017 are as follows:

	1 January - 31 March 2018	**1 January - 31 March 2017**
Advertising revenue	61,388,432	67,460,168
Circulation and publishing sales	42,583,926	42,847,214
Other	5,509,370	5,075,324
Net sales	**109,481,728**	**115,382,706**
Cost of sales (-)	(67,845,178)	(73,767,345)
Gross profit/(loss)	**41,636,550**	**41,615,361**

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

NOTE 23 - SALES AND COST OF SALES (Continued)

Sales (Continued)

	Printing Media 1 January- 31 March 2018	Digital Media 1 January- 31 March 2018	Printing Media 1 January- 31 March 2017	Digital Media 1 January- 31 March 2017
Domestic	80,827,916	17,508,730	90,859,901	13,732,990
Foreign	9,567,899	1,577,183	8,949,520	1,840,295
Total revenue	**90,395,815**	**19,085,913**	**99,809,421**	**15,573,285**
Performance Obligations				
Circulation revenues	32,091,637	-	30,979,490	-
Subcontracted printing revenues	10,492,289	-	11,867,724	-
Advertising revenues	43,879,701	17,508,731	53,727,177	13,732,991
Other revenues	3,932,188	1,577,182	3,235,030	1,840,294
	90,395,815	**19,085,913**	**99,809,421**	**15,573,285**
Fulfillment of the Performance Obligation				
In time	46,516,114	1,577,182	46,082,244	1,840,294
At a specific moment in time	43,879,701	17,508,731	53,727,177	13,732,991
	90,395,815	**19,085,913**	**99,809,421**	**15,573,285**

Cost of Sales

The details of cost of sales for the years ended 31 March 2018 and 2017 are as follows:

	1 January - 31 March 2018	1 January - 31 March 2017
Raw material	(29,207,223)	(33,367,981)
Paper	*(17,198,808)*	*(20,616,669)*
Printing and ink	*(7,776,097)*	*(7,480,105)*
Other	*(4,232,318)*	*(5,271,207)*
Personnel expenses	(23,475,857)	(24,463,876)
Depreciation (Note 14,15)	(3,854,265)	(5,026,519)
Agency expenses	(2,245,159)	(2,471,803)
Distribution, storage and travel expenses	(1,691,587)	(1,586,549)
Fuel, electricity, water and office expenses	(1,171,824)	(1,204,036)
Outsourced services	(760,762)	(788,114)
Communication	(710,468)	(722,425)
Maintenance and repair expenses	(686,422)	(739,482)
Rent expenses	(568,339)	(567,965)
Packaging expenses	(403,443)	(447,518)
Other	(3,069,829)	(2,381,077)
Total	**(67,845,178)**	**(73,767,345)**

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

NOTE 24 - GENERAL ADMINISTRATIVE AND MARKETING EXPENSES

a) General administrative expenses

	1 January - 31 March 2018	1 January - 31 March 2017
Personnel expenses	(9,435,267)	(7,141,839)
Consultancy expenses	(2,895,907)	(2,849,144)
Rent expenses	(1,993,285)	(2,381,701)
Fuel, electricity, water and office expenses	(1,228,417)	(1,308,189)
Maintenance and repair expenses	(1,117,134)	(1,287,284)
Depreciation and amortization charges (Notes 14,15)	(966,716)	(1,511,337)
Outsourced services	(877,569)	(412,173)
Transportation, storage and travel expenses	(559,040)	(584,572)
Tax expenses	(442,823)	(1,510,610)
Other	(937,551)	(1,893,462)
Total	**(20,453,709)**	**(20,880,311)**

b) Marketing expenses

	1 January - 31 March 2018	1 January - 31 March 2017
Personnel expenses	(5,921,802)	(5,618,607)
Transportation, storage and travel expenses	(5,424,343)	(6,529,122)
Advertisement expenses	(3,658,739)	(2,790,226)
Promotion expenses	(2,043,019)	(2,629,674)
Sponsorship and other marketing expenses	(1,400,490)	(516,197)
Consultancy expenses	(1,087,208)	(523,520)
Outsourced services	(761,691)	(550,370)
Depreciation and amortization charges (Notes 14,15)	(62,057)	(96,694)
Total	**(20,359,349)**	**(19,254,410)**

NOTE 25 - EXPENSES BY NATURE

	1 January - 31 March 2018	1 January - 31 March 2017
Personnel expenses	(38,832,926)	(37,224,322)
Depreciation and amortization expenses	(4,883,038)	(6,634,550)
Total	**(43,715,964)**	**(43,858,872)**

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

NOTE 26 - OTHER OPERATING INCOME

The details of other operating income for the periods ended at 31 March 2018 and 2017 are as follows:

	1 January - 31 March 2018	1 January - 31 March 2017
Income due from doubtful trade receivables (Note 8)	6,063,422	3,394,561
Unrealized finance expense due from credit purchases	3,144,016	206,203
Finance income due from credit sales	2,017,533	2,085,743
Foreign exchange gains	1,484,661	1,614,683
Interest income on bank deposits	684,472	384,368
Reversal of provisions (Note 17)	312,270	1,459,708
Other	259,015	263,504
Total	**13,965,389**	**9,408,770**

NOTE 27 - OTHER OPERATING EXPENSES

The details of other operating expenses for the periods ended at 31 March 2018 and 2017 are as follows:

	1 January - 31 March 2018	1 January - 31 March 2017
Provision expense for doubtful receivables (Note 8)	(4,756,440)	(6,078,595)
Provision for lawsuits (Note 17)	(991,425)	(2,316,112)
Fines and compensation expense	(261,295)	(203,298)
Foreign exchange losses	(247,067)	(848,180)
Unrealized finance income due from credit sales	(121,252)	(45,213)
Aids and donations	(42,610)	(56,697)
Other	(1,638,385)	(992,561)
Total	**(8,058,474)**	**(10,540,656)**

NOTE 28 - INCOME FROM INVESTING ACTIVITIES

The details of income from investing activities for the periods ended at 31 March 2018 and 2017 are as follows:

	1 January - 31 March 2018	1 January - 31 March 2017
Rent income (Note 13)	1,051,620	834,852
Gain on sale of tangible assets and investment property	412,085	1,791,711
Foreign exchange and other gains	22,766	-
Dividend income	-	285,510
Total	**1,486,471**	**2,912,073**

(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 March 2018 and 2017 are as follows:

	1 January - 31 March 2018	**1 January - 31 March 2017**
Loss on change in fair value of investment properties (Note 13)	(987,426)	(292,671)
Loss from sale of tangible assets and investment properties	(325,925)	(72,759)
Expenses related to investment properties	(280,726)	-
Other	-	(1,301)
Total	**(1,594,077)**	**(366,731)**

NOTE 30 - FINANCIAL EXPENSES

The details of financial expenses for the periods ended at 31 March 2018 and 2017 are as follows:

	1 January - 31 March 2018	**1 January - 31 March 2017**
Interest expense on bank loans	(8,372,489)	(10,441,746)
Foreign exchange income/ (losses), net	(476,713)	(78,473)
Loan comission, banking and factoring expenses	(108,416)	(257,517)
Other	(268,717)	(88,227)
Total	**(9,226,335)**	**(10,865,963)**

NOTE 31 - INCOME TAXES

Assets related to current period tax

	31 March 2018	**31 December 2017**
Corporate and income tax payable	126,034	2,378,344
Less: Prepaid taxes	(123,294)	(605,313)
Tax payables/(receivables)	**2,740**	**1,773,031**

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 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% (2017:20%). Therefore, deferred tax assets and liabilities as of 31 March 2018 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. Corporation tax is payable on the total income of the companies after adjusting for certain disallowable expenses, corporate income tax exemptions (gain from associates' exemption, investment allowances etc.) and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed.

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

Corporations are required to calculate advance corporation tax quarterly at the rate of 22% on their corporate income. Advance tax is to be declared by the 14th day of the second month following each calendar quarter end and is payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

In accordance with Tax Law No: 5024 "Law Related to Changes in Tax Procedure Law, Income Tax Law and Corporate Tax Law" that was published on the Official Gazette on 30 December 2003 to amend the tax base for non-monetary assets and liabilities, effective from 1 January 2004, the income and corporate taxpayers will prepare the statutory financial statements by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of the Turkish Lira. In accordance with the aforementioned law provisions, in order to apply inflation adjustment, cumulative inflation rate (TURKSTAT WPI) over last 36 months and 12 months must exceed 100% and 10%, respectively. Inflation adjustment has not been applied as these conditions were not fulfilled since 2005.

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

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

NOTE 31 - INCOME TAXES (Continued)

Turkey (Continued):

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods. As publicly disclosed on 19 April 2011, the Company plans to make use of the requirements set out in relation to “Tax Base Increase” in Law No: 6111 “Restructuring of some receivables and Social Security and General Health Insurance Law and Other Law Amending Certain Laws and Decrees”; therefore, 50% of losses attributable to the periods that are subject to tax base increase will not be offset against the income to be obtained in 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 not 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% (2017: 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% (2017: 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 March 2018, 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 stem from the income and expense to be accounted in different period because of the difference between Financial Reporting Standards announced by Public Oversight Authority and Tax legislation.

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

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

	31 March 2018	**31 December 2017**
Deferred tax liabilities	(19,024,334)	(16,553,127)
Deferred tax assets	1,863,016	1,800,832
Deferred tax liabilities, net	**(17,161,318)**	**(14,752,295)**

The temporary differences and deferred tax assets / (liabilities) using the enacted tax rates as of 31 March 2018 and 31 December 2017 are as follows:

	Total temporary differences		**Deferred tax assets / (liabilities)**	
	31 March 2018	**31 December 2017**	**31 March 2018**	**31 December 2017**
Provision for retirement benefits and unused vacation rights	56,038,605	58,757,923	12,328,493	12,926,744
Difference between tax base and carrying value of trade receivables	29,176,750	29,589,490	6,418,885	6,688,240
Deferred income	3,978,082	2,769,496	875,176	609,287
Difference between tax base and carrying value of property,plant and equipment and intangible assets	(183,641,494)	(177,345,966)	(25,600,493)	(24,104,213)
Investment properties fair value differences	(109,266,999)	(110,794,286)	(10,699,520)	(10,759,684)
Other, net	(2,198,434)	471,032	(483,859)	(112,669)
Total	**(205,913,490)**	**(196,552,311)**	**(17,161,318)**	**(14,752,295)**

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

NOTE 31 - INCOME TAXES (Continued)

Deferred Tax (Continued)

As of 31 March 2018, carry forward tax losses for which no deferred income tax asset was recognized amounted to TRY 309,343,903 (31 December 2017: TRY 295,693,466).

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

	31 March 2018	31 December 2017
2018	5,972,388	5,972,388
2019	2,215,343	2,215,343
2020	512,814	512,814
2022	761,827	717,027
2023	171,868	-
Indefinite (*)	299,709,663	286,275,894
Total	**309,343,903**	**295,693,466**

(*) 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 cancelled.

The movements of net deferred tax liabilities for the periods ended 31 March 2018 and 2017 are as follows:

	2018	2017
1 January	**(14,752,295)**	**(48,512,356)**
The effect of TFRS 9	819,961	-
Reported	**(13,932,334)**	**(48,512,356)**
Deferred tax income in consolidated income statements	(2,000,440)	(2,732,288)
Accounted in equity	(646,681)	-
Currency translation differences	(713,109)	(7,050,434)
Tax effect of discontinued operations (Note 32)	131,246	816,140
31 March	**(17,161,318)**	**(57,478,938)**

The analysis of the tax expense / (income) for the periods ended at 31 March 2018 and 31 December 2017 are as follows:

	2018	2017
	1 January - 31 March 2018	1 January - 31 March 2017
Current tax income / (expense)	(126,034)	-
Deferred tax income / (expense)	(2,000,440)	(2,732,288)
Total	**(2,126,474)**	**(2,732,288)**

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

NOTE 31 - INCOME TAXES (Continued)

Deferred Tax (Continued)

The reconciliation of the current period tax expense in the consolidated statement of income for the periods ended at 31 March 2018 and 2017 and consolidated tax and the tax (income) / expense calculated with the current tax rate over income before tax and non-controlling interests are as follows:

	1 January - 31 March 2018	1 January - 31 March 2017
Loss before taxes and non-controlling interests (*)	(3,027,886)	(18,098,953)
Current period tax calculated at the effective tax rates of countries	666,135	3,619,791
Undeductible expenses	(776,866)	(2,459,513)
Effect of adjustments not subject to deferred tax	(2,222,514)	(3,136,417)
Effects of discontinued operations	(131,246)	(729,770)
Undeductible income and other	338,017	(26,379)
Tax (income) / expense	**(2,126,474)**	**(2,732,288)**

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

NOTE 32 - ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

a) Discontinuing the digital operation in Russia and EE

The Board of Directors of Pronto Media Holding which is located in Russia as the indirect subsidiary of Trader Media East Ltd. 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 are classified as "Discontinued Operations". The impairment losses due to discontinued operations are recognized under "Discontinued Operations" in the statement of profit/loss.

	1 January - 31 March 2018	1 January - 31 March 2017
Revenue	563,090	4,758,938
Cost of sales (-)	(521,641)	(3,227,261)
General administrative and marketing expense	(926,598)	(9,157,580)
Other operating income (expense), net	(7,971)	(146,860)
Finance expense, net	(1,223,407)	(614,951)
Expenses from investing activities, net	5,438	(90,354)
Profit (loss) before tax for the period from discontinued operations	**(2,111,089)**	**(8,478,068)**
Tax income/expense for the period	-	-
Deferred tax income	-	590,162
Loss from the discontinued operation for the period	**(2,111,089)**	**(7,887,906)**

As explained in Note 2.2.15, currency translation adjustments related to "TME" operations, which are accounted under equity, will be transferred to profit/loss when the required conditions are met.

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

NOTE 32 - ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (Continued)

b) Assets classified as held for sale:

Doğan Holding has decided to start necessary actions at the meeting as of 6 April 2018 and numbered 2018/14 in order to transfer Hürriyet's share which consists of 10,274,043 unit, covering 92% of paid-in capital, at Glokal, and 2,044,076 shares of Doruk Factoring owned by Hürriyet and shares representing 5,11% of the paid-up capital of Doruk Factoring to the Doğan Holding or its direct or indirect subsidiaries and has given the management necessary authority.

The assets of Glokal have been classified in the assets classified as held for sale whereas its liabilities have been categorized into the liabilities directly associated with assets classified as held for sale with the decision dated 6 April 2018 by the Group. The activies of Glokal during the period 1 January-31 March 2018 have been classified in the "Discontinued Operations". With the same decision, financial investment of the Group, Doruk Faktoring, has been transferred to assets classified as held for sale.

	31 March 2018
Cash and cash equivalents	20,427,794
Financial investments	1,029,898
Trade receivables	34,038,446
Other receivables	46,676
Inventories	139,045
Prepaid expense	1,348,307
Other current assets	1,258,307
Tangible assets	513,398
Intangible assets	3,069,299
Deferred tax assets	524,806
Assets classified as held for sale	**62,395,976**

	31 March 2018
Trade payables	9,950,307
Employee benefit payables	420,622
Other payables	482,519
Deferred income	13,557,247
Short term provisions	389,042
Other short term liabilities	366,529
Long-term provisions for employment benefits	598,458
Liabilities directly associated with assets classfied as held for sale	**25,764,724**

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

NOTE 32 - ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (Continued)

b) Assets classified as held for sale: (Continued)

	1 Ocak - 31 Mart 2018	**1 Ocak - 31 Mart 2017**
Revenue	16,482,850	10,061,586
Cost of sales (-)	(2,129,579)	(2,148,276)
General administrative and marketing expense	(12,555,263)	(7,895,731)
Other operating income(expense),net	682,261	(1,041,309)
Financial expense,net	(436,830)	(131,386)
Income (expense) from investing activities,net	3,629	22,075
Profit (loss) before tax for the period from discontinued op	**2,047,068**	**(1,133,041)**
Tax expense/(income) for the period	-	(86,370)
Deferred tax income	131,246	225,978
Profit for the period from discontinued operations	**2,178,314**	**(993,433)**

NOTE 33 - EARNINGS / (LOSS) PER SHARE

Loss per share as of 31 March 2018 and 2017 is as follows:

	1 January - 31 March 2018	**1 January - 31 March 2017**
Net loss for attributable to equity holders of parent company	**(4,959,666)**	**(19,504,876)**
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	**(0.0090)**	**(0.0353)**

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

NOTE 34 - RELATED PARTY DISCLOSURES

i) Balances of related parties:

a) Short term trade receivables from related parties:

	31 March 2018	31 December 2017
Trade receivables from related parties		
Doğan İnternet Yayıncılığı ve Yatırım A.Ş.		
("Doğan İnternet") (1)	20,059,522	20,978,395
Doğan Gazetecilik A.Ş. ("Doğan Gazetecilik") (2)	8,804,837	9,535,962
Doğan Dağıtım Satış ve Pazarlama A.Ş. ("Doğan Dağıtım") (3)	3,554,969	3,204,446
Dogan Media (4)	2,057,563	1,926,402
Doğan TV Holding A.Ş. ("Doğan TV Holding") (5)	1,520,781	721,729
Other	246,220	1,621,654
	36,243,892	**37,988,588**

(1) The balance is arising from sales of internet commercials to Doğan İnternet through websites.

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

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

(4) The balance arises from printing of newspaper of Dogan Media in Hurriyet Frankfurt Facility and advertisement given.

(5) The balance arises from expenses invoiced to Hürriyet Gazetecilik ve Matbaacılık A.Ş. by Doğan TV Holding because Hürriyet uses the same building with Doğan TV Holding.

b) Short term payables to related parties:

	31 March 2018	31 December 2017
Trade payables to related parties		
Dogan Media (1)	14,683,773	16,896,193
Doğan Dış Ticaret ve Mümessillik A.Ş.		
("Doğan Dış Ticaret") (2)	8,173,921	1,787,153
Ortadoğu Otomotiv Ticaret A.Ş. (3)	830,780	348,890
Eko TV Televizyon ve Radyo Yayıncılık A.Ş. ("EKO TV") (4)	440,060	532,436
Aytemiz Akaryakıt Dağıtım A.Ş. ("Aytemiz") (5)	105,442	369,838
Doğan TV Digital Platform		
İşletmeciliği A.Ş. ("Doğan TV Digital")	8,364	798,776
Değer Merkezi Hizmetler ve Yönetim Danışmanlığı A.Ş.	68	226,258
Other	172,079	1,615,489
	24,414,487	**22,575,033**

(1) The balances are arised from printing of newspaper by Doğan Media International in Hürriyet Frankfurt Facility.

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

(3) Consist of Group's office rent service.

(4) Consist of purchases related with the events performed in 2018.

(5) Resulted from fuel purchases of the Group.

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

NOTE 34 - RELATED PARTY DISCLOSURES (Continued)

ii) Significant transactions with related parties:

Transactions in related parties for the periods ended as of 31 March 2018 and 2017 are as follows:

a) Significant service and product sales to related parties:

	1 January - 31 March 2018	1 January - 31 March 2017
Doğan Dağıtım [1]	31,354,586	27,489,933
Doğan İnternet [2]	8,767,831	8,224,077
Doğan Gazetecilik [3]	7,257,233	7,650,291
Other	1,325,532	1,550,477
	48,705,182	**44,914,778**

[1] The Group sells the 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 facilities.

b) Significant purchases from related parties:

	1 January - 31 March 2018	1 January - 31 March 2017
Doğan Dış Ticaret [1]	20,691,754	21,504,711
Doğan Dağıtım [2]	6,523,120	6,975,755
DHA [3]	1,686,333	1,684,526
Doğan İnternet [4]	1,459,527	743,103
Doğan Gazetecilik [5]	729,403	826,597
Aytemiz [6]	253,116	201,784
Doğan Holding [7]	194,251	786,005
D Tes Elektrik Enerjisi Toptan A.Ş. [8]	-	1,279,951
Milta [9]	-	843,946
Other	2,439,995	1,736,368
	33,977,499	**36,582,746**

[1] The Group purchases raw materials.
[2] Includes the Group's newspaper distribution service purchases.
[3] The Group purchases agency services.
[4] The Group purchases internet access service from this company.
[5] The balance is arising from rent, security and other expenses of the Group's building, which is used as headquarter.
[6] Resulted from fuel purchases of the Group.
[7] Information technology and other consultancy services together with other services purchased from Doğan Holding
[8] Includes the Group's electricity purchases. On 29 December 2017, DTES Enerji merged with Galata Wind Enerji.
[9] The balance consists of flight tickets, accommodation and rental cars used for operation purposes. Milta was liquidated by partial division as of 9 March 2017 and the Group started to work with Marlin Oto Kiralama Seyahat Hizmetleri A.Ş. ("Marlin Oto").Later, Marlin Oto ile Doğan Enerji merged as of 18 August 2017.

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

NOTE 34 - RELATED PARTY DISCLOSURES (Continued)

c) Other significant income from related parties:

Other income

	1 January - 31 March 2018	**1 January - 31 March 2017**
Doğan Dış Ticaret	1,121,162	511,294
Doğan Dağıtım	556,850	561,196
DHA	258,753	330,792
Değer Merkezi Hizmetler ve Yönetim Danışmanlığı A.Ş.	224,548	-
Doğan TV Holding	186,765	194,393
Doğan Gazetecilik	152,301	20,064
Other	443,674	439,650
	2,944,053	**2,057,389**

Amounting to TRY 2,944,053 of other income which totally amounts to TRY 758,023 consists of rent income which Hürriyet gathers from the Group companies (1 January - 31 March 2017: TRY 596,554).

Financial expense:	**1 January - 31 March 2018**	**1 January - 31 March 2017**
Doğan Dış Ticaret (1)	60,858	-
Doruk Faktoring (2)	-	134,376
Eko TV	6,461	-
	67,319	**134,376**

(1) Arising from due difference invoices.

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

iii) Key Management Personnel:

	1 January - 31 March 2018	**1 January - 31 March 2017**
Salaries and other short term benefits	5,461,839	2,119,051
Post-emloyment benefits	-	36,629
	5,461,838	**2,155,680**

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.

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

NOTE 35 - NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS

35.1 Financial Risk Management

(i) Interest rate risk

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

	31 March 2018	31 December 2017
Financial instruments with fixed interest rate		
Bank deposits (Note 4)	8,708,175	59,423,284
Financial liabilities (Note 7)	232,687,695	262,168,778

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

Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rate expose the Group to fair value interest rate risk. As of 31 March 2018 and 31 December 2017, the Group does not have borrowings at floating rates.

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

NOTE 35 - NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

35.1 Financial Risk Management (Continued)

(ii) Liquidity risk

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

31 March 2018	**Carrying value**	**Total contractual cash outflow**	**Less than 3 months**	**3 - 12 months**	**1 - 5 years**	**More than 5 years**
Financial liabilities						
Short and long term liabilities (Note 7)	232,687,695	267,080,266	22,356,427	158,117,725	86,606,114	-
Trade payables						
-Related party (Note 34)	24,414,487	24,414,487	24,407,564	6,923	-	-
-Other (Note 8)	35,419,630	35,904,142	35,431,958	472,184	-	-
Other payables						
-Other (Note 9)	7,926,961	7,926,961	7,908,861	18,100	-	-
Payables within employee benefits						
-Due to personnel (Note 10)	623,000	623,000	623,000	-	-	-

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						
Short and long term liabilities (Note 7)	262,168,778	305,068,882	45,647,767	96,912,068	162,509,047	-
Trade payables						
-Related party (Note 34)	22,575,033	22,575,033	5,556,992	17,018,041	-	-
-Other (Note 8)	50,362,747	50,997,100	50,284,237	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	-	-	-

NOTE 35 - NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

(ii) Liquidity risk (Continued)

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

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

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

At 31 March 2018, the Group has long-term bank borrowings amounting to TRY 79,557,557 (31 December 2016: TRY 150,478,785) (Note 7).

(iii) Credit Risk

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

Aging analysis for trade receivables:

As of 31 March 2018 there are past due trade receivables amounting to TRY 81,958,485 which are not considered as doubtful receivables (31 December 2017: TRY 111,490,580). The Group does not foresee any collection risk for the delay up to one month due to sector dynamics and conditions. The Group restructures the trade receivables by applying due date differences which are due over one month and/or the Group does not foresee any collection risk since they are under coverage of guarantees such as mortgage, indemnity or guarantee notes. As of 31 March 2018, the amount of mortgage and indemnity received is TRY 14,161,758 for the related receivables (31 December 2017: TRY 16,366,029).

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

NOTE 35 - NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

(iii) Credit Risk (Continued)

As of 31 March 2018 and 31 December 2017, aging analysis for trade receivables that are past due but not impaired are as follows:

	31 March 2018		31 December 2017	
	Related party	**Other receivables**	**Related party**	**Other receivables**
0-1 month	2,107,995	17,561,483	1,155,770	32,911,074
1-3 month	1,658,304	22,804,064	2,446,103	23,205,296
3-6 month	2,242,108	12,426,134	928,730	25,057,890
6-12 month	329,901	13,504,763	221,448	13,879,753
Over 1 year	157,725	9,166,008	226,450	11,458,066
	6,496,033	**75,462,452**	**4,978,501**	**106,512,079**

As of 31 March 2018 and 31 December 2017, aging analysis for trade receivables that are past due and impaired is as follows:

Impaired	**31 March 2018**	**31 December 2017**
Past due 0 - 3 months	-	-
Past due 3 - 6 months	-	-
Past due 6 months and over	60,623,525	64,405,568
Less: Provision for impairment (Note 8)	**(60,623,525)**	**(64,405,568)**

There is no balance of related party receivables that are past due and impaired as of 31 March 2018 (31 December 2017: None). There is no trade receivable which is not over due and impaired as of 31 March 2018 (31 December 2017: None).

	31 March 2018		
	Trade Receivables	**Expected loss rate**	**Expected credit loss**
Not due	44,462,919	0.71%	313,919
Past due 1-30 days	16,512,552	1.13%	187,091
Past due 1-3 months	20,989,064	1.48%	310,594
Past due 3-6 months	9,282,067	2.54%	235,435
Past due 6-12 months	5,911,075	4.71%	278,356
Past due 1 year and over	4,034,596	8.25%	332,781
Total	**101,192,273**		**1,658,176**

	31 December 2017		
	Trade Receivables	**Expected loss rate**	**Expected credit loss**
Not due	46,580,233	0.71%	328,868
Past due 1-30 days	19,359,629	1.13%	219,349
Past due 1-3 months	19,070,207	1.48%	282,199
Past due 3-6 months	13,740,116	2.54%	348,512
Past due 6-12 months	9,073,735	4.71%	427,287
Past due 1 year and over	1,937,870	8.25%	159,839
Total	**109,761,790**		**1,766,054**

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

NOTE 35 - NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

(iii) Credit Risk (Continued)

The Group's credit risk of financial instruments as of 31 March 2018 is as follows:

	Trade receivables		**Other receivables**		**Bank**	**Other**
31 March 2018	**Related party**	**Other**	**Related party**	**Other**	**deposits**	**assets**
Maximum credit risk exposure as of balance sheet date	**36,243,892**	**128,154,120**	**-**	**6,769,457**	**12,705,752**	**69,509**
- The part of maximum credit risk under guarantee with collateral	-	***14,161,758***	-	-	-	-
A. Net book value of financial assets that are not past due/impaired	29,747,859	52,691,668	-	6,769,457	12,705,752	69,509
- The part under guarantee with collateral	-	*16,236*	-	-	-	-
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	6,496,033	75,462,452	-	-	-	-
- The part under guarantee with collateral	-	*14,145,522*	-	-	-	-
D. Net book value of				-		
impaired asset						
- Past due (gross carrying amount)	-	60,623,525	-	-	-	-
- Impairment (-)	-	(60,623,525)	-	-	-	-
- 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 35 - NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

(iii) Credit Risk (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 35 -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 March 2018 and 31 December 2017 are as follows:

	31 March 2018	31 December 2017
Assets	4,983,373	11,859,060
Liabilities	(3,301,125)	(7,094,326)
Net foreign currency position	**1,682,248**	**4,764,734**

Following exchange rates have been used in the translation of foreign currency denominated balance sheet items as of 31 March 2018: 3.9489 TRY= 1 US Dollar and 4.8673 TRY=1 Euro (31 December 2017: 3.7719 TRY= 1 US Dollar and 4.5155 TRY=1 Euro).

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

NOTE 35 - NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

(iv) Foreign currency risk (Continued)

The table summarizes the foreign currency position risk as of 31 March 2018 and 31 December 2017. The carrying amount of foreign currency denominated assets and liabilities of the Group are as follows:

31 March 2018	**TRY Equivalent**	**USD**	**Euro**	**Other**
1. Trade receivables	3,486,803	258,406	491,384	74,670
2a. Monetary Financial Assets (Cash, Banks included)	1,363,283	128,813	51,953	601,738
2b. Non-Monetary Financial Assets				
3. Other	133,287	4,182	-	116,773
4. Current Assets (1+2+3)	**4,983,373**	**391,401**	**543,337**	**793,181**
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)	**4,983,373**	**391,401**	**543,337**	**793,181**
10. Trade Payables	1,268,735	168,260	116,427	37,606
11. Financial Liabilities	1,019,432	-	-	1,019,432
12a. Other Monetary Financial Liabilities	1,012,958	83,267	12,995	620,895
12b. Other Non-Monetary Financial Liabilities	-	-	-	-
13. Current Liabilities (10+11+12)	**3,301,125**	**251,527**	**129,422**	**1,677,933**
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)	**3,301,125**	**251,527**	**129,422**	**1,677,933**
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)	**1,682,248**	**139,874**	**413,915**	**(884,752)**
21. Net foreign currency asset / liability position of monetary items	**-**	**-**	**-**	**-**
(1+2a+5+6a-10-11-12a-14-15-16a)	**1,548,961**	**135,692**	**413,915**	**(1,001,525)**
22. Fair value of foreign currency hedged financial assets	**-**	**-**	**-**	**-**

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

NOTE 35 - NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

(iv) Foreign currency risk (Continued)

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

(iv) Foreign currency risk (Continued)

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

31 March 2018	**Profit/Loss**	
	Foreign currency appreciation	**Foreign currency depreciation**
If the US dollar had changed by 10% against the TRY		
USD net (liabilities) / assets	55,235	(55,235)
Hedging amount of USD	-	-
USD net effect on (loss) / income	**55,235**	**(55,235)**
If the EUR had changed by 10% against the TRY		
Euro net (liabilities) / assets	201,465	(201,465)
Hedging amount of Euro	-	-
Euro net effect on (loss) / income	**201,465**	**(201,465)**
If other foreign currency had changed by 10% against the TRY		
Other foreign currency net (liabilities) / assets	(88,475)	88,475
Hedging amount of other foreign currency	-	-
Other foreign currency net effect on (loss) / income	**(88,475)**	**88,475**

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**

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

NOTE 35 - NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

35.2 Capital risk management

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

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

The net liability/total equity ratio at 31 March 2018 and 31 December 2017 are as follows:

	31 March 2018	31 December 2017
Total liability [1]	232,687,695	262,168,778
Less: Cash and cash equivalents (Note 4)	(15,332,602)	(65,946,767)
Net liability	217,355,093	196,222,011
Equity	298,641,810	303,106,910
Total of net liability and equity	515,996,903	499,328,921
Net liability / Total equity ratio	**42%**	**39%**

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

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

NOTE 36 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING)

31 March 2018 **Financial assets**	Assets at amortized cost	Financial liabilities at amortized cost	Financial assets at fair value through profit or loss	Carrying Value	Note
Cash and cash equivalents	15,332,602	-	-	15,332,602	4
Trade receivables from non-related parties	128,154,120	-	-	128,154,120	8
Trade receivables from related parties	36,243,892	-	-	36,243,892	34
Other receivables from non-related parties	6,769,457	-	-	6,769,457	9
Derivative instrument	-	-	1,841,120	1,841,120	5
Financial investments	69,509	-	313,923	383,432	6
Financial liabilities					
Financial borrowings	-	232,687,695	-	232,687,695	7
Trade payables to non-related parties	-	35,419,630	-	35,419,630	8
Trade payables to related parties	-	24,414,487	-	24,414,487	34
Employee benefit payables	-	623,000	-	623,000	10
Other payables to non-related parties	-	7,926,961	-	7,926,961	9
Other short-term liabilities	-	160,461	-	160,461	-

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

NOTE 36 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING) (Continued)

31 December 2017 **Financial assets**	Assets at amortized cost	Financial liabilities at amortized cost	Financial assets at fair value through profit or loss	Carrying Value	Note
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	34
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	-	50,362,747	-	50,362,747	8
Trade payables to related parties	-	22,575,033	-	22,575,033	34
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	-	231,219	-	231,219	-
Derivative instrument	-	-	1,098,340	1,098,340	5

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

NOTE 36 - 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 37 - 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 March 2018	31 December 2017
Current Assets	5,093,599	5,173,746
Non Current Assets	6,713,063	9,053,856
Current Liabilities	38,275,507	33,609,032
Non Current Liabilities (*)	29,778,098	30,598,479
Total Equity	(56,246,943)	(49,979,909)
	1 January - 31 March 2018	**1 January - 31 December 2017**
Revenue	1,577,182	1,840,294
Cost of sales	(1,157,683)	(1,297,228)
Gross profit (loss)	**419,499**	**543,066**
Net profit (loss) for the period from continued operations	**(2,495,451)**	**(1,519,081)**

(*) Non-current liabilities are comprised of deferred tax liabilities and long term borrowings.

NOTE 38 - EVENTS AFTER THE REPORTING PERIOD

Approval of Financial Statements

The consolidated financial statements for the period ended 31 March 2018 were approved by the Board of Directors on 7 May 2018. Financial statements will be finalized after approval of General Assembly.

The sales transaction of Hürriyet shares belonging to Doğan Holding

Doğan Holding, in its meeting dated 6 April 2018 and numbered 2018/14, decided to sell Hürriyet, a direct subsidiary, total paid TL 552,000,000 representing the issued capital, with a nominal value of 1 Turkish Liras and 552,000,000 units of all shares registered by Central Securities Depository of Turkey and all of the shares representing 77.66% of the issued capital of Hürriyet to Demirören Medya Yatırımları Ticaret A.Ş. and 155,000,000 US Dollars in cash and in advance.

Share transfers of Glokal and Doruk Faktoring belongs to Hürriyet

Doğan Holding has decided to start necessary actions at the meeting as of 6 April 2018 and numbered 2018/14 in order to transfer Hürriyet's share which consists of 2,044,076 unit, covering 5.11% of paid-in capital, at Doruk Faktoring and to transfer Hürriyet's share which consists of 10,274,043 unit, covering %92 of paid-in capital, at Glokal, to the Doğan Holding or its direct or indirect subsidiaries and has given the management necessary authority. As of reporting period, transfer transaction are not completed yet.

Approval of the Competition Authority for the Sale of Shares of Hürriyet belongs to Doğan Holding

With respect to the sale and transfer of shares agreement ("Agreement") signed by Doğan Şirketler Grubu Holding A.Ş with Demirören Medya Yatırımları Ticaret A.Ş, according to the decision of the Competition Authority's website (www.rekabet.gov.tr) dated 3 May 2018 and numbered 18-13/248-113, the Competition Authority approved the transfer of the control to Erdoğan Demirören indirectly and eventually Demirören Medya Yatırımları Ticaret A.Ş. of some of the Doğan Group companies operating in the media sector including Hürriyet Gazetecilik ve Matbaacılık A.Ş.. The closing conditions are expected to be met as of the reporting date.

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