HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 JUNE 2018 TOGETHER WITH REVIEW REPORT OF INDEPENDENT AUDITORS

(ORIGINALLY ISSUED IN TURKISH)

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REVIEW REPORT ORIGINALLY ISSUED IN TURKISH
REPORT ON REVIEW OF CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

Introduction

1. We have reviewed the accompanying condensed consolidated statement of financial position of Hürriyet Gazetecilik ve Matbaacılık A.Ş. and its subsidiaries ("collectively referred as the "Group") as at 30 June 2018 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated changes in equity, condensed consolidated cash flows for the six-month period then ended. The management of the Group is responsible for the preparation and fair presentation of this consolidated interim financial information in accordance with Turkish Accounting Standard 34 ("TAS 34") "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

2. We conducted our review in accordance with the Standard on Review Engagements ("SRE") 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and the objective of which is to express an opinion on the financial statements. Consequently, a review on the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

3. Based on our review, nothing has come to our attention that causes us to conclude that the accompanying condensed consolidated interim financial information of Hürriyet Gazetecilik ve Matbaacılık A.Ş. is not prepared, in all material respects, in accordance with TAS 34.

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

Gökhan Yüksel, SMMM
Partner

İstanbul, 10 August 2018

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

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HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2018

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

	Note references	(Reviewed) Current Period 30 June 2018	(Audited) Prior Period 31 December 2017
ASSETS			
Current assets			
Cash and cash equivalents		14,712,672	65,946,767
Financial investment		70,733	68,713
Trade receivables			
-Trade receivables from related parties	21	40,715,417	37,988,588
-Trade receivables from non-related parties	5	124,972,221	184,369,460
Other receivables			
-Other receivables from related parties	21	59,857,541	-
-Other receivables from non-related parties		4,221,476	3,217,598
Inventories		13,988,397	13,848,026
Prepaid expenses		3,716,964	4,083,170
Derivative instrument		2,002,691	-
Other current assets		2,672,419	3,028,124
Total Current Asset		**266,930,531**	**312,550,446**
Non-current assets			
Financial investments		313,923	1,343,821
Other receivables			
-Other receivables from non-related parties		2,095,757	2,056,772
Financial investments accounted for using the equity method	6	7,431,641	7,124,215
Investment properties	7	173,476,101	172,479,346
Tangible assets	8	253,337,738	253,501,615
Intangible assets			
-Other intangible assets	9	15,592,813	18,277,333
Other receivables			
-Other receivables from related parties	21	129,208,000	-
Deferred tax assets	19	1,899,716	1,800,832
Total Non-Current Assets		**583,355,689**	**456,583,934**
Total Assets		**850,286,220**	**769,134,380**

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2018

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

	Note references	(Reviewed) Current Period 30 June 2018	(Audited) Prior Period 31 December 2017
LIABILITIES			
Current liabilities			
Short-term borrowings	4	4,778,280	10,550,732
Short-term portion of long-term borrowings	4	34,192,612	101,139,261
Trade payables			
-Trade payables to related parties	21	16,621,457	22,575,033
-Trade payables to non-related parties	5	48,394,938	50,362,747
Employee benefit payables		5,739,131	6,160,715
Other payables			
-Other payables to non-related parties		5,673,238	10,388,050
Derivative instruments		-	1,098,340
Deferred income		55,307,601	27,912,178
Current income tax liabilities	19	20,236,977	1,773,031
Short-term provisions			
-Short-term provisions for employment benefits	10	13,504,172	13,381,264
-Other short-term provisions	10	6,626,823	5,946,278
Other short-term liabilities		205,530	231,219
Total Current Liabilities		**211,280,759**	**251,518,848**
Non-current liabilities			
Long-term borrowings	4	-	150,478,785
Deferred income		1,264,134	1,292,312
Long-term provisions			
-Long-term provisions for employment benefits	12	42,319,919	46,184,398
Deferred tax liability	19	15,720,381	16,553,127
Total Non-Current Liabilities		**59,304,434**	**214,508,622**
Total Liabilities		**270,585,193**	**466,027,470**

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2018

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

	Note references	(Reviewed) Current Period 30 June 2018	(Audited) Prior Period 31 December 2017
EQUITY			
Total equity		**579,701,027**	**303,106,910**
Equity attributable to equity holders of the parent company		**578,908,201**	**302,066,635**
Share capital	13	552,000,000	552,000,000
Inflation adjustment to share capital	13	77,198,813	77,198,813
Share premiums	13	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	13	187,778,810	187,778,810
- Gain (loss) on remeasurement of defined benefit plans	13	(18,617,479)	(18,617,479)
Other comprehensive income and expenses that may be reclassified subsequently to profit or loss			
- Currency translation differences	13	73,669,749	72,041,619
- Derivatives used for hedging			
- Gain (loss) from cash flow hedges	13	1,562,099	(856,705)
Restricted reserves	13	100,928,085	191,532,907
Retained earnings / Accumulated deficit		(671,268,213)	(494,582,896)
Net profit (loss) for the period		275,579,393	(264,505,378)
Non-controlling interests		**792,826**	**1,040,275**
Total liabilities and equity		**850,286,220**	**769,134,380**

These condensed consolidated financial statements as at and for the period ended 30 June 2018 were approved by the Board of Directors on 10 August 2018.

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2018

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

	Note References	(Reviewed) Current Period 1 January - 30 June 2018	(Not Reviewed) Current Period 1 April - 30 June 2018	Revised (Reviewed) Prior Period 1 January - 30 June 2017	Revised (Not Reviewed) Prior Period 1 April - 30 June 2017
Sales	14	223,576,840	114,095,112	241,052,040	125,669,335
Cost of sales (-)	14	(142,014,929)	(74,169,751)	(149,632,188)	(75,864,844)
Gross profit/(loss)		**81,561,911**	**39,925,361**	**91,419,852**	**49,804,491**
General administrative expenses (-)	15	(36,770,001)	(16,316,292)	(38,310,235)	(17,429,924)
Marketing expenses (-)	15	(40,164,671)	(19,805,322)	(39,797,721)	(20,543,311)
Other operating income		34,839,069	20,873,680	14,881,369	5,472,599
Other operating expenses (-)		(27,989,280)	(19,930,806)	(16,559,294)	(6,018,638)
Operating profit/(loss)		**11,477,028**	**4,746,621**	**11,633,971**	**11,285,217**
Share of (loss)/gain of investments accounted by the equity method	6	(879,393)	(519,062)	(844,010)	(328,033)
Income from investing activities	16	304,610,411	303,123,940	5,555,522	2,643,449
Expenses from investing activities (-)	17	(1,665,576)	(71,499)	(5,946,336)	(5,579,605)
Operating profit/(loss) before finance income/(expense)		**313,542,470**	**307,280,000**	**10,399,147**	**8,021,028**
Finance expenses (-)	18	(15,505,278)	(6,278,943)	(20,650,160)	(9,784,197)
Profit/(loss) before tax from continuing operations		**298,037,192**	**301,001,057**	**(10,251,013)**	**(1,763,169)**
Tax income/(expense) of continuing operations	**19**	**(18,674,394)**	**(16,547,920)**	**(335,668)**	**2,396,620**
Current tax income (expense)	19	(20,583,339)	(20,457,305)	(431,761)	(431,761)
Deferred tax income (expense)	19	1,908,945	3,909,385	96,093	2,828,381
Profit/(loss) for the period from continuing operations		**279,362,798**	**284,453,137**	**(10,586,681)**	**633,451**
Profit/(loss) for the period from discontinued operations	20a, 20b	(3,850,504)	(3,917,729)	(58,962,286)	(50,080,947)
Net profit/(loss) for the period		**275,512,294**	**280,535,408**	**(69,548,967)**	**(49,447,496)**
Allocation of net profit/(loss) for the period					
Attributable to non-controlling interests		(67,099)	(3,651)	(1,989,952)	(1,393,357)
Attributable to equity holders of the parent company		275,579,393	280,539,059	(67,559,015)	(48,054,139)
Loss per share					
Attributable to shareholders of the parent company		0.4992	0.5082	(0.1224)	(0.0871)

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

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2018

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

	Note References	(Reviewed) Current Period 1 January - 30 June 2018	(Not Reviewed) Current Period 1 April - 30 June 2018	Revised (Reviewed) Prior Period 1 January - 30 June 2017	Revised (Not Reviewed) Prior Period 1 April - 30 June 2017
Other comprehensive income statement					
Net profit/(loss) for the period		**275,512,294**	**280,535,408**	**(69,548,967)**	**(49,447,496)**
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		1,477,156	502,443	9,175,316	(11,310,282)
- Other comprehensive income/(expense) from cash flow hedges		3,101,031	161,571	(972,093)	(972,093)
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	19	(682,227)	(35,546)	194,419	194,419
Other comprehensive income/(expense)		**3,895,960**	**628,468**	**8,397,642**	**(12,087,956)**
Total comprehensive income/(expense)		**279,408,254**	**281,163,876**	**(61,151,325)**	**(61,535,452)**
Allocation of total comprehensive income/(expense)					
Attributable to non-controlling interests		(218,073)	(103,123)	(1,621,118)	(1,799,705)
Attributable to shareholders of the parent company		279,626,327	281,266,999	(59,530,207)	(59,735,747)

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

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 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 adjusment to share capital	Share premiums (discounts)	Hedge instrument gain (loss)	Currency translation differences (1)	Gain (losses) on property revaluation	Gain (losses) on remeasurement of defined benefit plan	Restricted reserves	Retained earnings / (losses) (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	**13**	**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		-	-	-	-	-	-	-	4,366,697	(76,830,530)	72,463,833	-	-	-
Total comprehensive income / (expense)		-	-	-	(777,674)	8,806,482	-	-	-	-	(67,559,015)	(59,530,207)	(1,621,118)	(61,151,325)
- Other comprehensive income (expense)		-	-	-	*(777,674)*	*8,806,482*	-	-	-	-	-	*8,028,808*	*368,834*	*8,397,642*
-Net profit (loss) for the period		-	-	-	-	-	-	-	-	-	*(67,559,015)*	*(67,559,015)*	*(1,989,952)*	*(69,548,967)*
Balances at 30 June 2017	**13**	**552,000,000**	**77,198,813**	**76,944**	**(777,674)**	**66,358,996**	**71,169,629**	**(17,590,552)**	**191,532,907**	**(520,461,036)**	**(67,559,015)**	**351,949,012**	**3,494,594**	**355,443,606**
Balances at 1 January 2018	**13**	**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	-	-	-
Purchase or sale of subsidiary		-	-	-	-	-	-	-	-	-	-	-	(104,659)	(104,659)
Proceeds from changes in ownership interests in subsidiaries that do not result in loss of control		-	-	-	-	-	-	-	-	-	-	-	197,652	197,652
Total comprehensive income / (expense)		-	-	-	2,418,804	1,628,130	-	-	-	-	275,579,393	279,626,327	(218,073)	279,408,254
-Other comprehensive income (expense)		-	-	-	*2,418,804*	*1,628,130*	-	-	-	-	-	*4,046,934*	*(150,974)*	*3,895,960*
-Net profit (loss) for the period		-	-	-	-	-	-	-	-	-	*275,579,393*	*275,579,393*	*(67,099)*	*275,512,294*
Balances at 30 June 2018	**13**	**552,000,000**	**77,198,813**	**76,944**	**1,562,099**	**73,669,749**	**187,778,810**	**(18,617,479)**	**100,928,085**	**(671,268,213)**	**275,579,393**	**578,908,201**	**792,826**	**579,701,027**

(1) 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, 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 the period.

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

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2018

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

	Note References	(Reviewed) Current Period 1 January - 30 June 2018	Revised (Reviewed) Prior Period 1 January - 30 June 2017
CASH FLOWS FROM OPERATING ACTIVITIES		**40,486,036**	**(1,551,101)**
Net profit (loss) for the period		**275,512,294**	**(69,548,967)**
Profit / (loss) from continuing operations		279,362,798	(10,586,681)
Profit (loss) from discontinued operations		(3,850,504)	(58,962,286)
Adjustments to reconcile profit / (loss) for the period		**(249,343,206)**	**98,010,482**
Adjustments related to depreciation and amortization expenses	8, 9	10,576,911	17,644,648
Adjustments related to impairment / (reversal)			
Adjustments related to impairment / (reversal) of receivables	5	8,308,887	8,760,534
Adjustments related to provision for impairment of inventories		245	366,501
Adjustments related to impairment (reversal) of other intangible assets	9	-	56,614,730
Adjustments related to impairment (reversal) of investment property	7	987,426	2,300,400
Adjustments related to provisions			
Adjustments related to (reversal) of provision for employment benefits	10, 12	4,619,243	5,436,175
Adjustments related to litigation and legal provisions (reversal)	10	980,862	1,553,716
Adjustment related to general provisions (reversals)	5	864,625	1,227,739
Adjustment related to other provisions (reversals)		6,008,880	2,498,515
Adjustments related to interest (income) / expense			
Adjustments related to interest income		(1,056,082)	(749,274)
Adjustments related to interest expense	18	12,788,831	19,931,354
Unearned finance income due to term purchases		(4,560,027)	(6,554,725)
Unearned finance revenue due to term sales		15,347,646	1,690,425
Adjustments related to undistributed profits of investments accounted at equity method			
Adjustments related to undistributed profits of associates	6	879,393	844,010
Adjustments related to tax (income) / expense	19	18,543,148	(12,894,044)
Other adjustment related to noncash items		(1,200)	-
Adjustments regarding to (gain) / loss on sale of fixed assets			
Adjustments related to (gain) / loss on sale of tangible assets	16, 17	(1,209,120)	(660,222)
Adjustments related to (gain) / loss on sale of assets held for sale	20	(300,838,136)	-
Adjustments related to profit(Loss) confirmation	20	(21,584,738)	-
Changes in working capital		**17,944,238**	**(22,434,160)**
Adjustments related to (increase) / decrease in trade receivables			
(Increase) / decrease in trade receivables from related parties		(4,832,121)	(2,707,422)
(Increase) / decrease in trade receivables from third parties		(13,367,995)	(13,092,982)
Adjusments related to (increase) / decrease in inventories		(79,576)	635,570
(Increase) / decrease in prepaid expenses		(1,025,128)	(501,803)
Adjustments related to increase / (decrease) in trade payables			
Increase / (decrease) in trade payables to related parties		(4,193,157)	(8,875,811)
Increase / (decrease) in trade payables to third parties		8,761,263	(10,063,251)
Increase / (decrease) in payables related to employee benefits		1,528,469	968,128
Increase / (decrease) in deferred income		37,945,272	9,813,919
Adjustments related to other increase / (decrease) in working capital			
(Increase) / decrease in other assets related to operating activities		(1,887,418)	3,004,430
Increase / (decrease) in other liabilities related to operating activities		(4,905,371)	(1,614,938)

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2018

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

	Note References	(Reviewed) Current Period 1 January - 30 June 2018	Revised (Reviewed) Prior Period 1 January - 30 June 2017
Cash generated from operations		**44,113,326**	**6,027,355**
Employment benefits paid	10, 12	(7,490,479)	(7,656,551)
Payments related to other provisions	10	(120,320)	(1,622,989)
Taxes returns / (payments)	19	(2,119,393)	(1,221,461)
Other cash inflows / (outflows)	5	6,102,902	2,922,545
CASH FLOWS FROM INVESTING ACTIVITIES		**149,473,120**	**5,733,279**
Cash inflows from the sale of asset held for sale	20, 21	147,862,599	-
Cash inflows from sale of tangible, intangible assets and investment properties	7, 8, 9	11,514,068	14,592,458
Cash outflows from purchase of tangible, intangible assets and investment properties			
Purchases of tangible assets	8	(5,904,259)	(3,940,645)
Purchases of intangible assets	9	(5,056,570)	(5,667,808)
Dividends received		1,200	-
Interests received		1,056,082	749,274
CASH FLOWS FROM FINANCING ACTIVITIES		**(239,762,457)**	**4,498,184**
Cash flows from changes in ownership of an affiliate not resulting loss of control			
Cash inflows from changes in ownership of an affiliate not resulting loss of control		197,652	-
Cash inflows from borrowing			
Bank borrowings utilized	4	19,619,287	150,911,444
Cash outflow related to payments of debt			
Bank borrowings paid	4	(246,788,545)	(126,526,473)
Interests paid	18	(12,788,831)	(19,931,355)
Other cash inflows / (outflows)		(2,020)	44,568
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF EXCHANGE RATE CHANGES		**(49,803,301)**	**8,680,362**
Effects of exchange rate changes on cash and cash equivalents		(1,430,794)	(1,232,115)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**(51,234,095)**	**7,448,247**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**65,946,767**	**24,295,720**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**14,712,672**	**31,743,967**

The accompanying notes form an integral part of these condensed 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.

As stated in Note 13, Doğan Şirketler Grubu Holding A.Ş., which has 552,000,000 shares registered in its shares, representing 77.66% of the issued capital of Hürriyet, has transferred to Demirören Medya Yatırımları Ticaret A.Ş. ("Demirören Medya") on 16 May 2018. The share transfer was completed with the extraordinary general meeting held on 6 June 2018. As a result of this transaction, Demirören Media became the main shareholder of the Company.

The ultimate shareholder of the company is the Demirören family.

The number of employees of the Group as of 30 June 2018 is 1,271 (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 Depositary of Turkey (CSD); shares representing 22.32% as of 30 June 2018 (31 December 2017: 22.34%) of Hürriyet are accepted as "in circulation". As of the date of the report, this ratio is 22.32% (Note 13).

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
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

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

Subsidiaries (Continued)

The Company, on the basis of the decision of the Board of Directors dated 29 June 2018, has resigned from the process of selling and transferring the shares of Hurriyet Invest B.V.'s, the direct affiliate of the company registered in Holland representing 100% of its fully paid-up capital amounting to 376.206.949,00 Euro to Fatih Berber over a total of 1 (one) Euro price, due to a controversy on the terms of the contract with the Board of Directors decision on 8 August 2018. For this reason, Hurriyet Invest B.V. and its affiliates are consolidated in financial statements prepared as of 30 June 2018.

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

Financial statements were prepared in accordance with TAS 34 "Interim Financial Reporting" in accordance with CMB Communiqué Serial XII, 14.1 and announcements explaining this Communiqué. In the interim condensed consolidated financial statements, the financial statements have been presented in accordance with the "Announcement on TAS Taxonomy" issued by the CMB on 2 June 2016 and the formats specified in the Financial Statement Examples and Use Guidelines issued by the CMB.

The entities are free to prepare the full-set or condensed interim financial statements in accordance with TAS 34 standards. In this framework, the Company has preferred to prepare the financial statements in the summary console in the interim periods. These interim period condensed financial statements should be evaluated together with the consolidated financial statements for the year ended 31 December 2017.

The Group records its statutory accounting records in the Tax Legislation and T.C. (Accounting System Implementation General Communiqué) published by the Ministry of Finance in accordance with the Turkish Lira.

Consolidated financial tables are prepared on the historical cost basis except for 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 Principle of consolidation and equity accounting 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 Principle of consolidation and equity accounting method (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 Principle of consolidation and equity accounting method (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 30 June 2018 and 31 December 2017 are as follows:

	Proportion of voting power held by Hürriyet and its Subsidiaries (%)		Effective ownersihp interest (%)	
Subsidiaries	**30 June 2018**	**31 December 2017**	**30 June 2018**	**31 December 2017**
Yenibiriş	100.00	100.00	100.00	100.00
Glokal [(1)]	-	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

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

2.1 Basis of presentation (Continued)

2.1.3 Principle of consolidation and equity accounting method (Continued)

(a) Subsidiaries (Continued)

(1) The subsidiary was sold to Glocal Invest BV on 14 May 2018.

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

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

(4) The subsidiary has been liquidated as of 3 July 2018.

(5) The subsidiary has been liquidated as of 3 July 2018.

(6) The subsidiary ceased its operations in 2012.

(7) The subsidiary decided to discontinue its digital platform operations with the board of director decision dated on 22 November 2017.

(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.

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 do not 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.

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

2.1 Basis of presentation (Continued)

2.1.3 Principle of consolidation and equity accounting method (Continued)

(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.

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 financial statements of the Group's condensed consolidated financial statements are prepared comparatively with the previous period to allow for the determination of the financial position and performance trends. The Group has prepared the consolidated financial statement at 30 June 2018 and the consolidated statement of financial position at 31 December 2017; the profit or loss for the period between 1 January - 30 June 2018 and the statement of changes in statement of cash flows and statement of changes in equity have been prepared in comparison with the related financial statements for the interim period 1 January - 30 June 2017.

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 - 30 June 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 share transfer of Glokal was completed on 14 May 2018 and the activities in the period up to the completion of the sales transaction were classified as discontinued operations. In this context, the Group has presented related activities as discontinued operations to be in conformity with presentation of statement of profit or loss and related notes of the current period financial statements at interim period 1 January - 30 June 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 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 as of 30 June 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 as of 30 June 2018.
- The "Dealer Contribution Expense" amounting to TRY 2,346,052 reclassified under "Marketing Expense" in the consolidated income statement for the period 1 January - 30 June 2017, has been reclassified as "Revenue" in the related period in order to comply with the financial statements as of 30 June 2018.

First transition to TFRS 15, "Revenues from the contracts with the customers" standard

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.

First transition to TFRS 9, "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.

(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)

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

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

The effects of the changes in application of TRFS 9 to the consolidated financial statements for the period ended 30 June 2018 are below:

30 June 2018	Reported	Adjustments	Balances before the standards applied
Consolidated statement of financial position			
Trade receivables	165,687,638	(2,282,515)	167,970,153
Deferred tax asset	1,899,716	502,153	1,397,563
Consolidated profitor loss statement and other comprehensive income statement			
Other operating expenses	(27,989,280)	(2,282,515)	(25,706,765)
Deferred tax income	1,908,945	502,153	1,406,792
Consolidated cash flow statement			
Profit for the period from continuing operations	279,362,798	(1,780,361)	281,143,159

(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)

The effects of the changes in applying TFRS 9 and TFRS 15 to the consolidated financial statements as at 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)**

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 30 June 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.

- TFRS 15, "Receiving from customer contracts"; Effective for annual reporting periods beginning on or after 1 January 2018. The compliance effort with Accepted Accounting Standards in the United States was intended to provide financial reporting of the resulting new standard revenue and comparability of the total income of the financial statements on a worldwide basis.

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)

a) The new standards, amendments and interpretations which are effective for the financial statements as of 30 June 2018:

- Amendments to TFRS 15, "Revenue from customer contracts" standard; Effective for annual reporting periods beginning on or after 1 January 2018. These amendments include disclosures for implementation guidance that sets performance (performance) obligations, accounting for intellectual property licenses, and evaluation of the entity's equity (gross revenue versus net revenue presentation). New and modified explanatory examples have been added for each of these areas in the implementation guidance. The IASB has also included additional practical measures related to the transition to the new revenue standard.

- Amendments to TFRS 4, "Insurance Contracts"; effective from annual periods beginning on or after 1 January 2018. These amendments introduce two approaches to insurance companies: an overlay approach and 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.

- 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 TFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

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)

a) The new standards, amendments and interpretations which are effective for the financial statements as of 30 June 2018 (Continued):

- Annual improvements 2014-2016**;** effective from annual periods beginning on or after 1 January 2018.

  - 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 interpretation addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice.

b) Standards, amendments and interpretations published as of 30 June 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 TFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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 30 June 2018 but not effective yet (Continued):

- TFRS Interpretation 23, "Uncertainties in tax practices"; Effective for annual reporting periods beginning on or after January 1, 2019. This interpretation clarifies some of the uncertainties in the application of TAS 12 Income Tax Standard. IFRS Interpretation Committee clarified that if uncertainty in tax practices had previously been applied, the uncertainty should apply to TAS 37 "Provisions, Contingent Liabilities and Contingent Assets" standard instead of TAS 12. TFRS Interpretation 23 provides guidance on how to measure and account for deferred tax calculations when there are uncertainties in income taxes.

  Tax application uncertainty arises when a tax application by a company is unknown to the tax authority. For example, especially if an expense is recognized as a deduction or if the tax return is uncertain in the tax statement regarding whether or not to include a certain amount in the tax calculation. TFRS Interpretation 23 is a vague tax practice is uncertain; taxable income, expense, asset or liability, tax base and tax rates.

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

  - 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

The financial statements for the interim period ended on 30 June 2018 are prepared in accordance with TAS 34, "Interim Financial Reporting" for the preparation of TFRS interim period financial statements. In addition, the financial statements as of 30 June 2018 have been prepared by applying the accounting policies consistent with the accounting policies applied during the preparation of the financial statements at 31 December 2017 for the year ended 31 December 2017, except for the accounting policy changes required by TFRS 9 and TFRS 15 standards. Therefore, the financial statements in this attached interim summary should be evaluated together with the financial statements at the end of the year ended 31 December 2017.

The changes in significant accounting policies used in the preparation of the Consolidated Financial Statements are summarized below:

2.2.1 Revenue recognition

When the Group fulfills its obligation to perform the assignment by transferring a promised good or service to the customer, the group receives the financial statements as output. When the control of an asset is passed (or passed) by the customer, the asset is transferred.

The Group obtains financial statements in accordance with the following 5 basic principles:

- Determination of customer contracts
- Determination of performance obligations in contracts
- Determination of transaction prices in contracts
- Distribution of the transaction price to performance obligations in the contract
- Recognizing revenue when each performance obligation is fulfilled

The Group recognizes a contract with the customer as a revenue if all of the following conditions are met:

- The parties to the agreement have endorsed the contract (in accordance with written, oral or other commercial conventions) and committed to their own performance,
- The Group can identify the rights of each party to the goods or services to be transferred,
- The Group is able to define the payment conditions for the goods or services to be transferred,
- The Convention is inherently commercial,
- It is probable that the Group will collect compensation for the goods or services to be transferred to the customers.

The Group considers only the ability of the customer to pay in this price range and the intention to do so when assessing whether the collectibility of a consideration is probable.

At the beginning of the contract, the Group evaluates the goods or services it promises to the contract with the customer and defines each commitment to transfer the customer as the obligation to act as follows:

a) different goods or services (goods or services package) or
b) a series of different goods or services that show great similarity and follow the same method at the time of the customer transfer

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

2.2 Summary of significant accounting policies (Continued)

2.2.1 Revenue recognition (Continued)

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

a) Each different goods or service in the series to which the Group is committed to assign to the customer constitutes a performance obligation to be completed over time, meeting the necessary conditions.

b) In accordance with the related paragraphs of the Standard, the same method shall be used to measure the progress of the Group in respect of the fulfillment of the obligation of performance of each different goods or services constituting a unit.

The fulfillment obligations of the Group are explained below:

Obligation of Conduct	Context
Advertising Revenue	The Group's advertising revenues consist mainly 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 fulfillment obligation is fulfilled (as advertised). Unpublished portions of advertisements are recognized in the statement of financial position as a contractual obligation.
Subcontracted Printing Revenue	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 Sales (Circulation) Revenues	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.

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.

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

2.2 Summary of significant accounting policies (Continued)

2.2.1 Revenue recognition (Continued)

The Group is a agent for some of the products and services it provides in its "Yakala.co" contracts that companies have agreed to in accordance with their digital marketing strategies. When the Group fulfills the obligation of performance for these contracts which it considers to be a agent, 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 principle 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 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.

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

2.2 Summary of significant accounting policies (Continued)

2.2.1 Revenue recognition (Continued)

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 as 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).

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.

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

2.2 Summary of significant accounting policies (Continued)

2.2.1 Revenue Recognition (Continued)

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 contractual assets and liabilities in the statement of financial position as "contract asset" and "contractual obligation" in the balance sheet.

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.

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 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 Equivalents". In addition to that, the trade receivables which are taken from factoring firm are classified in the financial assets accounted at amortized cost because its collection risk is not transferred.

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

2.2 Summary of significant accounting policies (Continued)

2.2.2 Financial assets (Continued)

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 do not have significant funding component. In the case of unimpairment in the trade receivable due to any certain reasons, the Group consider that 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 Asset 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 Asset 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.

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 5).

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.

(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)

2.2.3 Trade receivables and provision for doubtful receivables (Continued)

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.

Instead of "realised credit losses model" of TAS 39, "Financial Instruments" standard which is valid before 1 January 2018, "expected credit loss model" was defined in accordance with 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.

The Group uses "provision matrix" to calculate the expected credit losses of trade receivables. According to the overdue maturities of trade receivables, certain provision rates are calculated and these ratios are revised each reporting period, if necessary.The change related to the expected credit loss is recorded under other operating income/expense.

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 recognized under other operating income following the deduction from total provision amount.

NOTE 3 - SEGMENT REPORTING

a) Segmental analysis for the period between 1 January - 30 June 2018:

	Turkey	Russia and EE (*)	Europe	Total
Sales	197,634,957	5,838,961	20,102,922	223,576,840
Cost of sales (-)	(119,836,991)	(3,784,836)	(18,393,102)	(142,014,929)
Gross profit / (loss)	**77,797,966**	**2,054,125**	**1,709,820**	**81,561,911**
Marketing expenses (-)	(40,128,706)	(35,965)	-	(40,164,671)
Losses from investments accounted by the equity method (-)	(879,393)	-	-	(879,393)
Net segment result	**36,789,867**	**2,018,160**	**1,709,820**	**40,517,847**
General administrative expenses (-)				(36,770,001)
Other operating income				34,839,069
Other operating expenses (-)				(27,989,280)
Finance expenses (-)				(15,505,278)
Income from investing activities				304,610,411
Expense from investing activities (-)				(1,665,576)
Profit (loss) before tax from continuing operations				**298,037,192**
Tax income (expense) for the period				(20,583,339)
Deferred tax income (expense)				1,908,945
Profit (loss) for the period from continuing operations				**279,362,798**

(*) 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 20.

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

NOTE 3 - SEGMENT REPORTING (Continued)

b) Segmental analysis for the period between 1 April - 30 June 2018:

	Turkey	Russia and EE (*)	Europe	Total
Sales	99,298,310	4,261,779	10,535,023	114,095,112
Cost of sales (-)	(61,659,388)	(2,627,153)	(9,883,210)	(74,169,751)
Gross profit / (loss)	**37,638,922**	**1,634,626**	**651,813**	**39,925,361**
Marketing expenses (-)	(19,785,010)	(20,312)	-	(19,805,322)
Losses from investments accounted by the equity method (-)	(519,062)	-	-	(519,062)
Net segment result	**17,334,850**	**1,614,314**	**651,813**	**19,600,977**
General administrative expenses (-)				(16,316,292)
Other operating income				20,873,680
Other operating expenses (-)				(19,930,806)
Finance expenses (-)				(6,278,943)
Income from investing activities				303,123,940
Expense from investing activities (-)				(71,499)
Profit/(loss) before tax				**301,001,057**
Tax expenses for the period				(20,457,305)
Deferred tax income				3,909,385
Loss for the period				**284,453,137**

(*) 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 20.

c) Segmental analysis for the period between 1 January - 30 June 2017:

	Turkey	Russia and EE (*)	Europe	Total
Sales	217,272,044	6,100,609	17,679,387	241,052,040
Cost of sales (-)	(130,234,549)	(3,676,494)	(15,721,145)	(149,632,188)
Gross profit/(loss)	**87,037,495**	**2,424,115**	**1,958,242**	**91,419,852**
Marketing expenses (-)	(39,579,559)	(218,162)	-	(39,797,721)
Losses from investments accounted by the equity method (-)	(844,010)	-	-	(844,010)
Net segment result	**46,613,926**	**2,205,953**	**1,958,242**	**50,778,121**
General administrative expenses (-)				(38,310,235)
Other operating income				14,881,369
Other operating expenses (-)				(16,559,294)
Finance expenses (-)				(20,650,160)
Income from investing activities				5,555,522
Expense from investing activities (-)				(5,946,336)
Profit/(loss) before tax from continuing operations				**(10,251,013)**
Tax income (expense) for the period				(431,761)
Deferred tax income (expense)				96,093
Profit/(loss) for the period from continuing operations				**(10,586,681)**

(*) 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 20.

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

NOTE 3 - SEGMENT REPORTING (Continued)

d) Segmental analysis for the period between 1 April - 30 June 2017:

	Turkey	Russia and EE (*)	Europe	Total
Sales	112,679,155	4,260,314	8,729,866	125,669,335
Cost of sales (-)	(65,068,766)	(2,379,266)	(8,416,812)	(75,864,844)
Gross operating profit	**47,610,389**	**1,881,048**	**313,054**	**49,804,491**
Marketing expenses (-)	(20,368,257)	(175,054)	-	(20,543,311)
Losses from investments accounted by the equity method (-)	(328,033)	-	-	(328,033)
Net segment result	**26,914,099**	**1,705,994**	**313,054**	**28,933,147**
General administrative expenses (-)				(17,429,924)
Other operating income				5,472,599
Other operating expenses (-)				(6,018,638)
Finance expenses (-)				(9,784,197)
Income from investing activities				2,643,449
Expense from investing activities (-)				(5,579,605)
Profit/(loss) before tax				**(1,763,169)**
Tax expenses for the period				(431,761)
Deferred tax income				2,828,381
Profit / (loss) for the period				**633,451**

(*) 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 20.

e) Segment assets:

	30 June 2018	31 December 2017
Turkey	773,703,678	699,810,751
Russia and EE	10,362,349	11,933,772
Europe	56,501,536	48,158,995
	840,567,563	**759,903,518**
Unallocated assets (1)	2,287,016	2,106,647
Investments accounted by the equity method (Note 6)	7,431,641	7,124,215
Total assets per consolidated financial statements	**850,286,220**	**769,134,380**

(1) Group's assets other than segment assets include VAT receivables, prepaid taxes and funds (Note 19) and deferred tax assets (Note 19).

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

NOTE 3 - SEGMENT REPORTING (Continued)

f) Segment liabilities

	30 June 2018	31 December 2017
Turkey	110,400,541	93,901,600
Russia and EE	5,174,802	6,787,552
Europe	17,630,686	19,331,442
	133,206,029	**120,020,594**
Unallocated liabilities [1]	137,379,164	346,006,876
Total liabilities per consolidated financial statements	**270,585,193**	**466,027,470**

[1] Group's liabilities other than segment liabilities are composed of financial borrowings (Note 4), short term provisions (Note 10), long term employee termination benefits (Note 12), current tax liability and deferred tax liabilities (Note 19).

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

<u>Purchase of Property, plant and equipment, intangible assets and investment property:</u>

	1 January - 30 June 2018	1 January - 30 June 2017
Turkey	18,057,777	16,992,307
Russia and EE	-	3,175,722
Europe	23,478	11,586
Total	**18,081,255**	**20,179,615**

<u>Depreciation and amortization charges:</u>

	1 January - 30 June 2018	1 January - 30 June 2017
Turkey	10,098,464	12,138,386
Russia and EE	39,177	4,631,127
Europe	439,270	875,135
Total	**10,576,911**	**17,644,648**

h) Non-cash other income and expenses:

	1 January - 30 June 2018			
	Turkey	Russia and EE	Europe	Total
Provision for impairment of investment property (Note 7)	(987,426)	-	-	(987,426)
Provision of employee termination benefit and unused vacation (Note 10, 12)	(4,619,243)	-	-	(4,619,243)
Provision for doubtful receivables (Note 5)	(7,327,340)	-	-	(7,327,340)
Provision of legal claims (Note 10)	(1,603,975)	-	-	(1,603,975)
Provision of inventory	(245)	-	-	(245)
	(14,538,229)	-	-	**(14,538,229)**

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

NOTE 3 - SEGMENT REPORTING (Continued)

	1 January - 30 June 2017			
	Turkey	Russia and EE	Europe	Total
Provision for impairment of investment property (Note 7)	(2,300,400)	-	-	(2,300,400)
Provision of employee termination benefit and unused vacation (Note 10, 12)	(4,520,007)	(916,168)	-	(5,436,175)
Provision for doubtful receivables (Note 5)	(6,807,816)	(54,621)	-	(6,862,437)
Provision of legal claims (Note 10)	(1,553,716)	-	-	(1,553,716)
Provision of inventory	(366,501)	-	-	(366,501)
	(15,548,440)	**(970,789)**	**-**	**(16,519,229)**

i) 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 20.

NOTE 4 - SHORT TERM AND LONG TERM BORROWINGS

The details of financial borrowings at 30 June 2018 and 31 December 2017 are as follows:

Short-term borrowings:	**30 June 2018**	**31 December 2017**
Short-term bank borrowings	4,778,280	10,550,732
	4,778,280	**10,550,732**
Short term portion of long-term financial liabilities	34,192,612	101,139,261
Total	**38,970,892**	**111,689,993**

Long-term borrowings:	**30 June 2018**	**31 December 2017**
Long-term bank borrowings	-	150,478,785
Total	**-**	**150,478,785**

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

NOTE 4 - SHORT TERM AND LONG TERM BORROWINGS (Continued)

Bank borrowings:

The details of bank borrowings at 30 June 2018 and 31 December 2017 are as follows:

	Effective interest rate (%)		Original foreign currency		TRY	
	30 June 2018	**31 December 2017**	**30 June 2018**	**31 December 2017**	**30 June 2018**	**31 December 2017**
Short-term bank borrowings						
- Euro	5.00	-	900,000	-	4,778,280	-
- TRY [(2)]	-	14.80	-	1,022,788	-	1,022,788
- Russian Ruble [(1)]	-	12.51	-	145,500,000	-	9,527,944
Sub-total					**4,778,280**	**10,550,732**
Short-term portion of long-term bank borrowings						
- TRY	-	12.49	-	100,537,860	-	100,537,860
- Euro	-	5.71	-	133,186	-	601,401
- Russian Ruble	12.32	-	470,500,000	-	34,192,612	-
Sub-total					**34,192,612**	**101,139,261**
Total short-term bank borrowings					**38,970,892**	**111,689,993**
Long-term bank borrowings						
- TRY	-	13.69	-	121,665,822	-	121,665,822
- Russian Ruble [(1)]	-	12.33	-	440,000,000	-	28,812,963
Total long-term bank borrowings					**-**	**150,478,785**

(1) As of 30 June 2018, TRY 34,192,612 is related to "Discontinued Operations" (TRY 9,527,944 as of 31 December 2017 and TRY 28,812,963 of long-term loans are related to "Discontinued Operations").

(2) The Group has no TRY denominated loans as of 30 June 2018.

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

NOTE 4 - SHORT TERM AND LONG TERM BORROWINGS (Continued)

Bank borrowings (Continued):

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

Year	30 June 2018	31 December 2017
2019	-	135,323,943
2020	-	15,154,842
Total	**-**	**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	30 June 2018	31 December 2017
Up to 6 months	38,970,892	50,540,664
6-12 months	-	61,149,329
1 to 5 years	-	150,478,785
Total	**38,970,892**	**262,168,778**

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

As of 30 June 2018, the Group has no bank loans with floating interest rates (31 December 2017: None).

Net borrowing reconciliation

Net financial borrowing reconciliation as of 30 June 2018 and 31 December 2017 is as follows:

	30 June 2018	31 December 2017
Cash and cash equivalents	14,712,672	65,946,767
Borrowings - due within one year	(38,970,892)	(111,689,993)
Borrowings - due after one year	-	(150,478,785)
	(24,258,220)	**(196,222,011)**

2018	Borrowings due within one year	Borrowings due after one year	Total
Financial borrowings as at 1 January	(111,689,993)	(150,478,785)	(262,168,778)
Cash flow effect	76,690,473	150,478,785	227,169,258
Foreign currency translation differences	(3,971,372)	-	(3,971,372)
Financial borrowings as at 30 June	**(38,970,892)**	**-**	**(38,970,892)**

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

NOTE 5 - TRADE RECEIVABLE AND PAYABLES

Short-term trade receivables net-off of unearned finance income at 30 June 2018 and 31 December 2017 are as follows:

Short-term receivables from third parties:

	30 June 2018	31 December 2017
Trade receivables	185,598,209	248,515,051
Credit cards receivables	4,227,382	3,787,318
Notes and cheques receivable	1,825,661	1,614,697
Income accruals	1,003,934	1,868,559
Unearned finance income due from term sales	(3,624,258)	(7,010,597)
Less: Provision for doubtful receivables	(64,058,707)	(64,405,568)
Total	**124,972,221**	**184,369,460**

According to a revocable factoring agreement signed with Doruk Faktoring, trade receivables resulting from advertisements, amounting to TRY 100,290,742 (31 December 2017: TRY 115,560,486) are followed up by Doruk Faktoring. The 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 60 days (31 December 2017: 90 days). The unearned finance income due from term sales related to the receivables followed up by Doruk Faktoring is TRY 2,022,217 (31 December 2017: TRY 5,127,989) and the compound interest rate is 18.48% 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 30 June 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 opening effect of TFRS 9 (*)	(3,727,090)	-
Reporting	**(68,132,658)**	**(46,020,143)**
Additions during the period	(7,327,340)	(6,862,437)
Collections and reversals during the period	6,102,902	2,922,545
Sale of subsidiary	6,410,789	-
Expected credit loss (*)	(581,853)	-
Collections and provisions related to discontinued operations	(399,694)	(1,898,097)
Currency translation differences	(130,853)	(71,257)
30 June	**(64,058,707)**	**(51,929,389)**

(*) The effect of IFRS 9 amounting to TRY 2,026,428 in doubtful provision is related with Glokal.

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

NOTE 5 - TRADE RECEIVABLE AND PAYABLES (Continued)

Short term trade payables to third parties:

Trade payables at 30 June 2018 and 31 December 2017 are as follows:

	30 June 2018	31 December 2017
Short-term trade payables and notes payable	46,602,379	47,201,033
Expense accruals	2,470,558	3,796,067
Unrealized financial expenses due to term purchases	(677,999)	(634,353)
Total	**48,394,938**	**50,362,747**

As of 30 June 2018, average turnover date of Group's trade payables is 34 days (31 December 2017: 36 days). As of 30 June 2018, unrealized financial expense due to term purchases is TRY 677,999 (31 December 2017: TRY 634,353) and the compound interest rate is 18.48% 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.

NOTE 6 - INVESTMENTS ACCOUNTED BY THE EQUITY METHOD

As of 30 June 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	30 June 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 30 June 2018 is as follows:

1 January - 30 June 2018	Total assets	Total liabilities	Net assets	Net sales	Net loss for the period
Dogan Media	10,187,064	2,755,423	7,431,641	2,672,212	(879,393)
	10,187,064	**2,755,423**	**7,431,641**	**2,672,212**	**(879,393)**

The summary of Group's share of the financial statements of the investments accounted by the equity method at 30 June 2017 is as follows:

1 January - 30 June 2017	Total assets	Total liabilities	Net assets	Net sales	Net loss for the period
Dogan Media	8,488,361	(1,493,555)	9,982,016	5,178,030	(844,010)
	8,488,361	**(1,493,555)**	**9,982,016**	**5,178,030**	**(844,010)**

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

NOTE 7 - INVESTMENT PROPERTY

The movements in investment property as of 30 June 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	-	(5,230,000)	(5,230,000)
Change in fair value adjustment	-	(987,426)	(987,426)
Currency translation differences	-	93,755	93,755
30 June 2018	**120,218,265**	**53,257,836**	**173,476,101**

	Lands	**Buildings** [1]	**Total**
1 January 2017	**172,682,904**	**54,982,813**	**227,665,717**
Additions	-	10,571,162	10,571,162
Disposal	-	(15,573,944)	(15,573,944)
Change in fair value adjustment	(973,000)	(1,327,400)	(2,300,400)
Currency translation difference	-	(3,391)	(3,391)
30 June 2017	**171,709,904**	**48,649,240**	**220,359,144**

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

As of 30 June 2018 and 31 December 2017, there are no mortgages on investment properties.

The Group's rent income from investment properties amounted to TRY 2,159,263 as of 30 June 2018 (30 June 2017: TRY 1,758,468) (Note 16). The Group's direct operating expenses arising from the investment properties in the period amounted to TRY 99,345 (30 June 2017: TRY 63,476).

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

NOTE 7 - INVESTMENT PROPERTY (Continued)

The information and fair value hierarchy level classification of lands and buildings are as follows 30 June 2018 and 31 December 2017:

		Fair valueas at reporting date		
	30 June 2018	**Level 1 TRY**	**Level 2 TRY**	**Level 3 TRY**
Land	120,218,265	-	120,218,265	-
Building	53,257,836	-	53,257,836	-

		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 30 June 2018 has not been obtained.

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

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT

The movements of property, plant and equipment and related accumulated depreciation for the period ended 30 June 2018 are as follows:

	1 January 2018	Currency translation differences	Additions	Disposals	Transfers	Disposal of subsidiary [1]	30 June 2018
Cost							
Land and land improvements	159,445,990	2,804,317	-	-	-	-	162,250,307
Buildings	46,321,552	2,540,408	170,589	-	-	-	49,032,549
Machinery and equipment	604,411,584	18,249,940	487,930	(234,087)	-	(47,926)	622,867,441
Motor vehicles	6,877,448	-	-	(5,957,306)	-	-	920,142
Furnitures and fixtures	43,551,743	707,484	1,345,762	(346,905)	-	(1,327,261)	43,930,823
Leasehold improvements	14,250,572	-	277,118	-	-	(747,646)	13,780,044
Other tangible assets	3,057,957	538,379	11,761	-	-	-	3,608,097
Construction in progress	2,558,748	3,333	3,611,099	-	(570,148)	-	5,603,032
	880,475,594	**24,843,861**	**5,904,259**	**(6,538,298)**	**(570,148)**	**(2,122,833)**	**901,992,435**
Accumulated amortization							
Buildings	(1,877)	-	-	-	-	-	(1,877)
Machinery and equipments	(574,117,072)	(17,991,645)	(4,892,096)	182,030	-	31,030	(596,787,753)
Motor vehicles	(2,599,977)	-	(393,515)	2,486,634	-	-	(506,858)
Furnitures and fixtures	(38,575,655)	(642,644)	(1,261,039)	301,922	-	725,614	(39,451,802)
Leasehold improvements	(9,942,741)	-	(488,652)	-	-	732,918	(9,698,475)
Other tangible assets	(1,736,657)	(316,751)	(154,524)	-	-	-	(2,207,932)
	(626,973,979)	**(18,951,040)**	**(7,189,826)**	**2,970,586**	**-**	**1,489,562**	**(648,654,697)**
Net book value	**253,501,615**						**253,337,738**

(1) As explained in Note 20, the Group's subsidiary Glokal has been sold to Glocal Invest BV on 14 May 2018 by the decision of the Group Parent Company on 6 April 2018.

As at 30 June 2018 and 31 December 2017 there are no tangible fixed assests in machinery and equipment group which have been acquired through leasing.

At 30 June 2018, there are mortgages on property, plant and equipment amounting to TRY 26,546,000 (31 December 2017: TRY 22,577,500) (Note 11).

At 30 June 2018 depreciation expense amounting to TRY 5,403,609 (30 June 2017: TRY 8,482,296) is accounted under cost of sales (Note 14), amounting to TRY 1,729,829 (30 June 2017: TRY 2,842,960) is accounted under marketing and general administrative expenses (Note 15). As of 30 June 2018, depreciation expense amounting to TRY 56,388 is classified to discontinued operations (30 June 2017: TRY 121,966).

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

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT (Continued)

The movements of property, plant and equipment and related accumulated depreciation for the interim period ended 30 June 2017 are as follows:

	1 January 2017	Currency translation differences	Additions	Disposals	30 June 2017
Cost					
Land and land improvements	25,687,467	827,993	-	-	26,515,460
Buildings	99,088,044	2,698,717	775,909	-	102,562,670
Machinery and equipment	580,571,195	6,690,499	575,541	(117,781)	587,719,454
Motor vehicles	7,664,799	-	199,915	(987,266)	6,877,448
Furnitures and fixtures	48,641,305	371,041	452,044	(1,850,942)	47,613,448
Leasehold improvements	13,371,109	5,171	169,903	-	13,546,183
Other tangible assets	2,512,394	198,492	-	-	2,710,886
Construction in progress	748,547	1,387	1,767,333	(16,205)	2,501,062
	778,284,860	**10,793,300**	**3,940,645**	**(2,972,194)**	**790,046,611**
Accumulated amortization					
Land and land improvements	(604,691)	-	(14,188)	-	(618,879)
Buildings	(48,272,145)	(1,770,294)	(2,074,113)	-	(52,116,552)
Machinery and equipment	(545,365,544)	(6,616,761)	(6,028,960)	113,833	(557,897,432)
Motor vehicles	(2,182,455)	-	(620,998)	819,251	(1,984,202)
Furnitures and fixtures	(41,906,804)	(317,651)	(1,857,240)	1,593,531	(42,488,164)
Leasehold improvements	(8,683,218)	(5,148)	(727,191)	-	(9,415,557)
Other tangible assets	(1,193,241)	(96,538)	(124,532)	-	(1,414,311)
	(648,208,098)	**(8,806,392)**	**(11,447,222)**	**2,526,615**	**(665,935,097)**
Net book value	**130,076,762**				**124,111,514**

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

NOTE 9 - INTANGIBLE ASSETS

The movements of intangible assets and related accumulated amortization for the interim period ended 30 June 2018 are as follows:

	1 January 2018	Currency translation differences	Additions	Disposals	Transferler	Disposal of subsidiary (3)	30 June 2018
Cost							
Trade names and licenses	44,153,511	4,393,773	-	-	-	-	48,547,284
Customer list	260,233,900	36,140,280	-	-	-	-	296,374,180
Computer software and rights	75,737,317	9,558,664	2,284,285	-	-	(3,442,474)	84,137,792
Internet domain names (2)	15,789,329	918,099	-	(11,942,434)	-	-	4,764,994
Other intangible assets (1)	8,531,625	-	2,772,285	-	570,148	(2,318,170)	9,555,888
	404,445,682	**51,010,816**	**5,056,570**	**(11,942,434)**	**570,148**	**(5,760,644)**	**443,380,138**
Accumulated amortization							
Trade names and licenses	(38,832,743)	(3,331,737)	(7,615)	-	-	-	(42,172,095)
Customer list	(260,233,900)	(36,140,280)	-	-	-	-	(296,374,180)
Computer software and rights	(70,444,928)	(9,322,221)	(1,132,606)	-	-	2,175,687	(78,724,068)
Internet domain names	(12,921,283)	(935,880)	-	9,092,169	-	-	(4,764,994)
Other intangible assets	(3,735,495)	-	(2,246,864)	-	-	230,371	(5,751,988)
	(386,168,349)	**(49,730,118)**	**(3,387,085)**	**9,092,169**	**-**	**2,406,058**	**(427,787,325)**
Net book value	**18,277,333**						**15,592,813**

(1) As of 30 June 2018, website development costs amouting to TRY 1,060,263 capitalized under "other intangible assets" and amortized on a straight-line basis over their useful life. (31 December 2017: TRY 3,328,090)

(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 20, 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 of 30 June 2018 the total cost of trademark and licenses with indefinite useful life is TRY 5,078,445 (30 June 2017: TRY 197,551,496). 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 2,183,374 has been included cost of sales (Note 14) (30 June 2017: 1,131,902) and TRY 698,952 in marketing and general administrative expenses as of 30 June 2018 (Note 15) (30 June 2017: TRY 431,769). As of 30 June 2018, amortisation expense amounting to TRY 504,759 is classified into discontinued operations (30 June 2017: TRY 4,633,755).

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

NOTE 9 - INTANGIBLE ASSETS (Continued)

The movements in intangible assets and related accumulated amortization for the interim period ended 30 June 2017 are as follows:

	1 January 2017	Currency translation differences	Additions	Disposals	Impairment	30 Haziran 2017
Cost						
Trade names and licenses	252,465,044	5,941,542	-	-	(23,120,717)	235,285,869
Customer list	272,772,032	8,227,828	-	(4,199,732)	(33,494,013)	243,306,115
Computer software and rights	81,097,693	320,773	700,134	(2,186,459)	-	79,932,141
Internet domain names	31,402,701	376,074	3,153,380	(275,958)	-	34,656,197
Other intangible assets	3,120,353	-	1,814,294	-	-	4,934,647
	640,857,823	**14,866,217**	**5,667,808**	**(6,662,149)**	**(56,614,730)**	**598,114,969**
Accumulated amortization						
Trade names and licenses	(36,526,314)	(104,470)	(153,174)	-	-	(36,783,958)
Customer list	(232,937,961)	(6,829,201)	(2,316,484)	4,196,394	-	(237,887,252)
Computer software and rights	(72,557,815)	(145,948)	(2,067,489)	1,459,942	-	(73,311,310)
Internet domain names	(18,996,603)	(230,764)	(1,589,835)	275,958	-	(20,541,244)
Other intangible assets	(2,637,315)	-	(70,444)	-	-	(2,707,759)
	(363,656,008)	**(7,310,383)**	**(6,197,426)**	**5,932,294**	**-**	**(371,231,523)**
Net book value	**277,201,815**					**226,883,446**

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

NOTE 10 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

As of 30 June 2018 and 31 December 2017, short term provisions are as follows:

Short Term Provisions of Employment Termination Benefits:

Provision for unused vacation rights

	30 June 2018	31 December 2017
Provision for unused vacation rights	13,504,172	13,381,264
Total	**13,504,172**	**13,381,264**

Movements of provision for unused vacation rights during the periods ended at 30 June 2018 and 2017 are as follows:

	2018	2017
1 January	**13,381,264**	**13,686,035**
Additions during the period	1,417,171	2,169,862
Payments related to provisions	(1,022,386)	(2,827,188)
Sale of subsidiary (Note 20)	(389,042)	-
Currency translation differences	117,165	11,458
30 June	**13,504,172**	**13,040,167**

Other Short Term Provisions

Provision for lawsuit and compensation

	30 June 2018	31 December 2017
Provision for lawsuit and compensation	6,542,716	5,928,728
Provisions for promotion	84,107	17,550
Toplam	**6,626,823**	**5,946,278**

The lawsuits against the Group amounted to TRY 12,653,745 (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 30 June 2018 the Group has set a provision of TRY 6,542,716 for lawsuits (31 December 2017: TRY 5,928,728) but not sure about the payment maturity for the litigation.

As at 30 June 2018 and 31 December 2017, the Group's ongoing lawsuits are as follows:

	30 June 2018	31 December 2017
Legal lawsuits	10,527,179	11,186,876
Labor lawsuits	2,111,748	1,039,747
Commercial lawsuits	14,548	14,548
Total	**12,653,475**	**12,241,171**

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

NOTE 10 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Other Short Term Provisions (Continued)

Provision for lawsuit and compensation (Continued)

Movements of provision for lawsuits for the periods ending 30 June 2018 and 2017 are as follows:

	2018	2017
1 January	**5,928,728**	**5,473,663**
Additions during the period [1]	1,603,975	1,553,716
Payments related to provisions	(120,320)	(1,622,989)
Provision reversed	(623,113)	-
Additions related to discontinued operations	(327,013)	-
Currency translation differences	80,459	1,973
30 June	**6,542,716**	**5,406,363**

(1) As of 30 June 2018, additions related to discontinued operations are included in general administrative expense in operating expenses.

NOTE 11 - COMMITMENTS

CPM's given by the Group

As given in the table below, there are no CPM's given to third parties.

As explained in Note 13, shares belonging to the main shareholder of the Company were purchased by Demirören Media on 16 May 2018. Lenders have the right to place mortgages and pledges on the assets of the Company in the context of shareholder purchase agreement. There is no mortgage or pledge by the lender as of the reporting date.

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 30 June 2018, the Group has unused publication of advertisements commitment amounting to TRY 6,982,932 (31 December 2017: TRY 5,794,651) within these barter contracts. The Group has TRY 2,268,043 amounted receivables as of 30 June 2018 (31 December 2017: TRY 2,247,533) which were invoiced and recognized to financial statements but not yet goods or services were received.

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

NOTE 11 - COMMITMENTS (Continued)

Group's collaterals/pledge/mortgage ("CPM") position as of 30 June 2018 and 31 December 2017 are as follows:

	30 June 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	4,899,379	4,899,379	5,150,911	5,150,911
Russian Ruble	565,000,000	40,843,850	565,000,000	36,764,550
-Warranty notes				
TRY	203,937	203,937	203,937	203,937
Euro	25,000	132,730	25,000	112,888
-Mortgage				
Euro	5,000,000	26,546,000	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	11,401,750	2,500,000	9,429,750
Euro	-	-	-	-
Russian Ruble (2)	860,000,000	62,169,400	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		**149,289,551**		**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 20, colleterals and mortgages are related with discontinued operations.

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

NOTE 12 - PROVISION FOR EMPLOYMENT BENEFITS

Provision for employment termination benefits at 30 June 2018 and 31 December 2017 are as follows:

Long term provisions for employment termination benefits

	30 June 2018	31 December 2017
Provision for employment termination benefits	42,319,919	46,184,398
Total	**42,319,919**	**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 30 June 2018 (31 December 2017: TRY 4,732.48) for each year of service. In employee termination benefits provision calculation Group has taked into consideration the ceiling amount TRY 5,434.42 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.

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 30 June 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.

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

NOTE 12 - PROVISION FOR EMPLOYMENT BENEFITS

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 30 June 2018 and 2017 are as follows:

	2018	2017
1 January	**46,184,398**	**45,199,424**
Service cost during the period	1,218,464	1,312,434
Interest cost during the period	1,983,608	1,953,879
Payments and reversal of provisions during the period	(6,468,093)	(4,829,363)
Decrease related with sale of subsidiary	(598,458)	-
30 June	**42,319,919**	**43,636,374**

NOTE 13 - 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 30 June 2018 and 31 December 2017 are as follows:

	30 June 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.

Doğan Şirketler Grubu Holding A.Ş., which has 552,000,000 units of shares registered by Central Securities Depository of Turkey, representing 77.66% of the issued capital of Hürriyet, has transferred to Demirören Medya. The share transfer was completed with the extraordinary meeting held on 6 June 2018. As a result of this transaction, Demirören Media became the main shareholder of the Company. The ultimate shareholder of the Company is the Demirören Family.

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

NOTE 13 - EQUITY (Continued)

Shareholders	30 June 2018	Share (%)	31 December 2017	Share (%)
Demirören Medya	428,732,788	77.67	-	-
Doğan Holding	-	-	428,616,468	77.65
Other shareholders (BİAŞ ve other shareholders)	123,267,212	22.33	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 22.32% of the shares are in circulaton in accordance with CSD as of 30 June 2018 (31 December 2017: 22.34%) (Note 1). Shares in circulation rate is 22.32% 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.

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

Restricted reserves

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

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

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

NOTE 13 - EQUITY (Continued)

In accordance with TAS, The Company's restricted reserves amounting to TRY 100,928,085 as of 30 June 2018 (31 December 2017: TRY 191,532,907) consist of legal reserves and gain on sale of real estate.

Restricted reserves	**30 June 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 gain of warehouse sale in Trabzon, sale of lands located in Gaziemir and Esenyurt in 2014, gain from sale of investment property in Ankara Cinnah in 2016 and gain of land sale in Muğla Milas and Bağcılar in 2017, amounting to TRY 56,728,014 of total amount that benefits 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.

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:

	30 June 2018	**31 December 2017**
Gain/(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**

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

NOTE 13 - EQUITY (Continued)

Gain/(losses) on 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 187,788,810 under the equity as gain on revaluation of property in its conslidated 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 - 30 June 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)

	30 June 2018	**31 December 2017**
Currency translation differences	73,669,749	72,041,619
Gain (loss) on hedging	1,562,099	(856,705)
Total	**75,231,848**	**71,184,914**

Gain / (loss) from cash flow hedge

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.

NOTE 13 - EQUITY (Continued)

Capital Reserves and Retained Earnings (Continued)

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 Company 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.

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).

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

NOTE 13 - EQUITY (Continued)

Dividend distribution (Continued)

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 1 January 2017 - 31 December 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 calculated in accordance with the CMB profit share guide announced in the Weekly Bulletin dated 27 January 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 1 January 2017 - 31 December 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 TRY 3,649,741 has been transferred to the "Extraordinary Reserves" account is given.

NOTE 14 - SALES AND COST OF SALES

Sales

The detail of sales for the years ended 30 June 2018 and 2017 are as follows:

	1 January - 30 June 2018	1 April- 30 June 2018	1 January - 30 June 2017	1 April- 30 June 2017
Advertising revenue	127,465,749	66,077,317	143,979,583	76,519,416
Circulation and publishing sales	80,941,075	38,357,149	81,094,606	38,247,392
Other	15,170,016	9,660,646	15,977,851	10,902,527
Net sales	**223,576,840**	**114,095,112**	**241,052,040**	**125,669,335**
Cost of sales (-)	(142,014,929)	(74,169,751)	(149,632,188)	(75,864,844)
Gross profit (loss)	**81,561,911**	**39,925,361**	**91,419,852**	**49,804,491**

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

NOTE 14 - SALES AND COST OF SALES (Continued)

	Printing Media 1 January- 30 June 2018	Digital Media 1 January- 30 June 2018	Printing Media 1 January- 30 June 2017	Digital Media 1 January- 30 June 2017
Domestic	162,340,116	35,294,841	184,177,228	33,094,816
Foreign	20,102,922	5,838,961	17,679,387	6,100,609
Total revenue	**182,443,038**	**41,133,802**	**201,856,615**	**39,195,425**
Performance Obligations				
Circulation revenues	60,072,333	-	57,856,700	-
Subcontracted printing revenues	20,868,742	-	23,237,906	-
Advertisement revenues	92,170,908	35,294,841	110,884,767	33,094,816
Other revenues	9,331,055	5,838,961	9,877,242	6,100,609
	182,443,038	**41,133,802**	**201,856,615**	**39,195,425**
Fulfillment of the Performance Obligation				
In time	90,272,130	5,838,961	90,971,848	6,100,609
At a specific moment in time	92,170,908	35,294,841	110,884,767	33,094,816
	182,443,038	**41,133,802**	**201,856,615**	**39,195,425**

Cost of Sales

The details of cost of sales for the periods ended 30 June 2018 and 2017 are as follows:

	1 January - 30 June 2018	1 April- 30 June 2018	1 January - 30 June 2017	1 April- 30 June 2017
Raw material	(60,186,232)	(30,979,009)	(65,185,208)	(31,817,227)
Paper	*(37,823,567)*	*(20,624,759)*	*(42,234,110)*	*(21,617,441)*
Printing and ink	*(15,558,204)*	*(7,782,107)*	*(16,014,433)*	*(8,534,328)*
Other	*(6,804,461)*	*(2,572,143)*	*(6,936,665)*	*(1,665,458)*
Personnel expenses	(50,183,435)	(26,707,578)	(52,141,471)	(27,677,595)
Depreciation Expenses (Note 8,9)	(7,586,983)	(3,732,718)	(9,614,198)	(4,587,679)
Agency expenses	(4,675,196)	(2,430,037)	(4,739,526)	(2,267,723)
Distribution, storage and travel	(3,364,588)	(1,673,001)	(3,159,793)	(1,573,244)
Fuel, electricity, water and office expenses	(2,416,956)	(1,245,132)	(2,383,923)	(1,179,887)
Outsourced services	(1,566,149)	(805,387)	(1,604,605)	(816,491)
Communication	(1,476,177)	(765,709)	(1,484,699)	(762,274)
Maintenance and repair expenses	(1,384,281)	(697,859)	(1,634,590)	(895,108)
Rent expenses	(1,153,857)	(585,518)	(1,168,741)	(600,776)
Packaging expenses	(762,420)	(358,977)	(847,299)	(399,781)
Other	(7,258,655)	(4,188,826)	(5,668,135)	(3,287,059)
Total	**(142,014,929)**	**(74,169,751)**	**(149,632,188)**	**(75,864,844)**

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

NOTE 15 - GENERAL ADMINISTRATIVE AND MARKETING EXPENSES

a) General administrative expenses:

	1 January - 30 June 2018	1 April- 30 June 2018	1 January - 30 June 2017	1 April- 30 June 2017
Personnel expenses	(15,624,874)	(6,189,607)	(13,872,162)	(6,730,323)
Consultancy expenses	(4,787,886)	(1,891,979)	(5,289,070)	(2,439,926)
Rent expenses	(4,113,577)	(2,120,292)	(4,296,021)	(1,914,320)
Maintenance and repair expenses	(2,366,188)	(1,249,054)	(2,237,029)	(949,745)
Fuel, electricity, water and office expenses	(2,327,609)	(1,099,192)	(2,399,301)	(1,091,112)
Depreciation and amortization charges (Note 8,9)	(2,220,882)	(1,254,166)	(3,085,791)	(1,574,454)
Transportation, storage and travel expenses	(1,215,280)	(656,240)	(1,044,998)	(460,426)
Outsourced services	(1,208,432)	(330,863)	(1,226,927)	(814,754)
Tax expenses	(884,932)	(442,109)	(1,617,285)	(106,675)
Other	(2,020,341)	(1,082,790)	(3,241,651)	(1,348,189)
Total	**(36,770,001)**	**(16,316,292)**	**(38,310,235)**	**(17,429,924)**

b) Marketing expenses:

	1 January - 30 June 2018	1 April- 30 June 2018	1 January - 30 June 2017	1 April- 30 June 2017
Personnel expenses	(12,056,797)	(6,134,995)	(11,382,235)	(5,763,628)
Transportation, storage and travel expenses	(10,590,040)	(5,165,697)	(12,973,437)	(6,444,315)
Advertisement expenses	(7,757,876)	(4,099,137)	(6,650,206)	(3,859,980)
Promotion expenses	(3,474,617)	(1,431,598)	(4,417,715)	(1,788,041)
Sponsorship and other marketing expenses	(2,733,296)	(1,332,806)	(2,443,312)	(1,927,115)
Consultancy expenses	(1,870,542)	(783,334)	(504,450)	-
Outsourced services	(1,473,604)	(711,913)	(1,237,428)	(687,058)
Depreciation and amortization charges (Note 8,9)	(207,899)	(145,842)	(188,938)	(73,174)
Total	**(40,164,671)**	**(19,805,322)**	**(39,797,721)**	**(20,543,311)**

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

NOTE 16 - INCOME FROM INVESTING ACTIVITIES

The details of income from investing activities for the periods ended at 30 June 2018 and 2017 are as follows:

	1 January - 30 June 2018	1 April - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
Gain on sale of subsidiary (Note 20)	294,939,894	294,939,894	-	-
Gain on sale of financial investment (Note 20)	5,898,242	5,898,242	-	-
Rent income (Note 7)	2,159,263	1,107,643	1,758,468	923,616
Gain on sale of tangible assets and investment properties	1,589,046	1,176,961	726,211	37,343
Foreign exchange and other gains	22,766	-	-	-
Dividend income from financial investments	1,200	1,200	285,510	-
Gain on change in fair value of investment properties (Note 7)	-	-	2,785,333	1,682,490
Total	**304,610,411**	**303,123,940**	**5,555,522**	**2,643,449**

NOTE 17 - EXPENSE FROM INVESTING ACTIVITIES

The details of expenses from investing activities for the periods ended at 30 June 2018 and 2017 are as follows:

	1 January - 30 June 2018	1 April- 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
Loss on change in fair value of investment properties (Note 7)	(987,426)	-	(5,085,733)	(4,793,062)
Loss from sale of tangible assets and investment properties	(379,926)	(54,001)	(65,989)	6,770
Expenses related to investment properties	(297,817)	(17,091)	(792,587)	(792,587)
Other	(407)	(407)	(2,027)	(726)
Total	**(1,665,576)**	**(71,499)**	**(5,946,336)**	**(5,579,605)**

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

NOTE 18 - FINANCIAL EXPENSES

The details of financial expenses for the periods ended at 30 June 2018 and 2017 are as follows:

	1 January - 30 June 2018	1 April- 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
Interest expense on bank loans	(12,788,831)	(4,416,342)	(19,931,354)	(9,489,608)
Foreign exchange income/(losses), net	(43,960)	432,753	(63,359)	15,114
Loan comission, banking and factoring expenses	(203,074)	(94,658)	(264,185)	(6,668)
Other	(2,469,413)	(2,200,696)	(391,262)	(303,035)
Total	**(15,505,278)**	**(6,278,943)**	**(20,650,160)**	**(9,784,197)**

NOTE 19 - INCOME TAXES

Assets related to current period tax

	30 June 2018	31 December 2017
Corporate and income tax payable	20,583,339	2,378,344
Less: Prepaid taxes	(346,362)	(605,313)
Tax payables/(receivables)	**20,236,977**	**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.

The details of the effective tax laws in countries which Group has significant operations are stated below:

<u>Turkey:</u>

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 30 June 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.

NOTE 19 - INCOME TAXES (Continued)

Turkey (Continued):

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.

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.

NOTE 19 - INCOME TAXES (Continued)

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.

<u>Russian Federation</u>

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.

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

NOTE 19 - INCOME TAXES (Continued)

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 30 June 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

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.

	30 June 2018	**31 December 2017**
Deferred tax liabilities	(15,720,381)	(16,553,127)
Deferred tax assets	1,899,716	1,800,832
Deferred tax liabilities, net	**(13,820,665)**	**(14,752,295)**

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

NOTE 19 - INCOME TAXES (Continued)

Deferred Tax (Continued)

The temporary differences and deferred tax assets / (liabilities) using the enacted tax rates as of 30 June 2018 and 31 December 2017 are as follows:

	Total temporary differences		Deferred tax assets / (liabilities)	
	30 June 2018	**31 December 2017**	**30 June 2018**	**31 December 2017**
Provision for employee termination benefits and unused vacation rights	55,160,041	58,757,923	12,135,210	12,926,744
Difference between tax base and carrying value of trade receivables	47,760,272	29,589,490	10,507,259	6,688,240
Deferred income	4,083,023	2,769,496	898,265	609,287
Difference between tax bases and carrying value of property, plant and equipment and intangibles	(185,872,755)	(177,345,966)	(26,101,311)	(24,104,213)
Investment properties fair value differences	(109,336,299)	(110,794,286)	(10,714,766)	(10,759,684)
Other, net	(2,476,571)	471,032	(545,322)	(112,669)
Toplam	**(190,682,289)**	**(196,552,311)**	**(13,820,665)**	**(14,752,295)**

As of 30 June 2018, carry forward tax losses for which no deferred income tax asset was recognized amounted to TRY 350,706,076 (31 December 2017: TRY 295,693,466).

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

	30 June 2018	**31 December 2017**
2018	2,215,343	5,972,388
2019	512,814	2,215,343
2020	438,736	512,814
2022	1,395,735	717,027
Indefinite (*)	346,143,448	286,275,894
Total	**350,706,076**	**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.

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

NOTE 19 - INCOME TAXES (Continued)

Deferred Tax (Continued)

The movements of net deferred tax liabilities for the periods ended 30 June 2018 and 2017 are as follows:

	2018	2017
1 January	**(14,752,295)**	**(48,512,356)**
The opening effect of TFRS 9	819,961	-
Reporting	**(13,932,334)**	**(48,512,356)**
Deferred tax income in consolidated income statements	1,908,945	96,093
Accounted in equity	(682,227)	194,419
Currency translation differences	(1,246,295)	(2,837,774)
Tax effect of sale of subsidiary (Note 20)	131,246	465,268
Tax effect of discontinued operations (Note 20)	-	12,764,444
30 June	**(13,820,665)**	**(50,594,350)**

The analysis of the tax expense / (income) for the periods ended at 30 June 2018 and 31 December 2017 are as follows:

	1 January - 30 June 2018	1 January - 30 June 2017
Current tax income / (expense)	(20,583,339)	(431,761)
Deferred tax income / (expense)	1,908,945	96,093
Total	**(18,674,394)**	**(335,668)**

The reconciliation of the current period tax expense in the consolidated statement of income for the periods ended at 30 June 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 - 30 June 2018	1 January - 30 June 2017
Profit / (Loss) before taxes and non-controlling interests [(1)]	293,789,080	(82,443,011)
Current period tax calculated at the effective tax rates of countries	(64,633,598)	16,090,612
Effect of adjustments and carryforward tax losses not subject to deferred tax	(6,722,420)	(3,288,577)
Effects of discontinued operations and sale of subsidiary	131,246	(13,229,712)
Exemptions [(2)]	53,378,754	-
Other	(828,376)	92,009
Tax income / (expense)	**(18,674,394)**	**(335,668)**

(1) Consist of tax losses of continuing and discontinued operations.
(2) Consist of exemptions used related to the sale of Group's subsidiary Glokal.

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

NOTE 20 - 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 operations 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 - 30 June 2018	1 January - 30 June 2017
Revenue	1,254,741	9,300,435
Cost of sales (-)	(942,946)	(6,242,507)
General administrative and marketing expense	(1,688,210)	(15,933,843)
Other operating income (expense), net	1,397	(511,866)
Finance expense, net	(4,094,293)	(1,430,585)
Expenses from investing activities, net	5,591	(56,759,385)
Loss before tax for the period from discontinued operations	**(5,463,720)**	**(71,577,751)**
Deferred tax income	-	12,764,444
Loss from the discontinued operation for the period	**(5,463,720)**	**(58,813,307)**

The Group may derecognise its operations abroad in the form of sales, liquidation, repayment of capital or partial or complete abandonment of the entity. A reduction in the carrying amount of an overseas entity will not result in a partial elimination because of its own loss or impairment recognized by the investor. 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 liabilities and receivables arising from foreign operations that are not part of the net investment in the foreign operations during the current period. Exchange differences arising from these transactions are recognized in equity in the translation of foreign currency translation differences in the Consolidated Financial Statements and will be related to profit or loss during sale or wholly liquidation of the net investment.

b) Assets classified as held for sale:

Sale of subsidiary

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.

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

NOTE 20 - ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (Continued)

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

As of 31 March 2018, 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. Additionally, the activies of Glokal have been classified as "Discontinued Operations". With the same decision, Doruk Faktoring, financial investment of the Group, has been transferred to assets classified as held for sale.

On 14 May 2018, the Group sold Glokal and its subsidiaries to Glocal Invest BV for USD 76,251,213 (TRY 330,000,000). The details of the assets subject to sale are explained below:

	14 May 2018
Cash and cash equivalents	21,584,738
Trade receivables	31,725,222
Other receivables	141,610
Contract assets	529,040
Inventories	99,541
Prepaid expense	1,391,334
Other current assets	1,872,639
Tangible assets	633,271
Intangible assets	3,354,586
Deferred tax assets	653,313
Assets classified as held for sale	**61,985,294**

	14 May 2018
Trade payables	12,489,491
Employee benefit payables	1,950,053
Other payables	522,042
Deferred income	10,578,027
Short term provisions	389,042
Other short term liabilities	293,415
Long-term provisions for employment benefits	598,458
Liabilities directly associated with assets classfied as held for sale	**26,820,528**
Net assets subject to sale	**35,164,766**

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

NOTE 20 - ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (Continued)

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

	1 January - 14 May 2018	1 January - 30 June 2017
Revenue	21,979,204	21,699,770
Cost of sales (-)	(3,010,770)	(4,504,100)
General administrative and marketing expenses	(17,843,063)	(18,950,118)
Other operating income (expense)	918,436	1,437,518
Financial expenses, net	(565,466)	(319,905)
Income/(expense) from investing activities, net	3,629	22,588
Profit before tax for the period from discontinued operations	**1,481,970**	**(614,247)**
Deferred tax income	131,246	465,268
Profit for the period from discontinued operations	**1,613,216**	**(148,979)**

	14 May 2018
Sales amount	330,000,000
Net book value	(35,164,766)
Non-controlling interest	104,660
Gain on sale of subsidiary (Note 16)	**294,939,894**

Sale of financial investment

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 to the Doğan Holding or a subsidiary of Doğan Holding.

In the consolidated financial statements prepared as of 31 March 2018, Doruk Factoring has been transferred to assets classified as held for sale. On 10 May 2018, the Group sold all of its shares in Doruk Factoring to Doğan Holding amounting to USD 1,620,888 (TRY 6,928,140).

	10 May 2018
Sales amount	6,928,140
Net book value	(1,029,898)
Gain on sale of financial invetment (Note 16)	**5,898,242**

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

NOTE 21 - RELATED PARTY DISCLOSURES

i) Balances of related parties:

a) Short term trade receivables from related parties:

	30 June 2018	31 December 2017
Trade receivables from related parties		
Demirören İnternet Yayıncılığı ve Yatırım A.Ş. ("Demirören İnternet") [1]	20,459,146	20,978,395
Demirören Gazetecilik A.Ş. ("Demirören Gazetecilik") [2]	10,249,877	9,535,962
Dogan Media [3]	3,871,971	1,926,402
Demirören TV Holding A.Ş. ("Demirören TV Holding") [4]	2,825,809	721,729
Demirören İnternet Yayıncılığı ve Yatırım A.Ş. ("Demirören Dağıtım") [5]	3,306,783	3,204,446
Other	1,831	1,361,927
Doğan Holding Companies (Other)	-	259,727
	40,715,417	**37,728,861**

(1) The balance is arising from sales of internet commercials to Demirören İnternet through websites. The Company's trade registry name "Doğan İnternet Yayıncılığı ve Yatırım A.Ş." has been changed as "Demirören İnternet Yayıncılığı ve Yatırım A.Ş." due to the change in parent company during 2018.

(2) Receivable arising from printing newspapers of Demirören Gazetecilik in the Group's printing houses. The Company's trade registry name "Doğan Gazetecilik A.Ş." has been changed as "Demirören Gazetecilik A.Ş." due to the change in parent company during 2018.

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

(4) The balance arising from expenses invoiced to Hürriyet Gazetecilik ve Matbaacılık A.Ş. by Doğan TV Holding because Hürriyet shares the same building with Demirören TV Holding. The Company's trade registry name "Doğan TV Holding A.Ş." has been changed as "Demirören TV Holding A.Ş." due to the change in parent company during 2018.

(5) Receivables arising from the distribution of daily newspaper of the Group. The Company's trade registry name "Doğan Dağıtım Satış ve Pazarlama A.Ş." has been changed as "Demirören Dağıtım Satış ve Pazarlama A.Ş." due to the change in parent company during 2018.

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

NOTE 21 - RELATED PARTY DISCLOSURES (Continued)

i) Balances of related parties (Continued):

b) Short term payables to related parties:

	30 June 2018	31 December 2017
Trade payables to related parties		
Dogan Media [(1)]	15,351,254	16,896,193
Demirören Haber Ajansı A.Ş. ("DHA") [(2)]	808,393	536,500
Total Oil Türkiye A.Ş. ("Total Oil")	150,499	-
("Güneş Gaz")	123,489	-
Demirören TV Digital Platform İşletmeciliği A.Ş. ("Demirören TV Digital")	74,434	798,776
Eko TV Televizyon ve Radyo Yayıncılık A.Ş. ("Eko TV")	6,378	532,436
Other	107,010	470,667
Doğan Holding Companies (Other)	-	3,340,461
	16,621,457	**22,575,033**

(1) The amounts paid by Dogan Media in return for the printing of Dogan Media newspapers at the facilities of Hürriyet Frankfurt Germany.

(2) The balance consists of the Group's news service purchases. The Company's trade registry name "Doğan Haber Ajansı A.Ş." has been changed as "Demirören Haber Ajansı A.Ş" due to the change in parent company during 2018.

c) Other short-term receivables from related parties:

	30 June 2018	31 December 2017
Other short term receivables from related parties		
Demirören Medya [(1)]	59,857,541	-
Other long term receivables from related parties		
Demirören Medya [(1)]	129,208,000	-
	189,065,541	**-**

(1) Consist of receivables that the Group will collect from its parent company related to the sale of its subsidiaries. The Company has assigned these receivables to its main shareholder Demirören Medya with regard to the sales contract between Doğan Holding and Demirören Media. Notes receivables from Demirören Media are taken for the collection of related receivables and the receivable amount is discounted by using the effective interest rate.

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

NOTE 21 - RELATED PARTY DISCLOSURES (Continued)

ii) Significant transactions with related parties:

Transactions in related parties for the periods ended as of 30 June 2018 and 2017 are as follows:

a) Significant service and product sales to related parties:

	1 January - 30 June 2018	1 April - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
Demirören Dağıtım (1)	60,223,019	28,868,433	55,200,490	27,710,557
Demirören İnternet Yayıncılığı (2)	17,978,705	9,210,874	18,498,898	10,274,821
Demirören Gazetecilik (3)	14,368,037	7,110,804	14,898,397	7,248,106
Milliyet Gazetecilik Yayıncılık A.Ş.	1,063,432	1,063,432	-	-
Doğan Holding Companies	880,629	-	1,716,877	910,756
Other	2,403,823	1,958,920	1,392,205	647,849
	96,917,645	**48,212,463**	**91,706,867**	**45,881,333**

(1) The Group makes the sales of daily newspapers to Demirören Dağıtım.
(2) The sales of internet commercials of the Group are carried out through Demirören İnternet.
(3) The newspapers owned by Demirören Gazetecilik are printed in the Group's printing facilities.

b) Significant service and product purchases from related parties:

	1 January - 30 June 2018	1 April - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
Demirören Dağıtım (1)	12,643,635	6,120,515	13,870,347	6,894,592
DHA (2)	3,371,426	1,685,093	3,437,004	1,752,478
Demirören İnternet Yayıncılığı (3)	2,668,847	1,209,320	1,706,194	963,091
Demirören Gazetecilik (4)	2,002,255	1,272,852	1,697,333	870,736
Demirören TV Digital	605,979	289,578	624,792	367,893
Doğan Holding Companies	22,766,036	-	52,262,029	26,423,512
Other	686,270	189,591	1,921,629	1,664,280
	44,744,448	**10,766,949**	**75,519,328**	**38,936,582**

(1) The Group purchases newspaper distribution service.
(2) The Group purchases agency services.
(3) The Group purchases internet advertising sales and infrastructure service.
(4) The balance is arising from rent, security and other expenses of the Group's building, which is used as headquarter.

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

NOTE 21 - RELATED PARTY DISCLOSURES (Continued)

c) Other income from related parties:

	1 January - 30 June 2018	1 April - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
Demirören TV Holding A.Ş.	2,071,218	1,884,453	419,698	225,305
Demirören Dağıtım	1,134,437	577,587	1,467,033	905,837
Demirören TV Digital	650,090	649,008	57,119	52,902
Demirören Gazetecilik	629,193	476,892	270,089	250,025
DHA	569,654	310,901	515,575	184,783
Doğan Holding Companies	1,535,009	-	1,671,918	962,052
Other	627,628	374,335	547,523	310,662
	7,217,229	**4,273,176**	**4,948,955**	**2,891,566**

As of 30 June 2018, amounting to TRY 7,217,229 of other income which totally amounts to TRY 925,081 consists of rent income which Hürriyet gathers from the Group companies (1 January - 30 June 2017: TRY 1,145,563).

Financial expense:	1 January - 30 June 2018	1 April - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
Demirören Gazetecilik	311,721	311,721	-	-
Eko TV	11,866	5,405	-	-
Doğan Holding Companies	60,858	-	285,716	151,340
Other	267	267	-	-
	384,712	**317,393**	**285,716**	**151,340**

iii) Key Management Personnel:

	1 January - 30 June 2018	1 April - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
Salaries and other short term benefits	8,101,691	2,639,852	4,715,180	2,596,129
Post-emloyment benefits	2,142,096	2,142,096	36,629	-
	10,243,786	**4,781,948**	**4,751,809**	**2,596,129**

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 22 - NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS

22.1 Financial Risk Management

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 3 to 6 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 30 June 2018 and 31 December 2017 are as follows:

	30 June 2018	31 December 2017
Assets	204,771,959	11,859,060
Liabilities	(9,977,332)	(7,094,326)
Net foreign currency position	**194,794,627**	**4,764,734**

Following exchange rates have been used in the translation of foreign currency denominated balance sheet items as of 30 June 2018: 4.5607 TRY= 1 US Dollar and 5.3092 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 22 - NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Foreign currency risk (Continued)

The table summarizes the foreign currency position risk as of 30 June 2018 and 31 December 2017. The carrying amount of foreign currency denominated assets and liabilities of the Group are as follows:

30 June 2018	TRY Equivalent	USD	Euro	Other
1. Trade receivables	13,819,595	320,108	2,352,322	25,384
2a. Monetary Financial Assets (Cash, Banks included)	61,676,303	13,275,495	34,505	230,469
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	68,060	3,162	-	11,761
4. Current Assets (1+2+3)	**75,563,958**	**13,598,765**	**2,386,827**	**267,614**
5. Trade receivables	-	-	-	-
6a. Monetary Financial Assets	129,208,001	28,330,739	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. Non-Current Assets (5+6+7)	**129,208,001**	**28,330,739**	**-**	**-**
9. Total Assets (4+8)	**204,771,959**	**41,929,504**	**2,386,827**	**267,614**
10. Trade Payables	8,727,614	117,785	1,542,548	10,401
11. Financial Liabilities	-	-	-	-
12a. Other Monetary Financial Liabilities	1,249,718	88,998	18,026	169,537
12b. Other Non-Monetary Financial Liabilities	-	-	-	-
13. Current Liabilities (10+11+12)	**9,977,332**	**206,783**	**1,560,574**	**179,938**
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)	**9,977,332**	**206,783**	**1,560,574**	**179,938**
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)	**194,794,627**	**41,722,721**	**826,253**	**87,676**
21. Net foreign currency asset / liability position of monetary items	**-**	**-**	**-**	**-**
(1+2a+5+6a-10-11-12a-14-15-16a)	**194,726,567**	**41,719,559**	**826,253**	**75,915**
22. Fair value of foreign currency hedged financial assets	**-**	**-**	**-**	**-**

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

NOTE 22 - NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

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

Foreign currency risk (Continued)

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

30 June 2018	Profit/Loss	
	Foreign currency appreciation	Foreign currency depreciation
If the US dollar had changed by 20% against the TRY		
USD net (liabilities) / assets	38,056,963	(38,056,963)
Hedging amount of USD	-	-
USD net effect on (loss) / income	**38,056,963**	**(38,056,963)**
If the EUR had changed by 20% against the TRY		
Euro net (liabilities) / assets	877,348	(877,348)
Hedging amount of Euro	-	-
Euro net effect on (loss) / income	**877,348**	**(877,348)**
If other foreign currency had changed by 20% against the TRY		
Other foreign currency net (liabilities) / assets	17,535	(17,535)
Hedging amount of other foreign currency	-	-
Other foreign currency net effect on (loss) / income	**17,535**	**(17,535)**

31 December 2017	Profit/Loss	
	Foreign currency appreciation	Foreign currency depreciation
If the US dollar had changed by 20% against the TRY		
USD net (liabilities) / assets	1,527,042	(1,527,042)
Hedging amount of USD	-	-
USD net effect on (loss) / income	**1,527,042**	**(1,527,042)**
If the EUR had changed by 20% against the TRY		
Euro net (liabilities) / assets	380,542	(380,542)
Hedging amount of Euro	-	-
Euro net effect on (loss) / income	**380,542**	**(380,542)**
If other foreign currency had changed by 20% against the TRY		
Other foreign currency net (liabilities) / assets	(954,638)	954,638
Hedging amount of other foreign currency	-	-
Other foreign currency net effect on (loss) / income	**(954,638)**	**954,638**

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

NOTE 23 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING)

30 June 2018	Assets at amortized cost	Financial liabilities at amortized cost	Financial assets at fair value through profit or loss	Carrying Value	Note
Financial assets					
Cash and cash equivalents	14,712,672	-	-	14,712,672	-
Trade receivables from non-related parties	124,972,221	-	-	124,972,221	5
Trade receivables from related parties	40,715,417	-	-	40,715,417	21
Other receivables from non-related parties	6,317,233	-	-	6,317,233	-
Other receivables from related parties	189,065,541	-	-	189,065,541	21
Derivative instrument	-	-	2,002,691	2,002,691	-
Financial investments	70,733	-	313,923	384,656	-
Financial liabilities					
Financial borrowings	-	38,970,892	-	38,970,892	4
Trade payables to non-related parties	-	48,394,938	-	48,394,938	5
Trade payables to related parties	-	16,621,457	-	16,621,457	21
Employee benefit payables	-	1,152,971	-	1,152,971	-
Other payables to non-related parties	-	5,673,238	-	5,673,238	-
Other short-term liabilities	-	205530	-	205,530	-

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

NOTE 23 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING) (Continued)

31 December 2017	Assets at amortized cost	Financial liabilities at amortized cost	Financial assets at fair value through profit or loss	Carrying Value	Note
Financial assets					
Cash and cash equivalents	65,946,767	-	-	65,946,767	-
Trade receivables from non-related parties	184,369,460	-	-	184,369,460	5
Trade receivables from related parties	37,988,588	-	-	37,988,588	21
Other receivables from non-related parties	5,274,370	-	-	5,274,370	-
Financial investments	68,713	-	1,343,821	1,412,534	-
Financial liabilities				-	
Financial borrowings	-	262,168,778	-	262,168,778	4
Trade payables to non-related parties	-	50,362,747	-	50,362,747	5
Trade payables to related parties	-	22,575,033	-	22,575,033	21
Employee benefit payables	-	809,879	-	809,879	-
Other payables to non-related parties	-	10,388,050	-	10,388,050	-
Other short-term liabilities	-	231,219	-	231,219	-
Derivative instrument	-	-	1,098,340	1,098,340	-

NOTE 23 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING) (Continued)

<u>Fair value of financial instruments</u>

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 24 - SUBSEQUENT EVENTS AFTER REPORTING PERIOD

<u>Approval of Financial Statements</u>

The consolidated financial statements for the period ended 30 June 2018 were approved by the Board of Directors on 10 August 2018. Financial statements will be finalized after approval of General Assembly.

<u>Payment of Loan Obligations of Discontinued Operations</u>

The Bank's USD 7,200,000 bank loan from Pronto Media Holding Ltd., which is included in the activities suspended in Russia, was paid on 25 July 2018. After this payment, the guarantee amounting to TRY 40,843,850 (Ruble 565 million) in Note 11 has to be canceled. All of the payment amount was paid by Hürriyet, the main shareholder of Pronto Media Holding Ltd., and the related balance was accounted as receivable from related parties. Hürriyet used a bank loan in July 2018 in order to make this payment.

<u>Sale of Subsidiary and Cancellation of Sale</u>

The Company, on the basis of the decision of the Board of Directors dated 29 June 2018, has resigned from the process of selling and transferring the shares of Hurriyet Invest B.V.'s, the direct affiliate of the company resident in Holland representing 100% of its fully paid-up capital amounting to EUR 376,206,949 to Fatih Berber over a total of 1 (one) Euro price, due to a controversy on the terms of the contract with the Board of Directors decision on 8 August 2018. For this reason, Hurriyet Invest B.V. and its affliates are consolidated in financial statements prepared as of 30 June 2018.

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