

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2019
(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

	Note	(Reviewed) Current Period 30 June 2019	(Audited) Prior Period 31 December 2018
	references		
ASSETS			
Current assets			
Cash and cash equivalents		9,150,774	56,867,896
Financial investment		73,122	72,133
Trade receivables			
-Trade receivables from related parties	20	82,830,928	59,248,328
-Trade receivables from non-related parties	5	90,704,406	103,180,193
Other receivables			
-Other receivables from related parties	20	119,557,863	117,323,015
-Other receivables from non-related parties		12,974,088	4,326,809
Inventories		15,988,254	17,527,084
Prepaid expenses		5,593,321	4,291,302
Other current assets		2,931,380	15,893,989
Total Current Asset		339,804,136	378,730,749
Non-current assets			
Financial investments		313,923	313,923
Other receivables			
-Other receivables from non-related parties		4,717,327	5,363,176
Financial investments accounted for using the equity method	6	2,270,335	4,479,950
Investment properties	7	194,391,868	197,465,641
Tangible assets	8	278,625,862	273,576,563
Intangible assets			
-Other intangible assets	9	14,989,877	11,954,109
Deferred tax assets	18	2,001,100	1,966,834
Other non-current assets		315,267	317,705
Total Non-Current Assets		497,625,559	495,437,901
Total Assets		837,429,695	874,168,650

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

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

	Note references	(Reviewed) Current Period 30 June 2019	(Audited) Prior Period 31 December 2018
LIABILITIES			
Current liabilities			
Short-term borrowings	4	-	67,887
Short-term payables from rental services	4		
-Payables from rental services to related parties		1,907,073	-
-Payables from rental services to non-related parties		1,378,529	-
Short-term portion of long-term borrowings	4	15,603,345	15,582,708
Trade payables			
-Trade payables to related parties	20	18,688,233	15,420,957
-Trade payables to non-related parties	5	42,753,364	50,890,149
Employee benefit payables		5,155,332	2,993,159
Other payables			
-Other payables to related parties		6,552,982	4,656,574
Deferred income		6,650,591	10,460,323
Current income tax liabilities	18	63,933	527,292
Short-term provisions			
-Short-term provisions for employment benefits	10	13,992,829	14,164,860
-Other short-term provisions	10	8,978,821	6,740,806
Other short-term liabilities		29,064,120	35,166,801
Total Current Liabilities		150,789,152	156,671,516
Non-current liabilities			
Long-term borrowings	4	3,911,112	11,733,333
Long-term payables from rental services	4		
-Payables from rental services to related parties		11,569,995	-
-Payables from rental services to non-related parties		3,089,655	-
Deferred income	4	486,960	901,525
Long-term provisions			
-Long-term provisions for employment benefits	12	47,675,658	45,317,176
Deferred tax liability	18	16,785,670	19,381,541
Total Non-Current Liabilities		83,519,050	77,333,575
Total Liabilities		234,308,202	234,005,091

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2019
(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

	Note references	(Reviewed) Current Period 30 June 2019	(Audited) Prior Period 31 December 2018
EQUITY			
Total equity		603,121,493	640,163,559
Equity attributable to equity holders of the parent company		603,278,634	639,981,423
Paid-in share capital	13	592,000,000	592,000,000
Adjustment to share capital	13	77,198,813	77,198,813
Share premiums		76,944	76,944
Other comprehensive income and expenses that will not be reclassified subsequently to profit or loss			
- Gain (loss) on remeasurement			
- Gain (loss) on revaluation of tangible assets	13	212,241,738	212,241,738
- Gain (loss) on remeasurement of defined benefit plans	13	(21,093,944)	(21,093,944)
Other comprehensive income and expenses that may be reclassified subsequently to profit or loss			
- Currency translation differences	13	68,695,507	80,374,527
Restricted reserves	13	116,833,222	101,083,330
Retained earnings / Accumulated deficit		(417,649,877)	671,268,213
Net profit (loss) for the period		(25,023,769)	269,368,228
Non-controlling interests		(157,141)	182,136
Total liabilities and equity		837,429,695	874,168,650

These condensed consolidated financial statements as at and for the period ended 30 June 2019 were approved by the Board of Directors on 8 August 2019.

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

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE INTERIM PERIOD
1 JANUARY - 30 JUNE 2019

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

	Note	(Reviewed) Current Period 1 January - 30 June 2019	(Not Reviewed) Current Period 1 April - 30 June 2019	Revised (Reviewed) Prior Period 1 January - 30 June 2018	Revised (Not Reviewed) Prior Period 1 April - 30 June 2018
	References				
Sales	14	185,762,167	91,345,099	223,576,840	114,095,112
Cost of sales (-)	14	(160,208,813)	(81,070,799)	(142,014,929)	(74,169,751)
Gross profit/(loss)		25,553,354	10,274,300	81,561,911	39,925,361
General administrative expenses (-)		(38,060,143)	(18,113,266)	(36,770,001)	(16,316,292)
Marketing expenses (-)		(30,159,784)	(13,944,383)	(40,164,671)	(19,805,322)
Other operating income		32,735,338	18,575,512	34,839,069	20,873,680
Other operating expenses (-)		(19,035,886)	(13,004,396)	(27,989,280)	(19,930,806)
Operating profit/(loss)		(28,967,121)	(16,212,233)	11,477,028	4,746,621
Share of (loss)/gain of investments accounted					
by the equity method	6	(2,504,362)	(1,483,964)	(879,393)	(519,062)
Income from investing activities	15	13,858,259	2,682,230	304,610,411	303,123,940
Expenses from investing activities (-)	16	(345,526)	(192,594)	(1,665,576)	(71,499)
Operating profit/(loss) before finance income/(expense)		(17,958,750)	(15,206,561)	313,542,470	307,280,000
Finance expenses (-)	17	(14,827,279)	(7,394,949)	(15,505,278)	(6,278,943)
Profit/(loss) before tax from continuing operations		(32,786,029)	(22,601,510)	298,037,192	301,001,057
Tax income/(expense) of continuing operations	18	2,679,876	1,583,407	(18,674,394)	(16,547,920)
Current tax income (expense)	18	(393,435)	(256,446)	(20,583,339)	(20,457,305)
Deferred tax income (expense)	18	3,073,311	1,839,853	1,908,945	3,909,385
Profit/(loss) for the period from continuing operations		(30,106,153)	(21,018,103)	279,362,798	284,453,137
Profit (loss) for the period from discontinued operations		5,204,605	713,913	(3,850,504)	(3,917,729)
Net profit/(loss) for the period		(24,901,548)	(20,304,190)	275,512,294	280,535,408
Allocation of net profit/(loss) for the period					
Attributable to non-controlling interests		122,221	77,670	(67,099)	(3,651)
Attributable to equity holders of the parent company		(25,023,769)	(20,381,860)	275,579,393	280,539,059
Loss per share					
Attributable to shareholders of the parent company		(0.0423)	(0.0344)	0.4655	0.4739

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HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2019

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

	(Reviewed)	(Not Reviewed)	Revised (Reviewed)	Revised (Not Reviewed)
	Current Period	Current Period	Prior Period	Prior Period
Note	1 January -	1 April -	1 January -	1 April -
References	30 June 2019	30 June 2019	30 June 2018	30 June 2018
Other comprehensive income statement				
Net profit/(loss) for the period	(24,901,548)	(20,304,190)	275,512,294	280,535,408
Other comprehensive income	-	-	-	-
Other comprehensive income (expense) that will not be subsequently reclassified to profit and loss				
- Gain/(loss) on foreign currency	(12,140,518)	(3,939,086)	1,477,156	502,443
- Other comprehensive income/ (expense) from cash flow hedges	-	-	3,101,031	161,571
Taxes related to other comprehensive income/ (expense) that will be subsequently reclassified to profit and loss				
- Other comprehensive income/ (expense) from cash flow hedges, tax effect	-	-	(682,227)	(35,546)
Other comprehensive income/(expense)	(12,140,518)	(3,939,086)	3,895,960	628,468
Total comprehensive income/(expense)	(37,042,066)	(24,243,276)	279,408,254	281,163,876
Allocation of total comprehensive income/(expense)				
Attributable to non-controlling interests	(339,277)	(57,107)	(218,073)	(103,123)
Attributable to shareholders of the parent company	(36,702,789)	(24,186,169)	279,626,327	281,266,999

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ORIGINALLY ISSUED IN TURKISH

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2019

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

	Note references	Other comprehensive income (expense) that will be subsequently reclassified to profit or loss					Other comprehensive income (expense) that will not be subsequently reclassified to profit or loss			Accumulated profits		Equity attributable		Total equity		
		Share capital	Adjustment to share capital	Share premiums (discounts)	Hedge instrument gain (loss)	Currency translation differences ⁽¹⁾	Gain (losses) on property revaluation	Gain (losses) on remeasurement of defined benefit plan	Restricted reserves	Retained earnings / (losses) ⁽²⁾	Net profit / (loss) for the period	to shareholders of the parent company	Non-controlling interests			
															Equity attributable	
Balances at 1 January 2018	13	552,000,000	77,198,813	76,944	(856,705)	72,041,619	187,778,810	(18,617,479)	191,532,907	(494,582,896)	(264,505,378)	302,066,635	1,040,275	303,106,910		
Adjustments related to required changes in accounting policies (Note 2)		-	-	-	-	-	-	-	-	(2,784,761)	-	(2,784,761)	(122,369)	(2,907,130)		
IFRS 9 policy change effect, net		-	-	-	-	-	-	-	-	(2,784,761)	-	(2,784,761)	(122,369)	(2,907,130)		
Balances after adjustments		552,000,000	77,198,813	76,944	(856,705)	72,041,619	187,778,810	(18,617,479)	191,532,907	(497,367,657)	(264,505,378)	299,281,874	917,906	300,199,780		
Transfers		-	-	-	-	-	-	-	(90,604,822)	(173,900,556)	264,505,378	-	-	-		
Purchase or sale of subsidiary		-	-	-	-	-	-	-	-	-	-	-	(104,659)	(104,659)		
Proceeds from changes in ownership interests in subsidiaries that do not result in loss of control ⁽²⁾		-	-	-	-	-	-	-	-	-	-	-	197,652	197,652		
Total comprehensive income / (expense)		-	-	-	2,418,804	1,628,130	-	-	-	-	275,579,393	279,626,327	(218,073)	279,408,254		
- Other comprehensive income (expense)		-	-	-	2,418,804	1,628,130	-	-	-	-	4,046,934	(150,974)	(150,974)	3,895,960		
-Net profit (loss) for the period		-	-	-	-	-	-	-	-	-	275,579,393	275,579,393	(67,099)	275,512,294		
Balances at 30 June 2018	13	552,000,000	77,198,813	76,944	1,562,099	73,669,749	187,778,810	(18,617,479)	100,928,085	(671,268,213)	275,579,393	578,908,201	792,826	579,701,027		
Balances at 1 January 2019	13	592,000,000	77,198,813	76,944	-	80,374,527	212,241,738	(21,093,944)	101,083,330	(671,268,213)	269,368,228	639,981,423	182,136	640,163,559		
Transfers		-	-	-	-	-	-	-	15,749,892	253,618,336	(269,368,228)	-	-	-		
Total comprehensive income / (expense)		-	-	-	-	(11,679,020)	-	-	-	-	(25,023,769)	(36,702,789)	(339,277)	(37,042,066)		
- Other comprehensive income (expense)		-	-	-	-	(11,679,020)	-	-	-	-	-	(11,679,020)	(461,498)	(12,140,518)		
- Changes in currency translation differences		-	-	-	-	(11,679,020)	-	-	-	-	-	(11,679,020)	(461,498)	(12,140,518)		
-Net profit (loss) for the period		-	-	-	-	-	-	-	-	-	(25,023,769)	(25,023,769)	122,221	(24,901,548)		
Balances at 30 June 2019	13	592,000,000	77,198,813	76,944	-	68,695,507	212,241,738	(21,093,944)	116,833,222	(417,649,877)	(25,023,769)	603,278,634	(157,141)	603,121,493		

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

(2) In 2019, related to the restricted reserve during the period.

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HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE INTERIM PERIOD
1 JANUARY - 30 JUNE 2019**

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

	Note References	(Reviewed) Current Period 1 January - 30 June 2019	Revised (Reviewed) Prior Period 1 January - 30 June 2018
CASH FLOWS FROM OPERATING ACTIVITIES		(17,499,898)	40,486,036
Net profit (loss) for the period		(24,901,548)	275,512,294
Profit (loss) from continuing operations		(30,106,153)	279,362,798
Profit (loss) from discontinued operations		5,204,605	(3,850,504)
Adjustments to reconcile profit (loss) for the period		43,347,096	(249,343,206)
Adjustments related to depreciation and amortization expenses	8, 9	16,696,343	10,576,911
Adjustments related to impairment (reversal)			
Adjustments related to impairment (reversal) of receivables	5	3,356,831	8,308,887
Adjustments related to provision for impairment of inventories		539,870	245
Adjustments related to impairment (reversal) of investment property	7	-	987,426
Adjustments related to provisions			
Adjustments related to (reversal) of provision for employment benefits	10, 12	6,349,409	4,619,243
Adjustments related to litigation and legal provisions (reversal)	10	2,737,696	980,862
Adjustment related to general provisions (reversals)	5	371,712	864,625
Adjustment related to other provisions (reversals)		1,076,591	6,008,880
Adjustments related to interest (income) expense			
Adjustments related to interest income		(600,887)	(1,056,082)
Adjustments related to interest expense	17	7,352,808	12,788,831
Unearned finance income due to term purchases		(14,761,908)	(4,560,027)
Unearned finance revenue due to term sales		288,084	15,347,646
Adjustments related to undistributed profits of investment accounted at equity method			
Adjustments related to undistributed profits of associates	6	2,504,362	879,393
Adjustments related to tax (income) expense	18	(2,679,876)	18,543,148
Other adjustment related to noncash items		-	(1,200)
Adjustments related to (gain) loss on sale of tangible assets	8,9	7,949	(1,209,120)
Adjustments related to (gain) loss on sale of assets held for sale		-	(300,838,136)
Other adjustments to reconcile profit (loss)		20,108,112	(21,584,738)
Changes in working capital		(31,349,862)	17,944,238
Adjustments related to (increase) decrease in trade receivables			
(Increase) decrease in trade receivables from related parties		(23,582,600)	(4,832,121)
(Increase) decrease in trade receivables from third parties		19,099,689	(13,367,995)
Adjustments related to (increase) decrease in inventories		645,946	(79,576)
(Increase) decrease in prepaid expenses		(1,302,019)	(1,025,128)
Adjustments related to increase (decrease) in trade payables			
Increase (decrease) in trade payables to related parties		3,267,276	(4,193,157)
Increase (decrease) in trade payables to third parties		(8,136,785)	8,761,263
Increase (decrease) in payables related to employee benefits		2,162,173	1,528,469
Increase (decrease) in deferred income		(5,027,418)	37,945,272
Adjustments related to other increase (decrease) in working capital			
(Increase) decrease in other assets related to operating activities		(14,292,906)	(1,887,418)
Increase (decrease) in other liabilities related to operating activities		(4,183,218)	(4,905,371)

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HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY - 30 JUNE 2019**

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

	Note References	(Reviewed) Current Period 1 January - 30 June 2019	Revised (Reviewed) Prior Period 1 January - 30 June 2018
Cash generated from operations		(12,904,314)	44,113,326
Employment benefits paid	10, 12	(4,242,945)	(7,490,479)
Payments related to other provisions	10	(359,000)	(120,320)
Taxes returns / (payments)	18	(908,175)	(2,119,393)
Other cash inflows / (outflows)	5	914,536	6,102,902
CASH FLOWS FROM INVESTING ACTIVITIES		1,010,901	149,473,120
Cash inflows from the sale of asset held for sale		-	147,862,599
Cash inflows from sale of tangible, intangible assets	8, 9	95,303	11,514,068
Cash outflows from purchase of tangible, intangible assets and investment properties			
Purchases of tangible assets	8	(2,759,062)	(5,904,259)
Purchases of intangible assets	9	-	(5,056,570)
Cash inflows from sale of investment properties	7	4,254,764	-
Cash outflows from purchase of investment properties	7	(1,180,991)	-
Cash inflows from governmental incentive		-	(6,809,271)
Dividends received		-	1,200
Interests received		600,887	1,056,082
CASH FLOWS FROM FINANCING ACTIVITIES		(17,334,747)	(239,762,457)
Cash flows from changes in ownership of an affiliate not resulting loss of control			
Cash inflows from changes in ownership of an affiliate not resulting loss of control		-	197,652
Cash inflows from borrowing			
Bank borrowings utilized		-	19,619,287
Cash outflow related to payments of debt			
Cash outflows due from payment of rental agreements		(2,111,479)	-
Cash outflows related to loan payments		(7,869,471)	(246,788,545)
Interests paid	17	(7,352,808)	(12,788,831)
Other cash inflows / (outflows)		(989)	(2,020)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF EXCHANGE RATE CHANGES		(33,823,744)	(49,803,301)
Effects of exchange rate changes on cash and cash equivalents		(13,893,378)	(1,430,794)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(47,717,122)	(51,234,095)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		56,867,896	65,946,767
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		9,150,774	14,712,672

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