

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

**CONVENIENCE TRANSLATION OF THE
CONSOLIDATED FINANCIAL STATEMENTS
AND THE AUDITOR'S REPORT FOR THE PERIOD
1 JANUARY - 31 MARCH 2016
INTO ENGLISH**

(ORIGINALLY ISSUED IN TURKISH)

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**CONSOLIDATED BALANCE SHEETS****AS OF 31 MARCH 2016 AND 31 DECEMBER 2015**

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

	Current Period (Unaudited) 31 March 2016	Previous Period (Audited) 31 December 2015
ASSETS		
Current assets	274.256.354	315.814.507
Cash and cash equivalents	36.084.726	86.987.420
Trade receivables		
-Due from related parties	31.448.868	26.372.328
-Trade receivable from non-related parties	185.822.181	181.683.764
Other receivables		
-Other receivables from non-related parties	530.793	993.681
Inventories	11.265.388	11.596.510
Prepaid expenses	3.482.587	2.726.015
Assets related with current tax	1.275.666	1.372.140
Other current assets	4.346.145	4.082.649
Non-current assets	566.054.168	557.533.933
Other receivables	1.444.056	1.444.690
Financial investments	1.465.664	1.393.257
Investments accounted		
by the equity method	6.365.062	6.566.895
Investment property	91.468.027	86.937.106
Property, plant and equipment	180.845.191	186.969.110
Intangible assets		
-Other intangible assets	272.244.114	263.054.231
Deferred tax assets	11.020.456	10.005.631
Other non-current assets	1.201.598	1.163.013
Total assets	840.310.522	873.348.440

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**CONSOLIDATED BALANCE SHEETS
AS OF 31 MARCH 2016 AND 31 DECEMBER 2015**

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

	Current Period (Unaudited) 31 March 2016	Previous Period (Audited) 31 December 2015
LIABILITIES		
Current liabilities	275.072.919	361.956.283
Short-term borrowings	54.711.134	55.402.170
Short-term portion of long-term borrowings	98.123.139	198.263.511
Other financial liabilities	2.215.889	-
Trade payables		
-Due to related parties	22.523.007	24.120.290
-Other payables to non-related parties	46.339.486	36.660.202
Employee benefit payable	9.538.735	6.021.343
Other payables		
-Due to related parties	-	-
-Other payables to non-related parties	6.311.147	8.595.760
Deferred income	9.753.074	5.590.682
Current income tax liabilities	249.339	261.684
Short-term provisions		
-Short-term provisions for employment benefits	13.048.234	12.181.762
-Other short-term provisions	9.755.408	12.735.687
Derivative financial instruments	-	-
Other current liabilities	2.504.327	2.123.192
Subtotal	275.072.919	361.956.283
Non-current liabilities	212.192.640	158.172.934
Long-term borrowings	118.007.038	62.343.476
Other payables	790.339	698.515
Long-term provisions		
-Long-term provisions for employment benefits	42.082.050	42.254.261
Deferred tax liability	51.310.383	52.652.797
Other non-current liabilities	2.830	223.885

EQUITY		
Total Equity	353.044.961	353.219.223
Equity attributable to equity holders of the parent company	364.283.760	372.470.271
Share capital	552.000.000	552.000.000
Inflation adjustment to share capital	77.198.813	77.198.813
Accumulated other comprehensive expenses and income that will not be reclassified to profit or loss		
-Remeasurement gains and losses of defined benefit plans	(15.355.484)	(15.355.484)
-Revaluation and remeasurement gains	967.960	1.024.515
Share premium	76.944	76.944
Accumulated other comprehensive expenses and income that will be reclassified to profit or loss		
-Currency translation differences	(3.263.083)	(15.308.843)
-Hedge risk losses	(1.772.711)	-
Restricted reserves	187.166.210	187.166.210
Accumulated (losses)	(414.331.884)	(383.832.770)
Net (loss) for the period	(18.403.005)	(30.499.114)
Non-controlling interests	(11.238.799)	(19.251.048)
Total liabilities and equity	840.310.522	873.348.440

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME****FOR THE PERIODS ENDED 31 MARCH 2016 AND 2015**

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

	Current Period (Unaudited) 1 January- 31 March 2016	Current Period (Unaudited) 1 January- 31 March 2015
Sales	138.229.443	144.944.269
Cost of sales (-)	(80.233.488)	(82.865.014)
Gross profit	57.995.955	62.079.255
General administrative expenses (-)	(28.373.999)	(29.314.552)
Marketing expenses (-)	(30.743.938)	(30.343.693)
Other operating income	9.601.534	43.461.688
Other operating expenses (-)	(20.706.965)	(22.255.626)
Operating profit	(12.227.413)	23.627.072
Share of loss of investments accounted by the equity method	(276.481)	(212.898)
Income from investing activities	1.038.492	5.673.044
Expense from investing activities (-)	(5.882)	(1.399.105)
Operating profit before financial expense	(11.471.284)	27.688.113
Financial expenses (-)	(13.461.799)	(12.805.009)
(Loss) before tax	(24.933.083)	14.883.104
Continuing operations tax (expense) /benefit	3.848.234	(12.853.254)
Current tax (expense)	(76.503)	(3.917.161)
Deferred tax benefit	3.924.737	(8.936.093)
Net (loss) from continuing operations	(21.084.849)	2.029.850
Discontinued operations		
Net (loss) for period	(21.084.849)	2.029.850
Allocation of net (loss) for period		
Attributable to non-controlling interests	(2.681.844)	(4.142.126)
Attributable to equity holders of the parent company	(18.403.005)	6.171.976
(Loss) per share (TL)		
(Loss) per share from continuing operations	(0,0333)	0,0112
(Loss) per share from discontinued operations	-	-
(Loss) / Earning per share from continuing and discontinued operations	-	-

Other comprehensive (expense) / income

Net (loss) for period	(21.084.849)	2.029.850
Accumulated other comprehensive income or expenses that will be reclassified to profit or loss		
-Change in foreign currency differences	22.751.833	(6.696.958)
-Change in Hedge Funds	(1.772.711)	-
Accumulated other comprehensive income or expenses that will not be reclassified to profit loss		
-Revaluation and remeasurement losses	(56.555)	-
-Actuarial gain in defined benefit plans	-	1.657.163
- Tax effect of actuarial gain in defined pension plans	-	(331.433)
Other comprehensive (expense) / income after tax	20.922.567	(5.371.228)
Total comprehensive (expense) / income	(162.282)	(3.341.278)
Allocation of total comprehensive (expense) / income		
Attributable to non-controlling interests	8.024.229	(3.723.855)
Attributable to equity holders of the parent company	(8.186.511)	382.577

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONSOLIDATED STATEMENTS OF CHANGE IN SHAREHOLDERS' EQUITY
FOR THE PERIODS ENDED 31 MARCH 2016 AND 2015

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

					Accumulated other comprehensive income/expense will be reclassified to profit or loss		Accumulated other comprehensive income/expense will not be reclassified to profit or loss						
	Share Capital	Inflation adjustment to share capital	Share premiums	Hedge Instrument gain (loss)	Translation reserves	Revaluation and reasurement gain (loss)	Re-measurement gain and loss of defined benefit plans	Restricted reserves	Retained earnings	Net profit / (loss) for the period	Equity allocated to parent company	Non- controlling interests	Total equity
Balances at 1 January 2015	552.000.000	77.198.813	76.944	-	6.633.568	-	(15.331.957)	165.883.369	(201.896.442)	(168.672.590)	415.891.705	11.302.468	427.194.173
Transfers	-	-	-	-	-	-	-	21.282.841	(189.955.431)	168.672.590	-	-	-
Subsidiaries' dividend payments to non-group companies	-	-	-	-	-	-	-	-	-	-	-	(49.086)	(49.086)
Effect of change in subsidiary ownership	-	-	-	-	-	-	-	-	-	-	-	(8.715)	(8.715)
Total comprehensive expense	-	-	-	-	(7.043.320)	-	1.253.921	-	-	6.171.976	382.577	(3.723.955)	(3.341.378)
Effect of subsidiary sales	-	-	-	-	-	-	-	-	-	-	1.253.921	71.809	1.325.730
- Change in translation reserves	-	-	-	-	(7.043.320)	-	-	-	-	-	(7.043.320)	346.362	(6.696.958)
- Net loss for the period	-	-	-	-	-	-	-	-	-	6.171.976	6.171.976	(4.142.126)	2.029.850
Balances at 31 March 2015	552.000.000	77.198.813	76.944	-	(409.752)	-	(14.078.036)	187.166.210	(391.851.873)	6.171.976	416.274.282	7.520.712	423.794.994
Balances at 1 January 2016	552.000.000	77.198.813	76.944	-	(15.308.843)	1.024.515	(15.355.484)	187.166.210	(383.832.770)	(30.499.114)	372.470.271	(19.251.048)	353.219.223
Transfers	-	-	-	-	-	-	-	-	(30.499.114)	30.499.114	-	-	-
Subsidiaries' dividend payments to non-group comp:	-	-	-	-	-	-	-	-	-	-	-	(11.980)	(11.980)
Other comprehensive (expense) / income	-	-	-	(1.772.711)	12.045.760	(56.555)	-	-	-	(18.403.005)	(8.186.511)	8.024.229	(162.282)
- Revaluation and remeasurement gain (loss)	-	-	-	-	-	(56.555)	-	-	-	-	(56.555)	-	(56.555)
- Change in financial risk funds (Hedge)	-	-	-	(1.772.711)	-	-	-	-	-	-	(1.772.711)	-	(1,772,711)
- Change in translation reserves	-	-	-	-	12,045,760	-	-	-	-	-	12,045,760	10,706,073	22,751,833
- Net loss for the period	-	-	-	-	-	-	-	-	-	(18,403,005)	(18,403,005)	(2,681,844)	(21,084,849)
Balances at 31 March 2016	552.000.000	77.198.813	76.944	(1.772.711)	(3,263,083)	967.960	(15,355,484)	187.166.210	(414.331.884)	(18.403.005)	364.283.760	(11.238.799)	353.044.961

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE PERIODS ENDED 31 MARCH 2016 AND 2015**

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

	Current Period (Unaudited) 1 January- 31 March 2016	Previous Period (Unaudited) 1 January- 31 March 2015
CASH FLOW FROM COMPANY'S OPERATIONS	(2.179.842)	32.590.617
(Loss) for the period	(21.084.849)	2.029.850
Adjustments to reconcile net (loss) for the period	20.656.938	43.748.783
Adjustments regarding depreciation	7.555.562	9.603.055
Adjustments regarding amortization	5.465.034	5.096.422
Adjustments regarding loss on disposal of property, plant and equipment	(50.161)	1.246.882
Adjustments regarding tax (income) / expense	(3.848.234)	12.853.254
Adjustments regarding provision for employment benefits and unused vacation rights	2.030.969	2.064.182
Impairment losses on intangible assets	-	-
Impairment losses on goodwill and assets held for sale	-	-
Adjustments regarding income accruals	(641.833)	(816.594)
Adjustments regarding interest accruals and income	(669.954)	(805.644)
Unrealized finance income from term sales	(1.605.184)	(1.548.798)
Adjustments regarding term receivables and payables discount	(813.338)	(102.618)
Adjustments regarding interest expenses	8.300.915	4.180.337
Unrealized foreign exchange expense from borrowings	(1.614.617)	10.273.478
Adjustments regarding change in fair value of investment properties	1.960.514	(583.054)
Adjustments regarding (Increase)/decrease in deferred income	2.943.129	710.762
Adjustments regarding provision for impairment of inventories	173.309	362.375
Loss from investments accounted by the equity method	276.481	212.898
Provision for doubtful receivables	4.272.393	3.452.467
Provision for lawsuits	990.142	529.500
Reversals of provisions	(4.068.189)	(323.948)
Subsidiary Sales Loss	-	(2.656.173)
Changes in working capital:	(1.751.932)	(13.188.016)
Change in blocked deposit	-	(2.371)
Changes in trade and related party receivables	(21.738.848)	(16.222.874)
Changes in inventories	151.382	600.576
Change in prepaid expenses	(756.572)	(3.437.622)
Change in other current asset	215.722	(5.978.873)
Change in other financial assets and liabilities	-	654.287
Changes in trade and related party payables	7.529.781	5.046.691
Change in other short term liabilities	5.069.271	1.837.664
Changes in other non-current assets	(38.585)	(278.970)
Changes in payables due from employment benefits	3.517.392	6.913.238
Change in deferred revenues	4.162.392	1.836.797
Taxes paid	7.626	(2.573.500)

Collections from doubtful receivables	1.936.972	1.388.217
Employment benefits and unused vacation rights paid	(1.808.464)	(2.971.276)
CASH FLOW FROM INVESTING ACTIVITIES :	332.077	3.331.505
Purchases of property, plant and equipment	(1.665.022)	(1.180.736)
Purchases of intangible assets	(2.878.908)	(7.289.601)
Proceeds from sales of property, plant and equipment, intangible assets and investment properties	2.424.105	5.578.135
Interests received	2.451.902	3.397.578
Proceeds from sale of subsidiary	-	2.826.129
CASH FLOW FROM FINANCING ACTIVITIES :	(49.345.913)	911.599
Change in blocked deposit	32.767	(52)
Dividends paid to non-controlling interests	(11.980)	(49.086)
Bank borrowings received	64.426.437	6.380.068
Bank borrowings paid	(106.523.958)	(2.449.985)
Decrease in financial liabilities to suppliers	-	4.078
Interests paid	(7.269.179)	(2.973.424)
Effects of foreign exchange rate on cash and cash equivalents	290.983	(3.723.684)
Change in cash and cash equivalents	(50.902.695)	32.937.067
Cash and cash equivalents at the beginning of the period	86.987.420	56.604.647
Cash and cash equivalents at the end of the period	36.084.725	89.541.714

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