

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

CONVENIENCE TRANSLATION OF THE  
CONSOLIDATED FINANCIAL STATEMENTS  
AND THE AUDITOR'S REPORT FOR THE PERIOD  
1 JANUARY – 31 DECEMBER 2014 INTO ENGLISH  
  
(ORIGINALLY ISSUED IN TURKISH)

(CONVENIENCE TRANSLATION OF  
INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)

INDEPENDENT AUDITOR'S REPORT

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

**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Hürriyet Gazetecilik ve Matbaacılık A.Ş. ("the Company") and its subsidiaries (together will be referred as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Turkish Accounting Standards ("TAS"), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Independent Auditing Standards which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Hürriyet Gazetecilik ve Matbaacılık A.Ş. and its subsidiaries as at 31 December 2014, and of their financial performance and their cash flows for the year then ended in accordance with Turkish Accounting Standards.

**Report on Other Legal and Regulatory Requirements**

In accordance with paragraph four of the Article 402 of the Turkish Commercial Code No. 6102 ("TCC"), nothing has come to our attention that may cause us to believe that the Group's set of accounts and financial statements prepared for the period 1 January-31 December 2014 does not comply with TCC and the provisions of the Company's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

In accordance with paragraph four of the Article 398 of TCC, the auditor's report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on 6 March 2015.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.  
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

**Berkman Özata, SMMM**  
Partner

Istanbul, 6 March 2015

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## CONSOLIDATED FINANCIAL STATEMENTS AND NOTES FOR THE PERIOD 1 JANUARY-31 DECEMBER 2014

<b>CONTENTS</b>	<b>PAGE</b>
<b>CONSOLIDATED STATEMENTS OF FINANCIAL POSITION</b>	<b>108-110</b>
<b>CONSOLIDATED STATEMENT OF PROFIT OR LOSS</b>	<b>111</b>
<b>CONSOLIDATED COMPREHENSIVE INCOME</b>	<b>112</b>
<b>CONSOLIDATED STATEMENT OF CHANGES IN EQUITY</b>	<b>113</b>
<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b>	<b>114-115</b>
<b>NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>116-185</b>
NOTE 1 ORGANISATION AND NATURE OF OPERATIONS	116-118
NOTE 2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS	118-134
NOTE 3 BUSINESS COMBINATIONS	134
NOTE 4 SEGMENT REPORTING	134-137
NOTE 5 CASH AND CASH EQUIVALENTS	137
NOTE 6 FINANCIAL ASSETS	138
NOTE 7 FINANCIAL LIABILITIES	138-140
NOTE 8 OTHER FINANCIAL ASSETS AND LIABILITIES	140-141
NOTE 9 TRADE RECEIVABLES AND PAYABLES	141-142
NOTE 10 OTHER RECEIVABLES AND PAYABLES	142-143
NOTE 11 EMPLOYEE BENEFIT PAYABLES	143
NOTE 12 INVENTORIES	143
NOTE 13 INVESTMENTS ACCOUNTED BY THE EQUITY METHOD	144-145
NOTE 14 INVESTMENT PROPERTY	145
NOTE 15 PROPERTY, PLANT AND EQUIPMENT	146-147
NOTE 16 INTANGIBLE ASSETS	147-149
NOTE 17 GOVERNMENT GRANTS	149
NOTE 18 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES	149-150
NOTE 19 COMMITMENTS	151
NOTE 20 EMPLOYMENT TERMINATION BENEFITS	152
NOTE 21 PREPAID EXPENSES	153
NOTE 22 OTHER ASSETS AND LIABILITIES	153-154
NOTE 23 EQUITY	154-156
NOTE 24 SALES AND COST OF SALES	157
NOTE 25 MARKETING AND GENERAL ADMINISTRATIVE EXPENSES	158
NOTE 26 EXPENSES BY NATURE	158
NOTE 27 OTHER OPERATING INCOME	159
NOTE 28 OTHER OPERATING EXPENSES	159
NOTE 29 INCOME FROM INVESTING ACTIVITIES	159
NOTE 30 EXPENSE FROM INVESTING ACTIVITIES	160
NOTE 31 FINANCIAL EXPENSES	160
NOTE 32 TAX ASSETS AND LIABILITIES	160-166
NOTE 33 (LOSS)/EARNINGS PER SHARE	166
NOTE 34 RELATED PARTY DISCLOSURES	167-171
NOTE 35 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	172
NOTE 36 DISPOSAL OF SUBSIDIARY	173-175
NOTE 37 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS	175-184
NOTE 38 SHARES IN OTHER ENTITIES	185
NOTE 39 SUBSEQUENT EVENTS	185

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

### AS OF 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

	Note references	(Audited) Current Period 31 December 2014	(Audited) Prior Period 31 December 2013
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	56.632.653	47.206.848
Trade receivables		198.693.274	212.514.859
-Trade receivables from related parties	34	28.886.410	28.053.511
-Trade receivables from non-related parties	9	169.806.864	184.461.348
Other receivables		3.420.288	77.097.231
Inventories	12	13.519.003	17.359.688
Prepaid expenses	21	3.136.250	5.225.920
Assets related with current tax	32	504.583	1.854.825
Other current assets	22	7.377.718	43.782.297
<b>Subtotal</b>		<b>283.283.769</b>	<b>405.041.668</b>
Classification to non-current assets held for sale	35	-	13.962.570
<b>Non-current assets</b>			
Other receivables	10	1.764.612	1.508.340
Financial investments	6	1.976.568	1.976.906
Investments accounted by the equity method	13	9.013.738	13.768.940
Investment property	14	82.917.210	57.378.321
Property, plant and equipment	15	219.791.673	272.180.560
Intangible assets	16	328.454.758	654.664.493
-Goodwill	16	-	119.422.217
-Other intangible assets		328.454.758	535.242.276
Deferred tax assets	32	6.661.890	15.590.176
Other non-current assets	22	1.114.438	2.332.080
<b>Total assets</b>		<b>934.978.656</b>	<b>1.438.404.054</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

### AS OF 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

	Note references	(Audited) Current Period 31 December 2014	(Audited) Prior Period 31 December 2013
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Short-term borrowings	7	13.451.105	8.823.406
Short-term portion of long-term borrowings	7	159.660.282	143.052.144
Other financial liabilities	8	-	16.154.517
Trade payables		69.629.365	61.525.828
-Trade payables to related parties	34	22.242.940	13.514.346
-Trade payables to non-related parties	9	47.386.425	48.011.482
Employee benefit payables	11	6.121.303	9.636.330
Other payables		2.017.664	7.358.224
-Other payables to related parties	34	339.868	3.279.095
-Other payables to non-related parties	10	1.677.796	4.079.129
Deferred income	21	7.078.107	10.072.664
Current income tax liabilities	32	2.633.452	886.742
Short-term provisions		39.370.364	21.830.060
-Short-term provisions for employment benefits	18	15.696.372	17.760.561
-Other short-term provisions	18	23.673.992	4.069.499
Derivative financial instruments	8	-	2.440.486
Other short-term liabilities	22	3.307.079	3.223.879
<b>Subtotal</b>		<b>303.268.721</b>	<b>285.004.280</b>
Non-current liabilities held for sale	35	-	9.277.802
<b>Non-current liabilities</b>		<b>204.515.762</b>	<b>420.980.088</b>
Long-term borrowings	7	92.128.150	266.158.639
Other payables	10	480.590	463.857
Long-term provisions			
-Long-term provisions for employment benefits	20	46.429.651	47.989.848
Deferred tax liability	32	65.477.371	106.367.744

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

### AS OF 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

	Note references	(Audited) Current Period 31 December 2014	(Audited) Prior Period 31 December 2013
<b>EQUITY</b>			
<b>Total equity</b>		<b>427.194.173</b>	<b>723.141.884</b>
<b>Equity attributable to equity holders of the parent company</b>		<b>415.891.705</b>	<b>671.712.912</b>
Share capital	23	552.000.000	552.000.000
Inflation adjustment to share capital	23	77.198.813	77.198.813
Other comprehensive income and expenses that will not be reclassified subsequently to profit or loss			
-Actuarial losses in defined benefit plan		(15.331.957)	(15.453.900)
Share premiums		76.944	76.944
Accumulated other comprehensive (expenses)/income reclassified in profit and loss			
-Currency translation differences		6.633.568	97.673.595
Restricted reserves	23	165.883.369	167.305.861
Accumulated losses		(201.896.442)	(145.994.420)
Net (loss) for the period		(168.672.590)	(61.093.981)
<b>Non-controlling interests</b>		<b>11.302.468</b>	<b>51.428.972</b>
<b>Total liabilities</b>		<b>934.978.656</b>	<b>1.438.404.054</b>

These consolidated financial statements as at and for the period ended 31 December 2014 were approved by the Board of Directors on 6 March 2015.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

### FOR THE YEAR ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

	Note References	(Audited) Current Period 1 January- 31 December 2014	(Audited) Prior Period 1 January- 31 December 2013
Sales	24	719.582.443	805.574.612
Cost of sales (-)	24	(471.373.207)	(514.437.753)
<b>Gros profit</b>		<b>248.209.236</b>	<b>291.136.859</b>
General administrative expenses (-)	25	(140.948.559)	(144.178.097)
Marketing expenses (-)	25	(134.298.729)	(145.417.796)
Other operating income	27	123.426.312	82.344.140
Other operating expenses (-)	28	(57.242.013)	(45.274.193)
<b>Operating profit</b>		<b>39.146.247</b>	<b>38.610.913</b>
Share of loss of investments accounted by the equity method	13	(2.460.932)	(7.160.944)
Monetary gain		-	74.229
Income from investing activities	29	57.580.861	21.687.630
Expenses from investing activities (-)	30	(94.620.218)	(13.020.147)
<b>Operating (loss)/profit before finance expense</b>		<b>(354.042)</b>	<b>40.191.681</b>
Finance expenses (-)	31	(198.577.145)	(101.479.505)
<b>Continued operations (loss) before tax</b>		<b>(198.931.187)</b>	<b>(61.287.824)</b>
<b>Continued operations tax (expense)/income</b>		<b>(3.237.118)</b>	<b>7.063.582</b>
Current tax expense (-)	32	(5.034.056)	(5.218.150)
Deferred tax income	32	1.796.938	12.281.732
<b>Continued operations net loss for the period</b>		<b>(202.168.305)</b>	<b>(54.224.242)</b>
<b>Discontinued operations</b>			
Net (loss) for the period from discontinued operations after income taxes	35	-	(24.583.900)
<b>Net loss for the period</b>		<b>(202.168.305)</b>	<b>(78.808.142)</b>
<b>Allocation of net loss for the period</b>			
Attributable to non-controlling interests		(33.495.715)	(17.714.161)
Attributable to equity holders of the parent company		(168.672.590)	(61.093.981)
<b>Loss per share (TL)</b>			
Loss from continuing operations per share	33	(0,3056)	(0,0982)
Loss from discontinued operations per share	33	-	(0,0445)
Loss from continuing and discontinuing operations per share		(0,3056)	(0,1427)

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## CONSOLIDATED COMPREHENSIVE INCOME

### FOR THE YEAR ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

	Note References	(Audited) Current Period 1 January- 31 December 2014	(Audited) Prior Period 1 January- 31 December 2013
<b>Other comprehensive expense</b>			
<b>Net loss for the period</b>		<b>(202.168.305)</b>	<b>(78.808.142)</b>
Accumulated other comprehensive (expenses)/income reclassified in profit and loss			
- Change in foreign currency differences		(97.477.648)	49.244.586
Accumulated other comprehensive (expenses)/income that will not be reclassified in profit and loss			
- Actuarial losses in defined pension plan		62.668	(2.304.048)
- Tax effect of actuarial loss in defined pension plans		(12.534)	460.810
<b>Other comprehensive (loss)/income (After income tax)</b>		<b>(97.427.514)</b>	<b>47.401.348</b>
<b>Total comprehensive expense</b>		<b>(299.595.819)</b>	<b>(31.406.794)</b>
Allocation of total comprehensive expense			
Attributable to non-controlling interests		(40.005.145)	(7.689.490)
Attributable to equity holders of the parent company		(259.590.674)	(23.717.304)



# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

### FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

	Note references	Share capital	Inflation adjustment to share capital	Share premiums	Currency translation differences	Remeasurement losses in defined benefit plan	Restricted reserves appropriated from profit	Retained earnings		Equity attributable to holders of the parent company	Non-controlling interests	Total equity
								Prior years' profit/ losses	Net profit/ (loss) for the period			
<b>Balances at 1 January 2013</b>	<b>23</b>	<b>552.000.000</b>	<b>77.198.813</b>	<b>76.944</b>	<b>58.453.690</b>	<b>(13.810.662)</b>	<b>34.266.877</b>	<b>(176.732.519)</b>	<b>150.661.297</b>	<b>682.314.430</b>	<b>61.715.189</b>	<b>744.029.619</b>
Transfer		-	-	-	-	-	133.038.984	17622.313	(150.661.297)	-	-	-
Subsidiaries' dividend payments to non-group companies		-	-	-	-	-	-	-	-	-	(3.244.945)	(3.244.945)
Other <sup>(1)</sup>		-	-	-	-	-	-	-	-	-	648.218	648.218
Sales effects on subsidiary (Note 13) <sup>(2)</sup>		-	-	-	-	-	-	13.115.786	-	13.115.786	-	13.115.786
Total comprehensive expense		-	-	-	39.219.915	(1.843.238)	-	-	(61.093.981)	(23.717.304)	(7.889.490)	(31.406.794)
- Remeasurement losses in defined benefit plan		-	-	-	-	(1.843.238)	-	-	-	(1.843.238)	-	(1.843.238)
- Change in translation reserves		-	-	-	39.219.915	-	-	-	-	39.219.915	10.024.671	49.244.586
- Net loss for the period		-	-	-	-	-	-	-	(61.093.981)	(61.093.981)	(17714.161)	(78.808.142)
<b>Balances at 31 December 2013</b>		<b>552.000.000</b>	<b>77.198.813</b>	<b>76.944</b>	<b>97.673.595</b>	<b>(15.453.900)</b>	<b>167.305.861</b>	<b>(145.994.420)</b>	<b>(61.093.981)</b>	<b>671.712.912</b>	<b>51.428.972</b>	<b>723.141.884</b>
<b>Balances at 1 January 2014</b>	<b>23</b>	<b>552.000.000</b>	<b>77.198.813</b>	<b>76.944</b>	<b>97.673.595</b>	<b>(15.453.900)</b>	<b>167.305.861</b>	<b>(145.994.420)</b>	<b>(61.093.981)</b>	<b>671.712.912</b>	<b>51.428.972</b>	<b>723.141.884</b>
Transfer		-	-	-	-	-	(1.422.492)	(59.671.488)	61,093,981	-	-	-
Capital increase of subsidiary		-	-	-	-	-	-	-	-	-	5.952.865	5.952.865
Subsidiaries' dividend payments to non-group companies		-	-	-	-	-	-	-	-	-	(1.885.963)	(1.885.963)
Rate change effect on subsidiaries		-	-	-	-	-	-	3.789.467	-	3.789.467	(4.188.261)	(418.794)
Total comprehensive income/(expense)		-	-	-	(91.040.027)	121.943	-	-	(168.672.590)	(259.590.674)	(40.005.145)	(299.595.819)
- Remeasurement losses in defined benefit plans		-	-	-	-	(864.552)	-	-	-	(864.552)	(71.809)	(936.361)
- Disposal of subsidiary		-	-	-	-	-	-	-	-	-	986.495	986.495
- Change in translation reserves		-	-	-	(91.040.027)	-	-	-	-	(91.040.027)	(6.476.21)	(97.476.21)
- Net loss for the period		-	-	-	-	-	-	-	(168.672.590)	(168.672.590)	(33.495.715)	(202.168.305)
<b>Balances at 31 December 2014</b>	<b>23</b>	<b>552.000.000</b>	<b>77.198.813</b>	<b>76.944</b>	<b>6.633.568</b>	<b>(15.331.957)</b>	<b>165.883.369</b>	<b>(201.896.442)</b>	<b>(168.672.590)</b>	<b>415.891.705</b>	<b>11.302.468</b>	<b>427.194.173</b>

<sup>(1)</sup>Represents fair value changes of put option liabilities and acquisition and disposal of shares from non-controlling shareholders.

<sup>(2)</sup>Represents disposal of Kanal D Romania which was consolidated by the equity method in 2013.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

### FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

	Note references	(Audited) Current Period 1 January- 31 December 2014	(Audited) Prior Period 1 January- 31 December 2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net (loss) for the period		11.301.199	143.064.863
		(202.168.305)	(78.808.142)
<b>Adjustments to reconcile net (loss) for the period</b>			
		<b>224.438.965</b>	<b>176.867.078</b>
Adjustments regarding depreciation	15	43.374.284	46.647.326
Adjustments regarding amortization	16	26.378.502	31.799.159
Adjustments regarding profit/loss on sale of property, plant and equipment	29, 30	(19.964.275)	3.863.360
Adjustments regarding tax income	32	3.237.118	(7.063.582)
Adjustments regarding provision for employment benefits and unused vacation rights	18,20	11.711.792	15.773.714
Gain on sale of financial assets		-	(128.021)
Adjustments regarding to income accruals	9	(124.709)	(250.383)
Adjustments regarding to interest income and accruals	27	(3.874.541)	(2.702.793)
Finance income/expense accruals due from sales with maturity	27,28	(8.973.870)	(6.996.335)
Unearned finance income from term sales	27	1.034.358	2.727.380
Unrealized finance expenses due to purchases with maturity	27	(131.895)	(225.536)
Adjustments regarding interest expenses and accruals	31	18.961.959	23.292.953
Unrealized foreign exchange expense from borrowings		82.169.435	47.192.807
Changes in fair value adjustments of investment properties	14	(24.565.749)	(16.743.808)
Adjustments regarding increase in deferred income		218.661	(214.833)
Adjustments regarding provision for impairment of inventories	12	2.010.365	1.116.831
Loss from investments accounted by the equity method	13	2.460.932	7.160.944
Provision for impairment of goodwill and assets held for sale	30	75.900.664	23.301.137
Provision for doubtful receivables	28	12.262.147	8.201.319
Provision for lawsuits	18, 28	1.978.589	1.897.012
Reversal of provisions		(400.028)	(4.308.090)
Loss on sale of subsidiary	29,30	775.226	2.526.517
<b>Changes in working capital</b>			
		<b>(10.969.461)</b>	<b>45.005.927</b>
Changes in blocked deposits	5	8.277	6.019
Changes in trade and related party receivables		(29.822.908)	(6.289.773)
Changes in inventories		1.712.579	1.285.692
Changes in prepaid expenses		2.089.670	(1.319.407)
Changes in other current assets		11.496.992	50.574.839
Changes in other financial assets and liabilities		(11.461.621)	3.013.879
Changes in trade and related party payables		8.146.418	10.990.273
Changes in other short term liabilities		25.880.937	(4.003.760)
Changes in other non-current assets		(938.116)	(2.285.392)
Changes in short-term provisions for employment benefits		(3.515.027)	2.457.808
Changes in deferred revenue		(2.994.557)	1.157.067
Taxes paid		(1.937.104)	(951.940)
Collections from doubtful receivables	9	2.527.681	2.418.092
Employment benefits and unused vacation rights paid	18,20	(12.162.682)	(12.047.470)

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

### FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

	Note	(Audited) Current Period 1 January- 31 December 2014	(Audited) Prior Period 1 January- 31 December 2013
	references		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>134.173.967</b>	<b>8.646.126</b>
Purchases of property, plant and equipment	15	(7.396.001)	(12.981.167)
Purchases of intangible assets	16	(8.695.146)	(6.733.893)
Proceeds from sales of property, plant and equipment, intangible assets and investment properties		128.939.958	12.770.816
Interests received		9.533.761	12.492.736
Net cash from sales of financial assets		55.439	128.021
Proceeds from sale of subsidiary		11.735.956	2.969.613
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(144.058.460)</b>	<b>(215.498.963)</b>
Changes in blocked deposits		36.592.426	(36.594.775)
Increase in share capital of non-controlling interests		5.952.865	-
Dividends paid to non-controlling interests		(1.885.963)	(2.649.869)
Bank borrowings received		172.436.181	17.549.573
Bank borrowings paid		(329.729.967)	(141.415.377)
Changes in financial liabilities to suppliers		(8.444.559)	(32.767.172)
Interests paid		(18.979.443)	(22.900.438)
Changes in financial payables from related parties.		-	3.279.095
Effects of foreign exchange rate fluctuations on cash and cash equivalents	8.214.980	2.716.711	2.716.711
Change in cash and cash equivalents		9.631.686	(61.071.263)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>5</b>	<b>46.972.961</b>	<b>108.044.224</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>5</b>	<b>56.604.647</b>	<b>46.972.961</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") 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 which undertakes journalism, printing, advertising and internet publishing activities operates seven printing plants in Turkey with locations in İstanbul, Ankara, İzmir, Adana, Antalya, Trabzon and in Germany.

The Company is a member of Doğan Şirketler Grubu Holding A.Ş. ("Doğan Holding"), which has a majority ownership in the Company (Note 23). Aydın Doğan and Doğan Family (Işıl Doğan, Arzuhan Yalçındağ, Vuslat Sabancı, Hanzade V. Doğan Boyner and Y.Begümhan Doğan Faralyalı) are ultimate shareholders of the Company.

Board of Director decisions of Doğan Holding and Doğan Yayın Holding dated as 14 April 2014 regarding the merger under Doğan Holding, through the entire "take over" of its direct subsidiary Doğan Yayın Holding A.Ş. with all its assets and liabilities by Doğan Holding were disclosed to the public on the same date, and the merger transaction ("Merger") and registered with the Trade Registry on 26 August 2014. Upon the registration of the merger, Doğan Yayın Holding A.Ş. has ceased by being dissolved without liquidation. By the date of registry, Doğan Holding has become direct share owner in the ratio of 77,65 %.(Note 23).

The address of the registered office is as follows:

100. Yıl Mahallesi, Matbaacılar Caddesi No:78  
34204 Bağcılar/İstanbul  
Turkey

The Company is registered to the Capital Markets Board ("CMB") and its shares have been quoted on the Borsa İstanbul ("BİAŞ") since 25 February 1992. In accordance with the resolution numbered 21/655 on 23 July 2010 of CMB; according to the records of Central Registry Agency (CRA); shares representing 21,60 % as of 31 December 2014 (31 December 2013: 21,98%) of Hürriyet are accepted as "in circulation".

As declared on Public Disclosure Platform at 20 June 2014 Radikal Newspaper, which the daily publication continues its activities in digital format starting from 22 June 2014. In this context; print publication and distribution ceased on 21 June 2014. According to published consolidated profit and loss statement for the year ended 31 December 2013, the Radikal newspaper's print format share in the Group's revenue is approximately 1,6%.

#### Subsidiaries

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

Subsidiaries	Registered country	Geographic segment	Nature of business
Hürriyet Medya Basım Hizmetleri ve Ticaret A.Ş. ("Hürriyet Medya Basım")	Turkey	Turkey	Printing and administrative services
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
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
000 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
T00 Pronto Akmola	Kazakhstan	Russia and EE	Newspaper and internet publishing

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

<b>Subsidiaries</b>	<b>Registered country</b>	<b>Geographic segment</b>	<b>Nature of business</b>
000 Pronto Aktau	Kazakhstan	Russia and EE	Newspaper and internet publishing
000 Pronto Aktobe	Kazakhstan	Russia and EE	Newspaper and internet publishing
000 Pronto Atyrau	Kazakhstan	Russia and EE	Newspaper and internet publishing
Pronto Ust Kamenogorsk	Kazakhstan	Russia and EE	Newspaper publishing
ZAO Pronto Akzhol	Kazakhstan	Russia and EE	Newspaper and internet publishing
Impress Media Marketing LLC	Russia	Russia and EE	Publishing
000 Delta-M	Russia	Russia and EE	Newspaper and internet publishing
000 Pronto Baikal	Russia	Russia and EE	Newspaper and internet publishing
Job.ru LLC	Russia	Russia and EE	Internet publishing
000 Pronto DV	Russia	Russia and EE	Newspaper and internet publishing
000 Pronto Ivanovo	Russia	Russia and EE	Newspaper and internet publishing
000 Pronto Kaliningrad	Russia	Russia and EE	Newspaper and internet publishing
000 Pronto Kazan	Russia	Russia and EE	Newspaper and internet publishing
000 Pronto Krasnodar	Russia	Russia and EE	Newspaper and internet publishing
000 Pronto Media Holding	Russia	Russia and EE	Newspaper and internet publishing
000 Pronto Nizhny Novgorod	Russia	Russia and EE	Newspaper and internet publishing
000 Pronto Novosibirsk	Russia	Russia and EE	Newspaper and internet publishing
000 Pronto Oka	Russia	Russia and EE	Newspaper and internet publishing
000 Pronto Samara	Russia	Russia and EE	Newspaper and internet publishing
000 Pronto Smolensk	Russia	Russia and EE	Newspaper and internet publishing
000 Pronto UlanUde	Russia	Russia and EE	Newspaper and internet publishing
000 Pronto Vladivostok	Russia	Russia and EE	Newspaper and internet publishing
000 Rektcentr	Russia	Russia and EE	Investment
000 Tambov-Info	Russia	Russia and EE	Newspaper and internet publishing
000 Tambukan	Russia	Russia and EE	Newspaper and internet publishing
000 Utro Peterburga	Russia	Russia and EE	Newspaper and internet publishing
000 Rukom	Russia	Russia and EE	Internet publishing
Publishing International Holding BV	Holland	Europe	Investment

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

### Associates

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

Associates	Registered country	Geographic segment	Nature of business
ASPM Holding B.V. ("ASPM")	Hollanda	Europe	Investment

### Joint Ventures

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

Joint Venture	Registered country	Geographic segment	Nature of 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

## NOTE 2-BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

### 2.1 Basis of presentation

#### 2.1.1 Financial reporting standards

Public Oversight, Accounting and Auditing Standards Board ("POA"), published the "Financial Statement Samples and User Guide", to be prepared in the scope of TAS/IFRS in accordance with the "Turkey Accounting/Financial Reporting Standards" in the Official Gazette No. 28652 dated 20 May 2013 for the companies that are obliged to apply Turkish Accounting Standards ("TAS") and Turkish Financial Reporting Standards ("IFRS") except for the financial institutions such as banks, insurance companies, capital market institutions operating under the scope of Banking Act No. 5411, the Capital Market Law No. 6362, No. 5684, No. 4683 of the Insurance Law, Private Pension Savings and Investment.

In accordance with the Capital Markets Board ("CMB")'s No. II-14.1 "Principles of Financial Reporting in Capital Markets" ("Communiqué No. II-14.1"), capital market institutions except for the partnerships whose issued capital market instruments are traded on a stock exchange and investment funds, housing finance and asset finance funds, financial statements, should prepare its financial statements in accordance with TAS/IFRS.

Upon the CMB's resolution dated 7 June 2013 and 20/670, for capital market institutions, except for the corporations whose capital market instruments are traded on a stock exchange and investment funds, housing finance and asset finance funds within the scope of Communiqué No: II-14.1, formats are declared in the weekly bulleting at 7 June 2013 numbered 2013/19 starting from the interim periods 31 March 2013. The Company prepared the consolidated financial statements as of 31 December 2014 in accordance with the standards described above.

With the decision taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with CMB Financial Reporting Standards. Accordingly, IAS 29, "Financial Reporting in Hyperinflationary Economies" ("IAS 29"), issued by the IASB, has not been applied in the financial statements for the accounting year commencing 1 January 2005.

The Group maintain their books of account and prepare their statutory financial statements in TL in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance.

These consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion except investment properties, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the Turkey Accounting Standards.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

### 2.1.2 Financial statements of Subsidiaries, Associates and Joint Ventures operating in foreign countries

Financial statements of subsidiaries, associates and joint ventures that are operating in foreign countries are prepared in accordance with applicable laws and regulations in countries in which they are registered and required adjustments and reclassifications are reflected for the purpose of fair presentation in accordance with the Group's accounting policies.

If the Group companies' functional currency is different from its presentation currency, the functional currency is translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.
- Income and expenses for each income statement are translated at average exchange rates; and all resulting exchange differences are recognised as a separate component of equity and statements of comprehensive income (currency translation reserve).

When a foreign operation is partially disposed of or sold, exchange differences recorded in equity are recognised in the income statement as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

The financial statements of the companies operating in Belarus (Pronto Soft, 000 SP Belpronto) included within the accompanying consolidated financial statements are prepared on the historical cost basis adjusted in accordance with IAS No. 29. The methods used to measure the fair values are explained in Note 2.2.2. Determination of historical cost is generally based on the fair value of the amount paid for the asset. As explained in Note 2.1.1, effective from 1 January 2005, the application of inflation accounting has lasted for the companies operating in Turkey. Hyper-inflationary period is commenced on 1 January 2011 in Belarus. In the financial statements of subsidiaries operating in Belarus, restatement adjustments resulting from changes in the general purchasing power of the Belarusian Ruble have been made in accordance with IAS 29 which requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date. One characteristic that necessitates the application of IAS 29 is a cumulative three-year inflation rate approaching or exceeding 100%. The related cumulative rate became 65% for the three-year period ended as of 31 December 2014 based on the consumer price index published by Belarus National Statistic Committee.

Index and the conversion factors used to adjust the financial statements of the subsidiaries operating in Belarus as at 31 December 2014 are given below:

Dates	Index	Conversion Factor
31 December 2009	1,4871	3,7848
31 December 2010	1,6362	3,4400
31 December 2011	3,4143	1,6485
31 December 2012	4,1549	1,3546
31 December 2013	4,8400	1,1629
31 December 2014	5,6284	1,0000

The annual change in Belarusian Ruble ("BYR") exchange rate against USD and Euro compared with the consumer price index in Belarus is as follows:

Years	2013	2014
Change in USD/BYR (%)	11	25
Change in Euro/BYR (%)	15	13
Belarus Consumer Price Index (%)	16	16

As of 31 December 2014, the exchange rate announced by the National Bank of the Republic of Belarus was USD 1= BYR 11.850, Euro 1= BYR 14.776 (31 December 2013: USD 1= BYR 9.510, Euro 1= BYR 13.080).

The main guidelines for the IAS 29 restatement are as follows:

- All items of financial statements of subsidiaries operating in Belarus, except for the ones already presented at the current purchasing power level, are restated by applying a general price index until 31 December 2014.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

- Monetary assets and liabilities of the subsidiaries operating in Belarus are not restated because they are already expressed in terms of the current measuring unit at the balance sheet date. Monetary items present money held and items to be received or paid in cash and cash equivalents.

- Non-monetary assets and liabilities in financial statements of the subsidiaries operating in Belarus are restated by applying, to the initial acquisition cost and any accumulated depreciation, the change in the general price index from the date of acquisition or initial recording to the balance sheet date, in the manner that not to exceed their market values. Depreciation is similarly restated. The components of shareholders' equity are restated by applying the applicable general price index from the dates the components were contributed or arose otherwise.

- All items in the statement of income of the subsidiaries operating in Belarus, except non-monetary items in the statement of financial position that have effect over statement of income, are restated by applying the relevant conversion factors from the dates when the income and expense items were initially recorded in the financial statements.

- The gain or loss on the net monetary position is the result of the effect of general inflation and is the difference resulting from the restatement of non-monetary assets, shareholders' equity and statement of income items. The gain or loss on the net monetary position is included in net profit/(loss).

#### 2.1.3 Consolidation principles

The consolidated financial statements include the accounts of the parent company, Hürriyet, its Subsidiaries, Joint Ventures, and its Associates (together 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.

Consolidation principles used in the preparation of these consolidated financial statements are summarized below:

##### (a) Subsidiaries

Subsidiaries are companies in which the Company has power to control the financial and operating policies for the benefit of the Company either (a) through the power to exercise more than 50% voting rights relating to shares in the companies as a result of shares owned directly and indirectly by itself, or (b) although not having the power to exercise more than 50% of the voting rights, through the power to govern the financial and operating policies. Control is achieved when the Company:

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

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to at least one of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company 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 Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, over vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.



# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

The Subsidiaries and their effective ownership interests at 31 December 2014 and 31 December 2013 are as follows:

Subsidiaries	Proportion of voting power held by Hürriyet and its Subsidiaries (%)		Effective ownership interests (%)	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Hürriyet Medya Basım	100,00	100,00	100,00	100,00
Doğan Ofset <sup>(1)</sup>	-	99,93	-	99,93
Yenibir	100,00	100,00	100,00	100,00
Doğan Haber	53,14	53,14	53,14	53,14
Nartek <sup>(2)</sup>	-	60,00	-	60,00
Hürriyet Zweigniederlassung	100,00	100,00	100,00	100,00
Hürriyet Invest	100,00	100,00	100,00	100,00
TME	78,57	74,28	78,57	74,28
Oglasnik d.o.o. <sup>(3)</sup>	-	100,00	-	74,28
Impress Media Marketing LLC	97,00	97,00	76,21	72,05
TCM Adria d.o.o.	100,00	100,00	78,57	74,28
Expressz Magyarorszag Media Kft. <sup>(2)</sup>	-	100,00	-	74,28
Job.ru LLC	100,00	100,00	78,57	74,28
Mirabridge International B.V.	100,00	100,00	78,57	74,28
Pronto Invest B.V.	100,00	100,00	78,57	74,28
ZAO Pronto Akzhol	80,00	80,00	62,86	59,42
TOO Pronto Akmola	100,00	100,00	78,57	74,28
OOO Pronto Atyrau	100,00	100,00	62,86	59,42
OOO Pronto Aktobe	80,00	80,00	50,28	47,54
OOO Pronto Aktau	100,00	100,00	62,86	59,42
OOO Pronto Rostov <sup>(5)</sup>	-	100,00	-	74,28
OOO Delta-M	55,00	55,00	43,21	40,85
OOO Pronto Baikal	100,00	100,00	78,57	74,28
OOO Pronto DV	100,00	100,00	78,57	74,28
OOO Pronto Ivanovo	100,00	100,00	78,57	74,28
OOO Pronto Kaliningrad	95,00	95,00	74,64	70,57
OOO Pronto Kazan	72,00	72,00	56,57	53,48
OOO Pronto Krasnodar	80,00	80,00	62,86	59,42
OOO Pronto Nizhny Novgorod	90,00	90,00	70,71	66,85
OOO Pronto Novosibirsk	100,00	100,00	78,57	74,28
OOO Pronto Oka <sup>(6)</sup>	100,00	100,00	78,57	74,28
OOO Utro Peterburga <sup>(6)</sup>	55,00	55,00	43,21	40,85
OOO Pronto Samara	100,00	100,00	78,57	74,28
OOO Pronto UlanUde	90,00	90,00	70,71	66,85
OOO Pronto Vladivostok	90,00	90,00	70,71	66,85
OOO Pronto Media Holding <sup>(7)</sup>	100,00	100,00	78,57	74,28

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

	Proportion of voting power held by Hürriyet and its Subsidiaries (%)		Effective ownership interests (%)	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
000 Tambukan	85,00	85,00	66,78	63,14
000 Partner-Soft <sup>(8)</sup>	-	90,00	-	66,85
Pronto Soft	90,00	90,00	70,71	66,85
000 Pronto Kemerovo <sup>(5)</sup>	-	100,00	-	74,28
000 Pronto Smolensk	100,00	100,00	78,57	74,28
000 Pronto Tula <sup>(9)</sup>	-	100,00	-	74,28
000 Pronto Voronezh <sup>(4)</sup>	-	100,00	-	74,28
000 SP Belpronto	60,00	60,00	47,14	44,57
000 Tambov-Info	100,00	100,00	78,57	74,28
000 Pronto Obninsk <sup>(10)</sup>	-	100,00	-	7,43
000 Rektcentr	100,00	100,00	78,57	74,28
000 Pronto Neva <sup>(11)</sup>	-	100,00	-	74,28
Publishing House Pennsylvania Inc	100,00	100,00	78,57	74,28
Bolji Posao d.o.o. Serbia <sup>(12)</sup>	-	100,00	-	74,28
Bolji Posao d.o.o. Bosnia <sup>(12)</sup>	-	100,00	-	74,28
Sklad Dela Prekmurje NGO <sup>(3)</sup>	-	100,00	-	40,85
000 Rukom <sup>(13)</sup>	100,00	100,00	78,57	74,28
Pronto Ust Kamenogorsk	100,00	100,00	62,86	59,42
Publishing International Holding BV	100,00	100,00	78,57	74,28

<sup>(1)</sup> Related subsidiary was sold on 18 July 2014.

<sup>(2)</sup> Related subsidiary has merged with the other subsidiary Yenibir on 30 December 2014.

<sup>(3)</sup> Related subsidiary was sold on 28 February 2014.

<sup>(4)</sup> Was sold on 7 April 2014.

<sup>(5)</sup> Related subsidiaries are liquidated during the year 2014.

<sup>(6)</sup> Related subsidiary has ceased its operations before the year 2010.

<sup>(7)</sup> The title of the 000 Pronto Moscow has been changed to 000 Pronto Media Holding as of 23 December 2014.

<sup>(8)</sup> Related subsidiaries are liquidated on 10 December 2014.

<sup>(9)</sup> Liquidated on 18 July 2014.

<sup>(10)</sup> 90% of the shares are sold in December 2013 and the remaining 10% is sold as of January 2014.

<sup>(11)</sup> The liquidation process of related subsidiary was completed in 21 February 2014.

<sup>(12)</sup> Was sold on 21 March 2014.

<sup>(13)</sup> Terminated its activities in 2012.

#### (b) Investments in associates and joint ventures

Joint ventures are the entities where Hürriyet and its subsidiaries together with one or more parties are subject to joint control and undertake an economic operation through an agreement. Joint ventures were consolidated using the proportional consolidation method until 31 December, 2012. In accordance with the amendments to TFRS 11 effective from 1 January 2013, joint ventures are recognized under the equity method starting from this date.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Subsidiaries and business combinations' operational results, assets and liabilities are recognized by using equity pick up method in consolidated financial statements (Note 13).

#### (c) Non-controlling interests

Non-controlling interests of shareholders over the net assets and operational results of subsidiaries are classified as "non-controlling interest" in the consolidated balance sheet and statement of income.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

### *(d) Financial investments*

Financial investments in which the Group and its subsidiaries, have less than 20%, or more than 20% direct or indirect participation but the Group has no significant influence over the related assets, or which are immaterial to consolidated financial statements are classified as available for sale financial assets. Available for sale financial assets that do not have a quoted market price in an active market and whose fair value cannot be measured reliably are carried at cost less any allowance for impairment (Note 6).

### **2.1.4 Offsetting**

All items, significant in terms of content and amount, are stated separately in the consolidated financial statements even if they bear the same characteristics. Insignificant amounts or items displaying similar characteristics are stated collectively.

### **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. Since the reconciliation of financial statements' current period presentation, comparative informations can be reclassified and significant differences are clarified.

In 2013, "Other operating income" amounting TL 466,836 has been reclassified to "General administrative expenses".

### **2.1.6 Application of new and revised international financial reporting standards**

#### **a) Amendments to TFRSs affecting amounts reported and/or disclosures in the financial statements**

None.

#### **b) New and Revised TFRSs applied with no material effect on the consolidated financial statements**

Amendments to TFRS 10, 12, TAS 27	Investment Entities <sup>1</sup>
Amendments to TAS 32	Offsetting Financial Assets and Financial Liabilities <sup>1</sup>
Amendments to TAS 36	Recoverable Amount Disclosures for Non-Financial Assets <sup>1</sup>
Amendments to TAS 39	Novation of Derivatives and Continuation of Hedge Accounting <sup>1</sup>
TFRS Interpretation 21	Levies <sup>1</sup>
Amendments to TAS 21	Effect of Exchange Differences <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2014.

<sup>2</sup> Valid since the publication of changes, 12 November 2014.

#### **Amendments to TFRS 10, 12, TAS 27 Investment Entities**

This amendment with the additional provisions of TFRS 10 provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss.

#### **Amendments to TAS 32 Offsetting Financial Assets and Financial Liabilities**

The amendments to TAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realization and settlement'.

#### **Amendments to TAS 36 Recoverable Amount Disclosures for Non-Financial Assets**

As a consequence of TFRS 13 *Fair Value Measurements*, there are amendments in the explanations about the measurement of the recoverable amount of an impaired asset. This amendment is limited to non-financial assets and paragraphs I30 and I34 of TAS 36 has been changed.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

### *Amendments to TAS 39 Novation of Derivatives and Continuation of Hedge Accounting*

This amendment to IAS 39 makes it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.

### *TFRS Interpretation 21 Levies*

IFRIC 21 identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation.

### *TAS 21 (Amendments) Effect Of Changes In Foreign Exchange Rates*

Article (b), paragraph 39 of TAS 21-Effect of Changes in Foreign Exchange Rates has been revised as below.

"(b) Income and expenses, are recorded at the rates of exchange prevailing on the dates of the transactions in all statements that profit or loss and other comprehensive income are presented.

### *(c) New and revised TFRSs in issue but not yet effective*

The Group has not applied the following new and revised TFRSs that have been issued but are not yet effective:

TFRS 9	Financial Instruments
Amendments to TAS 9 and TAS 7	Establishment date for TAS 9 and transition definitions.
Amendments to TAS 19	Defined Benefit Plans: Employee Contributions <sup>1</sup>
Annual Improvements to 2010-2012 Cycle	TFRS 2, TFRS 3, TFRS 8, TFRS 13, TAS 16 and TAS 38, TAS 24, TAS 9, TAS 37, TAS 39 <sup>1</sup>
Annual Improvements to 2011-2013 Cycle	TFRS 3, TFRS 13, TAS 40 <sup>1</sup>
Amendments to TFRS 16 and TAS 38	Regulatory Deferral Accounts <sup>2</sup>
Amendments to TAS 16 and TAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>2</sup>
Amendments to TAS 16 and TAS 41 with amendments to TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40	Agriculture: Bearer Plants <sup>2</sup>
Amendments to TAS 11 and TAS 1	Recognition of shares gained in joint activity <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 30 June 2014.

<sup>2</sup> Effective for annual periods beginning on or after 31 December 2015.

### *TFRS 9 Financial Instruments*

TFRS 9, issued in November 2009, introduces new requirements for the classification and measurement of financial assets. TFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting.

### *Amendments to TFRS 9 and TFRS 7 Mandatory Effective Date of TFRS 9 and Transition Disclosures*

On November 2013, it is tentatively decided that the mandatory effective date of TFRS 9 will be no earlier than annual periods beginning on or after 1 January 2018. The amendment has not published by POA yet.

### *Amendments to TAS 19 Defined Benefit Plans: Employee Contributions*

This amendment clarifies the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

### Annual Improvements to 2010-2012 Cycle

**TFRS 2:** Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'

**TFRS 3:** Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date.

**TFRS 8:** Requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly.

**TFRS 13:** Clarify that issuing TFRS 13 and amending TFRS 9 and TAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only).

**TAS 16 and TAS 38:** Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount.

**TAS 24:** Clarify how payments to entities providing management services are to be disclosed.

### Annual Improvements to 2011-2013 Cycle

**TFRS 3:** Clarify that TFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

**TFRS 13:** Clarify the scope of the portfolio exception in paragraph 52

**TAS 40:** Clarifying the interrelationship of TFRS 3 and TAS 40 when classifying property as investment property or owner-occupied property.

### Amendments to TAS 16 and TAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*

This amendment clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment, and introduces a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated. The amendment also adds guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

### Amendments to TAS 16 and TAS 41 with TAS 1, TAS 17, TAS 23, TAS 36, TAS 40 *Agriculture: Bearer Plants*

This amendment include "bearer plants" within the scope of TAS 16 rather than TAS 41, allowing such assets to be accounted for a property, plant and equipment and measured after initial recognition on a cost or revaluation basis in accordance with TAS 16. The amendment also introduces a definition of 'bearer plants' as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales, and clarifies that produce growing on bearer plants remains within the scope of TAS 41.

The amendments done to the TAS 16 and TAS 41 caused to the amendmends to TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40 respectively.

### Amendments to TFRS 11 and TFRS 1 *Accounting for Acquisition of Interests in Joint operations*

This amendment requires an acquirer of an interest in a joint operation in which the activity constitutes a business to:

- apply all of the business combinations accounting principles in TFRS 3 and other TFRSs, except for those principles that conflict with the guidance in TFRS 11
- disclose the information required by TFRS 3 and other TFRSs for business combinations.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

Amendments applied in TFRS 11 caused the changes in the related parts TFRS 1.

The Group assesses the effects of the standards on financial situation and performance.

### 2.2 Summary of significant accounting policies

#### 2.2.1 Related parties

For the purpose of accompanying consolidated financial statements, related parties are referred to as legal entities in which Doğan Holding directly or indirectly has participation, including any entities under joint control; real persons and/or legal entities that have direct or indirect control or joint control over the Company and their close family members (immediate family members) and legal entities having direct or indirect control or joint control by them and legal entities having significant effect over the Company or their key management personnel; Company's affiliates, subsidiaries and members of the BOD, key management and their close family members (immediate family members) and real persons and/or legal entities that are directly or indirectly controlled individually or jointly (Note 34).

#### 2.2.2 Financial assets

In accordance with IAS 39, the Group classifies its financial instruments as "available-for-sale" and "loans and receivables". All financial assets are recognised at cost including transaction costs in the initial measurement.

Financial assets classified by the Group as "available for sale financial assets" that do not have any control power or significant effect have no fair value. When fair value cannot be reliably measured as other fair value estimation methods are not applicable; the carrying value of the financial asset is measured at cost less any impairment loss (Note 6).

"Loans and receivables" are financial assets that have fixed or determinable payments and fixed maturity dates and non-derivative financial assets that are not quoted in an active market.

#### 2.2.3 Trade receivables and provision for doubtful receivables

Trade receivables, formed as a result of provided goods or services by the Group, are presented after netting of with unaccrued finance income. After netting of trade receivables with unaccrued finance income, remaining trade receivable balance is discounted by using the effective interest rate in the subsequent period in which the original invoice is issued. Short-term trade receivables with undetermined interest rate are presented at cost value when the original effective interest rate effect is insignificant.

Provision is allocated for receivables when the Group has an objective indication over the collectability. The Group also set allowance for the receivables which are overdue for more than one year unless there is no guarantee and collaterals taken or special agreement. The amount of the provision is the difference between the carrying amount and the recoverable amount. Recoverable amount is the present value of all cash flows, including amounts recoverable from guarantees and collaterals discounted based on using the original effective interest rate of the trade receivable occurred. The management evaluates the possibility of reserving provision for doubtful receivables when the trade receivables are uncollectible and unguaranteed, in legal proceedings or due more than the regular commercial day terms.

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

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

### 2.2.5 Inventories

Inventories are valued at the lower of cost or estimated selling price less estimated costs necessary to make a sale. Cost elements included in inventory are purchase costs and other costs necessary to prepare the asset for its intended use. Cost elements included in inventories are materials, labor and production overheads. The unit cost of inventories is determined on the moving weighted average basis (Note 12).

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

### Promotion materials

Assessment of impairment on promotion materials and determination of impairment amount is carried out by the Group management. Impairment amount is determined by considering the purchase dates and rates identified by management.

### 2.2.6 Investment properties

Land and buildings that are held to earn rentals and/or for capital appreciation are classified as investment property. Investment properties are carried at cost less transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are included in the statement of income in the year which they arise (Note 14).

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of income in the year of retirement or disposal.

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 fair value and cost value, as of the date in which the change has occurred, is recognized as revaluation fund under other comprehensive income.

### 2.2.7 Property, plant and equipment and depreciation

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. Depreciation is provided using the straight-line method based on the estimated useful lives of tangible assets (except lands) (Note 15).

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

Buildings	25-50 years
Machinery and equipment	3-15 years
Furniture and fixtures	3-15 years
Motor vehicles	5 years
Leasehold improvements	2-20 years

Useful life and depreciation are reviewed regularly and the Group also reviews the consistency of the useful life and depreciation method applied with the economic benefits to be obtained from the underlying assets.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. 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.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

Gains or losses on disposals of property, plant and equipment are determined with respect to the difference between collections received and carrying amounts of property, plant and equipment and are included in the other income and expense accounts, as appropriate.

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

### 2.2.8 Financial leases

Leases are classified as finance leases by the Group whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. Lease payments are treated as consisting of capital and interest.

Principal lease payments are treated as liabilities and reduced with their payments. Interest charges are charged directly against income statement over the financial lease period. Capitalized leased assets are depreciated over the estimated useful life of the asset.

### 2.2.9 Intangible assets

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

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

Trade names	20 years
Customer lists	9 and 18 years
Computer software and rights	5-15 years
Domain names	3-20 years
Other intangible assets	5 years

Intangible assets with finite useful lives are carried at their acquisition cost and amortised using the straight-line method over their estimated useful lives (Note 16).

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

#### Web page development costs

Costs associated with developing web pages are capitalized and are amortized over their estimated useful lives (Note 16). Following the planning phase and operation; all costs are recognized as expense. Maintenance costs of web pages are accounted as operational expenses.

### 2.2.10 Goodwill

Goodwill and negative goodwill amount, which represent the difference between the purchase price and the fair value of the acquiree's net assets, arising from business combinations effected prior to 30 June 2004 in the consolidated financial statements is capitalized and amortized over the useful life by using the straight-line method prior to 31 December 2004. Goodwill arising from business combinations effected subsequent to 31 March 2004 is not amortized and instead reviewed for any impairment losses in accordance with TFRS 3 Business Combinations.



# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired as of the balance sheet dates. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period (Note 16).

### 2.2.11 Critical accounting estimates and judgements

#### *Useful lives of intangible assets*

Useful lives of some trademarks are expected to be indefinite by the Group management. Where useful life is definite, in case of useful lives of 20 years, such intangible assets' amortization would have increased by TL 9.018.123 (31 December 2013: TL 13.875.870) and their loss before tax and non-controlling interests would have increased by TL 9.018.123 (31 December 2013: TL 13.875.870).

Group amortizes trade names, customer lists and domain names with definite useful lives specified in Note 2.2.9.

If the useful lives of tradenames, customer lists and domain names differ from the management's estimates by 10%, the effects on the financial statements would be as follows:

- Had the useful lives been higher by 10%, amortization charges would have decreased by TL 819.829 and loss before tax and non-controlling interests would have decreased by TL 819.829 (31 December 2013: TL 1.261.443) or
- Had the useful lives been lower by 10%, amortization charges would have increased by TL 1.002.014 and loss before tax and non-controlling interests would have increased by TL 1.002.014 (31 December 2013: TL 1.541.763).

#### *Impairment of goodwill and intangible assets:*

The Group conducted goodwill impairment analysis as of 31 December 2014 according to the details occurred as explained below:

The recoverable amounts of cash generating units have been calculated using value in use model. Value in use is measured based on estimated cash flows after tax using financial budgets covering five-year period and EBITDA (profit margin before budgeted interest, taxes, amortization and depreciation, impairment charges and other non-operating expenses) expectations play an important role in these calculations.

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

	<b>EBITDA Increase Rate (%)</b>	<b>Discount Rate (%)</b>
TME	35	15,7

The Group has set a provision for impairment of goodwill in consolidated financial statements as of 31 December 2014 in the amount of TL 75.900.664 (31 December 2013: None) (Note: 16). Impairment of goodwill occurred because of the currency depreciation of Ruble in current period which is caused by the changes in the economical position of the Russia and the discount rate increased which is used in estimation of recoverable value.

If after-tax discount rate applied to cash flow projection on cash generating units is 1% more than management's estimates, the Group would account an additional provision for goodwill amounting to TL 26.198.932 (31 December 2013: TL 25.962.498 for goodwill and intangible assets) to its financial statements and net profit before tax and non-controlling interests would decrease by TL 26.198.932 (31 December 2013: TL 25.962.498).

If the cash generating units to cash flow projections applied to EBITDA ratio is 5% lower than management's estimates, the Group would account an additional provision for goodwill amounting to TL 27.465.052, to its financial statements and net loss before tax and non-controlling interest would increase by TL 27.465.052.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

### 2.2.12 Taxes

Taxation on profit or loss 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 previous year's tax liabilities. Turkish tax legislation does not permit a parent company, its subsidiaries and joint ventures to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the 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 income tax is determined using tax rates that have been 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 (Note 32). Such deferred tax assets and liabilities are not recognized 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.

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.

### 2.2.13 Financial borrowings

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective interest method. Any difference between proceeds, net of transaction costs, and the redemption value is recognised in the income statement as finance expense over the period of the borrowings (Note 7).

### 2.2.14 Employment termination benefits

The Group is required to pay termination benefits to employees who is retired, whose employment is terminated without due causes in Labour Law, in accordance with the Law related with The Arrangement of the Relationships within the Employees in Press Sector (employees in media sector) and other laws. The total provision represents the present value of future probable obligation of the Group arising from the retirement of its employees regarding the actuarial projections (Note 20).

### 2.2.15 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 an 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.

The Group has disclosed the contingent liability if it becomes probable, but no reliable estimation can be made on the amounts of resources comprising economic benefits.

Possible assets that arise 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 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.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

### 2.2.16 Share capital and dividends

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

### 2.2.17 Foreign currency transactions

#### Functional currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity. The consolidated financial statements are presented in Turkish Lira, which is the functional currency of the Company.

#### Foreign currency transactions and balances

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

The results of Group undertakings using a measurement currency other than TL are first translated into TL by using the average exchange rate for the period. The assets and liabilities of such Group undertakings are translated into TL 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.

A significant portion of the Group's foreign operations are performed in Russia, Europe and Eastern Europe countries (Note 4). Foreign currencies and exchange rates at 31 December 2014 and 31 December 2013 are summarized below:

Country	Currency	31 December 2014	31 December 2013
Russia	Ruble	0,0398	0,0652
Eurozone	Euro	2,8243	2,9365
Hungary	Forint	0,0089	0,0099
Croatia	Kuna	0,3685	0,3846
Ukraine	Grivna	0,1474	0,2670
Romania	New Ley	0,6294	0,6549
Kazakhstan	Tenge	0,0128	0,0139
Belarus	Belarusian Ruble	0,0002	0,0002

### 2.2.18 Revenue recognition

Revenue is the fair value amount of sales of goods and services received or receivable which is resulted from Group's operations. Net sales represent the invoiced value of goods/services shipped less any trade discounts, rebates or commissions and are presented with the elimination of intercompany balances.

Revenue is initially recognized at the fair value of the consideration received or receivable when it can be measured reliably and when there is an inflow of economic benefits. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The interest rate used in discounting, is the rate to discount nominal amount of the receivable to the amortised cost of the related goods or services given.

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

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

### Revenues from advertisement

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

### Revenues from newspaper sales

Revenues from newspaper sales are recognised on a matching principle at the time of delivery of the newspapers by the distribution company to the vendor at the invoiced values. Provision for newspaper sales returns is accounted at the time of delivery based on past experiences and other related information.

### Revenues from printing services

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

### Interest income

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

### Rental income

Rental income is recognized on an accrual basis.

### Other income:

Other income is recognized on an accrual basis.

### **2.2.19 Barter agreements**

The Group provides advertising services in return for advertisement and other products and services. When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a revenue generating transaction. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a revenue generating transaction. Revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. If the fair value of the goods or services received is not measured reliably, the revenue is measured at the fair value of the goods or services supplied, adjusted by the amount of any cash or cash equivalents transferred (Note 19). Barter agreements is recognized on an accrual basis.

### **2.2.20 (Loss)/profit per share**

(Loss)/profit per share disclosed in the consolidated statements of income are determined by dividing net (loss)/profit for the period by the weighted average number of shares that have been outstanding during the period concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares "bonus shares" to existing shareholders from retained earnings (Note 23). 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).

In case of dividend payment, earnings per share are determined on existing number of shares rather than the weighted average numbers of shares.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

### 2.2.21 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 5).

### 2.2.22 Subsequent events

Subsequent events and announcements related to net income or even declared after other selective financial information has been publicly announced, include all events that take place between the balance sheet date and the date when the balance sheet is authorised for issue.

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.

### 2.2.23 Reporting of cash flows

In the statement of cash flows, consolidated cash flows during the period are classified under operating, investing or financing activities.

The cash flows raised from operating activities indicate cash flows due to the Group's operations.

The cash flows due to investing activities indicate the Group cash flows that are used for and obtained from investments (investments in 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 highly liquid with 3 months or less to maturity (Note 5).

### 2.2.24 Financial liabilities to non-controlling interests put options

Under the certain terms of acquisition agreements, the Group is committed to acquire the interests owned by non-controlling shareholders in consolidated subsidiaries, upon the request of non-controlling interest holders.

As it is highly probable that the Group will fulfill this obligation, IAS 32, "Financial Instruments: Disclosure and Presentation", requires the value of such put option to be presented as a financial liability on the balance sheet for the discounted value of the expected exercise price of this option, notwithstanding the ability of the Company to settle part of these obligations with its own shares rather than cash. Furthermore, the share of non-controlling shareholders in the net asset of the company subject to the put option must be reclassified from "non-controlling interest" to "other financial liabilities" in the consolidated balance sheet. The Group recognises, on initial recognition, the difference between the exercise price of the option and the carrying value of the non-controlling interests as a reduction of non-controlling interest and then as additional goodwill. The subsequent unwinding of the discount is recognised in financial expense while the change in the value of the commitment is recorded through goodwill (Note 16).

### 2.2.25 Non-current assets held for sale and discontinued operations

Assets held for sale are operations that the Group disposes of or classified as available for sale and cash flows which can be treated as a part separately from the Group. Non-current assets held for sale and discontinued operations represents a separate major line of business or geographical area of operations; is part of single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. The Group must evaluate its discontinued operations with the lower of carrying value and fair values less costs to sell (Note 35).

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

#### 2.2.26 Segment reporting

The chief operating decision maker of the Group is the Executive Committee or Management Committee. 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 4).

#### 2.2.27 Derivative instruments

Derivative financial instruments consist of mainly foreign currency and interest rate swaps and forward foreign exchange contracts. Derivative instruments are initially recognized at acquisition cost. The related transaction costs are included in the acquisition cost. Derivative financial instruments are subsequently remeasured at their fair value. All derivative financial instruments are classified as financial assets carried at fair value through profit or loss. Fair value of derivative financial instruments is measured by using its market value or by applying discounted cash flows method. Derivative financial instruments are classified as assets or liabilities in accordance with their fair values to be positive or negative (Note 8).

According to valuation studies, changes in the fair value of derivatives at fair value through profit or loss are included in the statement of comprehensive income.

While certain derivatives provide effective hedge relationships, they are recognised as financial assets through profit or loss in accordance with IAS 39 and their fair value gains and losses are reported in the statement of comprehensive income.

#### NOTE 3-BUSINESS COMBINATIONS

There are no business combinations as of 31 December 2014 and 31 December 2013.

#### NOTE 4-SEGMENT REPORTING

##### a) Segmental analysis for the period between 1 January - 31 December 2014:

	Turkey	Russia and EE	Europe	Total
Sales	541.462.949	138.990.741	39.128.753	719.582.443
Cost of sales (-)	(360.001.306)	(70.414.984)	(40.956.917)	(471.373.207)
<b>Gross operating profit</b>	<b>181.461.643</b>	<b>68.575.757</b>	<b>(1.828.164)</b>	<b>248.209.236</b>
Marketing, selling and distribution expenses (-)	(103.058.330)	(31.240.399)	-	(134.298.729)
Losses from investments accounted by the equity method (-)	(2.657.717)	196.785	-	(2.460.932)
<b>Net segment result</b>	<b>75.745.596</b>	<b>37.532.143</b>	<b>(1.828.164)</b>	<b>111.449.575</b>
General administrative expenses (-)				(140.948.559)
Other operating income				123.426.312
Other operating expenses (-)				(57.242.013)
Finance expenses (-)				(198.577.145)
Income from investing activities				57.580.861
Expense from investing activities (-)				(94.620.218)
<b>Loss before tax</b>				<b>(198.931.187)</b>
Tax expenses for the period (-)				(5.034.056)
Deferred tax income				1.796.938
<b>Net loss for the period</b>				<b>(202.168.305)</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

#### b) Segmental analysis for the period between 1 January – 30 September 2013:

	Turkey	Russia and EE	Europe	Total
Sales	586.105.099	183.270.112	36.199.401	805.574.612
Cost of sales (-)	(388.215.159)	(88.742.514)	(37.480.080)	(514.437.753)
<b>Gross operating profit</b>	<b>197.889.940</b>	<b>94.527.598</b>	<b>(1.280.679)</b>	<b>291.136.859</b>
Marketing, selling and distribution expenses (-)	(112.157.628)	(33.120.637)	(139.531)	(145.417.796)
Losses from investments accounted by the equity method (-)	(7.770.000)	609.056	-	(7.160.944)
<b>Net segment result</b>	<b>77.962.312</b>	<b>62.016.017</b>	<b>(1.420.210)</b>	<b>138.558.119</b>
General administrative expenses (-)				(144.178.097)
Other operating income				82.344.140
Other operating expense (-)				(45.274.193)
Finance expenses (-)				(101.479.505)
Income from investing activities				21.687.630
Expense from investing activities (-)				(13.020.147)
Monetary gain/loss				74.229
<b>Loss before tax</b>				<b>(61.287.824)</b>
Tax expenses for the period (-)				(5.218.150)
Deferred tax income				12.281.732
<b>Net loss for the period</b>				<b>(54.224.242)</b>

#### c) Segment assets:

	31 December 2014	31 December 2013
Turkey	470.559.037	612.525.953
Russia and EE	408.160.060	658.048.124
Europe	39.250.324	134.628.186
	<b>917.969.421</b>	<b>1.405.202.263</b>
Unallocated assets	7.995.497	19.432.851
Investments accounted by the equity method	9.013.738	13.768.940
<b>Total assets per consolidated financial statements</b>	<b>934.978.656</b>	<b>1.438.404.054</b>

Group's assets other than segment assets include prepaid taxes (Note 22), VAT receivables (Note 22) and deferred taxes assets (Note 32).

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

#### d) Segment liabilities:

	31 December 2014	31 December 2013
Turkey	67.363.592	32.386.348
Russia and EE	103.424.109	169.726.775
Europe	22.874.026	66.195.033
	<b>193.661.727</b>	<b>268.308.156</b>
Unallocated liabilities	314.122.756	446.954.014
<b>Total liabilities per consolidated financial statements</b>	<b>507.784.483</b>	<b>715.262.170</b>

Group's liabilities other than other segments liabilities is composed of provisions (Note 18), employee termination benefits (Note 20), VAT payable (Note 22) and unused vacation provision (Note 18), current tax liability and deferred tax liabilities (Note 32).

#### e) Property, plant and equipment, intangible assets and investment property purchases and depreciation and amortization

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

	31 December 2014	31 December 2013
Turkey	41.358.595	19.261.397
Russia and EE	5.879.796	5.036.455
Europe	1.042.658	1.272.213
<b>Total</b>	<b>48.281.049</b>	<b>25.570.065</b>

*Depreciation and amortization charges*

	31 December 2014	31 December 2013
Turkey	40.812.817	43.260.786
Russia and EE	24.975.495	26.772.653
Europe	3.964.474	8.413.046
<b>Total</b>	<b>69.752.786</b>	<b>78.446.485</b>

#### f) Non-cash other expenses:

	1 January-31 December 2014			
	Turkey	Russia and EE	Europe	Total
Provision of goodwill impairment	-	75.900.664	-	75.900.664
Provision of employee termination benefit and unused vacation (Notes 18,20)	8.410.897	3.300.895	-	11.711.792
Provision for doubtful receivables (Note 9,22)	12.262.147	-	-	12.262.147
Provision of legal claims (Note 18)	1.978.589	-	-	1.978.589
Provision of inventory impairment (Note 12)	2.010.365	-	-	2.010.365
	<b>24.661.998</b>	<b>79.201.559</b>	<b>-</b>	<b>103.863.557</b>



# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

	1 January-31 December 2013			Total
	Turkey	Russia and EE	Europe	
Provision for impairment of assets for held (Note 35)	-	-	23.301.137	23.301.137
Provision of employee termination benefits and unused vacation (Notes 18,20)	9.964.842	5.808.872	-	15.773.714
Provision of doubtful receivables (Notes 9,22)	5.418.694	2.782.625	-	8.201.319
Provision of legal claims (Note 18)	1.897.012	-	-	1.897.012
Provision of inventory impairment (Note 12)	1.116.831	-	-	1.116.831
	<b>18.397.379</b>	<b>8.591.497</b>	<b>23.301.137</b>	<b>50.290.013</b>

### NOTE 5-CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents at 31 December 2014 and 31 December 2013 are as follows:

	31 December 2014	31 December 2013
Cash	387.760	661.026
Banks		
- time deposits	38.208.697	24.717.629
- demand deposits	18.012.967	21.796.687
- blocked deposits	23.229	31.506
<b>Total</b>	<b>56.632.653</b>	<b>47.206.848</b>

The Group has blocked deposits amounting to TL 23.229 as of 31 December 2014 (31 December 2013: TL 31.506). The blocked deposits consist of demand deposits amounting to TL 23.229 (31 December 2012: TL 30.341).

Cash and cash equivalents included in the consolidated statements of cash flows as of 31 December 2014 and 31 December 2013 are as follows:

	31 December 2014	31 December 2013
Cash and banks	56.632.653	47.206.848
Less: Blocked deposits	(23.229)	(31.506)
Less: Interest accruals	(4.777)	(202.381)
<b>Total</b>	<b>56.604.647</b>	<b>46.972.961</b>

The maturity analysis of time deposits of the year 2014 and 2013 including the blocked time deposits is as follows:

	31 December 2014	31 December 2013
0-1 months	35.488.697	24.620.616
1-3 months	2.720.000	98.178
	<b>38.208.697</b>	<b>24.718.794</b>

There are no time deposits with variable interest rates at 31 December 2014 and 31 December 2013. The gross interest rate for TL time deposits is 9,3% as of 31 December 2014 (31 December 2013: 8,32%). The gross interest rates of foreign currency denominated time deposits are 0,2 % for Usd (31 December 2013: 4,07%).

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

#### NOTE 6-FINANCIAL ASSETS

##### Financial assets available for sale:

The details of financial assets available for sales as of 31 December 2014 and 31 December 2013 are as presented below:

	Share %	31 December 2014	Share %	31 December 2013
Doğan Factoring A.Ş. ("Doğan Factoring")	5,11	1.029.898	5,11	1.029.898
Doğan Dış Ticaret ve Müessellik A.Ş. ("Doğan Dış Ticaret")	1,75	468.534	1,75	468.534
Coats İplik Sanayi A.Ş.	0,50	257.850	0,50	257.850
B2C Prodüksiyon Bilişim ve Emlak Danışmanlığı Sanayi Ticaret A.Ş. ("B2C")	15,00	150.000	15,00	150.000
Other	-	70.286	-	70.624
<b>Total</b>		<b>1.976.568</b>		<b>1.976.906</b>

Financial investments are carried at cost less provision for impairment since they are not being traded in an active market. There is no impairment during the period.

#### NOTE 7-FINANCIAL LIABILITIES

The details of financial liabilities at 31 December 2014 and 31 December 2013 are as follows:

Short-term borrowings:	31 December 2014	31 December 2013
Short-term bank borrowings	11.311.468	2.387.299
Financial liabilities to suppliers	2.139.637	6.436.107
	<b>13.451.105</b>	<b>8.823.406</b>
Short term portion of long-term financial liabilities	159.660.282	143.052.144
<b>Total</b>	<b>173.111.387</b>	<b>151.875.550</b>
Long-term financial liabilities:	31 December 2014	31 Aralık 2013
Long-term bank borrowings	92.128.150	261.465.762
Financial liabilities to suppliers	-	4.692.877
<b>Total</b>	<b>92.128.150</b>	<b>266.158.639</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

#### Bank borrowings:

The details of bank borrowings at 31 December 2014 and 31 December 2013 are as follows:

	Effective interest rate (%)		Original foreign currency		TL	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013	31 December 2014	31 December 2013
<b>Short-term bank borrowings</b>						
- USD	3,97	-	222.953	-	517.005	-
- Euro	3,73	-	62.952	-	177.569	-
- TL	11,05	-	3.263.662	2.387.300	3.263.662	2.387.299
- RUR	2,40	-	178.395.386	-	7.353.232	-
<b>Sub-total</b>			<b>3.549.567</b>	<b>2.387.300</b>	<b>11.311.468</b>	<b>2.387.299</b>
			<b>(7.761.901)</b>			
<b>Short-term portion of long-term bank borrowings</b>						
- USD	3,97	6,1	68.184.000	62.117.344	158.111.878	132.577.048
- Euro	3,73	2,9	548.943	3.567.205	1.548.404	10.475.096
<b>Sub-total</b>					<b>159.660.282</b>	<b>143.052.144</b>
<b>Total short-term bank borrowings</b>						
<b>Long-term bank borrowings</b>						
USD	-	5,6	-	120.000.000	-	256.116.000
- Euro	3,45	2,9	11.212.873	1.821.816	31.628.150	5.349.762
- TL	11,05	-	60.500.000	-	60.500.000	-
<b>Total long-term bank borrowings</b>					<b>92.128.150</b>	<b>261.465.762</b>

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

Year	31 December 2014	31 December 2013
2015	-	257.904.161
2016	90.491.730	1.857.998
2017	1.260.744	1.703.603
2018	375.676	-
<b>Total</b>	<b>92.128.150</b>	<b>261.465.762</b>

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

Period	31 December 2014	31 December 2013
Up to 6 months	262.169.069	405.378.225
6-12 months	930.831	1.350.790
1 to 5 years	-	176.190
<b>Total</b>	<b>263.099.900</b>	<b>406.905.205</b>

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

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

Group borrows loans on fixed and floating interest rates. Distribution of variable and fixed interest loans are presented in Note 37.1 (i).

As a result of TME's loan agreement, USD 35.000.000 deposits of Doğan Holding has been blocked as guarantee.

#### Financial liabilities to suppliers:

Short and long-term financial liabilities to suppliers are related with the purchase of machinery and equipment. Effective interest rates of short-term and long-term financial liabilities to suppliers are 0,68% for Euro (31 December 2013: Euro: 1,60%).

The repayment schedules of long-term financial liabilities to suppliers are as follows:

Year	31 December 2014	31 December 2013
2015	-	4.692.877
<b>Total</b>	<b>-</b>	<b>4.692.877</b>

As of 31 December 2014, the Group's short-term financial liabilities to suppliers issued at variable interest rate are amounting to TL 2.139.637 (31 December 2013: TL 6.436.107), long-term financial liabilities issued at variable interest rate (31 December 2013: TL 2.226.217) and the long-term financial liabilities issued at fixed interest rate are not exist (31 December 2013: TL 2.466.660).

The exposure of the Group's financial liabilities to suppliers to interest rate changes and the contractual repricing dates are as follows:

Period	31 December 2014	31 December 2013
Up to 6 months	2.139.637	8.662.324
1 to 5 years	-	2.466.660
<b>Total</b>	<b>2.139.637</b>	<b>11.128.984</b>

The fair values of short-term and long-term financial liabilities to suppliers are considered to approximate their carrying values as the effect of discount is not significant.

The Group's bank borrowings and financial liabilities to suppliers with variable interest rate are amounting to TL 30.522.923 as of 31 December 2014 (31 December 2013: TL 224.302.700).

#### NOTE 8-OTHER FINANCIAL ASSETS AND LIABILITIES

Other short term financial liabilities at 31 December 2014 and 31 December 2013 are as follows:

	31 December 2014	31 December 2013
Provision due to put option <sup>(1)</sup>	-	16.154.517
Derivative instruments	-	2.440.486
<b>Total</b>	<b>-</b>	<b>18.595.003</b>

<sup>(1)</sup> As it is stated in the Note 18 that, there is a controversy between the parties regarding to the sales of shares of the Group's non-controlling interest shareholders to TCM Adria d.o.o. and/or Group. In the current period, invalidity of option and payment of indemnity is decided by the Zagreb Conciliation Court. The judgment has been appealed on 5 November 2014 and the suspension of the payment has been filed. As of 31 December 2014 in line with the precautionary principle of the accounting, the liability previously calculated related to "option" was calculated considering the interest (TL 17.741.904) and recorded as "provision for lawsuit". In case the appeal process would result in favor of the Group, the liability will disappear; otherwise, costs of the lawsuit with additional interests will be calculated and recorded in the period of occurrence.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

#### a) Derivative instruments

##### i) Derivative instruments against foreign exchange risk

The Group has not made a Euro swap transaction in the current year (31 December 2013: USD 20.000.000 Euro compensation agreement regarding bank loans and liability in amounting to TL 2.440.486) related with liabilities and compensation agreement.

##### ii) Interest rate swap transactions

The Group has not made a floating interest rate swap agreement for interest payments in the current period. Financial expense in amounting to TL 247.108 is recognized regarding the agreement that is closed during the period. (31 December 2013: USD 10.000.000 portion of the financial loan to be calculated from USD floating rate (Libor) to Euro floating rate (Euribor). TL 634.886 finance expense has been recorded resulting from this agreement.)

#### NOTE 9-TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables net off of unearned finance income at 31 December 2014 and 31 December 2013 are as follows:

	31 December 2014	31 December 2013
Trade receivables	218.423.414	233.608.011
Notes and cheques receivable	2.687.206	2.996.291
Receivables from credit cards	2.534.482	1.718.307
Income accruals	375.092	250.383
Unearned finance income due from term sales	(1.034.358)	(2.727.380)
Less: Provision for doubtful receivables (Note 36)	(53.178.972)	(51.384.264)
<b>Short-term trade receivables</b>	<b>169.806.864</b>	<b>184.461.348</b>

According to a revocable commitment agreement signed with Doğan Factoring Hizmetleri A.Ş., trade receivables resulting from advertisements, amounting to TL 125.529.315 (31 December 2013: TL 129.692.268) are followed up by Doğan Factoring Hizmetleri A.Ş. ("Doğan Factoring"). Group has not transferred the risk of not collecting the above mentioned receivables and has continued to bear in its balance sheets. These receivables are related to commercial advertisements and some of classified advertisements. The due date of the Group's trade receivables followed up by Doğan Factoring is 102 days (31 December 2013: 96 days). The unearned finance income due from sales with maturity related with the receivables followed up by Doğan Factoring is TL 808.088 (31 December 2013: TL 895.559) and the compound interest rate is 12,01% per annum (31 December 2013: 12,01%).

The movements of provision for doubtful receivables are as follows:

	2014	2013
<b>1 January</b>	<b>(51.384.264)</b>	<b>(57.630.747)</b>
Additions during the period (Note 28)	(12.262.147)	(8.201.319)
Collections during the period (Note 27)	2.527.681	2.418.092
Write off of uncollectable receivables	-	6.650.273
Disposal of subsidiary	8.152.165	4.413.848
Currency translation differences	(212.407)	965.589
<b>31 December</b>	<b>(53.178.972)</b>	<b>(51.384.264)</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

Trade payables at 31 December 2014 and 31 December 2013 are as follows:

	31 December 2014	31 Aralık 2013
Short-term trade payables	43.478.493	46.499.414
Expense accruals	4.039.827	1.737.604
Unrealized financial expenses due to term purchases	(131.895)	(225.536)
<b>Total</b>	<b>47.386.425</b>	<b>48.011.482</b>

As of 31 December 2014, the due date of Group's trade payables is 38 days (31 December 2013: 50 days). As of 31 December 2014, unrealized financial expense is TL 149.786 and the compound interest rate is 12,01% per annum ( 31 December 2013: 12,01 %).

#### NOTE 10-OTHER RECEIVABLES AND PAYABLES

Other short-term receivables at 31 December 2014 and 31 December 2013 are as follows:

	31 December 2014	31 December 2013
Notes and cheques receivable <sup>(1)</sup>	-	73.576.936
Deposits and guarantees given	3.420.288	3.520.295
<b>Total</b>	<b>3.420.288</b>	<b>77.097.231</b>

<sup>(1)</sup> In 2012, the Group has sold the properties that consist of 58.609,45 m2 land and buildings including the building that has been used as company headquarters for 28 years (Hürriyet Media Towers) in Bağcılar, İstanbul to Nurool Gayrimenkul Yatırım Ortaklığı in consideration of USD 127.500.000 (TL 225.993.750) excluding late interest. USD 17.500.000 of consideration was paid in advance and the remaining portion which amounts to USD 110.000.000 is payable in 32 equal instalments starting from 6 March 2012 by applying 3,5% interest for remaining balance after the each payment. As of 31 December 2013, USD 34.375.000 (TL 73.366.563) of the related consideration is recognized as short term notes receivable. Total collectable interest amount related to principal payments is USD 6.395.692 and USD 2.013.898 of this amount (TL 3.569.633), excluding VAT, has been collected and is recognized as finance income in the accompanying financial statements in the current period. Interest accrual is calculated by using the effective interest rate as of 31 December 2013 period amounts to USD 98.568 (TL 210.373) and is recognized as short term notes and cheques receivable and finance income in the accompanying financial statements.

Other long-term receivables at 31 December 2014 and 31 December 2013 are as follows:

	31 December 2014	31 December 2013
Deposits and guarantees given	1.764.612	1.508.340
<b>Total</b>	<b>1.764.612</b>	<b>1.508.340</b>

Other short-term payables at 31 December 2014 and 31 December 2013 are as follows:

	31 December 2014	31 December 2013
Taxes payable	937.814	3.501.640
Deposits and guarantees received	739.982	577.489
<b>Total</b>	<b>1.677.796</b>	<b>4.079.129</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

Other long-term payables at 31 December 2014 and 31 December 2013 are as follows:

	31 December 2014	31 December 2013
Deposits and guarantees received	323.430	235.345
Due to personnel	157.160	228.512
<b>Total</b>	<b>480.590</b>	<b>463.857</b>

#### NOTE 11 – EMPLOYEE BENEFIT PAYABLES

Employee benefit payables as of 31 December 2014 and 31 December 2013 are as follows:

	31 December 2014	31 December 2013
Social security withholdings payable	3.519.012	3.528.442
Due to personnel	2.602.291	6.107.888
<b>Total</b>	<b>6.121.303</b>	<b>9.636.330</b>

#### NOTE 12-INVENTORIES

	31 December 2014	31 December 2013
Raw materials and supplies	8.105.375	12.583.722
Promotion materials <sup>(1)</sup>	3.500.045	2.633.262
Finished goods and merchandise	1.904.307	173.653
Semi-finished goods	9.276	1.969.051
<b>Total</b>	<b>13.519.003</b>	<b>17.359.688</b>

<sup>(1)</sup> Promotion materials include promotion materials such as books, CDs and DVDs provided to readers.

Provision for impairment of promotion inventories, raw materials and supplies and finished goods and merchandise amountin to TL 5.779.170 (31 December 2013: TL 4.168.833) and their movement during the period are as follows:

	2014	2013
<b>1 January</b>	<b>(4.168.833)</b>	<b>(3.433.906)</b>
Provision of promotion inventories	(1.515.019)	(427.515)
Reversal of provision of promotion materials	217.789	326.866
Provision of raw materials and supplies	(495.346)	(689.316)
Reversal of provision of raw materials and supplies	182.239	55.038
<b>31 December</b>	<b>(5.779.170)</b>	<b>(4.168.833)</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

#### NOTE 13-INVESTMENTS ACCOUNTED BY THE EQUITY METHOD

As of 31 December 2014 and 31 December 2013, , the corresponding portion of subsidiaries' and joint ventures' 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 10 and TFRS 11 are as follows:

<b>Subidiaries</b>	<b>31 December 2014 percentage of shares, directly or indirectly owned by Hurriyet and its Subsidiaries (%)</b>	<b>31 December 2013 percentage of shares, directly or indirectly owned by Hurriyet and its Subsidiaries (%)</b>
Doğan Media International GmbH ("Doğan Media")	42,42	42,42
SP Pronto Kiev	39,29	37,14
TOV E-Prostir	39,29	37,14

<b>Joint Ventures</b>	<b>31 December 2014 percentage of shares, directly or indirectly owned by Hurriyet and its Subsidiaries (%)</b>	<b>31 December 2013 percentage of shares, directly or indirectly owned by Hurriyet and its Subsidiaries (%)</b>
ASPM Holding B.V.	40,07	37,88

Profit and loss resulting from transactions between the Group Companies and its subsidiaries are eliminated with the direct proportion of the ownership percentage. As of 31 December 2014, the Group's share of financial statements which are valued by equity method, are as follows:

<b>31 December 2014</b>	<b>Total assets</b>	<b>Total liabilities</b>	<b>Net assets</b>	<b>Net sales</b>	<b>Net (loss)/profit for the period</b>
Doğan Media	8.338.206	1.958.737	6.379.469	15.153.829	(2.657.717)
SP Pronto Kiev	2.448.753	64.021	2.384.732	1.270.591	(51.914)
ASPM Holding B.V.	89.953	27.343	62.610	-	-
TOV E-Prostir	280.766	93.839	186.927	359.824	248.699
	<b>11.157.678</b>	<b>2.143.940</b>	<b>9.013.738</b>	<b>16.784.244</b>	<b>(2.460.932)</b>

The summary of Group's share of the financial statements of the investments accounted by the equity method at 31 December 2013 is as follows:

<b>31 December 2013</b>	<b>Total assets</b>	<b>Total liabilities</b>	<b>Net assets</b>	<b>Net sales</b>	<b>Net (loss)/profit for the period</b>
Doğan Media	14.180.969	4.855.641	9.325.328	18.843.636	(7.770.000)
SP Pronto Kiev	4.582.656	196.670	4.385.986	2.985.867	570.093
ASPM Holding B.V.	91.570	33.944	57.626	-	(3.866)
TOV E-Prostir	212.755	212.755	-	451.189	42.829
	<b>19.067.950</b>	<b>5.299.010</b>	<b>13.768.940</b>	<b>22.280.692</b>	<b>(7.160.944)</b>



# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

The investments accounted by the equity method as of 31 December 2014 and 31 December 2013 are as follows:

	Share (%)	31 December 2014	Share (%)	31 December 2013
Dogan Media	42,42	6.379.469	42,42	9.325.328
SP Pronto Kiev	39,29	2.384.732	37,14	4.385.986
ASPM Holding B.V.	40,07	62.610	37,88	57.626
TOV E-Prostir	39,29	186.927	37,14	-
		<b>9.013.738</b>		<b>13.768.940</b>

The summary of Group's share of the financial statements of the investments accounted by the equity method at 31 December 2014 and 31 December 2013 is as follows:

	2014	2013
<b>1 January</b>	<b>13.768.940</b>	<b>8.905.216</b>
Restated	-	13.115.786
Loss from associates	(2.460.932)	(7.160.944)
Currency translation differences	(2.294.270)	(496.043)
Dividend distribution	-	(595.075)
<b>31 December</b>	<b>9.013.738</b>	<b>13.768.940</b>

#### NOTE 14-INVESTMENT PROPERTY

The movements in investment property as of 31 December 2014 are as follows:

	1 January 2014	Additions <sup>(1)</sup>	Disposals <sup>(1)</sup>	Change in fair value adjustment	31 December 2014
<b>Cost:</b>					
Land	40.383.785	-	(1.595.000)	20.804.000	59.592.785
Buildings	16.994.536	32.189.902	(29.621.762)	3.761.749	23.324.425
	<b>57.378.321</b>	<b>32.189.902</b>	<b>(31.216.762)</b>	<b>24.565.749</b>	<b>82.917.210</b>

<sup>(1)</sup> Additions and disposals due from the sale of investment properties acquired by the barter agreements.

The Group's rent income from investment properties amounted to TL 94.380 as of 31 December 2014 (31 December 2013: 95.638). The Group's direct operating expenses arising from the investment properties in the period amounted to TL 129.970 (31 December 2012: TL 366.723).

The movements in investment property as of 31 December 2013 are as follows:

	1 January 2013	Additions <sup>(1)</sup>	Disposals <sup>(1)</sup>	Change in fair value adjustment	31 December 2013
<b>Cost:</b>					
Land	26.109.998	225.000	-	14.048.787	40.383.785
Buildings	23.941.139	5.630.005	(15.271.629)	2.695.021	16.994.536
	<b>50.051.137</b>	<b>5.855.005</b>	<b>(15.271.629)</b>	<b>16.743.808</b>	<b>57.378.321</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

#### NOTE 15-PROPERTY, PLANT AND EQUIPMENT

The movements of property, plant and equipment and related accumulated depreciation for the period ended 31 December 2014 are as follows:

	1 January 2014	Currency translation differences	Additions	Disposals	Transfers	Disposal of subsidiary	31 December 2014
<b>Cost</b>							
Land and land improvements	20.555.973	(370.993)	-	(2.767.230)	-	-	17.417.750
Buildings	157.304.701	(5.184.212)	51.594	(874.600)	-	-	151.297.483
Machinery and equipment	624.821.865	22.342.218	1.585.123	(1.287.713)	36.309	(74.764.009)	572.733.793
Motor vehicles	9.894.704	(4.913.814)	50.057	(1.315.477)	-	(83.945)	3.631.525
Furnitures and fixtures	53.232.221	9.473.052	4.602.537	(2.393.420)	-	(1.039.078)	63.875.312
Leasehold improvements	37.168.974	80.982	-	-	-	(298.931)	36.951.025
Other intangible assets	941.814	18.329	-	-	-	-	960.143
Construction in progress	1.110.935	1.512.470	1.106.690	(168.361)	(36.309)	(2.325)	3.523.100
	<b>905.031.187</b>	<b>22.958.032</b>	<b>7.396.001</b>	<b>(8.806.801)</b>	<b>-</b>	<b>(76.188.288)</b>	<b>850.390.131</b>
<b>Accumulated amortization</b>							
Land and land improvements	(429.981)	-	(51.683)	-	-	-	(481.664)
Buildings	(47.620.451)	5.942.564	(3.802.621)	183.666	-	-	(45.296.842)
Machinery and equipments	(512.397.282)	(15.452.397)	(29.382.244)	1.266.065	-	60.335.532	(495.630.326)
Motor vehicles	(7.508.306)	1.626.578	(451.448)	1.153.598	-	83.945	(5.095.633)
Furnitures and fixtures	(37.056.364)	(12.531.016)	(7.486.617)	2.133.927	-	941.658	(53.998.412)
Leasehold improvements	(26.639.578)	(76.858)	(2.121.937)	-	-	281.382	(28.556.991)
Other intangible assets	(1.198.665)	(262.191)	(77.734)	-	-	-	(1.538.590)
	<b>(632.850.627)</b>	<b>(20.753.320)</b>	<b>(43.374.284)</b>	<b>4.737.256</b>	<b>-</b>	<b>61.642.517</b>	<b>(630.598.458)</b>
<b>Net book value</b>	<b>272.180.560</b>						<b>219.791.673</b>

At 31 December 2014, net book value of the property, plant and equipment included in machinery and equipments and acquired through financial leases is amounting to TL 2.671.360 (31 December 2013: TL 4.379.154).

At 31 December 2014 there are mortgages on property, plant and equipment amounting to TL 18.334.550 (31 December 2013: TL 19.087.250).

For the period ended at 31 December 2014 depreciation expense amounting to TL 31.453.438 (31 December 2013: TL 35.778.039) is added to cost of sales (Note 24), amounting to TL 11.920.846 (31 December 2013: TL 10.869.287) is added to marketing, selling and distribution and general administrative expenses (Note 25).

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

The movements of property, plant and equipment and related accumulated depreciation for the period ended 31 December 2013 are as follows:

	1 January 2013	Currency translation differences	Additions	Disposals	Transfers	Reclassified as assets held for sale	Disposal of subsidiary	31 December 2013
<b>Cost</b>								
Land and land improvements	23.224.425	1.903.198	-	-	-	(4.571.650)	-	20.555.973
Buildings	153.376.334	4.579.642	108.142	(1.903)	(479.632)	(277.882)	-	157.304.701
Machinery and equipment	612.730.375	10.993.948	2.667.402	(1.626.797)	56.937	-	-	624.821.865
Motor vehicles	9.915.741	490.792	228.229	(740.058)	-	-	-	9.894.704
Furnitures and fixtures	51.339.237	27.251	7.290.367	(2.204.250)	177.007	(3.226.094)	(171.297)	53.232.221
Leasehold improvements	36.381.954	28.784	689.719	-	479.630	(411.113)	-	37.168.974
Other intangible assets	757.635	181.483	2.696	-	-	-	-	941.814
Construction in progress	531.190	71.445	1.994.612	(32.355)	(233.942)	(1.220.015)	-	1.110.935
	<b>888.256.891</b>	<b>18.276.543</b>	<b>12.981.167</b>	<b>(4.605.363)</b>	<b>-</b>	<b>(9.706.754)</b>	<b>(171.297)</b>	<b>905.031.187</b>
<b>Accumulated amortization</b>								
Land and land improvements	(378.298)	-	(51.683)	-	-	-	-	(429.981)
Buildings	(41.551.713)	(2.291.629)	(3.858.951)	-	-	81.842	-	(47.620.451)
Machinery and equipment	(471.584.453)	(9.507.059)	(32.697.386)	1.391.616	-	-	-	(512.397.282)
Motor vehicles	(6.922.655)	(186.879)	(826.970)	428.198	-	-	-	(7.508.306)
Furnitures and fixtures	(34.362.648)	(688.233)	(7.013.523)	2.023.665	-	2.826.401	157.974	(37.056.364)
Leasehold improvements	(24.508.776)	(96.971)	(2.130.899)	-	-	97.068	-	(26.639.578)
Other intangible assets	(751.688)	(379.063)	(67.914)	-	-	-	-	(1.198.665)
	<b>(580.060.231)</b>	<b>(13.149.834)</b>	<b>(46.647.326)</b>	<b>3.843.479</b>	<b>-</b>	<b>3.005.311</b>	<b>157.974</b>	<b>(632.850.627)</b>
<b>Net book value</b>	<b>308.196.660</b>							<b>272.180.560</b>

#### NOTE 16-INTANGIBLE ASSETS

##### i) Goodwill

The movements of goodwill for the periods ended at 31 December are as follows:

	2014	2013
<b>1 January</b>	<b>119.422.217</b>	<b>118.331.349</b>
Currency translation differences	(43.521.553)	11.091.759
Impairment <sup>(1)</sup>	(75.900.664)	-
Disposal of subsidiary	-	(6.457.517)
Other <sup>(2)</sup>	-	(3.543.374)
<b>31 December</b>	<b>-</b>	<b>119.422.217</b>

<sup>(1)</sup> As of 31 December 2014, goodwill impairment as described in Note 2.2.11 is TL 75.900.664 is arising from the acquisition of Group's subsidiary which operates in Russia.

<sup>(2)</sup> Represents the changes in the fair value of the put options (Note 2.2.24).

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

#### ii) Other intangible assets

The movements of intangible assets and related accumulated amortization for the period ended 31 December 2014 are as follows:

	1 January 2014	Currency translation differences	Additions	Disposals	Transfers	Disposal of subsidiary <sup>(1)</sup>	31 December 2014
<b>Cost</b>							
Trade names and licenses	331.417.081	(118.113.591)	-	-	-	-	213.303.490
Customer list	339.350.912	(115.244.467)	-	-	-	-	224.106.445
Computer software and rights	65.325.354	(3.758.277)	4.327.672	(4.331.346)	-	(77.045)	61.486.358
Internet domain names	30.051.963	(12.953.558)	3.951.006	-	572.863	-	21.622.274
Other intangible assets	3.098.494	32.774	160.352	-	-	(467.709)	2.823.911
Construction in progress	11.592	966.533	256.116	(46.955)	(572.863)	-	614.423
	<b>769.255.396</b>	<b>(249.070.586)</b>	<b>8.695.146</b>	<b>(4.378.301)</b>	<b>-</b>	<b>(544.754)</b>	<b>523.956.901</b>
<b>Accumulated amortization</b>							
Trade names and licenses	(23.355.430)	4.430.892	(1.418.364)	-	-	-	(20.342.902)
Customer list	(143.570.507)	47.381.310	(15.167.751)	-	-	-	(111.356.948)
Computer software and rights	(51.742.375)	2.667.157	(6.138.246)	4.265.861	-	77.045	(50.870.558)
Internet domain names	(12.325.494)	5.774.249	(3.435.671)	-	-	-	(9.986.916)
Other intangible assets	(3.019.314)	(31.247)	(218.470)	-	-	324.212	(2.944.819)
	<b>(234.013.120)</b>	<b>60.222.361</b>	<b>(26.378.502)</b>	<b>4.265.861</b>	<b>-</b>	<b>401.257</b>	<b>(195.502.143)</b>
<b>Net book value</b>	<b>535.242.276</b>						<b>328.454.758</b>

<sup>(1)</sup> In 2014, the Group has disposed of its entire shares in its subsidiary Oglasnik d.o.o., Expressz Magyarország Media Kft. and Doğan Ofset Yayıncılık ve Matbaacılık A.Ş. (Note 36).

Amortization expense amounting to TL 26.378.502 (31 December 2013: TL 31.799.159) has been included in marketing, selling and distribution and general administrative expenses as of 31 December 2014.

The movements in intangible assets and related accumulated amortization for the period ended 31 December 2013 are as follows:

	1 January 2013	Currency translation differences	Additions	Disposals	Transfers	Classification to assets held for sale <sup>(2)</sup>	Disposal of subsidiary <sup>(1)</sup>	31 December 2013
<b>Cost</b>								
Trade names and licenses	311.021.324	33.712.058	-	-	-	(13.316.301)	-	331.417.081
Customer list	310.305.078	60.085.100	-	-	-	(31.039.266)	-	339.350.912
Computer software and rights	73.267.479	7.818.100	2.547.747	(1.814.701)	526.037	(16.141.887)	(877.421)	65.325.354
Internet domain names	26.829.768	3.205.066	3.406.907	(1.516.930)	262.655	(2.135.503)	-	30.051.963
Other intangible assets	6.659.793	413.466	52.415	(3.604)	-	(4.023.576)	-	3.098.494
Construction in progress	33.460	40.000	726.824	-	(788.692)	-	-	11.592
	<b>728.116.902</b>	<b>105.273.790</b>	<b>6.733.893</b>	<b>(3.335.235)</b>	<b>-</b>	<b>(66.656.533)</b>	<b>(877.421)</b>	<b>769.255.396</b>
<b>Accumulated amortization</b>								
Trade names and licenses	(20.792.733)	(1.071.529)	(1.491.168)	-	-	-	-	(23.355.430)
Customer list	(108.189.520)	(39.387.620)	(19.272.816)	-	-	23.279.449	-	(143.570.507)
Computer software and rights	(53.768.283)	(6.683.750)	(7.009.033)	1.550.236	-	13.743.729	424.726	(51.742.375)
Internet domain names	(9.727.370)	(1.951.344)	(3.473.181)	1.522.640	-	1.303.761	-	(12.325.494)
Other intangible assets	(6.174.891)	(311.030)	(552.961)	3.605	-	4.015.963	-	(3.019.314)
	<b>(198.652.797)</b>	<b>(49.405.273)</b>	<b>(31.799.159)</b>	<b>3.076.481</b>	<b>-</b>	<b>42.342.902</b>	<b>424.726</b>	<b>(234.013.120)</b>
<b>Net book value</b>	<b>529.464.105</b>							<b>535.242.276</b>

<sup>(1)</sup> In 2013, the Group has disposed of its entire shares in its subsidiary Moje Delo, spletni marketing, d.o.o. (Note 36).

<sup>(2)</sup> The Group's subsidiaries operating in Hungary and Croatia are classified as non-current assets held for sale. In 28 February 2014, the Group has disposed of its entire shares in its subsidiary Oglasnik d.o.o. for 2 Kuna and in 7 April 2014, Expressz Magyarország Media Kft. for EUR 1 to non-controlling interest.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

The cost of trade names and licenses with indefinite useful lives amounted to TL 180.362.463 as of 31 December 2014 (31 December 2013: TL 277.517.400). The utilization period of the assets with indefinite useful lives is determined based on the stability of the industry, changes in market demands as to the products and services provided through assets, control period over the assets and legal or similar restrictions on their utilization.

#### NOTE 17-GOVERNMENT GRANTS

The Group 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. The investments amounting to USD 13.595.062 for imported equipments and TL 1.502.399 for domestic equipments are realized within these certificates as of 31 December 2013 (31 December 2013: for the imported equipments amounting to USD 13.595.062, for the domestic equipments amounting to TL 1.502.399).

#### NOTE 18 -PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

As of report date, tax investigation has been conducted for the company is continues and the result of the investigation has not been issued. Since the Group management can not forecast the reliable amount, they did not recorded the provision to the financial statements defined below.

As of 31 December 2014 and 31 December 2013, short term provisions are as follows:

	31 December 2014	31 December 2013
Provision for unused vacation rights	15.696.372	17.760.561
Provisions for lawsuit and compensation <sup>(1)</sup>	23.673.992	4.069.499
<b>Total</b>	<b>39.370.364</b>	<b>21.830.060</b>

<sup>(1)</sup> There was controversy between TCM Adria d.o.o, a subsidiary of the Group, which has 70% shares of Oglasnik d.o.o and owners of remaining 30% and non controlling interests about put option of non controlling interest's shares to TCM Adria d.o.o and/or to the Group. The arbitration process ongoing in Zagreb Arbitration Court has been resulted; accordingly the option was decided as invalid and a compensation in favor of the non-controlling was decided due to the loss occurred. The judgment has been appealed on 5 November 2014 and the suspension of the payment has been filed. As of 31 December 2014 in line with the precautionary principle of the accounting, the liability previously calculated related to "option" was calculated considering the interest and recorded as "provision for lawsuit". In case the appeal process would result in favor of the Group, the liability will disappear; otherwise, costs of the lawsuit with additional interests will be calculated and recorded in the period of occurrence. Amounting TL 5.932.088 of litigation and compensation provisions are considered as provisions for other law suits (Note 8).

#### *i. Provision of litigation*

The movements in provision for unused vacation rights during the periods ended at 31 December are as follows:

	2014	2013
<b>1 January</b>	<b>(17.760.561)</b>	<b>(14.836.862)</b>
Additions during the period	(3.620.053)	(8.049.497)
Payments related to provisions	3.699.300	5.445.123
Sale of subsidiary	881.078	-
Currency translation differences	1.103.864	(319.325)
<b>31 December</b>	<b>(15.696.372)</b>	<b>(17.760.561)</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

The lawsuits against the Group amounted to TL 35.615.377 (31 December 2013: TL 29.686.311). 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 analyses, as of 31 December 2014 the Group has set a provision of TL 23.673.992 for lawsuits (31 December 2013: TL 4.069.499) but the management thinks that it is not possible to determine their payment terms.

#### ii. Provision of litigation

As at 31 December 2014 and 31 December 2013, the Group's ongoing lawsuits are as follows:

	31 December 2014	31 December 2013
Legal lawsuits	29.564.126	23.199.519
Commercial lawsuits	3.205.000	3.286.792
Labor lawsuits	2.844.251	3.200.000
Penal lawsuits	2.000	-
<b>Total</b>	<b>35.615.377</b>	<b>29.686.311</b>

The movements of provision for lawsuits for the periods ending 31 December are as follows:

	2014	2013
<b>1 January</b>	<b>(4.069.499)</b>	<b>(3.680.581)</b>
Transfer from other financial liabilities	(17.741.904)	-
Additions during the period (Note 28)	(1.978.589)	(1.897.012)
Disposal of subsidiaries	116.000	-
Payments related to provisions	-	1.508.094
<b>31 December</b>	<b>(23.673.992)</b>	<b>(4.069.499)</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

### NOTE 19-COMMITMENTS

Group's collaterals/pledge/mortgage ("CPM") position as of 31 December 2014 and 31 December 2013 are as follows:

	31 December 2014		31 December 2013	
	Foreign Currency	TL Equivalent	Foreign Currency	TL Equivalent
A. CPM's given in the name of its own legal personality				
-Collaterals				
TL	1.556.344	1.556.344	1.624.865	1.624.865
Euro	25.100	70.800	25.000	73.413
-Mortgages				
TL	-	-	-	-
Euro	6.500.000	18.334.550	6.500.000	19.087.250
B. CPM's given on behalf of the fully consolidated companies <sup>(1)</sup>				
-Commitments				
TL	826.012	826.012	918.903	918.903
USD	13.540	31.398	3.540	7.555
Euro	3.055.000	8.617.239	3.055.000	8.971.008
C. 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	-	-	-	-
iii) Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-	-	-
		<b>29.436.343</b>		<b>30.682.994</b>

<sup>(1)</sup> Commitments given regarding to the borrowings obtained for the main operations of the Group, that are intended to meet various financial needs of subsidiaries.

### CPM's given by the Group

There is no CPM's given for third parties as indicated in the table above except CPM's given for their own legal entities. The ratio of other CPM's given against the Group's equity is 0% as of 31 December 2014 (31 December 2013: 0%).

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 2014, the Group has a commitment for the publication of advertisements amounting to TL 9.292.545 (31 December 2013: TL 5.379.691) in exchange for purchasing goods and services and has an option to purchase goods and services amounting to TL 7.426.866 (31 December 2013: TL 14.997.250) in exchange of the goods or services sold.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

#### NOTE 20 – EMPLOYMENT TERMINATION BENEFITS

Provision for employment termination benefits at 31 December 2014 and 31 December 2013 are as follows:

	31 December 2014	31 December 2013
Provision for employment termination benefits	46.429.651	47.989.848
<b>Total</b>	<b>46.429.651</b>	<b>47.989.848</b>

Except the legal requirements other than Turkey in which the Group operates, there are no pension plans and benefits.

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies or retires. The amount payable maximum equals to one month of salary is TL 3.438,22 (31 December 2013: TL 3.254,44) for each year of service.

On the other hand Group is liable to make payments to personnel who work for a minimum of 5 years and whose employment is terminated without due 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.

The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The Group has preferred to early adopt the amendment for IAS 19, therefore the Group has recognized all actuarial gains and losses in other comprehensive income.

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

- In calculation, the discount rate, inflation rate and real wage increase rate are regarded as 8,10% (31 December 2013: 9,70%), 5,00% (31 December 2013: 6,40%) and 5,00% (31 December 2013: 6,40%), respectively.
- In calculation, ceiling wage amounting to TL 3.541,37 which is valid as of 31 December 2014 (31 December 2013: TL 3.254,44) has been taken into consideration as basis.
- Retirement age is regarded as the earliest age at which each employee can retire.

The movements in provision for employment termination benefits during the periods ended at 31 December are as follows:

	2014	2013
<b>1 January</b>	<b>(47.989.848)</b>	<b>(44.563.930)</b>
Actuarial gain	62.668	(2.304.048)
Service cost during the period	(4.627.875)	(4.950.801)
Net interest expense due to the defined benefit obligation	(3.463.864)	(2.773.416)
Payments and reversal of provisions during the period	8.463.382	6.602.347
Disposal of subsidiary	1.125.886	-
<b>31 December</b>	<b>(46.429.651)</b>	<b>(47.989.848)</b>

Total costs resulting from employee termination benefits with the exception actuarial losses have been included in the consolidated statement of income as of 31 December 2014.



**HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE PERIOD ENDED 31 DECEMBER 2014**

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

**NOTE 21 – PREPAID EXPENSES**

	<b>31 December 2014</b>	<b>31 December 2013</b>
Prepaid expenses	3.136.250	5.225.920
	<b>3.136.250</b>	<b>5.225.920</b>

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

	<b>31 December 2014</b>	<b>31 December 2013</b>
Deferred income <sup>(*)</sup>	7.078.107	10.072.664
	<b>7.078.107</b>	<b>10.072.664</b>

<sup>(\*)</sup> Deferred income amounting to TL 7.078.107 is regarding to the services provided as subscripition and they will be recognize as revenue when they are used.

**NOTE 22-OTHER ASSETS AND LIABILITIES****Other Current Assets**

Other current assets at 31 December 2014 and 31 December 2013 are as follows:

	<b>31 December 2014</b>	<b>31 December 2013</b>
Advances given to personnel	2.834.580	3.908.028
Value added tax ("VAT") receivables	829.024	1.235.760
Job advances	668.726	466.137
Advances given	129.314	88.716
Blocked deposits <sup>(1)</sup>	-	36.591.846
Other	3.704.500	2.364.739
Provision for other doubtful receivable (-)	(788.426)	(872.929)
<b>Total</b>	<b>7.377.718</b>	<b>43.782.297</b>

<sup>(1)</sup> According to the amendment agreement of USD 50.000.000 bank loan made in 24 February 2014, total of USD 17.200.000 was paid as principal including additional amount the blocked deposit as of 31 December 2013.

Movements of the provision for other doubtful receivables are as follows:

	<b>2014</b>	<b>2013</b>
<b>1 January</b>	<b>(872.929)</b>	<b>(746.910)</b>
Currency translation differences	84.503	(126.019)
<b>31 December</b>	<b>(788.426)</b>	<b>(872.929)</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

### Other Non-Current Assets

Other non-current assets at 31 December 2014 and 31 December 2013 are as follows:

	31 December 2014	31 December 2013
Value added tax ("VAT") receivable	-	752.090
Prepaid expenses	1.095.335	1.165.214
Advances given due to fixed asset purchase	-	395.093
Blocked deposit	19.103	19.683
<b>Total</b>	<b>1.114.438</b>	<b>2.332.080</b>

### Other Short-Term Liabilities

Other short-term liabilities at 31 December 2014 and 31 December 2013 are as follows:

	31 December 2014	31 December 2013
VAT payable	1.655.695	3.113.944
Other	1.651.384	109.935
<b>Total</b>	<b>3.307.079</b>	<b>3.223.879</b>

### NOTE 23-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 TL 1. There are no privileged shares. The Company's historical authorised and paid-in share capital at 31 December 2014 and 31 December 2013 are as follows:

	31 December 2014	31 December 2013
Registered share capital	800.000.000	800.000.000
Paid-in share capital	552.000.000	552.000.000

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

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

Shareholders	31 December 2014	Share (%)	31 December 2013	Share (%)
Doğan Yayın Holding <sup>(1)</sup>	-	-	367.416.194	66,56
Doğan Holding <sup>(1)</sup>	428.616.468	77,65	61.200.274	11,09
Other shareholders (BİAŞ and other shareholders)	123.383.532	22,35	123.383.532	22,35
<b>Issued share capital</b>	<b>552.000.000</b>	<b>100,00</b>	<b>552.000.000</b>	<b>100,00</b>
Adjustment to share capital	77.198.813		77.198.813	
<b>Total</b>	<b>629.198.813</b>	<b>100,00</b>	<b>629.198.813</b>	<b>100,00</b>

<sup>(1)</sup> The merger acquisition under Doğan Holding through take over of Doğan Yayın Holding in its entirety with all its assets and liabilities by its controlling shareholder Doğan Holding has been registered with Trade Registry on 26 August 2014. Upon the registration of the Merger, the Company has ceased by being dissolved without liquidation. By the date of registry, Doğan Holding has become direct share owner in the ratio of 77,65 %.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

In accordance with the Capital Markets Board's (the "CMB") Resolution No: 21/655 issued on 23 July 2010, it is regarded that 21,60% of the shares (31 December 2013: 21,98%)

Adjustment to share capital represents the difference between balances which restatement effect of cash contributions to share capital equivalent purchasing power and balance before the inflation adjustment calculated.

### Premium on shares

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

### Restricted reserves

Restricted reserves are reserves which are reserved from profit of previous period for particular purposes (for instance, to advantage from sales of investment in associates) except dividend distribution or any purposes for necessity of law and agreement.

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

In accordance with the CMB Financial Reporting Standards, Company's restricted reserves amounting to TL 165.883.369 (31 December 2013: TL 167.305.861) consist of legal reserves and gain on sales of real estate as of 31 December 2014.

Restricted reserves	31 December 2014	31 December 2013
Composition restricted reserves	39.284.095	39.284.095
Gain on sales of real estate <sup>(1)</sup>	126.234.986	128.021.766
Gain on sale of subsidiary	364.288	-
<b>Total</b>	<b>165.883.369</b>	<b>167.305.861</b>

<sup>(1)</sup> With the decision taken by the Group management, the real estate profit with the amount of TL 168.313.315 occurred in statutory records in 2012 from the sale of Hürriyet head-quarter and a land located in Esenyurt amounting to TL 126.234.986 that benefits from the exemption (75%) referred to in Article 5-1/e of the Corporate Tax Law will not be involved in allocation of profits for periods 1 January 2012 – 31 December 2012 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.

### Items that will not be Reclassified to Profit or Loss

Other comprehensive expenses occurred from the losses based on revaluation and measurement and which are not to be reclassified in profit or loss, are related with the defined benefit plans and summarized below.

### Remeasurement Losses in Defined Benefit Plans

Provision for employment benefits is calculated by estimating the present value of the future probable obligation arising from the retirement of the employees of the Group. In 2012, the Group has decided to early adopt the amendments to TAS 19 which is applicable as of 1 January 2013 and recognized all actuarial gains and losses in other comprehensive income. Remeasurement loss recognized under equity in the balance sheet amounts to TL 15.331.957 (31 December 2013: TL 15.453.900).

### 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.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

Based on the declaration of CMB, "Paid-in Capital", "Restricted reserves appropriated from profit" and "Share Premiums" is required to be presented 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 utilised in dividend distribution or capital increase yet, it shall be classified under "Retained Earnings". Other equity items shall be carried at the amounts valued in accordance with CMB Financial Reporting Standards.

Other equity items shall be carried at the amounts valued in accordance with CMB Financial Reporting Standards.

Capital adjustment differences can only be included to capital.

### **Dividend distribution**

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

On the other hand,

- In early adaption of TAS/ TFRS, retained earnings resulted from redrafting of comperative financial statements in line with regulations,
- "Equity inflation adjustment differences" resulting from restricted reserves without any record preventing dividend distribution,
- Retained earning resulting from the adjustments of financial statements according to inflation for the first time, can be distributed to the shareholders as dividend.

Besides, in case "Equity Effect Related to the Share Purchase" account is in the consolidated financial statement of equity, aforementioned account item is not considered as discount or premium item while calculating the net distributable profit.

The CMB's requires the disclosure of total amount of net profit in the statutory records and other resources which may be subject to profit distribution in the financial statements and to be announced to public. The total gross amount that can be subject to profit distribution according to legal records is TL 160.146.442.

Resolutions of the Ordinary General Assembly Meeting of the Company, considering Turkish Commercial Code (TCC), Capital Market Statutes, Capital Market Law (CML), Capital Market Board (CMB), Regulations/Decisions, Company Tax, Tax Procedural Law (TPL) and other relevant statute provisions and relevant provisions in our Company's Articles of Association and our "Dividend Policy" announced to the public; according to the financial statements for the 01.01.2013-31.12.2013 financial period prepared in accordance with "Statement on Principles Regarding Financial Reporting on Capital Market" (II-14.1) provisions of CMB and according to Turkish Accounting Standards and Turkish Financial Reporting Standards published by "Public Oversight, Accounting and Auditing Standards Institute;" its principles of presentation defined according to CMB decisions on the subject, passed through independent auditing; a total of 61.093.981 TL "Net Period Loss" has occurred when considering "Continuing Operations Loss Before Tax", "Discontinued Operations Loss Before Tax", "Tax Revenues for the Period (comprised of tax revenues for the period regarding continuing operations and deferred tax revenue and tax revenues for discontinued operations)" and "Consolidated Equity of Participations" all together, subtracting a 145.994.420 TL section of this amount for "Previous Year Losses" and adding 1.124.620TL donations and seeing that 205.963.781 TL is "net period losses", in accordance with the regulations of CMB regarding profit distribution; informing shareholders that no profit distribution shall be made for the 01.01.2013- 31.12.2013 financial period and submitting this matter to General Meeting for approval, as our legal records held in the scope of TCC and TPL reveal that the Company had 4.017.881 -TL "Net Period Losses" for the 01.01.2013-31.12.2013 financial period; informing General Meeting that legal reserves in the scope of TCC shall not be allocated and transferring this amount to previous years losses.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

#### NOTE 24-SALES AND COST OF SALES

##### Sales

	1 January - 31 December 2014	1 January - 31 December 2013
Advertisement sales	472.742.150	522.236.809
Circulation and publishing sales	202.373.573	242.256.103
Other	44.466.720	41.081.700
<b>Net sales</b>	<b>719.582.443</b>	<b>805.574.612</b>
Cost of sales	(471.373.207)	(514.437.753)
<b>Gross profit</b>	<b>248.209.236</b>	<b>291.136.859</b>

##### Cost of Sales

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

	1 January - 31 December 2014	1 January - 31 December 2013
Raw material	168.733.674	196.420.901
<i>Paper</i>	110.667.636	127.217.157
<i>Printing and ink</i>	37.662.541	50.026.681
<i>Other</i>	20.403.497	19.177.063
Personnel expenses	173.114.869	179.895.979
Amortization (Note 15)	31.453.438	35.778.039
Commissions	14.284.405	17.399.969
Distribution, storage and travel	9.127.493	10.240.547
Fuel, electricity, water and office expenses	8.981.156	8.804.845
Rent expenses	7.922.742	8.349.872
Maintenance and repair expenses	5.208.960	6.282.144
Outsourced services	4.569.943	5.679.225
News agency expenses	6.171.791	4.859.509
Communication	3.499.545	4.291.301
Packaging expenses	3.103.110	4.068.856
Other	35.202.081	32.366.566
<b>Total</b>	<b>471.373.207</b>	<b>514.437.753</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

### NOTE 25-GENERAL ADMINISTRATION EXPENSES, MARKETING EXPENSES

#### a) General administrative expenses:

	1 January - 31 December 2014	1 January - 31 December 2013
Personnel expenses	51.900.004	54.119.512
Depreciation and amortization charges (Dipnot 15,16)	37.869.995	42.439.080
Consultancy expenses	14.858.174	10.941.973
Rent expenses	14.019.266	11.632.095
Fuel, electricity, water and office expenses	5.259.680	6.302.475
Transportation, storage and travel expenses	3.291.931	3.495.228
Communication expenses	2.681.477	3.372.990
Maintenance and repair expenses	2.625.642	3.143.708
Other	8.442.390	8.731.036
<b>Total</b>	<b>140.948.559</b>	<b>144.178.097</b>

#### b) Marketing expenses:

	1 January - 31 December 2014	1 January - 31 December 2013
Advertisement expenses	51.320.161	54.760.314
Transportation, storage and travel expenses	26.354.854	28.542.626
Personnel expenses	27.522.912	25.368.924
Promotion expenses	16.307.295	23.079.886
Sponsorship expenses	3.023.943	1.924.028
Outsourced services	1.334.132	4.461.614
Depreciation and amortization charges (Dipnot 15,16)	429.353	229.366
Other	8.006.079	7.051.038
<b>Total</b>	<b>134.298.729</b>	<b>145.417.796</b>

### NOTE 26-EXPENSES BY NATURE

	1 January - 31 December 2014	1 January - 31 December 2013
Payroll	252.537.785	259.384.415
Depreciation and amortization charges	69.752.786	78.446.485
<b>Total</b>	<b>322.290.571</b>	<b>337.830.900</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

#### NOTE 27-OTHER OPERATING INCOME

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

	1 January - 31 December 2014	1 January - 31 December 2013
Foreign exchange gains	98.938.723	58.476.989
Finance income due from term sales	8.973.870	6.996.335
Interest income on bank deposits	3.874.541	2.702.793
Terminated provisions	2.527.681	2.418.092
Finance income from trade and other receivables	731.713	7.953.970
Unrealised finance expense due from term purchases	131.895	225.536
Other	8.247.889	3.570.425
	<b>123.426.312</b>	<b>82.344.140</b>

#### NOTE 28-OTHER OPERATING EXPENSES

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

	1 January - 31 December 2014	1 January - 31 December 2013
Foreign exchange losses	33.145.612	26.764.523
Provision for doubtful receivables (Note 9)	12.262.147	8.201.319
Provision for lawsuits (Note 18)	1.978.589	1.897.012
Punishment and compensation expense	1.221.941	574.431
Unrealized finance income due from term sales	1.034.358	2.727.380
Aids and donations	811.690	1.124.625
Other	6.787.676	3.984.903
	<b>57.242.013</b>	<b>45.274.193</b>

#### NOTE 29 - INCOME FROM INVESTING ACTIVITIES

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

	1 January - 31 December 2014	1 January - 31 December 2013
Gain on sales of property, plant and equipment <sup>(2)</sup>	28.421.511	695.061
Gain on fair value changes of the investment property (Note 14)	24.565.749	16.743.808
Rent and building service income	2.670.380	466.836
Gain on sale of subsidiaries <sup>(1)</sup>	735.386	-
Foreign exchange gains	1.187.835	3.653.904
Gain on sales of financial investment	-	128.021
	<b>57.580.861</b>	<b>21.687.630</b>

<sup>(1)</sup> The Group transferred Oglasnik d.o.o. the subsidiary to non-controlling party for 2 Kuna (TL 0,8) at 28 February 2014 (Note 36).

<sup>(2)</sup> Amounting TL 28.377.120 consist of sale of lands which are located in the district of Izmir, Gaziemir with 35.191,58 m2 on 4 July 2014 and in the district of İstanbul, Esenyurt with 17.725,69 m2 on 10 July 2014

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

#### NOTE 30 – EXPENSES FROM INVESTING ACTIVITIES

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

	1 January - 31 December 2014	1 January - 31 December 2013
Impairment of goodwill (Note 16)	75.900.664	-
Foreign exchange losses	8.751.706	5.935.209
Loss on investment property and property, plant and equipments <sup>(1)</sup>	8.457.236	4.558.421
Loss on sales of subsidiaries (Note 36) <sup>(2)</sup>	1.510.612	2.526.517
Other	-	-
	<b>94.620.218</b>	<b>13.020.147</b>

<sup>(1)</sup> Amounting to TL 8.081.157 (2013: TL 4.170.103) is not arising from the sale of investment property sales and there is not any loss arising from the disposal of property, plant and equipments. (2013: TL 388.318)

<sup>(2)</sup> The Group has sold its subsidiary Expressz Magyarorszag Media Kft. for 1 Euro (TL 2,9264) on 7 April 2014 and Doğan Ofset Yayıncılık ve Matbaacılık A.Ş., owned 99.93% of its total shares, amounting to TL 24.982.235 considering EUR 4.579.393 on 18 July 2014 to non controlling shares.

#### NOTE 31 – FINANCIAL EXPENSES

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

	1 January - 31 December 2014	1 January - 31 December 2013
Foreign exchange losses	167.908.211	72.804.417
Interest expense on bank loans	18.961.958	23.292.953
Credit comission, banking and factoring expenses	10.996.631	4.840.775
Other	710.345	541.360
	<b>198.577.145</b>	<b>101.479.505</b>

#### NOTE 32 – INCOME TAXES

	31 December 2014	31 December 2013
Corporate and income tax payable	2.633.452	886.742
(Less): Prepaid taxes	(504.583)	(1.854.825)
<b>Tax payables/receivables</b>	<b>2.128.869</b>	<b>(968.083)</b>

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis.

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

#### Turkey:

In accordance with Turkish Corporate Tax Law has been amended by Law No. 5520 dated 13 June 2006, corporation tax is 20% for 2014 (2013: 20%). Corporation tax is payable on the total income of the companies after adjusting for certain disallowable expenses, corporate income tax exemptions (gain from associates' exemption, investment allowances etc.) and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed.



# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

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

Corporations are required to pay advance corporation tax quarterly at the rate of 20% on their corporate income. Advance tax is to be declared by the 14th day of the second month following each calendar quarter end and is payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

In accordance with Tax Law No: 5024 "Law Related to Changes in Tax Procedure Law, Income Tax Law and Corporate Tax Law" that was published on the Official Gazette on 30 December 2003 to amend the tax base for non-monetary assets and liabilities, effective from 1 January 2004, the income and corporate taxpayers will prepare the statutory financial statements by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of the Turkish Lira. In accordance with the aforementioned law provisions, in order to apply inflation adjustment, cumulative inflation rate (TURKSTAT WPI) over last 36 months and 12 months must exceed 100% and 10%, respectively. Inflation adjustment has not been applied as these conditions were not fulfilled in the years 2013 and 2014.

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 can not 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 2011 and subsequent periods.

As of 31 December 2014, the Company has offset its financial losses attributable to the calculation of offsetting of tax asset against deductible financial losses or current tax provision in accordance with the above-mentioned principles.

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

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.

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.

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 centre at the rate of at least 15% (minimum corporate income tax applicable in Turkey for those whose principal activity is finance assurance or insurance).

The income of corporations arising from their offices or permanent representatives abroad (except for corporations whose principal activity is financial leasing or investment of marketable securities) for at least a 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 and provided that the foreign office or permanent representative must be subject to corporate income tax, or alike, in the country it is located at the rate of at least 15% (at corporate income tax rate applicable in Turkey for those companies whose principal activity is financial assurance or insurance).

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

75% of the gains derived from the sale of preferential rights, usufruct shares and founding shares from investment equity and real property which has remained in assets more than two full years are exempt from corporate tax. To be entitled to the exemption, the relevant gain is required to be held in a fund account in liabilities and it must be withdrawn from the entity for a period of 5 years. The sales consideration should be collected until the end of the second calendar year following the year the sale was realized.

According to the regulation, published in the 27659 numbered Official Gazette on August 1, 2010 based on Law No. 6009 through article 5, the phrase " regarding only the years 2006, 2007 and 2008" on temporary article 69 of Income Tax Law.193 has been revised which was abolished by The Constitutional Court decision numbered 2009/144 published in the Official Gazette on 8 January 2010. With respect to this revision, undeductible investment allowance due to insufficient income and deferred investment allowance amounts can be used without a year limitation. Investment allowance amount, which will be used in determination of the tax assessment, will not exceed 25% profit of the relevant year. In addition to this, 20% corporate tax rate will be applied on the income after the deduction of the allowance instead of 30%.

In accordance with Law No:6009, which is related to the 25% threshold and requires the incentive amount that will be subject to investment incentive exemption in determining tax base cannot exceed 25% of the respective income, has been revoked based on the ground that it is contrary to the Constitution upon the Constitutional Court's resolution No: E. 2010/93 K. 2012/20 ("stay of execution") issued on 9 February 2012 and published in the Official Gazette No: 28208 on 18 February 2012. The related Constitutional Court's decision was published in the official Gazette No: 28719 as at 26 July 2013.

### **Russian Federation**

The corporate tax rate effective in Russian Federation is 20% (2013: 20%).

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.

According to Russian Federation's tax system, losses may be carried forward for 10 years to be deducted from future taxable income. Starting from 2007 there is no limitation as to the maximum amount that can be deducted in each particular year. Rights related to tax losses that have not been utilized in the related periods will be lost.

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.

### **Hungary**

The corporate tax rate effective in Hungary is 19% (2013: 19%).

According to Hungary's tax system, there is no time limit while transporting financial damages. The tax authority's permission is needed to carry forward the tax-year's losses if a company's pre-tax profit is negative and its income is less than 50% of its costs and expenses or the company's tax base was also negative in the previous two years.

From 1 January 2007, capital gains from the sale of registered shareholdings are tax-exempt, provided that the taxpayer has held the shareholding for at least two years prior to its disposal.

The two-year holding period has been reduced to one year from 1 January 2008. Capital losses and impairments on registered shares are not deductible for corporate income tax purposes.

### **Croatia**

The corporate tax rate effective in Croatia is 20% (2013: 20%).

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

There are no formal procedures in Croatia to agree the final level of tax charge upon submission of the declaration for corporate tax and VAT. However, such tax charges may be subject to review by the relevant tax authorities during the limitation period of three years. The limitation period of three years starts with the year that follows the year of submission of tax declarations. The counting of three years starts again with any action of tax authorities with the purpose to collect tax, interest or fines until absolute statute of limitation of six years expires.

Tax losses may be carried forward and used within five years following the year in which they were incurred.

When paying fees for the use of intellectual property, market research services, tax and business consultation, auditing and similar services, and interest to foreign legal persons, Croatian taxpayers are obliged to withhold and pay 15% tax.

### **Ukraine**

On 4 December 2010, the Tax Code of Ukraine (the "TCU" or the "Code") was adopted and officially published. The TCU comes into effect on 1 January 2011, although some of its provisions come into effect at a later date (the most important of these being Section III, which deals with corporate income tax and came into effect on 1 April 2011). The Code makes essential changes to the existing Ukrainian tax rules, introducing a number of concepts common in other jurisdictions (e.g. beneficial ownership, substance over form) to various degrees.

The tax that companies pay is known as corporate income tax (CIT). Currently, this tax is calculated at a flat rate of 16% (2013: 19%). The most recent changes to Ukrainian tax legislation envisage a gradual reduction in CIT rates, as follows:

21% from 1 January 2012 until 31 December 2012;  
19% from 1 January 2013 until 31 December 2013;  
18% from 1 January 2014 onwards.

According to domestic tax accounting rules, taxable items are normally recognized on the basis of the accrual method. In accordance with this method, taxable income is generally recognized in the reporting period, in which it was accrued. Cost of sold goods/services is recognized in the period when income is recognized (in line with financial accounting rules).

Other deductible expenses are generally recognized when they are incurred (i.e. upon receipt of goods or services), regardless of the period of payment. However, certain types of taxable income are recognized on a cash basis. This includes fines and financial assistance received from non-residents (unless financial assistance is provided by the company's shareholders and returned within 365 days).

Gross taxable income is defined as any income, from domestic or foreign sources, that is received or accrued by the taxpayer in the course of conducting any activity. This income may be in monetary, tangible or intangible form.

The tax year for CIT is a calendar year, while CIT reporting periods are a calendar quarter, half year, first three quarters and calendar year. Taxpayers must submit tax returns for each reporting period and make quarterly tax payments. Quarterly tax returns must be submitted within 40 days of the last calendar day of each reporting period (10 May, 9 August, 9 November, 9 February). Quarterly tax payments should be made within 50 days of the end of a reporting period.

### **Belarus**

The corporate tax rate effective in Belarus is 18% (2013: 18%).

The tax period is the calendar year. Profit tax is calculated as progressive total. Advance payments are made quarterly, on the basis of either the previous year results or expected current year profits.

The annual corporate tax declaration is due by 20 March of the following year. Tax loss carry forward is not allowed.

Tax refunds are possible. Tax consolidations of tax reporting/payments by different legal entities (or grouping) are not permitted in Belarus at present. Generally, dividend income payable to a foreign organization is subject to withholding tax at 12%. This standard rate may, however, be reduced under the provisions of applicable double tax treaty.

The Belarus tax regulations change frequently.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

#### Kazakhstan

Under the Tax Code of the Republic of Kazakhstan companies shall pay the CIT on taxable income at a 20% rate (2013: 20%).

According to the Tax Code, taxable income is defined as the difference between gross annual income and deductible expenses provided for under the Tax Code taking into account adjustments made. Gross annual income is defined as any income, from domestic or foreign sources, that is received or accrued by a taxpayer during the tax period. This income may be in monetary, tangible or intangible form.

Deductible expenses should be directly associated with generating taxable income from activities performed by a company. An accrual method is applied with respect to income and expenses determination for CIT purposes. According to the tax legislation, losses may be carried forward for 10 years to be deducted from future taxable income.

A tax period for CIT is a calendar year. A taxpayer is to forecast its expected taxable income and calculate advance monthly payments which are due not later than 25th day of each month of the reporting year. The annual CIT return is due by 30 June of the year following the reporting year. Should actual CIT liability be different from the initially estimated advances, taxpayers may correct their tax liabilities during the tax year but not later than 20 December of the reporting tax period. There are other special requirements relative to calculation of advance payments in the Tax Code. The following taxpayers shall be entitled not to calculate and make CIT advance payments:

- Taxpayers whose gross annual income after adjustments for the tax period preceding the previous tax period, did not exceed 325 times the monthly calculation index set by the law on the state budget and effective at January 1 of the relevant financial year;
- Newly created taxpayers – during the tax period in which state registration (record of registration) was carried out with the justice authorities, and also during the subsequent tax period;
- Non-resident legal entities newly registered with the tax authorities as taxpayers, and operating in Kazakhstan through a permanent establishment (PE) without a branch or representative office – during the tax period in which registration with the tax bodies was carried out, and also during the subsequent tax period.

The tax rates at 31 December 2014, which are used in the calculation of deferred tax, taking each country's tax legislations into consideration are as follows:

Country	Tax rates (%)	Country	Tax rates (%)
Germany	28,0	Kazakhstan	20,0
Belarus	18,0	Holland	25,0
Russia	20,0	Ukraine	16,0

#### Deferred Tax

The Group recognizes deferred tax assets and liabilities based on temporary differences arising between the financial statements as reported for CMB Financial Reporting Standards and financial statements prepared in accordance with the tax legislation. . These differences usually result in the recognition of revenue and expenses in different reporting periods for the CMB's Financial Reporting Standards and tax purposes.

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

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

	31 December 2014	31 December 2013
Deferred tax liabilities	(65.477.371)	(106.367.744)
Deferred tax assets	6.661.890	15.590.176
<b>Deferred tax liabilities, net</b>	<b>(58.815.481)</b>	<b>(90.777.568)</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

The temporary differences and deferred tax assets/(liabilities) using the enacted tax rates as of 31 December 2014 and 31 December 2013 are as follows:

	Total temporary differences		Deferred tax assets/(liabilities)	
	2014	2013	2014	2013
Provision for employment benefits and unused vacation rights	62.126.023	65.750.409	12.584.406	13.151.427
Difference between tax base and carrying value of trade receivables	16.945.699	18.890.857	3.389.104	3.778.465
Investment incentives	-	56.958.599	-	742.605
Carry forward tax losses <sup>(1)</sup>	-	53.792.898	-	10.759.006
Investment properties valuation differences	(37.362.973)	(12.536.712)	(1.496.730)	(247.676)
Deferred income	2.268.435	2.074.046	453.687	414.809
Difference between tax bases and carrying value of property, plant and equipment and intangibles	(396.309.340)	(594.799.841)	(79.150.539)	(124.579.430)
Other, net	26.900.210	23.714.891	5.404.591	5.203.226
<b>Total</b>	<b>(325.431.946)</b>	<b>(386.154.853)</b>	<b>(58.815.481)</b>	<b>(90.777.568)</b>

<sup>(1)</sup> As of 31 December 2014, carry forward tax losses for which no deferred income tax asset was recognised amounted to TL 179.945.065 (31 December 2013: TL 85.519.173).

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

	31 December 2014
2015	26.893
2016	21.671.206
2017	8.717.164
2018	6.537.145
2019	36.902.593
2020	7.393.919
2021	20.679.173
2022	2.848.552
2023	16.693.097
2024	58.475.323
<b>Total</b>	<b>179.945.065</b>

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

	1 January - 31 December 2014	1 January - 31 December 2013
<b>1 January</b>	<b>(90.777.568)</b>	<b>(98.178.793)</b>
Deferred tax income in consolidated income statements	1.796.938	12.281.732
Actuarial loss	(12.534)	460.810
Currency translation differences	30.257.837	(5.337.700)
Disposal of subsidiary	(80.154)	(3.617)
<b>31 December</b>	<b>(58.815.481)</b>	<b>(90.777.568)</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

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

	1 January - 31 December 2014	1 January - 31 December 2013
Current	5.034.056	5.218.150
Deferred	(1.796.938)	(12.281.732)
<b>Total</b>	<b>3.237.118</b>	<b>(7.063.582)</b>

The reconciliation of the current period tax expense in the consolidated statement of income for the periods ended at 31 December 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:

	31 December 2014	31 December 2013
Loss before taxes and non-controlling interests	(198.931.187)	(61.287.824)
Current period tax calculated at the effective tax rates of countries	(35.673.747)	(19.031.199)
Expenses not deductible for tax purposes	13.843.160	3.804.602
Effect of impairment on goodwill.	15.180.133	-
Effect of share losses investments accounted by the equity method	522.186	1.462.412
Carry forward losses utilized	(247.324)	(5.009.486)
Tax on dividend distributions	14.904.047	11.462.475
Withholding tax regarding dividend payment	(19.593)	-
Income not deductible for tax purposes	(5.181.857)	(241.584)
Other, net	(89.887)	489.198
<b>Tax (expense)/income</b>	<b>3.237.118</b>	<b>(7.063.582)</b>

#### NOTE 33 - (LOSS)/PROFIT PER SHARE

(Loss)/profit per share is calculated by dividing the net (loss)/profit for the period attributable to equity holders of the company to the weighted average number of ordinary shares in issue. (Loss)/profit per share as of 31 December 2014 is as follows:

	1 January - 31 December 2014	1 January - 31 December 2013
Continued operations net loss for the period	(168.672.590)	(54.224.242)
Discontinued operations net loss for the period	-	(24.583.900)
<b>Net loss for the period</b>	<b>(168.672.590)</b>	<b>(78.808.142)</b>
Number of ordinary shares in issue (with nominal value of TL 1 each)	552.000.000	552.000.000
Loss per share (TL)		
<b>Loss per share from continued operations</b>	<b>(0,3056)</b>	<b>(0,0982)</b>
<b>Loss per share from discontinued operations</b>	<b>-</b>	<b>(0,0445)</b>
<b>Loss per share from continued and discontinued operations</b>	<b>(0,3056)</b>	<b>(0,1427)</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

#### NOTE 34-RELATED PARTY DISCLOSURES

For the purpose of accompanying consolidated financial statements, related parties are referred to as legal entities in which Doğan Holding directly or indirectly has participation, including any entities under joint control; real persons and/or legal entities that have direct or indirect control or joint control over the Company and their and their close family members (immediate family members) and legal entities having direct or indirect control or joint control by them and legal entities having significant effect over the Company or their key management personnel; Company's affiliates, subsidiaries and members of the BOD, key management and their close family member (immediate family members) and real persons and/or legal entities that are directly or indirectly controlled individually or jointly. As of 31 December 2014 and 31 December 2013 related party balances and transactions are described below.

#### i) Balances of related parties:

Short term receivables due from related parties:

	31 December 2014	31 December 2013
<b>Trade receivables from related parties</b>		
Doğan İnternet Yayıncılığı ve Yatırım A.Ş. <sup>(1)</sup>	12.229.159	10.469.632
Doğan Gazetecilik A.Ş. ("Doğan Gazetecilik") <sup>(2)</sup>	7.778.839	8.271.300
Doğan Dağıtım Satış ve Pazarlama A.Ş. ("Doğan Dağıtım") <sup>(3)</sup>	2.620.152	3.047.138
Doğan TV Holding <sup>(4)</sup>	1.781.382	1.076.734
Doğan Media Int. GmbH("Doğan Media") <sup>(5)</sup>	3.000.662	225.625
DTV Haber ve Görsel Yayıncılık A.Ş. ("Kanal D") <sup>(6)</sup>	400.439	551.110
Milta Turizm İşletmeleri A.Ş. ("Milta") <sup>(7)</sup>	61.456	2.914.750
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş. ("Doğan Burda") <sup>(8)</sup>	8.083	492.938
D- Market Elektronik Hizmetler ve Tic. A.Ş. ("D Market")	-	442.473
Doruk TV <sup>(9)</sup>	389.884	-
Other <sup>(10)</sup>	616.354	561.811
	<b>28.886.410</b>	<b>28.053.511</b>

<sup>(1)</sup> The balance is arising from sales of internet commercials to Doğan İnternet Yayıncılığı ve Yatırım A.Ş. through websites. Medyanet and Doğan İnternet Yayıncılığı ve Yatırım A.Ş. have been merged on 8 February 2013. Transactions made with these two companies are shown in the same line for all periods.

<sup>(2)</sup> Receivable arising from printing newspapers of Doğan Gazetecilik in the Group's printing houses.

<sup>(3)</sup> Receivables arising from the daily distribution of the Group's newspapers.

<sup>(4)</sup> The balance arising from electricity and other various expenses invoiced to Hürriyet Gazetecilik ve Matbaacılık A.Ş. by Doğan TV Holding as a result of that Hürriyet share the same building with Doğan TV Holding. Invoices regarding these expenses are issued to related companies.

<sup>(5)</sup> Receivables arising from printing of Doğan Media newspapers in the Hürriyet Frankfurt Germany plants.

<sup>(6)</sup> The receivable is arising from Group's journalism service given to DTV Haber ve Görsel Yayıncılık A.Ş. ("Kanal D") mostly.

<sup>(7)</sup> Receivables arising from transportation services provided by Milta regarding to barter agreement made in 2013.

<sup>(8)</sup> The receivable is arising from the Group's commercial advertisement sales to Doğan Burda Dergicilik together with fason printing of magazine, book and insert.

<sup>(9)</sup> The receivable is arising from Group's journalism service given to Doruk TV Haber A.Ş. ("CNN Türk") mostly.

<sup>(10)</sup> TL 799.004 is arising from the receivables of Katalog Yayın ve Tanıtım Hizmet A.Ş. which is a dormant group company and is deducted from other receivables.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

#### Short term payables to related parties:

	31 December 2014	31 December 2013
<b>Trade payables to related parties</b>		
Doğan Media International GmbH <sup>(1)</sup>	13.396.288	5.247.811
Doğan Faktoring Hizmetleri A.Ş.	1.951.212	5.102
Doğan TV Dijital Platform İşl. A.Ş. (Doğan TV Digital)	1.182.532	109.346
Falcon Purchasing Services Ltd. ("Falcon") <sup>(3)</sup>	940.737	1.514.309
DTES Elektrik Enerji Toptan Satış A.Ş. ("DTES") <sup>(4)</sup>	853.963	1.477.892
DTV Haber ve Görsel Yayıncılık A.Ş. ("Kanal D")	759.390	-
Doruk Televizyon ve Radyo Yayıncılık ("Doruk Televizyon")	630.023	18.120
D- Market Elektronik Hizmetler ve Tic. A.Ş. ("D Market")	453.822	18.869
Doğan Şirketler Grubu Holding A.Ş. <sup>(2)</sup>	330.965	2.454.933
D Yapım Reklamcılık ve Dağıtım A.Ş.	355.446	57.038
Doğan Dış Ticaret ve Müessillik A.Ş. ("Doğan Dış Ticaret") <sup>(5)</sup>	263.283	2.061.706
Milta	251.501	69.433
Ortadoğu Otomotiv Ticaret A.Ş. ("Ortadoğu Otomotiv")	62.563	167.700
Other	811.215	312.087
	<b>22.242.940</b>	<b>13.514.346</b>
<b>Other payables to related parties</b>		
Doğan Faktoring A.Ş.	339.868	-
Doğan Şirketler Grubu Holding A.Ş.	-	3.279.095
	<b>22.582.808</b>	<b>16.793.441</b>

<sup>(1)</sup> Arising from the cash paid by Doğan Media International for the printing service.

<sup>(2)</sup> The balance is arising from legal, information technology and other consultancy services together with other services which are received from Doğan Şirketler Grubu Holding A.Ş.

<sup>(3)</sup> Arising from cost of paper purchased by Hürriyet Zweigniederlassung GmbH.

<sup>(4)</sup> The balance is arising from electricity energy provided for the Hürriyet building and printing houses in regions.

<sup>(5)</sup> The Group's raw materials are provided by Doğan Dış Ticaret.



# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

### ii) Significant transactions with related parties:

Transactions in related parties for the periods ended as of 31 December 2014 and 2013 are as follows:

#### Significant service and product sales to related parties:

	1 January- 31 December 2014	1 January- 31 December 2013
Doğan Dağıtım <sup>(1)</sup>	92.433.153	99.309.970
Doğan Gazetecilik <sup>(2)</sup>	25.109.396	25.703.875
Doğan İnternet Yayıncılığı <sup>(3)</sup>	24.105.331	17.382.210
Doğan Media <sup>(4)</sup>	8.842.509	9.293.086
Kanal D <sup>(5)</sup>	3.871.260	3.834.669
D Market <sup>(6)</sup>	2.270.450	1.985.254
Doğan Burda <sup>(7)</sup>	1.380.016	3.212.043
Mozaik İletişim Hizmetleri A.Ş. <sup>(8)</sup>	1.507.380	1.668.412
Doruk TV ve Radyo Yayıncılık A.Ş. <sup>(9)</sup>	1.560.189	1.673.338
Doğan ve Egmont Yayıncılık ve Yapımcı Ticaret A.Ş. ("Doğan Egmont") <sup>(10)</sup>	820.118	1.224.024
Doğan Müzik Kitap	258.149	334.364
Doğan TV Digital Platform İşl. A.Ş.	21.611	89.019
Other	590.627	729.467
	<b>162.770.189</b>	<b>166.439.731</b>

<sup>(1)</sup> The group makes the sales of daily newspapers to Doğan Dağıtım.

<sup>(2)</sup> The newspapers owned by Doğan Gazetecilik are printed in the Group's printing houses.

<sup>(3)</sup> Medyanet and Doğan İnternet Yayıncılığı ve Yatırım A.Ş. have been merged on 8 February 2013. Transactions made with these two companies are shown in the same line for all periods. The sales of internet commercials of the Group are carried out through Doğan İnternet Yayıncılığı ve Yatırım A.Ş.

<sup>(4)</sup> The sale and the commercial of Hürriyet Europe edition are carried out via Doğan Media.

<sup>(5)</sup> The balance is arising from the Group's commercial advertisement sales to Kanal D.

<sup>(6)</sup> The balance is arising from the Group's commercial advertisement sales to D Market.

<sup>(7)</sup> The Group provides the printing services of fason magazine, book and insert to Doğan Burda together with the sale of commercial advertisement.

<sup>(8)</sup> The balance is arising from the Group's commercial advertisement sales to Mozaik.

<sup>(9)</sup> The balance is arising from the Group's news and commercial advertisement sales to Mozaik.

<sup>(10)</sup> The Group provides the printing services of fason magazine to Doğan Egmont together with the sale of commercial advertisement.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

#### Significant service and product purchases from related parties:

	1 January - 31 December 2014	1 January - 31 December 2013
Doğan Dış Ticaret <sup>(1)</sup>	108.510.060	123.853.413
Doğan Dağıtım <sup>(2)</sup>	21.159.284	23.736.312
DTES <sup>(3)</sup>	8.641.403	10.911.851
Doğan Şirketler Grubu Holding A.Ş. <sup>(4)</sup>	5.029.815	6.128.897
Ortadoğu Otomotiv <sup>(5)</sup>	3.991.918	3.732.370
Doğan İnternet Yayıncılık <sup>(6)</sup>	3.437.238	1.134.327
Milta <sup>(7)</sup>	3.372.617	3.506.748
Doğan Gazetecilik <sup>(8)</sup>	3.224.115	2.956.739
Doğan TV Digital Platform İşl. A.Ş. <sup>(9)</sup>	3.205.921	3.152.030
Kanal D <sup>(10)</sup>	2.064.689	4.325.343
Falcon <sup>(11)</sup>	1.782.512	4.907.574
Mozaik <sup>(12)</sup>	1.760.585	1.130.406
Doğan Media	1.405.495	124.396
D Yapım Reklamcılık ve Dağıtım A.Ş. ("D Yapım Reklamcılık") <sup>(13)</sup>	1.106.280	984.582
Doğan Müzik Kitap <sup>(14)</sup>	1.044.107	-
Doruk TV ve Radyo Yayıncılığı	547.127	990.081
Doğan Burda <sup>(15)</sup>	603.050	514.128
Doğan TV -Radyo	240.525	328.835
Kutup Televizyon ve Radyo Yayıncılık A.Ş.	-	132.052
Other	1.301.739	4.061.327
	<b>172.428.480</b>	<b>196.611.411</b>

<sup>(1)</sup> The Group's raw materials are provided by Doğan Dış Ticaret.

<sup>(2)</sup> Doğan Dağıtım provides newspaper distribution services to the Group. The amount of services and goods purchased from Doğan Dağıtım comprises newspaper returns, distribution and transportation expenses.

<sup>(3)</sup> The balance is arising from electricity energy provided for the Hürriyet building and printing houses in regions.

<sup>(4)</sup> Financial, legal, information technology and other consultancy services together with other services which had been received from Doğan Yayın Holding A.Ş. in the prior period have started to be provided by Doğan Şirketler Grubu Holding A.Ş. in the current period.

<sup>(5)</sup> Arising from the rent and other expenses from Ortadoğu Otomotiv in Ankara.

<sup>(6)</sup> Group's online advertisement sales are done by Doğan İnternet.

<sup>(7)</sup> The balance is arising from the Group's rent expense from the offices.

<sup>(8)</sup> The balance is arising from rent, security and other expenses of the Group's building, which is rented as headquarter.

<sup>(9)</sup> The Group gets internet services from the Company.

<sup>(10)</sup> The balance arising from paper purchases of one of the subsidiaries of the Group arising from the advertisement services

<sup>(11)</sup> Hürriyet Zweigniederlassung GmbH, one of the subsidiaries of the Group, has started to purchase of paper from Falcon since 2012.

<sup>(12)</sup> The balance is arising from service expense of call-center and commercial service provided by D-Smart channels sold by Mosaic İletişim.

<sup>(13)</sup> The balance is arising from Group's production service taken for the commercial films.

<sup>(14)</sup> Arising from the promotion campaigns.

<sup>(15)</sup> The balance is arising from Group's sponsorship expense related with meetings of Doğan Burda related with economic, cultural and media topics.

Other income	1 January - 31 December 2014	1 January - 31 December 2013
Doğan Dış Ticaret	1.390.725	1.618.804
Doğan Dağıtım	575.379	549.040
Doğan Media	418.193	317.051
Doğan Gazetecilik	120.320	77.597
Doğan Burda	20.064	68.667
D- Market Elektronik Hizmetler ve Tic. A.Ş.	-	9.766
Doğan TV Digital Platform İşl. A.Ş.	3.698	4.957
Doğan Egmont	-	900
Other	52.779	74.223
	<b>2.581.158</b>	<b>2.721.005</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

Amounting to TL 2.492.131 of other income which totally amounts to TL 2.581.158 consists of rent income which Hürriyet gathers from the Group companies (31 December 2013: TL 2.215.298).

	1 January - 31 December 2014	1 January - 31 December 2013
<b>Purchase of property, plant and equipment and intangible assets</b>		
Doğan TV Digital Platform İşl. A.Ş.	-	527.088
Doğan Şirketler Grubu Holding A.Ş.	41.667	-
D-Market	44.737	25.132
Doğan Media International	2.333	47.195
Diğer	8.809	6.708
	<b>97.546</b>	<b>606.123</b>
<b>Financial income:</b>		
Doğan İnternet Yayıncılığı	40.771	-
Doğan Tv-Radyo	28.223	-
Doğan Şirketler Grubu Holding A.Ş.	-	295.750
Doğan Media	-	239.735
	<b>68.994</b>	<b>535.485</b>
<b>Financial expense:</b>		
Doğan Faktoring <sup>(1)</sup>	750.062	788.771
Doğan Dış Ticaret	143.259	-
Doğan Şirketler Grubu A.Ş.	3.130	2.470.238
	<b>896.451</b>	<b>3.259.009</b>

<sup>(1)</sup> Invoicing and controlling of Grup's commercial advertisement and collection of these commercial advertisement receivables are made by Doğan Factoring, commissions paid for these services are accounted in financial expenses.

### iii) Key Management Personnel:

The Group determined the key management personnel as board of directors and executive committee. Benefits provided to key management personnel consist of wage, premium, health insurance, transportation and post-employment benefits.

	1 January - 31 December 2014	1 January - 31 December 2013
Salaries and other short term benefits	6.994.752	8.038.531
Post-employment benefits	2.215.383	1.235.931
	<b>9.210.135</b>	<b>9.274.462</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

#### NOTE 35 – NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

##### *i. Subsidiaries classified as asset held for sale*

In November 2013, the Group decided to sale its subsidiaries operating in Hungary and Croatia so that companies' assets and liabilities are classified as assets held for sale and presented separately in the balance sheet. In 28 February 2014, the Group transferred its subsidiary Oglasnik d.o.o. for Kuna 2 to the non-controlling interests.

The details of assets and liabilities held for sale are as follows:

<b>Assets and liabilities</b>	<b>31 December 2013</b>
Cash and cash equivalents	1.009.524
Trade receivables	894.272
Other receivables and current assets	968.972
Intangible assets	27.264.532
Property, plant and equipment	2.441.639
Provision for net asseets disposed	(23.301.137)
<b>Total assets held for sale</b>	<b>9.277.802</b>
Trade payables	2.439.505
Other financial liabilities	1.011.658
Other payables	34.149
Deferred tax liabilities	5.760.476
Other long-term liabilities	32.014
<b>Total liabilities held for sale</b>	<b>9.277.802</b>

##### *ii. Land classified as asset held for sale*

In 19 September 2013, the Group made an agreement to sale the plant for USD 9 million which is located in Istanbul Esenyurt and 17.725,69 m2. According to the agreement, in 31 December 2013, this land is classified as assets held for sale. Sales income which is belong to related sale is accounted under the "Income from Investing Activities" in the "Gain on Sale of Assets" (Note 29).

<b>Assets</b>	<b>31 December 2013</b>
Property, plant and equipment	4.684.768
<b>Total assets classified as held for sale</b>	<b>13.962.570</b>

In November 2013, the Group decided to sold its subsidiaries operating in Hungary and Croatia and classified their operations as discontinued operations.

<b>Net result of discontinued operations</b>	<b>2013</b>
Gain from sale	10.610.898
Cost of sales (-)	(5.831.711)
General administrative expenses (-)	(6.728.166)
Marketing, sales and distribution expenses (-)	(2.108.856)
Other operating income	3.899.923
Other operating expenditures (-)	(1.450.315)
Financial expenses (-)	(47.583)
Loss before taxes	(1.655.810)
Tax income	373.047
Net loss	(1.282.763)
Provision for net assets disposed	(23.301.137)
<b>Loss from discontinued operations after income taxes</b>	<b>(24.583.900)</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

### NOTE 36-DISPOSAL OF SUBSIDIARY

- Oglasnik d.o.o., Expressz Magyarorszag Media Kft.

- In November 2013, the Group decided to sell its subsidiaries operating in Hungary and Croatia so that companies' assets and liabilities are classified as assets held for sale and presented separately in the balance sheet. In 28 February 2014, the Group transferred its subsidiary Oglasnik d.o.o. for Kuna 2 to the non-controlling interests.

- The Group has dispose of its subsidiary Expressz Magyarorszag Media Kft. to non-controlling shares for 1 Euro on 7 April 2014.

The details of net book value held for sale are as follows:

<b>Book value of net assets disposed of</b>	<b>31 December 2014</b>
Current assets	
Cash and cash equivalents	869.351
Trade receivables	744.532
Other receivables	321.901
Other current assets	470.807
Non-current assets	
Tangible and intangible assets	29.685.938
Provision for net assets disposed	(22.588.796)
Short-term liabilities	
Trade payables	2.487.613
Other payables	769.502
Other short-term liabilities	37.227
Long term liabilities	
Deferred tax liabilities	5.577.421
Other long-term liabilities	32.847
<b>Net assets disposed of</b>	<b>599.123</b>
Loss on sale of subsidiary	
Consideration:	
Consideration paid in cash and cash equivalents	-
Net cash inflow on disposal:	
(Less) cash and cash equivalent disposed of	(869.351)
Total cash obtained from sale	(869.351)
<b>Loss on sale of subsidiary (Note 29 and 30)</b>	<b>(599.123)</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

- The Group has sold its subsidiary Doğan Ofset Yayıncılık ve Matbaacılık A.Ş. has TL 25.000.000 capital, owned 99.93% of its total shares, amounting to TL 24.982.235 considering EUR 4.579.393 on 18 July 2014 to Fulya Kavak ve Marsaş Baskı ve Ambalaj Sanayi Ticaret A.Ş.

<b>Book value of net assets disposed of</b>	<b>31 December 2014</b>
<b>Current assets</b>	
Cash and cash equivalents	642.421
Trade receivables	7.599.035
Inventories	2.204.221
Other receivables	240.825
<b>Non-current assets</b>	
Tangible and intangible assets	15.037.978
<b>Short-term liabilities</b>	
Financial liabilities	2.753.191
Trade payables	5.139.141
Other short-term liabilities	2.049.312
<b>Long-term liabilities</b>	
Provision for employee termination benefits	2.359.005
<b>Net assets disposed of</b>	<b>13.423.831</b>
<b>Loss on sale of subsidiary</b>	
Consideration:	
Consideration paid in cash and cash equivalents	13.247.728
Net cash inflow on disposal:	
(Less) cash and cash equivalent disposed of	(642.421)
Total cash obtained from sale	12.605.307
<b>Loss on sale of subsidiary (Note 29 and 30)</b>	<b>(176.103)</b>
<b>Total loss on sale of subsidiary (Note 29 and 30)</b>	<b>(775.226)</b>
<b>(Loss) &amp; Gain on sale of subsidiary (Note 27)</b>	<b>(775.226)</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

In 2013, the Group has disposed of its entire shares in its subsidiary Moje Delo, spletni marketing, d.o.o. according to the Slovenia statutory legislation.

<b>Book value of net assets disposed of</b>	<b>31 Aralık 2013</b>
<b>Current assets</b>	
Cash and cash equivalents	267.687
Trade receivables	168.209
Other receivables	117.566
Other current assets	25.521
<b>Non-current assets</b>	
Tangible and intangible assets	511.185
Deferred tax assets	3.617
<b>Short-term liabilities</b>	
Other trade payables	1.859.475
Other payables	70.539
Other short-term liabilities	425.044
<b>Provision for net assets disposed</b>	<b>(1.261.273)</b>
<b>Loss on sale of subsidiary</b>	
Group' share (%55) of net assets disposed	(693.700)
Goodwill (Note 16)	6.457.517
<b>Consideration:</b>	
Consideration paid in cash and cash equivalents	3.237.300
<b>Net cash inflow on disposal:</b>	
(Less) cash and cash equivalent balances disposed of	(267.687)
Total cash obtained from sale	2.969.613
<b>Loss on sale of subsidiary (Note 30)</b>	<b>(2.526.517)</b>

#### NOTE 37-NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS

##### 37.1 Financial Risk Management

###### (i) Interest rate risk

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

	<b>31 December 2014</b>	<b>31 December 2013</b>
<b>Financial instruments with fixed interest rate</b>		
Bank deposits (Note 5)	38.208.697	24.718.794
Loans and receivables	-	73.576.936
Financial liabilities (Note 7)	234.716.614	193.731.489
<b>Financial instruments with floating interest rate</b>		
Financial liabilities (Note 7)	30.522.923	224.302.700

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

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 2014 and 31 December 2013, the Group's borrowings at floating rates are predominantly denominated in US Dollars and Euros.

At 31 December 2014, had the interest rates on USD and Euro denominated borrowings been 100 basis point higher/lower with all other variables held constant, mainly as a result of higher/lower interest expense on floating rate borrowings; net profit for the period before tax and non-controlling interests would have been lower/higher by TL 303.454 (31 December 2013: TL 439.195).

#### (ii) Liquidity risk

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

31 December 2014	Carrying value	Total contractual cash outflow	Less than 3 months	3 - 12 months	1 - 5 years	More than 5 years
<b>Financial liabilities</b>						
Financial payables (Note 7)	265.239.537	330.418.745	17.091.470	95.409.334	217.917.941	-
Trade payables						
-Related party (Note 34)	22.242.940	22.242.940	22.242.940	-	-	-
-Other (Note 9)	47.386.425	47.518.320	47.518.320	-	-	-
Other payables						
-Related party (Note 34)	339.868	339.868	339.868	-	-	-
-Other (Note 10)	2.158.386	2.158.386	1.677.796	-	480.590	-

31 December 2013	Carrying value	Total contractual cash outflow	Less than 3 months	3 - 12 months	1 - 5 years	More than 5 years
<b>Financial liabilities</b>						
Financial payables (Note 7)	418.034.189	442.860.458	10.201.429	157.844.204	274.814.825	-
Other financial liabilities (Note 8)	16.154.517	16.154.517	16.154.517	-	-	-
Derivative financial liabilities (Dipnot 8)	2.440.486	2.440.486	-	2.440.486	-	-
Trade payables						
-Related party (Note 34)	13.514.346	13.514.346	13.514.346	-	-	-
-Other (Note 9)	48.011.482	48.237.018	8.536.904	39.700.114	-	-
Other payables						
-Related party (Note 34)	3.279.095	3.279.095	3.279.095	-	-	-
-Other (Note 10)	4.542.986	4.542.986	4.079.129	-	463.857	-

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.



# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

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 2014, the Group has long-term bank borrowings amounting to TL 92.128.150 (31 December 2013: TL 261.465.762).

There is no long-term trade payables to suppliers (31 December 2013: TL 4.692.877) (Note 7).

### (iii) Credit Risk

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

#### Aging analysis for trade receivables:

As of 31 December 2014 there are past due trade receivables amounting to TL 110.870.571 which are not considered as doubtful receivables (31 December 2013: TL 98.979.383). 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 2014, the amount of mortgage and indemnity received is TL 12.590.538 for the related receivables (31 December 2013: TL 11.117.148).

As of 31 December 2014 and 31 December 2013, aging analysis for trade receivables that are past due but not impaired are as follows:

	31 December 2014		31 December 2013	
	Related party	Other receivables	Related party	Other receivables
0-1 month	4.328.743	21.071.999	6.067.740	24.687.770
1-3 month	10.207.456	24.607.336	11.628.381	22.243.183
3-6 month	4.516.792	18.538.982	93.530	13.900.614
6-12 month	367.494	9.718.478	1.209.586	12.161.327
1-2 years	33.825	10.899.474	78.688	6.908.564
	<b>19.454.310</b>	<b>84.836.269</b>	<b>19.077.925</b>	<b>79.901.458</b>

As of 31 December 2014 and 31 December 2013, aging analysis for trade receivables that are past due and impaired is as follows:

Impaired	31 December 2014	31 December 2013
Past due 0-3 months	575.087	510.098
Past due 3-6 months	357.112	1.182.402
Past due 6 months and over	53.045.777	51.363.697
Less: Provision for impairment (Note 9, 34.i)	(53.977.976)	(53.056.197)

The balance of related party receivables that are past due and impaired as of 31 December 2014 is TL 799.004 (31 December 2013: TL 799.004). There is no trade receivable which is not over due and impaired as of 31 December 2014.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

The Group's credit risk of financial instruments as of 31 December 2014 is as follows:

31 December 2014	Trade receivables		Other receivables		Bank deposits	Derivative instruments	Other assets
	Related party	Other	Related party	Other			
<b>Maximum credit risk exposure as of balance sheet date</b>	<b>28.886.410</b>	<b>169.806.864</b>	-	<b>5.184.900</b>	<b>56.244.893</b>	-	<b>19.103</b>
- The part of maximum credit risk under guarantee with collateral	-	<b>12.590.538</b>	-	-	-	-	-
A. Net book value of financial assets that are not past due/impaired	9.432.100	84.970.595	-	5.184.900	56.244.893	-	19.103
- 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	19.454.310	84.836.269	-	-	-	-	-
- The part under guarantee with collateral		<i>12.590.538</i>	-	-	-	-	-
D. Net book value of impaired asset							
- Past due (gross carrying amount)	799.004	53.178.972	-	788.426	-	-	-
- Impairment (-)	(799.004)	(53.178.972)	-	(788.426)	-	-	-
- 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	-	-	-	-	-	-	-

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

The Group's credit risk of financial instruments as of 31 December 2013 is as follows:

31 December 2013	Trade receivables		Other receivables		Banks deposits	Derivative instruments	Other assets
	Related party	Other	Related party	Other			
<b>Maximum credit risk exposure as of balance sheet date</b>	<b>28.053.511</b>	<b>184.461.348</b>	-	<b>78.605.571</b>	<b>46.545.822</b>	-	<b>19.683</b>
<b>-The part of maximum credit risk under guarantee with collateral</b>	-	<b>15.695.353</b>	-	-	-	-	-
A. Net book value of financial assets that are not past due/impaired	8.975.586	104.559.890	-	78.605.571	46.545.822	-	19.683
- The part under guarantee with collateral	-	3.362.975	-	-	-	-	-
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	19.077.925	79.901.458	-	-	-	-	-
- The part under guarantee with collateral	-	11.117.148	-	-	-	-	-
D. Net book value of impaired asset							
- Past due (gross carrying amount)	799.004	51.384.264	-	872.929	-	-	-
- Impairment (-)	(799.004)	(51.384.264)	-	(872.929)	-	-	-
- 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	-	-	-	-	-	-	-

#### (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 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 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.

TL equivalents of assets and liabilities denominated in foreign currencies at 31 December 2014 and 31 December 2013 are as follows:

	31 December 2014	31 December 2013
Assets	38.744.269	163.899.403
Liabilities	(240.317.637)	(461.403.156)
Net asset/(liability) position of off-balance sheet derivatives	-	(2.571.782)
<b>Net foreign currency position</b>	<b>(201.573.368)</b>	<b>(300.075.535)</b>

Following exchange rates have been used in the translation of foreign currency denominated balance sheet items as of 31 December 2014: 2,3189 TL= 1 USD and 2,8207 TL=1 Euro (31 December 2013: 2,1343 TL= 1 USD and 2,9365 TL=1 Euro).

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

The table summarizes the foreign currency position risk as of 31 December 2014 and 31 December 2013. The carrying amount of foreign currency denominated assets and liabilities of the Group are as follows:

31 December 2014	TL Equivalent	USD	Euro	Other
1. Trade receivables	13.665.469	86.291	8.375.008	5.204.170
2a. Monetary Financial Assets (Cash, Banks included)	20.624.275	13.601.521	2.507.344	4.515.410
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	4.440.421	29.872	-	4.410.549
<b>4. Current Assets (1+2+3)</b>	<b>38.730.165</b>	<b>13.717.684</b>	<b>10.882.352</b>	<b>14.130.129</b>
5. Trade receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	14.104	-	14.104	-
<b>8. Non-Current Assets (5+6+7)</b>	<b>14.104</b>	<b>-</b>	<b>14.104</b>	<b>-</b>
<b>9. Total Assets (4+8)</b>	<b>38.744.269</b>	<b>13.717.684</b>	<b>10.896.456</b>	<b>14.130.129</b>
10. Trade Payables	9.733.413	1.027.868	2.910.614	5.794.931
11. Financial Liabilities	169.847.725	158.628.881	3.865.611	7.353.233
12a. Other Monetary Financial Liabilities	29.108.349	2.320	743.563	28.362.466
12b. Other Non-Monetary Financial Liabilities	-	-	-	-
<b>13. Current Liabilities (10+11+12)</b>	<b>208.689.487</b>	<b>159.659.069</b>	<b>7.519.788</b>	<b>41.510.630</b>
14. Trade Payables	-	-	-	-
15. Financial Liabilities	31.628.150	-	31.628.150	-
16a. Other Monetary Financial Liabilities	-	-	-	-
16b. Other Non-Monetary Financial Liabilities	-	-	-	-
<b>17. Non-Current Liabilities (14+15+16)</b>	<b>31.628.150</b>	<b>-</b>	<b>31.628.150</b>	<b>-</b>
<b>18. Total Liabilities (13+17)</b>	<b>240.317.637</b>	<b>159.659.069</b>	<b>39.147.938</b>	<b>41.510.630</b>
<b>19. Net asset/liability position of off-balance sheet derivatives (19a-19b)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>19a. Off-balance sheet foreign currency derivative assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>19b. Off-balance sheet foreign currency derivative liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>20. Net foreign currency asset liability position (9-18+19)</b>	<b>(201.573.368)</b>	<b>(145.941.385)</b>	<b>(28.251.482)</b>	<b>(27.380.501)</b>
<b>21. Net foreign currency asset/liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(206.027.893)</b>	<b>(145.971.257)</b>	<b>(28.265.586)</b>	<b>(31.791.050)</b>
<b>22. Fair value of foreign currency hedged financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

31 December 2013	TL Equivalent	USD	Euro	Other
1. Trade receivables	11.307.150	592.985	6.280.952	4.433.213
2a. Monetary Financial Assets (Cash, Banks included)	29.896.020	8.370.923	3.688.131	17.836.966
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	85.899.751	73.892.522	151.033	11.856.196
<b>4. Current Assets (1+2+3)</b>	<b>127.102.921</b>	<b>82.856.430</b>	<b>10.120.116</b>	<b>34.126.375</b>
5. Trade receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	36.796.482	36.591.846	14.683	189.953
<b>8. Non-Current Assets (5+6+7)</b>	<b>36.796.482</b>	<b>36.591.846</b>	<b>14.683</b>	<b>189.953</b>
<b>9. Total Assets (4+8)</b>	<b>163.899.403</b>	<b>119.448.276</b>	<b>10.134.799</b>	<b>34.316.328</b>
10. Trade Payables	10.436.324	823.352	2.228.527	7.384.445
11. Financial Liabilities	149.488.251	132.577.048	16.911.203	-
12a. Other Monetary Financial Liabilities	35.319.946	369.249	454.183	34.496.514
12b. Other Non-Monetary Financial Liabilities	-	-	-	-
<b>13. Current Liabilities (10+11+12)</b>	<b>195.244.521</b>	<b>133.769.649</b>	<b>19.593.913</b>	<b>41.880.959</b>
14. Trade Payables	-	-	-	-
15. Financial Liabilities	266.158.639	256.116.000	10.042.639	-
16a. Other Monetary Financial Liabilities	-	-	-	-
16b. Other Non-Monetary Financial Liabilities	-	-	-	-
<b>17. Non-Current Liabilities (14+15+16)</b>	<b>266.158.639</b>	<b>256.116.000</b>	<b>10.042.639</b>	<b>-</b>
<b>18. Total Liabilities (13+17)</b>	<b>461.403.160</b>	<b>389.885.649</b>	<b>29.636.552</b>	<b>41.880.959</b>
<b>19. Net asset/liability position of off-balance sheet derivatives (19a-19b)</b>	<b>(2.571.782)</b>	<b>10.671.500</b>	<b>(13.243.282)</b>	<b>-</b>
<b>19a. Off-balance sheet foreign currency derivative assets</b>	<b>77.127.864</b>	<b>46.954.600</b>	<b>30.173.264</b>	<b>-</b>
<b>19b. Off-balance sheet foreign currency derivative liabilities</b>	<b>79.699.646</b>	<b>36.283.100</b>	<b>43.416.546</b>	<b>-</b>
<b>20. Net foreign currency asset liability position (9-18+19)</b>	<b>(300.075.539)</b>	<b>(259.765.873)</b>	<b>(32.745.035)</b>	<b>(7.564.631)</b>
<b>21. Net foreign currency asset/liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(420.199.990)</b>	<b>(380.921.741)</b>	<b>(19.667.469)</b>	<b>(19.610.780)</b>
<b>22. Fair value of foreign currency hedged financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

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

31 December 2014	Profit/Loss	
	Foreign currency appreciation	Foreign currency depreciation
<b>If the US dollar had changed by 10% against the TL</b>		
USD net (liabilities)/assets	(14.594.139)	14.594.139
Hedging amount of USD	-	-
<b>USD net effect on (loss)/income</b>	<b>(14.594.139)</b>	<b>14.594.139</b>
<b>If the EUR had changed by 10% against the TL</b>		
Euro net (liabilities)/assets	(2.825.148)	2.825.148
Hedging amount of Euro	-	-
<b>Euro net effect on (loss)/income</b>	<b>(2.825.148)</b>	<b>2.825.148</b>
<b>If other foreign currency had changed by 10% against the TL</b>		
Other foreign currency net (liabilities)/assets	(2.738.050)	2.738.050
Hedging amount of other foreign currency	-	-
<b>Other foreign currency net effect on (loss)/income</b>	<b>(2.738.050)</b>	<b>2.738.050</b>
<b>31 December 2013</b>		
	Profit/Loss	
	Foreign currency appreciation	Foreign currency depreciation
<b>If the US dollar had changed by 10% against the TL</b>		
USD net (liabilities)/assets	(27.043.737)	27.043.737
Hedging amount of USD	-	-
<b>USD net effect on (loss)/income</b>	<b>(27.043.737)</b>	<b>27.043.737</b>
<b>If the EUR had changed by 10% against the TL</b>		
Euro net (liabilities)/assets	(1.950.175)	1.950.175
Hedging amount of Euro	-	-
<b>Euro net effect on (loss)/income</b>	<b>(1.950.175)</b>	<b>1.950.175</b>
<b>If other foreign currency had changed by 10% against the TL</b>		
Other foreign currency net (liabilities)/assets	(756.463)	756.463
Hedging amount of other foreign currency	-	-
<b>Other foreign currency net effect on (loss)/income</b>	<b>(756.463)</b>	<b>756.463</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

### 37.2 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 2014 and 31 December 2013 are as follows:

	<b>31 December 2014</b>	<b>31 December 2013</b>
Total liability <sup>(1)</sup>	265.239.537	418.034.189
Less: Cash and cash equivalents (Note 5)	(56.632.653)	(47.206.848)
Net liability	208.606.884	370.827.341
Equity	427.194.173	723.141.884
Total capital	635.801.057	1.093.969.225
<b>Net liability/Total equity ratio</b>	<b>0,33</b>	<b>0,34</b>

<sup>(1)</sup> Consist of long-term and short-term liabilities.

### 37.3 Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Group using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange.

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value.

#### (i) Monetary assets

The fair value of the balances denominated in foreign currencies, which are translated by using the exchange rates prevailing at year-end, is considered to approximate carrying value.

The fair values of certain financial assets carried at cost where the fair values cannot be measured reliably, including cash and bank deposits, are considered to approximate their respective carrying values due to their short-term nature and is negligible impairment risk of the receivables.

The carrying value of trade receivables measured at amortised cost using the effective interest method, less provision for impairment are assumed to approximate their fair values.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

#### (ii) Monetary liabilities

The fair value of the bank borrowings and other monetary liabilities are considered to approximate their carrying value.

The fair values of long term foreign exchange borrowings are translated by using the exchange period-end rate and because of this their fair value approximates their carrying value.

The carrying value of trade receivables measured at amortised cost using the effective interest method, are assumed to approximate their fair values.

The fair values of financial assets and financial liabilities are determined as follows:

- Level 1: The fair values 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 values 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.
- Level 3: The fair values of the financial assets and financial liabilities are determined in accordance with the unobservable current market data.

Level classification of financial assets and liabilities that are valued with their fair values are as follows:

Financial assets	31 December 2014	Fair value as of reporting date		
		Level 1 TL	Level 2 TL	Level 3 TL
Financial assets at FVTPL Investment properties	82.917.210	-	82.917.210	-
<b>Total</b>	<b>82.917.210</b>	<b>-</b>	<b>82.917.210</b>	<b>-</b>

Financial assets	31 December 2013	Fair value as of reporting date		
		Level 1 TL	Level 2 TL	Level 3 TL
Financial assets at FVTPL Investment properties	57.378.321	-	57.378.321	-
<b>Total</b>	<b>57.378.321</b>	<b>-</b>	<b>57.378.321</b>	<b>-</b>

Financial liabilities	31 December 2013	Fair value as of reporting date		
		Level 1 TL	Level 2 TL	Level 3 TL
Derivative instruments	2.440.486	-	2.440.486	-
Other financial liabilities	16.154.517	-	-	16.154.517
<b>Total</b>	<b>18.595.003</b>	<b>-</b>	<b>2.440.486</b>	<b>16.154.517</b>

As of 31 December 2014 and 31 December 2013, the fair value of the Group's investment properties are defined by the independent valuation company. The fair value of the plants are defined by using the similarity comparison approach and assumption method with the analysis of similar real estates (with the comparable ones).



# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

### NOTE 38 – SHARES IN OTHER ENTITIES

Summary of the financial informations of TME, a subsidiary over which the Group has non-controlling shares, are stated below. These summarized financial informations represent the amounts without considering the related party eliminations.

	<b>31 December 2014</b>
Current assets	16.900.143
Non current assets	336.131.289
Current liabilities	206.947.912
Non current liabilities	65.612.844
Equity holders attributable to equity holders of the parent company	63.249.496
Non-controlling interest	17.221.180
	<b>1 January- 31 December 2014</b>
Revenue	138.991.432
Costs	(307.572.707)
<b>Net loss for the period</b>	<b>(168.581.275)</b>
<b>Allocation of net loss for the period:</b>	
Attributable to equity holders of the parent company	(131.004.372)
Attributable to non-controlling interests	(37.576.903)
<b>Net loss for the period</b>	<b>(168.581.275)</b>

### NOTE 39-SUBSEQUENT EVENTS

#### Confirmation of financial statements

The consolidated financial statements for the period ended 31 December 2014 were approved by the Board of Directors on 6 March 2015. Other than Board of Directors has no authority to change financial statements.