

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

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
AT 30 SEPTEMBER 2004  
TOGETHER WITH AUDITOR'S REVIEW REPORT**

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### AUDITOR'S REVIEW REPORT

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

1. We have reviewed the accompanying condensed consolidated interim balance sheet of Hürriyet Gazetecilik ve Matbaacılık A.Ş. (the "Company") at 30 September 2004 and the related condensed consolidated interim statement of income and of cash flows for the nine-months period then ended, all expressed in the equivalent purchasing power of the Turkish lira at 30 September 2004. These condensed consolidated interim financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these condensed consolidated interim financial statements based on our review.
2. We conducted our review in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance about whether the condensed interim financial information is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.
3. International Accounting Standard 34 ("IAS 34") Interim Financial Statements, requires that current interim statement of income, cumulative income statement including the transactions from the beginning of the account period related to the current year to the end of the interim period, and the income statements corresponding to the same periods of the previous year be submitted. As stated in the Note 1, the Company prepared its consolidated interim financial statements as of 30 September 2004 in accordance with the International Financial Reporting Standards ("IFRS") for the first time. Consequently, the condensed consolidated interim statement of income, of cash flows and of changes in shareholders' equity for the nine-month period ended 30 September 2004 and condensed consolidated interim statement of income and notes to consolidated financial statements for the three-month period ended 30 September 2004 have not been presented on a comparative basis with the comparable financial period as required by International Accounting Standard 34 "Interim Financial Reporting".

4. Based on our review, except for the failure to include the comparative information referred to in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements have not been properly prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.
5. We draw your attention to the following matter:

As explained in detail in Note 10, the Company filed two lawsuits regarding the tax and penalties declared by the Presidency of Tax Administration (“Tax Administration”) on various dates. Despite the fact that tax court’s decision for the first lawsuit was in favor of the Company, following the appeal of the Tax Administration, the decision of the superior court was against the Company by a majority of votes. Subsequently, the Company appealed to the superior court in June 2004 for the review of this decision, related to the first lawsuit, and as of the date of this report, the legal proceedings have not yet been concluded. Concerning the second lawsuit, the decision of the tax court declared in May 2004 was also against the Company. The Company appealed to the superior court in September 2004 and demanded suspension of execution. The suspension of execution demand was partially accepted by the superior court. Management of the Company, in line with the Company’s legal advisor’s view, accounted for a provision amounting to TL9,349,921 million for these lawsuits in the condensed consolidated interim financial statements as of 30 September 2004. The provision amount was provided for stamp and additional taxes, penalties and interests, considering that the corporate taxes and funds had already been paid. There is uncertainty about the outcome of these lawsuits and accordingly the provision amount, as the legal proceedings have not been concluded at the date of this report.

Başaran Nas Serbest Muhasebeci  
Mali Müşavirlik Anonim Şirketi  
a member of  
PricewaterhouseCoopers

Cansen Başaran Symes, SMMM  
Partner

Istanbul, 9 December 2004

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004

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# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## CONSOLIDATED BALANCE SHEETS AT 30 SEPTEMBER 2004 AND 31 DECEMBER 2003

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 September 2004)

	Notes	30 September 2004	31 December 2003
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	2	81,160,790	99,795,364
Available-for-sale investments	3	38,983,562	24,524,657
Trade receivables	4	107,063,309	99,621,209
Due from related parties	5	34,899,989	42,992,829
Inventories		20,440,014	18,282,817
Other current assets		12,571,717	4,428,885
<b>Total current assets</b>		<b>295,119,381</b>	<b>289,645,761</b>
<b>Non-current assets:</b>			
Available-for-sale investments		3,723,729	2,947,100
Investments in associated companies	6	10,520,262	11,825,970
Due from related parties	5	22,699,380	-
Investment properties, net		31,156,843	31,354,473
Property, plant and equipment, net	7	444,597,048	436,591,579
Intangible assets, net	8	11,537,494	12,607,992
Other non-current assets		217,526	162,837
Deferred tax assets	11	785,120	574,339
<b>Total non-current assets</b>		<b>525,237,402</b>	<b>496,064,290</b>
<b>Total assets</b>		<b>820,356,783</b>	<b>785,710,051</b>

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

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## CONSOLIDATED BALANCE SHEETS AT 30 SEPTEMBER 2004 AND 31 DECEMBER 2003

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 September 2004)

	Notes	30 September 2004	31 December 2003
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities:</b>			
Bank borrowings	9	37,810,346	46,474,644
Trade payables		47,186,556	45,343,102
Due to related parties	5	6,514,251	2,550,468
Taxes on income	11	5,703,201	6,980,090
Other current liabilities	10	22,604,698	11,082,908
<b>Total current liabilities</b>		<b>119,819,052</b>	<b>112,431,212</b>
<b>Non-current liabilities:</b>			
Bank borrowings	9	62,433,860	37,715,966
Trade payables		35,944,766	40,428,928
Due to related parties	5	1,139,950	1,399,103
Reserve for employment termination benefits	12	6,583,564	3,973,923
Deferred tax liabilities	11	24,938,820	17,949,137
<b>Total non-current liabilities</b>		<b>131,040,960</b>	<b>101,467,057</b>
<b>Total liabilities</b>		<b>250,860,012</b>	<b>213,898,269</b>
Minority interest		15,260,674	14,005,372
<b>Shareholders' equity:</b>			
Share capital	13	416,742,560	245,142,682
Adjustment to share capital	13	57,561,764	175,822,992
<b>Total paid-in capital</b>		<b>474,304,324</b>	<b>420,965,674</b>
Translation reserve		(863,978)	(771,591)
Retained earnings	14	80,795,751	137,612,327
<b>Total shareholders' equity</b>		<b>554,236,097</b>	<b>557,806,410</b>
<b>Total liabilities and shareholders' equity</b>		<b>820,356,783</b>	<b>785,710,051</b>
Commitments and contingent liabilities	20		

These condensed consolidated interim financial statements have been approved by the Board of Directors on 9 December 2004 .

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

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## CONSOLIDATED INTERIM STATEMENT OF INCOME FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 September 2004)

	Notes	1 July - 30 September 2004	1 January - 30 September 2004
Net sales		108,039,116	315,855,051
Cost of sales		(68,298,219)	(199,297,699)
<b>Gross profit</b>		<b>39,740,897</b>	<b>116,557,352</b>
General and administrative, selling and marketing, and distribution expenses	15	(22,683,661)	(64,651,936)
Other operating expenses, net	16	(4,505,257)	(4,657,940)
<b>Operating profit</b>		<b>12,551,979</b>	<b>47,247,476</b>
Financial (expense)/income, net	17	4,692,664	11,149,547
(Loss)/income from associates		(679,363)	(643,537)
Loss on net monetary position		(1,720,224)	(11,530,274)
<b>Income before taxation on income and minority interest</b>		<b>14,845,056</b>	<b>46,223,212</b>
Taxation on income	11	(6,574,365)	(25,881,204)
<b>Income before minority interest</b>		<b>8,270,691</b>	<b>20,342,008</b>
Minority interest		541,252	1,346,115
<b>Net income</b>		<b>8,811,943</b>	<b>21,688,123</b>
Weighted average number of shares with face value of TL 1,000 each		416,742,560,000	416,742,560,000
Basic and diluted earnings per share in TL		21	52

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

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 September 2004)

	Notes	2004
Net income		21,688,123
Cash flows from operating activities	18	(18,730,439)
Taxes paid		(20,250,340)
<b>Net cash used by operating activities</b>		<b>(17,292,656)</b>
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	7	(28,535,162)
Purchase of intangible assets	8	(757,019)
Decrease in other non-current assets		13,280
Proceeds on sales of property, plant and equipment and intangible assets		3,790,178
Acquisition of subsidiaries, net off cash acquired	21	(9,427,799)
Interest received		34,115,355
Inflation effect on investing activities		(1,326,966)
<b>Net cash provided by investing activities</b>		<b>(2,128,133)</b>
<b>Cash flows from financing activities:</b>		
Dividend payment		(25,166,049)
Increase in bank borrowings		(7,381,008)
Decrease in long-term trade payables		(4,108,357)
Interest paid		(13,027,021)
Inflation effect on financing activities		11,206,582
<b>Net cash used by financing activities</b>		<b>(38,475,853)</b>
Net decrease in cash and cash equivalents		(57,896,642)
Inflation effect on cash and cash equivalents		(8,501,640)
Cash and cash equivalents at the beginning of the year	2	113,923,218
<b>Cash and cash equivalents at the end of the period</b>	<b>2</b>	<b>47,524,936</b>

Cash and cash equivalents amounting to TL5,568,115 million is unavailable for use at the balance sheet date (Note 2).

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

## HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

### CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 September 2004)

	Share capital	Adjustment to share capital	Total paid-in capital	Translation reserve	Retained earnings	Shareholders' equity total
<b>Balance at 1 January 2004</b>	<b>245,142,682</b>	<b>175,822,992</b>	<b>420,965,674</b>	<b>(771,591)</b>	<b>137,612,327</b>	<b>557,806,410</b>
Increase in share capital	171,599,878	(118,261,228)	53,338,650	-	(53,338,650)	-
Dividends paid	-	-	-	-	(25,166,049)	(25,166,049)
Currency translation differences	-	-	-	(92,387)	-	(92,387)
Net profit	-	-	-	-	21,688,123	21,688,123
<b>Balance at 30 September 2004</b>	<b>416,742,560</b>	<b>57,561,764</b>	<b>474,304,324</b>	<b>(863,978)</b>	<b>80,795,751</b>	<b>554,236,097</b>

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

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 September 2004)

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### NOTE 1 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND ACCOUNTING POLICIES

International Accounting Standard 34 ("IAS 34") Interim Financial Statements, requires that current interim statement of income, cumulative income statement including the transactions from the beginning of the account period related to the current year to the end of the interim period, and the income statements corresponding to the same period of the previous year be submitted. The Company prepared its consolidated interim financial statements as of 30 September 2004 in accordance with the International Financial Reporting Standards ("IFRS") for the first time. Consequently, the condensed consolidated interim statements of income, of cash flows and of changes in shareholders' equity for the nine-month period ended 30 September 2004 and condensed consolidated interim statements of income and notes to consolidated financial statements for the three-month period ended 30 September 2004 have not been presented on a comparative basis with the comparable financial period as required by International Accounting Standard 34 "Interim Financial Reporting".

Condensed consolidated interim financial statements are prepared based on the "Condensed financial statements" scope as included in IAS 34.

The preparation of interim financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates

The restatement for the changes in the general purchasing power of the Turkish lira as of 30 September 2004 is based on IAS 29 ("Financial Reporting in Hyperinflationary Economies"). IAS 29 requires that condensed consolidated interim financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date, and that corresponding figures for previous periods be restated in the same terms. The restatement was calculated by means of conversion factors derived from the Turkish nationwide wholesale price index ("WPI") published by the State Institute of Statistics ("SIS"). Such indices and conversion factors used to restate the consolidated interim financial statements at 30 September 2004 are given below:

<b>Date</b>	<b>Index</b>	<b>Conversion factors</b>	<b>Inflation rates</b>
<b>30 September 2004</b>	<b>8,069.7</b>	<b>1.000</b>	<b>%88.7</b>
30 June 2004	7,982.7	1.010	%110.3
31 December 2003	7,382.1	1.093	%181.1

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 September 2004)

### NOTE 1 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (Continued)

The accounting policies used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2003. Accordingly, these condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2003 and six-month period ended 30 June 2004.

The Company does not have any seasonal or cyclical operations that may have an impact on these condensed consolidated interim financial statements.

The Company operates predominantly in one industry segment, media, and as the sales of the Company are made and the assets of the Company are located mainly in Turkey, no segmental information was provided.

The total number of employees of the Company and its Subsidiaries at 30 September 2004 is 2,288 (31 December 2003: 1,859).

As a result of the increase in the Group's indirect control rates in Doğan Haber Ajansı A.Ş. ("Doğan Haber") by 1.47% to %50.01, Doğan Haber, which was consolidated through the equity accounting consolidation as of 31 December 2003 and 30 June 2004, has been consolidated through the line-by-line consolidation method as of 30 September 2004.

Hürriyet Ticari ve Sınai Ürünleri Pazarlama A.Ş. ("Hürpa"), subsidiary of the Group, purchased %85 of the issued share capital of Orta Anadolu Otomotiv A.Ş. 'nin ("Orta Anadolu Otomotiv") for a cash consideration of TL11,202,966 million on 13 August 2004 (Note 21) and has been consolidated from the acquisition date through the line-by-line consolidation method using the effective rate of %79. The nature of operations of Orta Anadolu Otomotiv is purchase-sale of automobiles.

### NOTE 2 – CASH AND CASH EQUIVALENTS

The analysis of cash and cash equivalents at 30 September 2004 and 31 December 2003 is as follows:

	30 September 2004	31 December 2003
Cash in hand	897,826	801,894
Banks		
- demand deposits	2,644,720	1,233,767
- time deposits	72,049,628	82,805,166
- blocked time deposits	5,568,115	14,954,537
Other liquid assets	501	-
	<b>81,160,790</b>	<b>99,795,364</b>

Cash and cash equivalents included in the consolidated statement of cash flow for the period ended 30 September 2004 and at the beginning of the period at 31 December 2003 are TL113,923,218 million TL47,524,936 million that are bank deposits and trading securities with original maturities of less than three months excluding interest accruals.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 September 2004)

### NOTE 2 - CASH AND CASH EQUIVALENTS (Continued)

Period remaining to maturity for time deposits:	30 September 2004
0-1 month	38,447,436
1-3 months	9,077,500
3-6 months	15,981,678
6-12 months	14,111,129
	<b>77,617,743</b>

At 30 September 2004, interest rates for local currency time deposits are between 20% and 27% (31 December 2003: 25.00% - 44.70%), and interest rates for foreign currency time deposits are between 1% and 6% (31 December 2003: 1.00% - 8.12%).

As of 30 September 2004, cash and cash equivalents amounting to TL5,568,115 million (31 December 2003: TL14,954,537 million) are not available for use.

### NOTE 3 – TRADING SECURITIES

	30 September 2004	31 December 2003
Treasury bills and government bonds	36,129,075	21,151,444
Eurobond	2,854,487	3,373,213
	<b>38,983,562</b>	<b>24,524,657</b>

As of 30 September 2004, treasury bills and government bonds have interest rates between 24.98% and 29.08% (31 December 2003: 25.00%-26.00%). As of 30 September 2004, Eurobond has an interest rate of 11.00% (31 December 2003 11.00%).

As of 30 September 2004 there are Eurobonds amounting to TL2,854,487 million with respect to external guarantees of the Company (31 December 2003: pledged trading securities include treasury bills amounting to TL21,575,340 million with respect to guarantees for newsprint imported through Doğan Dış Ticaret A.Ş., and Eurobond amounting to TL2,892,487 million with respect to external guarantees of the Company; totally TL24,467,827 million).

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 September 2004)

### NOTE 4 – TRADE RECEIVABLES

	30 September 2004	31 December 2003
Trade receivables - net of unearned credit finance income	93,559,256	81,631,284
Cheques and notes receivable - net of unearned credit finance income	19,592,288	24,659,598
	<b>113,151,544</b>	<b>106,290,882</b>
Less: Provision for doubtful receivables	(6,088,235)	(6,669,673)
<b>Trade receivables - net</b>	<b>107,063,309</b>	<b>99,621,209</b>

In accordance with the factoring agreement signed between the Company and Doğan Faktoring Hizmetleri A.Ş. (“Doğan Faktoring”), trade receivables amounting to TL68,623,049 million of the Company (31 December 2003: TL57,167,986 million) relating to advertisements and printed materials are followed by Doğan Faktoring.

The movement of provision for doubtful receivables during the six month period ended 30 September 2004 is as follows:

	2004
1 January	6,669,673
Provisions provided during the period	364,855
Collections	(272,474)
Monetary gain	(673,819)
<b>30 September</b>	<b>6,088,235</b>

## HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

### NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 September 2004)

#### NOTE 5 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

##### i) **Balances with related parties:**

##### a) Due from related companies:

##### Short-term:

	30 September 2004	31 December 2003
Doğan Dağıtım Satış ve Pazarlama A.Ş. ("Doğan Dağıtım")	7,468,675	6,300,688
Doğan Gazetecilik A.Ş. ("Doğan Gazetecilik")	7,281,872	3,988,443
Doğan Dış Ticaret	5,753,782	5,369,587
Doğan Media International ("Doğan Media")	3,651,254	3,410,416
Milliyet Verlags und Handels GmbH ("Milliyet Verlags")	3,086,742	3,349,208
Eko TV Televizyon Yayıncılık A.Ş. ("Eko Televizyon")	2,615,325	1,121,001
Doğan Burda Rizzoli Dergi Yayıncılık ve Pazarlama A.Ş. ("DBR")	1,860,866	1,041,489
Doğan Müzik Yapım ve Ticaret A.Ş. ("DMC")	1,048,268	982,355
Doğan Otomobilcilik A.Ş. ("Doğan Oto") (*)	66,711	12,477,389
DTV Haber ve Görsel Yayıncılık A.Ş. ("DTV Haber")	2,387	1,932,488
Diğer	2,064,107	3,019,765
	<b>34,899,989</b>	<b>42,992,829</b>

(\*) Due from Doğan Oto amounting to TL66,711 million (31 December 2003: TL12,477,389 million) represents the receivable resulted from the sale of shares of Milta Turizm İşletmeleri A.Ş., an associate of Hürpa, to Doğan Oto on 29 December 2003, amounting to TL12,477,389 million.

##### Long-term:

	30 September 2004	31 December 2003
Doğan Yayın Holding A.Ş. ("Doğan Yayın") (*)	22,699,380	-

(\*) Group has transferred the bank borrowing received from Barclays Bank PLC on 27 January 2004 amounting to US\$15,000,000 (TL22,465,440 million), with an interest rate of 4.92% and maturity date of 27 January 2006 to one of its shareholders Doğan Yayın with the same conditions (Note 9).

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 September 2004)

### NOTE 5 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

b) Due to related companies:

#### Short-term:

	30 September 2004	31 December 2003
Doğan Yayın	1,457,540	486,374
Milpa Ticari ve Sınai Ürünler Pazarlama Sanayi ve Ticaret A.Ş. ("Milpa")	1,129,609	-
DTV Haber	915,174	-
Doğan Faktoring	546,817	989,321
Hürbim Bilgisayar ve Teknik Hizmetler A.Ş. ("Hürbim")	474,228	4,945
Doğan Media	344,626	-
Doğan İletişim Elektronik Servis Hizmetleri A.Ş. ("Doğan Online")	312,483	-
Milta Turizm	285,549	47,904
Doğan Dış Ticaret	258,706	677,963
Diğer	789,519	343,961
	<b>6,514,251</b>	<b>2,550,468</b>

	30 September 2004	31 December 2003
<b>Long-term:</b>		
Doğan Dağıtım	1,139,950	1,399,103

Non-current payables to Doğan Dağıtım represent deposits taken for the distribution of newspapers

c) Bank accounts:

	30 September 2004	31 December 2003
Dışbank Malta Limited ("Dış Holding Malta")	18,333,316	18,241,445
Türk Dış Ticaret Bankası A.Ş. ("Dışbank")	2,633,940	22,429,355
	<b>20,967,256</b>	<b>40,670,800</b>

d) Banka borrowings:

	30 September 2004	31 December 2003
Dışbank	5,499,185	7,525,725

## HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

### NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 September 2004)

#### NOTE 5 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

##### ii) Transactions with related parties:

###### a) Service and product sales:

	<b>1 July - 30 September 2004</b>	<b>1 January - 30 September 2004</b>
Doğan Dağıtım	19,548,604	54,596,800
Doğan Gazetecilik	6,560,006	18,379,602
Diğer	1,266,943	5,237,052
	<b>27,375,553</b>	<b>78,213,454</b>

Newspapers are sold through Doğan Dağıtım.

###### b) Service and product purchases:

	<b>1 July - 30 September 2004</b>	<b>1 January - 30 September 2004</b>
Doğan Dış Ticaret	35,886,337	74,582,848
Doğan Dağıtım	3,416,887	9,337,568
Hürbim	2,608,305	3,961,466
Doğan Yayın	2,348,071	5,248,643
Eko TV	1,548,906	2,927,216
Doğan Haber (*)	-	7,161,250
Diğer	4,016,350	11,362,419
	<b>49,824,856</b>	<b>114,581,410</b>

(\*) As a result of the increase in the Group's indirect control rates in Doğan Haber by 1.47% to %50.01, Doğan Haber, which was consolidated through the equity accounting consolidation as of 31 December 2003 and 30 June 2004, has been consolidated through the line-by-line consolidation method as of 30 September 2004.

###### c) Purchases of property plant and equipment:

	<b>1 July - 30 September 2004</b>	<b>1 January - 30 September 2004</b>
Doğan Yayın	447,191	447,191
Doğan Dağıtım	20,789	221,433
Diğer	7,479	93,136
	<b>475,459</b>	<b>761,760</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 September 2004)

### NOTE 5 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

d) Other transactions with related parties:

	1 July - 30 September 2004	1 January - 30 September 2004
<b>Other income, net</b>		
<b>Other income:</b>		
Doğan Dış Ticaret	1,749,945	1,759,609
Doğan Gazetecilik	589,032	677,207
Doğan Yayın	582,916	876,285
Doğan Dağıtım	410,993	938,918
DBR	191,159	621,236
Eko TV	122,955	295,092
Diğer	317,429	1,181,047
	<b>3,964,429</b>	<b>6,349,394</b>
<b>Other expense:</b>		
Doğan Medya	26,292	105,167
Doğan Dağıtım	14,567	66,368
Diğer	19,642	25,452
	<b>60,501</b>	<b>196,987</b>
<b>Other income, net</b>	<b>3,903,928</b>	<b>6,152,407</b>
	1 July - 30 September 2004	1 January - 30 September 2004
<b>Financial income, net</b>		
Dışbank	1,074,811	4,687,104
Doğan Yayın	257,330	3,690,388
	<b>1,332,141</b>	<b>8,377,492</b>
<b>Financial expense, net</b>		
Doğan Yayın	111,345	512,677
Doğan Faktoring	100,034	376,927
	<b>211,379</b>	<b>889,604</b>
<b>Financial income, net</b>	<b>1,120,762</b>	<b>7,487,888</b>
Payments made to members of the Board and key management personnel	328,862	845,149

## HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

### NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 September 2004)

#### NOTE 6 - INVESTMENTS IN ASSOCIATED COMPANIES

	% 30 September 2004		% 31 December 2003	
Doğan Media	43.93	4,001,025	41.02	3,916,279
Doğan Prodüksiyon	40.55	2,935,413	40.55	3,937,213
Doğan Kitapçılık	48.90	2,104,092	48.90	1,695,802
Yaysat	25.00	1,301,275	25.00	1,125,805
DYG İlan	20.00	63,646	20.00	80,347
Doğan Telekom	27.94	114,811	27.94	99,946
Doğan Haber (*)	-	-	48.54	830,314
Digital Hizmetler	22.74	-	22.74	140,264
		<b>10,520,262</b>		<b>11,825,970</b>

(\*) As a result of the increase in the Group's indirect control rates in Doğan Haber by 1.47% to %50.01, Doğan Haber, which was consolidated through the equity accounting consolidation as of 31 December 2003 and 30 June 2004, has been consolidated through the line-by-line consolidation method as of 30 September 2004.

## HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

### NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 September 2004)

#### NOTE 7 - PROPERTY, PLANT AND EQUIPMENT, NET

	1 January 2004	Cumulative translation difference	Acquisitions	Additions	Disposals	Transfers	30 September 2004
<b>Cost:</b>							
Land and land improvements	38,957,607	(98,007)	-	4,727,817	-	-	43,587,417
Buildings	210,990,126	(1,014,516)	12,008,246	353,066	(656,561)	-	221,680,361
Machinery and equipment	454,909,916	(4,093,187)	41,080	16,494,277	(3,301,179)	383,072	464,433,979
Motor vehicles	2,931,318	-	241,943	782,125	(452,353)	-	3,503,033
Furniture and fixtures	61,396,045	(218,328)	3,222,712	1,729,654	(351,846)	-	65,778,237
Leasehold improvements	20,795,326	-	-	-	(1,665)	-	20,793,661
Advances given for fixed asset purchase	-	-	-	3,141,448	(1,699,264)	-	1,442,184
<b>Total</b>	<b>789,980,338</b>	<b>(5,424,038)</b>	<b>15,513,981</b>	<b>27,228,387</b>	<b>(6,462,868)</b>	<b>383,072</b>	<b>821,218,872</b>
Construction in progress	456,875	(34,148)	-	1,306,775	-	(383,072)	1,346,430
<b>Total</b>	<b>790,437,213</b>	<b>(5,458,186)</b>	<b>15,513,981</b>	<b>28,535,162</b>	<b>(6,462,868)</b>	<b>-</b>	<b>822,565,302</b>
<b>Accumulated Depreciation:</b>							
Land and land improvements	176,262	-	-	21,459	-	-	197,721
Buildings	30,473,379	(796,678)	167,069	3,313,372	(40,142)	-	33,117,000
Machinery and equipment	252,711,491	(2,719,196)	4,231	23,484,243	(2,974,923)	-	270,505,846
Motor vehicles	2,250,575	-	35,930	164,888	(391,007)	-	2,060,386
Furniture and fixtures	53,537,634	(242,219)	943,576	1,891,793	(253,610)	-	55,877,174
Leasehold improvements	14,696,293	-	-	1,514,922	(1,088)	-	16,210,127
<b>Total</b>	<b>353,845,634</b>	<b>(3,758,093)</b>	<b>1,150,806</b>	<b>30,390,677</b>	<b>(3,660,770)</b>	<b>-</b>	<b>377,968,254</b>
<b>Net book value</b>	<b>436,591,579</b>						<b>444,597,048</b>

Figures of Doğan Haber, which has become a subsidiary a result of a increase in the Group's control rate and figures of Orta Anadolu Otomotiv which has become a subsidiary as a result of share purchase, have been classified under "acquisitions" in the movement table.

## HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

### NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 September 2004)

#### NOTE 8 - INTANGIBLE ASSETS, NET

	1 January 2004	Acquisitions	Additions	Disposal	Impairment	30 September 2004
<b>Cost</b>						
Rights	8,254,726	156,401	6,686	-	-	8,417,813
Software and other intangible assets	3,235,653	40,209	750,333	(851,119)	-	3,175,076
	<b>11,490,379</b>	<b>196,610</b>	<b>757,019</b>	<b>(851,119)</b>	<b>-</b>	<b>11,592,889</b>
<b>Accumulated amortization:</b>						
Rights	7,851,804	165,804	227,798	-	-	8,245,406
Software and other intangible assets	2,637,689	23,421	486,261	(274,358)	-	2,873,013
	<b>10,489,493</b>	<b>189,225</b>	<b>714,059</b>	<b>(274,358)</b>	<b>-</b>	<b>11,118,419</b>
<b>Net book value</b>	<b>1,000,886</b>					<b>474,470</b>
Goodwill	14,361,390	831,190	-	-	(831,190)	14,361,390
Accumulated amortization	2,754,284	-	544,082	-	-	3,298,366
<b>Net book value</b>	<b>11,607,106</b>	<b>831,190</b>	<b>(544,082)</b>	<b>-</b>	<b>(831,190)</b>	<b>11,063,024</b>
<b>Total net book value</b>	<b>12,607,992</b>					<b>11,537,494</b>

Figures of Doğan Haber, which has become a subsidiary a result of a increase in the Group's control rate and figures of Orta Anadolu Otomotiv which has become a subsidiary as a result of share purchase, have been classified under "acquisitions" in the movement table.

Group purchased %79 of the issued share capital of Orta Anadolu Otomotiv for a cash consideration of TL11,202,966 million on 13 August 2004. Impairment amounting to TL831,190 has been identified for the goodwill arising as a result of the acquisition and has been recorded in the consolidated statement of income (Note 16).

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 September 2004)

### NOTE 9 – BANK BORROWINGS

	Interest rate (%)		Original Foreign Currency		TL million	
	30 September 2004	31 December 2003	30 September 2004	31 December 2003	30 September 2004	31 December 2003
<b>Short-term bank borrowings:</b>						
- Euro	4-8	7-9	6,816,277	8,976,072	12,577,136	17,122,893
- CHF			-	1,198,545	-	1,462,980
- TL	25	-	2,826,396	2,155,378	2,826,396	2,179,035
- ABD	4-13	4-12	8,542,123	12,177,089	12,793,503	18,580,399
<b>Total</b>					<b>28,197,035</b>	<b>39,345,307</b>
<b>Short-term portion of long-term borrowings:</b>						
- ABD	4	6-12	5,522,942	4,672,375	8,271,687	7,129,337
- Euro	3-7	-	727,104	-	1,341,624	-
<b>Total</b>					<b>9,613,311</b>	<b>7,129,337</b>
<b>Total short-term bank borrowings</b>					<b>37,810,346</b>	<b>46,474,644</b>
<b>Long-term bank borrowings:</b>						
- ABD	4-13	4-12	25,141,677	9,963,751	37,654,590	15,203,178
- Euro	4-7	5-7	13,391,729	10,900,565	24,709,909	20,794,085
- TL			69,361	-	69,361	-
- CHF			-	1,407,888	-	1,718,703
<b>Total long-term bank borrowings</b>					<b>62,433,860</b>	<b>37,715,966</b>

Group has transferred the bank borrowing received from Barclays Bank PLC on 27 January 2004 amounting to USD 15,000,000 (TL22,465,440 million), with an interest rate of 4.92% and maturity date of 27 January 2006 to one of its shareholders Doğan Yayın with the same conditions (Note 5).

## HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

### NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 September 2004)

#### NOTE 9 - BANK BORROWINGS (Continued)

The redemption schedule of long-term borrowings is summarized below:

Year	30 September 2004
2005	6,770,971
2006	39,696,357
2007 and after	15,966,532
<b>Total</b>	<b>62,433,860</b>

#### NOTE 10 - OTHER CURRENT LIABILITIES

	30 September 2004	31 December 2003
Provisions for lawsuits	12,008,034	4,353,121
Taxes and funds payable	4,771,987	2,162,477
Advances from customers	2,853,281	2,343,655
Miscellaneous expense accruals	741,406	918,440
Other	2,229,990	1,305,215
	<b>22,604,698</b>	<b>11,082,908</b>

The movement schedule of provisions for lawsuits during the period is as follows:

	2004
At 1 January	4,353,121
Charge for the period, net	8,196,494
Monetary gain	(541,581)
<b>30 September</b>	<b>12,008,034</b>

The Company filed two lawsuits regarding the tax and penalties declared by the Presidency of Tax Administration ("Tax Administration") on various dates.

Within the legal time frame, the first lawsuit was filed by the Company claiming the unfair assessment of the taxes and penalties notified by the Tax Office on 28 August 2001 and 17 October 2001. Deciding in favour of the Company, the tax court concluded to cancel the taxes and penalties on 28 March 2002. However, the Tax Office appealed to the Council of State, and on 14 June 2004 the Company was informed about the decision of the Council of State, which was against the Company with a majority of votes (3 to 2). On 22 June 2004, the Company demanded that the decision in favour of the Company by the tax court to be ratified, as it was deemed lawful by the Company. In reference to this lawsuit, considering that the Corporate Tax and Fund had already been paid, the tax base (stamp and additional taxes) and penalty amounts to TL126,409 million and TL3,919,162 million, respectively. The interest amount estimated by the Company at 30 September 2004 is TL3,988,867 million.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 September 2004)

### NOTE 10 - OTHER CURRENT LIABILITIES (Continued)

The second lawsuit was filed by the Company within the legal time frame at Istanbul Tax Court with the claim of unfair assessment of the taxes and penalties notified by the Tax Office on 12 November 2003. On 26 May 2004, the tax court decided to approve the year 2001 Corporate Tax and Fund, the assessment of which was requested in the Tax Review Report. The tax court also decided to decrease the late payment penalty by 50% and to cancel the entire amount of the late payment penalty for provisional tax. The management appealed to the Council of State against this decision of the tax court and demand suspension of the execution at 10 September 2004. The Council of State accepted a partial cancellation in the amount of TL 1,053,928 million of the tax base, worth TL5,442,613 million, and TL1,068,355 million of the fine in the amount of TL4,887,372 which the suspension of execution demanded. After the deduction of Corporate Tax and Fund Levy which had already been paid, from the taxes subject to dispute, the tax base subject to dispute is TL3,766,123 million, the fine amount is TL4,887,372 million and the interest amount calculated by the Company as of 30 September 2004 is TL10,769,221 million.

In relation to these two lawsuits, the management of the Company, in line with the Company's legal advisor's view, accounted for a provision of TL9,349,921 million for the tax base and penalties in the consolidated interim financial statements at 30 September 2004.

### NOTE 11 – TAXATION ON INCOME

	30 September 2004	31 December 2003
Corporation and income taxes payable	18,043,277	25,923,230
Less: prepaid tax	(12,340,076)	(18,943,140)
<b>Taxes on income, net</b>	<b>5,703,201</b>	<b>6,980,090</b>
Deferred tax liabilities	28,987,385	20,579,399
Deferred tax assets	(4,833,685)	(3,204,601)
<b>Deferred tax liability, net</b>	<b>24,153,700</b>	<b>17,374,798</b>
<b>Total taxes</b>	<b>29,856,901</b>	<b>24,354,888</b>

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

## HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

### NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 September 2004)

#### NOTE 11 – TAXATION ON INCOME (Continued)

Corporation tax is payable at a rate of 33% on the total income of the Company after adjusting for certain disallowable expenses, exempt income and investment and other allowances for the year 2004. No further tax is payable unless the profit is distributed. Corporation tax rate on the total income will be 30% for the upcoming years.

	1 July - 30 September 2004	1 January - 30 September 2004
- Current	5,181,206	19,209,003
- Deferred	1,393,159	6,672,201
<b>Taxation on income</b>	<b>6,574,365</b>	<b>25,881,204</b>

#### Deferred taxes

The Company calculates deferred tax assets and liabilities based on the temporary differences between the IFRS financials and financials prepared according to Turkish tax legislation. In substance, differences arise from the differences in accounting periods for the recognition of income and expenses in accordance with IFRS and tax legislation.

Deferred income taxes are calculated on temporary differences that are expected to be realised or settled based on the taxable income in fiscal year 2004 under the liability method using a principal tax rate of 33%. The rate for other temporary differences is 30%.

The temporary differences giving rise to deferred income tax assets and deferred tax liabilities are as follows:

	Cumulative Temporary differences		Deferred tax assets/ (liabilities)	
	30 September 2004	31 December 2003	30 September 2004	31 December 2003
Provision for employment termination benefits	6,583,563	3,973,923	1,957,479	1,192,178
Difference between tax base and carrying value of trade receivable and due from related parties	1,476,635	1,874,150	487,289	618,469
Difference between tax base and carrying value of inventories	6,610,083	4,471,177	2,223,046	1,341,354
Other, net	507,015	159,397	165,871	52,601
<b>Deferred tax assets</b>			<b>4,833,685</b>	<b>3,204,602</b>
Difference between tax base and carrying value of property, plant and equipment and intangible assets	(96,515,647)	(64,013,647)	(28,954,694)	(19,204,094)
Difference between tax base and carrying value of time deposits	-	(2,943,240)	-	(882,972)
Other, net	(99,064)	(1,641,109)	(32,691)	(492,334)
<b>Deferred tax liabilities</b>			<b>(28,987,385)</b>	<b>(20,579,400)</b>
<b>Deferred tax liabilities-net</b>			<b>(24,153,700)</b>	<b>(17,374,798)</b>

Due to the fact that “Subsidiaries”, which are independent taxpayers, have represented the net amount of deferred tax assets and liabilities in their financial statements in accordance with IFRS; effects of the mentioned net offs have been reflected to the consolidated financial statements of the Group.

## HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

### NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 September 2004)

#### NOTE 12 - RESERVE FOR EMPLOYMENT TERMINATION BENEFITS

Movements in the reserve for employment termination benefits during the period is as follows:

	<b>2004</b>
1 January	3,973,923
Acquisitions	1,264,233
Charge for the period, including payments	1,645,123
Monetary gain	(299,715)
<b>30 September</b>	<b>6,583,564</b>

Figures of Doğan Haber, which has become a subsidiary a result of a increase in the Group's control rate and figures of Orta Anadolu Otomotiv which has become a subsidiary as a result of share purchase, have been classified under "acquisitions" in the movement table.

#### NOTE 13 – SHARE CAPITAL

The Company adopted the registered share capital system available to companies registered with the CMB and set a limit on its registered share capital representing registered type shares with a nominal value of TL1,000. There are no privileged shares. The Company's historical authorised and paid-in share capital at 30 September 2004 and 31 December 2003 is as follows:

	<b>30 September 2004</b>	<b>31 December 2003</b>
Limit on registered share capital (historical)	500,000,000	250,000,000
Historical authorised and paid-in share capital	416,742,560	245,142,682

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

The shareholding structure of the Company is as follows:

	<b>30 September 2004</b>	<b>Share (%)</b>	<b>31 December 2003</b>	<b>Share (%)</b>
Doğan Yayın	279,217,515	67	163,344,908	67
Publicly owned	137,525,045	33	81,797,774	33
	<b>416,742,560</b>	<b>100</b>	<b>245,142,682</b>	<b>100</b>
Adjustment to share capital	57,561,764		175,822,992	
<b>Total share capital</b>	<b>474,304,324</b>		<b>420,965,674</b>	

As explained in Note 22, Doğan Yayın Holding, shareholder of the Company, agreed to sell in cash all of the 27,615,244,104 shares with a nominal value of TL27,615,244 million, which are unquoted in İSE and which correspond to 6.63% of the increased capital of the Company to foreign corporate investors with a price of TL2,840 per share. After the sale, share of Doğan Yayın in the increased issued capital of the Company dropped to 60% from 66.3%; and free float rate rose to 40%

Adjustment to share capital represents the restatement effect of the cash contributions to share capital in year-end equivalent purchasing power.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 September 2004)

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### NOTE 14 - RETAINED EARNINGS AND LEGAL RESERVES

Public companies distribute dividends according to CMB regulations as follows:

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (TCC). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

Public companies distribute dividends according to CMB regulations as follows:

In accordance with Communiqué XI/25, effective from 1 January 2004, companies are obliged to distribute at least 20% of their distributable profit arising from 2003 activity, which is calculated based on the financial statements prepared in accordance with IFRS. Based on the decision of the General Assembly, the distribution of a minimum of 20% of the distributable profit can be made as cash or as bonus share or as a combination of a certain percentage of cash and bonus shares.

Profits of the subsidiaries, joint ventures and associate companies of the Company will not be taken into consideration in the calculation of dividend since their general assemblies have not been held.

Company's shareholders' equity structure, in accordance with communique XI no: 25, is as follows:

	30 September 2004	31 December 2003
Share Capital	416,742,560	245,142,682
Legal Reserves	11,170,063	8,067,578
Extraordinary Reserves	2,108,245	301,546
Inflation effect to shareholders' equity	60,944,144	212,147,895
Translation reserves	(863,978)	(771,591)
Net income for the period	21,688,123	56,320,343
Retained Earnings	42,446,940	36,597,957
<b>Total Equity</b>	<b>554,236,097</b>	<b>557,806,410</b>

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# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 September 2004)

### NOTE 14 - RETAINED EARNINGS AND LEGAL RESERVES (Continued)

The differences between the historical and restated figures are as follows:

	30 September 2004			31 December 2003		
	Historical figures	Restated figures	Inflation effect to shareholder's equity	Historical figures	Restated figures	Inflation effect to shareholder's equity
Share Capital	416,742,560	474,304,324	57,561,764	245,142,682	420,965,674	175,822,992
Legal Reserves	11,170,063	14,472,126	3,302,063	8,067,578	44,369,305	36,301,727
Extraordinary Reserves	2,108,245	2,188,562	80,317	301,546	324,722	23,176
<b>Total</b>	<b>430,020,868</b>	<b>490,965,012</b>	<b>60,944,144</b>	<b>253,511,806</b>	<b>465,659,701</b>	<b>212,147,895</b>

### NOTE 15 - GENERAL AND ADMINISTRATIVE, SELLING AND MARKETING AND DISTRIBUTION EXPENSES

	1 July - 30 September 2004	1 January - 30 September 2004
Advertisement	4,422,360	11,588,657
Services outsourced	4,187,306	11,545,265
Transportation, storage and travel	4,119,005	10,608,484
Personnel expenses	2,065,398	5,021,558
Consulting	1,880,820	5,121,322
Depreciation and amortization	1,392,259	6,806,944
Promotion	989,053	4,584,610
Communication	693,482	2,034,467
Repair and maintenance	508,568	2,137,366
Other	2,425,410	5,203,263
	<b>22,683,661</b>	<b>64,651,936</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 September 2004)

### NOTE 16 - OTHER OPERATING EXPENSES - NET

	1 July - 30 September 2004	1 January - 30 September 2004
<b>Other operating income:</b>		
Rent income	1,300,334	2,879,451
Service income	871,214	2,485,303
Promotion buildings sales income	240,380	240,380
Property, plant and equipment sales income	3,597	411,319
Reversal of provisions for impairment of promotion stocks	-	1,470,432
Dividend income	-	40,750
	<b>2,415,525</b>	<b>7,527,635</b>
<b>Other operating expenses:</b>		
Provisions for lawsuits	4,082,937	8,196,494
Provision for impairment of goodwill	831,190	831,190
Amortization of goodwill	181,360	544,083
Provision for doubtful receivables	102,835	364,855
Promotion buildings sales loss	-	625,148
Provision for promotion stocks (income)/expense	(45,618)	910,677
	<b>5,152,704</b>	<b>11,472,447</b>
Other operating expenses, net	(1,768,078)	(713,128)
<b>Other operating expenses, net</b>	<b>(4,505,257)</b>	<b>(4,657,940)</b>

### NOTE 17 - FINANCIAL INCOME, NET

	1 July - 30 September 2004	1 January - 30 September 2004
<b>Financial income:</b>		
Interest on bank deposits	3,396,296	11,115,699
Interest income on trading securities	3,088,737	5,131,035
Amortized cost valuation income	2,232,529	7,808,664
Overdue charges on credit sales	764,277	1,429,289
	<b>9,481,839</b>	<b>25,484,687</b>
<b>Financial expenses:</b>		
Interest on bank borrowings	(5,997,119)	(13,368,823)
Foreign exchange income/(losses), net	15,926	(577,029)
Other, net	1,192,018	(389,288)
	<b>(4,789,175)</b>	<b>(14,335,140)</b>
<b>Financial income - net</b>	<b>4,692,664</b>	<b>11,149,547</b>

## HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

### NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 September 2004)

#### NOTE 18 - CASH USED BY OPERATING ACTIVITIES

	Notes	2004
<b>Adjustments:</b>		
Depreciation		30,588,307
Amortization	8	1,258,141
Minority interest		(1,346,115)
Taxes	11	25,881,204
Employment termination benefit, net		1,645,123
Income from associates		643,537
Interest income, net		(12,115,864)
Income from sales of property, plant and equipment, net		(411,319)
Other provisions, net		7,729,121
Currency translation differences		1,661,732
Inflation effect on non-operating activities		8,531,811
		<b>64,065,678</b>
<b>Changes in assets and liabilities:</b>		
Increase in bank deposits		(31,247,313)
Increase in trading securities		(38,983,562)
Decrease in trade receivables		(5,421,118)
Increase in due from related companies		7,470,436
Decrease in inventories		1,920,573
Increase in available for sale investments		(776,629)
Increase in other current assets		(4,316,802)
Decrease in trade payables		(3,739,391)
Increase in due to related companies		775,206
Increase in other current liabilities		1,432,270
Inflation effect on operating activities		(9,909,787)
<b>Cash used by operating activities</b>		<b>(18,730,439)</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 September 2004)

### NOTE 19- FOREIGN CURRENCY POSITION

Turkish lira equivalents of assets and liabilities denominated in foreign and local currency at 30 September 2004 and 31 December 2003 are as follows;

	30 September 2004			Total FC
	US\$	Euro	Other	
<b>Assets</b>				
Cash and cash equivalents	25,718,292	3,063,954	23,399	28,805,645
Trading securities	-	2,797,790	-	2,797,790
Trade receivables and due from related parties	340,194	2,787,266	37,164	3,164,624
Due from related parties long-term	22,699,380	-	-	22,699,380
Inventories	-	1,150,126	-	1,150,126
Other current assets	2,321	-	-	2,321
Non-current assets	-	37,676,520	-	37,676,520
<b>Total</b>	<b>48,760,187</b>	<b>47,475,656</b>	<b>60,563</b>	<b>96,296,406</b>
<b>Liabilities</b>				
Short term bank borrowings	21,065,190	13,918,760	-	34,983,950
Trade payables and due to related parties	10,880,761	19,222,894	3,530,195	33,633,850
Taxes payable and other current liabilities	-	318,777	-	318,777
Long term bank borrowings	37,654,590	24,709,909	-	62,364,499
Long term trade payables and due to related parties	13,180,566	16,304,571	4,057,410	33,542,547
Other non-current liabilities	94,355	519,116	-	613,471
<b>Total</b>	<b>82,875,462</b>	<b>74,994,027</b>	<b>7,587,605</b>	<b>165,457,094</b>
<b>Net foreign currency position</b>	<b>(34,115,275)</b>	<b>(27,518,371)</b>	<b>(7,527,042)</b>	<b>(69,160,688)</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 September 2004)

### NOTE 19- FOREIGN CURRENCY POSITION (Continued)

	31 December 2003			Total FC
	US\$	Euro	Other	
<b>Assets</b>				
Cash and cash equivalents	51,544,567	19,408,127	141,995	71,094,689
Trade receivables and due from related parties	9,387,697	571,817	34,927	9,994,441
Other current assets	498	-	-	498
Non-current assets	-	39,231,328	-	39,231,328
<b>Total</b>	<b>60,932,762</b>	<b>59,211,272</b>	<b>176,922</b>	<b>120,320,956</b>
<b>Liabilities</b>				
Short term bank borrowings	25,709,737	17,122,893	1,462,980	44,295,610
Trade payables and due to related parties	357,957	1,609,009	25,243	1,992,209
Taxes payable and other current liabilities	21,782	9,425	-	31,207
Long term bank borrowings	15,203,178	20,794,085	1,718,703	37,715,966
Long term trade payables and due to related parties	13,307,081	19,507,289	7,532,013	40,346,383
<b>Total</b>	<b>54,599,735</b>	<b>59,042,701</b>	<b>10,738,939</b>	<b>124,381,375</b>
<b>Net foreign currency position</b>	<b>6,333,027</b>	<b>168,571</b>	<b>(10,562,017)</b>	<b>(4,060,419)</b>

Following exchange rates have been used in the translation of foreign currency denominated balance sheet items as of 30 September 2004; TL1,497,696 = US\$1 and TL1,845,162 = Euro 1 (31 December 2003: 1,395,835 TL= ABD\$1 ve 1,745,072 TL=Euro 1).

## HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

### NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 September 2004)

#### NOTE 20 - COMMITMENTS AND CONTINGENT LIABILITIES

Commitments and contingencies from which the management does not anticipate any significant losses or liabilities are summarised below:

	Currency	Original amount	30 September 2004	Orjinal amount	31 December 2003
<b>a) Guarantees given:</b>					
Letters of guarantee	TL	3,402,843	3,402,843	3,670,192	3,670,192
	US\$	143,819	215,397	150,419	229,517
Financial notes	TL	202,223	202,223	221,059	221,059
Guarantee notes	TL	1,714	1,714	1,873	1,873
Other	US\$	79,886,342	119,645,455	81,012,430	123,612,732
	Euro	15,424,856	28,461,358	14,038,084	26,779,266
	TL	4,485,221	4,485,220	14,631,039	14,631,039
			<b>156,414,210</b>		<b>169,145,678</b>

#### b) Commitments Given:

As of 30 September 2004, Group companies have, in respect of their bank borrowings, blocked bank deposits amounting to TL1,998,366 million (31 December 2003: TL28,852,344 million) and commitments amounting to TL24,660,092 million (31 December 2003: TL27,749,445 million).

A mortgage in the amount of TL43,012,500 (31 December 2003: TL47,018,866 million) that the Company gave for the bank loans is still present, and as the loan related to the mortgage was paid, process for release of the mortgage in the amount of TL43,000,000 was still going on at the report date.

#### c) Barter Agreements:

The Company, as is common practice in the media sector, has entered into barter agreements. These agreements involve the exchange of goods or services without cash collections or payments. With respect to these on-going barter agreements the Company has US\$1,328,297 advertising commitment to issue and has the right to obtain services and products amounting to US\$1,100,679.

## HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

### NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 September 2004)

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#### NOTE 20 - COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

##### d) Court Cases:

Law cases against the Company amount to TL74,438,350 million (31 December 2003: TL78,031,643million).

As explained in Note 10, The Company filed two lawsuits regarding the tax and penalties declared by the Presidency of Tax Administration ("Tax Administration") on various dates.

Within the legal time frame, the first lawsuit was filed by the Company claiming the unfair assessment of the taxes and penalties notified by the Tax Office on 28 August 2001 and 17 October 2001. Deciding in favor of the Company, the tax court concluded to cancellation of the taxes and penalties on 28 March 2002. However, the Tax Office appealed to the Council of State, and on 14 June 2004 the Company was informed about the decision of the Council of State which is against the Company with a majority of votes (3 to 2). On 22 June 2004, the Company demanded that the decision in favor of the Company by the tax court to be ratified, as it is deemed as lawful by the Company. In reference to this lawsuit, considering that the Corporate Tax and Fund had already been paid, the tax base (stamp and additional taxes) and penalty amount to TL126,409 million and TL3,919,162 million, respectively. The interest amount estimated by the Company at 30 September 2004 is TL3,988,867 million.

The second lawsuit was filed by the Company within the legal time frame at İstanbul Tax Court with the claim of unfair assessment of the taxes and penalties notified by the Tax Office on 12 November 2003. On 26 May 2004, the tax court decided to the approval of the year 2001 Corporate Tax and Fund, the assessment of which was requested in the Tax Review Report. The tax court also decided to decrease the late payment penalty by 50% and to cancel the entire amount of the late payment penalty for provisional tax. The management has appealed to the Council of State against this decision of the tax court and demand suspension of the execution at 10 September 2004. Council of State accepted the cancellation of only the part in amount of TL 1,053,928 million of the tax base worth TL5,442,613 million, and TL1,068,355 million of the fine in the amount of TL4,887,372 suspension of execution of which were demanded. After the deduction of Corporate Tax and Fund Levy which have already been paid, from the taxes subject to dispute, tax base subject to dispute is TL3, 766,123 million, amount of fine is TL4,887,372 million and interest amount calculated by the Company as of 30 September 2004 is TL10,769,221 million.

In relation to these two lawsuits, the management of the Company, in line with the Company's legal advisor's view, accounted for a provision of TL9,349,921 million for the tax base and penalties in the consolidated interim financial statements at 30 September 2004.

## HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

### NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 September 2004)

#### NOTE 21 - SIGNIFICANT ACQUISITIONS AND LEGAL MERGERS

Net assets and resulting goodwill from Orta Anadolu Oto acquisition of 79% during the interim period ended 30 September 2004:

Total cash consideration	11,202,966
Less: net assets acquired at fair value	(10,371,776)
<b>Goodwill (Note 8)</b>	<b>831,190</b>
Cash and due from banks	1,775,167
Current assets	3,467,145
Non current assets	10,150,427
Current liabilities	(4,965,847)
Non current liabilities	(55,116)
<b>Fair value of net assets</b>	<b>10,371,776</b>
Total cash consideration	11,202,966
Less: cash and cash equivalents in subsidiaries acquired	(1,775,167)
<b>Cash outflow on acquisition</b>	<b>9,427,799</b>

#### NOTE 22 – SUBSEQUENT EVENTS

- The Board resolved in the meeting on 19 October 2004 to pay 55% of the capital on 22 October 2004 and the rest in 2005, making a commitment for the whole capital of Hürpa in the amount of TL6,600 billion. Participation ratio in Hürpa was increased to 96.2% from 93.4%.
- Doğan Yayın Holding, shareholder of the Company, agreed to sell in cash all of the 27,615,244,104 shares with a nominal value of TL27,615,244 million, which are unquoted in İSE and which correspond to 6.63% of the increased capital of the Company to foreign corporate investors with a price of TL2,840 per share. After the sale, share of Doğan Yayın in the increased issued capital of the Company dropped to 60% from 66.3%; and free float rate rose to 40%.
- The Company sold shares of Hürriyet TV, one of the subsidiaries, corresponding to 99% of its TL5,000 million capital with a price of TL1,000 per share amounting to a nominal value of TL4,996 million to ANS Uluslararası Yapım Yayın Reklamcılık A.Ş with the Board decision No.2004/56 dated 18 November 2004 in consideration of TL4,996 million to be paid in cash and advance. Our subsidiary, which engages in film production as per the articles of association is not involved in any significant activities presently. ANS Uluslararası Yapım Yayın Reklamcılık A.Ş is a subsidiary of our partner Doğan Yayın Holding.