



**HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**

**Board of Directors Report on  
Financial Position and Operations  
1 January – 31 March 2014 Interim Period**

**May 2014**

1. General Information .....	1
1.1. Reporting Period .....	1
1.2. Company Name, Trade Registry Number .....	1
1.3. Organisation, Capital and Shareholder Structure, Contact Information and Related Changes Occured During the Period .....	2
1.3.1. Organization Chart.....	2
1.4. Information related to Privileged Share and Shareholders' Voting Right .....	3
1.5. Direct and Indirect Investment in Associates and Share Percentage .....	3
1.6. Acquisitions of the Company's Own Shares .....	6
1.7. Board of Directors and Committees .....	6
1.7.1. Board of Directors.....	6
1.7.2. Executive Committee.....	7
1.7.2. Executive Committee (continued).....	8
1.7.3. Audit Committee .....	8
1.7.4. Corporate Governance Committee .....	8
1.7.5. Early Detection and Management of Risk Committee .....	9
1.8. Senior Executive .....	9
1.9. Personnel Transactions and Extended Benefits .....	9
1.10. Information on Board Members' Transactions with the Company on their Own Behalf of Third Parties, and Information Related to Activities in the Framework of Restriction on Competing within the Permission Granted by the General Assembly.....	10
2. REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND SENIORS EXECUTIVES.....	10
3. RESEARCH AND DEVELOPMENT ACTIVITIES OF THE COMPANY .....	10
4. COMPANY'S OPERATIONS AND RELATED MAJOR DEVELOPMENTS .....	10
4.1. The Company's Core Business, Sector and Position .....	10
4.2. Comments on the Company's Production Units Quality, Developments in Production, Quantity, Quality, Comparison of Current Version and Prices with Previous Versions .....	11
4.3. Prices, Sales Revenues, Sales Conditions of Goods and Services, Improvements Seen During the Year, Developments in the Efficiency and Productivity Rates, Significant Changes in These Subjects Compared to Previous Years .....	13
4.3.1. Advertising.....	13
4.3.1.1. Ad Revenues and Ad Sector in Turkey.....	13
4.3.1.2. Total Ad Revenue of Hürriyet Group .....	14
4.3.2. Circulation of Newspaper .....	15
4.3.2.1. Circulation in Turkey.....	15

4.3.2.2. Circulation of Hürriyet Group Newspaper.....	15
4.4 Achievement of Targets Set in Previous Periods, Implementations of General Assembly Resolutions, Any Reasons for Failure to Achieve Targets or Implements Resolutions, and Assessments .....	16
4.5. Foreseeable Risks Related to Operations .....	16
4.5.1. Risk Management .....	16
4.5.1.1. Strategic Risk Management.....	17
4.5.1.2. Financial, Compliance and Operational Risk Management.....	17
4.5.1.3. Financial Risk Management.....	17
4.5.1.4. Capital Risk Management .....	18
4.6. Investments Made During the Fiscal Period.....	19
4.7. Government Grants Benefited During the Fiscal Period .....	19
4.8. Lawsuits Against the Company That Could Affect Its Financial Situations and Activities, and Their Possible Results .....	19
4.9. Information Related to Fiscal Extraordinary General Assembly.....	19
4.10. Information on Private and Public Audit Carried Out During the Fiscal Period .....	19
4.11. Information About the Company’s Donation, Aid, and Spending on Social Responsibility Projects During the Year.....	20
4.12. Company’s Legal Action, and Measures Taken or Avoided in Favor of Parent Company or Group Companies.....	20
4.13. Significant Matters within the Interim Period.....	20
5. FINANCIAL POSITION .....	21
5.1. Management’s Analysis and Assessment of the Financial Position and Operational Results, the Degree to Which Planned Activities were Realized , Company’s Position against Defined Strategic Goals .....	21
5.2. Company’s Annual Sales, Productivity, Income Generation Capacity, Profitability and Debt to Equity Ratio, in Comparison with Previous Years, Information on Other Issues That Might Impact on the Company’s Operational Results, and Expectations of the Future.....	22
5.2.1. Condensed Balance Sheet .....	22
5.2.2. Condensed Income Statement .....	22
5.2.3. Ratios .....	23
5.3. Management’s Assesments on Whether the Company Suffers Capital Loss or Insolvency .....	23
5.4. Measures to Improve the Company’s Financial Structure .....	23
5.5. Information on Dividend Distribution Policy.....	23
5.6. Policies implemented by the Company within the Financial Sources Development .....	24
5.7. Capital Market Instruments.....	24
5.8. Related Party Disclosures .....	25

5.8.1 Short Term Receivables due from Related Parties .....	25
5.8.2 Short Term Payables to Related Parties .....	25
5.8.3 Significant Service and Product Sales to Related Parties .....	25
5.8.4 Significant Service and Product Purchases from Related Parties.....	26
5.8.5 Significant Transactions with Related Parties .....	26
6. RISK AND THE BOARD OF DIRECTORS' ASSESSMENTS, INFORMATION ON THE COMPANY'S INTERNAL AUDIT AND RISK MANAGEMENT SYSTEMS RELATED TO FINANCIAL STATEMENT PREPARATION .....	27
7. OTHER ISSUES .....	27
7.1. Information on the Parent Company Shares Held by Group Company's.....	27
7.2. Personnel and Workes Organizations, Collective Bargaining Agreement Practices, Benefits Offered to Personnel and Workers .....	27
8. BOARD OF DIRECTORS' RESOLUTION ON THE APPROVAL OF ANNUAL REPORTS .....	28

## 1. General Information

### 1.1. Reporting Period

This report is related to interim period between 01.01.2014 - 31.03.2014.

### 1.2. Company Name, Trade Registry Number

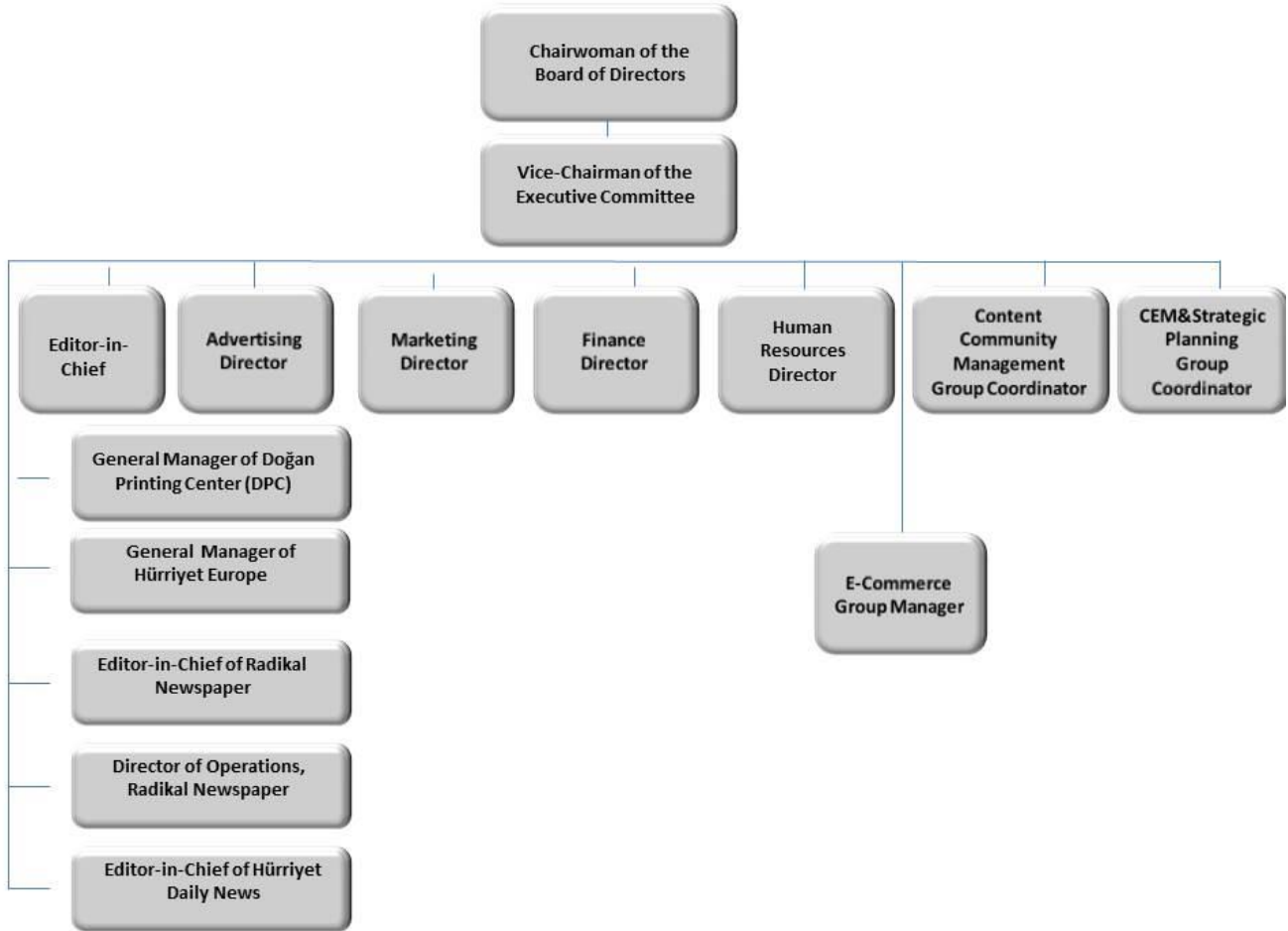
Company Name : Hürriyet Gazetecilik ve Matbaacılık A.Ş.  
Chamber of Commerce : İstanbul Ticaret Odası  
Trade Registry Number : 78044/19200  
Address : Hürriyet Dünyası 100. Yıl Mah. Matbaacılar Cad. No:78 Bağcılar 34204  
İstanbul / Turkey  
Phone number : 0(212) 677 00 00  
Fax : 0(212) 677 01 82  
Corporate Web Sites : <http://www.hurriyetkurumsal.com>

	Printing Centers, Region Offices	Phone	Fax
<b>İstanbul Printing Center (DPC)</b>	Doğan Medya Tesisleri 34850 Esenyurt / İstanbul	0212 6222800	0212 6222802
<b>Ankara Printing Center (DPC)</b>	Esenboğa Yolu Üzeri 15. Km 06150 Keçiören / Ankara	0312 3069100	0312 3069292
<b>Ankara Regional Office</b>	Dumlupınar Bulvarı No:12 Söğütözü / Ankara	0312 2070000	0312 2070100
<b>İzmir Regional Office</b>	Şehitler Cad. No:16/1 35230 Sarıç / İzmir	0232 4886500	0232 4637311
<b>İzmir Printing Center (DPC)</b>	Ege Cad. No: 36 35414 Sarıç / İzmir	0232 2982200	0232 2816580
<b>Adana Printing Center (DPC) Regional Office</b>	Adana-Ceyhan Karayolu 5. Km. 01260 Adana	0322 3461600	0322 3463602
<b>Antalya Printing Center (DPC) Regional Office</b>	Havalimanı Yolu 8. Km 07300 Antalya	0242 3403838	0242 3403822
<b>Trabzon Printing Center (DPC) Regional Office</b>	Organize Sanayii Arsin Yolu 61900 Trabzon	0462 7112500	0462 7112502
<b>Frankfurt Printing Center</b>	An Der Brücke 20-22 D-64546 Mörfelden - Walldorf Frankfurt / Deutschland	496105327130	496105327373
<b>Kıbrıs Regional Office</b>	Hasan Nihat Apt. No:12 PK 499 Sarayönü / Lefkoşa	392 228 91 91	392 228 91 91

### 1.3. Organisation, Capital and Shareholder Structure, Contact Information and Related Changes Occured During the Period

#### 1.3.1. Organization Chart

As of 31.03.2014, Company's organization chart is listed as below;



### 1.3.2. Capital and Shareholding Structure

As of 31 March 2014, the Company's registered share capital is TL 800 million and paid in share capital is TL 552 million.

As of 31 March 2014, 6,56% (31 December 2013:6,56%) of Hürriyet's share capital belonging to Doğan Yayın Holding, and 11,09% (31 December 2013:11,09) of Hürriyet's share capital belonging to Doğan Holding, have open status and in circulation in stock market.

In accordance with the Capital Markets Board's (the "CMB") and Resolution No: 21/655 issued on 23.07.2010, it is regarded that 22,09% of the shares (31 December 2013:20,87%) are outstanding as March 31, 2013 based on the Central Registry Agency's ("CRA") records. 40% of Hürriyet's shares are publicly available. Shares are traded with the symbol "HURGZ.IS" on Borsa Istanbul (previously known as the Istanbul Stock Exchange).

	31 March 14	Share (%)	31 December 13	Share (%)
Doğan Yayın Holding A.Ş.	367.416.194	66,56	367.416.194	66,56
Doğan Şirketler Grubu Holding A.Ş.	61.200.274	11,09	61.200.274	11,09
Free float at ISE and other	123.383.532	22,35	123.383.532	22,35
<b>Toplam</b>	<b>552.000.000</b>	<b>100,00</b>	<b>552.000.000</b>	<b>100,00</b>

### 1.4. Information related to Privileged Share and Shareholders' Voting Right

The Company issues no preferred stocks.

Each share is entitled to one vote.

No upper limits have been set forth regarding the voting right of shareholder.

The Company avoids practices that make it difficult to exercise voting rights. All shareholders are given the opportunity to exercise their voting rights in the easiest and most convenient manner.

### 1.5. Direct and Indirect Investment in Associates and Share Percentage

#### Investments in Associates

	31 March 2014 Direct and Indirect Control by Hürriyet and its Subsidiaries(%)	31 December 2013 Direct and Indirect Control by Hürriyet and its Subsidiaries(%)
Doğan Media International GmbH ("Doğan Media")	42,42	42,42
SP Pronto Kiev	37,14	37,14
TOV E-Prostir	37,14	37,14

## Subsidiaries

The name of the Company's subsidiaries ("Subsidiaries"), the nature of the business and geographic segments are as follows:

	<b>Registered Country</b>	<b>Geographic Segment</b>	<b>Name of the business</b>
Hürriyet Medya Basım Hizmetleri ve Tic. A.Ş. ("Hürriyet Medya Basım")	Turkey	Turkey	Printing and Administrative services
Doğan Ofset Yayıncılık ve Matbaacılık A.Ş. ("Doğan Ofset")	Turkey	Turkey	Magazine and book publishing
Yenibiriş İnsan Kaynakları Hizmetleri Danışmanlık ve Yayıncılık A.Ş. ("Yenibir")	Turkey	Turkey	Internet publishing
Doğan Haber Ajansı A.Ş. ("Doğan Haber")	Turkey	Turkey	News agency
Nartek Bilişim Turizm ve Pazarlama Hizmetleri Ticaret A.Ş. ("Nartek")	Turkey	Turkey	Internet publishing
Hürriyet Zweigniederlassung GmbH. ("Hürriyet Zweigniederlassung")	Germany	Europe	Newspaper publishing
Trader Media East ("TME")	Jersey	Europe	Investment
Publishing House Pennsylvania Inc	USA	Russia and EE	Investment
Pronto Soft	Belarus	Russia and EE	Internet publishing
OOO SP Belpronto	Belarus	Russia and EE	Newspaper and internet publishing
TCM Adria d.o.o.	Croatia	Europe	Investment
Hürriyet Invest B.V. ("Hürriyet Invest")	Holland	Europe	Investment
Pronto Invest B.V.	Holland	Europe	Investment
Mirabridge International B.V.	Holland	Europe	Investment
TOO Pronto Akmola	Kazakhstan	Russia and EE	Newspaper and internet publishing
Pronto Aktau	Kazakhstan	Russia and EE	Newspaper and internet publishing
OOO Pronto Aktobe	Kazakhstan	Russia and EE	Newspaper and internet publishing
OOO Pronto Atyrau	Kazakhstan	Russia and EE	Newspaper and internet publishing
Pronto Ust Kamenogorsk	Kazakhstan	Russia and EE	Newspaper publishing



## Subsidiaries (Continued)

	<b>Registered Country</b>	<b>Geographic Segment</b>	<b>Name of the business</b>
ZAO Pronto Akzhol	Kazakhstan	Russia and EE	Newspaper and internet publishing
Expressz Magyarorszag Media Kft.	Hungary	Europe	Newspaper and internet publishing
Impress Media Marketing LLC	Russia	Russia and EE	Newspaper and internet publishing
OOO Delta-M	Russia	Russia and EE	Newspaper and internet publishing
OOO Partner-Soft	Russia	Russia and EE	Internet publishing
OOO Pronto Baikal	Russia	Russia and EE	Newspaper and internet publishing
Job.ru LLC	Russia	Russia and EE	Internet publishing
OOO Pronto DV	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Ivanovo	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Kaliningrad	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Kazan	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Kemerovo	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Krasnodar	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Moscow	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Nizhny Novgorod	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Novosibirsk	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Oka	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Rostov	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Samara	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Smolensk	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Tula	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto UlanUde	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Vladivostok	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Voronezh	Russia	Russia and EE	Newspaper and internet publishing
OOO Rektcentr	Russia	Russia and EE	Yatirim
OOO Tambov-Info	Russia	Russia and EE	Newspaper and internet publishing
OOO Tambukan	Russia	Russia and EE	Newspaper and internet publishing
OOO Utro Peterburga	Russia	Russia and EE	Newspaper and internet publishing
OOO Rukom	Russia	Russia and EE	Internet publishing
Publishing International Holding BV	Holland	Europe	Investment

## Joint Ventures

Joint Ventures of the Company (“joint ventures”), registered countries, nature of businesses, geographic segments are as follows:

	<b>Registered Country</b>	<b>Geographic Segment</b>	<b>Name of the business</b>
ASPM Holding B.V. (“ASPM”)	Holland	Europe	Investment

## Investments in Associates

Investments in Associates	Registered Country	Geographic Segment	Name of the business
Doğan Media International GmbH ("Doğan Media")	Germany	Europe	Newspaper publishing
SP Pronto Kiev	Ukraine	Russia and EE	Newspaper and internet publishing
TOV E-Prostir	Ukraine	Russia and EE	Internet publishing

### 1.6. Acquisitions of the Company's Own Shares

The Company has made no acquisitions of its own shares between the periods 01.01.2014 31.03.2014.

### 1.7. Board of Directors and Committees

#### 1.7.1. Board of Directors

Members of the Board of Directors were elected at the Company's Ordinary General Assembly dated on 29.03.2014. They would appointed until the Ordinary General Assembly during which the financial and operational results of the fiscal term 01.01.2014 – 31.12.2014 to be discussed. Members of the Board of Directors are listed at the below table.

Name and Surname	Title	Description
Vuslat Doğan Sabancı	Chairwoman	Non-executive
Yahya Üzdiyen	Vice chairman	Non-executive
Ahmet Nafi Dalman	Member	Executive
Kadri Enis Berberoğlu	Member	Executive
Kai Georg Diekmann	Member	Non-executive
Dursun Ali Yılmaz	Member	Non-executive
Ayşe Sözeri Cemal	Member	Non-executive
Ahmet Burak	Independent Member	Non-executive
Béatrice de Clermont Tonnerre	Independent Member	Non-executive

The detailed CV's of our Board of Directors could be found at our corporate website [www.hurriyetcorporate.com](http://www.hurriyetcorporate.com).

Board of Directors chairman and members, shall perform its duties and execute its powers in accordance with the arrangements and decisions of the Turkish Commercial Code and 14th articles on Company's Articles of Association. The Company asks for written declaration from the Independent Board Members to prove that they satisfy the independence criteria set forth in the CMB regulations and resolutions. As of the date of this report, there exists no circumstance that would compromise the independent status of the Company's Independent Board members.

On 28 February 2014, Mr. Ahmet Burak and Ms. Béatrice de Clermont Tonnerre submitted their applications and statements of independence for Independent Board Membership and agreed upon by General Assembly Meeting on 07 March 2014, and disclose their applications to the public on 29 March 2014.

Each share is entitled to one vote in our Company. More than half of the members of the Board of Directors are non-executive members. There is no Executive Member on the Company.

Board members are elected from among persons who possess basic knowledge of the legal framework regulating activities and transactions related to the Company's field of activity, are educated and experienced in company management, can interpret financial statements and reports and are preferably university graduates.

The members of the Board of Directors may take office in the boards of directors of Company's subsidiaries, joint ventures and investments in associates in order to protect, preserve, supervise, manage and audit the interests of the Company and its shareholders. In addition, members of Board of Directors can serve nonprofit association, charitable foundation, organisations who executive activity on research and development or public interest, universities, education institutions, etc. Other duties, jobs and functions may be assumed only with a prior approval of, and subject to the rules to be specified by the Board of Directors.

The Board of Directors convenes as required for the Company's business, but no less than once a month. Board members are provided with timely access to any information they need to fully meet their obligations.

In 2014 which are subject to reporting date, the Board of Directors held 16 meetings and approved all resolutions unanimously, without any opposing votes.

### 1.7.2. Executive Committee

With the decision of the Company's Board of Directors dated on 30 April 2014 and numbered 2014/17, they would appointed until the Ordinary General Assembly during which the financial and operational results of the fiscal year 2014 to be discussed.

Name and Surname	Title
Ahmet Nafi Dalman	Vice president
Kadri Enis Berberoğlu	Member / ,Head of editor in chief
Ediz Haşmet Kökyazıcı	Member / Head of financial and administrative affairs
Tuba Köseoğlu Okçu	Member / Human resources coordinator
Birim Gönülşen Özyürekli	Member / Head of marketing group
Zeynep Tandoğan	Member / Head of advertising group
Ahmet Reha Argaç	Member / Head of information technologies group
Kamil Özörnek	Member / Head of e-trade group
Özlem Kutluay	Member / Head of sales and marketing group

### 1.7.2. Executive Committee (continued)

The Executive Committee has been established in accordance with Article 16 of the Company's Articles of Association. In principle, the Committee convenes once a week.

### 1.7.3. Audit Committee

With the decision of the Company's Board of Directors dated on 7 March 2014, and numbered 2014/18, Ahmet Burak and Beatrice de Clermont Tonnerre among the Independent Members of the Board of Directors are elected as members for the Audit Committee and the mentioned committee is authorised to fulfil the tasks determined by the conditions of announcement of the Capital Market Board Serial: IV numbered 56.

Adı Soyadı	Unvanı	Açıklama
Ahmet Burak	Chairman	Independent Board Member / Non executive
Béatrice de Clermont Tonnerre	Member	Independent Board Member / Non-executive

### 1.7.4. Corporate Governance Committee

Corporate Governance Committee will continue its duties until the first Board of Directors' Meeting to be held after General Assembly to convene to discuss 2014 operational results. The committee will also act as "Nominee Determination Committee", "Early Detection and Management of Risk Committee" and "Benefits Committee" as defined by the Communiqué of Capital Markets Board with respect to Determination and Application of Corporate Governance Principles Serial: IV, No: 56. With the decision of the Company's Board of Directors dated on 30 April 2014 and numbered 2014/18, Corporate Governance Committee shall consist of the following chairman and members;

Name and Surname	Title	Description
Ahmet Burak	Chairman	Independent Board Member / Non - executive
Yahya Üzdiyem	Member	Board Member / Non-executive
Dr.Murat Doğu	Member	Non-executive
İnci Tarı	Member	Executive

### 1.7.5. Early Detection and Management of Risk Committee

Pursuant to CMB Communiqué Series: IV, No: 63 Amending the Communiqué Series: IV, No: 56 on the “Principles Regarding Determination and Application of Corporate Governance Principles” (published in the Official Gazette dated 22.02.2013, Issue: 28567), it became mandatory to establish a separate Early Detection of Risk Committee. Accordingly, it was decided to appoint a chairman and members for the Committee, which was established pursuant to the Board of Directors’ resolution dated 30 April 2014, No: 2014/18, and in accordance with Article 378 of the Turkish Commercial Code.

Members of Committee are listed at the below table.

<b>Name and Surname</b>	<b>Title</b>	<b>Description</b>
Ahmet Burak	Chairman	Independent Board Member / Non-executive
Erem Turgut Yücel	Member	Doğan Holding Chief Legal Officer
Tolga Babalı	Member	Doğan Holding Financial Affairs, Vice Chairman
Ediz Haşmet Kökyazıcı	Member	Hürriyet Chief Financial Officer

### 1.8. Senior Executive

<b>Name and Surname</b>	<b>Title</b>
Ahmet Nafi Dalman	Vice Chairman of Executive Committee
Kadri Enis Berberoğlu	Member of Executive Committee / Editor in chief
Ediz Haşmet Kökyazıcı	Member of Executive Committee / Chief Financial Officer
Tuba Köseoğlu Okçu	Member of Executive Committee / Human Resources Director
Birim Gönülşen Özyürekli	Member of Executive Committee / Head of marketing group
Zeynep Tandoğan	Member of Executive Committee / Head of advertising group
Ahmet Reha Argaç	Member of Executive Committee / Head of Information Technologies
Kamil Özörnek	Member of Executive Committee / Head of E-trade
Özlem Kutluay	Member of Executive Committee / Head of sales and planning group

### 1.9. Personnel Transactions and Extended Benefits

The average number of personnel of the Company is 4.921 in 1Q13 (FY13: 5.290).

### **1.10. Information on Board Members’ Transactions with the Company on their Own Behalf of Third Parties, and Information Related to Activities in the Framework of Restriction on Competing within the Permission Granted by the General Assembly**

In 2014, Board Members did not conduct any commercial activities on their own behalf in the Company’s line of business.

## **2. REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND SENIORS EXECUTIVES**

All rights, benefits and remuneration offered to Board Members are determined at the Annual General Assembly Meeting. The Company has identified its key executives as the Members of the Board of Directors and the Members of the Executive Committee. The total benefits offered to the key executives consist of a salary, bonus, health insurance, transportation and a severance package.

At the Ordinary General Meeting held on 29 March 2014, it was unanimously resolved that the Chairperson of the Board of Directors be paid a monthly net fee of TL 10.000, Board Members Kai Georg Diekmann and Béatrice de Clermont Tonnerre a monthly net fee of USD 5.000 each, and other Board Members a monthly net fee of TL 5.000 each.

There is no additional bonus mechanism based on performance for the members of the Board of Directors.

	<b>March 2014</b>	<b>Mach 2013</b>
Remuneration, and other short term benefits	1.358.512	1.727.737
Post-employment benefits	504.055	-
	<b>1.862.567</b>	<b>1.727.737</b>

## **3. RESEARCH AND DEVELOPMENT ACTIVITIES OF THE COMPANY**

There is no research and development activities and related costs in our Company for the period of 01.01.2014 – 31.03.2014.

## **4. COMPANY’S OPERATIONS AND RELATED MAJOR DEVELOPMENTS**

### **4.1. The Company’s Core Business, Sector and Position**

Hürriyet Gazetecilik ve Matbaacılık A.Ş. (“Hürriyet” or the “Company”) was established in 1960 and is registered in Turkey.

Hürriyet, having an important role in media operations, is one of the strong sector leaders not only in Turkey but also in the region with the its brands and webpages such as Hürriyet, Radikal and Hürriyet Daily News newspapers, Hurriyet.com.tr, Hürriyet Emlak, Hürriyet Aile, Hürriyet Oto, Piyasanet, Bigpara and the subsidiaries such as Doğan Ofset, Hürriyet Almanya, Doğan Haber Ajansı, Yenibir İnsan Kaynakları, Yakala.co (Nartek), Trader Media East Ltd. under its umbrella. Trader Media East Ltd., acquired in 2007 and whom 74,28% of is owned by Hürriyet, listed and traded at London Stock Exchange. TME, a leader in advertisement field, has subsidiaries in Russia, Belarusian, Ukraine, Kazakhstan, Hungary, Croatia and Bosna-Herzegovina and Serbia. Undoubtedly, this investment is a turning point in Hürriyet’s global journey.

#### **4.2. Comments on the Company's Production Units Quality, Developments in Production, Quantity, Quality, Comparison of Current Version and Prices with Previous Versions**

Operating in the field of journalism, printing, advertising publicity and online internet publishing activities the Company has seven printing centers located in Istanbul, Ankara, Izmir, Adana, Antalya, Trabzon and Germany.

Doğan Printing Centers (DPC ) refers to the newspaper production facilities printing all newspapers under Hürriyet's group. DPC is located in Istanbul, Ankara, Izmir, Adana, Antalya, and Trabzon at Turkey and operates foreign printing facilities under Hürriyet Germany branch (Hürriyet Zweigniederlassung GmbH) at Frankfurt.

In addition to Hürriyet newspaper, Radikal, Hurriyet Daily News and their supplements, these printing facilities also provide services on a contractual basis to group and non-group newspapers and supplements per daily, weekly and monthly periods.

##### **DPC İstanbul**

With a covered area of 18.000 square meters and a storage area of 15.000 square meters, Istanbul DPC is the largest newspaper printing center in Turkey. In terms of the equipment pool and capacity, DPC Istanbul also ranks among the three largest printing centers in Europe. The installed transformer capacity is 10.000 KVA and the existing generator capacity is 11.000 KVA; in addition, all mechanical and electrical installation systems are controlled by the building automation system. Daily paper consumption at the facility is between 200 and 260 tons. DPC Istanbul accounts for 50% of the Company's total printing output.

##### **DPC Ankara**

With the second largest area after the Istanbul facility, DPC Ankara extends over an area of approximately 58.000 square meters, including 16.000 square meters of covered space, and is located by the Esenboğa Airport Road. The facility is of steel construction. The Goss Universal printing press of 120 units is designed to print four newspapers simultaneously through the four folding system installed.

DPC Ankara is home to one of the longest Universal printing press lines in the world. The highest speed attained by the existing Goss Universal printing press is 45.000 units per hour; also, 180.000 newspapers can be printed per hour using the four folding system on the machine. The facility has 3 automatic inserting machines which have been installed in 2007. The installed transformer capacity is 4.500 KVA and the existing generator capacity is 4.500 KVA.

The daily paper consumption at the facility is between 50 and 100 tons. DPC Ankara accounts for 15% of the Company's total printing output.

As a result, the printing machine is now capable of making UV heatset printing on eight total pages of coated paper, as four pages each at two foldings.

##### **DPC İzmir**

DPC Izmir moved into its new premises in January 2007, 20 kilometers from Izmir city center and 2 kilometers from the Izmir Adnan Menderes Airport.

The facility extends over an area of approximately 35.000 square meters, with a covered area of about 16.000 square meters and 12.000 square meters of green space. The total installed power capacity of the facility is 5 MVA. There are two 2.500 KVA transformers and two power generators of 2.000 KVA and 2.500 KVA.

### **DPC İzmir (continued)**

The facility is equipped with one of the longest Universal printing press lines in the world and the existing Goss Universal printing press of 120 units is designed to print four newspapers simultaneously thanks to the four folding system installed. The daily paper consumption at the facility is between 70 and 110 tons. DPC İzmir accounts for 16% of the Company's total printing output.

### **DPC Antalya**

DPC Antalya consists of a total covered area of 4.900 square meters on a parcel of approximately 11.000 square meters. The transformer capacity of the facility is 2.500 KVA, with an existing generator capacity of 3.600 KVA.

The installed Tensor T1400 printing press has the print capacity of 40 pages total, 32 of which are colored pages; one of the two Goss Community printing presses has the print capacity of 40 pages total, 28 of which are colored pages while the press has a capacity of 32 pages, 24 of which are colored. The facility is capable of printing three different newspapers simultaneously. Using a three folding system in the equipment pool, 105.000 newspapers can be printed per hour.

After fulfilling the requirements in 2011, DPC Antalya obtained an "Environmental Permit" valid for five years from the Antalya Provincial Directorate of Environment and Forestry. The daily paper consumption at the facility is between 22 and 35 tons. DPC Antalya accounts for 6% of the total printing output.

### **DPC Adana**

As a result of the upgrade and renovation at Hürriyet's Adana facility, DPC Adana started print production in a total covered area of 5.800 square meters, established on a tract of about 11.000 square meters. The installed transformer capacity of the facility is 2.500 KVA and existing two generators with capacity at 1.600 KVA and 2.000 KVA. The facility is equipped with three Tensor printing presses with top printing capacity of 35.000 units per hour.

The daily paper consumption at the facility is between 36 and 45 tons. DPC Adana accounts for 9% of the total printing output.

### **DPC Trabzon**

The first facility to be established as a Doğan Printing Center, DPC Trabzon is situated on a tract of about 24.000 square meters, with 3.500 square meters of covered area. The installed transformer capacity of the facility is 2.000 KVA with renovated transformers and existing generator capacity is 1.054 KVA. The Goss Community 1 printing press has the print capacity of 40 pages total, 32 of which are colored pages. Goss Community 2 printing press has the print capacity of 40 pages total, 28 of which are colored pages. The maximum printing capacity per hour is 70.000 newspapers. The daily paper consumption at the facility is between 15 and 20 tons.

Regional basis capacity utilization rates in 2014 compared with the year 2013 as follows :

<b>Printing Operations</b>	<b>31 March 2014</b>	<b>31 March 2013</b>
Ttal pagesı	6.466.361.244	8.490.259.598



The total number of printed pages decreased by 24% compared with the previous year. The total number of printed pages comprises the number of pages of Hürriyet, Radikal and Hürriyet Daily News as well as other newspapers published by companies within or outside the Group.

In 2014, the daily average net newspaper sales across the country realized to 5.277.302 copies, compared with 5.111.446 copies sold per day a year earlier.

Hürriyet’s daily average net sales also decreased by 6% to 406.734 copies.

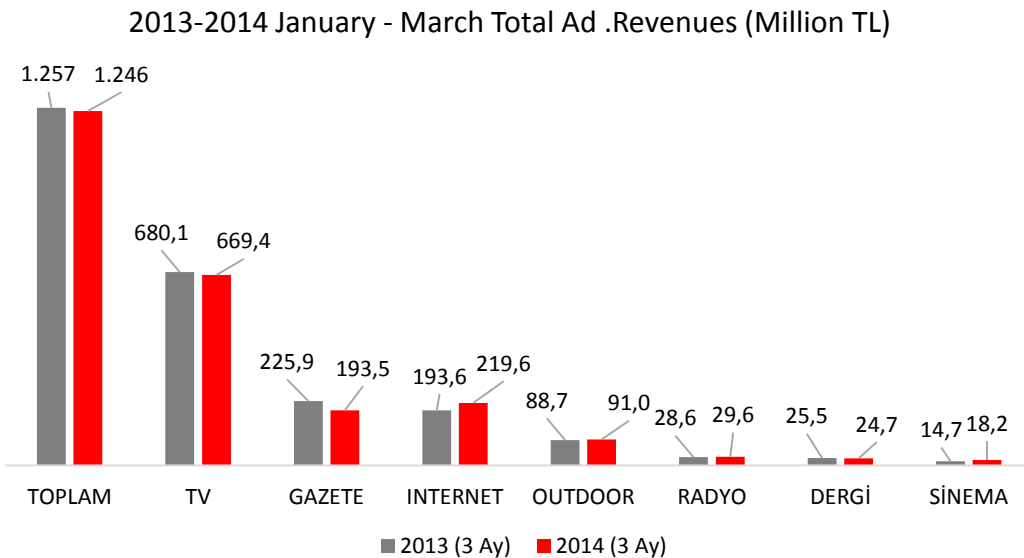
Newsprint, which makes up the most important portion of cost of goods sold, is mainly imported from the USA, Canada, North European countries and Russia. Therefore, newsprint cost is affected by both global paper prices and the USD to Turkish Lira exchange rate. The price of the newsprint used for publishing Hürriyet was USD 707 per ton in the first three months of 2013, while it increased 1% in the same period of 2014, up to USD 714 per ton. In addition, the average number of pages of Hürriyet Newspaper was 68,09 in the first three months of 2014, compared with 79,20 in the same period of 2013. Newsprint-paper used in the first three month period of 2013 was 16,9 thousand tons in the same period of 2014 decreased by 19% to 13,7 thousand tons.

**4.3. Prices, Sales Revenues, Sales Conditions of Goods and Services, Improvements Seen During the Year, Developments in the Efficiency and Productivity Rates, Significant Changes in These Subjects Compared to Previous Years**

**4.3.1. Advertising**

**4.3.1.1. Ad Revenues and Ad Sector in Turkey**

It is estimated that ad market (including Internet revenues) in Turkey has decreased by 1 % in the first three months of 2014 compared to the same period of the previous year and decreased from TL 1.257 million to TL 1.246 million.



Source: DHY ad platform. Newspaper ad revenues have been obtained from revenue forecast of 25 newspapers in total.

Note: Internet includes display, classified, mobile and search; excludes e-commerce and tourism websites

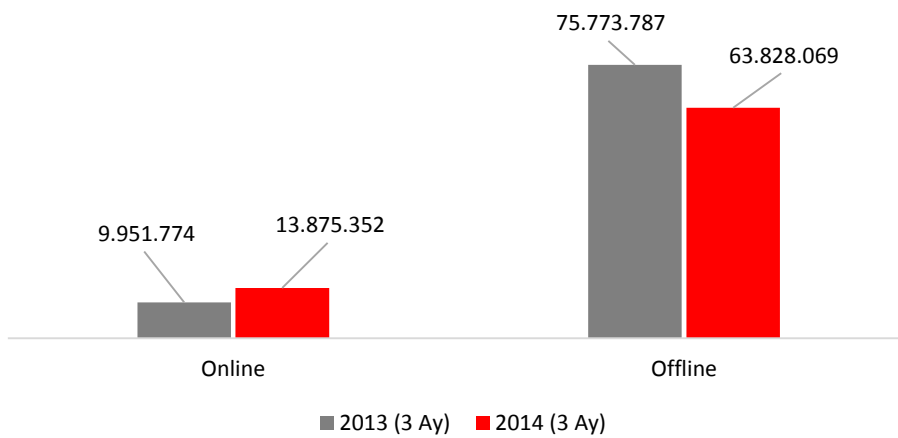
The most preferred segments for advertisers were television and newspaper. These two sectors held a 71,3% share in total ad market in 3M14. Newspapers are in the 3<sup>rd</sup> line as a share of 15,5%.

Ad revenues of the TV sector reached to TL 670 million in 3M14 with decrease of 2% (3M13 : TL 680 million). Meanwhile, ad revenue of newspapers was decreased by 14% and amounted to TL 194 million in 3M14.

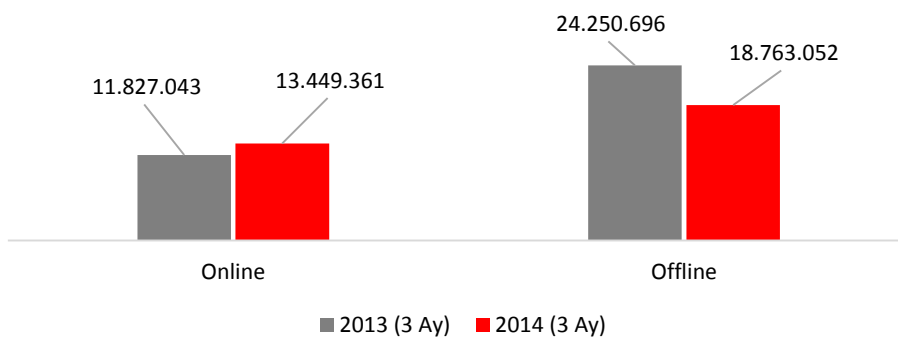
#### 4.3.1.2. Total Ad Revenue of Hürriyet Group

The consolidated advertising and online revenues of Hürriyet is TL 109,9 million in 3M14. This amount shows the decrease of TL 15,4 millions and the main reason is printed media and advertising income decrease in 3M14. On the other hand the Company continues increasing in the online sector and online income.

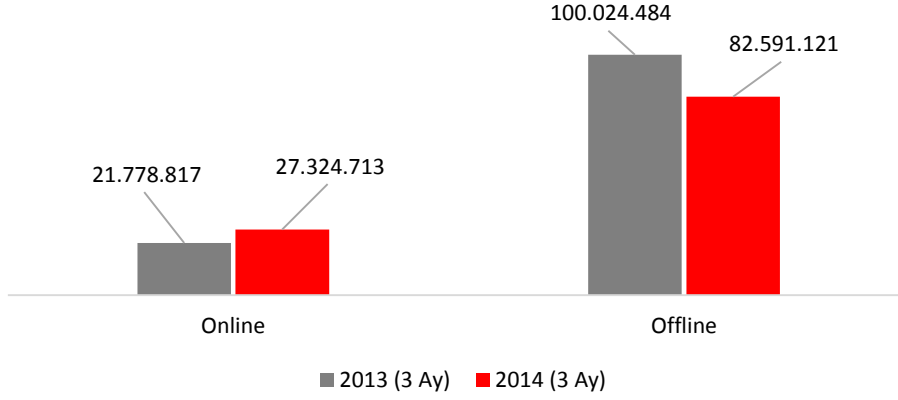
2013-2014 Total Ad Revenue of Hurriyet Group (TL)



2013-2014 TME Ad. and Online Revenues(TL)



### 2013-2014 Consolidated Ad.and Online Revenues(TL)

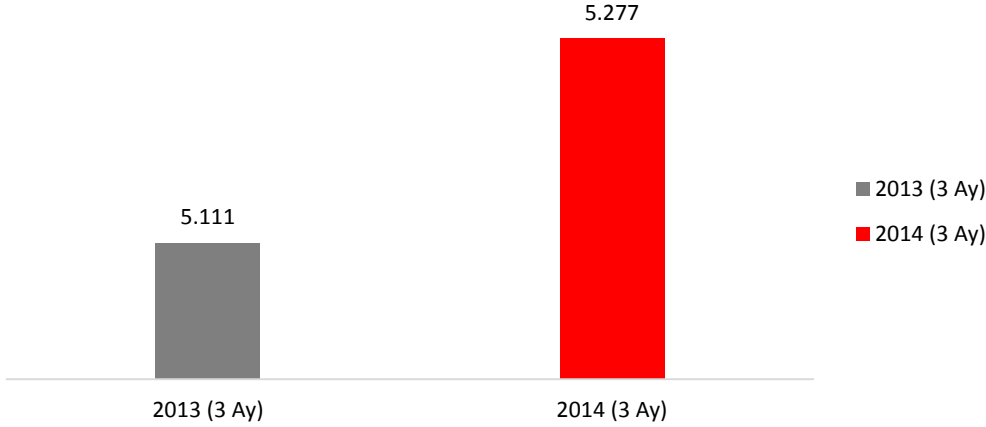


Hürriyet preserved its position as the most preferred ad medium by continuing its leader position in construction, tourism, retail, social advertisements, automotive, classified ads, finance, education, household- furniture textiles and publishing fields.

#### 4.3.2. Circulation of Newspaper

##### 4.3.2.1. Circulation in Turkey

#### Average Daily Circulation in Turkey ( Thousands)

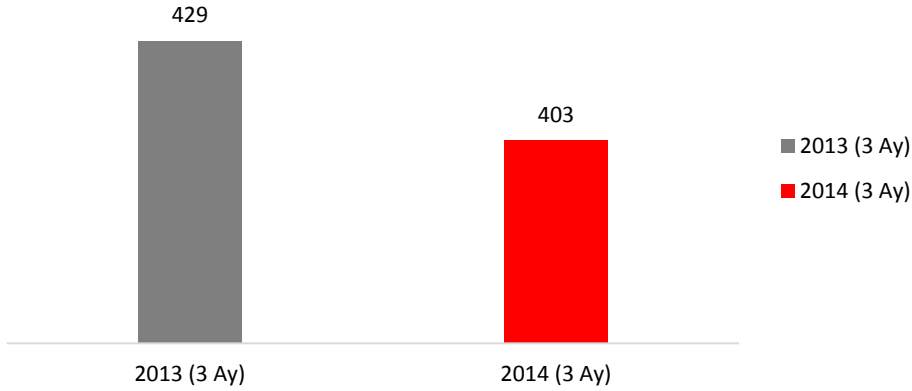


According to Press Advertising Institute “Basın İlan Kurumu” data, the average daily net newspaper sale in Turkey was 5.111.446 in 3M13 and it has increased to 5.277.302 in 3M14. This represents a 3 % increases in circulation.

##### 4.3.2.2. Circulation of Hürriyet Group Newspaper

Hürriyet’s average daily circulation was 428.503 units in 3M13 by dropping 6%, it was 403.408 units in 3M14.

### Average Daily Circulation of Hurriyet Newspaper (thousands )



Radikal Newspaper's average daily circulation was 22.403 units in 3M14 (3M13: 23.712 units).

Hürriyet Daily New's average daily circulation was 5.041 units in 3M14 (3M13: 5.045 units).

Consolidated domestic circulation revenue of Hürriyet has been amounted to TL 23,2 million in 3M14 (3M13 : TL 25,2 million ).

Hürriyet Group's subsidiary TME, operates mainly Russia which has been in business model transition from printed publication to online publication, its circulation revenue has been amounted from TL 2,1 million in 3M13 to TL 1,5 million in 3M14.

Consolidated circulation revenue of Hürriyet has been amounted to TL 24,7 million in 3M14 (3M13:TL 27,3 million ).

#### **4.4 Achievement of Targets Set in Previous Periods, Implementations of General Assembly Resolutions, Any Reasons for Failure to Achieve Targets or Implements Resolutions, and Assessments**

There has not been any taken decision related to targets of Company at General Assembly done in 2013. The Company implemented all General Assembly resolutions in the concerned accounting period.

#### **4.5. Foreseeable Risks Related to Operations**

The risks that the Company is exposed to include: adverse developments in the Company's field of activity such as print media; risks related to raw material prices and supply due to developments in global markets; financial risks related to interest rates, liquidity, credit, exchange rates; legal risks; strategic risks due to the Company's operations extending over a wide geographic area; operational risks such as sustaining business continuity under extraordinary circumstances; and risks related to maintaining brand equity. The Company's related departments monitor and take the necessary measures to manage such risks.

##### **4.5.1. Risk Management**

Within the scope of its risk management policies, the Company defines and measures fiscal, operational and compliance risks as well as financial risks.

#### **4.5.1.1. Strategic Risk Management**

The publishing and broadcasting industries are undergoing rapid change across the world, as they are now faced with a competitive environment consisting of customizable television broadcasting, online news reporting, social media networks and other channels of information.

As a result, declining circulations and advertising revenues are significantly affecting publishing companies. Thus, they resort to radical measures such as decreasing their costs and changing the physical format of their publications. Today's technology usage habits have made it necessary for publishing companies not only to reduce their costs but also to develop new products and models that meet the requirements of this new market.

Another critical issue for publishing and broadcasting companies is that they have to attract and maintain a skilled workforce and the talent they need for developing new products and processes in line with changing consumer preferences.

While new publishing and broadcasting channels answering the preferences of the new generation are formed, the advertising industry is also undergoing a similar change. The old fashioned/traditional advertising model has been abandoned, and a more focused, niche and customer-specific advertising approach is prevailing across online platforms. The Company's Board of Directors acts in accordance with this new approach.

#### **4.5.1.2. Financial, Compliance and Operational Risk Management**

The management of tax, commercial law and capital markets compliance risks, which are a major component of fiscal, operational and compliance risks, is carried out under the coordination of the relevant Vice Presidents of the Holding's Financial Affairs Division by the Audit and Risk Management units, with the occasional support of audit and certified public accounting firms. Group companies are constantly monitored against risks with such audit and control activities.

As per Article 378 of the Turkish Commercial Code (Law No. 6102), Doğan Holding Board of Directors has set up a Risk Assessment Committee with a view to detecting as early as possible all the risks which could jeopardize the presence, development and continuity of the Company, taking necessary action against such risks, managing risks and reviewing the risk management systems at least once every year.

#### **4.5.1.3. Financial Risk Management**

Due to its activities, the Company is subjected to a range of risks such as credit risk, market risk (foreign currency, interest risks, price) and liquidity risk. Financial risk management aims to minimize the adverse effects caused by the variability of the financial markets on the fiscal results.

##### **Credit Risk**

At Company, credit risk is defined as the risk of the counterparty's non-fulfillment of its contractual obligations. This risk involves the Companies' receivables, particularly from advertising. The Company controls its credit risk primarily by credit assessment through its factoring firm and by assigning credit limits to counter-parties, hence creating a central data center. Credit risk is distributed due to the high number of organizations in the client-base and their distribution among diverse business fields.

### **Receivables Risk**

Company is subject to receivables risk due to commercial receivables arising from forward sales. The Company management diminishes the receivables risks associated with the receivables of customers, by setting individual credit limits for each customer and when deemed necessary, by asking for collaterals or accepting only cash payments from customers considered to be risky.

The Company transferring a large portion receivables to factoring company in order to operate a policy, which avoiding the difficulties collection.

Commercial receivables are assessed by the Company management according to past experience and the current economic situation and an adequate amount of reserve is set aside for doubtful receivables.

### **Interest Rate Risk**

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

### **Liquidity Risk**

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.

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

### **Foreign Currency Risk**

The Company is exposed to foreign exchange risk through the impact of rate changes in the translation of foreign currency denominated liabilities to TL. 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 Company'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 Company maintains a certain portion of its excess cash and cash equivalents in foreign currency to minimize the currency risk exposure.

The Company'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 could be revised by management when necessary in the framework of market conditions.

#### **4.5.1.4. Capital Risk Management**

The Company'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.

### **Legal Risks**

There are no lawsuits that could jeopardize the operation or financial structure of the Company. The follow-up of legal controversies and lawsuits related to the activities of Group companies is conducted by lawyers at the Legal Department of the parent company Doğan Şirketler Grubu Holding A.Ş., in a centralized fashion. The Company also performed with available by available within Company's own Legal Department.

## Information Technology Risks

The procurement, production, sales and accounting processes on Company are managed via applications and modules on an integrated information system (SAP) and the reports concerning these transactions are also produced through this system.

### 4.6. Investments Made During the Fiscal Period

Investment amount of tangible and intangible assets (excluding investment property) is USD 1,7 million at consolidated level of Hürriyet and its subsidiaries in year 2014. USD 1,5 million of this amount stems from Hürriyet Gazetecilik ve Matbaacılık A.Ş.

### 4.7. Government Grants Benefited During the Fiscal Period

The Company obtained six investment incentives certificates for the imported equipments amounting to USD 13.805.393 and domestic equipments amounting to TL 1.502.399 for the modernization of its printing plants in Istanbul, Ankara, Izmir, Adana, Antalya and Trabzon on 28 October, 2, 4 November and 30 December 2011. The agreements are valid for two years and equipment imported within the scope of the certificate is exempt from Customs Duty and VAT.

As of 31 March 2014, machinery investment amount within these certificates below:

<b>Investment Incentives</b>	<b>31 March 2014</b>	<b>31 December 2013</b>
Imported Equipments (USD)	13.595.062	13.595.062
Domestic Equipments (TL)	1.502.399	1.502.399

### 4.8. Lawsuits Against the Company That Could Affect Its Financial Situations and Activities, and Their Possible Results

As of 31 March 2014, lawsuit claims against the Company amounted to TL 27.050.254. The Company set aside a total of TL 4.799.663 in reserves for these legal claims.

### 4.9. Information Related to Fiscal Extraordinary General Assembly

No Extraordinary General Assembly was held during the interim period of 01.01.2014-31.03.2014.

### 4.10. Information on Private and Public Audit Carried Out During the Fiscal Period

The Company has not been subject to any private or public audit during the interim accounting period of 2014.

#### 4.11. Information About the Company's Donation, Aid, and Spending on Social Responsibility Projects During the Year

During 3M14, the Company donated TL 93.610 (3M13: TL 120.846) to various foundation and associations serving the public good. The breakdown of donation was presented as below:

<b>Institution</b>	<b>Amount</b>
Aralık Gönüllüleri Vakfı	36.331
Aydın Doğan Vakfı	9.120
İstanbul Kültür Sanat Vakfı	22.125
LÖSEV	777
Türk Eğitim Vakfı	1.370
Türkiye Kızılay Derneği	50
Other	23.835
<b>Total</b>	<b>93.609</b>

#### 4.12. Company's Legal Action, and Measures Taken or Avoided in Favor of Parent Company or Group Companies

In the reporting period, the Company carried out no legal action in favor of the parent company or any subsidiary thereof, with instructions by the parent company. The Company did not take or avoid taking any measures in favor of the parent company or its subsidiaries, or carry out any transactions that need to be redressed.

#### 4.13. Significant Matters within the Interim Period

- As announced to the public on 29.03.2014, the Electronic Board of Directors of Hürriyet Gazetecilik ve Matbaacılık A.Ş. has convened on 08.04.2014 You can reach the documents about the Board of Directors from [www.hurriyetkurumsal.com](http://www.hurriyetkurumsal.com) internet web site.

- The Board of Directors Resolution dated at 14 April 2014 of Doğan Holding, our ultimate shareholder, is publicly announced on 14 April 2014 with regards to merger transaction of Doğan Yayın Holding A.Ş. under the umbrella of Doğan Şirketler Grubu Holding A.Ş. through all our assets and liabilities being "taken over".

- The international rating entity ISS Corporate Services Inc., which is entitled to carry out activities in Turkey for grading purposes in compliance with the regulations and resolutions of the Capital Market Board (CMB) on the issue, has revised, as per the principles set forth below, and with the Public Disclosure Platform announcement of 03.03.2014, the 2013 corporate governance rating notes for all its clients pursuant to the resolutions made in the CMB meeting of 01.02.2013, no. 4/105, and has made them public simultaneously in order to ensure comparability. Accordingly;

1. The weights to be used in grading for compliance with corporate governance principles have been set as per the main headings as follows: 25% for "Shareholders", 25% for "Public Disclosure and Transparency", 15% for "Stakeholders", and 35% for the "Board of Directors",



2. In case the minimum aspects set forth in the corporate governance principles have been fulfilled, the highest for that question/principle is 85% of the full grade, and when grading the compliance of the customer with the corporate governance principles, if the relevant principle has been set as a minimum condition, and if the customer practices are above the minimum conditions, the score for that principle has been brought closer to the full score depending on the nature of the good corporate governance practice

On the other hand, the CMB Corporate Governance Communique (II-17.1) has become effective upon being published in the Official Gazette of January 3, 2014, no. 28871, and the corporate governance principles have been updated within the scope of the abovementioned Communique.

Within the framework of the above developments, ISS Corporate Services Inc.'s methodology for grading the compliance with the corporate governance principles has been updated to reflect "the weights of the main topics", "grading minimum aspects", and "the changes in corporate governance principles."

The distribution of our corporate governance rating, that has been revised within this scope, as per its subcategories is shown below, with the previous grade of 2013 as well;

<b>CATEGORY</b>	<b>REVISED NOTE 2013</b>	<b>NOTE 2013</b>
Shareholders	9,01 (%90,18)	9,16 (%91,62)
Public disclosures and transparency	9,20 (%92,04)	9,39 (%93,91)
Stakeholders	8,88 (%88,81)	9,10 (%91,05)
Board of directors	8,51 (%85,17)	8,58 (%85,89)
<b>TOTAL</b>	<b>8,86 (%88,69)</b>	<b>9,09 (%90,90)</b>

The Corporate Governance Rating Report is accessible through the website at the address [www.hurriyetcorporate.com](http://www.hurriyetcorporate.com).

- The studies of finding a strategic partner and/or sale/transfer to non-related party/parties have been started for all of the owned shares of Doğan Ofset Yayıncılık ve Matbaacılık A.Ş., a subsidiary which the company has 99,93% of related subsidiary's entirely issued share capital amounting to TL 25.000.000.

## **5. FINANCIAL POSITION**

### **5.1. Management's Analysis and Assessment of the Financial Position and Operational Results, the Degree to Which Planned Activities were Realized , Company's Position against Defined Strategic Goals**

Hürriyet Gazetecilik ve Matbaacılık A.Ş. and Trader Media East Ltd., the entities that constitute the majority of the Company's consolidated financial statements, have achieved results in line with budget targets in 3M14.

## 5.2. Company's Annual Sales, Productivity, Income Generation Capacity, Profitability and Debt to Equity Ratio, in Comparison with Previous Years, Information on Other Issues That Might Impact on the Company's Operational Results, and Expectations of the Future

### 5.2.1. Condensed Balance Sheet

(Thousand TL)	31.03.2014	31.12.2013	Variance
Current Assets	387.351	419.004	-7,6%
Non-Current Assets	979.320	1.019.400	-3,9%
Total Assets	1.366.671	1.438.404	-5,0%
Short-Term Liabilities	303.520	294.282	3,1%
Long-Term Liabilities	377.358	420.980	-10,4%
Shareholder's Equity	685.794	723.142	-5,2%
Total Liabilities	1.366.671	1.438.404	-5,0%

### 5.2.2. Condensed Income Statement

In the period of 01 January 2014-31 March 2014 and 01 January 2013-31 March 2013, the Company's the main items of the income statements were as follows,

	Unaudited	Unaudited	
Consolidated (TL Thousand)	31.03.2014	31.03.2013	Variance %
Sales	173.639.601	189.097.728	-8%
-Advertising	106.989.291	120.398.684	-4%
-Circulation and Printing	56.534.998	58.296.569	-7%
-Other	10.115.312	10.402.475	-3%
Cost of sales (-)	-122.275.656	-123.640.419	-1%
Gross profit	51.363.945	65.457.309	-22%
Operational expenses	-61.991.084	-68.267.867	-9%
Other operating income / expense (-) net	11.656.414	4.885.924	139%
Operational profit	1.029.275	2.075.366	-50%
Share of loss on investment accounted by equity method	-137.902	-2.077.747	-93%
Investing activities income / expense (-), net	-1.138.267	1.095.728	-204%
EBITDA	12.443.402	18.938.446	-34%
Financial expenses (-)	-35.858.563	-17.244.267	108%
Loss /(profit) before tax	-36.105.457	-16.150.920	124%
Tax (-)	3.934.575	-3.632	-
Attributable to equity holders of the parent	-24.604.060	-13.095.171	88%
Net loss / (profit)	-32.170.882	-16.905.839	90%

### 5.2.3. Ratios

<b>Financial Ratios</b>	<b>31.03.2014</b>	<b>31.12.2013</b>
Current Ratio	1,28	1,42
Asset Turnover	0,13	0,44
Total Liabilities/Shareholder's Equity	1,00	0,99
Operational Profit (Loss)/Total Assets	0,001	0,027
Gross Profit Margin	29,6%	36,1%
Operational Profit/(Loss) Margin	0,6%	4,9%
EBITDA Margin	7,2%	10,8%

### 5.3. Management's Assessments on Whether the Company Suffers Capital Loss or Insolvency

The Company does not suffer capital loss or insolvency.

### 5.4. Measures to Improve the Company's Financial Structure

The Company generates cash and enhance the net debt position as of 2013. Despite the increase of foreign exchange rates, Company decreased the net debt amount from TL 370,8 millions to TL 323,6 millions.

### 5.5. Information on Dividend Distribution Policy

The net profit for the period, stated in the annual balance sheet prepared in accordance with the Securities Legislation and remaining upon deduction of any amounts, which are compulsorily paid or provided for by the Company such as the Company's general expenses as well as various redemptions, as well as of the taxes payable by the Company's legal personality, from the revenue determined at the end of the Company's fiscal term, upon deduction of the losses from previous years, if any, shall be distributed as follows:

General Legal Reserves:

a) General legal reserves of 5% are set up until having reached twenty percent of the capital issued in accordance with the provisions of article 519 of the Turkish Commercial Code.

The First Dividend:

b) From the remainder, the first dividend shall be set up in the framework of the profit distribution policy to be determined by the general meeting in accordance with the Turkish Commercial Code and the Securities Legislation, based upon the amount to be found upon addition of the donation sum granted during the year, if any.

c) After the above mentioned deductions have been made, the General Meeting shall be entitled to decide that the share of profit is distributed to the members of the Board of Directors except for independent members of the Board of Directors as well as to the Company's employees, to charitable foundations established for various purposes and to any persons and establishments of similar nature.

The Second Dividend:

d) The General Meeting shall be entitled to distribute the part of the net profit of the period, remaining upon deduction of the amounts stated in the clauses (a), (b) and (c), partially or entirely as the second dividend, or to set it up as reserve fund, for which provision is made by it voluntarily, pursuant to article 521 of the Turkish Commercial Code.

General Legal Reserves:

e) One tenth of the amount derived upon deduction of a sum amounting to the profit share of 5% of the issued capital from the part resolved to be distributed to the shareholders and the other persons sharing the profit, shall be reserved as general legal reserves pursuant to article 519, par. 2, clause (c) of the Turkish Commercial Code.

It may not be decided to reserve any other reserve fund, to transfer any profit to the following year and to distribute any profit share to preferred shareholders in the distribution of profit share, to holders of participating, founder and ordinary redeemed shares, to members of the Board of Directors as well as employees, personnel and workers, to any charitable foundations stated in Article 3 of the present Articles of Association and any persons and/or institutions such as these, unless the first dividend determined for the shareholders in the Articles of Association is distributed in cash and/or in the form of issuing new shares, unless the reserve fund to be reserved pursuant to the legal provisions has been reserved.

The dividend related to the shares shall be distributed equally to all of the shares as of the date of distribution, notwithstanding the dates on which they have been issued and acquired. Bonus shares shall be distributed to the shares existing on the date of increase.

The form and time of distribution of the profit decided to be distributed shall be settled by the General Meeting upon the proposal of the Board of Directors in this matter.

The decision for profit distribution adopted by the general meeting in accordance with the provisions of the present Articles of Association may not be revoked.

In principle, a minimum of 50% of the “Net Distributable Profit for the Period” calculated in accordance with the Capital Market Law and with due consideration to the financial statements prepared in accordance with International Financial Reporting Standards (IFRS), is distributed. In the event that profit distribution between 50% and 100% of the calculated Net Distributable Profit for the Period is foreseen, the percentage to be distributed is decided with due consideration of the Company’s financial structure and budget.

The Company’s Profit Distribution Policy, submitted to the General Assembly of Shareholders for approval publicly announced on the Company’s website.

## **5.6. Policies implemented by the Company within the Financial Sources Development**

In principle, the Company keeps enough sources to pay foreign currency based debts matured within six months. Financing requirement is met mainly by long-term loans, additionally in case of purchase of machinery and equipment supplier loans are used.

With the increasing in importance of the identification and control of risks in achieving the goals, recommendations about periodic and systematic risk identification and grading, risk management presented to the senior management functions of the Company has become important.

The Company is aimed to sustainable growth and profitability by improving the quality and productivity.

## **5.7. Capital Market Instruments**

The Company did not issue any securities in the interim period of 01.01.2014 - 31.03.2014.

## 5.8. Related Party Disclosures

### 5.8.1 Short Term Receivables due from Related Parties

<b>Trade Receivables</b>	<b>31 March 14</b>
Doğan İnternet Yayıncılığı ve Yatırım A.Ş. ("Doğan İnternet")	10.918.042
Doğan Gazetecilik A.Ş. ("Doğan Gazetecilik")	7.404.717
Doğan Dağıtım Satış ve Pazarlama A.Ş. ("Doğan Dağıtım")	4.383.246
Milta Turizm İşletmeleri A.Ş. ("Milta")	2.250.217
Doğan TV Holding	1.556.728
DTV Haber ve Görsel Yayıncılık A.Ş. ("Kanal D")	1.048.752
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş. ("Doğan Burda")	451.831
D- Market Elektronik Hizmetler ve Tic. A.Ş. ("D Market")	251.236
Doğan Media International GmbH ("Doğan Media")	203.326
Diğer	1.173.406
<b>Total</b>	<b>29.641.501</b>

### 5.8.2 Short Term Payables to Related Parties

<b>Ticari Borçlar</b>	<b>31 March 14</b>
Doğan Media International GmbH	3.930.194
Doğan Dış Ticaret ve Mümessillik A.Ş. ("Doğan Dış Ticaret")	3.068.668
Doğan Holding	1.515.038
DTES Elektrik Enerjisi Toptan Satış A.Ş. ("DTES")	864.080
Falcon Purchasing Services Ltd. ("Falcon")	419.956
D Yapım Reklamcılık ve Dağıtım A.Ş. ("D Yapım")	368.334
Milta Turizm	355.551
Doğan TV Dijital Platform İşl. A.Ş. ("Doğan TV Digital")	191.944
Ortadoğu Otomotiv Ticaret A.Ş. ("Ortadoğu Otomotiv")	129.380
Doğan Yayın Holding	83.737
Diğer	917.626
<b>Total</b>	<b>11.844.508</b>

### 5.8.3 Significant Service and Product Sales to Related Parties

	<b>31 March 14</b>
Doğan Dağıtım	23.952.918
Doğan İnternet Yayıncılığı	10.255.110
Doğan Gazetecilik	6.251.155
Kanal D	1.107.494
Doğan Burda	655.491
Doruk TV ve Radyo Yayıncılık A.Ş.	396.259
Mozaik İletişim Hizmetleri A.Ş.	321.821
Doğan ve Egmont Yayıncılık ve Yapımcı Ticaret A.Ş. ("Doğan Egmont")	276.441
Doğan Media	227.648
Doğan Müzik Kitap	77.092
Doğan TV Dijital Platform İşl. A.Ş.	10.516
Diğer	412.059
<b>Total</b>	<b>43.944.004</b>

#### 5.8.4 Significant Service and Product Purchases from Related Parties

	<b>31 March 14</b>
Doğan Dış Ticaret (1)	27.665.896
Doğan Dağıtım (2)	5.109.932
DTES (3)	2.361.420
Doğan Holding (4)	1.222.261
Doğan İnternet Yayıncılık	940.722
Falcon (5)	905.931
Milta (6)	916.147
Doğan TV Digital Platform İşl. A.Ş. (7)	825.758
Doğan Gazetecilik (8)	624.026
Doğan Müzik Kitap	361.325
D Yapım Reklamcılık ve Dağıtım A.Ş. ("D Yapım Reklamcılık")	314.658
Mozaik	307.069
Kanal D (9)	258.092
Dogan Burda	170.465
Ortadoğu Otomotiv (10)	124.236
Doğan TV –Radyo	63.148
Doruk TV ve Radyo Yayıncılığı	27.305
Doğan Media	15.239
Diğer	424.722
<b>Total</b>	<b>42.638.352</b>

#### 5.8.5 Significant Transactions with Related Parties

##### Other income

	<b>31 March 14</b>
Doğan Dış Ticaret	348.777
Doğan Dağıtım	142.432
Doğan Gazetecilik	50.614
Doğan Burda	11.396
Diğer	19.510
<b>Total</b>	<b>572.729</b>

##### Purchase of Property, Plant and Equipment and Intangible Assets

	<b>31 March 14</b>
D-Market	7.041
Doğan Media International	2.333
Diğer	229
<b>Total</b>	<b>9.603</b>

##### Financial Income

	<b>31 March 14</b>
Doğan TV –Radyo	28.223
Diğer	443
<b>Total</b>	<b>28.666</b>

## Financial Expense

	<b>31 March 14</b>
Dođan Faktoring	160.721
Dođan Dıř Ticaret	55.069
Dođan Yayın Holding	52
<b>Total</b>	<b>215.842</b>

## 6. RISK AND THE BOARD OF DIRECTORS' ASSESSMENTS, INFORMATION ON THE COMPANY'S INTERNAL AUDIT AND RISK MANAGEMENT SYSTEMS RELATED TO FINANCIAL STATEMENT PREPARATION

The consolidated financial statements are issued in line with CMB's Communiqué Serial: XI, No: 29, International Accounting Standards and International Financial Reporting Standards, and the principles of presentation are outlined by CMB's regulations and resolutions. The financial statements are independently audited as per International Audit Standards. The views of the relevant executives are received during the preparation of the financial statements, which are then reviewed by the Audit Committee and approved by the Board of Directors.

Dođan Őirketler Grubu Holding A.Ő. helps in fulfilling to Internal Control processes by the Vice Presidency of Audit unit along with the Company's Financial Control Department carries out this task efficiently.

Early Risk Detection Committee conducts its activities in accordance with TCC and CMB Communiqué Series:IV No:56.

## 7. OTHER ISSUES

There has been no subsequent events that might materially affect the shareholders, creditors and other interested persons and organizations' rights.

### 7.1. Information on the Parent Company Shares Held by Group Company's

The Company holds no shares in the parent company.

### 7.2. Personnel and Workes Organizations, Collective Bargaining Agreement Practices, Benefits Offered to Personnel and Workers

The Company offers equal opportunity to persons with the same qualifications in recruitment and career planning.

Meetings are organized for personnel to give them information and share opinions about the Company's financial position, compensation, career planning, training, health and similar topics. Job descriptions, distribution of duties, performance and rewarding criteria are shared with employees. In determining compensation and other benefits offered to personnel, the Company takes productivity measures into account.

There is no collective bargaining practice in our Company.

## 8. BOARD OF DIRECTORS' RESOLUTION ON THE APPROVAL OF ANNUAL REPORTS

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

BOARD OF DIRECTORS' RESOLUTION ON THE APPROVAL OF THE FINANCIAL STATEMENTS AND ANNUAL REPORTS

RESOLUTION DATE: 09.05.2014

RESOLUTION NO : 2014/19

### STATEMENT OF RESPONSIBILITY PURSUANT TO

ARTICLE 9, SECTION 2 OF CAPITAL MARKETS BOARD'S COMMUNIQUÉ SERIES: II, NO: 14.1

- We have examined the consolidated financial statements and the annual report of Hürriyet Gazetecilik ve Matbaacılık A.Ş. for the accounting period 01.01.2014-31.03.2014, duly inspected by independent auditors, prepared in accordance with Capital Markets Board's (CMB) Communiqué Series: II, No: 14.1 and in keeping with International Financial Reporting Standards, basis of presentation identified with the Capital Markets Board Decision's dated 07.06.2013 and 20/670 both announced in the Weekly Bulletin dated 07.06.2013 and 2013/19 and presented in the form specified by CMB Regulations and Resolutions. We hereby declare that insofar as our duties and responsibilities are concerned and within the framework of the information known to us:
- The financial report and annual report do not contain any misrepresentation of the facts on major issues or any deficiency that may be construed as misleading as from the date of the disclosure;
- The financial report, prepared in accordance with the applicable financial reporting standards, fairly reflects the facts on the assets, liabilities, financial condition and profit and loss of the Company along with those in the scope of consolidation.

**Ediz Haşmet KÖKYAZICI**

İcra Kurulu Üyesi  
Chief Financial Offices

**İnci TARI**

Financial Control and  
Investor Relations Manager