Hürriyet

Hürriyet Gazetecilik ve Matbaacılık A.Ş.

Activity Report of The Board of Directors for The Period

January 1 – December 31

March 2019

DEMİRÖRENMEDYA

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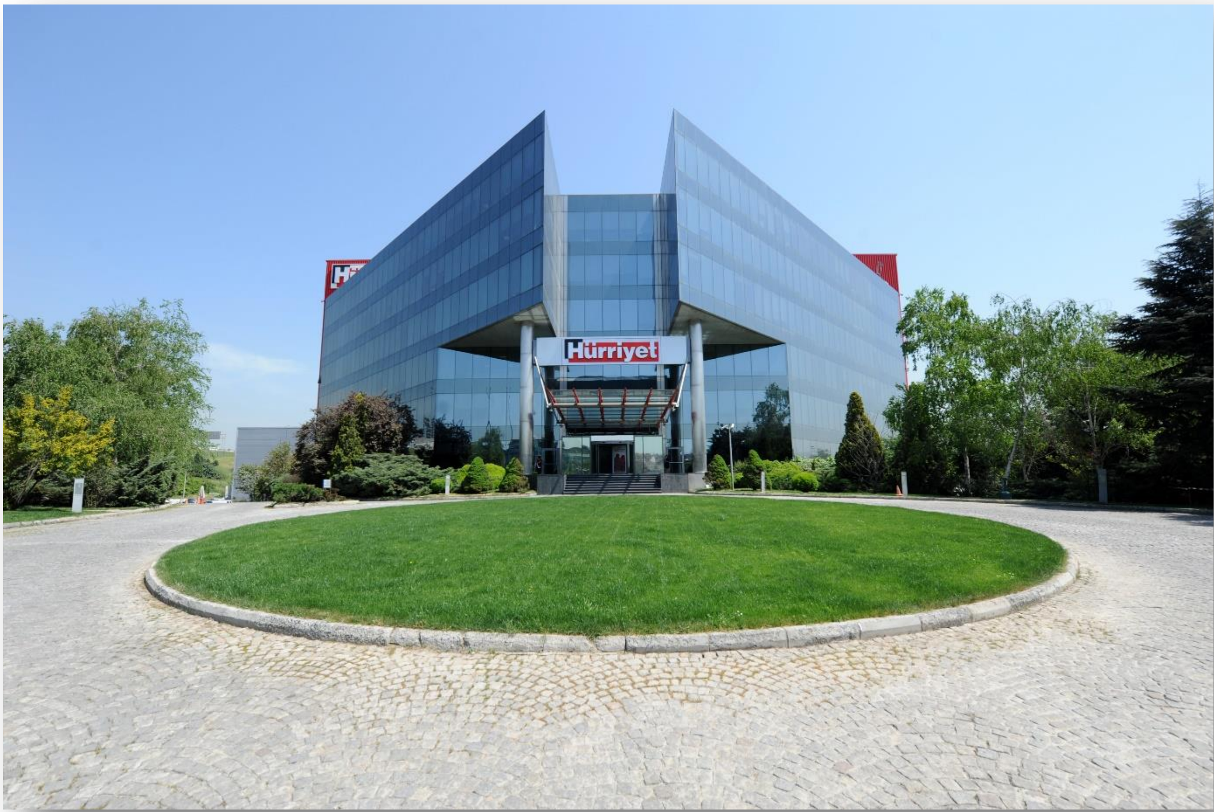
"This Activity Report was drawn up under article 8 of the "Communiqué no II-14.1 on Principles for Financial Reporting in Capital Market" of the Capital Markets Board ("CMB"), which entered into force by being published on the Official Gazette no. 28676, dated 13.06.2013; and it is aimed at assessing and informing our investors of our Company's activities as of our Company's accounting period from 01.01.2018 to 31.12.2018.

1. GENERAL INFORMATION

1.A. Accounting Period to Which the Report is Related

This Activity Report is in respect of the activities of the accounting period from 01.01.2018 to 31.12.2018.

1.B. The Company's Trade Name, Trade Registration Number, and Contact Details of its Head Office and Branches



Trade Name:	Hürriyet Gazetecilik ve Matbaacılık A.Ş. ("Hürriyet" or the "Company")
Trade Registry Office:	Istanbul Chamber of Commerce
Trade Registration Number:	78044/19200
Address:	Demirören Medya Center 100. Yıl Mah. 2264. Sokak No:1 34204 Bağcılar Istanbul/Turkey
Phone:	0(212) 677 00 00
Fax:	0(212) 677 01 82
Corporate Website:	http://www.hurriyetkurumsal.com

1.B. The Company's Trade Name, Trade Registration Number, and Contact Details of its Head Office and Branches (Continued)

PRINTING FACILITIES IN TURKEY

Istanbul DPC

Ankara DPC

İzmir DPC

Adana DPC

Antalya DPC

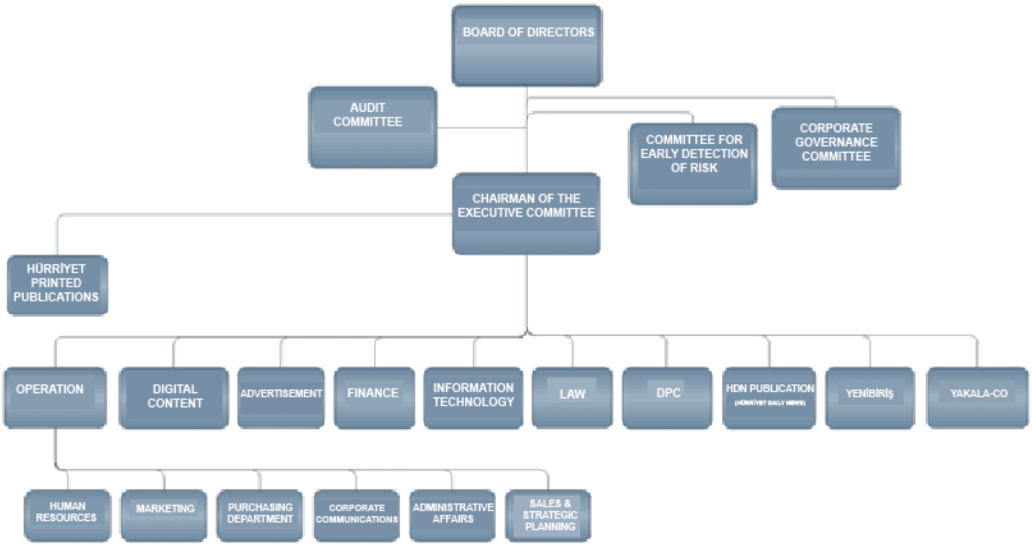
Trabzon DPC

	Printing Facilities, Regional Offices	Phone
Istanbul (Head Office)	Demirören Medya Center, 100. Yıl Mahallesi , 2264. Sokak No:1 Bağcılar / Istanbul	0 212 6770000
Istanbul Printing Facility (DPC)	Orhangazi Mahallesi, 1650 Sokak, No:2 Demirören Medya Tesisleri 34850 Esenyurt / Istanbul	0 212 6222800
Ankara Printing Facility (DPC)	Osmangazi Mahallesi, Özal Bulvarı, No:120, Esenboğa Yolu Üzeri 15. Km 06150 Sarayköy Pursaklar / Ankara	0 312 3069100
Ankara Regional Office	Söğütözü Mah. Dumlupınar Bulvarı No:102, Çankaya / Ankara	0 312 2070000
Izmir Regional Office	Şehitler Cad. No:16/1 35230 Alsancak / Izmir	0 232 4886500
Izmir Printing Facility (DPC)	Fatih Mahallesi Ege Cad. No.: 36 35414 Gaziemir Sarnıç / Izmir	0 232 2982200
Bursa Regional Office	Odunluk Mahallesi Akpınar Caddesi Green White Plaza No:5 Kat:6 D:16 Nilüfer / Bursa	0 224 2500252
Adana Printing Facility (DPC) Regional Office	Yenidoğan Mahallesi Girne Bulvarı No:275/A Adana-Ceyhan Karayolu 5. Km. 01260 Yüreğir / Adana	0 322 3461600
Antalya Printing Facility (DPC) Regional Office	Yenigöl Mah., Serik Cad., No:80 Havalimanı Yolu 8. Km 07300 Muratpaşa / Antalya	0 242 3403838
Trabzon Printing Facility (DPC) Regional Office	Nuroğlu Mah. Organize Sanayi Bölgesi, 10. Cad, No:1 Arsin Yolu 61900 Arsin / Trabzon	0 462 7112500
Frankfurt Printing Facility	An Der Brücke 20-22 D-64546 Mörfelden - Walldorf Frankfurt / Deutschland	496105327130

1.C. Organizational Structure and Capital and Shareholding Structure of the Company, and Changes in the Accounting Period in Relation to Capital and Shareholding Structure

1.C.1 Organizational Structure of the Company

Organizational structure of the Company as of December 31, 2018 is as outlined below:



1.C.2 Capital and Shareholding Structure

As of December 31, 2018, the Company's registered capital ceiling is 800,000,000 Turkish Liras, and its issued capital is 592,000,000 Turkish Liras.

As per the resolution no 21/655 of the CMB dated July 23, 2010, which was amended by the resolution no 31/1059 dated October 30, 2014, according to the entries of the Central Securities Depository of Turkey ("CSD"); as of December 31, 2018, shares corresponding to 20.81% of the capital of Hürriyet (December 31, 2017: 22.35%) are regarded to be in circulation.

Shares are traded in Borsa İstanbul A.Ş. with the transaction symbol of HURGZ.

Shareholder	December 31, 2018 (Turkish Lira)	Share (%)	December 31, 2017 (Turkish Lira)	Share (%)
Demirören Medya Yatırımları Ticaret A.Ş.	468,732,788	79.18	-	-
Doğan Holding	-	-	428,616,468	77.65
Other Shareholders (BİAŞ and other shareholders)	123,267,212	20.82	123,383,532	22.35
Total	**592,000,000**	**100.00**	**552,000,000**	**100.00**

On May 16, 2018, Doğan Şirketler Grubu Holding A.Ş. transferred to Demirören Medya all of its shares which it held within the Company's capital consisting of 552,000,000 registered shares that are in dematerialized form at CSD, and which represented 77.67% of the issued capital of Hürriyet. The share transfer was completed with the general assembly held on June 6, 2018.

1.C. Organizational Structure and Capital and Shareholding Structure of the Company, and Changes in the Accounting Period in Relation to Capital and Shareholding Structure (Continued)

1.C.2 Capital and Shareholding Structure (Continued)

In consequence of this transaction, Demirören Medya became the majority shareholder of the Company. Ultimate controlling shareholder of the Company is Demirören Family. In addition to this, as per the decision adopted by the Board of Directors dated November 19, 2018, the Company's issued capital of TL 552,000,000, divided into 552.000.000 shares each at a nominal value of TL 1.00, which is within the Company's registered capital ceiling of TL 800,000,000, was decided to be raised to TL 592,000,000 by being increased by TL 40,000,000 (7.24%), to be fully covered by cash, and the certificate of issuance in respect of the capital increase was approved by the Decision no 63/1446 of the Capital Markets Board dated 13.12.2018. By collecting TL 40,000,000 in cash from Demirören Medya, the capital increase transaction was completed on December 21, 2018, and the capital increase was registered by Istanbul Trade Registry Office on January 15, 2019.

1.D. Explanations in Relation to Preference Shares and Voting Rights Attached to Shares

Each share in the Company has one voting right. No upper limit is set for the voting right of any shareholder. Implementations making it difficult to exercise the voting right are avoided; and each shareholder is given the opportunity to exercise its voting right in the easiest and most convenient manner. No preference is granted on the Company's shares.

1.E. The Company's Direct or Indirect Affiliates and their Share Percentages Subsidiaries

Subsidiaries and their share percentages, as of December 31, 2018 and December 31, 2017, are shown below:

	Voting Rights of Hürriyet and its Subsidiaries (%)		Active Shareholding Ratios (%)	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Yenibiriş A.Ş	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

1.E. The Company's Direct or Indirect Affiliates and their Share Percentages

Subsidiaries (Continued)

(1) The relevant subsidiary was sold to Glocal Invest BV on May 14, 2018.
(2) The relevant subsidiary's incorporation was registered on October 6, 2017.
(3) The relevant subsidiary was liquidated on December 4, 2018.
(4) The relevant subsidiary was liquidated as of July 3, 2018.
(5) The relevant subsidiary was liquidated as of July 3, 2018.
(6) The relevant subsidiary terminated its activities in 2012.
(7) The relevant subsidiary terminated its activities in digital platforms with the decision of its Board of Directors dated November 22, 2017.

Affiliates	Direct and Indirect Shareholding by Hürriyet and its Subsidiaries (%)	Direct and Indirect Shareholding by Hürriyet and its Subsidiaries (%)
	December 31, 2018	**December 31, 2017**
Demirören Media International GmbH ("Demirören Media")(*)	42.42	42.42

(*) The Company's trade name of "Dogan Media International GmbH" was changed on October 9, 2018 as "Demirören Media International GmbH".

1.F. Information on the Company's Own Shares Acquired by Itself

The Company has not acquired any of its own shares in the accounting period from 01.01.2018 to 31.12.2018.

1.G. Information on the Management Body, Senior Managers and the Number of Personnel

1.G.1 The Board of Directors and Committees

The Company's Board Members were elected at the Ordinary General Assembly meeting held on 29.03.2018, to hold office until the Ordinary General Assembly where the activities and accounts of the accounting period from 01.01.2018 to 31.12.2018 will be discussed. In consequence of the distribution of duties made among the Board Members in the decision of the Board of Directors no 2018/18, dated 27.04.2018, it was decided to appoint Ahmet Toksoy as the Chairman, Beatricé de Clermont Tonnerre as the Deputy Chairman and Çağlar Göğüş as the Managing Director. The Board Members, their offices and the statements of independence of the relevant independent members are as follows.

Name and Surname	Title	Explanation
Ahmet Toksoy	Chairman	Has No Executive Function
Béatrice de Clermont Tonnerre	Deputy Chairman	Has No Executive Function
Çağlar Göğüş	Managing Director	Has an Executive Function
Fikret Bilâ	Member	Has an Executive Function
Vuslat Sabancı	Member	Has No Executive Function
Sedat Ergin	Member	Has No Executive Function
Kai Georg Diekmann	Member	Has No Executive Function
Gündüz Kösemen	Independent Member	Has No Executive Function
Sedat Gümüşoğlu	Independent Member	Has No Executive Function
Değerhan Usluel	Independent Member	Has No Executive Function

1.G. Information on the Management Body, Senior Managers and the Number of Personnel (Continued)

1.G.1 The Board of Directors and Committees (Continued)

The relevant Board of Directors remained in office until the Extraordinary General Assembly meeting held on June 6, 2018.

The Statements of Independence of the Independent Board Members are as Follows:

Date: 07.03.2018

STATEMENT OF INDEPENDENCE

To the Chairmanship of the Board of Directors of Hürriyet Gazetecilik ve Matbaacılık A.Ş.

I hereby declare that, as a nominee Independent Board Member of Hürriyet Gazetecilik ve Matbaacılık A.Ş., I have the required qualifications of "independent board membership" designated by the Capital Markets Law, the Communiqué on Corporate Governance No. II-17.1 of the Capital Markets Board, Resolutions of the Capital Markets Board and other legislation and the Articles of Association of your Company; and if I am elected, as soon as I become aware that I no longer have the aforementioned independence qualifications, I will immediately inform your Board of Directors, act in accordance with the decision of your Board, and resign from my office in case deemed necessary.

Yours sincerely,

GÜNDÜZ KÖSEMEN

Date: 26.02.2018

STATEMENT OF INDEPENDENCE

To the Chairmanship of the Board of Directors of Hürriyet Gazetecilik ve Matbaacılık A.Ş.

I hereby declare that, as a nominee Independent Board Member of Hürriyet Gazetecilik ve Matbaacılık A.Ş., I have the required qualifications of "independent board membership" designated by the Capital Markets Law, the Communiqué on Corporate Governance No. II-17.1 of the Capital Markets Board, Resolutions of the Capital Markets Board and other legislation and the Articles of Association of your Company; and if I am elected, as soon as I become aware that I no longer have the aforementioned independence qualifications, I will immediately inform your Board of Directors, act in accordance with the decision of your Board, and resign from my office in case deemed necessary.

Yours sincerely,

SEDAT GÜMÜŞOĞLU

1.G. Information on the Management Body, Senior Managers and the Number of Personnel (Continued)

1.G.1 The Board of Directors and Committees (Continued)

The Statements of Independence of the Independent Board Members are as Follows:

Date: 27.02.2018

STATEMENT OF INDEPENDENCE

To the Chairmanship of the Board of Directors of Hürriyet Gazetecilik ve Matbaacılık A.Ş.

I hereby declare that, as a nominee Independent Board Member of Hürriyet Gazetecilik ve Matbaacılık A.Ş., I have the required qualifications of "independent board membership" designated by the Capital Markets Law, the Communiqué on Corporate Governance No. II-17.1 of the Capital Markets Board, Resolutions of the Capital Markets Board and other legislation and the Articles of Association of your Company; and if I am elected, as soon as I become aware that I no longer have the aforementioned independence qualifications, I will immediately inform your Board of Directors, act in accordance with the decision of your Board, and resign from my office in case deemed necessary.

Yours sincerely,

DEĞERHAN USLUEL

Due to change of the Company's majority shareholder, the Company's Board Members were changed, and the new Board Members were appointed at the Extraordinary General Assembly meeting held on June 6, 2018, to hold office for a period of 3 years. In addition, on 16.07.2018, with the decision of the Board of Directors no 2018/34, dated 16.07.2018, it was decided to appoint Mehmet Koray Yanç as a Board Member to fill the vacancy due to death of Erdoğan Demirören who had been elected as the Chairman of the Board of Directors by the Decision of Extraordinary General Assembly, and with the decision of the Board of Directors no 2018/36, dated 16.07.2018, it was decided to appoint Yıldırım Demirören as the Chairman, Meltem Oktay as the Deputy Chairman, and Mehmet Soysal as Managing Director.

1.G. Information on the Management Body, Senior Managers and the Number of Personnel (Continued)

1.G.1 The Board of Directors and Committees (Continued)

Detailed biographies of our Board Members who were holding office as of the date of the activity report, can be found at our corporate website “www.hurriyetkurumsal.com”. The relevant Board members and their offices are as follows:

Name-Surname	Title	Remark	Current Offices Held Outside of the Company
Yıldırım Demirören	Chairman	Has No Executive Function	President of the Turkish Football Federation – Board Member at Demirören Holding A.Ş. and Demirören Medya Yatırımları Ticaret A.Ş. and Group Companies
Meltem Oktay	Deputy Chairman	Has No Executive Function	Board Member at Demirören Holding A.Ş. and Demirören Medya Yatırımları Ticaret A.Ş. and Group Companies
Fikret Tayfun Demirören	Member	Has an Executive Function	Board Member at Demirören Holding A.Ş. and Demirören Medya Yatırımları Ticaret A.Ş. and Group Companies
Mehmet Soysal	Managing Director	Has an Executive Function	Board Member and Executive Committee Chairman at Group Companies
Mehmet Koray Yanç	Member	Has No Executive Function	Board Member and Executive Committee Member at Group Companies
Orhan Kırca	Independent Member	Has No Executive Function	Senior executive at non-Group Company, Independent Board Member at Group Companies
Alaattin Aykaç	Independent Member	Has No Executive Function	Board Member at TFF Sportif A.Ş., Independent Board Member at Group Companies

As of the date of the report, there was no circumstance within our knowledge which caused the Independent Board Members to lose their independent status. The statements of independence of the Independent Board Members who took office after June 6, 2018 are given below:

1.G. Information on the Management Body, Senior Managers and the Number of Personnel (Continued)

1.G.1 The Board of Directors and Committees (Continued)

Date: 09.05.2018

STATEMENT OF INDEPENDENCE

To the Chairmanship of the Board of Directors of Hürriyet Gazetecilik ve Matbaacılık A.Ş.

I hereby declare that, as a nominee Independent Board Member of Hürriyet Gazetecilik ve Matbaacılık A.Ş., I have the required qualifications of "independent board membership" designated by the Capital Markets Law, the Communiqué on Corporate Governance No. II-17.1 of the Capital Markets Board, Resolutions of the Capital Markets Board and other legislation and the Articles of Association of your Company; and if I am elected, as soon as I become aware that I no longer have the aforementioned independence qualifications, I will immediately inform your Board of Directors, act in accordance with the decision of your Board, and resign from my office in case deemed necessary.

Yours sincerely,

ORHAN KIRCA

Date: 09.05.2018

STATEMENT OF INDEPENDENCE

To the Chairmanship of the Board of Directors of Hürriyet Gazetecilik ve Matbaacılık A.Ş.

I hereby declare that, as a nominee Independent Board Member of Hürriyet Gazetecilik ve Matbaacılık A.Ş., I have the required qualifications of "independent board membership" designated by the Capital Markets Law, the Communiqué on Corporate Governance No. II-17.1 of the Capital Markets Board, Resolutions of the Capital Markets Board and other legislation and the Articles of Association of your Company; and if I am elected, as soon as I become aware that I no longer have the aforementioned independence qualifications, I will immediately inform your Board of Directors, act in accordance with the decision of your Board, and resign from my office in case deemed necessary.

Yours sincerely,

ALAATTİN AYKAÇ

1.G. Information on the Management Body, Senior Managers and the Number of Personnel (Continued)

1.G.1 The Board of Directors and Committees (Continued)

As of the date of the report, there was no circumstance within our knowledge which caused the Independent Board Members to lose their independent status. Meetings of the Board of Directors are held with the attendance of 78% of the members.

In 2018, the Board of Directors adopted 55 board decisions, and these decisions were taken by unanimity of those who attended, and there was no Board Member who gave a dissenting vote to the decisions taken. No rule and/or limitation was set with respect to the engagement of the Company's Board Members in other duty or duties outside of the Company.

Executive Committee

The Company's Executive Committee Members, who were elected with the decision of our Board of Directors no 2018/19, dated 27.04.2018, to hold office until the Ordinary General Assembly where the activities and accounts of the accounting period from 01.01.2018 to 31.12.2018 will be discussed, and their offices are specified below.

Executive Committee	
Name and Surname	**Title**
Çağlar Göğüş	Chairman
Fikret Bilâ	Member Responsible for Publication Affairs
Ercüment İşleyen	Member Responsible for Digital Content Matters
Özgür Tokgöz Altun	Member Responsible for Financial and Administrative Affairs
Tuba Köseoğlu Okçu	Member Responsible for Human Resources
Zeynep Tandoğan	Member Responsible for Advertisement Affairs
Cenk Okan Özpay	Member Responsible for Information Systems

With the decision no 2018/38, dated 02.08.2018 of the Board of Directors, which took office on June 6, 2018 due to change of the Company's majority shareholder, the Executive Committee members were elected as follows to hold office until the Ordinary General Assembly where the activity results of 2018 will be discussed, and their offices are also specified below:

Executive Committee	
Name and Surname	**Title**
Mehmet Soysal	Chairman
Abdulvahap Munyar	Member Responsible for Publication Affairs
Hilmi Erkal (*)	Member Responsible for Financial and Administrative Affairs
Bülent Ayanoğlu	Member Responsible for Digital Content Matters
Hüseyin Emrah Kurtoğlu	Member Responsible for Human Resources
Rima Erdemir (**)	Member Responsible for Advertisement Affairs
Cenk Okan Özpay	Member Responsible for Information Systems

(*) Hilmi Erkal resigned from all his offices at the Company as of February 8, 2019.
(**) Until November 28, 2018, Tankut Karahan held office as the Member Responsible for Advertisement Affairs, and with the decision of the Board of Directors no 2018/54, dated 28.11.2018, Rima Erdemir was appointed to the relevant office.

The Executive Committee is set out by Article 16 of the Company's Articles of Association, and as a principle, the committee convenes once a week.

1.G. Information on the Management Body, Senior Managers and the Number of Personnel (Continued)

1.G.1 The Board of Directors and Committees (Continued)

Audit Committee

The Company's Audit Committee Members were elected with the decision of the Board of Directors no 2018/19, dated 27.04.2018, to hold office until the Ordinary General Assembly where the activities and accounts of the accounting period from 01.01.2018 to 31.12.2018 will be discussed, and the names of these members and their offices are specified below.

Audit Committee		
Name and Surname	**Title**	**Explanation**
Gündüz Kösemen	Chairman	Independent Member/Has No Executive Function
Sedat Gümüşoğlu	Member	Independent Member/Has No Executive Function

The Audit Committee members, who were elected with the decision no 2018/38, dated 02.08.2018 of our Board of Directors that took office on June 6, 2018 due to change of the Company's majority shareholder, and who would hold office until the Ordinary General Assembly where the activity results of 2018 will be discussed, are specified below along with their respective offices.

Audit Committee		
Name and Surname	**Title**	**Explanation**
Orhan Kırca	Chairman	Independent Member/Has No Executive Function
Alaattin Aykaç	Member	Independent Member/Has No Executive Function

The audit committee carries out its activities in accordance with the "Audit Committee Regulations" which sets out its working procedures and principles, the Capital Market Law, Communiqués and regulations/decisions of CMB, and convenes at least 4 times a year and presents the decisions of its meetings to the Board of Directors in writing. The Audit Committee convened 4 times in 2018. The Audit Committee presented a written report to the Board of Directors 5 times in 2018.

Duties and Working Principles of the Audit Committee are given below.

DUTIES AND WORKING PRINCIPLES OF THE AUDIT COMMITTEE

1. PURPOSE

The Audit Committee (Committee) of Hürriyet Gazetecilik ve Matbaacılık A.Ş. (The Company) shall assist the Board of Directors in supervision of the Company's functioning and effectiveness in relation to its accounting and reporting, finance and independent audit and internal control system. The Committee shall review and evaluate the systems and processes developed by the Company in relation to financial reporting and public disclosure; financial, operational and operating risks; internal control and internal and independent external audit and compliance with laws and regulations, and make suggestions to the Board of Directors.

2. LEGAL BASIS

These principles for the duties and working principles of the Audit Committee were set out by the decision of the Board of Directors no 2019/02 dated 14.01.2019 in accordance with the Company's Articles of Association, Article 378 of the Turkish Commercial Code no 6102 and the Communiqué on Corporate Governance No. II-17.1 of the Capital Markets Board.

1.G. Information on the Management Body, Senior Managers and the Number of Personnel (Continued)

1.G.1 The Board of Directors and Committees (Continued)

DUTIES AND WORKING PRINCIPLES OF THE AUDIT COMMITTEE (Continued)

3. AUTHORITY AND SCOPE

The Committee is formed and authorized by the Board of Directors. The Committee is authorized by the Board of Directors to invite to the Committee meetings, and to obtain information from, the Company's employees and representatives of the persons and organizations associated with the Company including affiliates, internal and external auditors (Auditors) and those persons who are experts in their area, and to receive external legal and professional advice when required.

The Committee acts within the framework of its authority and responsibility and makes consultative recommendations to the Board of Directors, but the final decision and implementation responsibility always belong to the Board of Directors.

4. ORGANIZATION

Membership

4.1. The Committee is formed in accordance with the Company's articles of association.

4.2. The Committee's Chairman is elected from among the independent Board Members.

In cases where this is not possible, the Committee's Chairman may be elected from among those third persons who are experts in their area, to the extent allowed by the legislation.

4.3. Those expert persons who have a business experience of at least eight years in the areas of accounting, finance, auditing and law etc. may take office in the Committee.

4.4. The Committee consists of at least two members.

4.5. The Committee members are elected from among those persons who have no executive function. Chairman of the Company's Executive Committee cannot take office in this Committee.

4.6. When necessary, persons who are not a Board of Directors member, and who are experts in their area may also be assigned to the Committee.

4.7. Representatives who are responsible for the financial and internal audit affairs of the Company's public affiliates, or companies having a significant position in the Company's consolidated financial statements although they are not public may also be a Committee member.

4.8. The Committee is re-appointed annually at the first meeting of the Board of Directors to be held after the Ordinary General Assembly meeting.

4.9. The Committee convenes with the attendance of one more than half of the number of its members, and takes decisions with the majority of the attendees.

4.10. The Committee's clerical procedures are fulfilled by the secretariat of the Board of Directors.

4.11. The Committee utilizes independent expert opinions on the matters it deems necessary in relation to its activities. The fees of the consultancy services needed by the Committee are borne by the Company.

Attendance to Meetings

4.12. Except for obligatory circumstances, the Committee convenes, as a principle, at least four times a year, in quarterly periods, at the Company's head office, upon the invitation to be made by the Committee's Chairman through the Secretariat of the Board of Directors. The Committee's Chairman may change the date, time and place of the meeting by informing the Committee members in advance.

4.13. In case they deem it necessary, the Auditors may hold a special meeting, by informing the Committee's Chairman through the Secretariat of the Board of Directors.

4.14. The decisions taken at the Committee meetings are recorded in writing, signed by the members of the Committee and duly kept.

4.15. The meeting and decision quorum is the full number of the Committee members.

4.16. Meetings of the Committee may be held at the Company's head office or at another place easily accessible by the Committee members.

1.G. Information on the Management Body, Senior Managers and the Number of Personnel (Continued)

1.G.1 The Board of Directors and Committees (Continued)

DUTIES AND WORKING PRINCIPLES OF THE AUDIT COMMITTEE (Continued)

5. RESPONSIBILITY

Internal Control

5.1. The Committee reviews whether the Company's management is informing the Company's employees of the significance of internal control and risk management and whether a correct "control culture" is established within the Company.

5.2. The Committee makes consultative recommendations to the Board of Directors for robust operation of the internal control infrastructure in all the Company's affiliates, for its comprehension by the employees and for provision of support to it by the management.

5.3. The Committee ensures that internal control processes are put in writing and updated periodically to ensure that their effectiveness is maintained.

5.4. The Committee oversees the robust performance of the coordination and communication between the Company's affiliates and the Internal Control department.

5.5. The Committee reviews the accountability of the management regarding the security and operation of the Company's computer system, and the crisis plans for recording and protection of the transactions, in case the computer system's complete failure.

5.6. The Committee investigates whether the warnings and recommendations made by Auditors in relation to internal control have been implemented.

Financial Reporting

a) General

5.7. Together with the Auditors, the Committee develops recommendations on internal control or similar issues, which ensure that the events causing any misconduct, breach of laws and regulations or deficiency can be identified.

5.8. The Committee reviews important accounting and reporting issues and legal issues and investigates their impact on financial statements.

5.9. The Committee obtains opinions of the Company's management and the Auditors on the plans in relation to identification of the areas which may pose a financial risk, and elimination of weaknesses.

5.10. The Committee gives particular importance to review of complex and extraordinary transactions, including particularly derivative transactions etc.

5.11. The Committee reviews the transactions, of which the entry into the accounting records is up to the consideration and decision of the Company's management, such as valuation of assets and resources; guarantees and surety-ships; performance of social responsibilities; provisions for legal actions; other obligations and contingent events.

5.12. The Committee reviews;

-Significant differences between the financial results realized in the interim period and the budgeted or estimated financial results,

-Significant changes in financial ratios, and whether these changes are consistent with the changes in the Company's operations, and the financing practices,

-Whether any realized or planned change is in question in the accounting or financial reporting practices,

-Whether there is any extraordinary or significant transaction,

-Whether the disclosures made to public in relation to financial information contain sufficient and proper information.

1.G. Information on the Management Body, Senior Managers and the Number of Personnel (Continued)

1.G.1 The Board of Directors and Committees (Continued)

DUTIES AND WORKING PRINCIPLES OF THE AUDIT COMMITTEE (Continued)

b) Financial Statements, Announcements and Presentations

5.13. The Committee obtains the opinions of the Company's responsible managers and independent auditors regarding the compliance of the financial statements and their footnotes to be disclosed to the public, with the accounting principles followed by the Company and the relevant facts, and the accuracy of such financial statements and footnotes, and informs the Board of Directors of the same in writing by submitting also its own evaluations.

5.14. The Committee reviews the activity report to be disclosed to the public and whether the information therein are accurate and consistent with the information available to the Committee.

5.15. The Committee checks whether the analyst presentations and disclosures to be made to the public with regard to the financial information, are made in compliance with the Company's "information policy", and particularly with the provisions of the regulations of the Capital Markets Board and other legislation.

5.16. The Committee investigates to what extent the disclosures to be made to the public with regard to financial information have been controlled by the Auditors, and how the aforementioned announcements and presentations are prepared.

Internal Audit

5.17. The Committee reviews the practices and organizational structure of the internal control department, and informs and makes recommendations to the Board of Directors in relation to the matters which restrict or constitute an impediment to the practices of internal auditors.

5.18. The Committee may make recommendations to the Board of Directors in relation to appointment, change of position and dismissal of the personnel employed at the internal control department, by taking into consideration also the qualifications of those persons.

5.19. The Committee reviews the "Duties and Working Principles of Internal Audit Directorate" which is prepared by the internal control department, and submits it to the approval of the Board of Directors.

5.20. The Committee reviews the effectiveness of internal control activities.

5.21. The Committee meets the internal control officials separately, and discusses with them those issues that the Committee or the auditors specifically require(s) to be discussed.

5.22. The Committee ensures that the important issues found during or as a result of the audits carried out by internal control department and its recommendations for elimination of these issues are communicated to and discussed by the Committee on time.

5.23. The Committee ensures that the recommendations made by the internal control department are communicated to and discussed and answered by the Company's management.

Independent External Audit

5.24. Election of external audit entity, preparation of audit contracts by the relevant departments of the Company and commencement of external audit process, as well as the activities of external audit entity in all phases, are conducted under the supervision of the Committee.

5.25. The Committee reviews the audit scope and approach proposed by the independent external auditors, and informs and makes recommendations to the Board of Directors in relation to the matters which restrict or constitute an impediment to their practices.

5.26. The Committee evaluates the performance of independent external auditors.

5.27. By taking into consideration the consultancy services obtained from the independent audit company or its related organizations as well, the Committee decides on the independence of the independent external auditors.

5.28. The Committee meets the independent external auditors separately, and discusses with them those issues that the Committee or the auditors specifically require(s) to be discussed.

1.G. Information on the Management Body, Senior Managers and the Number of Personnel (Continued)

1.G.1 The Board of Directors and Committees (Continued)

DUTIES AND WORKING PRINCIPLES OF THE AUDIT COMMITTEE (Continued)

5.29. The Committee ensures that the important issues found during or as a result of the audits carried out by independent external auditors and their recommendations for elimination of these issues are communicated to and discussed by the Committee on time.

5.30. The independent external auditors submit to the information of the Committee the significant issues in relation to the Company's accounting policy and practices; the alternative practices and public disclosure options under the international accounting standards which were previously communicated to the Company's management, possible consequences thereof and recommendations for implementation, and in addition, the significant correspondence with the Company's management.

5.31. The Committee ensures that the recommendations made by the independent external auditors are communicated to and discussed and answered by the Company's management.

Compliance with Laws and Regulations

5.32. The Committee reviews the monitoring system developed by the Company for compliance with laws and regulations, and the outcomes of investigations and proceedings filed by the Company's management on misconduct, unjust enrichment, failure to comply with laws and regulations etc., including disciplinary penalties.

5.33. The Committee reviews the significant complaints communicated to the Company on the Company's accounting, internal control system and independent external audit etc., ensures their finalization, and ensures that notifications by the Company's employees in this respect are communicated to the Company's management within the principle of confidentiality.

5.34. On a quarterly basis, the Committee obtains and examines a periodic report from the Company's management, its in-house legal professionals or outsourced legal consultants, in respect of the lawsuits filed against the Company, the provisions allocated and required to be allocated for such lawsuits, provisions no longer required, and the total risk that may arise.

5.35. The Committee obtains and evaluates the necessary information regarding the Company's compliance with the provisions of the legislation applicable to the Company, in preparation of the financial statements and the footnotes thereof.

5.36. The Committee presents information and recommendations to the Board of Directors in relation to the conflicts of interest that may arise and misuse of the Company's trade secrets.

5.37. The Committee reviews the results of the audits and investigations carried out by the regulatory authorities, and presents information and recommendations to the Board of Directors.

Compliance with the Internal Regulations

5.38. The Committee ensures that the internal regulations are put into writing, and develops measures which will ensure that they are communicated to all the employees.

5.39. The Committee evaluates whether the internal regulations and acceptable code of ethical conduct have been communicated to the employees by the Company's management with a proper method of communication.

5.40. The Committee evaluates the activities carried out by the Company's management in relation to monitoring of the compliance with the internal regulations.

5.41. The Committee oversees the compliance with the internal regulations which prevent the conflicts of interests that may arise between the Board members, managers and other employees, and misuse of the information with a nature of a trade secret.

5.42. The Committee develops and presents to the information of the Board of Directors recommendations ensuring protection of the assets of the Company and of its affiliates against incorrect and unauthorized use.

5.43. The Committee obtains a periodic report from the Company's management once a year in relation to compliance by the employees with the internal regulations.

1.G. Information on the Management Body, Senior Managers and the Number of Personnel (Continued)

1.G.1 The Board of Directors and Committees (Continued)

DUTIES AND WORKING PRINCIPLES OF THE AUDIT COMMITTEE (Continued)

Reporting Responsibility

5.44. The Committee ensures that the Board of Directors is informed on the matters falling within the scope of its authority and responsibility.

5.45. The Committee puts into writing and records all the activities carried out by it.

5.46. The Committee compiles its practices and recommendations into a report and submits it to the Board of Directors.

Other Responsibilities

5.47. The Committee performs the other overseeing and monitoring activities required by the Board of Directors.

5.48. In case it deems necessary, the Committee may initiate special investigations and appoint experts at the Company's expense, as consultants to provide assistance to it in these investigations.

5.49. In case it deems necessary, the Committee may ensure that certain issues are put on the agenda of the Company's General Assembly meetings.

5.50. The Committee regularly reviews its own performance.

5.51. The Committee makes recommendations to the Board of Directors, but these recommendations do not discharge the Board of Directors from its duties and responsibilities arising from the Turkish Commercial Code.

6. BUDGET

The Committee is given an annual budget in order for it to perform its activities effectively and efficiently, which is approved by the Board of Directors.

7. EFFECTIVENESS

The duties and working principles of the Committee and the amendments thereto enter into force upon the decision of the Board of Directors.

1.G. Information on the Management Body, Senior Managers and the Number of Personnel (Continued)

1.G.1 The Board of Directors and Committees (Continued)

Corporate Governance Committee

With the decision of our Board of Directors no 2018/19 dated 27.04.2018, it was found appropriate to elect the Chairman and Members of the Corporate Governance Committee to hold office until the first meeting of the Board of Directors to be held following the Ordinary General Assembly where the activities and accounts of the accounting period from 01.01.2018 to 31.12.2018 will be discussed, and as set out by the "Corporate Governance Communiqué" of the CMB (II-17.1), that the Corporate Governance Committee shall undertake the duties of the "Nomination Committee" and the "Remuneration Committee" as well. Members of the Corporate Governance Committee who were elected on April 27, 2018 and their offices are specified below.

Name and Surname	Title	Explanation
Gündüz Kösemen	Chairman	Independent Member, Has No Executive Function
Dr. Murat Doğu	Member	Has No Executive Function
Nihan Sena Hertaş	Member	Investor Relations Department Manager / Has No Executive Function

With the decision no 2018/38 dated 02.08.2018 of our Board of Directors which took office on June 6, 2018 due to change of the Company's majority shareholder, it was decided that the Corporate Governance Committee shall hold office until the first meeting of the Board of Directors to be held following the General Assembly where the activity results of 2018 will be discussed, and as set out by the "Corporate Governance Communiqué" of the CMB (II-17.1), it shall undertake the duties of the "Nomination Committee" and the "Remuneration Committee" as well, and that it shall consist of the following members.

Name and Surname	Title	Explanation
Orhan Kırca	Chairman	Independent Member/Has No Executive Function
Rima Erdemir (*)	Member	Has No Executive Function
Burça Canbaz (**)	Member	Investor Relations Department Manager / Has No Executive Function

(**) Until November 28, 2018, Tankut Karahan held office, and with the decision of the Board of Directors no 2018/54, dated 28.11.2018, Rima Erdemir was appointed to the relevant office.

(**) It was seen that Burça Canbaz has resigned from office, and Semih Metin was appointed to replace her with the decision no 2019/5 dated 04.03.2019 of the Board of Directors .

The Corporate Governance Committee carries out its activities in accordance with the "Corporate Governance Committee Regulations" which sets out its working procedures and principles, the Capital Market Law, and the communiqués and regulations/decisions of CMB, and convenes at least 4 times a year and presents the decisions of its meetings to the Board of Directors in writing.

The Corporate Governance Committee convened 7 times in 2018 and presented 10 written reports to the Board of Directors.

In 2018, with the decision of the Corporate Governance Committee dated 29.08.2018, for the purpose of considering the necessary endeavors to be made to increase the ratio of female members in our Board of Directors to 25% in the medium term and the relevant policies to be formed in this respect, it was unanimously decided to submit this matter to the approval of our Board of Directors.

1.G. Information on the Management Body, Senior Managers and the Number of Personnel (Continued)

1.G.1 The Board of Directors and Committees (Continued)

Duties and Working Principles of the Corporate Governance Committee are given below.

DUTIES AND WORKING PRINCIPLES OF THE CORPORATE GOVERNANCE COMMITTEE

1. PURPOSE

The Corporate Governance Committee (Committee) of Hürriyet Gazetecilik ve Matbaacılık A.Ş. (The Company) shall support and assist the Board of Directors by carrying out activities in relation to the Company's compliance with corporate governance principles, appointment, remuneration, rewarding and performance evaluations and career planning of the Board members and senior managers, investor relationships and public disclosure. The Committee shall review and evaluate the systems and processes created or to be created by the Company in implementing the management practices increasing the Company's performance, and make recommendations in relation thereto.

2. LEGAL BASIS

These principles for the duties and working principles of the Corporate Governance Committee were set out by the decision of the Board of Directors no 2019/02 dated 14.01.2019 in accordance with the Company's Articles of Association, Article 378 of the Turkish Commercial Code no 6102 and the Communiqué on Corporate Governance No. II-17.1 of the Capital Markets Board.

3. AUTHORITY AND SCOPE

The Committee is formed and authorized by the Board of Directors. The Committee is authorized to invite to the Committee meetings, and to obtain information from, the Company's employees and representatives of the persons and organizations associated with the Company including affiliates, internal and external auditors (Auditors) and those persons who are experts in their area, and to receive external legal and professional advice when required. In this case, cost of the consultancy services needed by the Committee shall be borne by the Company. The Committee acts within the framework of its authority and responsibility and makes consultative recommendations to the Board of Directors, but the final decision and responsibility always belong to the Board of Directors.

4. ORGANIZATION

Membership

4.1. The Committee is formed in accordance with the Company's articles of association.

4.2. The Committee's Chairman is elected, as a rule, from among the independent Board Members. In cases where this is not possible, the Committee's Chairman may be elected from among those third persons who are experts in their area.

4.3. Those expert persons who have a business experience of at least eight years in the areas of accounting, finance, auditing and law, management etc. may take office in the Committee.

4.4. The Committee consists of at least two members.

4.5. The Committee members are, within the bounds of possibility, elected from among those persons who have no executive function. Chairman of the Company's Executive Committee cannot take office in this Committee.

4.6. When necessary, persons who are not a Board of Directors member, and who are experts in their area may also be assigned to the Committee.

4.7. The Committee is re-appointed annually at the first meeting of the Board of Directors to be held after the Ordinary General Assembly meeting.

4.8. The Committee convenes with the attendance of one more than half of the number of its members, and takes decisions with the majority of the attendees.

4.9. The Committee's clerical procedures are fulfilled by the secretariat of the Board of Directors.

4.10. In case it is deemed necessary, the Committee members may become a member of the Corporate Governance Committees of the Company's public affiliates.

1.G. Information on the Management Body, Senior Managers and the Number of Personnel (Continued)

1.G.1 The Board of Directors and Committees (Continued)

DUTIES AND WORKING PRINCIPLES OF THE CORPORATE GOVERNANCE COMMITTEE (Continued)

Attendance to Meetings

4.11. Except for obligatory circumstances, the Committee convenes, as a principle, at least four times a year, in quarterly periods, at the Company's head office, upon the invitation to be made by the Committee's Chairman through the Secretariat of the Board of Directors.

4.12. The Committee's Chairman may change the date, time and place of the meeting by informing the Committee members in advance.

4.13. The decisions taken at the Committee meetings are recorded in writing, signed by the members of the Committee and duly kept.

5. RESPONSIBILITY

Compliance with Corporate Governance Principles

5.1. The Committee evaluates whether the Company's management informs the Company's employees of the significance of having good governance practices and whether an effective and efficient "corporate governance culture" is established within the Company.

5.2. The Committee makes recommendations to the Board of Directors for robust operation of the internal control infrastructure for management practices aimed at increasing the Company's performance, in all the Company's affiliates, for its comprehension and adoption by the employees and for provision of support to it by the management.

5.3. The Committee identifies whether or not the corporate governance principles are implemented, and if not, the reason therefor and the conflicts of interest that arise due to the failure to fully comply with these principles, and makes recommendations to the Board of Directors to improve the practices.

Governance Control

5.4. The Committee obtains opinions of the management and the related parties on the plans in relation to identification of the areas which may pose a governance risk and weakness, and elimination of deficiencies.

5.5. The Committee reviews the significant complaints communicated to the Company on management, ensures their finalization, and ensures that notifications by the employees in this respect are communicated to the management within the principle of confidentiality.

Disclosures to be Made to Public

5.6. The Committee reviews the activity report to be disclosed to the public and whether the information therein are accurate and consistent with the information available to the Committee.

5.7. The Committee develops recommendations which ensure that the analyst presentations and disclosures to be made to the public are made in compliance with the Company's "information policy", and particularly with the laws and regulations.

Compliance with the Internal Regulations

5.8. The Committee ensures that the internal regulations are put into writing, and that they are communicated to all the employees.

5.9. The Committee evaluates whether the internal regulations and acceptable code of ethical conduct have been communicated to the employees by the Company's management with a proper method of communication.

5.10. The Committee evaluates the activities carried out by the Company's management in relation to monitoring of the compliance with the internal regulations.

5.11. The Committee oversees the compliance with the internal regulations which prevent the conflicts of interests that may arise between the Board members, managers and other employees, and misuse of the information with a nature of a trade secret.

Determination of the Nominees to be Elected to the Board of Directors

5.12. The Committee carries out efforts for creation of a transparent system for determination of suitable nominees to the board of directors and senior management and for development of policies and strategies in this respect. Performance Evaluation, Remuneration and Rewarding Policy and Career Planning of the Board Members and Managers

1.G. Information on the Management Body, Senior Managers and the Number of Personnel (Continued)

1.G.1 The Board of Directors and Committees (Continued)

DUTIES AND WORKING PRINCIPLES OF THE CORPORATE GOVERNANCE COMMITTEE (Continued)

5.13. The Committee carries out efforts aimed at determination of the approaches, principles and practices on performance evaluation, remuneration and rewarding policy and career planning of the board members and senior managers.
5.14. The Committee develops recommendations on the number of Board members and managers.
5.15. In case it deems necessary, the Committee obtains opinions and suggestions of the Human Resources Committee.

6. INVESTOR RELATIONS
6.1. The "Shareholders Relations Department" (the Department) was established for the purpose of monitoring all the relations between the shareholders and the investors and ensuring that the requirements of their right to information are satisfied in full, by acting within the body of the Committee and reporting to the Committee's Chairman.
6.2. The Department consists of sufficient number of expert personnel.
6.3. The Department;
-Satisfies the information requests of shareholders and investors under the legislation, articles of association, corporate governance principles and information policy;
- Holds periodic investor information meetings at home and in abroad under the legislation, articles of association, corporate governance principles and information policy, or attends such meetings held;
- Makes the necessary efforts to make the website an active communication platform for domestic and foreign investors,
- Oversees and monitors realization of the process in relation to public disclosure in compliance with the legislation,
-Ensures that the records in relation to shareholders are kept reliably, safely and in an up-to-date manner,
-Ensures that the activity reports are prepared as prescribed by the legislation and the Corporate Governance Principles of CMB,
-Monitors the duly realization of the General Assembly meetings,
-Prepares the documents to be submitted to the shareholders at the General Assembly meetings,
-Makes the necessary efforts for the purpose of duly taking the minutes of the meetings.

7. SECRETARIAT OF THE BOARD OF DIRECTORS
7.1. Before, during and after the meetings of the Board of Directors, planning and performance of the meetings in a way to ensure highest level of efficiency and monitoring processes in this respect are made by the "Secretariat of the Board of Directors" (the Secretariat).
7.2. Basically, the Secretariat ensures communication among the Board members, makes preparations of the meetings of the Board of Directors and Committees, takes the minutes of meetings, and regularly archives the correspondence made including the announcements of the Board of Directors.
7.3. Timely access by the Board members to any information is ensured under the Secretariat's coordination.
7.4. Records kept by the Secretariat are always kept available to the review of the board members.
7.5. The Secretariat consists of a secretary within the body of Business Development and Investor Relations Coordinatorship.

1.G. Information on the Management Body, Senior Managers and the Number of Personnel (Continued)

1.G.1 The Board of Directors and Committees (Continued)

DUTIES AND WORKING PRINCIPLES OF THE CORPORATE GOVERNANCE COMMITTEE (Continued)

8. REPORTING RESPONSIBILITY
8.1. The Committee ensures that the Board of Directors is informed on the matters falling within the scope of its authority and responsibility.
8.2. The Committee puts into writing and records all the activities carried out by it.
8.3. The Committee compiles its practices and recommendations into a report and submits it to the Board of Directors.
8.4. The Committee follows up the developments in the literature on corporate governance and researches their effect on the Company's governance.
8.5. The Committee performs the other activities required by the Board of Directors, which can be regarded to be within the framework of corporate governance.
8.6. In case it deems necessary, the Committee may initiate special reviews and appoint experts as consultants to provide assistance to it in these reviews.
8.7. The Committee regularly reviews its own performance.
9. BUDGET
The Committee is given an annual budget in order for it to perform its activities effectively and efficiently, which is approved by the Board of Directors.
10. EFFECTIVENESS
The duties and working principles of the Committee and the amendments thereto enter into force upon the decision of the Board of Directors.

Investor Relations Department

As per the provisions of article 11 of the "Corporate Governance Communiqué" of CMB (II-17.1), the Investor Relations Department was constituted with the decision no 2015/30 dated 21.07.2014 of our Board of Directors. With the decision no 2017/25 dated 25.07.2017 of our Board of Directors, Nihan Sena Hertaş was appointed as Investor Relations Department Manager. Investor Relations Department's officials are specified below.

Name and Surname	Title
Nihan Sena Hertaş	Investor Relations Department Manager
Elif Özcan	Investor Relations Department Official

It was seen that Nihan Sena Hertaş, who was appointed as the Investor Relations Department Manager and Corporate Governance Committee Member under the decision no 2018/38 dated 02.08.2018 of our Board of Directors, has resigned from her office, and it was decided that Burça Canbaz, who was understood to have satisfied the minimum requirements under article 11 titled "Investor Relations Department" of the Corporate Governance Communiqué No. II-17.1 ("Communiqué") of the Capital Markets Board, which entered into force by being published on the Official Gazette No. 28871 dated 03.01.2014, be appointed as the Investor Relations Department Manager and Corporate Governance Committee Member. Investor Relations Department's officials are as follows.

1.G. Information on the Management Body, Senior Managers and the Number of Personnel (Continued)

1.G.1 The Board of Directors and Committees (Continued)

Investor Relations Department (Continued)

Investor Relations Department

Name and Surname	**Title**
Burça Canbaz (*)	Investor Relations Department Manager
Elif Özcan	Investor Relations Department Official

(*) It was seen that Burça Canbaz has resigned from office, and Semih Metin was appointed to replace her with the decision no 2019/5 dated 04.03.2019 of the Board of Directors.

Committee for Early Detection of Risk

Members of the Committee for Early Detection of Risk, who were elected with the decision of our Board of Directors no 2018/19, dated 27.04.2018, to hold office until the Ordinary General Assembly where the activities and accounts of the accounting period from 01.01.2018 to 31.12.2018 will be discussed, and their offices are specified below.

Name and Surname	**Title**	**Explanation**
Gündüz Kösemen	Chairman	Independent Member, Has No Executive Function
Özgür Tokgöz Altun	Member	Hürriyet Gazetecilik Ve Matbaacılık A.Ş. Finance Director
Nazire Başak Baylan	Member	Doğan Şirketler Grubu Holding A.Ş. Legal Director

Due to change of the Company's majority shareholder, with the decision no 2018/38 dated 02.08.2018 of our Board of Directors it was decided to constitute the Committee for Early Detection of Risk as follows pursuant to article 378 of the Turkish Commercial Code and the "Corporate Governance Communiqué" of CMB (II-17.1).

Name and Surname	**Title**	**Explanation**
Orhan Kırca	Chairman	Independent Member, Has No Executive Function
Ayşe Özlem Ertürk	Member	Deputy Chairman for Legal Affairs
Hüseyin Emrah Kurtoğlu	Member	Executive Committee Member Responsible for Human Resources and Administrative Affairs

The Committee for Early Detection of Risk carries out its activities in accordance with the "Committee for Early Detection of Risk Regulations" which sets out its working procedures and principles, the Capital Market Law, and the communiqués and regulations/decisions of CMB, and convenes at least 6 times a year and presents the decisions of its meetings to the Board of Directors in writing. The Committee for Early Detection of Risk convened 6 times in 2018 and presented 6 written reports to the Board of Directors.

1.G. Information on the Management Body, Senior Managers and the Number of Personnel (Continued)

1.G.1 The Board of Directors and Committees (Continued)

The Committee for Early Detection of Risk (Continued)

Duties and Working Principles of the Committee for Early Detection of Risk are given below.

DUTIES AND WORKING PRINCIPLES OF THE COMMITTEE FOR EARLY DETECTION OF RISK

1. PURPOSE

The purpose of the Committee for Early Detection of Risk (the "Committee"), which holds office within the body of Hürriyet Gazetecilik Ve Matbaacılık A.Ş. (The "Company"), is to develop policies necessary for early detection of operational, strategic, financial and compliance risks which may endanger the Company's existence, improvement and continuation, calculation of their impact and possibility, taking and implementing the necessary precautions in relation to the risks detected, and performance of the risk management processes, and to manage and report the risks in accordance with the Company's risk taking profile.

2. LEGAL BASIS

These principles for the duties and working principles of the Committee for Early Detection of Risk were set out by the decision of the Board of Directors no 2019/02 dated 14.01.2019 in accordance with the Company's Articles of Association, Article 378 of the Turkish Commercial Code no 6102 and the Communiqué on Corporate Governance No. II-17.1 of the Capital Markets Board.

3. THE COMMITTEE'S STRUCTURE AND MEMBERS

The Committee is constituted and authorized by the Board of Directors in compliance with the Company's articles of association and with the relevant legislation. The Committee performs a situation assessment with the report that it shall present to the Board of Directors in every two months, points out the dangers if any, and indicates the remedies.

It carries out efforts for the purpose of early detection of the risks which may endanger the Company's existence, improvement and continuation, calculation of their impact and possibility, implementation of the necessary precautions in relation to the risks detected, and management of risk.

It reviews the risk management systems at least once a year.

Attention shall be paid not to allow the Board members who are also members of this Committee to have a membership in other committees. The Committee consists of members who are competent in evaluation of operational, financial, compliance and strategic risks. The Committee may invite guest attendees to its meetings from among the relevant employees according to the agenda items. The Committee may also utilize independent expert opinions on the matters it deems necessary in relation to its activities. The fees of the consultancy services needed by the Committee are borne by the Company.

4. SUB-WORKING GROUPS

For the purpose of increasing the efficiency of its practices, the Committee for Early Detection of Risk may constitute sub-working groups consisting of persons having sufficient experience and knowledge in Corporate Risk Management, which it will elect from among its members and/or externally.

5. MEETING AND REPORTING

The Committee convenes at least six times a year, once in every two months, before the meetings of the Board of Directors. The Committee may convene in cases where it deems necessary for the efficiency of its practices. The timing of the Committee meetings is scheduled, as far as possible, in line with the timing of the Board meetings. All practices of the Committee are put into writing with minutes, which are signed by the members of the Committee and kept. In cases of emergency, the Committee for Early Detection of Risk may hold an extraordinary meeting upon the call of the Chairman of the Board of Directors or the Chairman or any member of the Committee for Early Detection of Risk.

The Committee's Chairman presents a written report to the Board of Directors following the Committee meeting, on the activities of the Committee, and informs the Board members and the auditor of the summary of the Committee meeting in writing, or ensures that they are informed of the same. In cases where it is deemed necessary, the Committee may hold separate discussions and meetings with the Company's senior management and the Company's employees at any level, within the principle of confidentiality.

1.G. Information on the Management Body, Senior Managers and the Number of Personnel (Continued)

1.G.1 The Board of Directors and Committees (Continued)

The Committee for Early Detection of Risk (Continued)

DUTIES AND WORKING PRINCIPLES OF THE COMMITTEE FOR EARLY DETECTION OF RISK (Continued)

6. DUTIES AND RESPONSIBILITIES

Duties and responsibilities of the Committee for Early Detection of Risk are:

- *To carry out efforts for the purpose of early detection of the risks which may endanger the Company's existence, improvement and continuation, calculation of their impact and possibility, implementation of the necessary precautions in relation to the risks detected, and management of risk,*
- *Based on the risk management strategies and in line with the opinions of the Board of Directors, to design efficient internal control systems for the purpose of ensuring identification and implementation of and compliance with the risk management policies, application methods and systems,*
- *To design and monitor the implementation of the necessary measures and actions in relation to the risks identified,*
- *To monitor the risk management practices on company basis for the sake of identification and efficient management of risks,*
- *For the purpose of performing the risk monitoring function efficiently, to request information, opinions and reports from the relevant departments when deemed necessary,*
- *To review and evaluate the risk management system at least once a year,*
- *To periodically (once in every two months) inform the Board of Directors of the risk management practices,*
- *To perform the other duties given/to be given to the Committee pursuant to the relevant legislation.*

The Committee makes recommendations to the Board of Directors, but these recommendations do not discharge the Board of Directors from its duties and responsibilities arising from the Turkish Commercial Code.

7. EFFECTIVENESS

These rules governing the duties and working principles of the Committee and the amendments thereto enter into force upon the decision of the Board of Directors.

The Committee for Corporate Identity Renewal Practices

It is a committee which was established by the Company's Management in 2018 in addition to the existing Committees, for the purpose of renewal of Corporate Identity. The Chairman and members of the Committee are specified below.

Name and Surname	Title
Mehmet Soysal	Chairman
Çağlayan Kent Ergönül	Member
Rozli Mazon	Member
Didem Koçak	Member
Pelin Yelda	Member
Bahar Erduran	Member

1.G. Information on the Management Body, Senior Managers and the Number of Personnel (Continued)

1.G.1 The Board of Directors and Committees (Continued)

Evaluation of the Board of Directors in Relation to the Working Principles and Efficiency of the Audit Committee, the Corporate Governance Committee and the Committee for Early Detection of Risk:

With its decision no 2018/38 dated 02.08.2018, our Board of Directors decided that the committees constituted to assist the activities of the Board of Directors in accordance with the relevant provisions of the Turkish Commercial Code, Capital Market Law, the Regulations and Resolutions of the Capital Markets Board ("CMB") and the Company's Articles of Association, shall be constituted to hold office until the Ordinary General Assembly where the activity results of 2018 will be discussed, except for the Corporate Governance Committee. With this decision, it was decided to elect the Independent Member Orhan Kırca as the Chairman and the Independent Member Alaattin Aykaç as the member of the Audit Committee, and the Independent Member Orhan Kırca as the Chairman, and the Investor Relations Department Manager Burça Canbaz and the Executive Committee Member Responsible for Advertisement Affairs Tankut Karahan, as the members of the Corporate Governance Committee. In addition to this, with the decision of the Board of Directors no 2018/54 dated 28.11.2018, Rima Erdemir was appointed to replace Tankut Karahan. It was decided to elect the Independent Member Orhan Kırca as the Chairman, and Demirören Medya Deputy Chairman for Legal Affairs Ayşe Özlem Ertürk and Executive Committee Member Responsible for Human Resources and Administrative Affairs Hüseyin Emrah Kurtoğlu, as the members of the Committee for Early Detection of Risk.

In the accounting period from 01.01.2018 to 31.12.2018, the Committees of the Board of Directors have performed their duties and responsibilities that they are required to perform in accordance with the Corporate Governance Principles, and they have carried out their activities efficiently. In the accounting period from 01.01.2018 to 31.12.2018, meetings have been held for efficiency of employees, and the decisions taken at these meetings have been presented to the Board of Directors in writing.

Accordingly, the "Audit Committee" which, in addition to taking all the measurements necessary for sufficient and transparent performance of any internal control and independent audit, is also responsible for efficient implementation of the internal control system, has presented to the Board of Directors all its recommendations in relation to the matters for which it is responsible, including opinions and recommendations in relation to internal audit and internal control system. The "Corporate Governance Committee", which was constituted for the purpose of monitoring the compliance of the Company with the Corporate Governance Principles, making improvement efforts in this respect and presenting recommendations to the Board of Directors, has identified whether or not the Corporate Governance Principles are implemented in the Company, and if not, the reason therefor and the conflicts of interest that arise due to the failure to fully comply with these principles, made recommendations to the Board of Directors for improving the corporate governance practices, and has overseen the practices of the Investor Relations Department. The Committee for Early Detection of Risk, which carries out efforts for the purpose of early detection of risks which may endanger the Company's existence, improvement and continuation, implementation of the necessary precautions in relation to the risks detected, and management of risk, has also reviewed the Company's risk management systems in accordance with Corporate Governance Principles and the Regulation of the Committee for Early Detection of Risk. In addition, the Committee submits a report to the Board of Directors once in every two months through the Committee's Decisions held, which report must be prepared pursuant to Article 378 of the Turkish Commercial Code no 6102.

1.G. Information on the Management Body, Senior Managers and the Number of Personnel (Continued)

1.G.2 Senior Managers

As of December 31, 2018, the Company's senior managers are as follows:

Name and Surname	Office
Mehmet Soysal	Managing Director of the Board of Directors / Chairman of the Executive Committee
Abdulvahap Munyar	Editor in Chief / Executive Committee Member
Hilmi Erkal (*)	Chief Financial Officer (CFO) / Executive Committee Member
Bülent Ayanoğlu	Digital Media Director / Executive Committee Member
Hüseyin Emrah Kurtoğlu	Chief Operating Officer (COO) / Executive Committee Member
Rima Erdemir	Head of Advertising Group / Executive Committee Member
Cenk Okan Özpay	Information Technologies and R&D Director / Executive Committee Member

(*) Hilmi Erkal resigned from all his offices at the Company as of February 8, 2019.

1.G.3 Number of Personnel

Number of personnel of the Company and its subsidiaries as of December 31, 2018 is 1.135 (December 31, 2017: 1.521).

1.H. Information on the Transactions carried out by the Members of the Company's Board of Directors with the Company On their Own Behalf and On Behalf of Others, within the scope of the Permission Granted by the Company's General Assembly, and their Activities within the Scope of the Non-Competition Rule

The General Assembly's permission is obtained to enable the Board members of Hürriyet to carry out the transactions written in articles 395 and 396 of the Turkish Commercial Code (TCC), other than in relation to those matters prohibited by TCC. According to the information kept by the Company, the Board Members did not carry out any commercial activity on their own behalf in the areas falling within the scope of activity of Hürriyet, in the accounting period from 01.01.2018 to 31.12.2018.

1.I. Administrative and Judicial Sanctions Imposed on the Company and the Members of the Board of Directors due to Practices which are In Breach of Legislative Provisions

No administrative or judicial sanctions have been imposed within the relevant period on the Company and the members of the Board of Directors due to practices which are in breach of legislative provisions.

1.J. Amendments Made in the Relevant Period to the Articles of Association, and the Reasons Therefor

No amendment was made to the Company's Articles of Association in the accounting period from 01.01.2018 to 31.12.2018.

The Board of Directors of our Company convened on 03.01.2019 and decided as follows;

Based upon the authority granted to our Board of Directors by article 9 of our Company's Articles of Association, as per the decision taken by our Company's Board of Directors dated 19.11.2018, our Company's issued capital of TL 552,000,000 (Five hundred fifty two million Turkish Liras) divided into 552.000.000 (Five hundred fifty two million) shares each at a nominal value of TL 1.00, which is within the Company's registered capital ceiling of TL 800,000,000 (Eight hundred million Turkish Liras), was decided to be raised to TL 592,000,000 (Five hundred ninety two million Turkish Liras) by being increased by TL 40,000,000 (Forty million Turkish Liras) (7.24%), to be fully covered by cash, and the certificate of issuance in respect of the capital increase was approved by the Decision no 63/1446 of the Capital Markets Board dated 13.12.2018. Since, upon examination of the capital increase procedures which were commenced in this way, it was understood that the shares issued representing the capital increase of TL 40,000,000 which was increased in cash, were fully sold to Demirören Medya Yatırımları Ticaret A.Ş., with their prices having been fully paid up in cash, under the conditions specified in the certificate of issuance,

1.J. Amendments Made in the Relevant Period to the Articles of Association, and the Reasons Therefor (Continued)

it was decided to inform the Capital Markets Board of the fact that the capital increase procedures have been finalized in accordance with the Capital Market Law and its relevant Communiqués and the procedures and principles specified in the certificate of issuance, and our application that we made to the Capital Markets Board on 09.01.2019 for approval of the new article of our articles of association in relation to capital, which is as enclosed herewith and which shows our capital that was increased to TL 592,000,000, in order for the same to be registered and announced under article 18, paragraph 7 of the Capital Market Law, was approved by the Capital Markets Board on 10.01.2019.

2. FINANCIAL RIGHTS GRANTED TO BOARD MEMBERS AND SENIOR MANAGERS

All financial rights, benefits and remunerations granted to the Board members are determined annually at the Company's Ordinary General Assembly Meeting. The Company designated its key management personnel as Board Members and Executive Committee Members. Benefits granted to the key management personnel consist of remuneration, premium, health insurance, transportation and post- employment benefits.

At the Ordinary General Assembly meeting held on March 29, 2018, it was unanimously decided to pay a monthly remuneration of TL 10,000 net to Independent Board Members and TL 5,000 net to each of the other Board Members. There is no performance-based rewarding mechanism for the Board members.

At the Extraordinary General Assembly meeting held on June 6, 2018, it was unanimously decided not to pay any remuneration/attendance fee to the Board members (including the Independent Board members).

	January 1 - December 31, 2018	**January 1 - December 31, 2017**
Remunerations and other short term benefits	12,494,912	11,442,218
Post-employment benefits	2,142,096	286,466
	14,637,008	**11,728,684**

3. RESEARCH AND DEVELOPMENT ACTIVITIES

Under 1501 – TÜBİTAK Industrial R&D Projects Support Program, our Company has made an application with its project no 3170089 titled "Development of an Engine for Analytical Measurement and Estimation of User Behavioral Patterns through Machine Learning and Techniques", and the approval was notified to our Company by the Project Support Decision Letter no 58820078/115.02.01/87217 dated August 24, 2017. In addition, the application for our Company's R&D Center was accepted with the approval letter of the General Directorate of Science and Technology of the Ministry of Science, Industry and Technology, no 63413363 – 206.99E.4177, dated October 30, 2017, and the relevant R&D incentives have started to be benefited from in 2018.

4. ACTIVITIES OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS IN RELATION TO THE ACTIVITIES

4.A. The Company’s Field and Sector of its Activities and its Position in this Sector

PRINTED MEDIA

HÜRRİYET GAZETESİ (NEWSPAPER HÜRRİYET)

Since its foundation in 1948, the Newspaper Hürriyet has become the symbol of good and reliable journalism with its modern publishing approach, acting with a commitment to universal, social and its own ethical principles.


MEDYADA TARİHİ DEVİR
YENİ KAPTAN DEMİRÖREN
Hürriyet
www.hurriyet.com.tr
PUTIN'LE SURİYE'Yİ GÖRÜŞTÜ
135 MİLYAR LİRALIK
23 PROJEYE SÜPER TEŞVİK
KİMYASAL KRİZ
CANLI CANLI mumyalandı
TEHLİKEYE RAĞMEN NASIL BİNDİ
Yalı çökmeden müdahale edilecek
ÇOCUKLAR MASALLA BÜYÜSÜN
NASIL ERKEN EMEKLİ OLUNUR
Dövizde üç zirve
LİDERLİĞİ BIRAKTI

Having gained a rightful reputation as the flagship of printed media for years, Hürriyet has been maintaining its publishing activities also in digital medium for more than 20 years at hürriyet.com.tr. with a powerful and leading position. Leading the social changes with its high sensitivity on such matter, and with its structure which enables access to any content at any moment from any channel, Hürriyet has become an efficient means of communication of the digital world. Hürriyet has gathered the economy, internal and external policy, magazine, sports and any content related to life under a single roof in digital and printed media.

Thanks to making use of the new approaches of the developing technology in news and content generation in harmony with social media, large data can be processed in a correct and efficient manner. As a result of this, any content can be created 24/7, and satisfy the needs of readers, digital followers and advertisers. Every day, the Newspaper Hürriyet reaches out to approximately 1 million persons in printed media and to 5,7 million persons in digital media.

HÜRRİYET İK YENİ EKONOMİ

Hürriyet İK, the one and only human resources newspaper of Turkey, which has been distributed every Sunday together with the Turkey edition of the Newspaper Hürriyet for more than 21 years, has become the name of change in the new world order where large amount of initiatives are talked about and technology is brought to the forefront. The developing new world dynamics and the transformation that economy has experienced together with digital innovations, have lead to a great change in Hürriyet İK, the one and only human resources newspaper of Turkey. The newspaper distributed on Sundays and which was modernized with the name of “Hürriyet İK & Yeni Ekonomi”, has now started to set the agenda with its significant content in relation to human resources and dew economy.


Hürriyet
İK YENİ EKONOMİ
İK liderleri zirvede buluştu
İZMİRLİ MARKALAR 100 FRANCHISE VERECEK
DİJİTAL DÜNYA HAYATINIZI KOLAYLAŞTIRIRKEN ETİK TARTIŞMALARINI DA BERABERİNDE GETİRİYOR
ETİK VE TEKNOLOJİ ÇATIŞMASI
30 BİN İŞÇİ ARANIYOR
HEDEFİ EKO-TURİZMLE DÜNYAYA AÇILMAK
1 MİLYON TL'YE KADAR CEZA
TÜRKİYE'DE KİŞİ BAŞINA DÜŞEN YATIRIM SADECE 0.4 EURO

4. ACTIVITIES OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS IN RELATION TO THE ACTIVITIES (Continued)

4.A. The Company’s Field and Sector of its Activities and its Position in this Sector (Continued)

HÜRRİYET KİTAP SANAT

From February 3, 2017, the new newspaper supplement Hürriyet Kitap Sanat was launched, which is full of fresh content that will take the pulse of the world of literature and art. Hürriyet Kitap Sanat, which introduces and evaluates new books and the latest works of art of the literature world every Friday, and the content of which extends to every sphere of art and creativity from music to ballet, painting and sculpture, and from photography to architecture, has become a source followed both by the readers and big names that influence the world of literature and art from the first day it was launched.

By introducing to its readers all the colors of the world of art ranging from newly published books to exhibitions, theater plays and concerts, with the commentaries of the competent names, it has proven its unrivaled position in a short time

The most significant values behind the success of Hürriyet Kitap Sanat, are the trust placed in the content created by its editorial offices, its rich content, and the fact that the news/advertisement ratio is kept at an optimum level. The contribution made by it to the prestige of the newspaper from this aspect is also supported by the level of circulation achieved throughout Turkey.

HÜRRİYET KELEBEK

For 45 years, “Kelebek”, a magazine and life newspaper, has been introducing to the readers of Hürriyet various content which will move them away from the stress of daily life and color up their life. Having an editorial team consisting of writers such as Cengiz Semercioğlu, Onur Baştürk, Ömür Gedik, Cihan Şensözlü, Kelebek provides its readers with the most up-to-date news on a wide range of issues from magazine to fashion, and from night life to the television world.

4. ACTIVITIES OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS IN RELATION TO THE ACTIVITIES (Continued)

4.A. The Company's Field and Sector of its Activities and its Position in this Sector (Continued)

HÜRRİYET CUMARTESİ

The weekend joy of Hürriyet readers starts with "Hürriyet Cumartesi", a culture, art, shopping and events guide which introduces all the upcoming news of the week in various subjects ranging from cinema to music, theater and newly published books. Enabling the readers to make their schedule and to be informed of the best events and products, Hürriyet Cumartesi's experts consisting of those names who are best in their field evaluate the new events and products with a four-star rating system. Hürriyet Cumartesi continues to be the best guide for city life with its dynamic design and rich content.

HÜRRİYET PAZAR

Hürriyet's weekend and family newspaper "Hürriyet Pazar" published in Turkey has covers on hot topics, special interviews with the most famous names of the world and Turkey, special news, and articles on humor, foods and beverages, nature and life style. The writers team of Hürriyet Pazar involves names who are the most famous and successful in their field, such as Vedat Milor, Dr. Mehmet Öz and Ayşe Arman.

4.A. The Company's Field and Sector of its Activities and its Position in this Sector (Continued)


ReadJournal

SEYAHAT

Üç kıta
üç festival

s6-7

HÜRRİYET SEYAHAT

The Newspaper Hürriyet Seyahat, which aims at providing guidance on travel trends and culture, encouraging its readers to think about their dream travels, and popularizing the travel culture, has been reaching out to its readers in weekly periods since 2011. Every Sunday, it offers new travel routes from Turkey or abroad, informs the readers of the new offers in tourism sector, mentions about global trends, and announces the developments in relation to those areas which are intertwined with travel industry such as technology, aviation and health. With the recommendations of expert writers such as Ayhan Sicimoğlu and Saffet Emre Tonguç and "best of" selections, which focuse on a different area every week, it appeals to people of all ages who are ready for a holiday and to set out on a journey.

HÜRRİYET REGIONAL NEWSPAPERS

A renewal process was started in October 2016 in all the regional newspapers, with the projection of "New Era in Regional Journalism". Separate coordination meetings were held in Istanbul and in the relevant regions. With periodical meetings and regular communication, logos, columns, page layouts/frames, 1st pages and back covers of regional newspapers were renewed. With the efforts which continued also in 2017, new sections were added to the newspapers.


BURSA

Hürriyet

Muhammet

Okur Köşesi

HÜRRİYET BURSA YAZDI
SORUNLAR ÇÖZÜLDÜ

NEW FACES, NEW COLUMNS

The columns such as "Readers' Column", "Hürriyet Writes, Problems Solved", "City Law", "Football Council", "İş'te Magazin", "What to Do", "Where to Go" etc., magazine-social life pages, and city and sports pages, none of which require any additional cost, were launched in the regions. Within the scope of the process of creating common projects, regional meetings shall continue in 2019 as well.

4. ACTIVITIES OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS IN RELATION TO THE ACTIVITIES (Continued)

4.A. The Company’s Field and Sector of its Activities and its Position in this Sector (Continued)

HÜRRİYET ANKARA

Hürriyet Ankara was started to be published on March 31, 2006. Having car into effect different practices, Hürriyet Ankara continues to set the agenda wi different journalism approach with its “Music from the Youth Inter-High Sch Musical Contest”, “Let’s Write the History Together: Oral History”, “ANKADE Universities and the City, “Out of the Blue” (ÇATKAPI) food column etc.

HÜRRİYET MEDITERRANEAN (HÜRRİYET AKDENİZ)

Launched for the first time on February 26, 2001, Hürriyet Mediterranean has started to be published daily since June 16, 2003. Being distributed in Antalya, Burdur, Isparta and Afyon, contents of Hürriyet Mediterranean were renewed, and the latest trends in economy started to reach out to the readers with the columns“Citizen’s Perspective”, “Taste Room” and “Doctors are with You”.

HÜRRİYET AEGEAN (HÜRRİYET EGE)

Launched for the first time on February 26, 2001, Hürriyet Aegean started to be published 3 days a week on October 8, 2003, and 7 days a week on May 3, 2004. As of February 2011, the newspaper started to be prepared in Izmir. Being published throughout the entire Aegean Region from Çanakkale to Muğla, Hürriyet Aegean became the voice of the Aegean.

4. ACTIVITIES OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS IN RELATION TO THE ACTIVITIES (Continued)

4.A. The Company's Field and Sector of its Activities and its Position in this Sector (Continued)


TAKIMDA BİTİRİCİ OYUNCU YOK

TOFAŞ gözünü lige çevirdi

ORHANGAZİ'DE YENİ BAŞKAN CİL

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TAKAS BAŞLIYOR

BURSA KUMAŞI dünya modasına YÖN VERECEK

KIR ÇİÇEKLERİ PASTA YAPTI

5 ÇOCUK BÖYLE KURTARILDI

ÖLÜ DOĞAN ZAM

En tatlı birincilik

KESMEKESİN ÇÖZÜMÜ KAMULAŞTIRMA

Hürriyet yazıyor SORUNLAR ÇÖZÜLÜYOR

Babanın iki acısı

HÜRRİYET BURSA

Having started to be published on April 19, 2004, Hürriyet Bursa has undergone a revision 7 years after it has started its publication life, and became a more of a local regional newspaper specific to Bursa. It is distributed in Bursa, Bandırma and Susurluk. With its resources being based in the Bursa region, pages reserved for Health, PET, Districts, University, Alternative Sports, Football Council, Bandırma and Maritime have also been launched in the newspaper.

HÜRRİYET ÇUKUROVA-GAP

Hürriyet Çukurova-Gap was started to be published on February 26, 2001. It started to be published 3 days a week on October 8, 2003, and 7 days a week on May 3, 2004. GAP started its publication life on April 10, 2006. It is distributed in 23 provinces ranging from Adana to Hakkari.


Engelleri Sanatla Aşıyorum-2 projesi tamamlandı

ENGELSİZ YAŞAM PARKI AÇILDI

Şimşek'te KUPA MESAİSİ

ÇUKUROVA-GAP

Hürriyet

DEPREM DEĞİL İHMAL ÖLDÜRÜR

Ücretsiz sağlık ve evde bakım

ALİ ÖZGENTÜRK Adana yıllarını yazdı

HANIMELİ PAZARI'NDA KADIN HAKLARI GÜNÜ KUTLAMASI

İHRACATTA öncü firmalar

4. ACTIVITIES OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS IN RELATION TO THE ACTIVITIES (Continued)

4.A. The Company's Field and Sector of its Activities and its Position in this Sector (Continued)

OTHER REGIONAL NEWSPAPERS

Apart from the above-specified daily regional newspapers, special newspapers and local pages are also published in Black Sea, Kayseri, Konya and Eskişehir, weekly and depending upon the advertisement projections. The newspapers of these regions are prepared and made ready to printing fully in Ankara.

Again in Bursa, East Marmara (Yalova, Sakarya and Kocaeli) newspapers are prepared depending on the advertisement-taking rate. Special separate supplements are also being published in Aegean and Mediterranean regions and in Adana for the different cities in the region, in coordination with advertisement.

PRIVATE SECTOR NEWSPAPERS

In addition, separate special newspapers on Education, Building-Construction, Economy, and Marriage, and supplements and magazines for special occasions such as Valentine's Day and New Year etc., are also prepared in the regions.

4. ACTIVITIES OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS IN RELATION TO THE ACTIVITIES (Continued)

4.A. The Company's Field and Sector of its Activities and its Position in this Sector (Continued)

HÜRRİYET DAILY NEWS


Lions out to defend cushion

Scientists dig for five millenia old city

Ghost musical on Istanbul stage

Hürriyet DAILY NEWS

EBRD: Economy plan is good, practice to matter

FLUCTUATIONS ARE OVER: MINISTER

2019 budget sent to parliament

Turkey and Moldova agree on Gagauz rights

Putin thanks Turkey for efforts in Idlib

Syrians 'outnumber locals in some towns'

FAREWELL TO ARA GÜLER WITH A LAST GAZE AT HIS WORK

Saudi probe extends to Istanbul forest

Germany hands suspect to Bulgaria

Tomato farmers flock to newly opened Troy museum

Ex-staff unveil drug firm fraud

With its characteristics of being the earliest and most efficient English publication of Turkey, Hürriyet Daily News continued to be the "window to the world" of Demirören Medya Holding in 2018.

Hürriyet Daily News, which is shown among the most prestigious publications in Turkey and its region with its journalism at international standards and its experience of 58 years, has also made a difference with its special news which increased especially from the second half of the year, and continued its characteristics of being a primary and reliable news source in relation to Turkey.

Hürriyet Daily News announced to the world in 2018 the political and economic developments in our country and in the region, Turkey's multilateral solution efforts in Syria and its fight against terrorist organizations, rapidly, reliably and meticulously.

With its special news and columns in relation to murder of Cemal Kaşıkçı, it gained reference in international media many times. In the same period, it appended its signature on many news and interviews which made a large impact in international arena.

From this aspect, Hürriyet Daily News reinforced its characteristics of being one of the principal news source in the English-speaking world, not only of Turkey, but also of the region.

With the impact of such a publishing, Hürriyet Daily News continued to grow in 2018, especially in the digital sphere. While the number of individual users of hurriyetdailynews.com increased 39 percent in 2018, the rate of increase reached to 93 percent in the second half of the year. Again, while an increase above 20 percent was achieved in the number of logins, number of pageviews increased 27 percent.

In 2018, compared to the previous year, hurriyetdailynews.com's;

- Number of individual users increased from 5,5 million to 7,7 million with an increase of 39,3 percent,
- Number of pageviews increased from 41,8 million to 53,3 million with an increase of 27,4 percent,
- Number of logins increased from 14,4 million to 17 million.

Almost all of this increase arises from our digital performance in the period from June to December 2018.

- In the period from June to December 2018, compared to the same period of the previous year, number of individual users of hurriyetdailynews.com increased from 2,51 million to 4,85 million with an increase of 93,1 percent,
- and number of pageviews (PV) increased from 16,7 million to 31,8 million with an increase of 90,2 percent.
- The number of logins increased 53,6 percent in the same period.

The economic developments which occurred in 2018 have once again revealed the significance of explaining Turkey to the world in a correct manner, and brought to the forefront once again the impact of Hürriyet Daily News in this respect and the growth potential especially in the digital sphere of such publication.

4. ACTIVITIES OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS IN RELATION TO THE ACTIVITIES (Continued)

4.A. The Company's Field and Sector of its Activities and its Position in this Sector (Continued)

HÜRRİYET GERMANY (HÜRRİYET ALMANYA)


HÜRRİYET ARTIK ALMANCA...
www.hurriyet.de YAYINDA!
GERÇEK BİR KAHRAMAN
hafta sonu
Hürriyet
'KÖR GÖZ'E TÜRK BAŞKAN
BİR ÇADIRDA 28 İYİ İNSAN
CEZAEVİ ETRAFINDA KEŞİF YAPMIŞLAR
KAŞIKÇI İÇİN CENAZE NAMAZI
ÇOK FARKLI VAKALAR VAR
KAŞIKÇI'NIN BANT KAYDI 40 DAKİKA
AKADEMİSYENLERE GEZİ GÖZALTISI
SAKARYA

Having been carrying on business in Europe as well with the publication center and printing facility established in Mörfelden-Walldorf, which is in the vicinity of the city of Frankfurt of the Federal Republic of Germany, Hürriyet has met with its readers in Germany in 1960s, a while after the first labor migration to Europe started. The newspapers which were brought to Munich by plane, have been transported and distributed from here to the regions where Turks were living extensively. Upon the increase in Turkish population and after those who came as a guest worker have started to settle in Germany, it was decided to produce the newspaper at a printing house in Germany as well. On April 17, 1969, Hürriyet was started to be published in Munich and made available to the readers by being sent to the newspaper and magazine dealers particularly in Germany, and also in various Western European countries.

From those years, Hürriyet is the Turkish newspaper which provided the longest and uninterrupted service to Turkish citizens and Turkish originals living in Europe through its European editions, and it is offered for sale at 8 thousand points throughout Germany and at 10 thousand points in total together with the other European countries.

The newspaper reinforces its services in Turkish language on the website of the primary newspaper, with the sub page of "hurriyet.com.tr/avrupa". This page contains news that appeal to everyone living in Europe and speaking Turkish.

With this access power which was attained by printed newspapers and internet, Hürriyet maintains its impartial news and interpretation superiority in Europoe. With its experienced journalists in its Berlin office and reporters of Demirören Haber Ajansı in various cities, Hürriyet continues to take the pulse of news for many years.

Hürriyet, which is the most powerful newspaper of Turkey, maintains its publishing and advertisement practices in Europe, under the umbrella of Demirören Media International GmbH, which carries on business as the window to the Europe of Demirören Medya Grubu. By expanding its area of activity in digital journalism, the Company started the publication of a German website in 2018: "hurriyet.de".

The editorial staff at the company's head office of this website, the target audience of which are the new generation Turks and Turkish originals living in Europe in those countries where German is spoken, who have a good command of German better than Turkish, are processing the reports and photos of the reporters of the group's news agencies and of international agencies such as Deutsche Presse Agentur, and informing the readers of the website with news especially from Turkey and Germany and of course from the whole Europe and the world, from policy, ecokony, magazine, sports, medicine, science and technlology world.

Being the most renowned Turkish media trademark in Germany, Hürriyet also pioneers in the area of corporate social responsibility with the social campaigns it organizes jointly with non-governmental organizations such as Turkish-German Health Foundation and German Foundation of Compliance. It also gives support to various cultural events such as Frankfurt Film Festival and Theater Festival, and particularly those relating to education, health and sports.

On the other hand, the printing facility which prints approximately 30 publications in four different alphabets and seven different languages, is carrying on business as the Germany Branch of Hürriyet. Ensuring short printing interruptions with its machine park structure using single-width coil, this facility is ideal for international and ethnic publications with low and mid-size circulation.

4.A. The Company's Field and Sector of its Activities and its Position in this Sector (Continued)

HÜRRİYET GERMANY (Continued)

This facility, which has the capacity to make 6 supplements to the primary newspaper at the same time and which made all the three printing machines of it capable of making 24 pages of colored production in 2018, also in addition to the Newspaper Hürriyet, prints the editions prepared for Germany and the countries in its vicinity of the international daily economy newspapers Japan Nikkei and English The Financial Times, the Ren/Main region and Frankfurt city circulations of the most widely read newspaper of Europe, the German Bild, which belongs to the Axel Springer Printing House, and in addition, Welt kompakt of the same printing house, Continental Europe editions of American publication Stars&Stripes and Japan Asahi, Sportwelt, which dominates German horse riding sports, Asharq Al-Awsat from Arab world, Turkish newspapers Sözcü and Sabah together with the global edition of China Daily from China in English language.

Bild am Sonntag, Welt am Sonntag and Welt am Sonntag kompakt from Germany, Info&Tips from Poland, Chinese representatives China Weekly in English, Chinesische Handelszeitung in Chinese, Global Times in Chinese/English, free publications Trigonal, Hayat and Nokta and The Security Times which is accepted as a significant resource among opinion leaders and New Europe are among the periodical productions of the printing house. Being active 7 days a week, daily printing circulation of the printing house reaches up to approximately 350 thousand pcs.

DIGITAL MEDIA

Hurriyet.com.tr

Being a leading media organization of Turkey, Hürriyet became one of the first newspapers of Turkey carried into internet, with hurriyet.com.tr that it carried into effect in 1997. Starting from 2000, hurriyet.com.tr went beyond being a publication of the Newspaper Hürriyet, and started to provide service as a news portal which publishes the developments within the day 24 hours nonstop.

Continuing to be leader in digital with the innovations it made in mobile and e-newspaper and its power in social media, and having adopted as a principle to provide an opportunity of access to its users from all devices, Hürriyet remained among the leaders of digital media in the 21st year of internet journalism with its monthly visitor and pageview numbers. With the most widely read, shared and talked news, hurriyet.com.tr continued to be the leader among the media organizations in digital sphere. Also with its digital channels, Hürriyet continued to carry into effect during 2018 its new generation journalism and digital innovation projects.

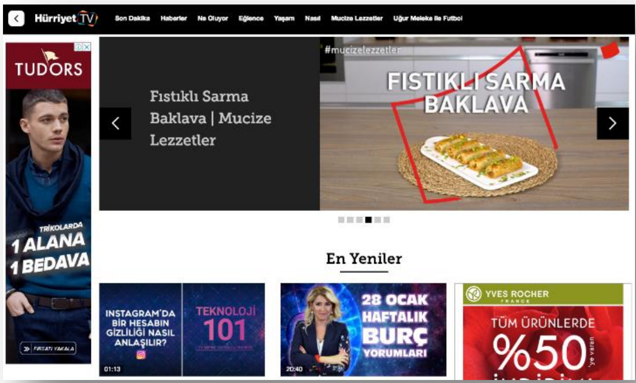
Having a powerful position in digital publishing, number of individual visitors of hurriyet.com.tr reached in 2018 to 5,7 million daily and 80 million monthly, and its average daily pageview reached to 59 million. Monthly number of active users of Hürriyet Mobile application reached to 481 thousand.

4. ACTIVITIES OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS IN RELATION TO THE ACTIVITIES (Continued)

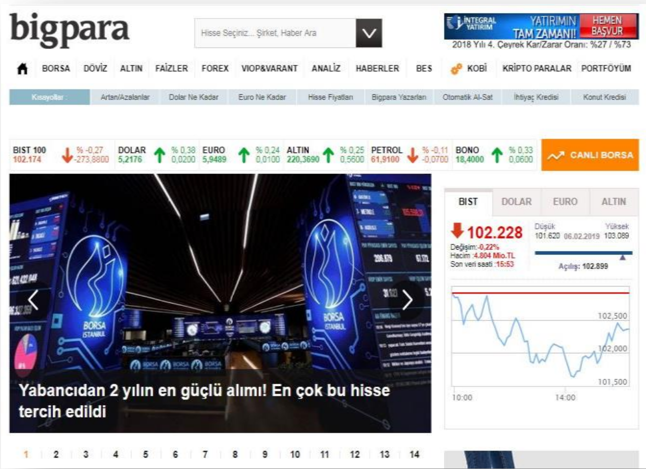
4.A. The Company's Field and Sector of its Activities and its Position in this Sector (Continued)

Hürriyet TV

Being both a video broadcasting portal and the video infrastructure platform of hurriyet.com.tron its own, Hürriyet TV produces 1800 videos in average every month. In addition to its Agenda and News contents, Hürriyet TV satisfies any needs of the visitors with its entertaining, informative and creative video contents.



Broadcasting in 8 main categories, Hürriyet TV reached to an average monthly video viewing rate of 50 million in 2018 and created a significant audience group. With its special content formats, expert videos, sponsored video broadcasts, hot news contents on the agenda and up-to-date sports videos, Hürriyet TV shall continue in 2019 its informative, entertaining and useful mission and diversify its revenue models with its new formats which will appeal to different brands and different areas of interest of the audience.



Bigpara.com

Having continued its publication life under hurriyet.com.tr for approximately two years, Bigpara continued to gain strength in the new period with the support of this power as well. Having enlarged its share in the cake especially from the second half of 2018, Bigpara increased its monthly number of visitors to 16 million and its number of pageviews to 84 million.

Having completed at the beginning of the last year the process of transition to the data provider company Foreks with various benefits, Bigpara started its endeavors to renew its technical analysis graphic to provide a better service to users and to create a new sponsor area. In addition to this, while the sponsor of the Bitcoin page was changed, it started to publish the BES category both to broaden its range and to open a new area for the page sponsorships.

4. ACTIVITIES OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS IN RELATION TO THE ACTIVITIES (Continued)

4.A. The Company's Field and Sector of its Activities and its Position in this Sector (Continued)

Hurriyetaile.com

Hürriyet Family, which differs with its original contents it provides in relation to pregnancy period, mother and baby health, child development and psychology, makes a difference with its writers team consisting of those names who are an expert in their area. It is enriching its content in every respect, focusing on woman, mother and baby health from a to z, and touching the family life from general health issues to psychology, from nutrition to exercise, from sexual health to family activities, and from alone parenting to baby and child foods. The target for 2019 of Hürriyet Family is to reinforce the brand image, to be a communication channel for brands in line with the demands of readers, and to focus on content and expert diversity to increase the advertiser visibility.

Mahmure.com

The first women portal of Turkey, Mahmure.com appeals to its readers group on different issues, with its content range extending from fashion to decoration, from beauty trends to better living trends, and from astrology to social media's agenda. 78% of Mahmure's followers are above the age of 25, and its total traffic is consisted of ages 25 to 35 by 36% and ages 35 to 44 by 22%. With A+ brand perception and target audience, like in 2018, Mahmure.com shall also continue in 2019 with its women-focused publishing with its original contents and sponsored projects. Among its targets for 2019 are online and offline interaction with the reader, and a useful, informative and entertaining publication strategy in the triangle of Brand-Channel-Reader.

4. ACTIVITIES OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS IN RELATION TO THE ACTIVITIES (Continued)

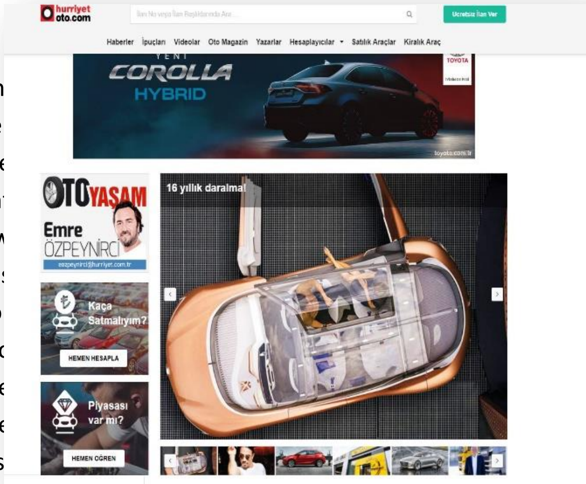
4.A. The Company's Field and Sector of its Activities and its Position in this Sector (Continued)

Hurriyetemlak.com

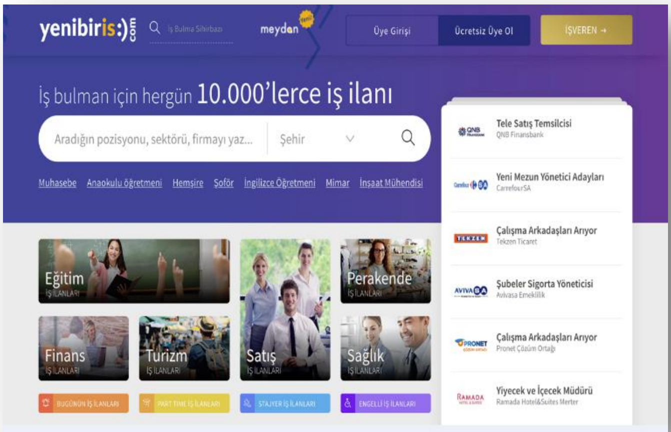
Having been constituted in 2006 as the online real estate platform of the Newspaper Hürriyet, Hürriyetemlak.com is a portal which is in service in the real estate sector.

Having been in service within the body of Hürriyet until May 14, 2018 under the title of Glokal Dijital Hizmetler Pazarlama ve Ticaret A.Ş., "Hürriyet Emlak" was removed from the body of Hürriyet on the aforementioned date by being sold to Glocal Invest BV, which carries on business as a subsidiary of Doğan Şirketler Grubu Holding A.Ş., at a price of USD 76,251,213 (TL 330,000,000).

Hurriyetoto.com



Being a fast-growing automotive industry platform hurriyetoto.com has been completely renewed in Novembe 2017, and started to continue its publication life more powerfully. The new hurriyetoto.com where the conten comes to the forefront, reached to a monthly pageview number of more than 1 million. Starting from 2018, thi significant platform which serves to the automotive secto which is the locomotive of Turkey's economy, has targeted to become the top in its area under management of Emre Özpeynirci, the Deputy Economy Manager and Automotive writer of the Newspaper Hürriyet, with richer contents important writers and increased listing (rental used car advertisements).



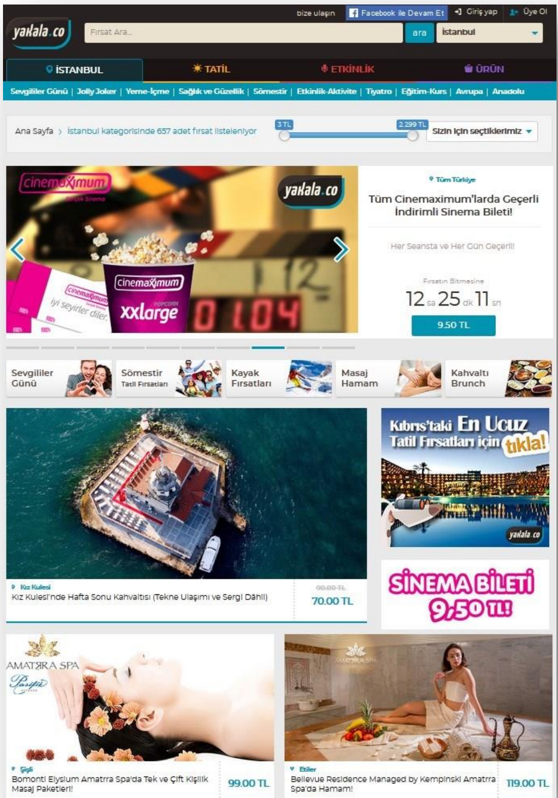
Yenibiris.com

Yenibiris.com is the first market place of Turkey which meets applicants and companies. For 19 years, by continuously modernizing itself in the area of employment technologies, it ensures differentiation in the employment processes both of the applicants and of the companies. In addition to digital employer brand consultancy, it also provides services to companies in the areas such as digital marketing services and applicant process management.

4. ACTIVITIES OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS IN RELATION TO THE ACTIVITIES (Continued)

4.A. The Company's Field and Sector of its Activities and its Position in this Sector (Continued)

<u>yakala.co</u>



Being included in the group purchasing category of the area of e-trade, and defined in general expression as an "opportunity site / discount site / coupon site", yakala.co both allows individual users to leave their social life under more economic condition, and provides "online advertisement and direct sales" opportunity to those local-global companies with which it makes cooperation, in increasing their recognition and revenues.

Turkey-wide and city-based opportunities of yakala.co consists of many elements and sub-categories such as domestic-abroad holiday packages, city hotels, restaurants, spas, beauty centers, entertainment venues, events on theater-cinema-concert basis, courses, activities embellishing the life, various technological and need-based products, means of transport (sea bus, seaplane, helicopter and intercity bus services) and car rental services.

yakala.co, which follows up the international trends in digital platforms, realizes its technological compatibility simultaneously with the developments, for reliable, fast and easy shopping. Having kept up-to-date always with its desktop-mobile views and Android-iOS applications, yakala.co has achieved the value it has created from 2010 up until today, by continuously increasing it.

In addition to all its technological activities aimed at sales, yakala.co reflects a sensitive service mentality for answering the questions and resolving the problems in relation to satisfaction of users, by telephone, live support on website, e-mail and social media channels. According to 2018 data, yakala.co published 6.511 new opportunities (cooperation - sales contract), made more the 320.000 coupon sales and gained 140.000 new subscribers (users).

4.B. Qualifications and Capacity Utilization Rates of the Company's Manufacturing Units and the Developments Therein, General Capacity Utilization Rate, Developments in Manufacturing of the Goods and Services in the Area of Activity, and Comparison with the Previous Periods of the Quantities, Quality, Versions and Prices

DEMİRÖREN PRINTING CENTER

Carrying on business in the areas of journalism, printing, advertisement, advertising and internet publishing, Hürriyet has 7 printing facilities in Istanbul, Ankara, Izmir, Adana, Antalya, Trabzon and Germany.

The DPC Facilities which undertake printing of Hürriyet Group's newspapers are located in Turkey in Istanbul, Ankara, Izmir, Adana, Antalya and Trabzon. The printing activities in abroad are being carried out in Frankfurt, within the body of Hürriyet's Germany Branch (Hürriyet Zweigniederlassung GmBH).

At Demirören Printing Center (DPC) Facilities, in addition to the Newspaper Hürriyet and Hürriyet Daily News and the supplements thereof, contracted in-group and external newspapers and the supplements thereof are being printed daily, weekly and monthly.

The most widespread printing facility network in our country belongs to DPC. DPC has significant competition advantages with its qualified man power, machine park and technical infrastructure. Its qualifications such as the ability to put the products on the market in time, to rush to printing the latest news and to significantly decrease the transportation costs, are the fundamental superiorities of DPC in proceeding with its target to become the common printing center of Turkey.

DPC Istanbul

This is the largest newspaper printing facility of Turkey with a closed area of approximately 18.000 m² and a storage area of 15.000 m². With its capacity and machine park, DPC Istanbul is among the first three largest newspaper printing facilities of Europe. The DPC Istanbul Facility, where all the mechanical and electrical installation systems are controlled by building automation system, has an installed transformer capacity of 10.000 KVA and an existing generator output of 11.000 KVA. Daily average paper use of the facility in 2018 is 64 tons. Share in total printing of DPC Istanbul Facility is 45%. In 2012, with the furnaces added to two Man Colorman printing machines, DPC Istanbul Facility gained the capability of making dry printing on enamel paper and/or newsprint paper on-demand. Thus, both blotch of hands with ink was prevented and the quality was increased. In addition, as in all the regions, the width of the newspaper was narrowed in Istanbul as well in the same year. The width of the newspaper was narrowed by 3 cm, and thus, more easily reading of the newspaper was made possible. Again in the same year, with the narrowing of the mould sizes, a significant saving was made.

In July 2017, 2 down-level GOSS HT 70 printing machines in DPC Istanbul facility were deactivated, and all production was shifted to MAN AND GOSS Uniliner machines which are more modern.

4.B. Qualifications and Capacity Utilization Rates of the Company's Manufacturing Units and the Developments Therein, General Capacity Utilization Rate, Developments in Manufacturing of the Goods and Services in the Area of Activity, and Comparison with the Previous Periods of the Quantities, Quality, Versions and Prices (Continued)

DPC Ankara

This is the facility installed on the widest area following the DPC Istanbul Facility. Being located on the Esenboğa Airport highway and installed on an area of approximately 58.000 m², DPC Ankara Facilities have a closed are of approximately 16.000 m². The facility was constructed in steel construction. The 120-unit Goss Universal printing machine in the facility is one of the longest Universal printing machine lines in the world. In 2018, 5 units were removed from the Facility and sent to the Germany printing house. The Facility is continuing its production with 115 units and 4 folding.

With its printing machine which is designed in a way to be capable of printing 4 newspapers at the same time with its 4 folding, the Facility is capable of producing 180 thousand newspapers in an hour. The facility has 3 automatic inserting machines which were installed in 2007. The Facility has an installed transformer capacity of 4.500 KVA and an existing generator output of 4.500 KVA. Daily average paper use of the facility in 2018 is 23 tons. Share in total printing of DPC Ankara Facility is 16,2%. In 2012, ultraviolet (UV) dryers were added on two towers of DPC Ankara Facility. Thus, it is now capable of making UV dry printing on 8 pages on enamel papers in total, being 4 pages each in two folding.

In 2018, we launched the mould width narrowing project with our own means to make saving from mould costs. In August 2018, narrow-size moulds were put into use step by step. With this practice, mould used in Ankara region is downsized by 4.32%.

DPC Izmir

DPC Izmir Facility moved to its new buildings in January 2007. The new DPC Facility is at a distance of 20 km to Izmir city center and 2 km to Izmir Adnan Menderes Airport. The facility is constructed on an area of approximately 35.000 m². Having a closed area of 16.000 m² in total, the facility has a green area of approximately 12.000 m². The Facility has an installed transformer capacity of 5 MVA. It has 2 transformers with a capacity of 2.500 KVA and 2 generators with a capacity of 2 thousand KVA and 2.500 KVA. Having one of the longest Universal printing machine lines in the world, the 120-unit Goss Universal printing machine in the Facility is designed in a way to be capable of printing 4 newspapers at the same time with its Goss Universal printing machine and 4 folding. In 2018, 4 units were removed from the Facility and sent to the Germany printing house. The Facility is continuing its production with 116 units and 4 folding. Daily average paper use of the facility in 2018 is 28 tons. Share in total printing of DPC Izmir Facility is 19.4%.

In 2012, ultraviolet (UV) dryers were added on two towers of DPC Izmir Facility. Thus, it is now capable of making 8 pages of UV dry printing on enamel paper in total, being 4 pages each in two folding.

In 2018, we launched the mould width narrowing project with our own means to make saving from mould costs. In October 2018, narrow-size moulds were put into use step by step. With this practice, mould used in Izmir region was downsized by 4.32%.

4.B. Qualifications and Capacity Utilization Rates of the Company's Manufacturing Units and the Developments Therein, General Capacity Utilization Rate, Developments in Manufacturing of the Goods and Services in the Area of Activity, and Comparison with the Previous Periods of the Quantities, Quality, Versions and Prices (Continued)

DPC Antalya

DPC Antalya Facility is constructed on a land of approximately 11.000 m², with a closed area of 4.900 m² in total. The Facility has a transformer capacity of 2.500 KVA and an existing generator output of 2.500 KVA. The Tensor T1400 printing machine which is installed in the Facility, is capable of making 40 pages of newspaper printing, 32 of which to be colored, and one of the Goss Community printing machines is capable of making 40 pages of newspaper printing, 28 of which to be colored, and the other one is capable of making 32 pages of newspaper printing, 24 of which to be colored. DPC Antalya Facility is capable of printing 3 different newspapers at the same time. Using the 3 folding in the machine park, 105 thousand newspapers can be produced in an hour. Daily average paper use of the facility in 2018 is 7.4 tons. Share in total printing of DPC Antalya Facility is 5,2%. In 2011, DPC Antalya Facility fulfilled the necessary obligations and obtained an "Environmental Permit Certificate" from Antalya Provincial Directorate of Environment and Forestry, which is valid for five years.

DPC Adana

Having been constructed on a land of approximately 11.000 m², DPC Adana Facility makes production in a closed area of 5.800 m² in total. The Facility has an installed transformer capacity of 2.500 KVA and it has two generators, being 1.600 KVA and 2.000 KVA DPC Adana Facility has 3 Tensor printing machines, having a maximum printing capacity of 35 thousand in an hour. Two of these machines are capable of making 36 pages of newspaper printing, 28 of which to be colored, and the other one is capable of making 40 pages of newspaper printing, 32 of which to be colored. Daily average paper use of the facility in 2018 is 12.6 tons. Share in total printing of DPC Adana Facility is 8.9%.

In 2011, ultraviolet (UV) dryers were added on two towers of DPC Adana Facility, and it became capable of making 4 pages of UV dry printing on enamel paper on both printing machine groups.

DPC Trabzon

Being the first facility constructed during DPC's organization, DPC Trabzon Facility carries on business on a land of approximately 15.000 m², with a closed area of 3.500 m² in total. The Facility has a transformer capacity of 2.000 KVA and an existing generator output of 1.054 KVA. 1 Goss Community printing machine is capable of a newspaper of 40 pages in total, 32 of which to be colored. 2 Goss Community printing machines are capable of a newspaper of 40 pages in total, 28 of which to be colored. The Facility is capable of producing up to 70 thousand newspapers.

In 2011, ultraviolet (UV) dryers were added on two towers of DPC Trabzon Facility, and it became capable of making 4 pages of UV dry printing on enamel paper on both printing machine groups. As of the end of 2012 installation of 4 CTPs (computer to plate) has been completed. Daily average paper use of the facility in 2018 is 7.6 tons. Share in total printing of DPC Trabzon Facility is 5,3%.

In 2018, we launched the mould width narrowing project with our own means to make saving from mould costs. In July 2018, narrow-size moulds were put into use step by step. With this practice, mould used in Trabzon region were downsized by 4.30%.

4.B. Qualifications and Capacity Utilization Rates of the Company's Manufacturing Units and the Developments Therein, General Capacity Utilization Rate, Developments in Manufacturing of the Goods and Services in the Area of Activity, and Comparison with the Previous Periods of the Quantities, Quality, Versions and Prices (Continued)

Capacity Utilization Rates at DPC's

Capacity utilization rates for 2018 are given below on regional basis:

Region	2018 (%)	2017 (%)
Istanbul	39	57
Ankara	22	28
Izmir	27	36
Adana	20	27
Antalya	14	18
Trabzon	19	27

The developments in production of goods and services can be monitored from the number of pages printed which is shown below:

Production activity	2018	2017
Total number of pages	12,417 million	17,429 million

Number of pages produced decreased 29% compared to the previous year. Number of pages produced consists of the number of pages of the Company's newspapers Hürriyet and Hürriyet Daily News and those newspapers which are provided contract services. The decrease in the number of printing arises from the reduction in the circulation of the company and of its contracted printing customers due to the narrowing in Turkish newspaper market.

While average daily newspaper sale throughout Turkey was 3.292 thousand in 2017, it occurred as 3.010 thousand in 2018, with a decrease of 9%. Number of daily average net sales of the Newspaper Hürriyet, which was 316 thousand in 2017, occurred as 288 thousand in 2018, with a decrease of 9% in parallel with the decrease in the newspaper market.

Paper, which constitutes the most significant portion of the costs of the goods sold, is being imported predominantly from USA, Canada, Northern European countries and Russia, and its cost is affected both by the paper prices in the world and by the rate of exchange of US Dollar/Turkish Lira. While the price of paper used in production of the newspaper was 545 US Dollars per ton in average in 2017, it occurred as 578 US Dollars in 2018 with an increase of 6%. On the other hand, while the average number of pages of the Newspaper Hürriyet was 61.47 in 2017, it occurred as 49,90 in 2018 with a decrease of 19%. While the paper used was 37 thousand tons in 2017, it regressed to 27 thousand tons in 2018 due to the decrease in circulation numbers.

4.C. Prices of the Goods and Services in the Area of Activity, Sales Revenues, Sales Conditions and the Developments Seen Therein Within the Year, Developments in the Yield and Productivity Coefficients, and the Reasons for the Significant Changes Therein Compared to Previous Years

Breakdown on category basis of the incomes from consolidated sales of Hürriyet Gazetecilik ve Matbaacılık A.Ş., is as follows:

Incomes	**2018 (Thousand ₺)**	**Share (%)**	**2017 (Thousand ₺)**	**Share (%)**
Advertising	227,321	54%	282,879	59%
Circulation and Printing	165,850	40%	176,301	36%
Other Incomes	28,892	6%	26,461	5%
Total	**422,063**		**485,641**	

As it can be seen from the above table; 54% of the Company's consolidated incomes arise from printed media and internet advertisement incomes. The trend of downsizing of the share in the advertisement cake of printed media in the developed countries, is showing its impact in our country and in those countries where our subsidiaries are located. In parallel with this, advertisement incomes decreased 20% in 2018 compared to 2017.

4.D. Information and Evaluations as to Whether the Targets Defined in Previous Periods were Achieved, Whether the General Assembly Decisions were Enforced, and the Reasons in Case the Targets were not Achieved and the Decisions were not Enforced

The Company fulfilled all the decisions of the General Assembly in the relevant accounting period.

4.E. Predictions on the Company's Development

In the domestic printed media activities, the Company continues to concentrate on development of the product and on the efforts of productivity in production and distribution. In its digital activities, it maintains its leading position in Turkey as Hürriyet.com.tr in the area of internet journalism. In addition to this, it provides it provides to its users in internet environment the richness of printed publications, and even more than this. The purpose is to be in the leading position in those areas other than news, and to become a content portal touching upon every aspect of life and appeal to all segments of the society. For this purpose, digital contents and product development in various verticals were focused on. Working specifically for every vertical, product and content projects which will bring to perfection the user's experience are being carried into effect.

The Company designated its priority on three axes: To increasingly maintain profitability, to enhance the incomes of digital and to grow with new value creating works.

4.F. Predictable Risks in Relation to the Activity

These risks can be summarized as the risks to occur in the Company's work plan due to the global developments in import-based raw material price and supply, the possibility of increase in the exchange rates due to imported entries, the scenario of an adverse effect on the advertisement incomes more than expected against a stagnation arising from external or internal reasons, in case of economic stagnation, possibility of a deterioration to arise in collectability from agencies and advertisers of the receivables, operational risks such as ensuring business continuity in emergency cases, and risks which might occur in relation to protecting the brand value. The relevant departments are following closely the developments in these areas and taking the necessary measures.

4.G. Information on the Investments Made by the Company in the Relevant Accounting Period

Consolidated tangible and intangible fixed asset investments of Hürriyet and its Subsidiaries for 2018 are at an amount of 14,8 million Turkish Liras (except for investment properties).

4.H. Information on the Lawsuits Brought Against the Company which may Affect the Financial Position and Operations of the Company, and the Possible Outcomes Thereof

As of December 31, 2018 total claim amount in the lawsuits filed against the Group is TL 11,103,709. Provisions set aside for these lawsuits as of December 31, 2018 are at an amount of TL 6,549,847.

4.İ. Information on Extraordinary General Assembly

On June 6, 2018, an Extraordinary General Assembly Meeting was held for determination of the number and term of office of the Board members and for authorizing the members to carry out the works and transactions. The invitation to the aforementioned meeting was made on May 12, 2018 on the relevant platforms, including in particular the Public Disclosure Platform, and announced on the Turkish Trade Registry Gazette no 9607 dated June 26, 2018. The Extraordinary General Assembly Meeting dated June 6, 2018 of our Company was registered by Istanbul Trade Registry Office on June 11, 2018. All the detailed information in relation to the Extraordinary General Assembly Meeting can be found on www.hurriyetkurumsal.com.

4.J. Remarks on the Private Audit and Public Audit Conducted During the Accounting Period

No private and/or public audit was made in 2018 accounting period.

4.K. Information on the Donations and Aids that the Company has Made within the Year, and Expenses Made within the Framework of Social Responsibility Projects

Hürriyet Group donated TL 279,953 in 2018 to various foundations and associations for the public weal.

4.K. Information on the Donations and Aids that the Company has Made within the Year, and Expenses Made within the Framework of Social Responsibility Projects (Continued)

ENVIRONMENTAL ACTIVITIES

Projects of Hürriyet in the Areas of Environment Protection and Environmental Sustainability

Sustainability is referred to as the ability to be permanent. According to the definition made in 1987 by the Environment and Development Commission of United Nations; it is "provision of the daily needs of mankind and having the ability to make the development sustainable, without jeopardizing the ability to meet the needs of future generations". Environmental sustainability is defined as the process of ensuring that the relationship established with the environment is based on protecting the environment in its pure state as far as possible.

Due to its respect to mankind, Hürriyet Group regards protection of the environment for healthy future of mankind and wildlife, as one of its primary missions. In line with the sustainability policies, endeavors are being maintained for protection of the environment and correct use of resources in compliance with all the regulations and laws in relation to environmental protection.

It is regarded that, high-quality products can be produced in reliable and clean environments. From this point of view, in order to have a healthy environment and to carry this to future generations, a policy to consume less consumables and less energy in every stage of production from project and equipment selection to personnel who gained an environmental consciousness and to daily manufacturing activities, and to adopt and implement environment-friendly manufacturing equipments and techniques insofar as circumstances permit, is being pursued.

In this context, having developed a policy not to pollute the nature and environment from the first production stages, to place importance on human and environmental health and to leave a green world to the future generations, Hürriyet Gazetecilik ve Matbaacılık A.Ş. established and operated an "Environmental Management Department" in the past for the printing facilities (DPC) within its body. As of 2018, Environmental Consultancy Service is being procured and endeavors aimed at preventing and reducing the environmental effects which might arise as a result of production activities and increasing the environmental consciousness of employees are being maintained.

4.K. Information on the Donations and Aids that the Company has Made within the Year, and Expenses Made within the Framework of Social Responsibility Projects (Continued)

ENVIRONMENTAL ACTIVITIES (Continued)

- In its periods of office, the Environmental Management Department continuously followed up the renewed and updated Environmental Legislation and made environmental application improvements in the activities carried out at printing houses and offices.
- Starting from 2015, separate Environmental Consultancy Services and General Environmental Coordinatorship Services are being procured for the printing facilities (DPC), the renewed and updated Environmental Legislation are continuously being followed-up, and all the obligations are being fulfilled and environmental consciousness is always being increased.

Various energy activities, including in particular efficient equipment use, are being implemented in all units for the purpose of reducing consumption of energy resources such as electricity and natural gas, and in addition, various endeavors for reducing CO_2 emission are also being maintained.

Environmental Permits and Licenses

Under the Environmental Legislation, Environmental Permit and License processes of industrial facilities (those which are included in the relevant scope) are being carried out under the Environmental Permit and License Regulation (Abolished: Regulation on the Permits and Licenses Required to be Obtained Under the Environmental Law) which is in force following a few amendments by being published on the Official Gazette no 29115 dated 10.09.2014.

Istanbul, Antalya and Trabzon DPCs satisfied all the relevant conditions under this regulation and obtained Environmental Permit and License Certificate from Directorates of Environment and Urbanization, which is valid for 5 years.

Istanbul DPC facility obtained the environmental permit for “Air Emission” on July 31, 2015 and is satisfying the environmental permit conditions.

Antalya DPC facility renewed the environmental permit for “Waste Water Discharge” on June 01, 2016 and is satisfying the environmental permit conditions.

Since Trabzon DPC discharges its waste water to the channel of the Organized Industrial Zone where it is located, instead of the environment permit for “Waste Water Discharge”, it obtained from the Organized Industrial Zone a channel connection certificate and became exempted from the Environmental Permit. It additionally fulfills the obligations of legislation.

Management of Water Use

Within the scope of environmental sustainability activities, for the purpose of using water efficiently, water consumption is being followed up by instructions, warning labels, and daily water consumption reports at production and office floors.

Prevention of Environmental Pollution

Hürriyet Gazetecilik takes actions with a continuous improvement philosophy, in order

- To comply with all the legal legislation and standards in relation to environment, to pay attention to protection of the environment and wildlife beyond the legal requirements,
- To control the environmental factors arising from all the processes within the frame of approaches preventing and correcting their effects on climate change, air, soil and water and to reduce their negative effects. While carrying this philosophy into effect, it takes its power from full participation of its employees, line management and the environmental officials who are an expert in their area, from whom it procures services.

4.K. Information on the Donations and Aids that the Company has Made within the Year, and Expenses Made within the Framework of Social Responsibility Projects (Continued)

ENVIRONMENTAL ACTIVITIES (Continued)

The practices for reduction at source of the wastes from the Company's activities are continuously questioned, and improving practices are being made in this respect. Accordingly, effective production planning, minimum stock use and practices for improving the working methods are being made.

In this context; pursuant to the Packing Wastes Regulation, in 2011, for the purpose of collection according to their quota and recycling of the packing materials put on the market by Hürriyet Group, which have been declared on the online system of the Ministry of Environment and Urbanization in the declaration periods from 2005 up until today, a transfer of authority was made with the authorized organization TUKÇEV Foundation (the Foundation for Consumers and Environmental Education). Major practices being carried out in this field are as follows:

- First of all, creating an awareness for lesser waste production,
- Placing paper recycling boxes on the office floors,
- Placing paper, glass, plastic, composite and waste battery collection units at office and production areas,
- Placing contaminated materials collection units at production areas, and collecting the valuable wastes separate from hazardous wastes,
- Placing HP toner and cartridge collection containers,
- Placing packing waste collection containers.

Waste Management, Disposal and Recycling

In the studies made for waste management, the following activities are planned:

- Preventing creation of wastes at source,
- Reusing wastes in process,
- Regaining wastes.

Facilities are examined by authorized companies serving as Environmental Consultant, Istanbul DPC and Antalya DPC regularly every month, and other facilities at certain intervals.

The facilities in all the regions periodically prepare "Industrial Waste Management Plans" for their hazardous and non-hazardous wastes created as a result of their activities, and submit these plans for approval of the relevant Provincial Directorate of Environment and Urbanization.

Approved "Temporary Hazardous Waste Storage Areas" have been set up in the regions. Wastes collected in these storages are being sent for evaluation to the authorized disposal or recycling companies licensed by the Ministry of Environment and Urbanization, and their records are being kept. In addition, under guidance of the Environmental Consultants, continuous improvement endeavors are made at the existing waste storages. For indemnification of the damages to third persons caused by temporary hazardous waste storages, the Compulsory Liability Insurance for Hazardous Substances and Hazardous Wastes", which must be place as required by law, is being placed every year and renewed on expiry. Every year, wastes sent in the previous year to the recycling and/or disposal companies are reported to the Ministry of Environment and Urbanization through the Hazardous Wastes Declaration System (TABS).

Audits by the Authorized Body

On certain dates and upon the applications made by the facilities in the relevant matters, the authorized body performed many audits. The last audit was the Joint Audit at Istanbul DPC, which was performed on December 9, 2017. Istanbul DPC passed this audit where a detailed document and site examination was made, with no shortfall. No significant unfavorable findings were detected on the audits of other facilities.

4.K. Information on the Donations and Aids that the Company has Made within the Year, and Expenses Made within the Framework of Social Responsibility Projects (Continued)

ENVIRONMENTAL PERMIT CERTIFICATES OF OUR FACILITIES

ANTALYA DPC

THE MINISTRY OF ENVIRONMENT END URBANIZATION OF THE REPUBLIC OF TURKEY

REPUBLIC OF TURKEY ANTALYA GOVERNOR'S OFFICE, Provincial Directorate of Environment and Urbanization

ENVIRONMENTAL PERMIT CERTIFICATE

Certificate No	: 62821
Start Date of the Environmental Permit	: 01/07/2016
End Date of the Environmental Permit	: 01/07/2021
Name of the Business/Activity of the Business	: HÜRRİYET GAZETECİLİKVE MATBAACILIK A.Ş. (ANTALYA DPC TESİSİ)
Address of the Busines/Activity of the Business	: DPC HÜRRİYET BASKI TESİSLERİ HAVAALANI YOLU 8. KM. ANTALYA MURATPAŞA / ANTALYA
Tax Office and No. of the Business/Activity of the Business	: LARGE TAXPAYERS B/4640061273
Subject of the Environmental Permit	: Waste Water Discharge

The business/activity of the business, the title and full address of which are written above, has been granted an **ENVIRONMENTAL PERMIT** under the Environmental Permit and License Regulation which was drawn up pursuant to the Environmental Law no 2872, to operate under the terms of the permit contained in the annex to this certificate.

This certificate is valid together with the letter no 62821 dated 01/07/2016. It cannot be used separately.

TEVFIK ALTINAY
Provincial Director

ANNEX: Terms of Permit

ISTANBUL DPC

THE MINISTRY OF ENVIRONMENT AND URBANIZATION OF THE REPUBLIC OF TURKEY

REPUBLIC OF TURKEY
ANTALYA GOVERNOR'S OFFICE,

Provincial Directorate of Environment and Urbanization

ENVIRONMENTAL PERMIT CERTIFICATE

Certificate No	: 54159
Start Date of the Environmental Permit	: 31/07/2015
End Date of the Environmental Permit	: 31/07/2020
Name of the Business/Activity of the Business	: HÜRRİYET GAZETECİLİKVE MATBAACILIKA.Ş.-İSTANBUL DPC ŞUBESİ
Address of the Business/Activity of the Business	: Orhangazi Mah. 1650. Sok No:2 Esenyurt/ İSTANBUL ESENYURT / İSTANBUL
Tax Office and No. of the Business/Activity of the Business	: Large Taxpayers 4640061273
Subject of the Environmental Permit	: Air Emission

The business/activity of the business, the title and full address of which are written above, has been granted an ENVIRONMENTAL PERMIT under the Environmental Permit and License Regulation which was drawn up pursuant to the Environmental Law no 2872, to operate under the terms of the permit contained in the annex to this certificate.

This certificate is valid together with the letter no 54159 dated 31/07/2015. It cannot be used separately.

YAŞAR GÜVENÇ
Provincial Director

ANNEX: Terms of Permit

4.L. Legal Transactions Made by the Company for the Benefit of the Controlling Company or Group Companies, and Actions Taken or Avoided from Being Taken for the Benefit of the Group Companies

As it was made public by the Company on 28.11.2018 through the Public Disclosure Platform; in line with the Board of Directors Resolution, a collateral has been granted by our Company in favor of Demirören Medya, which is the controlling shareholder of the Company, as security for the principal amount of 15,850,000 US Dollars and 118,848,917.36 Turkish Liras (and the interest, commission, charges, taxes and other accessories to accrue on such principal amount) which constitute the portion, which was drawn in favour of our Company for the purpose of transferring funds to our Company, out of the operating capital loans advanced or to be advanced to Demirören Medya by T.C. Ziraat Bankası A.Ş. İstanbul Corporate Branch ("Bank") to Demirören Medya under all general credit agreements executed or to be executed by and between Demirören Medya and the Bank, including the general credit agreement and its annexes, dated April 6, 2018, as well as the general credit agreement and its annexes, dated September 28, 2018, executed by and between Demirören Medya and the Bank.

4.M. Whether the Company Obtained a Proper Counter Action in the Legal Transactions Mentioned in Sub-paragraph (4.L), Whether the Action Taken or Avoided from Being Taken Caused any Damage to the Company, and if the Company Incurred any Damage, Whether this was Offset

Our Company incurred no damage which is required to be offset for the transaction mentioned in sub-paragraph (4.L) of the report.

5. FINANCIAL POSITION

5.A. The analysis and Evaluation Of The Board of Directors With Regard To Financial Position and Results of Activities Carried Out, the Extent to which the Planned Activities were Realized, and the Company's Position in Relation to the Strategic Targets Determined

The trend of downsizing of the share in the advertisement cake of printed media in the developed countries, is -although not pari passu- showing its impact in our country and in those countries where our subsidiaries are located. Total incomes showed a decrease of 15% in 2018, compared to December 2017 period. We endeavored to recompense the adverse impact of exchange rate which was also reflected on the costs of raw materials, with the savings made in general management and marketing expenses. When compared to the same period of the last year; while we maintained our share especially in the digital publishing incomes, total advertisement incomes decreased in parallel with the decrease of incomes in the sector.

5.B. In Comparison with the Previous Years, the Company's Sales During the Year, its Efficiency, its Capacity to Generate Income, its Profitability, Debt/Equity Ratio and Information on Other Matters That May Give an Idea on the Results of the Company's Operations, and Prospective Expectations

According to the data of the Press Announcement agency, while average daily newspaper sale throughout Turkey was 3.291 thousand in 2017, it occurred as 3.010 thousand in 2018. Turkish newspaper market experienced a shrinkage of 9% in 2018 compared to the previous year. The newspaper Hürriyet maintained its leading position as the most widely read newspaper in 2018, with a market share of 10%. Number of daily average net sales of the Newspaper Hürriyet, which was 316 thousand in 2017, occurred as 288 thousand in 2018.

5. FINANCIAL POSITION (Continued)

Key Indicators and Ratios

SUMMARY STATEMENT OF FINANCIAL POSITION	December 31, 2018	December 31, 2017
	(Thousand TL)	(Thousand TL)
Current Assets	378,731	312,550
Fixed Assets	495,438	456,584
TOTAL ASSETS	**874,169**	**769,134**
Short Term Liabilities	156,672	251,519
Long Term Liabilities	77,333	214,509
Shareholders' Equity	640,164	303,106
TOTAL LIABILITIES	**874,169**	**769,134**
NET LIABILITIES	December 31, 2018	December 31, 2017
	(Thousand TL)	(Thousand TL)
Short-term financial liabilities	15,651	111,690
Long-term financial liabilities	11,733	150,479
Total Financial Liabilities	**27,384**	**262,169**
Cash and Cash Equivalents (-)	(56,867)	(65,947)
NET LIABILITIES - NET CASH	**(29,483)**	**196,222**

SUMMARY PROFIT OR LOSS STATEMENT	January 1- December 31, 2018	January 1- December 31, 2017
	(Thousand TL)	(Thousand TL)
NET SALES	422,063	485,641
GROSS PROFIT	116,195	181,293
REAL OPERATING PROFIT/(LOSS)	**(36,191)**	**8,562**
ONGOING ACTIVITIES (LOSS)/PROFIT BEFORE TAX	**310,526**	**(20,352)**
NET PROFIT/(LOSS) OF THE PERIOD	**268,509**	**(271,901)**

RATIOS	2018	2017
Current Ratio	2.42	1.24
Liabilities/Shareholders' Equity	37%	154%
Gross Profit Margin	28%	37%
Real Operating Profit Margin	-9%	2%

5.C. Nature and Amount of the Issued Capital Market Instruments

As per the decision adopted by the Board of Directors dated November 19, 2018, the Company's issued capital of TL 552,000,000, divided into 552.000.000 shares each at a nominal value of TL 1.00, which is within the Company's registered capital ceiling of TL 800,000,000, was decided to be raised to TL 592,000,000 by being increased by TL 40,000,000 (7.24%), to be fully covered by cash, and the certificate of issuance in respect of the capital increase was approved by the Decision no 63/1446 of the Capital Markets Board dated 13.12.2018. By collecting TL 40,000,000 in cash from Demirören Medya, the capital increase transaction was completed on December 21, 2018, and the capital increase was registered by Istanbul Trade Registry Office on January 15, 2019.

5.D. Determinations and Board of Directors' Evaluations on whether the Company's Capital Became Uncovered or whether the Company has Become Financially Insolvent

The Company's capital did not become uncovered and it is not heavily in debt.

5.E. Precautions Intended to be Taken to Improve The Company's Financial Structure

The Company attained a cash inflow in 2018 by way of sales of affiliates and capital increase, and with a portion of this resource, it paid off its credit obligations to the banks to a large extent. We continued to keep the remaining assets in foreign currency, and thus, we aimed to balance the adverse effect of import entries on the financial statements in case of an increase of exchange rates.

5.F. Information on Dividend Distribution Policy and, If No Dividend will be Distributed, the Reason Therefor, and Suggestions as to How the Undistributed Profit will be Used

Our Company distributes the profits taking into consideration the provisions of Turkish Commercial Code ("TCC"), Capital Markets Legislation and Regulations of the Capital Markets Board ("CMB"), Corporate Tax Law, Income Tax Law and other relevant legal legislation and our Company's Articles of Association and our "Profit Distribution Policy" which we have made public.

Our Company's Board of Directors decided that, according to the Consolidated Financial Statements of the fiscal period from 01.01.2018 to 31.12.2018 which have been prepared in conformity with the Turkish Accounting Standards ("TAS") and the Turkish Financial Reporting Standards ("TFRS") issued by the Public Oversight, Accounting and Auditing Standards Authority ("KGK") as per the "Communique on Principles of Financial Reporting in Capital Markets" ("II-14.1") of SPK, and of which principles of presentation have been determined pursuant to the Decisions of SPK in this regard, and which have undergone an independent audit; a "Net Period Income" of 269,368,228 Turkish Lira emerged, when the "Deferred Tax Income", "Period Tax Expense", "Post-Tax Period Loss of Discontinued Operations" and "Non-controlling Shares of Consolidated Equity of Participations" are taken into account all together; and that when "Previous Years' Losses" of 627,675,188 Turkish Lira, which was calculated as per the SPK Profit Share Guide announced in SPK's Weekly Bulletin No. 2014/2 dated 27.01.2014, is also taken into account, no dividend can be distributed in the fiscal period from 01.01.2018 to 31.12.2018 in accordance with SPK's regulations on dividend distribution; it has been decided to inform the shareholders in this respect and to present this issue to the General Assembly for approval;

And that, according to our financial records kept for the fiscal period from 01.01.2018 to 31.12.2018 pursuant to the Tax Legislation and the Uniform Chart of Accounts published by the Republic of Turkey Ministry of Finance, a "Period Income" of 334,386,577.59 Turkish Lira emerged, and that, after allocation, from the said amount, of "Period Tax Expense" at the amount of 20,220,555.96 Turkish Lira, the "Net Period Income" was calculated as 314,166,021.63 Turkish Lira, and that, in consideration of the foregoing, it shall be presented to the General Assembly for approval that a "General Legal Reserve" of 15,708,301.08 Turkish Lira should be allocated as per Article 519(1) of TCC, that a total amount of 240,594,062.06 Turkish Lira, which consists of 240,438,817.06 Turkish Lira exempted under Article 5(1e) of the Corporate Tax Law as a result of sales of various shares (Doruk Faktoring A.Ş., Glokal Dijital Hizmetler Pazarlama ve Ticaret A.Ş.) plus 155,245 Turkish Lira exempted under the R&D Incentive as per Act 5746, should not be distributed as dividends, but should be transferred to a "special fund account" in the liabilities column with the remaining "Period Net Income" of 57,863,658.48 Turkish Lira being transferred to the "Extraordinary Reserves" account, and that, as per Article 5(1e) of the Corporate Tax Law No. 5520, the amount of 128,021,765.84 Turkish Lira kept in a special fund account in the liabilities column until the end of the fifth year following the year when the relevant immovable properties were sold should be transferred to the account of "Extraordinary Reserves".

6. RISKS AND ASSESSMENTS OF THE BOARD OF DIRECTORS

6.A. Information on the Company's Internal Control System and Internal Audit Activities, and Views of the Board of Directors in This Respect

Our financial statements are prepared under the “Communiqué no II-14.1 on Principles for Financial Reporting in Capital Market” of the Capital Markets Board (“CMB”) and in accordance with Turkish Accounting Standards and Turkish Financial Reporting Standards published by Public Oversight, Accounting And Auditing Standards Authority, and the principles of presentation thereof are designated pursuant to the regulations and decisions of CMB. Our financial statements are put to independent audit in accordance with the Independent Audit Standards which are a part of Turkish Audit Standards, and by also obtaining the opinions of those managers who are responsible for preparation of the financial statements, they are examined by our Audit Committee and approved by our Board of Directors.

On the other hand, studies are ongoing for establishment of a group level internal audit activity.

6.B. The Risk Management Policy to be Implemented by the Company Against the Predictable Risks

Our Company’s risk management is carried out by the “Committee for Early Detection of Risk”. The purpose of the Committee is to develop policies necessary for early detection of operational, strategic, financial and compliance risks which may endanger the Company’s existence, improvement and continuation, calculation of their impact and possibility, taking and implementing the necessary precautions in relation to the risks detected, and performance of the risk management processes, and to manage and report the risks in accordance with the Company’s risk taking profile.

6.C. Practices and Reports of the Committee for Early Detection of Risk

The Committee for Early Detection of Risk makes practices for the purpose of early detection of the risks which may endanger the Company’s existence, improvement and continuation, implementation of the necessary precautions in relation to the risks detected, and management of risk, makes improvements and arrangements in accordance with the report presented to it every two month, and presents the results thereof the Board of Directors.

6.D. Prospective Risks in Sales, Efficiency, Capacity to Generate Income, Profitability, Debt/Equity Ratio and Similar Subjects

As in all over the world, the advertisement sector is significantly affected by the economic mobility and stagnation in our country as well. Operations in Russia and Eastern Europe of our subsidiary TME are directly affected by the embargos and economic sanctions imposed on these countries. For this reason the Company decided in 2017 to cease the operations in digital platform of Pronto Media Holding which carries on business in Russia, due to the intense competition in the markets where it carries on business and since it cannot achieve the intended operational performance. As a result of the cessation of the aforementioned operations, both the working capital need was decreased and the damages which might be caused by these operations were avoided in 2018. Thus, financial companies for the future periods have been minimized and creation of a favorable effect by this on the operating results has been achieved.

7. DETAILS OF THE CONTROLLING COMPANY

7.A. Capital Increases/Decreases in Subsidiaries and the Reasons Therefor

No capital increase/decrease occurred in our subsidiaries in 2018.

7.B. Information on the Shares in the Parent Company's Capital of the Businesses Included in the Group

Our controlling shareholder is Demirören Medya Yatırımları Ticaret A.Ş.; and our Company has no share in the capital of our controlling shareholder.

7.C. Explanations on the Group's Internal Audit and Risk Management Systems with Respect to the Process of Preparation of Consolidated Financial Statements

Our consolidated financial statements are prepared under the "Communiqué no II-14.1 on Principles for Financial Reporting in Capital Market" of the Capital Markets Board ("CMB") and in accordance with Turkish Accounting Standards and Turkish Financial Reporting Standards published by Public Oversight, Accounting And Auditing Standards Authority, and the principles of presentation thereof are designated pursuant to the regulations and decisions of CMB. Our financial statements are put to independent audit in accordance with the Independent Audit Standards which are a part of Turkish Audit Standards, and by also obtaining the opinions of those managers who are responsible for preparation of the financial statements, they are examined by our Audit Committee and approved by our Board of Directors.

Our Company's risk management is carried out by the "Committee for Early Detection of Risk".

7.D. Information on the Reports Prescribed by Article 199 of TCC

The Company's Activity Report and Affiliation Report are drawn up in accordance with the provisions of Turkish Commercial Code. The Board members made no request under article 199/4 of TCC.

8. OTHER ISSUES

You may find the information on the Related Party Transactions and balances on the footnote 34 of our Company's consolidated financial statements for the accounting period which ended on December 31, 2018.

Our Company has no conflict of interest or dispute with the companies from which it procured services in relation to investment consultancy, rating and other issues in the period from 01.01.2018 to 31.12.2018. In accordance with the Company's Code of Ethical Conduct, we meticulously observe the principle of avoiding any conflict of interest both in the contracts made and in our internal working order.

8. OTHER ISSUES (Continued)

8.A. Personnel and Labor Movements, Collective Bargaining Implementations, and Rights and Benefits Granted to Personnel and Workers

Human Resources

Within the frame of new needs of new generation, digital world's values and changing sense of leadership, 2018 Human Resources strategy was formed without deviating from the aim of gaining new talents to the organization, and on the other hand, by focusing on optimization of the company's organizational structure following the purchasing which was made.

While carrying out practices for reduction into a single standard of different organizational cultures, processes and functions, organizational structures were also reviewed.

In addition to this, a total of 268 persons 112 full time and 156 interns) have been hired in 2018 for the new and substituting positions created within the body of Hürriyet's organizations.

In order to bring in the organization correct human resources, in addition to traditional hiring methods, we used different channels specific to the digital sector followed by the target audience and aimed efficient and rapid finalization of the hiring process. With these new channel preferences, while the periods for hiring were reduced, at the same time an improvement was achieved in the rates of reaching to the correct applicants at first time.

In social media communications, Linkedin, Facebook and Instagram applications for existing employees have been used.

Main titles of the 2018 activities of Hürriyet's Human Resources Directorate can be summarized as follows:

Hiring

With the digital technologies developing every passing day, users were enabled to have different experiences, and the new media understanding where they can interact independent from time and space maintained its effect. The need for different experiences and different competencies continued in 2018 as well.

In order to bring in the organization correct human resources, in addition to traditional hiring methods, we used different channels specific to the digital sector followed by the target audience, where interaction is faster and denser, and aimed efficient and rapid finalization of the hiring process.

With these new channel preferences, while the periods for hiring were reduced, an improvement was also achieved in the rates of reaching to the correct applicants at first time.

The "Internal Application/Internal Reference" platform called Wanted has continued to be used in hiring processes.

8. OTHER ISSUES (Continued)

8.A. Personnel and Labor Movements, Collective Bargaining Implementations, and Rights and Benefits Granted to Personnel and Workers (Continued)

Hiring (Continued)

As in every year, university and high school students have been given the opportunity of internship in 2018 as well during both the summer and winter periods, and totally 156 students have served their internship in the World of Hürriyet. The interns who displayed a high performance during the internship are preferentially evaluated in the hiring process in case there is a proper position.

In order to make known to large audiences the dynamic and agile structure of the Newspaper Hürriyet focused on continuous development and success and to bring in the organization correct human resources, 360 degree employer brand strategies continued in 2018 as well.

In accordance with this target, we participated as speakers and audience into conferences where the most up-to-date implementations, problems and opportunities in the area of Human Resources were discussed, and made serious contributions to strengthening of our employer brand by sharing with the sector's professionals the role of HR in the digital transformation of Hürriyet and creating employer brand, and the changing management of employer brand, talent management and employee experience in hiring process.

Training

With reference to the principle of "Learning Organization", totally 1.592 hours of internal or external trainings were held in 2018 for the purpose of increasing the level of knowledge, ability and competence of all our employees, widespreading knowledge and expertise and developing the communication between teams, and 254 persons attended in these trainings. Average training evaluation result is 5 out of 5.

Within the frame of accelerated practices for collaboration of our newspaper and digital publishing teams, our internal instructors provided Social Media, SEO, Google Analytics, Digital Content-CMS Information and Video trainings to all our publishing teams.

Apart from the domestic trainings that we have provided to our employees, our employees have in addition participated into many foreign seminars and conferences such as Inma, Digiday Publishing Summit and Javascript Emerging, in order to closely follow up the global developments.

In addition to this, we participated as speakers in the organizations such as Webrazzi Developer Summit, Peryön, Smartcon and Startup Istanbul.

8. OTHER ISSUES (Continued)

8.A. Personnel and Labor Movements, Collective Bargaining Implementations, and Rights and Benefits Granted to Personnel and Workers (Continued)

Social Media Management

Number of followers of the World of Hürriyet Human Resources Facebook page, which was formed as part of employer brand practices for the purpose of creating a perception by the target audience of Hürriyet as "dynamic, modern, focused on continuous development and the best company to work with", has reached to 16.855, and number of followers of the Linkedin corporate page has reached to 41.803. Number of followers of the Instagram account, which was formed in order to increase the interaction between employees and the sense of belonging to the Company, has reached to 3.401. All the followers were gained by an organic growth.

Occupational Health and Safety Trainings, which include the risks which might be encountered in working life and the measurements which can be taken against these risks and which aim to inform and raise awareness of our employees in respect of their legal rights and responsibilities, are continuing online.

Orientation Period

The Orientation Program, which is carried out for the purpose of ensuring adaptation in the shortest time of all the newly-hired employees of Hürriyet and its affiliates by learning the mission, vision, purposes, functioning and procedures of the organization, has also continued in 2018.

Collaborations with Universities

Collaborations launched with Bilgi University and Sabancı University for the purpose of identifying the talents who will make a difference under the continuously changing and developing sector conditions, who will lead the sector and play and active role in digital transformation of Hürriyet, before they have not graduated yet, have continued in 2018 as well.

Rewarding

The "Rewarding Program of Those Who Make Difference", which was formed for the purpose of identifying, appreciating and reinforcing by instantly rewarding the business results creating added value, has continued in 2018 as well.

The "Best of" rewarding program designated every month for employees of Publishing Group in the best page, photo and news categories, has continued in 2018 as well.

Hürweb

Informing through Hürweb has continued, and sweepstakes for cinema, theater and concert tickets have continued in 2018 as well.

8. OTHER ISSUES (Continued)

8.A. Personnel and Labor Movements, Collective Bargaining Implementations, and Rights and Benefits Granted to Personnel and Workers (Continued)

Remuneration Researches (Towers Watson)

Within the scope of the practices for structuring the remuneration system more efficiently, we continued our participation into the ranking practices and remuneration researches in 2018 with Towers Watson on the basis of existing positions.

LEAP Employee Support Program

The large-scale LEAP Employee Support Program, which affects the health, quality of life and happiness of all the employees of the World of Hürriyet and their family, and which is accessible to them 7 days 24 hours against all the problems that they have difficulty in coping with, continued to be implemented in the areas of Child and Adolescent Consultancy, Mother/Baby Support Program, Stress Management Consultancy, Employee Sleep Health Program, Nutrition Consultancy, Ergonomy Consultancy, Psychological Consultancy in Relation to Private Life, Psychological Consultancy in Relation to Business Life and Family Consultancy.

Home Office

With the Home Office implementation which was carried into effect for the employees of the World of Hürriyet, the teams continued to their works from their home every Wednesday in the first half of 2018.

R&D Center

The department which was approved by the General Directorate of Science and Technology of the Ministry of Science, Industry and Technology as the R&D Center no 673, continued with its operations. In this context, we aim to apply to the funding programs of TÜBİTAK for those projects which are predicted to bring a high added value, and having made cooperation with permanent academicians with a high added value under such projects, to increase the competency of our existing personnel in consequence of these joint efforts. Its mission is to maintain and develop its leading position in its sector with innovative practices by focusing on the satisfaction of the customers to whom it provides services, and to create digital products and services which offer new functions by following up its sector throughout the world. It aims to attain a dynamic position which produces innovative ideas and dominates the technology in the global market with competent employees, and the research and development practices in line with this are being continued. For education and development of our employees and in order to increase their command of the sector, an additional support strategy has been created for those personnel who wish to continue with their higher education.

Practices for Business Processes

Within the scope of improvement and optimization of business processes, we made interviews with department managers and issued a process document for each department. We made descriptions of business processes, created proposals for processes, and identified the KPIs for following up the performance of the processes of the departments. In addition to this, in order for collecting after purchasing transaction the similar functions of different brands under a singled management and functioning understanding, we carried out organizational restructuring practices.

8. OTHER ISSUES (Continued)

8.A. Personnel and Labor Movements, Collective Bargaining Implementations, and Rights and Benefits Granted to Personnel and Employees (Continued)

Human Resources Policy

1. While establishing the hiring policies and making career plans, we adopt the principle of providing equal opportunities to those persons under equal conditions. In cases where changes in managing positions are predicted to cause trouble in the company's management, we prepare a succession planning for designation of those managers to be newly appointed.

2. The criteria in relation to hiring of personnel are determined in writing and these criteria are complied with. Hiring processes are described by procedures.

3. We are treating fairly in all the rights granted to the employees, and we are carrying out training and improvement programs and we establish training policies aimed at increasing the knowledge, ability and competency of the employees.

Informative meetings are being held by the CEO to the employees on the Company's financial position, targets and general situation. Occupational health and safety meetings are held quarterly, with participation of representatives of the employees. Digital environments are provided where the employees may share their demands, complaints and proposals in writing.

4. Measurements are taken in order not to make any discrimination of race, religion, language and sex among the employees and to protect the employees against the in-company physical, mental and emotional ill-treatment.

5. Employees are provided a safe working environment and conditions in accordance with the principles of the Occupational Health and Safety regulation.

9. STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Hürriyet Gazetecilik Ve Matbaacılık A.Ş. the ("Company") adopted the universal principles of the Corporate Governance Principles such as equality, transparency, accountability and responsibility, and aims to comply in its activities to the maximum extent with the Capital Markets Law ("CML"), the Regulations and Decisions of CMB, the Corporate Governance Communiqué no II-17.1 of CMB (the "Communiqué") and the Corporate Governance Principles of CMB. Within the frame of this target, having been included in the Corporate Governance Index ("XKURY") of Borsa Istanbul A.Ş. ("Borsa Istanbul") starting from November 4, 2009, our Company is being subjected to a corporate governance rating every year by the rating agency SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. ("SAHA"), which has an operating license to make rating in Turkey in accordance with the methodology approved by CMB. The Corporate Governance Rating and Corporate Governance Principles Compliance Report can be accessed from the Company's Corporate Website ("www.hurriyetkurumsal.com"). The Company's Corporate Governance Compliance Report ("URF") and Corporate Governance Information Form ("KYBF") for the period from 01.01.2018 to 31.12.2018, were prepared in accordance with the principles of presentation which were designated by the Decision no 2/49 dated 10.01.2019 of CMB and announced on the Weekly Bulletin no 2019/02 dated 10.01.2019 of CMB, and the "Corporate Governance Communiqué" no II-17.1 of CMB.

The Corporate Governance Principles Compliance Report ("URF") and Corporate Governance Information Form ("KYBF") of Hürriyet Gazetecilik ve Matbaacılık A.Ş. for the period from 01.01.2018 to 31.12.2018, can be accessed from the Company's Corporate Website ("www.hurriyetkurumsal.com"), on the "Corporate Governance"/"Corporate Governance Principles Compliance Report" section and from the Corporate Website (www.kap.org.tr) of the Public Disclosure Platform ("PDP"). Our Corporate Governance Committee is continuing with its practices aimed at improving our corporate governance implementations. In our Company's operating period which ended on 31.12.2018, all the "mandatory" principles of CML, the Regulations and Decisions of CMB and the Communiqué have been complied with. We are paying maximum attention to compliance with the non-mandatory principles, and with regard to the matters where full compliance has not been achieved yet, we consider that no significant conflict of interest shall arise in the current situation.
Best regards,

Mehmet Soysal	Yıldırım Demirören
Managing Director of the Board of Directors	
& Chairman of the Executive Committee	Chairman of the Board of Directors

Access Link
1) Corporate Governance Compliance Report ("URF") https://www.kap.org.tr/tr/Bildirim/745998

2) Corporate Governance Information Form ("KYBF") https://www.kap.org.tr/tr/Bildirim/745999

10. DECISION OF THE BOARD OF DIRECTORS FOR ACCEPTANCE OF FINANCIAL REPORTS, ACTIVITY REPORT AND CORPORATE GOVERNANCE REPORT

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

DECISION OF THE BOARD OF DIRECTORS

Date of Meeting	**:** 04.03.2019
Decision No	**:** 2019 / 07
Place of Meeting	**:** The Company's Head Office

AGENDA:

About discussion and acceptance of the Consolidated Financial Report, Activity Report, Corporate Governance Compliance Report and Corporate Governance Information Form for the period from 01.01.2018 to 31.12.2018.

DECISION:

The Board of Directors of our Company convened at the address and on the date specified above with participation of those members of it whose signatures are appended below, and decided on the following matters;

It was decided to accept the Consolidated Financial Report for the period from 01.01.2018 to 31.12.2018, which was submitted to our Board of Directors with the assent of our Audit committee and relevant managers with their correction recommendations, which was prepared under the provisions of the "Communiqué on Principles for Financial Reporting in Capital Market" of the CMB ("II-14.1") in accordance with Turkish Accounting Standards ("TAS") and Turkish Financial Reporting Standards ("TFRS") published by Public Oversight, Accounting And Auditing Standards Authority ("KGK") and 2016 Turkish Accounting Standards Taxonomy, principles of presentation of which were in compliance with the procedure which was developed by KGK based on sub-paragraph (b) of article 9 of the Decree Law no 660 and designated and made public with the Decision no 30 dated 02.06.2016 of KGK, and in addition, which was determined with the Decision no 22/805 dated 15.07.2016 of CMB and made public on the Weekly Bulletin no 2016/22 dated 15.07.2016 of CMB, which was put to independent audit, and which was comparative with the previous period,

To accept the Activity Report for the period from 01.01.2018 to 31.12.2018, which was submitted to our Board of Directors with the assent of our Audit committee and relevant managers with their correction recommendations, which was prepared in accordance with Turkish Commercial Code ("TCC"), the "Regulation on Determination of the Minimum Content of the Annual Activity Reports of Companies" of the Ministry of Customs and Trade (the "Ministry") and the "Communiqué on Principles for Financial Reporting in Capital Market" no II-14.1 of CMB, which is consistent with the financial statements and the footnotes thereto, and which was put to independent audit, To accept the Corporate Governance Compliance Report ("URF") which shows our Company's compliance with the voluntary principles pursuant to the decision no 2/49 dated 10.01.2019 of the Capital Markets Board and the Corporate Governance Information Form ("KYBF") which gives information on our existing corporate governance implementations, for the period from 01.01.2018 to 31.12.2018, which were announced on 07/03/2019, and which can be accessed from the Corporate Governance Compliance Report and Information Form for 2018 from our Company's Public Disclosure Platform page, under the tab of Corporate Governance Principles Compliance Report.

Chairman of the Board of Directors Yıldırım Demirören	**Deputy Chairman of the Board of Directors** Meltem Oktay	**Board Member** Fikret Tayfun Demirören	**Board Member** Mehmet Soysal
	Board Member Mehmet Koray Yanç	**Independent Board Member** Alaattin Aykaç	**Independent Board Member** Orhan Kırca

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

DECISION OF THE CORPORATE GOVERNANCE COMMITTEE

DATE : 01.03.2019

SUBJECT : Discussion and evaluation of the Activity Report and the Corporate Governance Compliance Report and the Corporate Governance Information Form for the period from 01.01.2018 to 31.12.2018.

The Activity Report for the period from 01.01.2018 to 31.12.2018, which was prepared in accordance with Turkish Commercial Code ("TCC"), the "Regulation on Determination of the Minimum Content of the Annual Activity Reports of Companies" of the Ministry of Customs and Trade (the "Ministry") and the "Communiqué on Principles for Financial Reporting in Capital Market" no II-14.1 of CMB, which is consistent with the financial statements and the footnotes thereto for the period from 01.01.2018 to 31.12.2018, which is prepared in accordance with the provisions of the relevant legislation and will be submitted to the approval of the general assembly, and which was put to independent audit, and the Corporate Governance Compliance Report ("URF") and Corporate Governance Information Form ("KYBF") for the period from 01.01.2018 to 31.12.2018, the principles of presentation of which were designated by the Decision no 2/49 dated 10.01.2019 of CMB and announced on the Weekly Bulletin no 2019/02 dated 10.01.2019 of CMB, and in this framework, which were prepared in accordance with the "Corporate Governance Communiqué" no II-17.1 of CMB, were examined by also obtaining the opinions of those managers who are responsible for preparation of the Company's Activity Report, URF and KYBF; and limited to the information which we have and which were communicated to us, our opinion in relation to the aforementioned Reports was communicated to those managers who are responsible for preparation of these Reports; and in this framework, it was concluded that the Activity Report, URF and KYBF are reflecting the factual situation on the Company's operating results, they don't contain a significant deficiency which will cause them to be misleading, and they are in compliance with TCC and the regulations of the Ministry and CMB.

Orhan KIRCA	**Semih METİN**	**Rima ERDEMİR**
Chairman	Member	Member

12. DECISION OF AUDIT COMMITTEE

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.
DECISION OF AUDIT COMMITTEE

DATE : 01.03.2019

**SUBJECT : **Discussion and evaluation of the Financial Report for the period from 01.01.2018 to 31.12.2018.

The Consolidated Financial Report for the period from 01.01.2018 to 31.12.2018, which was prepared under the provisions of the "Communiqué on Principles for Financial Reporting in Capital Market" of the CMB ("II-14.1") in accordance with Turkish Accounting Standards ("TAS") and Turkish Financial Reporting Standards ("TFRS") published by Public Oversight, Accounting And Auditing Standards Authority ("KGK") and 2016 Turkish Accounting Standards Taxonomy, principles of presentation of which were in compliance with the procedure which was developed by KGK based on sub-paragraph (b) of article 9 of the Decree Law no 660 and designated and made public with the Decision no 30 dated 02.06.2016 of KGK, and in addition, which was determined with the Decision no 22/805 dated 15.07.2016 of CMB and made public on the Weekly Bulletin no 2016/22 dated 15.07.2016 of CMB, which was put to independent audit, and which was comparative with the previous period, was examined by also obtaining the opinions of those managers who are responsible for preparation of the Company's Financial Reports.

Limited to the information which we have and which were communicated to us, our opinion in relation to the aforementioned Consolidated Financial Report was communicated to those managers who are responsible for preparation of the financial statements and the footnotes thereto which constitute the Financial Report; and within the frame of this opinion, it was concluded that the aforementioned Financial Report is reflecting the factual situation on the Company's operating results, that it does not contain a significant deficiency which will cause it to be misleading, and it is in compliance with TCC and the regulations of CMB.

Orhan KIRCA - Chairman

Alaattin AYKAÇ - Member

13. STATEMENT OF RESPONSIBILITY FOR FINANCIAL REPORT AND THE BOARD OF DIRECTORS' ACTIVITY REPORT

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.
DECISION OF THE BOARD OF DIRECTORS FOR ACCEPTANCE OF FINANCIAL REPORT AND ACTIVITY REPORT

DATE OF DECISION : **04.03.2019**
DECISION NO : **2019/07**

STATEMENT OF RESPONSIBILITY PURSUANT TO ARTICLE 9 OF SECTION TWO OF THE COMMUNIQUÉ NO II-14.1 OF THE CAPITAL MARKETS BOARD

The Consolidated Financial Report of Hürriyet Gazetecilik ve Matbaacılık A.Ş. for the period from 01.01.2018 to 31.12.2018, which was prepared under the provisions of the "Communiqué on Principles for Financial Reporting in Capital Market" of the CMB ("II-14.1") in accordance with Turkish Accounting Standards ("TAS") and Turkish Financial Reporting Standards ("TFRS") published by Public Oversight, Accounting And Auditing Standards Authority ("KGK") and 2016 Turkish Accounting Standards Taxonomy, principles of presentation of which were in compliance with the procedure which was developed by KGK based on sub-paragraph (b) of article 9 of the Decree Law no 660 and designated and made public with the Decision no 30 dated 02.06.2016 of KGK, and in addition, which was determined with the Decision no 22/805 dated 15.07.2016 of CMB and made public on the Weekly Bulletin no 2016/22 dated 15.07.2016 of CMB, which was put to independent audit, its Activity Report for the period from 01.01.2018 to 31.12.2018, which was prepared in accordance with Turkish Commercial Code ("TCC"), the "Regulation on Determination of the Minimum Content of the Annual Activity Reports of Companies" of the Ministry of Customs and Trade (the "Ministry") and the "Communiqué on Principles for Financial Reporting in Capital Market" no II-14.1 of CMB, which is consistent with the financial statements and the footnotes thereto for the period from 01.01.2018 to 31.12.2018 which will be submitted to the approval of the general assembly, and which was put to independent audit, and its Corporate Governance Compliance Report ("URF") and Corporate Governance Information Form ("KYBF") for the period from 01.01.2018 to 31.12.2018, the principles of presentation of which were designated by the Decision no 2/49 dated 10.01.2019 of CMB and announced on the Weekly Bulletin no 2019/02 dated 10.01.2019 of CMB, and in this framework, which were prepared in accordance with the "Corporate Governance Communiqué" no II-17.1 of CMB, were examined by us, and within the frame of the information which we have in our area of responsibility;

it was identified that, the Consolidated Financial Report, the Activity Report, the Corporate Governance Compliance Report and the Corporate Governance Information Form do not contain any incorrect explanation on significant matters or any significant deficiency which will cause the explanation to be misleading as of the date when it was made,

The Consolidated Financial Report, which was prepared in accordance with the Financial Reporting Standards in force, honestly reflects the facts in relation to the Company's assets, liabilities, profit and loss and financial position, and the Activity Report honestly reflects the development and performance of the Company's business and its financial position, together with the significant risks and uncertainties it is faced with.

Orhan Kırca
Chairman of the Audit Committee

Alaattin AYKAÇ
Member of the Audit Committee

Mustafa ÇELİK
Finance Director

Semih METİN
Investor Relations Department Manager

14. DECISION OF THE BOARD OF DIRECTORS FOR DISTRIBUTION OF PROFIT AND TABLE OF DISTRIBUTION OF PROFIT

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

DECISION OF THE BOARD OF DIRECTORS

Date of Meeting **:** 04.03.2019

Decision No **:** 2019/08

Place of Meeting : The Company's Head Office

AGENDA :

Discussion and acceptance of the Profit Distribution Proposal for the fiscal period from 01.01.2018 to 31.12.2018

DECISION:

it was decided by our Company's Board of Directors to present the following points to the General Assembly for approval, by taking into consideration the provisions of the Turkish Commercial Code ("TCC"), Capital Market Legislation and the Regulations of the Capital Markets Board ("SPK"), Corporate Tax, Income Tax and the other applicable legislation, as well as the relevant provisions of our Company's Articles of Association and the publicly disclosed "Dividend Distribution Policy":

That, according to the Consolidated Financial Statements of the fiscal period from 01.01.2018 to 31.12.2018 which have been prepared in conformity with the Turkish Accounting Standards ("TAS") and the Turkish Financial Reporting Standards ("TFRS") issued by the Public Oversight, Accounting and Auditing Standards Authority ("KGK") as per the "Communique on Principles of Financial Reporting in Capital Markets" ("II-14.1") of SPK, and of which principles of presentation have been determined pursuant to the Decisions of SPK in this regard, and which have undergone an independent audit; a "Net Period Income" of 269,368,228 Turkish Lira emerged, when the "Deferred Tax Income", "Period Tax Expense", "Post-Tax Period Loss of Discontinued Operations" and "Non-controlling Shares of Consolidated Equity of Participations" are taken into account all together; and that when "Previous Years' Losses" of 627,675,188 Turkish Lira, which was calculated as per the SPK Profit Share Guide announced in SPK's Weekly Bulletin No. 2014/2 dated 27.01.2014, is also taken into account, no dividend can be distributed in the fiscal period from 01.01.2018 to 31.12.2018 in accordance with SPK's regulations on dividend distribution; it has been decided to inform the shareholders in this respect and to present this issue to the General Assembly for approval;

That, according to our financial records kept for the fiscal period from 01.01.2018 to 31.12.2018 pursuant to the Tax Legislation and the Uniform Chart of Accounts published by the Republic of Turkey Ministry of Finance, a "Period Income" of 334,386,577.59 Turkish Lira emerged, and that, after allocation, from the said amount, of "Period Tax Expense" at the amount of 20,220,555.96 Turkish Lira, the "Net Period Income" was calculated as 314,166,021.63 Turkish Lira, and that, in consideration of the foregoing, it shall be presented to the General Assembly for approval that a "General Legal Reserve" of 15,708,301.08 Turkish Lira should be allocated as per Article 519(1) of TCC, that a total amount of 240,594,062.06 Turkish Lira, which consists of 240,438,817.06 Turkish Lira exempted under Article 5(1e) of the Corporate Tax Law as a result of sales of various shares (Doruk Faktoring A.Ş., Glokal Dijital Hizmetler Pazarlama ve Ticaret A.Ş.) plus 155,245 Turkish Lira exempted under the

R&D Incentive as per Act 5746, should not be distributed as dividends, but should be transferred to a "special fund account" in the liabilities column with the remaining "Period Net Income" of 57,863,658.48 Turkish Lira being transferred to the "Extraordinary Reserves" account, and that, as per Article 5(1e) of the Corporate Tax Law No. 5520, the amount of 128,021,765.84 Turkish Lira kept in a special fund account in the liabilities column until the end of the fifth year following the year when the relevant immovable properties were sold should be transferred to the account of "Extraordinary Reserves".

Enclosure: Profit Distribution Table

Chairman of the Board of Directors Yıldırım Demirören	**Deputy Chairman of the Board of Directors** Meltem Oktay	**Board Member** Fikret Tayfun Demirören	**Board Member** Mehmet Soysal
	Board Member Mehmet Koray Yanç	**Independent Board Member** Alaattin Aykaç	**Independent Board Member** Orhan Kırca

ENCLOSURE: PROFIT DISTRIBUTION TABLE

	HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş. TABLE OF DISTRIBUTION OF PROFIT FOR 2018 (Turkish Lira)		
1	**Issued Capital**	**592,000,000.00**	
2	**General Legal Reserve (According to Legal Records)** (1)	**43,516,081.00**	
	If distribution of profit involves any privilege pursuant to the articles of association, information on the aforementioned privilege	None.	
		According to CMB	**According to Legal Records (LR)**
3	**Profit/Loss for the Period (+/-)** (2)	**310,526,160.00**	**334,386,577.59**
4	**Taxes (+/-)** (3)	**-20,134,331.00**	**-20,220,555.96**
	Non-Controlling Consolidated Equity of Participations (-)	**-859,567.00**	**0.00**
	Post-Tax Period Loss of Discontinued Operations (-)(4)	**-21,883,168.00**	**0.00**
5	**Net Profit/Loss for the Period (+/-)**	**269,368,228.00**	**314,166,021.63**
6	**Losses from Previous Years (-)** (5)	**-627,675,188.00**	**0.00**
7	**General Legal Reserve (-)**	**-15,708,301.08**	**-15,708,301.08**
	“Profit from Sales of Shares and R&D Incentive” Taken into a “Special Fund” Temporarily in Order not to be Put Through Distribution (According to Legal Records (-)	**-240,594,062.06**	**-240,594,062.06**
8	**NET DISTRIBUTABLE PROFIT/LOSS FOR THE PERIOD (+/-)**	**-614,609,323.15**	**57,863,658.48**
9	**Donations Made within the Year (+)**	**279,953.00**	
10	**Net Distributable Profit/Loss for the Period Inclusive of Donations (+/-)**	**-614,329,370.15**	
11	**First Dividend Distribution to Shareholders**	0.00	
	Cash	0.00	
	Bonus	0.00	
	Total	0.00	
12	**Dividend Distributed to Shareholders holding Preference Shares**	**0.00**	
13	**Other Dividends Distributed**	**0.00**	
	To Board Members	0.00	
	To Employees	0.00	
	To Non-Shareholders	0.00	
14	**Dividend Distributed to Shareholders holding Redeemed Shares**	**0.00**	
15	**Second Dividend Distribution to Shareholders**	**0.00**	
16	**General Legal Reserve**	**0.00**	
17	**Statutory Reserves**	**0.00**	
18	**Special Reserves**	**0.00**	
19	**EXTRAORDINARY RESERVES**	**0.00**	**57,863,658.48**
20	**Other Sources of Funds Prescribed to be Distributed**	**0.00**	**0.00**
	Profits From Previous Years	0.00	0.00
	Extraordinary Reserves	0.00	0.00
	Other Reserves Distributable Pursuant to TCC and Articles of Association	0.00	0.00

(1) “Inflation Differences” have not been added.

(2) Consists of the sum of “Ongoing Activities Pre-Tax Loss”.

(3) Consists of the sum of “Period Tax Expense” and “Deferred Tax Income”.

(4) Includes post-tax net loss arising from the cessation of activities of the digital platforms which were operating within the body of Pronto Media Holding based in Russia, which is the indirect subsidiary of Trader Media East Ltd, and the net profit arising from the activities during the period elapsed until the finalisation of the sales transaction regarding Glokal Dijital Hizmetler Pazarlama ve Ticaret A.Ş.

(5) Calculated according to the Dividend Guide published in the CMB’s Weekly Bulletin dated 27.01.2014 and numbered 2014/2. Consists of the remaining portion after the addition of “Share Premiums” and “General Legal Reserves” on “Losses from Previous Years”.

(6) Consists of the portion of the “participation share sale profit”, which emerged in the legal records as a result of the sales and transfer of the shares of Doruk Faktoring A.Ş. ve Glokal Dijital Hizmetler Pazarlama ve Ticaret A.Ş., which portion benefits from the exemption of 75% as set out in article 5-1/e of the Corporate Tax Law, and the support provided in the form of a grant which was taken in a special fund account without having been subjected to dividend distribution in accordance with the Tax Legislation, Capital Market Legislation and other legislation, within the scope of R&D Incentive pursuant to the Law No. 5746. The relevant amounts were not included in the calculation of the “net distributable period profit” for the fiscal period of 01.01.2018-31.122018, and were taken into a “special fund account” in the liabilities column.

(7) No distributable period profit emerges.

	GROUP	TOTAL DIVIDEND DISTRIBUTED		TOTAL DIVIDEND DISTRIBUTED / NET DISTRIBUTABLE PROFIT FOR THE PERIOD	DIVIDENT CORRESPONDING TO A SHARE WITH A NOMINAL VALUE OF TL 1	
GROSS		0.00	0.00	-	0.00000	0.00000
	TOTAL	0.00	0.00	-	**0.00000**	**0 00000**
		CASH (TL)	**BONUS (TL)**	**RATIO (%)**	**AMOUNT (TL)**	RATIO (%)
NET		0.00	0.00	0.00	0.00	0.00
	TOTAL	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**

15. CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR REPORT FOR THE ACCOUNT PERIOD FROM JANUARY 1, 2018 TO DECEMBER 31, 2018

HÜRRİYET GAZETECİLİK
VE MATBAACILIK A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR REPORT
FOR THE ACCOUNT PERIOD FROM
JANUARY 1, 2018 TO DECEMBER 31, 2018

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

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

(ORIGINALLY ISSUED IN TURKISH)

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

INDEPENDENT AUDITOR'S REPORT

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

Audit of the Consolidated Financial Statements

1. Opinion

We have audited the accompanying consolidated financial statements of Hürriyet Gazetecilik ve Matbaacılık A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of balance sheet as at 31 December 2018 and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements and a summary of significant accounting policies and consolidated financial statement notes.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

2. Basis for Opinion

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

3. Key Audit Matters

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

Key audit matters	***How our audit addressed the key audit matter***
Investment properties are measured by using the fair value method As explained in Note 13, as of 31 December 2018, the Group's investment properties, which have a carrying amount of TRY 197,465,641 and represent a significant share of total assets, comprise of land and buildings. The accounting policy for investment properties used by the Group management is the "fair value method", as described in Note 2.2. The fair values of these assets are determined by independent valuation experts authorised by the Capital Markets Board ("CMB") and are recognised in the consolidated financial statements after being assessed by the Group management. Fair values of the investment properties depend on the valuation method used as well as the input and assumptions used in the valuation model. Fair values are directly affected by factors such as market conditions, specific characteristics, physical condition and the geographic location of each investment property. The reasoning of our focus in this area: • The quantitative materiality of the investment properties in the financial statements, • When determining the fair values of the investment properties, methods such as the benchmarking analysis approach, cost approach and direct capitalisation approach are used, and these methods include variables that may lead to changes in the fair values.	• Valuation reports prepared by the independent property valuation institutions assigned by the Group are obtained and the property valuation accreditations and licences of these institutions granted by the Capital Markets Board are checked based on Independent Audit Standards. • Deeds and ownership ratios of investment properties were tested on a sample basis. • We compared the consistency of the inputs which have a significant impact on the property value determined and were stated in the valuation reports, such as unit sales value, against observable market prices, and then tested whether the appraised values are within an acceptable range. • Fair values stated in the valuation reports were compared with the disclosures in the consolidated financial statements to assess if the values in the disclosures and accounting records are consistent with the valuation report and the disclosures are sufficient based on the requirements of TFRS. We had no material findings in our audit procedures related to the investment properties accounted for using the fair value method.

pwc

Key audit matters	*How our audit addressed the key audit matter*
Fair value of land and buildings recognised using the fair value method As explained in Note 14, the Group started to recognise land and buildings accounted under property, plant and equipment at their fair value as of 31 December 2018. The fair value of land and buildings was TRY 237,542,921 as of 31 December 2018, and a fair value increase of TRY 24,462,928 was recognised under equity. The accounting policy Group management applies when recognising these lands and buildings is the "fair value method", as described in detail in Note 2.2. The fair values of these assets are determined by independent valuation institutions authorised by the Capital Markets Board ("CMB") and are recognised in consolidated financial statements after being assessed by Group management. Fair values of the investment properties depend on the valuation method used as well as the input and assumptions in the valuation model. Fair values are directly affected by factors such as market conditions, specific characteristics, physical condition and the geographic location of each investment property. Reasons we emphasised this topic are as follows: • The significance of land and buildings in the financial statements in terms of amount, • When determining the fair values of the land and buildings, methods such as the benchmarking analysis approach, cost approach and direct capitalisation approach are used, and these methods include variables that can lead to changes in the fair values of the properties.	• Valuation reports prepared by the independent property valuation institutions assigned by the Group are obtained and the property valuation accreditations and licences of these institutions granted by the Capital Markets Board are checked based on Independent Audit Standards. • Deeds and ownership ratios of land and buildings were tested on a sample basis. • We compared the consistency of the inputs which have a significant impact on the property value determined and were stated in the valuation reports, such as unit sales value, against observable market prices, and then tested whether the appraised values are within an acceptable range. • Fair values stated in the valuation reports were compared with the disclosures in the consolidated financial statements to assess if the values in the disclosures and accounting records are consistent with the valuation report and the disclosures are sufficient based on the requirements of TFRS. We had no material findings in our audit procedures related to the land and buildings accounted for using the fair value method.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Other Responsibilities Arising From Regulatory Requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2018 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.

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

3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 7 March 2019.

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

Gökhan Yüksel, SMMM
Partner

İstanbul, 7 March 2019

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2018

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

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

	Note references	(Audited) Current Period 31 December 2018	(Audited) Prior Period 31 December 2017
ASSETS			
Current assets			
Cash and cash equivalents	4	56,867,896	65,946,767
Financial investments	6	72,133	68,713
Trade receivables			
-Trade receivables from related parties	34	59,248,328	37,988,588
-Trade receivables from non-related parties	8	103,180,193	184,369,460
Other receivables			
-Other receivables from related parties	34	117,323,015	-
-Other receivables from non-related parties	9	4,326,809	3,217,598
Inventories	11	17,527,084	13,848,026
Prepaid expenses	20	4,291,302	4,083,170
Other current assets	21	15,893,989	3,028,124
Total current asset		**378,730,749**	**312,550,446**
Non-current assets			
Financial investments	6	313,923	1,343,821
Other receivables			
-Other receivables from non-related parties	9	5,363,176	2,056,772
Investments accounted for using the equity method	12	4,479,950	7,124,215
Investment properties	13	197,465,641	172,479,346
Tangible assets	14	273,576,563	253,501,615
Intangible assets			
-Other intangible assets	15	11,954,109	18,277,333
Deferred tax asset	31	1,966,834	1,800,832
Other non-current assets	21	317,705	-
Total non-current assets		**495,437,901**	**456,583,934**
Total assets		**874,168,650**	**769,134,380**

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

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

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

	Note references	(Audited) Current Period 31 December 2018	(Audited) Prior Period 31 December 2017
LIABILITIES			
Current liabilities			
Short-term borrowings	7	67,887	10,550,732
Short-term portion of long-term borrowings	7	15,582,708	101,139,261
Trade payables			
-Trade payables to related parties	34	15,420,957	22,575,033
-Trade payables to non-related parties	8	50,890,149	50,362,747
Employee benefit payables	10	2,993,159	6,160,715
Other payables			
-Other payables to non-related parties	9	4,656,574	10,388,050
Derivative instruments	5	-	1,098,340
Deferred income	20	10,460,323	27,912,178
Current income tax liabilities	31	527,292	1,773,031
Short-term provisions			
-Short-term provisions for employment benefits	19	14,164,860	13,381,264
-Other short-term provisions	17	6,740,806	5,946,278
Other short-term liabilities	21	35,166,801	231,219
Total current liabilities		**156,671,516**	**251,518,848**
Non-current liabilities			
Long-term borrowings	7	11,733,333	150,478,785
Deferred income	20	901,525	1,292,312
Long-term provisions			
-Long-term provisions for employment benefits	19	45,317,176	46,184,398
Deferred tax liability	31	19,381,541	16,553,127
Total non-current liabilities		**77,333,575**	**214,508,622**
Total liabilities		**234,005,091**	**466,027,470**

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

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

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

	Note references	(Audited) Current Period 31 December 2018	(Audited) Prior Period 31 December 2017
EQUITY			
Total equity		**640,163,559**	**303,106,910**
Equity attributable to equity holders of the parent company		**639,981,423**	**302,066,635**
Share capital	22	592,000,000	552,000,000
Inflation adjustment to share capital	22	77,198,813	77,198,813
Share premiums (discounts)	22	76,944	76,944
Other comprehensive income and expenses that will not be reclassified subsequently to profit or loss			
- Gain (loss) on remeasurement			
- Gain (loss) on revaluation of property	22	212,241,738	187,778,810
- Gain (loss) on remeasurement of defined benefit plans	22	(21,093,944)	(18,617,479)
Other comprehensive income and expenses that may be reclassified subsequently to profit or loss			
- Currency translation differences	22	80,374,527	72,041,619
- Derivatives used for hedging			
- Gain (loss) from cash flow hedges	22	-	(856,705)
Restricted reserves	22	101,083,330	191,532,907
Retained earnings/Accumulated deficit		(671,268,213)	(494,582,896)
Net profit (loss) for the period		269,368,228	(264,505,378)
Non-controlling interests		**182,136**	**1,040,275**
Total liabilities and equity		**874,168,650**	**769,134,380**

These consolidated financial stetements as at and for the period ended 31 December 2018 were approved by the Board of Directors on 4 March 2019.

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

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

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

	Note References	(Audited) Current Period 1 January - 31 December 2018	Revised (Audited) Prior Period 1 January - 31 December 2017
Sales	23	422,063,269	485,640,732
Cost of sales (-)	23	(305,867,872)	(304,348,045)
Gross profit/(loss)		**116,195,397**	**181,292,687**
General administrative expenses (-)	24	(78,098,808)	(76,809,711)
Marketing expenses (-)	24	(83,013,259)	(84,879,280)
Other operating income	26	49,412,722	31,991,833
Other operating expenses (-)	27	(40,687,121)	(43,033,218)
Operating profit/(loss)		**(36,191,069)**	**8,562,311**
Share of (loss)/gain of investments accounted by the equity method	12	(4,651,220)	(1,680,725)
Income from investing activities	28	390,489,483	39,228,248
Expenses from investing activities (-)	29	(6,030,200)	(24,931,882)
Operating profit/(loss) before finance income/(expense)		**343,616,994**	**21,177,952**
Finance expenses (-)	30	(33,090,834)	(41,530,302)
Profit/(loss) before tax from continuing operations		**310,526,160**	**(20,352,350)**
Tax income/(expense) of continuing operations	**31**	**(20,134,331)**	**250,360**
Current tax income (expense)	31	(20,703,195)	(2,378,344)
Deferred tax income (expense)	31	568,864	2,628,704
Profit/(loss) for the period from continuing operations		**290,391,829**	**(20,101,990)**
Profit/(loss) for the period from discontinued operations	32a, 32b	(21,883,168)	(251,798,715)
Net profit/(loss) for the period		**268,508,661**	**(271,900,705)**
Allocation of net profit/(loss) for the period			
Attributable to non-controlling interests		(859,567)	(7,395,327)
Attributable to equity holders of the parent company		269,368,228	(264,505,378)
Loss per share			
Attributable to shareholders of the parent company	33	0.4851	(0.4792)

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

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2018

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

	Note References	(Audited) Current Period 1 January - 31 December 2018	Revised (Audited) Prior Period 1 January - 31 December 2017
Other comprehensive income statement			
Net profit (loss) for the period		**268,508,661**	**(271,900,705)**
Other comprehensive income			
Other comprehensive income (expense) that will not be subsequently reclassified to profit and loss			
- Gain/(loss) on revaluation of property	14	27,882,782	134,770,872
- Gain/(loss) on revaluation for defined benefits	19	(3,174,955)	(1,291,830)
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	31	(3,419,854)	(18,161,691)
- Gain/(loss) on revaluation for defined benefits, tax effect	31	698,490	264,903
Other comprehensive income (expense) that will be subsequently reclassified to profit and loss			
- Currency translation differences		8,363,713	14,991,482
- Other comprehensive income (expense) from cash flow hedges		1,098,340	(1,070,881)
Taxes related to other comprehensive income (expense) that will be subsequently reclassified to profit and loss			
- Other comprehensive income from cash flow hedges, tax effect	31	(241,635)	214,176
Other comprehensive income (expense)		**31,206,881**	**129,717,031**
Total comprehensive income (expense)		**299,715,542**	**(142,183,674)**
Allocation of total comprehensive income (expense)			
Attributable to non-controlling interests		(828,762)	(6,892,950)
Attributable to shareholders of the parent company		300,544,304	(135,290,724)

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

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2018

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

					Other comprehensive income or (expense) that will be subsequently reclassified to profit or loss		Other comprehensive income or (expense) that will not be subsequently reclassified to profit or loss			Accumulated profits				
	Note references	**Share capital**	**Inflation adjustment to share capital**	**Share premiums (discounts)**	**Hedge instrument gain (loss)**	**Currency translation differences (1)**	**Gain (losses) on property revaluation**	**Gain (losses) on remeasurement of defined benefit plan**	**Restricted reserves**	**Retained earnings / (losses) (2)**	**Net profit / (loss) for the period**	**Equity attributable to shareholders of the parent company**	**Non-controlling interests**	**Total equity**
Balances at 1 January 2017	**22**	**552,000,000**	**77,198,813**	**76,944**	**-**	**57,552,514**	**71,169,629**	**(17,590,552)**	**187,166,210**	**(443,630,506)**	**(72,463,833)**	**411,479,219**	**5,115,712**	**416,594,931**
Transfers		-	-	-	-	-	-	-	4,366,697	(76,830,530)	72,463,833	-	-	-
Proceeds from changes in ownership interests in subsidiaries that do not result in loss of control (2)		-	-	-	-	-	-	-	-	25,878,140	-	25,878,140	2,817,513	28,695,653
Total comprehensive income / (expense)		-	-	-	(856,705)	14,489,105	116,609,181	(1,026,927)	-	-	(264,505,378)	(135,290,724)	(6,892,950)	(142,183,674)
- Other comprehensive income (expense)		-	-	-	*(856,705)*	*14,489,105*	*116,609,181*	*(1,026,927)*	-	-	-	*129,214,654*	*502,377*	*129,717,031*
-Net profit (loss) for the period		-	-	-	-	-	-	-	-	-	*(264,505,378)*	*(264,505,378)*	*(7,395,327)*	*(271,900,705)*
Balances at 31 December 2017	**22**	**552,000,000**	**77,198,813**	**76,944**	**(856,705)**	**72,041,619**	**187,778,810**	**(18,617,479)**	**191,532,907**	**(494,582,896)**	**(264,505,378)**	**302,066,635**	**1,040,275**	**303,106,910**
Balances at 1 January 2018	**22**	**552,000,000**	**77,198,813**	**76,944**	**(856,705)**	**72,041,619**	**187,778,810**	**(18,617,479)**	**191,532,907**	**(494,582,896)**	**(264,505,378)**	**302,066,635**	**1,040,275**	**303,106,910**
Adjustments related to required changes in accounting policies (Note 2)		-	-	-	-	-	-	-	-	**(2,784,761)**	-	**(2,784,761)**	**(122,369)**	**(2,907,130)**
IFRS 9 policy change effect, net		-	-	-	-	-	-	-	-	**(2,784,761)**	-	**(2,784,761)**	**(122,369)**	**(2,907,130)**
Balances after adjustments		**552,000,000**	**77,198,813**	**76,944**	**(856,705)**	**72,041,619**	**187,778,810**	**(18,617,479)**	**191,532,907**	**(497,367,657)**	**(264,505,378)**	**299,281,874**	**917,906**	**300,199,780**
Transfers		-	-	-	-	-	-	-	(90,449,577)	(173,900,556)	264,505,378	155,245	-	155,245
Purchase or sale of subsidiary		-	-	-	-	-	-	-	-	-	-	-	(104,660)	(104,660)
Capital Increase	22	40,000,000	-	-	-	-	-	-	-	-	-	40,000,000	-	40,000,000
Gain (Loss) from share-based transactions		-	-	-	-	-	-	-	-	-	-	-	197,652	197,652
Total comprehensive income / (expense)		-	-	-	856,705	8,332,908	24,462,928	(2,476,465)	-	-	269,368,228	300,544,304	(828,762)	299,715,542
-Other comprehensive income (expense)		-	-	-	*856,705*	*8,332,908*	24,462,928	(2,476,465)	-	-	-	*31,176,076*	*30,805*	*31,206,881*
- Gain (loss) on remeasurement of defined benefit plans		-	-	-	-	-	-	(2,476,465)	-	-	-	*(2,476,465)*	-	*(2,476,465)*
- Gain (loss) on remeasurement		-	-	-	-	-	24,462,928	-	-	-	-	*24,462,928*	-	*24,462,928*
- Gain (loss) from cash flow hedges		-	-	-	856,705	-	-	-	-	-	-	*856,705*	-	*856,705*
- Currency translation differences		-	-	-	-	8,332,908	-	-	-	-	-	*8,332,908*	*30,805*	*8,363,713*
-Net profit (loss) for the period		-	-	-	-	-	-	-	-	-	*269,368,228*	*269,368,228*	*(859,567)*	*268,508,661*
Balances at 31 December 2018	**22**	**592,000,000**	**77,198,813**	**76,944**	**-**	**80,374,527**	**212,241,738**	**(21,093,944)**	**101,083,330**	**(671,268,213)**	**269,368,228**	**639,981,423**	**182,136**	**640,163,559**

(1) 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 of the Group owns 97.29% shares, the Group decided to discontinue the 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, currency translation differences recognized under equity attributable to TME activities will be transferred from equity to the statement of profit or loss when the necessary conditions are met.

(2) In 2018, net outflow of restricted reserves amounting to TRY 90,449,577 has been realised. This outflow consists of real estate sale profits amounting to TRY 126,234,986 transferred to the extraordinary reserve from restricted reserves separated from the profit due to the expiration of the period. In addition to this transfer, the Group has allocated general legal reserves amounting to TRY 1,963,995 from the profit of the year 2017 and transferred the fund exempted from gain onsale of real estates amounting to TRY 33,666,169 and R&D incentive grant amounting to TRY 155,245 to the restricted reserve during the period.

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

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2018

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

	Note References	(Audited) Current Period 1 January - 31 December 2018	Revised (Audited) Prior Period 1 January - 31 December 2017
CASH FLOWS FROM OPERATING ACTIVITIES		**138,637**	**19,945,190**
Net profit (loss) for the period		**268,508,661**	**(271,900,705)**
Profit (loss) from continuing operations		290,391,829	(20,101,990)
Profit (loss) from discontinued operations		(21,883,168)	(251,798,715)
Adjustments to reconcile profit (loss) for the period		**(218,383,364)**	**329,521,046**
Adjustments related to depreciation and amortization expenses	14, 15	20,084,015	32,163,606
Adjustments related to impairment (reversal)			
Adjustments related to impairment (reversal) of receivables	8	16,716,993	26,881,245
Adjustments related to provision for impairment of inventories	11	598,287	524,601
Adjustments related to impairment (reversal) of other intangible assets	15	4,458,033	279,096,574
Adjustments related to impairment (reversal) of tangible assets	14,29	824,683	6,037,278
Adjustments related to impairment (reversal) of investment property	28, 29	(15,816,458)	(20,127,878)
Adjustments related to provisions			
Adjustments related to (reversal) of provision for employment benefits	19	9,098,282	11,060,763
Adjustments related to litigation and legal provisions (reversal)	17	2,099,682	4,110,287
Adjustment related to general provisions (reversals)		867,171	347,454
Adjustment related to other provisions (reversals)		4,825,487	(3,786,886)
Adjustments related to interest (income) expense			
Adjustments related to interest income	26	(1,842,697)	(2,123,357)
Adjustments related to interest expense	30	28,065,796	40,689,152
Unearned finance income due to term purchases	26	10,985,574	11,545,068
Unearned finance expense due to term sales	27	(547,161)	(6,117,963)
Adjustments related to undistributed profits of investments accounted at equity method			
Adjustments related to undistributed profits of associates	12	4,651,220	1,680,725
Adjustments related to tax (income) expense	31	20,134,331	(54,188,461)
Adjustments regarding to (gain) loss on sale of fixed assets			
Adjustments related to (gain) loss on sale of tangible assets	28, 29	(1,163,727)	1,728,838
Adjustments related to (gain) loss on sale of assets held for sale	32	(300,838,137)	-
Adjustments related to profit (loss) confirmation	32	(21,584,738)	-
Changes in working capital		**(22,163,312)**	**(29,194,747)**
Adjustments related to (increase) decrease in trade receivables			
(Increase) decrease in trade receivables from related parties		(23,365,032)	(5,395,485)
(Increase) decrease in trade receivables from third parties		(5,988,991)	(35,589,746)
Adjusments related to (increase) decrease in inventories		(4,025,894)	2,869,661
(Increase) decrease in prepaid expenses		(1,599,466)	436,417
Adjustments related to increase (decrease) in trade payables			
Increase (decrease) in trade payables to related parties		(5,393,657)	(3,589,802)
Increase (decrease) in trade payables to third parties		11,256,474	(1,927,828)
Increase (decrease) in payables related to employee benefits		(1,217,503)	(431,299)
Increase (decrease) in deferred income		(7,264,615)	9,260,288
Adjustments related to other increase (decrease) in working capital			
(Increase) decrease in other assets related to operating activities		(13,509,211)	4,416,755
Increase (decrease) in other liabilities related to operating activities		28,944,583	756,292

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

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2018

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

	Note References	(Audited) Current Period 1 January - 31 December 2018	Revised (Audited) Prior Period 1 January - 31 December 2017
Cash generated from operations		**27,961,985**	**28,425,594**
Employment benefits paid	19	(11,618,906)	(11,852,970)
Payments related to other provisions	17	(206,020)	(3,620,604)
Taxes returns (payments)	31	(21,948,934)	(1,612,167)
Other cash inflows (outflows)	8, 26	5,950,512	8,605,337
CASH FLOWS FROM INVESTING ACTIVITIES		**217,288,928**	**65,344,261**
Cash inflows from the sale of asset held for sale		219,605,125	-
Cash inflows from sale of tangible and intangible assets	13, 14, 15	10,592,513	86,632,873
Cash outflows from purchase of tangible and intangible assets			
Cash outflows from purchases of tangible assets	14	(6,494,103)	(12,596,116)
Cash outflows from purchases of intangible assets	15	(8,258,504)	(11,127,763)
Dividends received	28	1,200	311,910
Interests received	26	1,842,697	2,123,357
CASH FLOWS FROM FINANCING ACTIVITIES		**(234,032,100)**	**(39,803,486)**
Cash inflows arising from issuance of shares and other equity instruments			
Cash inflows from share issuance		40,197,652	-
Cash outflows from changes in ownership of an affiliate not resulting loss of control		-	28,695,653
Cash inflows from borrowing			
Bank borrowings utilized	7	90,204,775	400,302,091
Cash outflow related to payments of debt			
Bank borrowings paid	7	(336,365,310)	(428,154,866)
Interests paid	30	(28,065,796)	(40,689,151)
Other cash inflows (outflows)		(3,421)	42,787
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF EXCHANGE RATE CHANGES		**(16,604,535)**	**45,485,965**
Effects of currency translation rate changes on cash and cash equivalents		7,525,664	(3,834,918)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(9,078,871)**	**41,651,047**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**4**	**65,946,767**	**24,295,720**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**4**	**56,867,896**	**65,946,767**

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

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Hürriyet Gazetecilik ve Matbaacılık A.Ş. ("Hürriyet" or the "Company") was established in 1960 and is registered in Turkey. The Company undertakes journalism, printing, advertising, internet publishing activities and operates seven printing plants with locations in İstanbul, Ankara, İzmir, Adana, Antalya, Trabzon and Germany.

As stated in Note 22, Doğan Şirketler Grubu Holding A.Ş., which has 552,000,000 shares registered in its shares, representing 77.67% of the issued capital of Hürriyet, has transferred its shares 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 has become 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 31 December 2018 is 1,135 (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 20.81% as of 31 December 2018 (31 December 2017: 22.34%) of Hürriyet are accepted as "in circulation". As of the date of the report, this ratio is 20.81% (Note 22).

Subsidiaries

As of 31 December 2018, 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 Ltd. ("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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

Subsidiaries (Continued)

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

Associates

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

Associates	Registered country	Geographic segment	Nature of business
Demirören Media International GmbH ("Demirören Media") (1)	Germany	Europe	Newspaper publishing

(1) The Company's trade registry name "Dogan Media International GmBH" has been changed to "Demirören Media International GmBH" on 9 October 2018.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Preparation and presentation of financial statements

Statement of Compliance with TAS

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

The Group records its statutory accounting records in accordance with the Tax Legislation and The Uniform Chart of Accounts (Accounting System Implementation General Communiqué) published by T.C. Ministry of Finance in 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 or loss as part of the gain or loss on sale. Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.1.3 Principles of consolidation 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 have been performed. Financial statements of consolidated entities are prepared in accordance with the TFRS.

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

2.1 Basis of presentation (Continued)

2.1.3 Principles of consolidation method (Continued)

a) *Subsidiaries*

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

- Has power 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 at least to 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 voting rights of the other shareholders;
- Potential voting rights held by the Group and 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 effective ownership represents the share which the Group has 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 Principles of consolidation 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 TFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under TAS 39 "Financial instruments: recognition and measurement", when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

The Subsidiaries and their effective ownership interests at 31 December 2018 and 2017 are as follows:

	Proportion of voting power held by Hürriyet and its Subsidiaries (%)		Effective ownersihp interest (%)	
Subsidiaries	**31 December 2018**	**31 December 2017**	**31 December 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 Principles of consolidation 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 was liquidated as of 4 December 2018.

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

(5) The subsidiary was 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.

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

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

(b) Associates and joint ventures

Joint ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by Hürriyet and one or more other parties.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which only exists when decisions about the relevant activities require unanimous consent of the parties sharing control.

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

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

2.1 Basis of presentation (Continued)

2.1.3 Principles of consolidation method (Continued)

(b) Associates and joint ventures (Continued)

An associate is an entity over which the Group has significant influence and that is other than a subsidiary and a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but do not have control or joint control over those policies. Associates and joint ventures mentioned above are accounted for using the equity method of accounting. Under the equity method, an investment in associate or a joint venture is recognized in the consolidated statement of financial position at cost adjusted to recognize the Group's share of the profit or loss and other comprehensive income with the deduction of any impairment loss in the associate or a joint venture. Where the investment's share of losses in the associate or joint venture exceeds the Group's share in the associate or joint venture (including any long-term investments that, in substance, form part of the Group's net investment in the associate or joint venture), the exceeding portion of losses are not recognised. Consideration of additional loss is only possible in case the Group has been exposed to legal liability or has made to payments in the name of associate or joint venture.

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

(c) Non-controlling interests

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

(d) Financial investments

Financial investments in which the Group and its subsidiaries have less than 20% or more than 20% direct or indirect participation but the Group has no significant influence over the related assets, or which are immaterial to consoliated financial statements are classified as available for sale financial assets (Note 6).

2.1.4 Offsetting

Financial assets and liabilities are offset and the net amount is reported when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.1.5 Comparative information and restatement of prior period financial statements

The consolidated financial statements of the Group are prepared comparatively with the previous period to identify the financial position and performance trends. Consolidated statement of financial position as at 31 December 2018 is prepared comperatively with the financial statement prepared as at and the year ended 31 December 2017; the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period of 1 January - 31 December 2018 are prepared comperatively with the financial statements prepared for the period of 1 January - 31 December 2017.

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

2.1 Basis of presentation (Continued)

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

In the current period, in case of a necessity, prior period financial statements are reclassified in order to comply with the presentation of its current period consolidated financial statements and significant changes are explained. In accordance with the board decision dated 22 November 2017 of Pronto Media Holding which is located in Russia as the indirect subsidiary of Trader Media East Ltd., of which the Group owns 97.29% shares, the Group decided to discontinue the operations of digital platforms within its body, and classified such operations as "discontinued operations". The Group within that context has presented the related activities as the discontinued operation in order to conform to the statement of profit or loss and its related notes and the current financial statement in the cash flow for the period 1 January - 31 December 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 the period 1 January - 31 December 2017.

In order to allow the determination of financial position and performance, the Group has made some reclassifications in order to conform current period financial statements to 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 31 December 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 31 December 2018.

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

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

2.1 Basis of presentation (Continued)

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

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

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

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

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

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

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

2.1 Basis of presentation (Continued)

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

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

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

31 December 2018	Reported	Adjustments	Balances before the standards applied
Consolidated statement of financial position			
Trade receivables	162,428,521	(1,648,155)	164,076,676
Deferred tax asset	1,966,834	362,594	1,604,240
Consolidated profit or loss statement and other comprehensive income statement			
Other operating expenses	(40,687,121)	(1,648,155)	(39,038,966)
Deferred tax income	568,864	362,594	206,270
Consolidated cash flow statement			
Profit for the period from continuing operations	290,391,829	(1,285,561)	291,677,390

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 adoption of a new TFRS are applied retrospectively or prospectively in accordance with the respective TFRS transition requirements, if any. Such changes are applied retrospectively and prior period financial statements are restated accordingly. If the changes in the accounting estimates are relavent to only one period, such changes have been applied for the current period. However, if the changes are relevant to future period, such changes have been applied for the current and future period.

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”)

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 impact on the consolidated financial statements and standards and interpretations not yet effective and have not been early adopted by the Group are set out below.

a) The new standards, amendments and interpretations which are effective for the financial statements as of 31 December 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, “Revenue from contracts with customers”, effective from annual periods beginning on or after 1 January 2018. The new standard resulting from the compliance study with US GAAP is intended to ensure that the revenue is financially reported and that total revenue is comparable worldwide.

- Amendment to TFRS 15, “Revenue from contracts with customers”, effective from annual periods beginning on or after 1 January 2018. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance.IASB has included additinonal 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: an overlay approach and a deferral approach. The amended standard will:

  - provide all the companies issuing insurance contracts the option of recognizing the fluctuations that may arise when TFRS 9 is applied before the new insurance contracts standard is issued in the other comprehensive income statement rather than recognizing in the statement of profit or loss.

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

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

2.1 Basis of presentation (Continued)

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

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

- Amendments 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.

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

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

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

2.1 Basis of presentation (Continued)

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

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

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

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

- TFRS 16, "Leases"; effective from annual periods beginning on or after 1 January 2019, with earlier application permitted if TFRS 15, "Revenue from Contracts with Customers" is also applied. This standard replaces the current guidance in TAS 17 and is a farreaching change in accounting by lessees in particular. Under TAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). TFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right of use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

  The Group will start to apply TFRS 16, "Leases" at 1 January 2019 which is mandatory application date. The Group plans to use the simplified transition method and not to recalculate comparative amount for the previous year before first application. Thus, all assets with the right of use will be measured at leasing debts (adjusted for prepaid or accrued rental costs).

  As of the reporting date, the Group continues to work on the impact of TFRS 16 on its financial statements. When standard is applied, the asset and liability of the Group's balance sheet will increase by the amount of the right of use of an asset and rent liability (after the effect of deferred tax) respectively, whereas the profit will decrease by the difference between the sum of an amount of the depreaciation of the right of use of an asset and the interest impact of rent liability and yearly rent payment accounted for as based on previous standard. In addition to that,operation cash flows will increase and finance cash flows will decrease by the same amount because because the repayment of the principal of rental debt will be classified as the cash flows arising from financing activities. It is not expected to have significant impact of TFRS 16 on its financial statements. However, the relevant explanations in notes to the financial statements will be added from next year.

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

2.1 Basis of presentation (Continued)

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

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

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

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

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

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

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

  - use updated assumptions to determine current service cost and net interest for the reminder of the period after a plan amendment, curtailment or settlement; and

  - recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

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

2.1 Basis of presentation (Continued)

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

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

- Amendments to TAS 1 and TAS 8 on the definition of material; effective from Annual periods beginning on or after 1 January 2020. These amendments to TAS 1, 'Presentation of financial statements',and TAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other TFRSs are as follows:

  - Use a consistent definition of materiality throghout TFRSs and the Conceptual Framework for Financial Reporting;
  - Clarify the explanation of the definition of material; and
  - Incorporate some of the guidance in TAS 1 about immaterial information

- Amendments to TFRS 3 - definition of a business; effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

The standards mentioned 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.

2.2 Summary of significant accounting policies

2.2.1 Related parties

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

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

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

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

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

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

2.2 Summary of significant accounting policies (Continued)

2.2.1 Related parties (Continued)

(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi) The entity is controlled or jointly controlled by a person identified in (a).
(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

Under the guidance of the explanations mentioned above and also in compliance with TAS 24, Demirören Holding A.Ş. directly or indirectly has participation, including any entities under common control; real persons and legal entities that have direct or indirect individual or joint control over the company and their close family members (relatives up to second-degree) and legal entities having direct or indirect individual or joint control by them and legal entities having significant effect over the Company or their key management personnel; Company's subsidiaries and members of the Board of Directors, key management personnel and their close family members (relatives up to second-degree) and real persons or legal entities that are directly or indirectly controlled individually or jointly (Note 34).

2.2.2 Financial assets

Classification and measurement

The Group has categorized its financial assets into three accounts as 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 classifies 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 are not derivative instrument,at amortized cost.If the maturity of the financial asset is less than 12 months, it is called Current assets whereas if the maturity is more than 12 months, it is called Non-current assets.The financial assets accounted at amortized cost include 'Trade Receivable','Other Receivable' and 'Cash and Cash Equivalent'.In addition to that, the trade receivable which are taken from factoring firm is classified in the financial assets accounted at amortized cost because its collection risk is not transferred.

Impairment

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

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

2.2 Summary of significant accounting policies (Continued)

2.2.2 Financial assets (Continued)

(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 non-current 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 statement of profit or loss 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 statement of profit or loss

The assets whose fair value is recorded in the statement of profit or loss include the 'Derivative Instrument' accounts in the financial statement.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 8).

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

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

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)

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

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 lossis recorded under other operating income/expense (Note 26,27).

If there is a partial or whole collection over the doubtful receivable amount subsequent to the allocation of provision for doubtful receivables, the collected portion is recognised under the other operating income following the deduction from total provision amount (Note 8, 26, 27).

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

At each balance sheet date, the Group evaluates whether there are any indications that an asset other than goodwill or intangible assets with indefinite useful lives may be impaired. When an indication of impairment exists, carrying value of the assets is compared with the net realizable value which is the higher of value in use and fair value less costs to sell. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Impairment exists if the carrying value of an asset or a cash generating unit including that asset is greater than its recoverable amount. Impairment losses are recognised in the consolidated statement of income (Note 15, 29).As of 31 December 2018,the Group has classified the impairment loss of intangible assets related to discontinued operations in the current and prior period under "Loss of discontinued operations for the period after tax" in the statement of profit or loss as stated in Note 32.

2.2.5 Inventories

Inventories are valued at the lower of cost or estimated selling price less estimated costs necessary to make a sale (net realizable value). Cost elements included in inventory are purchase costs and other costs necessary to prepare the asset for its intended use. Cost elements included in inventories are materials, labor and production overheads. The unit cost of inventories is determined on the moving weighted average basis (Note 11).

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

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

2.2 Summary of significant accounting policies (Continued)

2.2.6 Investment properties

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

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

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

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

2.2.7 Property, plant and equipment

Property, plant and equipment except for land and building are carried at cost less any accumulated depreciation and any accumulated impairment losses (Note 14). Depreciation is provided on property, plant and equipment on a straight-line basis (except land and building).The useful life of land is considered infinite.

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

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

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

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

2.2 Summary of significant accounting policies (Continued)

2.2.7 Property, plant and equipment (Continued)

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

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount provided to allocate provision. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset less the costs of disposal. Value in use is the present value of the future cash flows expected to be derived from an asset plus the residual value of the related assets as of the consolidated statement of financial position date.

Regular repair and maintenance expenses are charged to the consolidated statement of profit or loss as they are incurred. Capital expenditures that increase the present value of the future cash flows expected to be derived from property, plant and equipment by increasing its capacity is added to the cost of tangible asset.

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

2.2.8 Intangible assets and amortisation

Intangible assets excluding goodwill and assets with infinite useful lives comprise trade names and licenses, customer lists, computer software and rights, internet domain names and other intangible assets. All trade names, customer lists and internet domain names have been identified as a result of independent valuations performed for the purchase price allocation related to the business combinations. Useful lives of certain trade names are determined to be infinite. Assets that have an infinite useful life are not subject to amortisation and are tested for impairment annually (Note 15).

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

Trademark	20 years
Customer lists	9 and 18 years
Computer software and rights	5-15 years
Internet domain names	3-20 years
Other intangible assets	5 years

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

2.2 Summary of significant accounting policies (Continued)

2.2.8 Intangible assets and amortisation (Continued)

Intangible assets with finite useful lives are carried at their acquisition cost and amortised using the straight-line method over their estimated useful lives (Note 15).

Intangible assets with finite useful lives are evaluated for impairment losses and if the book value exceeds the recoverable value, a provision is reserved to decrease the book value to recoverable value. Recoverable amount is considered to be the higher of future net cash flows of the intangible asset or the fair value less costs to sell. Impairment losses are recognized immediately in the statement of profit or loss.

The Group evaluates whether there are any indications that an asset other than goodwill or intangible assets with infinite life may be impaired. When an indication of impairment exists, carrying value of the assets is compared with the net realizable value which is the higher of value in use and fair value less costs to sell. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).In the calculation of value in use,the discount rate before tax ,which reflects the value of money in use within current market conditions and risks related to estimates about the future cash flow is used.

Web page development costs

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

2.2.9 Taxes

Taxation on income includes current period income taxes and deferred taxes. Current year tax liability consists of tax liability on period income calculated according to currently enacted tax rates and tax legislation in force as of balance sheet date and includes adjustments related to the previous year's tax liabilities. Turkish tax legislation does not permit a parent company to file a consolidated tax return for its subsidiary and its joint venture. Therefore, tax provisions, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date.

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

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

2.2 Summary of significant accounting policies (Continued)

2.2.9 Taxes (Continued)

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

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

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

Current and deferred tax

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

2.2.10 Financial borrowings and borrowing costs

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective interest method. Any difference between proceeds, net of transaction costs, and the amortised cost value is recognised in the statement of profit or loss as finance expense over the period of the borrowings. The borrowing costs which are directly related with the acquisition, manufacturing or production of a qualifying asset (means that a long period of time is required to make available for sale and use as purposed) are capitalized as a part of the related asset (Note 7).

2.2.11 Employment termination benefits

The Group is required to pay termination benefits to employees who is retired, whose employment is terminated without due causes in Labour Law, in accordance with the Law related with The Arrangement of the Relationships within the Employees in Press Sector (employees in media sector) and other laws.

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

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

2.2 Summary of significant accounting policies (Continued)

2.2.11 Employment termination benefits (Continued)

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

2.2.12 Provisions, contingent assets and liabilities

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

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

In case the Group's contingent liabilities become probable but the reliable estimation of the amount of the resources containing economic benefits cannot be made, the related liability is presented in disclosures.

Assets that arisen from past events and whose existence will be confirmed only by the Group occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are treated as contingent assets. A contingent asset is disclosed where an inflow of economic benefit is probable.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably (Note 17).

2.2.13 Share capital and dividends

Ordinary shares are classified as equity. Dividend income is recognised as income by the Group when right to obtain of dividend is generated in the consolidated financial statements. Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the General Assembly (Note 22).

2.2.14 Foreign currency transactions

Foreign currency transactions and balances

Income and expenses arising in foreign currencies have been translated into TRY at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TRY at the exchange rates prevailing at the balance sheet dates. Exchange gains or losses arising from the settlement and translation of foreign currency items have been included in the consolidated statement of comprehensive profit or loss.

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

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

2.2 Summary of significant accounting policies (Continued)

2.2.14 Foreign currency transactions (Continued)

Foreign Group Companies

The results of Group undertakings using a different functional currency other than TRY are first translated into TRY by using the average exchange rate for the period. The assets and liabilities of such Group undertakings are translated into TRY by using the closing rate at the balance sheet date. Differences arising on retranslation of the opening net assets of such Group undertakings and differences between the average and period-end rates are included in currency translation reserve in the equity.

When disposing of Group companies abroad, the accumulated foreign currency translation differences of the related enterprise which are accounted for in other comprehensive income are reclassified from equity to profit or loss when the gain or loss arising from disposal is recognized.

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

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

A significant portion of the Group's foreign operations are performed in Russia, Eastern Europe and Eastern Europe countries (Note 3). Foreign currencies and exchange rates at 31 December 2018 and 31 December 2017 are summarized below:

Country	Currency	31 December 2018	31 December 2017
Russia	Ruble	0.0753	0.0651
Eurozone	Euro	6.0280	4.5155
United States of America	Dollar	5.2609	3.7719

2.2.15 Revenue recognition

When the Group fulfills its obligation to perform the assignment by transferring a promised good or service to the customer, the Group records revenue in the financial statements. When the control of an asset is taken (or passed) by the customer, the asset is transferred.

The Group puts revenue into financial statements in accordance with the following five 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

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

2.2 Summary of significant accounting policies (Continued)

2.2.15 Revenue recognition (Continued)

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 on time 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 in the contract with the customer and defines each commitment for transfer to 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 transfer to the customer

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 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.

When another party intervenes in the provisions of the goods or services to the customer the Group determines that it has a performance obligation to provide the goods or services itself (noble) in accordance with the nature of the commitment or to mediate such goods or services provided by another party (proxy). The group is noble 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 (or bringing it), the gross amount of the price that it waits for the transferred goods or services is taken on the financial statements as a revenue. 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 as a revenue to fulfill the obligation.

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

2.2 Summary of significant accounting policies (Continued)

2.2.15 Revenue recognition (Continued)

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 advertising is published, the simultenaous use and consumption of the clients’ rights shows that the Group has transferred the control of the service overtime. Therefore, revenue is recognised in accordance with output method when the performance obligation is satisfied (as advertising is published). 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 when the newspapers are shipped.

The Group is an 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 an agent, it puts the net amount or commission it expects to deserve into the financial statement. 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 an 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 to 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.

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

2.2 Summary of significant accounting policies (Continued)

2.2.15 Revenue recognition (Continued)

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 through estimation are accounted as "contractual obligation" in the statement of financial position.

The Group offers advertising services for advertising and other products and services. The barter of the goods or services with similar characteristics and value is not defined as income generating transactions while the exchange of the goods or services with different characteristics and value is defined as those that generate income. In order to determine the transaction price related to the contracts where the customers committed to make non-cash payment, the Group measures the non-cash price at fair value. In cases where the fair value of the goods or services obtained cannot 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 revenue from barter ad sales as based on accrual. The Group's non-published advertising revenue is recognized as "contractual obligation" in the statement of financial position.

If a contract has offered the option of obtaining additional goods or services to the business customer, this option will result in a liability if the customer provides a material right not to be obtained unless the contract is signed by the contracting party. If the option gives the customer a material right, the entitled customer pays in advance for the goods or services that it will receive in the future, and the entity receives the financial statements when the goods or services to be delivered in the future are transferred or the option is terminated. If the stand-alone selling price of the customer's option to purchase additional goods or services cannot 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 the customer 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, 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) or 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.

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

2.2 Summary of significant accounting policies (Continued)

2.2.15 Revenue recognition (Continued)

The Group puts all of the following items into the financial statements in order to account for transfer of the goods and services which may be returned (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).

An asset included in the financial statements within the scope of the right of withdrawal of the products from the customer for the fulfillment of the obligation of return shall be measured firstly from the previous carrying amount of the product, based on the amount to be found after deducting the expenses expected to be made within the scope of the withdrawal of these products. The Group returns the return obligation measurement at the end of each reporting period, reflecting the changes in the expected return amounts, and takes the necessary corrections as revenue (or rebates) financial statements.

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

When a party fulfills the contract, the entity presents the contract in the statement of financial position as a contractual 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 on due date, 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 contractual asset, except for the amounts presented as receivables, in the event that the Group fulfills the performance by transferring the goods or services to the customer before the payment is made to. The contract asset is the right of collecting the price for the goods or services transferred to the customer.

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

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

2.2 Summary of significant accounting policies (Continued)

2.2.16 Profit / (loss) per share

Profit / (loss) per share disclosed in the consolidated statements of income are determined by dividing net profit / (loss) for the period by the weighted average number of shares that have been outstanding during the period concerned (Note 33).

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares "bonus shares" to existing shareholders from retained earnings. For the purpose of earnings per share computations, such bonus shares issuances are regarded as issued shares. Accordingly the weighted average number of shares used in earnings per share computations is derived by considering the retrospective effects of the issuances of the shares (Note 33).

2.2.17 Government grants

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

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

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

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

2.2.18 Cash and cash equivalents

Cash and cash equivalents are carried at cost in the balance sheet. Cash and cash equivalents comprise cash in hand, bank deposits and highly liquid investments without a significant risk over the change in their value, whose maturity at the time of purchase is three months or less (Note 4).

2.2.19 Events after the reporting period

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

In the case that events not requiring a correction to be made occur subsequent to the balance sheet date, those events are disclosed in the notes of consolidated financial statement (Note 38).

2.2.20 Reporting of cash flows

In the statement of cash flows, consolidated cash flows during the period are classified under operating, investing or financing activities.

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

2.2 Summary of significant accounting policies (Continued)

2.2.20 Reporting of cash flows (Continued)

The cash flows raised from operating activities indicate cash flows due to the Group's operations.

The cash flows due to investing activities indicate the Group cash flows that are used for and obtained from investments (investments in non-current assets and financial investments).

The cash flows due to financing activities indicate the cash obtained from financial arrangements and used in their repayment.

Cash and cash equivalents include cash and bank deposits and the investments that are readily convertible into cash and and bears no risk of change in present value and highly liquid with 3 months or less to maturity (Note 4).

2.2.21 Non-current assets held for sale and discontinued operations

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

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

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

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

2.2.22 Segment reporting

The chief operating decision maker of the Group is the Executive Committee and /or Board of Directors. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group has selected the geographical segment as the Group's primary segment reporting format based on the risks and returns in geographical areas reflecting the primary source of the enterprise's risks and returns (Note 3).

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

2.2 Summary of significant accounting policies (Continued)

2.2.23 Derivative instruments and Hedge accounting

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

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

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

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

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

2.3 Significant Accounting Estimates,Assumptions and Decisions

During the implementation of accounting policies, the management has made the following comments, which have a significant impact on the amounts recognized in the financial statements:

Provision for doubtful receivable

The Group sets aside a doubtful receivable provision for trade receivables if there is an objective finding that there is no possibility of collection. The amount of this provision is the difference between the carrying amount of the receivable and the amount of the recoverable amount. The recoverable amount is the present value of expected cash inflows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the receivable originally formed.

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

2.3 Significant Accounting Estimates,Assumptions and Decisions (Continued)

The Group uses a provision matrix to measure expected credit losses for trade receivables. Depending on the number of days in which the maturities of trade receivables are exceeded, certain provision ratios are calculated and the rates are revised in each reporting period and revised where necessary. The change in expected credit loss provisions is accounted under other operating income / expenses in the statement of profit or loss (Note 8, 26, 27).

Deferred Tax

The Group recognizes deferred tax assets and liabilities for temporary differences. The partially or fully recoverable amount of deferred tax assets is estimated under current conditions.

During the evaluation, future profit projections, current period losses, unused losses and other tax assets' expiration dates and tax planning strategies that may be used are taken into consideration. In the light of the data obtained, if the future taxable profit of the Company is not sufficient to cover all the deferred tax assets, provision is booked for all or part of the deferred tax asset.

Valuation of investment properties

The Company recognizes its investment properties at fair value and the fair values of these assets are determined by the independent valuation institutions authorized by the Capital Markets Board and are taken as the carrying value in the statement of financial position. The fair values of investment properties include significant assumptions and estimates based on the valuation method used and the inputs and assumptions in the valuation model.

Valuation of land and building

The Company recognizes its land and buildings at fair value, and the fair values of these assets are determined by independent valuation institutions authorized by the Capital Markets Board and are taken as the carrying value in the statement of financial position. The fair values of land and buildings include significant assumptions and estimates based on the valuation method used and the inputs and assumptions in the valuation model.

Provision for employee termination benefits

The present value of the provision for employment termination benefits is determined on an actuarial basis by using certain assumptions.These assumptions are used to determine the net expense (income) of the provision for employee termination and include the discount rate. Any change in the aforementioned assumptions affects the carrying amount of the provision for employee termination. The end of period employee termination benefits and actuarial calculations are performed by a third party actuary company.

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

NOTE 3 - SEGMENT REPORTING

a) Segment analysis for the period between 1 January – 31 December 2018:

	Turkey	Russia and EE (*)	Europe	Total
Sales	364,693,060	11,501,395	45,868,814	422,063,269
Cost of sales (-)	(254,546,852)	(7,417,220)	(43,903,800)	(305,867,872)
Gross profit (loss)	**110,146,208**	**4,084,175**	**1,965,014**	**116,195,397**
Marketing expenses (-)	(82,916,101)	(97,158)	-	(83,013,259)
Losses from investments accounted by the equity method (-)	(4,651,220)	-	-	(4,651,220)
Net segment result	**22,578,887**	**3,987,017**	**1,965,014**	**28,530,918**
General administrative expenses (-)				(78,098,808)
Other operating income				49,412,722
Other operating expenses (-)				(40,687,121)
Finance expenses (-)				(33,090,834)
Income from investing activities				390,489,483
Expense from investing activities (-)				(6,030,200)
Profit (loss) before tax from continuing operations				**310,526,160**
Tax income (expense) for the period				(20,703,195)
Deferred tax income (expense)				568,864
Profit (loss) for the period from continuing operations				**290,391,829**

b) Segment analysis for the period between 1 January – 31 December 2017:

	Turkey	Russia and EE (*)	Europe	Total
Sales	438,815,878	10,015,006	36,809,848	485,640,732
Cost of sales (-)	(261,293,969)	(6,494,484)	(36,559,592)	(304,348,045)
Gross profit (loss)	**177,521,909**	**3,520,522**	**250,256**	**181,292,687**
Marketing expenses (-)	(84,618,572)	(260,708)	-	(84,879,280)
Losses from investments accounted by the equity method (-)	(1,680,725)	-	-	(1,680,725)
Net segment result	**91,222,612**	**3,259,814**	**250,256**	**94,732,682**
General administrative expenses (-)				(76,809,711)
Other operating income				31,991,833
Other operating expenses (-)				(43,033,218)
Finance expenses (-)				(41,530,302)
Income from investing activities				39,228,248
Expense from investing activities (-)				(24,931,882)
Profit (loss) before tax from continuing operations				**(20,352,350)**
Tax income (expense) for the period				(2,378,344)
Deferred tax income (expense)				2,628,704
Profit (loss) for the period from continuing operations				**(20,101,990)**

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

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

NOTE 3 - SEGMENT REPORTING (Continued)

c) Segment assets:

	31 December 2018	31 December 2017
Turkey	785,041,897	699,810,751
Russia and EE	5,191,593	11,933,772
Europe	62,717,620	48,158,995
	852,951,110	**759,903,518**
Unallocated assets [1]	16,737,590	2,106,647
Investments accounted by the equity method (Note 12)	4,479,950	7,124,215
Total assets per consolidated financial statements	**874,168,650**	**769,134,380**

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

d) Segment liabilities

	31 December 2018	31 December 2017
Turkey	101,727,757	93,901,600
Russia and EE	3,547,858	6,787,552
Europe	15,213,872	19,331,442
	120,489,487	**120,020,594**
Unallocated liabilities [1]	113,515,604	346,006,876
Total liabilities per consolidated financial statements	**234,005,091**	**466,027,470**

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

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

Purchase of property, plant and equipment, intangible assets and investment property:

	1 January - 31 December 2018	1 January - 31 December 2017
Turkey	28,640,686	32,475,489
Europe	356,730	694,762
Russia and EE	13,546	4,757,094
Total	**29,010,962**	**37,927,345**

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

NOTE 3 - SEGMENT REPORTING (Continued)

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

Depreciation and amortization charges:

	1 January - 31 December 2018	1 January - 31 December 2017
Turkey	19,004,628	22,822,950
Russia and EE	87,763	7,496,171
Europe	991,624	1,844,485
Total	**20,084,015**	**32,163,606**

Depreciation and amortization charge amounting to TRY 561,147 belongs to non-current assets classified as assets held for sale (31 December 2017: TRY 8,163,322).

f) Non-cash other income and expenses:

	1 January - 31 December 2018			
	Turkey	**Russia and EE**	**Europe**	**Total**
Provision for impairment of tangible assets (Note 14, 29)	(665,309)	-	(159,374)	(824,683)
Fair value adjustment of investment property (Note 13)	17,005,620	(1,189,162)	-	15,816,458
Provision of employee termination benefit and unused vacation (Note 19)	(9,098,282)	-	-	(9,098,282)
Provision for doubtful receivables (Note 8)	(15,974,679)	(44,360)	-	(16,019,039)
Provision of legal claims (Note 17)	(2,099,682)	-	-	(2,099,682)
Provision of inventory (Note 11)	(598,287)	-	-	(598,287)
	(11,430,619)	**(1,233,522)**	**(159,374)**	**(12,823,515)**

	1 January - 31 December 2017			
	Turkey	**Russia and EE**	**Europe**	**Total**
Provision for impairment of tangible assets (Note 14,29)	(4,634,177)	-	(1,138,631)	(5,772,808)
Fair value adjustment of investment property (Note 13)	20,127,878	-	-	20,127,878
Provision of employee termination benefit and unused vacation (Note 19)	(9,786,043)	(1,274,720)	-	(11,060,763)
Provision for doubtful receivables (Note 8)	(23,016,830)	-	-	(23,016,830)
Provision of legal claims (Note 17)	(3,561,157)	-	-	(3,561,157)
Provision of inventory (Note 11)	(524,601)	-	-	(524,601)
	(21,394,930)	**(1,274,720)**	**(1,138,631)**	**(23,808,281)**

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

NOTE 3 - SEGMENT REPORTING (Continued)

g) Disclosures related to discontinued operations

Discontinuing the operation of digital platform of Russia and EE

In accordance with the Board of Directors 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, due to the intensity of the competition in the operating market and the lack of operational performance and classified such operations as “discontinued operations. The impairment losses due to discontinued operations recognized under “Discontinued Operations” in the statement of profit or loss. Information related to discontinued operations are disclosed in Note 32.

NOTE 4 - CASH AND CASH EQUIVALENT

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

	31 December 2018	**31 December 2017**
Cash	1,883,731	2,660,628
Banks		
- time deposits	10,711,355	59,423,284
- demand deposits	44,272,810	3,862,855
Total	**56,867,896**	**65,946,767**

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

	31 December 2018	**31 December 2017**	**31 December 2016**
Cash and banks	56,867,896	65,946,767	24,295,720
Total	**56,867,896**	**65,946,767**	**24,295,720**

The maturity analysis of time deposits is as follows:

	31 December 2018	**31 December 2017**
0-1 months	10,711,355	59,423,284
	10,711,355	**59,423,284**

The weighted average interest rate for TRY time deposits is 18.84 % as of 31 December 2018 (31 December 2017: 13.57 %) and it is fixed. Group has no time deposit in USD as of 31 December 2018 (31 December 2017 : 0.60 %).

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

NOTE 5 - DERIVATIVE INSTRUMENTS

Derivative instruments whose fair value are classified in the other comprehensive income /(expense):

	31 December 2018	31 December 2017
Liabilities related to foreign exchange forwards	-	1,098,340
Total	**-**	**1,098,340**

NOTE 6 – FINANCIAL INVESTMENTS

Short-term financial investments:

Details of restricted bank balances at 31 December 2018 and 2017 are as follows:

	31 December 2018	31 December 2017
Restricted bank balances	72,133	68,713
Total	**72,133**	**68,713**

Long-term financial investments:

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

	Share (%)	31 December 2018	Share (%)	31 December 2017
Coats İplik Sanayi A.Ş.	0.50	257,850	0.50	257,850
Doruk Faktoring A.Ş. ("Doruk Faktoring") (1)	-	-	5.11	1,029,898
Other	<1	56,073	<1	56,073
Total		**313,923**		**1,343,821**

(1) On 10 May 2018, the Group sold all of the shares owned in Doruk Faktoring to Doğan Holding amounting to USD 1,620,888 (TRY 6,928,140) (Note 32).

NOTE 7 - SHORT TERM AND LONG TERM BORROWINGS

The details of financial liabilities at 31 December 2018 and 2017 are as follows:

Short-term borrowings:	31 December 2018	31 December 2017
Short-term bank borrowings	67,887	10,550,732
	67,887	**10,550,732**
Short term portion of long-term financial liabilities	15,582,708	101,139,261
Total	**15,650,595**	**111,689,993**

Long-term borrowings:	31 December 2018	31 December 2017
Long-term bank borrowings	11,733,333	150,478,785
Total	**11,733,333**	**150,478,785**

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

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

Bank borrowings:

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

	Effective interest rate (%)		Original currency		TRY	
	31 December 2018	**31 December 2017**	**31 December 2018**	**31 December 2017**	**31 December 2018**	**31 December 2017**
Short-term bank borrowings						
- TRY	-	14.80	-	1,022,788	-	1,022,788
- Euro	5.00	-	11,262	-	67,887	-
- Russian Ruble [1]	-	12.51	-	145,500,000	-	9,527,944
Sub-total					**67,887**	**10,550,732**
Short-term portion of long-term bank borrowings						
- TRY	28.00	12.49	15,582,708	100,537,860	15,582,708	100,537,860
- Euro	-	5.71	-	133,186	-	601,401
Sub-total					**15,582,708**	**101,139,261**
Total short-term bank borrowings					**15,650,595**	**111,689,993**
Long-term bank borrowings						
- TRY	28.00	13.69	11,733,333	121,665,822	11,733,333	121,665,822
- Russian Ruble [1]	-	12.33	-	440,000,000	-	28,812,963
Total long-term bank borrowings					**11,733,333**	**150,478,785**

[1] As of 31 December 2018, there is no borrowing related to "Discontinued Operations" (as of 31 December 2017, TRY 9,527,944 of short-term borrowings and TRY 28,812,963 of long-term bank borrowings are related to "Discontinued Operations").

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

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

Bank borrowings (Continued):

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

Year	31 December 2018	31 December 2017
2019	-	135,323,943
2020	11,733,333	15,154,842
Total	**11,733,333**	**150,478,785**

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

Period	31 December 2018	31 December 2017
Up to 6 months	7,828,373	50,540,664
6-12 months	7,822,222	61,149,329
1 - 5 years	11,733,333	150,478,785
Total	**27,383,928**	**262,168,778**

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

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

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

Net financial debt distribution

Net debt distribution as of 31 December 2018 and 2017 is as follows:

	31 December 2018	31 December 2017
Cash and cash equivalents	56,867,896	65,946,767
Borrowings - due within one year	(15,650,595)	(111,689,993)
Borrowings - due after one year	(11,733,333)	(150,478,785)
	29,483,968	**(196,222,011)**

2018	Borrowings due within one year	Borrowings due more than one year	Total
Financial borrowings as at 1 January	111,689,993	150,478,785	262,168,778
Cash flow effect	(107,415,083)	(138,745,452)	(246,160,535)
Currency translation differences	11,437,421	-	11,437,421
Other non-cash items	(61,736)	-	(61,736)
Financial borrowings as at 31 December	**15,650,595**	**11,733,333**	**27,383,928**

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

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

Net financial debt distribution (Continued)

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

NOTE 8 - TRADE RECEIVABLE AND PAYABLES

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

Short-term receivables from third parties:

	31 December 2018	**31 December 2017**
Trade receivables	166,410,199	248,515,051
Notes receivable and cheques	6,883,518	1,614,697
Credit cards receivables	3,262,996	3,787,318
Income accruals	1,001,388	1,868,559
Unearned finance income due from term sales	(2,240,276)	(7,010,597)
Less: Provision for doubtful receivables	(72,137,632)	(64,405,568)
Total	**103,180,193**	**184,369,460**

According to a revocable factoring agreement signed with Doruk Faktoring, trade receivables resulting from advertisements, amounting to TRY 80,054,333 (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 63 days (31 December 2017: 104 days). The unearned finance income due from term sales related to the receivables followed up by Doruk Faktoring is TRY 1,614,905 (31 December 2017: TRY 5,127,989) and the compound interest rate is 23.44% per annum (31 December 2017: 15.38%). The rate used in this method and determined on the basis of compound interest is called "effective interest rate"; the aformentioned rate has been determined taking into consideration the data of The Central Bank of the Republic of Turkey.

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

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

NOTE 8 - TRADE RECEIVABLE AND PAYABLES (Continued)

Short-term receivables from third parties (Continued):

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 (Note 27)	(16,019,039)	(23,016,830)
Sale of subsidiary	6,410,789	-
Collections and reversals during the period (Note 26)	5,950,512	8,605,337
Expected credit loss (Note 27)*	43,518	-
Collections and provisions related to assets held for sale and discontinued operations	(741,472)	(3,864,415)
Currency translation differences	350,718	(109,517)
31 December	**(72,137,632)**	**(64,405,568)**

(*) The effect of TFRS 9 amounting to TRY 1,961,036 on doubtful receivable is related to the sale of Glokal.

Short term trade payables to third parties:

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

	31 December 2018	31 December 2017
Short-term trade payables and notes payable	50,473,258	47,201,033
Expense accruals	1,456,270	3,796,067
Unrealized financial expenses due to term purchases	(1,039,379)	(634,353)
Total	**50,890,149**	**50,362,747**

As of 31 December 2018, average turnover date of Group's trade payables is 37 days (31 December 2017: 36 days). As of 31 December 2018, unrealized financial expense due to term purchases is TRY 1,039,379 (31 December 2017: TRY 634,353) and the compound interest rate is 22.44 % per annum (31 December 2017: 15.38%). The compound interest used in the calculations are defined as the "effective interest rate"; the rate has been determined taking into consideration of data of The Central Bank of the Republic of Turkey.

Explanations about the nature and level of risks related to trade receivable and payables are provided in Note 35.

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

NOTE 9 - OTHER RECEIVABLE AND PAYABLES

Other short-term receivables from third parties:

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

	31 December 2018	31 December 2017
Due from personnel	2,437,464	-
Other receivables related to sale of investment property	1,401,333	2,522,672
Deposits and guarantees given	488,012	646,901
Other receivables	-	48,025
Total	**4,326,809**	**3,217,598**

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

Other long-term receivables from third parties:

	31 December 2018	31 December 2017
Deposits and guarantees given [1]	5,363,176	1,934,406
Other receivables related to sale of investment property	-	122,366
Total	**5,363,176**	**2,056,772**

[1] Deposits and guarantees given consist of the deposits given for electricity and guarantees given for lawsuits.

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

Short-term other payables to third parties:

	31 December 2018	31 December 2017
Taxes payable	3,779,885	9,443,938
Deposits and guarantees received	822,951	627,870
Other payables	53,738	316,242
Total	**4,656,574**	**10,388,050**

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

NOTE 10 – PAYABLES REGARDING BENEFITS PROVIDED TO EMPLOYEES

Payables stemming from employee benefits as of 31 December 2018 and 2017 are as follows:

	31 December 2018	31 December 2017
Social security premiums	2,278,110	5,350,836
Due to personnel	715,049	809,879
Total	**2,993,159**	**6,160,715**

NOTE 11 – INVENTORIES

	31 December 2018	31 December 2017
Raw materials and supplies	13,000,213	8,988,260
Finished and commercial goods and spare parts	7,052,521	7,357,660
Promotion materials [1]	1,853,236	1,460,286
	21,905,970	**17,806,206**
Provision for impairment of inventory (-)	(4,378,886)	(3,958,180)
Total	**17,527,084**	**13,848,026**

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

Provision for impairment of promotion inventories,raw materials and supplies and finished goods and merchandise goods amounting to TRY 4,378,886 (31 December 2017: TRY 3,958,180) and their movement during the period are as follows:

	2018	2017
1 January	**(3,958,180)**	**(7,220,465)**
Provision for promotion inventories	(220,459)	(88,328)
Reversal of provision for promotion materials	48,135	3,656,500
Provision for raw materials and supplies	(377,828)	(436,273)
Reversal of provision for raw materials and supplies	129,446	130,386
31 December	**(4,378,886)**	**(3,958,180)**

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

NOTE 12 – INVESTMENT ACCOUNTED BY EQUITY METHOD

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

Associate	**31 December 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 (%)**
Demirören Media[(1)]	42.42	42.42

(1) The company's trade name "Dogan Media International GmBH" has been changed to "Demirören Media International GmBH" on 9 October 2018.

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

1 January - 31 December 2018	**Total assets**	**Total liabilities**	**Net assets**	**Net sales**	**Net loss for the period**
Demirören Media	9,214,707	4,734,757	4,479,950	5,420,466	(4,651,220)
	9,214,707	**4,734,757**	**4,479,950**	**5,420,466**	**(4,651,220)**

1 January - 31 December 2017	**Total assets**	**Total liabilities**	**Net assets**	**Net sales**	**Net loss for the period**
Demirören Media	9,874,414	2,750,199	7,124,215	6,146,001	(1,680,725)
	9,874,414	**2,750,199**	**7,124,215**	**6,146,001**	**(1,680,725)**

The investment accounted by the equity method as of 31 December 2018 and 2017 is as follows:

	Share (%)	**31 December 2018**	**Share (%)**	**31 December 2017**
Demirören Media	42.42	4,479,950	42.42	7,124,215
		4,479,950		**7,124,215**

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

	2018	**2017**
1 January	**7,124,215**	**7,368,572**
Loss from associates	(4,651,220)	(1,680,725)
Currency translation differences	2,006,955	1,436,368
31 December	**4,479,950**	**7,124,215**

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

NOTE 13 - INVESTMENT PROPERTY

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

	Lands	**Buildings [1]**	**Total**
1 January 2018	**120,218,265**	**52,261,081**	**172,479,346**
Additions	-	14,258,355	14,258,355
Disposal	-	(5,230,000)	(5,230,000)
Change in fair value adjustment (Note 28,29)	19,883,802	(4,067,344)	15,816,458
Currency translation differences	-	141,482	141,482
31 December 2018	**140,102,067**	**57,363,574**	**197,465,641**

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

(1) Disposal and additions due to the sale of the investment properties occurred via barter agreement.

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

As of 31 December 2018, mortgages have been established on the land and building, amounting to TRY 146,496,537, classified as investment property in the consolidated financial position (31 December 2017: None).

The Group's rent income from investment properties amounted to TRY 4,328,078 as of 31 December 2018 (31 December 2017: TRY 3,776,057) (Note 28). The Group's direct operating expenses arising from the investment properties in the period amounted to TRY 210,827 (31 December 2017: TRY 161,499).

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

NOTE 13 - INVESTMENT PROPERTY (Continued)

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

		Fair value as at reporting date		
	31 December 2018	**Level 1 TRY**	**Level 2 TRY**	**Level 3 TRY**
Land	140,102,067	-	140,102,067	-
Building	57,363,574	-	57,363,574	-

		Fair value as 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, have been valued by the CMB licensed Real Estate Appraisal Companies 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 Appraisal Companies are authorized by CMB and provide property valuation appraisal services in accordance with the capital markets legislation and have sufficient experience and qualifications regarding the fair value measurement of the real estate in related regions.

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

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT

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

	1 January 2018	Currency translation differences	Additions	Disposals	Transfers	Fair Value Adjustment (2)	Disposal of subsidiary (1)	31 December 2018
Cost								
Land and land improvements	159,445,990	3,667,756	-	(3,859,353)	-	17,593,063	-	176,847,456
Buildings	46,321,552	4,322,758	586,119	-	-	9,465,036	-	60,695,465
Machinery and equipment	604,411,584	34,842,124	1,222,317	(6,110,628)	-	-	(47,926)	634,317,471
Motor vehicles	6,877,448	-	-	(5,957,306)	-	-	-	920,142
Furnitures and fixtures	43,551,743	1,280,074	1,776,349	(522,509)	-	-	(1,327,261)	44,758,396
Leasehold improvements	14,250,572	-	1,022,197	-	-	-	(747,646)	14,525,123
Other tangible assets	3,057,957	1,025,115	13,516	-	-	-	-	4,096,588
Construction in progress	2,558,748	4,590	1,873,605	-	(570,148)	-	-	3,866,795
	880,475,594	**45,142,417**	**6,494,103**	**(16,449,796)**	**(570,148)**	**27,058,099**	**(2,122,833)**	**940,027,436**
Accumulated amortization								
Buildings	(1,877)	1,877	-	-	-	-	-	-
Machinery and equipments	(574,117,072)	(34,284,939)	(9,647,888)	5,955,215	-	-	31,030	(612,063,654)
Motor vehicles	(2,599,977)	-	(467,819)	2,486,635	-	-	-	(581,161)
Furnitures and fixtures	(38,575,655)	(1,165,988)	(2,284,124)	413,960	-	-	725,614	(40,886,193)
Leasehold improvements	(9,942,741)	-	(1,013,366)	-	-	-	732,918	(10,223,189)
Other tangible assets	(1,736,657)	(603,614)	(356,405)	-	-	-	-	(2,696,676)
	(626,973,979)	**(36,052,664)**	**(13,769,602)**	**8,855,810**	**-**	**-**	**1,489,562**	**(666,450,873)**
Net book value	**253,501,615**						**(633,271)**	**273,576,563**

(1) As explained in Note 32, the Group's subsidiary Glokal has been sold to Glocal Invest BV on 14 May 2018 by the decision of the Group Parent Company dated on 6 April 2018.

(2) Amounting to TRY 824,683 of related balance has been accounted under expense from investing activities as impairment (Note 29) whereas amounting to TRY 27,882,782 of related balance has been accounted for in the other comprehensive income.

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

At 31 December 2018, there are mortgages on land and building classified under property, plant and equipment amounting to TRY 168,349,487 (31 December 2017: TRY 22,577,500).

At 31 December 2018 depreciation expense amounting to TRY 10,433,885 (31 December 2017: TRY 15,647,815) is accounted under cost of sales (Note 23), amounting to TRY 3,279,329 (31 December 2017: TRY 4,693,816) is accounted under marketing and general administrative expenses (Note 24). As of 31 December 2018, depreciation expense amounting to TRY 56,388 is classified to discontinued operations (31 December 2017: TRY 453,263).

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

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT (Continued)

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

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

(1) Amounting to TRY 5,772,808 of related balance has been accounted under expense from investing activities as impairment (Note 29) whereas amounting to TRY 134,770,872 of related balance has been accounted for in the other comprehensive income.

(2) As stated in note 2.2.7, the Group has reviewed the carrying value of property, plant and equipment and has accounted the impairment under discontinued operations (Note 32).

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

NOTE 15 - INTANGIBLE ASSETS

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

	1 January 2018	Currency translation differences	Additions	Disposals [2]	Transfer	Fair Value adjustment [4]	Provision for impairment classified to discontinued operations [3]	31 December 2018
Cost								
Trade names and licenses	44,153,511	11,135,517	-	-	-	(4,458,033)	-	50,830,995
Customer list	260,233,900	101,635,375	-	-	-	-	-	361,869,275
Computer software and rights	75,737,317	26,824,676	2,332,269	-	-	-	(3,442,474)	101,451,788
Internet domain names	15,789,329	5,795,475	-	(14,117,194)	-	-	-	7,467,610
Other intangible assets [1]	8,531,625	-	5,926,235	-	570,148	-	(2,318,170)	12,709,838
	404,445,682	**145,391,043**	**8,258,504**	**(14,117,194)**	**570,148**	**(4,458,033)**	**(5,760,644)**	**534,329,506**
Accumulated amortization								
Trade names and licenses	(38,832,743)	(9,369,680)	(15,229)	-	-	-	-	(48,217,652)
Customer list	(260,233,900)	(101,635,375)	-	-	-	-	-	(361,869,275)
Computer software and rights	(70,444,928)	(26,747,311)	(1,961,943)	-	-	-	2,175,687	(96,978,495)
Internet domain names	(12,921,283)	(5,294,212)	-	10,747,885	-	-	-	(7,467,610)
Other intangible assets	(3,735,495)	-	(4,337,241)	-	-	-	230,371	(7,842,365)
	(386,168,349)	**(143,046,578)**	**(6,314,413)**	**10,747,885**	**-**	**-**	**2,406,058**	**(522,375,397)**
Net book value	**18,277,333**						**(3,354,586)**	**11,954,109**

(1) As of 31 December 2018, website development costs amouting to TRY 1,500,783 were capitalized under "other intangible assets" and amortized on a straight-line basis over their useful life (31 December 2017: TRY 3,328,090).

(2) The disposal is related to the sale of website and traffic of Job.ru in the result of discontinuing the digital activities in Russia and EE region.

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

(4) As explanined in Note 2.2.8, The Group has reviewed the carrying amount of its intangible assets and has accounted the impairment for under the discontinued operations (Note 32).

As of 31 December 2018 the total cost of trademark and licenses with indefinite useful life is TRY 2,613,343 (31 December 2017: TRY 5,320,768). 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 4,425,183 has been included in cost of sales (Note 23) (31 December 2017: TRY 2,684,497) and TRY 1,384,471 in marketing and general administrative expenses as of 31 December 2018 (Note 24) (31 December 2017: TRY 974,156). As of 31 December 2018, amortisation expense amounting to TRY 504,759 is classified into discontinued operations (31 December 2017: TRY 7,710,059).

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

NOTE 15 - INTANGIBLE ASSETS (Continued)

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

	1 January 2017	Currency translation differences	Additions	Disposals	Provision for impairment classified to discontinued operations [1]	31 December 2017
Cost						
Trade names and licenses	252,465,044	26,493,557	228,435	-	(235,033,525)	44,153,511
Customer list	272,772,032	30,075,189	-	(4,183,583)	(38,429,738)	260,233,900
Computer software and rights	81,097,693	4,660,566	770,230	(2,754,009)	(8,037,163)	75,737,317
Internet domain names	31,402,701	(14,991,541)	4,714,223	(274,899)	(5,061,156)	15,789,329
Other intangible assets	3,120,353	-	5,414,875	(3,603)	-	8,531,625
	640,857,823	**46,237,771**	**11,127,763**	**(7,216,094)**	**(286,561,582)**	**404,445,682**
Accumulated amortization						
Trade names and licenses	(36,526,314)	(1,986,032)	(320,397)	-	-	(38,832,743)
Customer list	(232,937,961)	(29,156,206)	(2,319,992)	4,180,260	-	(260,233,900)
Computer software and rights	(72,557,815)	(3,697,683)	(3,860,614)	2,206,176	7,465,008	(70,444,928)
Internet domain names	(18,996,603)	9,566,347	(3,765,926)	274,899	-	(12,921,283)
Other intangible assets	(2,637,315)	-	(1,101,783)	3,603	-	(3,735,495)
	(363,656,008)	**(25,273,574)**	**(11,368,712)**	**6,664,938**	**7,465,008**	**(386,168,349)**
Net book value	**277,201,815**				**(279,096,574)**	**18,277,333**

[1] As stated in note 2.2.8,the Group has reviewed the carrying value of its intangible assets and accounted its impairment under the discontinued operations (Note 32).

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

NOTE 16 - GOVERNMENT GRANTS

The Group benefits under the scope of the social security institution and income tax, %5 of employer share promotion (Law no: 5510), employer share promotion (Law no: 5746), incentive of the minimum wage (Law no: 6661), disabled insured (Law no: 4857), priority provinces social security institution stock (Law no: 46486) and R&D income tax (Law no : 5746) are amounting to TRY 3,721,001 (31 December 2017: TRY 3,969,565).

NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

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

Provisions:	**31 December 2018**	**31 December 2017**
Provisions for lawsuit and compensation	6,549,847	5,928,728
Provison for promotion	190,959	17,550
Total	**6,740,806**	**5,946,278**

Provision for lawsuit and compensation

The lawsuits against the Group are amounted to TRY 11,103,709 (31 December 2017: TRY 12,241,171).The Group recognises provision related to cases when there is a legal or valid liability resulting from past event and it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimation can be made of the amount of the obligation. As a result of these analysis, as of 31 December 2018 the Group has set a provision of TRY 6,549,847 for lawsuits (31 December 2017: TRY 5,928,728) but not sure about the payment maturity for the litigation.

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

	31 December 2018	**31 December 2017**
Legal lawsuits	9,959,404	11,186,876
Labor lawsuits	1,124,305	1,039,747
Commercial lawsuits	20,000	14,548
Total	**11,103,709**	**12,241,171**

	2018	**2017**
1 January	**5,928,728**	**5,473,663**
Additions during the period (Note 27)	2,099,682	3,561,157
Payments related to provisions and compensation (Note 26)	(206,020)	(3,620,604)
Provision reversed (Note 26)	(947,444)	-
Additions related to discontinued operations	(421,666)	549,130
Currency translation differences	96,567	(34,618)
31 December	**6,549,847**	**5,928,728**

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

NOTE 18 - COMMITMENTS

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

	31 December 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	2,661,793	2,661,793	5,150,911	5,150,911
Russian Ruble [(2)]	-	-	565,000,000	36,764,550
-Warranty notes				
TRY	203,937	203,937	203,937	203,937
Euro	25,000	150,700	25,000	112,888
US Dollar	2,500,000	13,152,250	-	-
-Mortgage				
Euro	-	-	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	13,152,250	2,500,000	9,429,750
Euro	-	-	-	-
Russian Ruble [(2)]	-	-	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		**32,413,435**		**133,292,241**

(1) Commitments given regarding to the borrowings obtained for the main operations of the Group, that are intended to meet various financial needs of subsidiaries.

(2) As explained in Note 32, colleterals and mortgages are related with discontinued operations. As of 31 December 2018 discharge of guarantees and commitments are realized due to the repayment of the related loan during July 2018.

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

NOTE 18 - COMMITMENTS (Continued)

CPM's given by the Group

As given in the table below, there are no CPM's given to third parties.Commitments and contingencies which the management does not expect significant losses or liabilities are as follows:

Barter agreements:

The Group, as a common practice in the media sector, enters into barter agreements which involve the exchange of goods or services without cash collections or payments. As of 31 December 2018, the Group has unused publication of advertisements commitment amounting to TRY 5,703,480 (31 December 2017: TRY 5,794,651) within these barter contracts. The Group has TRY 2,747,675 amounted receivables as of 31 December 2018 (31 December 2017: TRY 2,247,533) which were invoiced and recognized to financial statements but not yet goods or services were received.

NOTE 19 - PROVISION FOR EMPLOYEE BENEFITS

Short-term provisions for employment termination benefits

Provision for unused vacation

Movements of provisions for unused vacation rights during the periods ended 31 December 2018 and 2017 are as follows:

	2018	**2017**
1 January	**13,381,264**	**13,686,035**
Additions during the period	2,127,678	4,016,150
Payments related to provisions	(1,204,583)	(4,501,501)
Sale of subsidiary (Note 32)	(389,042)	-
Currency translation differences	249,543	180,580
31 December	**14,164,860**	**13,381,264**

Long-term provisions for employment termination benefits

Provison for employment termination benefits

	31 December 2018	**31 December 2017**
Provision for employment termination benefits	45,317,176	46,184,398
Total	**45,317,176**	**46,184,398**

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

NOTE 19 - PROVISION FOR EMPLOYEE BENEFITS (Continued)

Long-term provisions for employment termination benefits (Continued)

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 maximum amount payable equals to one month of salary is TRY 5,434.42 as of 31 December 2018 (31 December 2017: TRY 4,732.48) for each year of service. In employee termination benefits provision calculation Group has taken into consideration the ceiling amount TRY 6,017.60 which is effective from 1 January 2019 (31 December 2017: TRY 5,001.76 effective from 1 January 2018).

On the other hand the 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 probability of the employees of the Group.

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

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2018, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement probability of the employees.

Discount rate is applied as 16.00% [(1)] (31 December 2017: 11.50%), inflation rate applied as 11.30% [(2)] (31 December 2017: 7.00%) and rate of increase in wages applied as 11.30% (31 December 2017: 7.00%) in the calculation.

(1) The discount rate used in the calculation of severance payment is determined as 16.00% which is 10 years long term government bond's compound interest rate.

(2) The maximum range of inflation rate which is declared in 2018 report of Central Bank of Turkey has been used in retirement payment 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.

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

NOTE 19 - PROVISION FOR EMPLOYEE BENEFITS (Continued)

Long-term provisions for employment termination benefits (Continued)

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

	2018	2017
1 January	**46,184,398**	**45,199,424**
Actuarial gain / (loss)	3,174,955	1,291,830
Service cost during the period	3,024,927	3,136,855
Interest cost during the period	3,945,677	3,907,758
Payments and reversal of provisions during the period	(10,414,323)	(7,351,469)
Decrease related to sale of subsidiary (Note 32)	(598,458)	-
31 December	**45,317,176**	**46,184,398**

NOTE 20 - PREPAID EXPENSES AND DEFERRED INCOME

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

Short-term prepaid expenses

	31 December 2018	31 December 2017
Short term prepaid expenses [1]	4,291,302	4,083,170
Total	**4,291,302**	**4,083,170**

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

Short-term deferred revenue

	31 December 2018	31 December 2017
Contract liabilities [1]	10,205,032	27,538,259
Government incentives	255,291	373,919
Total	**10,460,323**	**27,912,178**

(1) The contractual obligations consist of sales of services, order advances received and sales return provision.

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

NOTE 20 - PREPAID EXPENSES AND DEFERRED INCOME (Continued)

Long-term deferred revenue

	31 December 2018	31 December 2017
Contract liabilities [1]	901,525	1,292,312
Total	**901,525**	**1,292,312**

[1] The contractual obligations consist of the sale of service and the order advances received.

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

	2018
1 January	**28,830,571**
Increase in cash, except for the amount accounted as revenue	4,859,388
The revenue, includedin the opening balance of contract liabilities	(5,285,536)
Sale of subsidiary	(18,257,459)
Currency Translation Difference	959,593
31 December	**11,106,557**

NOTE 21 - OTHER ASSETS AND LIABILITIES

Other Current Assets

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

	31 December 2018	31 December 2017
Prepaid taxes and funds	14,527,229	305,815
Advances given to personnel	830,537	2,109,177
Value added tax ("VAT") receivables	243,527	-
Other	292,696	613,132
Total	**15,893,989**	**3,028,124**

Other Non-Current Assets

	31 December 2018	31 December 2017
Advances given to personnel	317,705	-
Total	**317,705**	**-**

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

NOTE 21 - OTHER ASSETS AND LIABILITIES (Continued)

Other short-term liabilities

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

	31 December 2018	31 December 2017
Other miscellaneous liabilities	35,166,801	231,219
Total	**35,166,801**	**231,219**

(1) As of 31 December 2018, TRY 33,442,566 of other short-term liabilities consists of prepayments made based on revocable factoring transactions. TRY 10,340,743 of the related balance has been paid as finance expense (Note 30).

NOTE 22 - EQUITY

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

	31 December 2018	31 December 2017
Registered share capital	800,000,000	800,000,000
Paid-in share capital	592,000,000	552,000,000

The 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 77.67% of the issued capital of Hürriyet, has transferred to Demirören Medya. On May 16, 2018 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.

In addition, in accordance with the decision of the Board of Directors dated November 19, 2018, the issued capital of the Company is TRY 552,000,000 divided into 552,000,000 shares, each having a nominal value of TRY 1,00 in the registered capital ceiling of TRY 800,000,000 to be increased by TRY 40,000,000 (7.24%) to TRY 592,000,000 and the issuance certificate for the capital increase was decided by the Capital Markets Board dated 13 December 2018 and numbered 63/1446 approved. On 21 December 2018, the capital increase transaction was completed and registered on 15 January 2019 by the Istanbul Trade Registry Office.

Shareholders	31 December 2018	Share (%)	31 December 2017	Share (%)
Demirören Medya	468,732,788	79.18	-	-
Doğan Holding	-	-	428,616,468	77.65
Other shareholders (BİAŞ ve other shareholders)	123,267,212	20.82	123,383,532	22.35
Issued share capital	**592,000,000**	**100.00**	**552,000,000**	**100.00**
Adjustment to share capital	77,198,813		77,198,813	
Total	**669,198,813**	**100.00**	**629,198,813**	**100.00**

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

NOTE 22 - EQUITY (Continued)

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 20.81% of the shares are in circulaton in accordance with CSD as of 31 December 2018 (31 December 2017: 22.34%) (Note 1). Shares in circulation rate is 20.81% 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.

Premiums / (discounts) on shares

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

	31 December 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.

In accordance with TAS, The Company’s restricted reserves amounting to TRY 101,083,330 as of 31 December 2018 (31 December 2017: TRY 191,532,907) consist of legal reserves and gain on sale of real estate and affiliates and R&D incentive grant.

	31 December 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
R&D incentive grant (4)	155,245	-
Total (3)	**101,083,330**	**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, Izmir and Esenyurt, Istanbul in 2014, gain from sale of investment property in Ankara Cinnah in 2016 and gain of land sale in Muğla Milas and Bağcılar, Istanbul 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.

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

NOTE 22 - EQUITY (Continued)

Restricted reserves (Continued)

(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 90,449,577. This outflow consists of real estate sale profits,amounting to TRY 126,234,986, transferred to the extraordinary reserve from restricted reserves separated from the profit due to the expiration of the period. In addition to this outflow, the Group has allocated general legal reserves amounting to TRY 1,963,995 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 and R&D incentive grant amounting to TRY 155,245 to the restricted reserve for the period.

(4) In the scope of R & D incentives under the Law No. 5746, it consists of grant support received to a special fund account which is not subject to profit distribution in legal records.

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

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

	31 December 2018	31 December 2017
Gain/(loss) from revaluation of property	212,241,738	187,778,810
Remeasurement gain (loss) in defined benefit plans	(21,093,944)	(18,617,479)
Total	**191,147,794**	**169,161,331**

Gain/(Loss) from revaluation of property

The Group management has started the revaluation method for the land and buildings that are classified into property,plant and equipment and investment properties.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 building and land.

Real estates recognised as property,plant and equipment in prior periods, can be transferred to investment property due to change 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 were taken as of 31 December 2017 and the effects of revaluation was accounted under revaluation fund.

The increase of TRY 212,241,738 in the fair value assessment for financial period of 31 December 2018 for consolidated financial statement has accounted under a shareholders' securities value increase fund under equity after its tax effect (31 December 2017: TRY 187,778,810).

Remeasurment gain/ (loss) in defined benefit plans

The employee termination benefit provision is calculated according to the value of the benefits that the Group is liable for with today's monetary value. The Group has accounted all the actuarial loss and gains regarding employee terminations under the other comprehensive income statement as other income and other expense. The value for reassessed estimation differences accounted under equity is TRY 21,093,944 (31 December 2017: TRY 18,617,479).

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

NOTE 22 - EQUITY (Continued)

Restricted reserves (Continued)

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

	31 December 2018	31 December 2017
Currency translation differences	80,374,527	72,041,619
Gain (loss) from cash flow on hedging	-	(856,705)
Total	**80,374,527**	**71,184,914**

Gain / (loss) from cash flow hedges

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

Capital Reserves and Retained Earnings

Subsequent to the first inflation adjusted financial statements, equity items such as; "Capital,Emission Premiums, Legal Reserves, Statutory Reserves, Special Reserves and Extraordinary Reserves" are carried at carrying value in the balance sheet and their adjusted values are collectively presented in equity.

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

- If the difference is arising due to the inflation adjustment of "Paid-in Capital" and not yet been transferred to capital should be classified under the "Inflation Adjustment to Share Capital" following "Paid-in Capital";
- If the difference is due to the inflation adjustment of Restricted Reserves" and "Share Premium" and the amount has not been utilized in dividend distribution or capital increase yet,it shall be classified under "Retained Earnings". Other equity items shall be carried at the amounts valued in accordance with TAS Standards.

Capital adjustment differences can only be included to capital.

Dividend distribution

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

NOTE 22 - EQUITY (Continued)

Dividend distribution (Continued)

On the other hand,

a) In first adoption of 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 first adoption of inflation adjustments, 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).

The principles of presentation prepared in accordance with 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 1,963,985 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.

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

NOTE 23 - SALES AND COST OF SALES

Sales

The detail of sales for the years ended 31 December 2018 and 2017 are as follows:

	1 January - 31 December 2018	1 January - 31 December 2017
Advertising revenue	227,320,909	282,878,863
Circulation and publishing sales	165,849,776	176,300,579
Other	28,892,584	26,461,290
Net sales	**422,063,269**	**485,640,732**
Cost of sales (-)	(305,867,872)	(304,348,045)
Gross profit (loss)	**116,195,397**	**181,292,687**

	Printing Media 1 January- 31 December 2018	Digital Media 1 January- 31 December 2018	Printing Media 1 January- 31 December 2017	Digital Media 1 January- 31 December 2017
Domestic	297,006,392	67,686,668	369,452,375	69,363,504
Foreign	45,868,814	11,501,395	36,809,848	10,015,005
Total sales	**342,875,206**	**79,188,063**	**406,262,223**	**79,378,509**
Performance Obligations				
Circulation sales	121,576,078	-	129,325,584	-
Subcontracted printing sales	44,273,698	-	46,974,995	-
Advertising sales	159,634,241	67,686,668	213,515,360	69,363,504
Other sales	17,391,189	11,501,395	16,446,284	10,015,005
	342,875,206	**79,188,063**	**406,262,223**	**79,378,509**
Fulfillment of the Performance Obligations				
In time	183,240,965	11,501,395	192,746,863	10,015,005
At a specific moment in time	159,634,241	67,686,668	213,515,360	69,363,504
	342,875,206	**79,188,063**	**406,262,223**	**79,378,509**

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

NOTE 23 - SALES AND COST OF SALES (Continued)

Cost of Sales

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

	1 January - 31 December 2018	**1 January - 31 December 2017**
Raw material	(134,741,330)	(126,262,405)
Paper	*(91,389,168)*	*(79,498,496)*
Printing and ink	*(32,160,826)*	*(32,709,802)*
Other	*(11,191,336)*	*(14,054,107)*
Personnel expenses	(107,218,222)	(110,936,056)
Depreciation Expenses (Note 14,15)	(14,859,068)	(18,332,312)
Agency expenses	(9,551,426)	(9,321,214)
Distribution, storage and travel expenses	(6,319,951)	(6,604,119)
Fuel, electricity, water and office expenses	(4,583,490)	(4,771,477)
Outsourced services	(3,200,529)	(3,441,808)
Communication expenses	(3,157,677)	(3,087,196)
Maintenance and repair expenses	(2,991,373)	(3,519,564)
Rent expenses	(2,479,566)	(2,360,099)
Packaging expenses	(2,324,367)	(1,659,645)
Other	(14,440,873)	(14,052,150)
Total	**(305,867,872)**	**(304,348,045)**

NOTE 24 - GENERAL ADMINISTRATIVE AND MARKETING EXPENSES

a) General administrative expenses:

	1 January - 31 December 2018	**1 January - 31 December 2017**
Personnel expenses	(30,240,918)	(29,403,505)
Consultancy expenses	(10,900,385)	(11,617,938)
Rent expenses	(10,168,384)	(8,057,144)
Maintenance and repair expenses	(5,687,951)	(4,413,428)
Fuel, electricity, water and office expenses	(4,848,967)	(4,845,357)
Depreciation and amortization charges (Note 14,15)	(4,363,603)	(5,478,101)
Transportation, storage and travel expenses	(3,263,251)	(2,155,888)
Outsourced services	(2,244,894)	(2,700,858)
Tax expenses	(2,015,951)	(2,426,946)
Other	(4,364,504)	(5,710,546)
Total	**(78,098,808)**	**(76,809,711)**

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

NOTE 24 - GENERAL ADMINISTRATIVE AND MARKETING EXPENSES (Continued)

b) Marketing expenses:

	1 January - 31 December 2018	1 January - 31 December 2017
Personnel expenses	(28,117,857)	(24,272,604)
Transportation, storage and travel expenses	(21,525,526)	(25,575,252)
Advertisement expenses	(16,456,709)	(14,246,343)
Promotion expenses	(5,447,780)	(9,939,232)
Sponsorship and other marketing expenses	(4,774,929)	(4,824,304)
Consultancy expenses	(3,512,224)	(3,350,322)
Outsourced services	(2,878,037)	(2,481,352)
Depreciation and amortization charges (Note 14,15)	(300,197)	(189,871)
Total	**(83,013,259)**	**(84,879,280)**

NOTE 25 - EXPENSES BY NATURE

	1 January - 31 December 2018	1 January - 31 December 2017
Payroll expenses	(165,576,997)	(164,612,165)
Depreciation and amortization charges	(19,522,868)	(24,000,281)
Total	**(185,099,865)**	**(188,612,446)**

NOTE 26 - OTHER OPERATING INCOME

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

	1 January - 31 December 2018	1 January - 31 December 2017
Foreign exchange gains	28,134,055	4,349,153
Finance income due from term sales	9,217,744	8,816,748
Income due from doubtful trade receivables (Note 8)	5,950,512	8,605,337
Interest income on bank deposits	1,842,697	2,123,357
Unrealized finance expense due from term purchases	1,767,830	2,728,320
Reversal of provisions (Note 17)	1,153,464	3,620,604
Other	1,346,420	1,748,314
Total	**49,412,722**	**31,991,833**

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

NOTE 27 - OTHER OPERATING EXPENSES

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

	1 January - 31 December 2018	**1 January - 31 December 2017**
Provision expense for doubtful receivables (Note 8)	(15,975,521)	(23,016,830)
Foreign exchange loses	(15,065,595)	(1,822,261)
Fines and compensation expense	(2,409,858)	(1,065,133)
Provision for lawsuits (Note 17)	(2,099,682)	(3,561,157)
Unrealized finance income due from term sales	(547,161)	(6,117,963)
Aids and donations	(279,953)	(849,574)
Other	(4,309,351)	(6,600,300)
Total	**(40,687,121)**	**(43,033,218)**

NOTE 28 - INCOME FROM INVESTING ACTIVITIES

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

	1 January - 31 December 2018	**1 January - 31 December 2017**
Gain on sale of subsidiary (Note 32)	294,939,894	-
Foreign exchange and other gains (1)	52,316,415	94,381
Gain on change in fair value of investment properties (Note 13)	17,120,957	28,455,722
Interest income from investing activities (2)	14,266,866	-
Gain on sale of financial investment (Note 32)	5,898,243	-
Rent income (Note 13)	4,328,078	3,776,057
Gain on sale of tangible assets and investment properties	1,617,830	6,590,178
Dividend income from financial investments (Note 34)	1,200	311,910
Total	**390,489,483**	**39,228,248**

(1) TRY 52,293,649 (Note 34) of the related balance is due to the valuation of the receivables of the Group from Demirören Media (31 December 2017: None).

(2) It includes the interest income stemming from the receivable from Demirören Media (Note 34).

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

NOTE 29 - EXPENSES FROM INVESTING ACTIVITIES

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

	1 January - 31 December 2018	1 January - 31 December 2017
Expenses related to investment properties	(3,446,505)	(2,510,191)
Provision for impairment of investment properties (Note 13)	(1,304,499)	(8,327,844)
Provision for impairment of tangible assets (Note 14)	(824,683)	(5,772,808)
Loss on the sale of tangible asset and investement properties	(454,103)	(8,319,016)
Other	(410)	(2,023)
Total	**(6,030,200)**	**(24,931,882)**

NOTE 30 - FINANCIAL EXPENSES

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

	1 January - 31 December 2018	1 January - 31 December 2017
Interest expense on bank loans	(17,725,053)	(40,689,151)
Foreign exchange income/(losses), net	(3,944,806)	378,253
Loan comission, bank costs and factoring expenses	(423,816)	(529,193)
Income / (expenses) of held for trading derivative instruments, net	-	133,749
Other (1)	(10,997,159)	(823,960)
Total	**(33,090,834)**	**(41,530,302)**

(1) As explained in Note 21, TRY 10,340,743 of related balance consists of financing payment due to prepayments received by Group based on recovable factoring transactions.

NOTE 31 - INCOME TAXES

Assets related to current period tax

	31 December 2018	31 December 2017
Corporate and income tax payable	20,703,195	2,378,344
Less: Prepaid taxes	(20,175,903)	(605,313)
Current income tax liabilities	**527,292**	**1,773,031**

Turkish tax legislation does not permit a parent company and its subsidiaries and associates 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:

NOTE 31 - INCOME TAXES (Continued)

Turkey:

In accordance with the regulation numbered 7061, published in Official Gazette on 5 December 2017, "Law on the Amendment of Certain Tax Acts and Some Other Laws", corporate tax rate for the years 2018, 2019 and 2020 has increased from 20% to 22% (2017: 20%). Therefore, deferred tax assets and liabilities as of 31 December 2018 are calculated with 22% tax rate for the temporary differences which will be realized in 2018, 2019 and 2020, and with 20% tax for those which will be realized after 2021 and onwards. Corporation tax is payable on the total income of the companies after adjusting for certain disallowable expenses, corporate income tax exemptions (gain from associates' exemption, investment allowances etc.) and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed.

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

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

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

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

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

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.

NOTE 31 - INCOME TAXES (Continued)

Turkey (Continued):

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

Exemption for participation in subsidiaries

Dividend income from shares in capital of another corporation subject to resident taxpaying (except dividends from investment funds participation certificates and investment trusts shares) are exempt from corporate tax.

Issued premiums exemption

Gains from issued premiums derived from the disposal of sales at nominal values during incorporations and the capital increase of joint stock companies are exempt from corporate tax.

Exemption for participation into foreign subsidiaries

For companies participating in 10% or more of the capital of a non-resident limited liability or joint stock company, (except for those whose principal activity is financial leasing or investment property) for at least one year until the date of the income is generated and transferred to Turkey until the date of the filing of the corporate income tax return of the fiscal year in which the income is generated is exempt from corporation tax subject to those subsidiaries being subject to corporate income tax, or alike, in their country of legal residence or business center at the rate of at least 15% (minimum corporate income tax applicable like 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.

Russian Federation :

The corporate tax rate effective in Russian Federation is 20% (2017: 20%). This rate can be reduced according to special tax incentives (Special economic zones, investors entering private investment contract, regional incentive programs etc).

Russian tax year is the calendar year and other fiscal year ends are not permitted. Profit tax is calculated on a year-to-date basis. Advance payments are made monthly, with different calculation methods for quarterly or monthly schedules subject to the taxpayer's choice. Tax returns are filed till the 28th of March, following the close of the financial year.

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

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

NOTE 31 - INCOME TAXES (Continued)

Russian Federation (Continued) :

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

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

Belarus:

The corporate tax rate effective in Belarus is 18% (2017: 18%).

The tax period is the calendar year. Profit tax is calculated as progressive total. Advance payments are made quarterly, on the basis of either the previous year results or expected current year profits. The annual corporate tax declaration is due by 20 March of the following year. Tax loss carry forward is not allowed to reduce taxable profits. Tax refunds are possible. Tax consolidations of tax reporting/payments by different legal entities (or grouping) are not permitted in Belarus at present. Generally, dividend income payable to a foreign organization is subject to withholding tax at 12%. This standard rate may, however, be reduced under the provisions of applicable double tax treaty. The Belarus tax regulations change frequently.

The tax rates at 31 December 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
Netherland	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.

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

NOTE 31 - INCOME TAXES (Continued)

Deferred Tax (Continued)

	31 December 2018	**31 December 2017**
Deferred tax liabilities	(19,381,541)	(16,553,127)
Deferred tax assets	1,966,834	1,800,832
Deferred tax liabilities, net	**(17,414,707)**	**(14,752,295)**

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

	Total temporary differences		**Deferred tax assets / (liabilities)**	
	31 December 2018	**31 December 2017**	**31 December 2018**	**31 December 2017**
Provision for employee termination benefits and unused vacation rights	58,663,450	58,757,923	12,905,959	12,926,744
Difference between tax base and carrying value of trade receivables	35,240,250	29,589,490	7,752,855	6,688,240
Deferred income	3,429,868	2,769,496	754,569	609,287
Difference between tax bases and carrying value of property, plant and equipment and intangibles	(216,666,897)	(177,345,966)	(29,092,972)	(24,104,213)
Investment properties fair value differences	(136,003,536)	(110,794,286)	(11,967,870)	(10,759,684)
Other, net	10,676,298	471,032	2,232,752	(112,669)
Toplam	**(244,660,567)**	**(196,552,311)**	**(17,414,707)**	**(14,752,295)**

As of 31 December 2018, carry forward tax losses for which deferred tax asset was not recognized amounted to TRY 348,616,132 (31 December 2017: TRY 295,693,466).

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

	31 December 2018	**31 December 2017**
2018	-	5,972,388
2019	512,814	2,215,343
2020	-	512,814
2021	658,104	-
2022	2,371,057	717,027
2023	2,468,566	-
Indefinite (*)	342,605,591	286,275,894
Total	**348,616,132**	**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 31 - INCOME TAXES (Continued)

Deferred Tax (Continued)

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

	2018	**2017**
1 January	**(14,752,295)**	**(48,512,356)**
The opening effect of TFRS 9	819,961	-
Reported	**(13,932,334)**	**(48,512,356)**
Deferred tax income in consolidated statement of income	568,864	2,628,704
Accounted in equity	(2,962,999)	(17,682,612)
Currency translation differences	(1,219,484)	(5,124,132)
Tax effect of sale of subsidiary (Note 32)	131,246	(191,567)
Tax effect of discontinued operations (Note 32)	-	54,129,668
31 December	**(17,414,707)**	**(14,752,295)**

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

	1 January - 31 December 2018	**1 January - 31 December 2017**
Current tax income/(expense)	(20,703,195)	(2,378,344)
Deferred tax income/(expense)	568,864	2,628,704
Total	**(20,134,331)**	**250,360**

The reconciliation of the current period tax expense in the consolidated statement of profit or loss for the periods ended at 31 December 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:

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

NOTE 31 - INCOME TAXES (Continued)

Deferred Tax (Continued)

	1 January - 31 December 2018	1 January - 31 December 2017
Profit/(loss) before taxes and non-controlling interests [1]	288,511,746	(326,089,166)
Current period tax calculated at the effective tax rates of countries	(63,472,584)	65,217,833
Expenses not deductible for tax purposes	(905,621)	(1,664,964)
Effect of adjustments and carryforward tax losses that are not subject to deferred tax	(12,573,464)	(9,661,936)
Effects of discontinued operations and sale of subsidiary	131,246	(53,938,101)
Exemptions [2]	54,182,359	7,468,794
The effect of the change in tax rate	-	(7,286,933)
Other	2,503,733	115,667
Tax income/(expense)	**(20,134,331)**	**250,360**

(1) Comprised from total of tax losses of continuing and discontinued operations.
(2) Comprised from the exemptions used during to the sale of Group's subsidiary, Glokal.

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

a) Discontinuing the digital operation in Russia and EE

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

	1 January - 31 December 2018	1 January - 31 December 2017
Sales	3,380,900	15,996,908
Cost of sales (-)	(1,996,882)	(10,761,891)
General administrative and marketing expense	(4,626,721)	(28,192,484)
Other operating income (expense), net	(2,128,638)	(974,255)
Finance expense, net	(13,596,455)	(3,374,570)
Expenses from investing activities, net [1]	(4,528,588)	(279,183,044)
Loss before tax from discontinued operations for the period	**(23,496,384)**	**(306,489,336)**
Deferred tax income	-	54,129,668
Loss from the discontinued operation for the period	**(23,496,384)**	**(252,359,668)**

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

a) Discontinuing the digital operation in Russia and EE (Continued)

(1) There is a provison for impairment of related discontinued operation amounting to TRY 4,458,033 (31 December 2017: TRY 279,096,574) in the consolidated financial statement for the period ended 31 December 2018.

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 under currency translation differences in the Consolidated Financial Statements and will be reflected 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.

As of 31 March 2018, the assets of Glokal have been classified in the assets as held for sale whereas its liabilities have been categorized into the liabilities directly associated with assets classified as held for sale. Additionally, the results 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 given in the below:

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

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

b) Assets classified as held for sale (Continued)

Sale of subsidiary (Continued)

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

b) Assets classified as held for sale (Continued)

Sale of subsidiary (Continued)

	1 January - 14 May 2018	1 January - 31 December 2017
Sales	21,979,204	52,600,538
Cost of sales (-)	(3,010,770)	(7,734,322)
General administrative and marketing expenses	(17,843,063)	(43,479,743)
Other operating income (expense) from main operations, net	918,436	(458,747)
Finanial expenses, net	(565,466)	(838,336)
Income (expense) from investing activities, net	3,629	663,130
Profit before tax from discontinued operations for the period	**1,481,970**	**752,520**
Deferred tax income	131,246	(191,567)
Profit from discontinued operations for the period	**1,613,216**	**560,953**

	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 28)	**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 Factoring to the Doğan Holding or a subsidiary of Doğan Holding and give necessary authority to the management within that context.

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	(1,029,897)
Gain on sale of financial invetment (Note 28)	**5,898,243**

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

NOTE 33 - EARNING PER SHARE

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

	1 January - 31 December 2018	1 January - 31 December 2017
Net loss for attributable to equity holders of parent company	**269,368,228**	**(264,505,378)**
Number of ordinary shares in issue (with nominal value of TRY 1 each)	555,333,333	552,000,000
Loss from continuing operations attributable to equity holders of parent company	**0.4851**	**(0.4792)**

NOTE 34 - RELATED PARTY DISCLOSURES

i) Balances of related parties:

a) Short term trade receivables from related parties:

Trade receivables from related parties	31 December 2018	31 December 2017
Demirören İnternet Yayıncılığı ve Yatırım A.Ş. ("Demirören İnternet") [(1)]	29,788,304	20,978,395
Demirören Gazetecilik A.Ş. ("Demirören Gazetecilik") [(2)]	13,137,527	9,535,962
Milliyet Gazetecilik ve Yayıncılık A.Ş. ("Milliyet Gazetecilik")[(5)]	5,403,867	-
Demirören TV Holding A.Ş. ("Demirören TV Holding") [(4)]	4,522,327	721,729
Demirören Media [(3)]	3,725,870	1,926,402
Demirören Dağıtım,Satış ve Pazarlama A.Ş. ("Demirören Dağıtım")	1,820,822	3,204,446
Other	849,611	202,128
Doğan Holding Companies (Other)	-	1,419,526
	59,248,328	**37,988,588**

(1) The balance is arising from sales of digital advertising 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 Demirören Media in Hurriyet Frankfurt Facility and advertisement given.

(4) The balance arising from expenses invoiced to Hürriyet Gazetecilik ve Matbaacılık A.Ş. which reflects Demirören 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) The balance arising from the reflection of the expense related to common area usage to Milliyet.

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

NOTE 34 - RELATED PARTY DISCLOSURES (Continued)

i) Balances of related parties: (Continued)

b) Short term payables to related parties:

	31 December 2018	31 December 2017
Trade payables to related parties		
Demirören Media [(1)]	11,885,698	16,896,193
Demirören Haber Ajansı A.Ş. ("DHA") [(2)]	2,611,011	536,500
Demirören TV Digital Platform İşletmeciliği A.Ş. ("Demirören TV Digital")	392,632	798,776
Eko TV Televizyon ve Radyo Yayıncılık A.Ş. ("Eko TV")	247,981	532,436
Other	283,635	486,275
Doğan Holding Companies (Other)	-	3,324,853
	15,420,957	**22,575,033**

(1) The amounts paid by Demirören Media in return for the printing of Demirören 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 receivables from related parties:

	31 December 2018	31 December 2017
Other short term receivables from related parties		
Demirören Medya [(1)]	117,323,015	-
	117,323,015	**-**

(1) Consist of receivables that the Group will receive 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, as the late interest rate is charged, the amount does not discounted.

ii) Significant transactions with related parties:

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

a) Significant service and product sales to related parties:

	1 January - 31 December 2018	1 January - 31 December 2017
Demirören Dağıtım [(1)]	106,126,181	114,501,766
Demirören İnternet Yayıncılığı [(2)]	35,426,322	39,316,287
Demirören Gazetecilik [(3)]	30,719,082	29,594,362
Milliyet Gazetecilik Yayıncılık A.Ş.	1,275,110	-
Doğan Holding Companies	880,629	2,870,812
Other	5,230,920	4,704,978
	179,658,244	**190,988,205**

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

NOTE 34 - RELATED PARTY DISCLOSURES (Continued)

ii) Significant transactions with related parties (Continued):

a) Significant service and product sales to related parties (Continued):

(1) The Group sells of daily newspapers to Demirören Dağıtım.
(2) The sales of internet advertisements 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 - 31 December 2018	1 January - 31 December 2017
Demirören Dağıtım (1)	24,101,279	27,481,193
DHA (2)	6,713,524	7,017,441
Demirören Gazetecilik (3)	4,773,600	3,780,322
Demirören İnternet Yayıncılığı (4)	3,797,945	3,361,042
Demirören TV Digital	1,266,708	1,545,311
Total Oil Türkiye A.Ş. ("Total")	722,323	-
Doğan Holding Companies	22,766,036	103,746,549
Other	1,750,409	1,388,794
	65,891,824	**148,320,652**

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

c) Other income from related parties:

	1 January - 31 December 2018	1 January - 31 December 2017
Demirören Medya (1)	14,266,866	-
Other	1,327,910	2,621,512
	15,594,776	**2,621,512**

(1) The balance includes late interest charge income stemming from the receivable of Demirören Media (Note 28).

As of 31 December 2018, amounting to TRY 1,327,910 of other income which totally amounts to TRY 15,594,776 consists of rent income which Hürriyet received from the Group companies (1 January - 31 December 2017: TRY 2,621,512).

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

NOTE 34 - RELATED PARTY DISCLOSURES (Continued)

ii) Significant transactions with related parties (Continued):

c) Other income from related parties (Continued):

Dividends income	**1 January - 31 December 2018**	**1 January - 31 December 2017**
Coats İplik A.Ş.	1,200	56,400
Doruk Faktoring	-	255,510
	1,200	**311,910**

Financial income	**1 January - 31 December 2018**	**1 January - 31 December 2017**
Demirören Medya [1]	52,293,649	-
	52,293,649	**-**

[1] The balance consists of the foreign currency income calculated based on receivable, from Demirören Medya. The related balance accounted under the income from investing activities (Note 28).

Financial expense	**1 January - 31 December 2018**	**1 January - 31 December 2017**
Demirören Gazetecilik	311,721	-
Doğan Holding Companies	60,858	520,826
Other	18,863	-
	391,442	**520,826**

iii) Key Management Personnel:

	1 January - 31 December 2018	**1 January - 31 December 2017**
Salaries and other short term benefits	12,494,912	11,442,218
Post-employment benefits	2,142,096	286,466
	14,637,008	**11,728,684**

The Company determined the key management personnel as Board of Directors and Executive Committee. Benefits provided to key management personnel consisted of wage, premium, health insurance, transportation and post-employment benefits.

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

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

35.1 Financial Risk Management

(i) Interest rate risk

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

	31 December 2018	31 December 2017
Financial instruments with fixed interest rate		
Bank deposits (Note 4)	10,711,355	59,423,284
Financial liabilities (Note 7)	27,383,928	262,168,778

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

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

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

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

35.1 Financial Risk Management (Continued)

(ii) Liquidity Risk

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

31 December 2018	Carrying value	Total contractual cash outflow	Less than 3 months	3 - 12 months	1 - 5 years	More than 5 years
Financial liabilities						
Short and long term liabilities (Note 7)	27,383,928	35,625,690	129,625	22,015,573	13,480,492	-
Trade payables						
-Related party (Note 34)	15,420,957	16,002,416	15,994,073	8,343	-	-
-Other (Note 8)	50,890,149	51,460,595	51,448,706	11,889	-	-
Other payables						
-Other (Note 9)	4,656,574	5,124,089	5,096,726	27,363	-	-
Payables within employee benefits						
-Due to personnel (Note 10)	715,049	715,049	715,049	-	-	-

31 December 2017	Carrying value	Total contractual cash outflow	Less than 3 months	3 - 12 months	1 - 5 years	More than 5 years
Financial liabilities						
Short and long term liabilities (Note 7)	262,168,778	305,068,882	45,647,767	96,912,068	162,509,047	-
Trade payables						
-Related party (Note 34)	22,575,033	22,575,033	5,556,992	17,018,041	-	-
-Other (Note 8)	50,362,747	50,997,100	50,284,237	712,863	-	-
Other payables						
-Other (Note 9)	10,388,050	10,388,050	9,128,136	1,259,914	-	-
Payables within employee benefits						
-Due to personnel (Note 10)	809,879	809,879	809,879	-	-	-

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

35.1 Financial Risk Management (Continued)

(ii) Liquidity Risk (Continued)

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

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

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

At 31 December 2018, the Group has long-term bank borrowings amounting to TRY 11,733,333 (31 December 2017: TRY 150,478,785) (Note 7).

(iii) Credit Risk

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

<u>Aging analysis for trade receivables:</u>

As of 31 December 2018 there are past due trade receivables amounting to TRY 90,611,000 which are not considered as doubtful receivables (31 December 2017: TRY 111,490,580). The Group does not foresee any collection risk for the delay up to one month due to sector dynamics and conditions. The Group restructures the trade receivables by applying due date differences which are due over one month and/or the Group does not foresee any collection risk since they are under coverage of guarantees such as mortgage, indemnity or guarantee notes. As of 31 December 2018, the amount of mortgage and indemnity received is TRY 27,324,311 for the related receivables (31 December 2017: TRY 16,366,029).

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

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

35.1 Financial Risk Management (Continued)

(iii) Credit Risk (Continued)

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

	31 December 2018		31 December 2017	
	Related party	**Other**	**Related party**	**Other receivables**
0-1 month	6,888,813	13,720,268	1,155,770	32,911,074
1-3 month	18,368,942	11,468,426	2,446,103	23,205,296
3-6 month	3,354,013	13,512,393	928,730	25,057,890
6-12 month	2,981,357	9,722,155	221,448	13,879,753
1-2 years	248,814	10,345,819	226,450	11,458,066
	31,841,939	**58,769,061**	**4,978,501**	**106,512,079**

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

Impaired	**31 December 2018**	**31 December 2017**
Past due 0 - 3 months	-	-
Past due 3 - 6 months	-	-
Past due 6 months and over	72,137,632	64,405,568
Less: Provision for impairment (Note 8)	**72,137,632**	**64,405,568**

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

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

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

35.1 Financial Risk Management (Continued)

(iii) Credit Risk (Continued)

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

	Trade receivables		**Other receivables**		**Bank**	**Other**
31 December 2018	**Related party**	**Other**	**Related party**	**Other**	**deposits**	**assets**
Maximum credit risk exposure as of balance sheet date	**59,248,328**	**103,180,193**	**117,323,015**	**9,689,985**	**54,984,165**	**72,133**
- The part of maximum credit risk under guarantee with collateral	-	***27,324,311***	-	-	-	-
A. Net book value of financial assets that are not past due/impaired	27,406,389	44,411,132	117,323,015	9,689,985	54,984,165	72,133
- The part under guarantee with collateral	-	*3,901,684*	-	-	-	-
B. Net book value of financial assets that are renegotiated if not that will be accepted as past due or impaired	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	31,841,939	58,769,061	-	-	-	-
- The part under guarantee with collateral	-	*23,422,627*	-	-	-	-
D. Net book value of impaired asset						
- Past due (gross carrying amount)	-	72,137,632	-	-	-	-
- Impairment (-)	-	(72,137,632)	-	-	-	-
- The part of net value under guarantee with collateral	-	-	-	-	-	-
- Not over due (gross carrying value)						
- Impairment (-)	-	-	-	-	-	-
- The part of net value under guarantee with collateral	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

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

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

35.1 Financial Risk Management (Continued)

(iii) Credit Risk (Continued)

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

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

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

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

(iv) Foreign currency risk

The Group is exposed to foreign exchange risk through the impact of rate changes in the translation of foreign currency denominated liabilities to TRY. These risks are monitored by the analysis of foreign currency position.

The foreign exchange risk mainly arises from the impact of rate changes in the translation of the Group's foreign currency denominated borrowings which are obtained to fund capital expenditures in domestic and overseas operations (The risk is monitored in regular meetings). The Group maintains a certain portion of its excess cash and cash equivalents in foreign currency to minimize the currency risk exposure.

The Group's risk management policy for currency risk is to maintain sufficient liquid assets for the anticipated cash flows of raw material purchase and borrowing repayment amounts in each major foreign currency for the subsequent three to six months. However, this policy should be revised by the management when deemed necessary, according to market conditions.

TRY equivalents of assets and liabilities denominated in foreign currencies at 31 December 2018 and 31 December 2017 are as follows:

	31 December 2018	31 December 2017
Assets	120,613,880	11,859,060
Liabilities	(4,592,615)	(7,094,326)
Net foreign currency position	**116,021,265**	**4,764,734**

Following exchange rates have been used in the translation of foreign currency denominated balance sheet items as of 31 December 2018: 5.2609 TRY= 1 US Dollar and 6.028 TRY=1 Euro (31 December 2017: 3.7719 TRY= 1 US Dollar and 4.5155 TRY=1 Euro).

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

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

(iv) Foreign currency risk (Continued)

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

31 December 2018	**TRY Equivalent**	**USD**	**Euro**	**Other**
1. Trade receivables	2,530,224	150,344	288,533	-
2a. Monetary Financial Assets (Cash, Banks included)	118,082,503	22,398,672	14,960	155,153
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	1,153	219	-	-
4. Current Assets (1+2+3)	**120,613,880**	**22,549,235**	**303,493**	**155,153**
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)	**120,613,880**	**22,549,235**	**303,493**	**155,153**
10. Trade Payables	4,592,615	334,746	469,076	3,959
11. Financial Liabilities	-	-	-	-
12a. Other Monetary Financial Liabilities	-	-	-	-
12b. Other Non-Monetary Financial Liabilities	-	-	-	-
13. Current Liabilities (10+11+12)	**4,592,615**	**334,746**	**469,076**	**3,959**
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)	**4,592,615**	**334,746**	**469,076**	**3,959**
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)	**116,021,265**	**22,214,489**	**(165,583)**	**151,194**
21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	**116,020,112**	**22,214,270**	**(165,583)**	**151,194**
22. Fair value of foreign currency hedged financial assets	**-**	**-**	**-**	**-**

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

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

(iv) Foreign currency risk (Continued)

31 December 2017	**TRY Equivalent**	**USD**	**Euro**	**Other**
1. Trade receivables	3,759,431	281,223	577,141	92,607
2a. Monetary Financial Assets	-	-	-	-
(Cash, Banks included)	7,961,316	1,918,349	39,149	548,718
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	138,313	8,845	-	104,951
4. Current Assets (1+2+3)	**11,859,060**	**2,208,417**	**616,290**	**746,276**
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**	**746,276**
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**	**184,183**	**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**	**184,183**	**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**	**(4,773,186)**
21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	**4,626,421**	**2,015,389**	**421,373**	**(4,878,137)**
22. Fair value of foreign currency hedged financial assets	**-**	**-**	**-**	**-**

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

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

(iv) Foreign currency risk (Continued)

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

31 December 2018	**Profit/(Loss)**	
	Foreign currency appreciation	**Foreign currency depreciation**
If the US dollar had changed by 20% against the TRY		
USD net (liabilities)/assets	23,373,411	(23,373,411)
Hedging amount of USD	-	-
USD net effect on (loss)/income	**23,373,411**	**(23,373,411)**
If the EUR had changed by 20% against the TRY		
Euro net (liabilities)/assets	(199,627)	199,627
Hedging amount of Euro	-	-
Euro net effect on (loss)/income	**(199,627)**	**199,627**
If other foreign currency had changed by 20% against the TRY		
Other foreign currency net (liabilities)/assets	30,239	(30,239)
Hedging amount of other foreign currency	-	-
Other foreign currency net effect on (loss)/income	**30,239**	**(30,239)**

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

35.2 Capital risk management

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

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

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

	31 December 2018	**31 December 2017**
Total liability [1]	27,383,928	262,168,778
Less: Cash and cash equivalents (Note 4)	(56,867,896)	(65,946,767)
Net liability	(29,483,968)	196,222,011
Equity	640,163,559	303,106,910
Net liability and Equity	610,679,591	499,328,921
Net liability / Total equity ratio	**-5%**	**39%**

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

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

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

31 December 2018 **Financial assets**	Assets at amortized cost	Financial liabilities at amortized cost	Financial assets at fair value through profit or loss	Carrying Value	Note
Cash and cash equivalents	56,867,896	-	-	56,867,896	4
Trade receivables from non-related parties	103,180,193	-	-	103,180,193	8
Trade receivables from related parties	59,248,328	-	-	59,248,328	34
Other receivables from non-related parties	9,689,985	-	-	9,689,985	9
Other receivables from related parties	117,323,015	-	-	117,323,015	34
Financial investments	72,133	-	313,923	386,056	6
Financial liabilities					
Financial borrowings	-	27,383,928	-	27,383,928	7
Trade payables to non-related parties	-	50,890,149	-	50,890,149	8
Trade payables to related parties	-	15,420,957	-	15,420,957	34
Employee benefit payables	-	715,049	-	715,049	10
Other payables to non-related parties	-	4,656,574	-	4,656,574	9
Other short-term liabilities	-	35,166,801	-	35,166,801	21

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

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

31 December 2017 **Financial assets**	Assets at amortized cost	Financial liabilities at amortized cost	Financial assets at fair value through profit or loss	Carrying Value	Note
Cash and cash equivalents	65,946,767	-	-	65,946,767	4
Trade receivables					
from non-related parties	184,369,460	-	-	184,369,460	8
Trade receivables from related parties	37,988,588	-	-	37,988,588	34
Other receivables					
from non-related parties	5,274,370	-	-	5,274,370	9
Financial investments	68,713	-	1,343,821	1,412,534	6
Financial liabilities					
Financial borrowings	-	262,168,778	-	262,168,778	7
Trade payables					
to non-related parties	-	50,362,747	-	50,362,747	8
Trade payables to related parties	-	22,575,033	-	22,575,033	34
Employee benefit payables	-	809,879	-	809,879	10
Other payables					
to non-related parties	-	10,388,050	-	10,388,050	9
Other short-term liabilities	-	231,219	-	231,219	21
Derivative instrument	-	-	1,098,340	1,098,340	5

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

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

Fair value of financial instruments

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

- Level 1: the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- Level 2: the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions; and
- Level 3: the fair value of the financial assets and financial liabilities are determined where there is no observable market data.

NOTE 37 - INTERESTS IN OTHER ENTITIES

Summary of the financial information of continued operations of TME, a subsidiary over which the Group has non-controlling shares, are stated below according to TFRS 12. These summarized financial information represent the amounts without considering the related party eliminations.

	31 December 2018	31 December 2017
Current Assets	3,578,901	5,173,746
Non Current Assets	2,464,868	9,053,856
Current Liabilities	86,316,991	33,609,032
Non Current Liabilities	2,174,498	30,598,479
Total Equity	(82,447,720)	(49,979,909)
	1 January - 31 December 2018	**1 January - 31 December 2017**
Revenue	11,501,395	10,015,006
Cost of sales	(7,417,220)	(6,494,484)
Gross profit (loss)	**4,084,175**	**3,520,522**
Net profit (loss) for the period	**(7,122,112)**	**(4,385,850)**

NOTE 38 - EVENTS AFTER THE REPORTING PERIOD

Approval of Financial Statements

The consolidated financial statements for the period ended 31 December 2018 were approved by the Board of Directors on 4 March 2019.