

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

JANUARY 1 - MARCH 31, 2015

INTERIM ACTIVITY REPORT



MAY 2015

PREPARED WITH REFERENCE TO "PRINCIPLES COMMUNIQUÉ ON FINANCIAL REPORTING IN THE CAPITAL MARKET (II-14.1)" OF THE CAPITAL MARKETS BOARD

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*"This Activity Report has been prepared in accordance with the Article 8 of "Principles Communiqué On Financial Reporting In Capital Market (II-14.1)" Of The Capital Markets Board, which came into effect after being published on the Official Gazette under 28676 Nr. on June 13, 2013 and prepared for the purpose of evaluating activities of the Company as of January 1, 2015 - March 31, 2015 interim accounting period and informing our investors."*

## 1. GENERAL INFORMATION

### 1.1 Accounting Period of the Report

This activity report relates to the activities of period between 01.01.2015 – 31.03.2015 dates.

### 1.2 Trade Title, Trade Registration Number of the Company, Contact Information About Its Registered Office and Branches Including Its Website

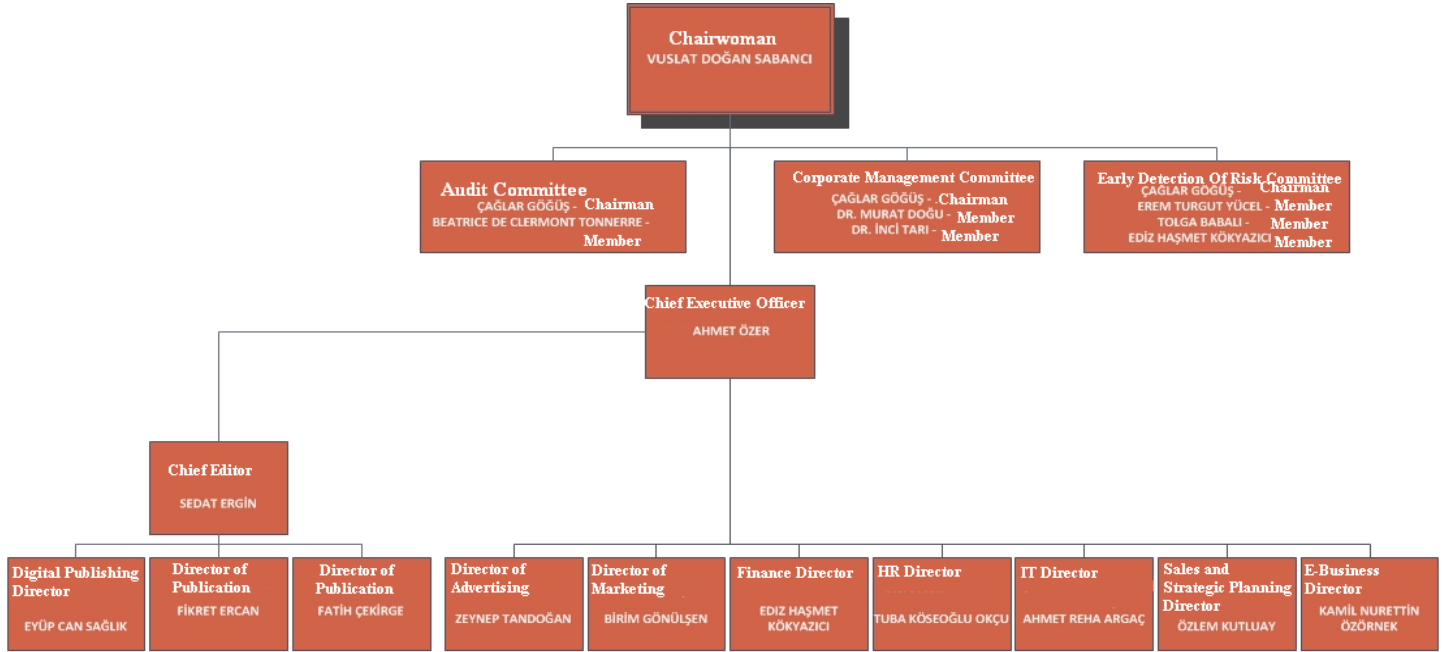
Trade Title : Hürriyet Gazetecilik ve Matbaacılık A.Ş.  
Trade Registry Office : Istanbul Chamber of Commerce  
Trade Registration Number : 78044/19200  
Address : Hürriyet Dünyası 100. Yıl Mah. Matbaacılar Cad. No:78 Bağcılar 34204  
Istanbul / Turkey  
Telephone : 0(212) 677 00 00  
Fax : 0(212) 677 01 82  
Corporate Website : <http://www.hurriyetkurumsal.com>

	<b>Print Facilities, Regional Offices</b>	<b>Telephone</b>	<b>Fax:</b>
<b>Istanbul (Center)</b>	Hürriyet Dünyası, 100. Yıl Mahallesi, Matbaacılar Caddesi No:78 34204 Bağcılar / İstanbul	0.212 677 00 00	0 212 677 07 77
<b>İstanbul Print Facility (DPC)</b>	Doğan Medya Tesisleri 34850 Esenyurt / İstanbul	0212 6222800	0212 6222802
<b>Ankara Print Facility (DPC)</b>	Esenboğa Yolu Üzeri 15. Km 06150 Keçiören / Ankara	0312 3069100	0312 3069292
<b>Ankara Regional Office</b>	Dumlupınar Bulvarı No:12 Söğütözü / Ankara	0312 2070000	0312 2070100
<b>Izmir Regional Office</b>	Şehitler Cad. No:16/1 35230 Sarıç / İzmir	0232 4886500	0232 4637311
<b>Izmir Print Facility (DPC)</b>	Ege Cad. No: 36 35414 Sarıç / İzmir	0232 2982200	0232 2816580
<b>Adana Print Facility (DPC) Regional Office</b>	Adana-Ceyhan Karayolu 5. Km. 01260 Adana	0322 3461600	0322 3463602
<b>Antalya Print Facility (DPC) Regional Office</b>	Havalimanı Yolu 8. Km 07300 Antalya	0242 3403838	0242 3403822
<b>Trabzon Print Facility (DPC) Regional Office</b>	Organize Sanayii Arsin Yolu 61900 Trabzon	0462 7112500	0462 7112502
<b>Frankfurt Print Facility</b>	An Der Brücke 20-22 D-64546 Mörfelden - Walldorf Frankfurt / Deutschland	496105327130	496105327373

### 1.3 The Structures of the Company, Capital and Partnership and Changes Within the Accounting Period In this Respect

#### 1.3.1. Organisational Structure of the Company

The organisational structure of the Company with its main lines as of March 31, 2015 is as follow:



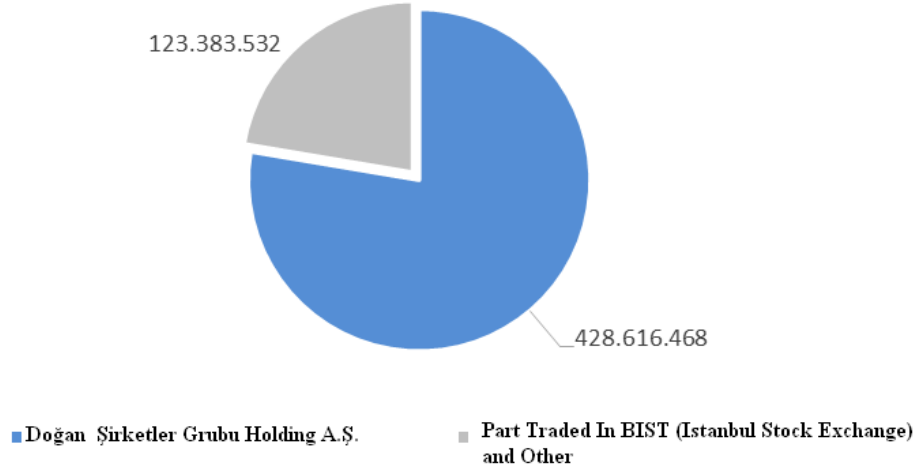
#### 1.3.2. Capital and Partnership Structure

The upper limit of the registered capital of the Company as of March 31, 2015 is TL 800.000.000 while its issued capital is TL 552.000.000.

It is accepted that shares corresponding to 21,60% of Hürriyet's capital (December 31,2014: 21,60%) as of March 31 , 2015 they are actively circulating, according to records kept by Central Registry Agency ("MKK") as per Principle Resolution of CMB dated July 23, 2010 and Nr. 21/655.

These shares are traded in Borsa Istanbul A.Ş. under HURGZ.IS trading symbol.

### Partnership Structure



### 1.3.2. Capital and Partnership Structure (Continued)

	March 31, 2015	Share (%)	December 31, 2014	Share (%)
Doğan Şirketler Grubu Holding A.Ş.	428,616,468	77.65	428,616,468	77.65
Part Traded In BIST (Istanbul Stock Exchange) and Other	123,383,532	22.35	123,383,532	22.35
<b>Total</b>	<b>552,000,000</b>	<b>100.00</b>	<b>552,000,000</b>	<b>100.00</b>

### 1.4. Privileged Shares and Voting Rights of Shares

No privileged shares nor group discrimination in the Company

### 1.5. Direct and Indirect Subsidiaries of the Company

#### Subsidiary Companies

The subsidiary companies of the Company ("Subsidiary Company"), main area of activities and geographical regions are as in the following. Share rates with respect to them are available in the footnotes of the consolidated financial statements for 01.01.2015-31.03.2015 interim accounting period.

	Registered In	Geographical Region	Area of Activity
Hürriyet Medya Basım Hizmetleri ve Tic. A.Ş. ("Hürriyet Medya Basım")	Turkey	Turkey	Print and Administrative services
Yenibirış İnsan Kaynakları Hizmetleri Danışmanlık ve Yayıncılık A.Ş. ("Yenibir")	Turkey	Turkey	Internet publishing
Hürriyet Zweigniederlassung GmbH. ("Hürriyet Zweigniederlassung")	Germany	Europe	Newspaper print

	<b>Registered In</b>	<b>Geographical Region</b>	<b>Area of Activity</b>
Trader Media East (“TME”)	Jersey	Europe	Investment
Publishing House Pennsylvania Inc	U.S.A.	Russia and DA	Investment
Pronto Soft	Belarus	Russia and DA	Internet publishing
OOO SP Belpronto	Belarus	Russia and DA	Newspaper and internet publishing
TCM Adria d.o.o.	Croatia	Europe	Investment
Hürriyet Invest B.V. (“Hürriyet Invest”)	the Netherlands	Europe	Investment
Pronto Invest B.V.	the Netherlands	Europe	Investment
Mirabridge International B.V.	the Netherlands	Europe	Investment
TOO Pronto Akmola	Kazakhstan	Russia and DA	Newspaper and internet publishing
Pronto Aktau	Kazakhstan	Russia and DA	Newspaper and internet publishing
OOO Pronto Aktobe	Kazakhstan	Russia and DA	Newspaper and internet publishing
OOO Pronto Atyrau	Kazakhstan	Russia and DA	Newspaper and internet publishing
Pronto Ust Kamenogorsk	Kazakhstan	Russia and DA	Newspaper publishing
ZAO Pronto Akzhol	Kazakhstan	Russia and DA	Newspaper and internet publishing
Impress Media Marketing LLC	Russia	Russia and DA	Publishing
OOO Delta-M	Russia	Russia and DA	Newspaper and internet publishing
OOO Pronto Baikal	Russia	Russia and DA	Newspaper and internet publishing
Job.ru LLC	Russia	Russia and DA	Internet publishing
OOO Pronto DV	Russia	Russia and DA	Newspaper and internet publishing
OOO Pronto Ivanovo	Russia	Russia and DA	Newspaper and internet publishing
OOO Pronto Kaliningrad	Russia	Russia and DA	Newspaper and internet publishing
OOO Pronto Kazan	Russia	Russia and DA	Newspaper and internet publishing
OOO Pronto Media Holding	Russia	Russia and DA	Newspaper and internet publishing
OOO Pronto Krasnodar	Russia	Russia and DA	Newspaper and internet publishing
OOO Pronto Nizhny Novgorod	Russia	Russia and DA	Newspaper and internet publishing
OOO Pronto Novosibirsk	Russia	Russia and DA	Newspaper and internet publishing
OOO Pronto Oka	Russia	Russia and DA	Newspaper and internet publishing
OOO Pronto Samara	Russia	Russia and DA	Newspaper and internet publishing
OOO Pronto Smolensk	Russia	Russia and DA	Newspaper and internet



	<b>Registered In</b>	<b>Geographical Region</b>	<b>Area of Activity</b>
OOO Pronto UlanUde	Russia	Russia and DA	Newspaper and internet publishing
OOO Pronto Vladivostok	Russia	Russia and DA	Newspaper and internet publishing
OOO Rektcentr	Russia	Russia and DA	Investment
OOO Tambov-Info	Russia	Russia and DA	Newspaper and internet publishing
OOO Tambukan	Russia	Russia and DA	Newspaper and internet publishing
OOO Utro Peterburga	Russia	Russia and DA	Newspaper and internet publishing
OOO Rukom	Russia	Russia and DA	Internet publishing
Publishing International Holding BV	the Netherlands	Europe	Investment

### **Business Partnerships**

The countries where the Business Partnership of the Company are registered, their main area of activities, geographical and industrial regions are as in the following:

	<b>Registered In</b>	<b>Geographical Region</b>	<b>Area of Activity</b>
ASPM Holding B.V. ("ASPM")	the Netherlands	Europe	Investment

### **Subsidiaries**

The countries where the Subsidiary Companies of the Company are registered, their main area of activities, geographical and industrial regions are as in the following:

<b>Business Partnerships</b>	<b>Registered In</b>	<b>Geographical Region</b>	<b>Area of Activity</b>
Doğan Media International GmbH ("Doğan Media")	Germany	Europe	Newspaper publishing
SP Pronto Kiev	Ukraine	Russia and DA	Newspaper and internet publishing
TOV E-Prostir	Ukraine	Russia and DA	Internet publishing

## 1.6. Information About Shares Acquired by the Company

Company does not possess any shares acquired by itself within January 1, 2015 to March 31, 2015 interim accounting period.

## 1.7. Chairman and Members Assigned In the Management Board and Committees Within the Period

### 1.7.1. Management Board

Commencement date of period of duty of Company's Board Chairman and Members is March 31, 2015 and they are elected to serve until the General Assembly's meeting dated March 30, 2015 where accounting period's activities and accounts for January 1, 2015 - December 31, 2015 are to be discussed. Distribution of tasks has been made as follow pursuant to Resolution of our Management Board taken on April 20, 2015 and under 2015/13 Nr.

Name Surname	Title	Annotation
Vuslat Sabancı	Chairwoman	Not Assigned for Execution
Yahya Üzdiyen	Vice Chairman	Not Assigned for Execution
Ahmet Özer	Managing Member of the Board	Assigned for Execution
Ahmet Nafi Dalman	Board Member	Not Assigned for Execution
Ahmet Toksoy	Board Member	Not Assigned for Execution
Kai Georg Diekmann	Board Member	Not Assigned for Execution
Ayşe Sözeri Cemal	Board Member	Not Assigned for Execution
Çağlar Göğüş	Independent Board Member	Not Assigned for Execution
Béatrice de Clermont Tonnerre	Independent Board Member	Not Assigned for Execution

Detailed resumes of our Management Board Members are available in our corporate website [www.hurriyetkurumsal.com](http://www.hurriyetkurumsal.com).

No condition causing Independent Board Members to lose their independent characteristics is in question within our knowledge as of date of report.

### 1.7.2. Executive Board

Name, surname and title of the executive members elected to perform their duties until the General Assembly meeting where accounting period's activities and accounts for January 1, 2015 - December 31, 2015 period are to be discussed as per Resolution of our Management Board dated April 20, 2015 and Nr. 2015/14.

Name Surname	Title
Ahmet Özer	Chief Executive Officer
Sedat Ergin	Executive Committee Member/ Member In Charge of Publishing Works
Ediz Haşmet Kökyazıcı	Executive Committee Member / Member In Charge Of Financial and Administrative Affairs
Tuba Köseoğlu Okçu	Executive Committee Member / Member In Charge Of Human Resources
Birim Gönülşen Özyürekli	Executive Committee Member / Member In Charge Of Marketing
Zeynep Tandoğan	Executive Committee Member/ Member In Charge of Advertising
Ahmet Reha Argaç	Executive Committee Member / Member In Charge Of Information Systems
Kamil Özörnek	Executive Committee Member / Member In Charge Of E-Commerce
Özlem Kutluay	Executive Committee Member / Member In Charge of Sales and Planning

### 1.7.3. Audit Committee

Name, surname and title of the Audit Committee Members elected to perform their duties until the General Assembly meeting where accounting period's activities and accounts for January 1, 2015 - December 31, 2015 period are to be discussed as per Resolution of our Management Board dated April 20, 2015 and Nr. 2015/14. Audit Committee shall convene at least 4 times a year.

Name Surname	Title	Annotation
Çağlar Göğüş	Chairman	Independent Board Member
Béatrice de Clermont Tonnerre	Member	Independent Board Member

### 1.7.4. Corporate Management Committee

Our Management Board has resolved that Committee Chairman of Corporate Management and Its Members be elected, they perform their duties until the General Assembly meeting where accounting period's activities and accounts for January 1, 2015 - December 31, 2015 period are to be discussed and this Corporate Management Committee also undertake "Nomination Committee" and "Compensation Committee" duties as regulated by "Corporate Management Communique" (II-17.1) of Capital Markets Board (CMB) as per Resolution of our Management Board dated April 20, 2015 and Nr. 2015/14.

<b>Name Surname</b>	<b>Title</b>	<b>Annotation</b>
Çağlar Göğüş	Chairman	Independent Board Member / Not Assigned for Execution
Dr.Murat Doğu	Member	Not Assigned for Execution
Dr.İnci Tari	Member	Assigned for Execution

#### **Investor Relations Department**

Officials and titles of officials of Department of Investor Relations in our Company have been defined in accordance with the provisions of Article 11 of "Corporate Management Communiqué" (II-17.1) of Capital Markets Board (CMB).

<b>Name Surname</b>	<b>Title</b>
Dr.İnci Tari	Full-time Manager of Investor Relations Department
Elif Özcan	Full-time Official of Investor Relations Department

#### **1.7.5. Early Detection Of Risk Committee**

It is hereby resolved that Early Detection Of Risk Committee be organised as in the following in accordance with the Resolution of our Management Board dated April 20, 2015 and Nr. 2015/14 and Article 378 of Turkish Code of Commerce as well as "Corporate Management Communiqué" (II-17.1) of Capital Markets Board (CMB).

<b>Name Surname</b>	<b>Title</b>	<b>Annotation</b>
Çağlar Göğüş	Chairman	Independent Board Member / Not Assigned for Execution
Ediz Haşmet Kökyazıcı	Member	Hürriyet Gazetecilik ve Matbaacılık A.Ş. Finance Director
Erem Turgut Yücel	Member	Doğan Şirk. Grubu Hold. A.Ş. General Counsel
Tolga Babalı	Member	Doğan Şirk. Grubu Hold. A.Ş. Financial Aff. VP of Risk. Manag.

## 1.8. Senior Management

<u>Name Surname</u>	<u>Title</u>
Ahmet Özer	Chief Executive Officer
Sedat Ergin	Executive Committee Member In Charge Of Publish Works
Ediz Haşmet Kökyazıcı	Executive Committee Member In Charge Of Financial and Administrative Affairs
Tuba Köseoğlu Okçu	Executive Committee Member In Charge Of Human Resources
Birim Gönülşen Özyürekli	Executive Committee Member In Charge Of Marketing
Zeynep Tandoğan	Executive Committee Member In Charge Of Advertising
Ahmet Reha Argaç	Executive Committee Member In Charge Of Information Systems
Kamil Özörnek	Executive Committee Member In Charge Of E-Commerce
Özlem Kutluay	Executive Committee Member In Charge Of Sales and Planning

## 1.9. Information about the Number of Personnel

The number of personnel employed under the structure of the Company as of March 31, 2015 is 3.664persons (4.245 on December 31, 2014).

## 1.10. Operations Performed by the Members of the Managing Body With the Company On Their Behalf or Others and Their Activities Within Non-Competition Under the Permission Granted by the General Assembly of the Company

Member of the Management Board has not engaged in any commercial activity included in the scope of activity of Company on their behalf during January 1, 2015 and March 31, 2015.

## 2. FINANCIAL RIGHTS PROVIDED TO THE MEMBERS OF THE MANAGING BODY AND SENIOR MANAGERS

Any kind of financial right, benefit and payments provided to the Members of the Management Board are determined in the General Assembly of the Company ever year. Company has designated its key managerial personnel as Board and Executive Committee Members. Benefits provided to key managerial personnel consist of payment, premiums, health insurance, transportation and benefits provided after leaving the work.

It is unanimously resolved in the meeting of the General Assembly that Board Chairman be paid net TL 10.000, while Kai George Diekmann, Béatrice de Clermont Tonnerre and Çağlar Göğüş are each be paid net TL amount corresponding to USD 5.000 and each other Board Member be paid net TL 5.000 on a monthly basis.

There is no reward system based on performance for the Board Members apart from aforementioned pay order.

	<b>March 2015</b>	<b>March 2014</b>
Pays and other short-term benefits	1.686.076	1.358.512
Benefits after leaving the work	-	504.055
	<b>1.686.076</b>	<b>1.862.567</b>

### **3. RESEARCH AND DEVELOPMENT STUDIES**

No research/development activity nor cost incurred to our Company during January 1, 2015 - March 31, 2015 interim accounting period.

### **4. IMPORTANT DEVELOPMENTS IN RESPECT OF COMPANY ACTIVITIES AND ACTIVITIES IN GENERAL**

#### **4.1. Company's Area of Activity, Sector of Business and Position In this Sector**

Hürriyet Gazetecilik ve Matbaacılık A.Ş. ("Hürriyet" or "Company") is incorporated in 1960 and registered in Turkey.

Occupying an important position in media activities, Hürriyet is not only in business as one the leading prominent companies in its sector in Turkey, but in the region as well together with newspapers such as Hurriyet, Hürriyet Daily News and websites such as Hurriyet.com.tr, Hürriyet Emlak, Hürriyet Aile ,Hürriyet Oto, Piyasanet, Bigpara it owns under its legal entity and with Hürriyet Almanya, Yenibiriş İnsan Kaynakları, Trader Media East Ltd. companies it owns through affiliated companies. Trader Media East Ltd. company acquired in 2007 and owned by our partnership capital in 78,57% is listed in the London Stock Exchange. Distinguished from others as a leading advertisement publishing company, Trader Media East Ltd. carries out its activity in Russia, Belarus, Ukraine and Kazakhstan. Such investments constitute a significant turning point throughout the globalisation journey of Hürriyet.

#### **4.2. Qualifications of the Production Units of the Company, Developments In The Production Of Good and Services Provided, Comparisons of Amount, Quality, Sale and Prices With the Figures of Previous Periods**

Operating in areas such as journalism, printing, advertisement, publicity and internet publishing, the Company has 7 printing facility in 7 different locations like Istanbul, Ankara, İzmir, Adana, Antalya, Trabzon and Germany.

Doğan Printing Center ("DPC") Facilities undertaking the printing work of Hürriyet Group's newspapers is located in the provinces of Istanbul, Ankara, İzmir, Adana, Antalya and Trabzon in Turkey and printing activities conducted in abroad are executed in Frankfurt under Hürriyet Zweigniederlassung GmbH, Hürriyet's branch in Germany.

Daily, weekly and monthly print of contracted intra-group and non-group newspapers and their supplements including Hürriyet Newspaper, Radikal Newspaper and Hürriyet Daily News and its supplements are printed in DPC Facilities.

Development in the production of goods and services may be followed in the number of pages printed as indicated below:

<b>Production activity</b>	<b>March 31, 2015 (thousand)</b>	<b>March 31, 2014 (thousand)</b>
Total number of pages	5.845.560	6.466.361

Average daily net number of newspapers sold across Turkey in the first 3 months of 2014 is 5.293.983 while the number is decreased up to 4.649.110 in the same period of 2015 and there is a decrease by 12% in sales. Average daily net number of sales of Hürriyet Newspaper has decreased up to 11% and resulted in 357.735 in number compared to the same period of the previous year. Accordingly, there is a decrease by 105 in the number of pages produced compared to the number of the previous year. The number of pages produced is consisted of number of pages of Hürriyet Newspapers and Hürriyet Daily News newspapers as well as of number of pages intra-group and non-group newspapers by contract manufacturing and there is decrease up to 16% in the amount of papers consumed by the effect of decrease in the pages of other newspapers. Average daily net number of newspapers sold across Turkey in the first 3 months of 2014 is 5.293.983 while the number is decreased up to 4.712.064 in the same period of 2015 and there is a decrease by 11% in sales according to data of Press Advertising Agency.

Paper costs making up of the most important part of the cost expenses of the goods sold is predominantly originated from papers of USA, Canada, North Europe Countries and Russia and its cost is affected both by global paper price and by USD/TL exchange rate. While the price of the papers used in the production of Hürriyet newspaper is USD 714 per ton in average in the first 3 months of 2014, it went down to USD 636 by a 11% decrease in the same period of 2015. Additionally, the average number of pages resulted in 68,09 pages in the first 3 months of 2014 decreased to 67,47 by 1% in the same period of 2015. While the amount of newsprint paper used in the first 3 months of 2014 is 30.640 thousand tons, it went down to 25.604 thousand tons by 16% decrease in the same period of 2015.

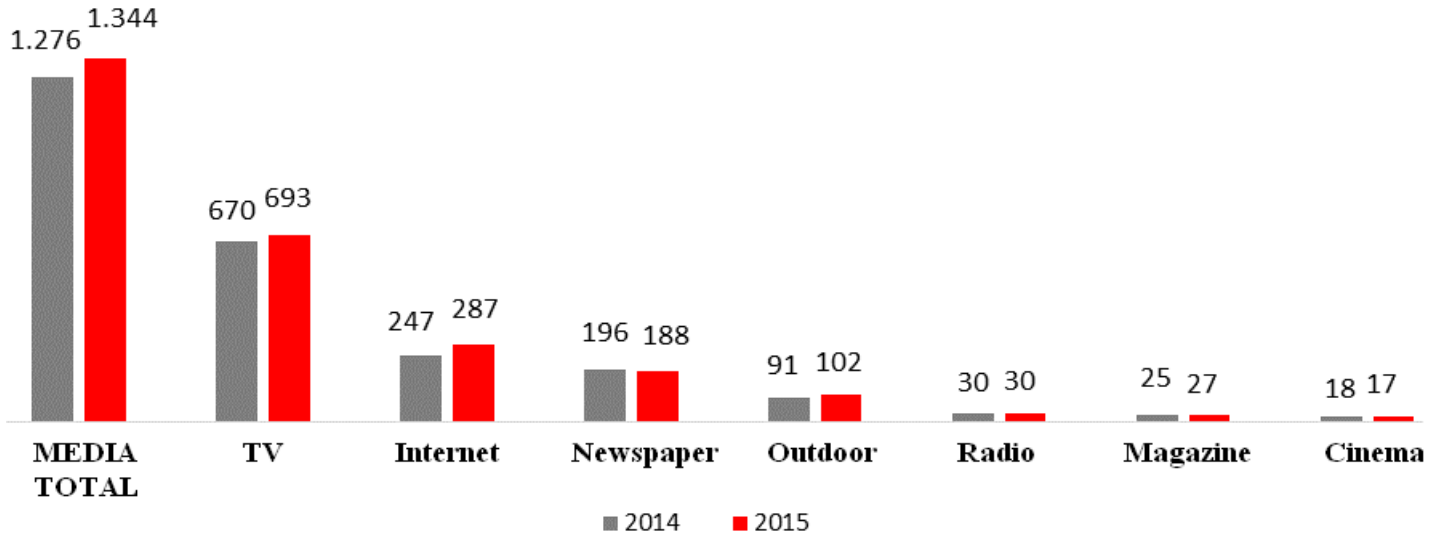
### **4.3. Prices, Sales Revenues, Sales Conditions of Good and Services Provided As Well As Developments Observed In Them Within The Year Including Developments In Respect Of Yield and Productivity Coefficient And Reasons of Important Changes In Them Compared To Previous Years**

#### **4.3.1. Advertising Revenue**

##### **4.3.1.1. Advertising Revenues and Advertising Sector in Turkey**

The size of advertising sector in Turkey (including internet advertisements) has increased to TL 1.344 million from TL 1.276 million by 5,3% increase in the first 3 months of 2015 compared to the same period of the previous year.

### Total of Advertising Revenues between 2014-2015



The most preferred mediums have turned out to be television and internet in the first 3 months of 2015 and advertisers have directed 73% of their investments in these two mediums. Newspapers, however, ranks in the third place by a 14% share.

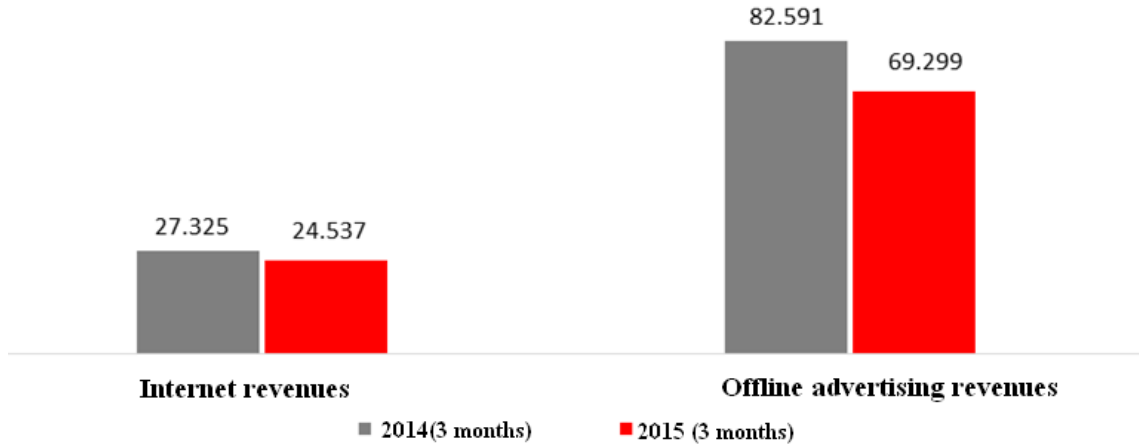
While TV advertising revenues calculated to be TL 670 million in the first 3 months of 2014 has increased to TL 693 million by 3.5% increase in the same period of 2015, newspaper advertising revenues decreased to TL 188 million by 3,9% compared to the same period of 2014. Increase in internet advertising investments within the same period has turned out to be 16,4%.

#### 4.3.1.2. Total Advertising and Online Revenue of Hürriyet

Total consolidated off-line advertising and internet revenues of Hürriyet Group is TL 109,9 million in the first 3 months of 2014 and it is TL 93,8 million within the same period of 2015. This very amount points to a TL 16 million decrease and a substantial part of this decrease stems from economical and political distresses experienced in the country where Trader Media East Ltd., subsidiary company of the Company operating in abroad, and from printed advertising revenues continuing to decline.



### 2014-2015 consolidated advertising revenues (thousand TL)



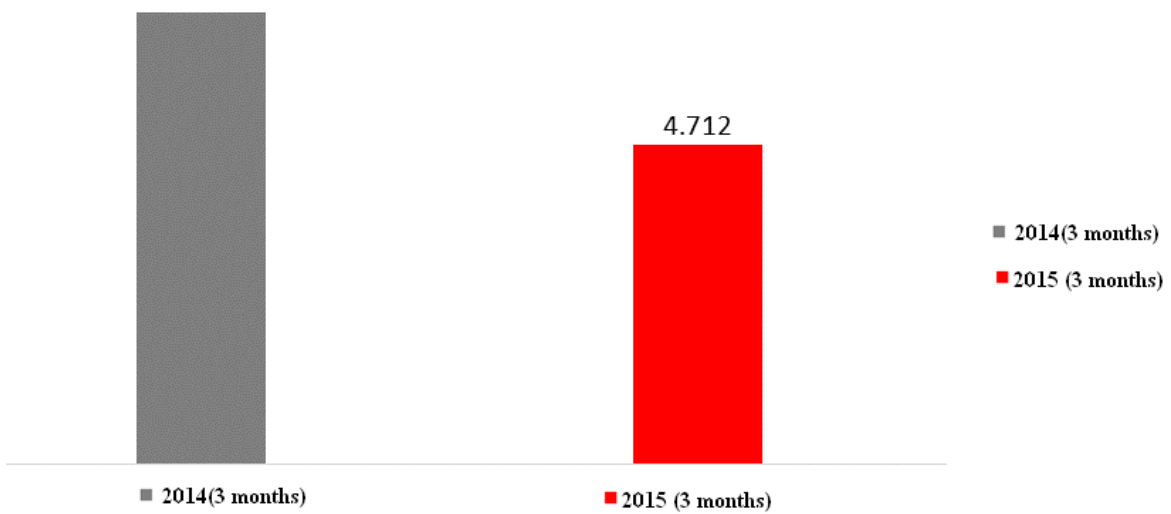
Nevertheless, Hürriyet continues to be the most preferred newspapers by advertisers in the first 3 months of 2015 by maintaining its leadership on a number of areas such as Construction, Social Ads, Tourism, Retailing, Insert distribution, Classified Ad, Education, Automotive, Entertainment, Culture and Art and Publishing.

### 4.3.2. Newspaper Sales

#### 4.3.2.1. Current Sales State of Newspapers in Turkey

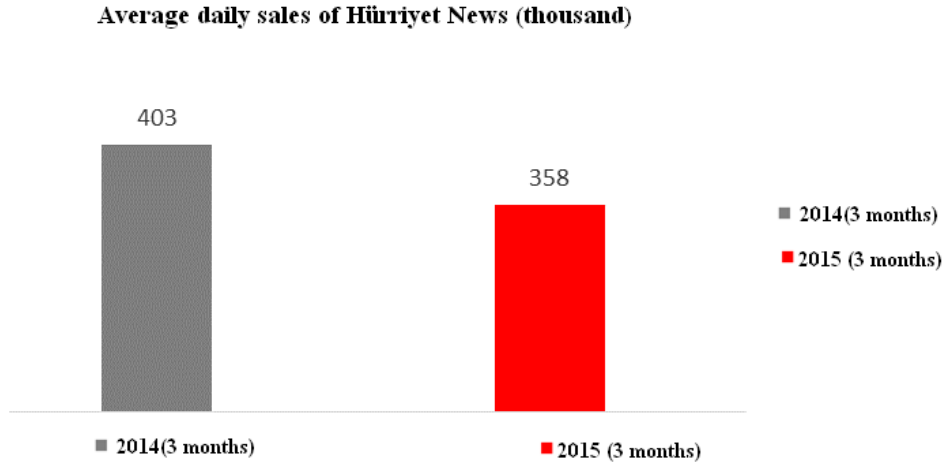
Average daily net number of newspapers sold across Turkey in the first 3 months of 2014 is 5.293.983 while the number is decreased up to 4.712.064 in the same period of 2015 and there is a decrease by 11% in sales according to data of Press Advertising Agency.

#### Average daily net number of newspapers sold across Turkey (thousand )



#### 4.3.2.2. Developments in the sales of Hürriyet Group Newspaper

While the average daily sales of Hürriyet is 403.408 in the first 3 months of 2014, the number results in 357.735 by a 11,3% decrease in the same period of 2015.



The average daily net sales of Hürriyet Daily News is 5.473 in the first 3 months of 2015. (First 3 months of 2014: 5.041 ).

Domestic circulation incomes of Hürriyet results in TL 21,8 million in the first 3 months of 2015. (First 3 months of 2014: TL 23,2 million ). While the circulation incomes for the first 3 months consist of circulation incomes of Radikal Newspaper, such income is not available in the first 3 months of 2015 for the newspaper in question has been started to be published only in digital platforms as of June 2014.

While the circulation incomes of the subsidiary company of Hürriyet Group, mainly operating in Russia, is TL 694 thousand for the first 3 months of 2015, the number for the same period of 2014 was TL 1,5 million.

Consolidated circulation income of Hürriyet in the first 3 months of 2015 has resulted in TL 14,8 million. (First 3 months of 2014: TL 24,7 million ).

#### 4.4 Whether Targets Set In Previous Periods Have Been Achieved, Resolutions of the General Assembly Fulfilled and Reasons and Evaluations Should Such Targets Have Not Been Achieved or Resolutions Not Fulfilled

The Company has fulfilled all the Resolutions taken by the General Assembly during the concerning accounting period.

## 4.5. Foreseeable Risks Regarding the Activity

Developments in the printed media sector, potential risks based on the price and supply of raw material depending upon global developments; financial risks such as interest rate, liquidity, loans and foreign exchange rate; legal risk that may emerge against any potential incident, strategic risks due to operating in a large geographical space as well as operational risk such as ensuring working continuity during exceptional circumstances and protection of brand value may be summarised as primary risks of the Company among others. Departments dealing with such areas follow related developments closely and take necessary measures.

### 4.5.1 Financial Risk Management

#### 4.5.1.1 Interest rate risk

Statement indicating financial instruments of the Group sensitive to interest rate are as follow:

<b>Fixed-Rate Financial Instruments</b>	<b>March 31, 2015</b>	<b>December 31, 2014</b>
Bank deposits (Footnote 5)	64.690.684	38.208.697
Credit and Receivables	-	-
Financial Liabilities (Footnote 7)	260.832.623	234.716.614
<b>Floating-Rate Financial Instrument</b>		
Financial Liabilities (Footnote 7)	30.631.381	30.522.923

The Group is exposed to the interest rate risk originated from the change effect of interest rates which the assets and liabilities bearing interest rate are subject to. Group management assesses its assets causing interest in short-term investment instruments under the management principle through natural measures formed by way of balancing the terms of assets and liabilities sensitive to interest. Besides, Group has also protected itself from the interest risk originated from floating-rate bank loans through limited-use of interest exchange agreements.

Loans borrowed with variable interest rate makes the Group be exposed to cash flow risk. Loans received with fixed-rate makes the Group be exposed to fair value risk. Floating-rate financial loans of the Group as of March 31, 2015 and March 31, 2014 dates are predominantly in USD and EURO currency unit.

Provided that the interest of the loans in USD and Euro had been 100-basis point high/low and all the other variables had remained fixed on March 31, 2015, tax as a result of high/low interest expense stemming from variable loans and net period profit prior to consolidated partnerships would have been TL 320.993 (June 30, 2014: TL 350.441) lower/higher.

#### 4.5.1.2 Liquidity risk

Statement indicating liquidity risk originating from the financial liabilities of the Group is as follow:

March 31, 2015	Book value	Cash outflows pursuant to the Agreement				
		Less than 3 months	Between 3 – 12 months	Between 1 – 5 years	More than 5 years	
<b>Financial Liabilities</b>						
Financial debts (Fn. 7)	291.464.004	305.896.858	186.743.683	21.677.335	97.475.840	-
Commercial Debts						
-Related Party (Fn.34)	21.473.686	21.473.686	21.473.686	-	-	-
-Other (Fn.9)	49.537.289	49.710.260	49.710.260	-	-	-
Other debts						
-Related Party (Fn.34)	-	-	-	-	-	-
-Other	4.604.601	4.604.601	4.038.800	-	565.801	-

December 31, 2014	Book value	Cash outflows pursuant to the Agreement				
		Less than 3 months	Between 3 – 12 months	Between 1 – 5 years	More than 5 years	
<b>Financial Liabilities</b>						
Financial debts (Fn. 7)	265,239,537	330,418,745	17,091,470	95,409,334	217,917,941	-
Commercial Debts						
-Related Party (Fn.34)	22,242,940	22,242,940	22,242,940	-	-	-
-Other	47,386,425	47,518,320	47,518,320	-	-	-
Other debts						
-Related Party (Fn.34)	339,868	339,868	339,868	-	-	-
-Other	2,158,386	2,158,386	1,677,796	-	480,590	-

Risk management for liquidity with reserves is consisted of capability to provide a sufficient amount of cash and securities that can be readily converted to cash and to make funding possible through sufficient loan facilities and to close an open position. The Group has aimed at flexibility in funding through making loan means ready and available due to dynamic structure of the business environment.

Funding risk of current and possible future loan requirements is managed by way of perpetuating accessibility of creditors of high quality and in sufficient number. The Group management aims to hold on to cash and assets equivalent to cash money in such a sufficient amount that it may meet the purchase of a 6-month raw material.

Liquidity statement makes the analysis of net financial commitments of the Group by making proper term grouping, based upon the remaining period until the due date of the contract as of balance sheet date. Amounts indicated in the statement are undiscounted cash flows depending upon the contract. Balances with terms shorter than 12 months are equal to their registered values for the discount amount is unimportant.

The Group has a bank loan amounting to TL 97.475.840 with more than 1-year term on March 31, 2015 (December 31, 2014: TL 92.128.150).

The Group has no loan with more than 1-year term payable to suppliers on March 31, 2015 (December 31, 2014: None)

#### 4.5.1.3 Loan risk

Loan risk is the non-performance risk of liabilities of other Parties in Contracts in which the Group is one of the Parties. The Group controls the loan risk through restricting total risk from a single other side by way of basically determining loan evaluations and loan limits to the opposite parties. Loan risk is distributed on a large scale due to large number of establishments making up customer base.

#### Ageing Analysis for accounts receivables

Overdue account receivable amounting to TL 101.065.070 as of March 31, 2015 has not considered as a bad debt (December 31, 2014: TL 104.290.579 ). The Group does not project any collection risk for deferments up to one month due to dynamics and conditions of the sector. The Group restructures its uncollected accounts receivables whose due date has exceeded 1 month by implementing late interest and it does not project any kind of collection risk for it keeps securities such as mortgage, collateral and collateral bill. There is a mortgage and collateral amounting to TL 12.455.123 (December 31, 2014: TL 12.590.538) for the accounts receivables in question as of March 31, 2015.

Ageing analysis of overdue, yet unimpaired accounts receivables as of March 31, 2015 and December 31, 2014 is as in the following:

		March 31, 2015		December 31, 2014	
		Related Parties	Other Receivables	Related Parties	Other Receivables
Between month	0-1	3.051.845	28.260.916	4.328.743	21.071.999
Between months	1-3	500.157	26.448.652	10.207.456	24.607.336
Between months	3-6	51.787	16.877.162	4.516.792	18.538.982
Between months	6-12	239.683	13.784.083	367.494	9.718.478
Between years	1-2	1.039.853	7.792.241	33.825	10.889.474
		<b>4.883.325</b>	<b>93.163.054</b>	<b>19.454.310</b>	<b>84.836.269</b>

Ageing analysis of overdue, yet unimpaired accounts receivables and other current assets as of March 31, 2015 and December 31, 2014 is as in the following:

<i>Impaired</i>	March 31, 2015	December 31, 2014
Overdue 0-3 months	561.301	575.087
Overdue 3-6 months	454.261	357.112
Overdue more than 6 months	54.146.937	53.045.77
Negative: Impairment equivalent to (Footnote 9,34,i)	(55.162.499)	(53.977.976)

Overdue and impaired accounts receivables from related parties is TL 799.004 as of March 31, 2015 (December 31, 2014: TL 799.004). There is no undue and impaired accounts receivables as of March 31, 2015.

Statement indicating the credit risks the Group has been exposed to by means financial instrument types on March 31, 2015 is as in the following:

March 31, 2015	Accounts Receivables		Other Receivables		Bank Deposits	Derivative Instruments	Other Assets
	Related Party	Other	Related Party	Other			
<b>Maximum credit risk exposed to as of reporting date</b>	<b>30.563.315</b>	<b>166.697.221</b>	-	<b>6.327.944</b>	<b>89.052.798</b>	-	<b>19.155</b>
<b>-Part of the maximum risk secured through guarantee</b>	-	13.963.318	-	-	-	-	-
A. Net book value of undue/not impaired financial assets	25.679.990	73.534.167	-	6.327.944	89.052.798	-	19.155
-Part secured through guarantee	-	1.418.195	-	-	-	-	-
B. Book value of the financial assets of which conditions have been discussed, or otherwise due or deemed to be impaired	-	-	-	-	-	-	-
C. Net book value of undue yet not impaired financial assets	4.883.325	93.163.054	-	-	-	-	-
-Part secured through guarantee	-	12.455.123	-	-	-	-	-
D. Net book values of impaired financial values							
-Overdue (gross book value)	799.004	54.363.495	-	584.685	-	-	-
-Impairment (-)	(799.004)	(54.363.495)	-	(584.685)	-	-	-
-Part of the net value secured through guarantee	-	-	-	-	-	-	-
-Undue (gross book value)	-	-	-	-	-	-	-
-Impairment (-)	-	-	-	-	-	-	-
-Part of the net value secured through guarantee	-	-	-	-	-	-	-
E- Factor with credit risks off balance sheet	-	-	-	-	-	-	-

#### 4.5.1.3 Loan risk (Continued)

Statement indicating the credit risks the Group has been exposed to by means financial instrument types on December 31, 2014 is as in the following:

March 31, 2014	Accounts Receivables		Other Receivables		Bank Deposits	Derivative Instruments	Other Assets
	Related Party	Other	Related Party	Other			
Maximum credit risk exposed to as of reporting date	28.886,410	169.806,864	-	5.184,900	56.244,893	-	19.103
-Part of the maximum risk secured through guarantee	-	12.590,538	-	-	-	-	-
A. Net book value of undue/not impaired financial assets	9.432.100	84.970.595	-	5.184,900	56.244,893	-	19.103
-Part secured through guarantee	-	1.418.195	-	-	-	-	-
B. Book value of the financial assets of which conditions have been discussed, or otherwise due or deemed to be impaired	-	-	-	-	-	-	-
C. Net book value of undue yet not impaired financial assets	19.454,310	84.836,269	-	-	-	-	-
-Part secured through guarantee	-	12.590,538	-	-	-	-	-
D. Net book values of impaired financial values							
-Overdue (gross book value)	799.004	53.178,972	-	788.426	-	-	-
-Impairment (-)	(799.004)	(53.178,972)	-	(788.426)	-	-	-
-Part of the net value secured through guarantee	-	-	-	-	-	-	-
-Undue (gross book value)	-	-	-	-	-	-	-
-Impairment (-)	-	-	-	-	-	-	-
-Part of the net value secured through guarantee	-	-	-	-	-	-	-
E- Factor with credit risks off balance sheet	-	-	-	-	-	-	-

#### 4.5.1.4 Foreign money (forex) rate risk

The Group is subject to foreign exchange rate risk depending upon rate changes due to conversion of amounts indebted in foreign exchange currency into functional currency unit. Such risks is followed up by analysing the position of foreign exchange and is restricted.

The Group is subject to foreign exchange rate risk stemming from rate changes due to conversion of indebted foreign exchange bank loans amounts received in order to finance its investments in homeland and abroad into Turkish Lira (Such risk are closely followed in regularly held meetings). A certain part of unused cash asset is utilised in the foreign exchange investments and various derivative instruments are used for the purpose of minimising rate risk originating from balance items.

Risk management policy of the Group intends to maintain foreign exchange deposit in to an extent that it may meet 3 to 6-month raw material purchase and loan repayments to be realised in each currency unit. However, this policy may be revised by the Management according to market conditions where necessary.

TL equivalents of foreign exchange assets and debts of the Group as of March 31, 2015 and December 31, 2014 is as in the following:

	<b>March 31, 2015</b>	<b>December 31, 2014</b>
Assets	44.986.017	38.744.269
Liabilities	(274.459.646)	(240.317.637)
<b>Net Foreign Exchange Position</b>	<b>(229.473.629)</b>	<b>(201.573.368)</b>

Foreign exchange balances in assets and liabilities as of March 31, 2015 are converted into currencies given below: 2,6102 TL= 1 USD and 2,8309 TL=1 Euro (December 31, 2014: 2,3189 TL= 1 USD and 2,8207 TL=1 Euro).

Chart given below summarises the foreign exchange position risk of the Group as of March 31, 2015 and December 31, 2014. Registered amounts of foreign exchange assets and liabilities kept by the Group are as in the following in foreign exchange currency:

<b>March 31, 2015</b>	<b>TL Equivalent</b>	<b>USD</b>	<b>Euro</b>	<b>Other</b>
1. Account Receivables	13.335.747	259.419	10.160.735	2.915.593
2a. Monetary Financial Assets (Cash Including Bank accounts)	25.742.591	18.064.971	3.485.622	4.191.998
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	5.893.524	75.387	7.831	5.810.306
<b>4. Current Assets (1+2+3)</b>	<b>44.971.862</b>	<b>18.399.777</b>	<b>13.654.188</b>	<b>12.917.897</b>
5. Account Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	14.155	-	14.155	-
<b>8. Non-Current Assets (5+6+7)</b>	<b>14.155</b>	<b>-</b>	<b>14.155</b>	<b>-</b>
<b>9. Total Assets (4+8)</b>	<b>44.986.017</b>	<b>18.399.777</b>	<b>13.668.343</b>	<b>12.917.897</b>
10. Trade Payables	12.117.262	1.157.628	4.368.879	6.590.755
11. Financial Liabilities	196.455.500	179.640.804	3.946.409	12.868.287
12a. Other Monetary Liabilities	34.497.765	237.528	223.229	34.037.008
12b. Other Non-Monetary Liabilities	-	-	-	-
<b>13. Short-Term Liabilities (10+11+12)</b>	<b>243.070.527</b>	<b>181.035.960</b>	<b>8.538.517</b>	<b>53.49.050</b>
14. Trade Payables	-	-	-	-
15. Financial Liabilities	31.389.119	-	31.389.119	-
16a. Other Monetary Liabilities	-	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-
<b>17. Long-Term Liabilities (14+15+16)</b>	<b>31.389.119</b>	<b>-</b>	<b>31.389.119</b>	<b>-</b>
<b>18. Total Liabilities (13+17)</b>	<b>274.459.646</b>	<b>181.035.960</b>	<b>39.927.636</b>	<b>53.496.050</b>
<b>19. Net Asset/Liability Position of Off-Balance Sheet Derivative Financial Instruments (19a-19b)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>19a. Amount of Derivative Instruments In Foreign Exchange Off-Balance Sheet With Active Characteristics</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>19b. Amount of Derivative Instruments In Foreign Exchange Off-Balance Sheet With Passive Characteristics</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>20. Net Foreign Exchange Asset / Liability Position (9-18+19)</b>	<b>(229.473.629)</b>	<b>(162.636.183)</b>	<b>(26.259.293)</b>	<b>(40.758.153)</b>



<b>21. Monetary Items net foreign exchange asset / liability position</b>				
<b>(1+2a+5+6a+10-11-12a-14-15-16a)</b>	<b>(235.381.308)</b>	<b>(162.711.570)</b>	<b>(26.281.279)</b>	<b>(46.388.459)</b>
<b>22. Total fair value of financial instruments used for forex hedge</b>	-	-	-	-

#### 4.5.1.4 Foreign money (forex) rate risk (Continued)

<b>December 31, 2014</b>	<b>TL Equivalent</b>	<b>USD</b>	<b>Euro</b>	<b>Other</b>
1. Account Receivables	13.665.469	86.291	8.375.008	5.204.170
2a. Monetary Financial Assets (Cash Including Bank accounts)	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. Account 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>14.104</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	5.764.931
11. Financial Liabilities	169.847.725	158.628.881	3.865.611	7.353.233
12a. Other Monetary Liabilities	29.108.349	2.320	743.563	28.362.466
12b. Other Non-Monetary Liabilities	-	-	-	-
<b>13. Short-Term 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 Liabilities	-	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-
<b>17. Long-Term Liabilities (14+15+16)</b>	<b>31.628.150</b>	-	<b>31.628.150</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 Derivative Financial Instruments (19a-19b)</b>	-	-	-	-
<b>19a. Amount of Derivative Instruments In Foreign Exchange Off-Balance Sheet With Active Characteristics</b>	-	-	-	-
<b>19b. Amount of Derivative Instruments In Foreign Exchange Off-Balance Sheet With Passive Characteristics</b>	-	-	-	-
<b>20. Net Foreign Exchange 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. Monetary Items net foreign exchange asset / liability position</b>				
<b>(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. Total fair value of financial instruments used for forex hedge</b>	-	-	-	-

#### 4.5.1.4 Foreign money (forex) rate risk (Continued)

The Group has been exposed to rate risk through particularly USD, Euro and other forex risks.

**March 31, 2015**

	Profit/Loss	
	Appreciation of Foreign Money	Depreciation of Foreign Money
<b>In the event that USD changes by 10% against TL</b>		
Net USD (liability) / Asset	(16.263.618)	16.263.618
Protected Part of USD from Risk	-	-
<b>Net USD effect (expense)/income</b>	<b>(16.263.618)</b>	<b>16.263.618</b>
<b>In the event that EUR changes by 10% against TL</b>		
Net EUR (liability) / Asset	(2.625.929)	2.625.929
Protected Part of EUR from Risk	-	-
<b>Net EUR effect (expense)/income</b>	<b>(2.625.929)</b>	<b>2.625.929</b>
<b>In the event that Other Forexes change by 10% against TL</b>		
Net Other Forex (liability) / Asset	(4.057.815)	4.057.815
Protected Part of Other Forex from Risk	-	-
<b>Net Other Forex effect (expense)/income</b>	<b>(4.057.815)</b>	<b>4.057.815</b>

**December 31, 2014**

	Profit/Loss	
	Appreciation of Foreign Money	Depreciation of Foreign Money
<b>In the event that USD changes by 10% against TL</b>		
Net USD (liability) / Asset	(14.594.139)	14.594.139
Protected Part of USD from Risk	-	-
<b>Net USD effect (expense)/income</b>	<b>(14.594.139)</b>	<b>14.594.139</b>
<b>In the event that EUR changes by 10% against TL</b>		
Net EUR (liability) / Asset	(2.825.148)	2.825.148
Protected Part of EUR from Risk	-	-
<b>Net EUR effect (expense)/income</b>	<b>(2.825.148)</b>	<b>2.825.148</b>
<b>In the event that Other Forexes change by 10% against TL</b>		
Net Other Forex (liability) / Asset	(2.738.050)	2.738.050
Protected Part of Other Forex from Risk	-	-
<b>Net Other Forex effect (expense)/income</b>	<b>(2.738.050)</b>	<b>2.738.050</b>

#### 4.5.2 Capital Risk Management

The objective of the Group when managing the capital is to minimize capital cost and ensure the optimum capital structure for the purpose of providing continuance of activities and providing benefit to shareholders.

The Group determines profit share amount payable to shareholders in accordance with the regulations stipulated by CMB and profit distribution policy as well as issuing new shares and sell its assets in order to decrease indebtedness for the purpose of protecting capital structure or reorganise it. The Group bears the liability to keep the net debt/shareholders equity ratio under a certain ratio as stipulated in the contract of the concerning bank with respect to bank loans as defined in the Footnote 7.

Net liability/total capital ratio as of March 31, 2015 and December 31, 2014 is as in the following:

	<b>March 31, 2015</b>	<b>December 31, 2014</b>
Total Liabilities <sup>(1)</sup>	291.464.004	265.239.537
Minus: Cash and Cash Equivalents (Footnote 5)	(89.567.314)	(56.632.653)
Net Liabilities	201.896.690	208.606.884
Shareholders Equity	423.794.994	427.194.173
Net Liabilities and Shareholders Equity Total	625.691.684	635.801.057
Net Liabilities / Total Capital Ratio	<b>0,32</b>	<b>0,33</b>

<sup>(1)</sup> Consists of short and long-term financial obligations total.

#### **4.5.3 Fair value of financial instruments and other assets indicated over fair value**

Fair value is the amount that can be exchanged between voluntary parties in a current transaction save for compulsory sale of a financial instrument or a liquidation procedure and can be determined in the optimum manner through a market price if any.

The Group has determined approximate fair values of financial instruments by using market information available and appropriate valuation methods. However, assessing market information and estimate their fair values requires interpretation. Consequently, forecasts proposed may not always necessarily be the indication of values the Group can obtain in a current market transaction.

Method and assumptions indicated below are utilised in the estimation of fair value of financial instruments whose fair value can be determined.

##### **4.5.3.1 Financial Assets**

It is forecasted that fair values of the balances in foreign exchange currency converted with year-end rates are close to their registered values.

It is accepted that fair values of financial assets indicated through cost value have been getting closer to their registered values for they are short-termed and receivables loss are tolerable including cash and bank deposits.

It is accepted that accounts receivables are valued over discounted costs by way of using effective interest method and that their registered values have reached closer to their registered values together with bad debt equivalents.

##### **4.5.3.2 Financial Obligations**

It is accepted that bank loans and other monetary liabilities have reached closer to their registered values.

Long-term loans in foreign exchange currency are converted by period-end rates and thus their fair values have reached closer to their registered values.

It is accepted that accounts payable are valued over discounted costs by way of using effective interest method and thus their registered values have reached closer to their registered values.

Fair value of financial assets and liabilities is determined as indicated below:

- First level: Financial assets and liabilities are valued at stock exchange quotations traded in the active market for the identical assets and liabilities.

- Second level: Financial assets and liabilities are valued at inputs used in finding the price directly or indirectly observable in the market aside from the quotation of the related asset or liability indicated in the first level.
- Third level: Financial assets and liabilities are valued at inputs not based upon an observable data in the market in determining the fair value of the asset or liability.

Level classifications of assets and liabilities indicated in their fair values are as indicated below:

Assets	March 31 2015	Fair value level as of reporting date		
		1. Level TL	2. Level TL	3. Level TL
Fair value difference financial assets reflected on the profit/loss				
Investment properties	79,561,050	-	79,561,050	-
Total	79,561,050	-	79,561,050	-

Assets	December 31 2014	Fair value level as of reporting date		
		1. Level TL	2. Level TL	3. Level TL
Fair value difference financial assets reflected on the profit/loss				
Investment properties	82,917,210	-	82,917,210	-
Total	82,917,210	-	82,917,210	-

Fair value of the investment properties of the Group as of March 31, 2015 and December 31, 2014 has been determined by a valuation company independent from the Group. Fair value of the lands owned has been determined by analysing precedents (comparable precedents) having identical properties with such property in the place where such properties are located for similar properties, using precedent comparison approach and assumption method.

#### 4.6. Investments Made Within the Related Accounting Period of the Company

Tangible and intangible real asset investment of Hürriyet and Its Subsidiary Companies is TL 8,5 million (except for investment properties) in the first 3-month period of 2015. USD 4.5 million of this amount is originated from Hürriyet Gazetecilik ve Matbaacılık A.Ş.

#### 4.7. Investments Benefited From Within the Related Accounting Period of the Company

The Company has obtained 6 investment incentive certificates for imported machines worth USD 13.805.393 in total and for domestic machines worth TL 1.502.399 for the purpose of modernisation of print facilities in the provinces of Istanbul, Ankara, Izmir, Adana, Antalya and Trabzon on October 28, November 2-4 and December 30, 2011 dates.

Completion date of investments defined in the certificate is 2 years and the imported machine to be made under the certificates in question is exempted from customs duty and VAT.

Investment amount of machines made under such certificates as of March 31, 2014 is as in the following:

<b>Investment Incentive</b>	<b>31 March 2015.</b>	<b>December 31, 2014</b>
Imported Machine Purchases (USD)	13,595,062	13,595,062
Domestic Machine Purchases (TL)	1,502,399	1,502,399

#### **4.8. Information about Cases Filed Against the Company and Cases That May Affect the Financial Condition and Activities of the Company and their Eventualities**

Total amount of cases filed against the Company as of March 31, 2015 is TL 35.724.631 (December 31, 2014: TL 35.615.377). Reserve allocated for such cases is TL 22.158.143 (December 31, 2013: TL 23.673.992).

#### **4.9. Information About Extraordinary General Meeting**

No Extraordinary General Meeting held between January 1, 2015 - March 31, 2015 interim account period dates.

#### **4.10. Disclosures Made In Respect Of Private Audit and Public Audit Performed Within the Accounting Period**

There is no private audit nor public audit performed in the Company within January 1, 2015 - March 31, 2015 interim account period.

#### **4.11. Information About Donations and Charities Made As Well As Expenditures Made Under Social Responsibility Projects**

Our Company donated an amount of TL 149.607 to a number of foundations and associations in the first 3 months of 2015 (TL 93.609 in the first 3 months of 2014) and the distribution of donations is given below:

<b>Name</b>	<b>Amount</b>
Aralık Gönüllüleri Foundation	50,656
Türkiye Kadın Federasyonu Derneği (Women Federation Association of Turkey)	48,500
Women Association of Turkey (Fighting Against Domestic Violence)	45,000
LÖSEV	4,820
Turkish Education Foundation	395
TEMA	118
Other	118
<b>Total</b>	<b>149,607</b>

#### **4.12. Legal Actions Taken by the Company In Favour of the Holding Company and Community Companies and Measures Taken or Avoided To Be Taken In Favour of Community Companies**

There is no legal action taken against or in favour of the holding companies, or a company affiliated to the holding company, or an affiliated company of the holding company or directed by the holding company nor any measures taken or avoided to be taken in favour of the holding company or its affiliated company or any process required to be equalised in the previous activity year.

#### **4.13. Post-Period Developments**

1. As it was disclosed on April 24, 2015, Hürriyet Gazetecilik ve Matbaacılık A.Ş. has adopted to merge Doğan Gazetecilik A.Ş. "by being taken over". Information and developments regarding the merger process are available on [www.kap.gov.tr](http://www.kap.gov.tr) and [www.hurriyetkurumsal.com](http://www.hurriyetkurumsal.com) websites.

### **5. FINANCIAL CONDITION**

#### **5.1. Analysis and Assessment of Managing Body With Respect To Financial Condition and Activity Results, Realisation Degree of Activities Planned, Company's State Before the Strategic Objectives Set**

While domestic newspaper sales and advertising revenues of the Company turns out to be on the the same period level of the previous period, targets set have been achieved. Incomes from digital activities have increased compared to those of previous year. Incomes from abroad have decreased due to economic environment experienced in Russia.

Activity expenses of the Company have decreased much more than incomes by reason of taking costs under control and affiliation sales and thus activity profit has increased.

In addition to the increase in the activity profit within January 1, 2014 - March 31, 2014, pre-tax profit has increased from TL 3.239.676 to TL 24.710.786 within the same period of 2015 thanks to the positive development in the net financing expenses.

#### **5.2. Information About the Sales and Productivity Comparable To Previous Years, Income Generation Capacity and Other Considerations To Provide Insight On Profitability and Debt/Shareholders Equity Ratio As Well As Results of Company Activities and Forward-Looking Expectations**

##### **5.2.1. Condensed Statement**

<b>(TL Thousand)</b>	<b>31/03/2015.</b>	<b>31/12/2014.</b>	<b>Replacement</b>
Current Assets	316,931,903	283,283,769	12%
Non-current Assets	659,855,189	651,694,887	1%
Total Assets	976,787,092	934,978,656	4%
Short-term Liabilities	340,015,574	303,268,721	12%
Long-term Liabilities	212,976,524	204,515,762	4%
Shareholders Equity	423,794,994	427,194,173	-1%
Total Resources	976,787,092	934,978,656	4%

### 5.2.2. Condensed Income Statement

Change of main items included in the income statements of the Company as of January 1, 2015 - March 31, 2015 and January 1, 2014 - March 31, 2014 is as follows:

<b>Consolidated (TL Thousand)</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Change %</b>
	<b>Independently</b>	<b>Independently</b>	
	<b>31/03/2015.</b>	<b>31/03/2014.</b>	
Sales Incomes	144,944,269	173,639,601	-17%
-Advertising	91,156,641	106,989,291	-15%
-Circulation and Print	44,280,753	56,534,998	-22%
-Other	9,506,875	10,115,312	-6%
Cost of Sales (-)	-82,865,014	-122,275,656	-32%
Gross Sales Profit	62,079,255	51,363,945	21%
Operational Expenses	-59,658,245	-61,991,084	-4%
Other Income / Expense (-) Net From Real Operations	21,206,062	11,656,414	82%
Activity Profit	23,627,072	1,029,275	2196%
Shares From The Loss Of Investments Increased In Value Through Equity Method	-212,898	-137,902	54%
Income / Expense (-) Net from Investment Activities	4,273,939	-1,138,267	-475%
<b>EBITDA</b>	<b>19,843,437</b>	<b>13,929,116</b>	<b>-100%</b>
Financing Expense (-)	-12,805,009	-35,858,563	-64%
Pre-Tax (Loss) / Profit	14,883,104	-36,105,457	-141%
Tax (-)	-12,853,254	3,934,575	-427%
Parent Shares (Loss) / (Profit)	6,171,976	-24,604,060	-125%
Net Period (Loss) / (Profit)	2,029,850	-32,170,882	-106%

### 5.2.3. Ratios

<b>Financial Ratios</b>	<b>31/03/2015.</b>	<b>31/12/2014.</b>
Current Ratio	0.93	0.93
Liquidity Rate	0.90	0.89
Current Assets / Total Assets	0.32	0.30
Short-term Liabilities / Total Liabilities	0.61	0.60
Gross Profit Margin	42.8%	29.6%
Activity / Profit Margin	16.3%	0.6%
EBITDA Margin	13.7%	8.0%

### 5.3. Determination and Assessments of Managing Body Whether The Capital Of The Company Is Unreturned or Went Into Debt

The capital of the Company is not unreturned and the Company has not gone into debt.

#### **5.4. Measures Projected To Be Taken To Recover The Financial Structure of the Company**

Control performed on the costs of the Company in parallel with the developments in the newspaper advertising market will be carried on. Investments made on the growing domestic digital publishing activities will be carried on.

Activities for productivity growth shall be prioritised for the retreating printing press.

#### **5.5. Profit Distribution Policy**

Our Company takes apportionment and performs the distribution in accordance with the Regulations and Resolutions of Turkish Code of Commerce, Capital Markets Regulations, Capital Markets Law (CMBLaw), and with Capital Markets Board (CMB) as well as Tax Laws and other relevant provisions of legal legislation and our Articles of Association and Resolution of General Assembly.

Accordingly;

As a principle, minimum 50% of "distributable net profit of the period" calculated in accordance with Capital Markets Regulations, Capital Markets Law and CMB Regulation and Resolutions are distributed considering financial statements prepared in accordance with Capital Markets Regulations, Capital Markets Law and CMB Regulation and Resolutions.

In the event that it is agreed to distribute calculated "distributable net profit of the period" from 50% up to 100%, financial statements, financial structure and budget of our Company shall be taken into consideration.

In the event that the amount of "distributable net profit of the period" calculated in accordance with the legal records kept under Capital Markets Regulations,

Capital Markets Law and CMB Regulation and Resolutions, Turkish Code of Commerce and Tax Laws is lower than the amount calculated in the 1st Article,

- "distributable net profit of the period" calculated in accordance with the legal records kept under this Article herein shall be taken into consideration and all of it be distributed,

- if higher than such amount, then it shall be acted in accordance with the Article 2.

In the event that no distributable net profit of the period has occurred pursuant to legal records kept in accordance with Turkish Code of Commerce and Tax Laws, no profit distribution shall be performed even if "distributable net profit of the period" calculated according to the financial statements prepared in accordance Capital Markets Regulations, Capital Markets Law and CMB Regulation and Resolutions and calculated in accordance with Capital Markets Regulations, Capital Markets Law and CMB Regulation and Resolutions.

Profit distribution may not be performed should the calculated "distributable net profit of the period" fall under the 5% of the issued capital.

Upper limit of the donation and aids to be made within a certain accounting period by our Company in accordance with Capital Markets Regulations, Capital Markets Law and CMB Regulation and Resolutions as well as with provisions stipulated in the Articles of Association is determined by the General Assembly. No donations exceeding the upper limit as designated by the General Assembly shall be made and such donations shall be added to "distributable net profit of the period" basis.



Profit distribution shall be started from the 30th day following the General Assembly meeting where it is resolved to distribute at the latest and as of end of period under any circumstances.

Our Company may distribute the profit share in cash and/or in "free share" in advance or may split them into instalments in accordance with Capital Markets Regulations, Capital Markets Law and CMB Regulation and Resolutions as well as with provisions stipulated in the Articles of Association and Resolution of General Assembly.

Our Company may also makes profit distribution to other persons who do not have any shares pursuant to the Resolution of the General Assembly. In such case, Regulation and Resolutions of Turkish Code of Commerce Capital Markets Regulations, Capital Markets Law and CMB Regulation and Resolutions as well as provisions stipulated in the Articles of Association shall be observed.

Our Company may take share profit advance distribution resolution and make share profit advance distribution in accordance with the Regulations and Resolutions of Turkish Code of Commerce, Capital Markets Regulations, Capital Markets Law, and with Capital Markets Board (CMB) as well as Tax Laws and other relevant provisions of legal legislation and our Articles of Association and Resolution of General Assembly.

Investments requiring a substantial amount of fund outflow for the purpose of increasing our Company value, important subject matters affecting our financial structure as well as significant uncertainties and problems emerged in economy, market and other business areas beyond the control of our Company is taken into consideration in taking apportionments.

#### **5.6. Development of Finance Sources and Policies Applied by the Company Within the Scope of Such Developments**

As a principle, the Company makes the source that will pay the debts of the Company in foreign exchange due within six months available. Financing need is predominantly met by long-term credits and seller's credits are applied to in case of machine and equipment purchase.

It has become even more important to make proposals in respect of determination and rate of risk periodically and systematically and risk management to senior management functions as the determination of risk and control rise to prominence in reaching targets. Sustainable growth and profitability is targeted by ensuring the increase of quality and productivity.

#### **5.7. Capital Market Instruments**

There is no capital market instrument issued within January 1, 2015 - March 31, 2015 interim accounting period.

#### **5.8. Related Party Transactions and Information About Balances**

You can access Related Party Transactions and Information About Balances in Nr. 34 footnote of the consolidated interim financial statements of 3-month interim accounting period ended on March 31, 2015.

### **6. DISCLOSURES REGARDING THE KEY ELEMENTS OF INTERNAL AUDIT AND RISK MANAGEMENT SYSTEMS OF THE COMPANY WITH RESPECT TO RISKS AND ASSESSMENTS OF MANAGING BODY AND PREPARATION PROCESS OF FINANCIAL STATEMENTS**

Utmost care is shown for the effective operation of the internal control mechanism in our Company. Findings

obtained through the support of Vice Chairman of Audit of Dođan Őirketler Grubu Holding A.Ő. with reference to the internal audit activities are assessed by our Company, necessary rectifications and regulations are implemented and internal control systems are continuously improved.

## **7. OTHER CONSIDERATIONS**

No incident of special importance that has emerged in the Company and has affected the rights of shareholders, creditors and other related persons or organisations has occurred after the interim accounting period has come to an end.

### **7.1. Information About the Shares of Establishments Included in the Group In the Capital of the Principal Company**

The Company has no shares in the capital of the Principal Company.

### **7.2. Personnel Movements, Collective Bargaining Applications and Right and Benefits Provided to Personnel**

Providing equal opportunities to persons on equal footing is adopted when forming employment policies and career plans. Notes on subject matters such as financial condition of the Company as well as payment, career, training and health for the personnel are compared during contact meetings. Job definitions of the Company's personnel and its distribution as well as performance and awarding criteria are announced to the personnel. Productivity is taken as a basis for the determination of pay and other benefits provided to the personnel and their social rights are regularly and periodically provided under the relevant legal legislation.

The Company has no collective bargaining agreement application.

## 8. STATEMENT OF RESPONSIBILITY FOR THE ACTIVITY REPORT

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

**OF THE MANAGEMENT BOARD REGARDING THE FINANCIAL REPORT AND ACTIVITY REPORT**

**DATE OF RESOLUTION : 08/05/2015**

**RESOLUTION NUMBER : 2015 / 17**

**STATEMENT OF RESPONSIBILITY PURSUANT TO**

**ARTICLE 9 OF SECOND SECTION OF COMMUNIQUÉ II-14.1 OF CAPITAL MARKETS BOARD**

Consolidated Financial Report, drawn in accordance with Turkish Accounting Standards and Turkish Financial Reporting Standards published by Public Oversight Accounting And Auditing Standards Authority and with Presentation Principles announced by the Weekly Bulletin of CMB dated June 7, 2013 and Nr. 2013/19 as determined by the Resolution of CMB on June 7, 2013 and Nr. 20/670 and with the provisions of "Principles Communiqué of Financial Reporting" (II-14-1) of the Capital Markets Board ("CMB") passing limited audit and compared to the interim accounting period of January 1, 2015-March 31, 2015 of Hürriyet Gazetecilik ve Matbaacılık A.Ş. and Activity Report for the interim accounting period of January 1, 2015-March 31, 2015 have been examined and it is established that

- the Consolidated Financial Statement and Activity Report do not include a misstatement on important matters nor any deficiencies that may cause the statement(s) included in such reports to be misleading as of date of statement to the best of our knowledge we have in our area of duty and responsibility and that
- the Consolidated Financial Report prepared in accordance with the applicable financial reporting standards fairly and accurately reflects the truth about the assets and liabilities as well as financial condition and loss and profit ratio of our Company and the Activity Report also fairly and accurately reflects the development, performance and financial condition of the business and the crucial risks and uncertainties faced

by the Company.

Çağlar GÖĞÜŞ  
Audit Committee Chairman

Béatrice de CLERMONT TONNERRE  
Audit Committee Member

Ediz Haşmet KÖKYAZICI  
Executive Board Member  
Finance Director

İnci TARI  
Finance and Investor Relations  
Manager

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

**1 OCAK - 31 MART 2015  
ARA HESAP DÖNEMİNE AİT  
KONSOLİDE FİNANSAL TABLOLAR**