



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

**BOARD OF DIRECTORS QUARTERLY REPORT FOR THE PERIOD
ENDING 31 MARCH 2008**

www.hurriyetkurumsal.com

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A. Information Related to Hürriyet Gazetecilik

1. Activity subject, organization and the communication information

Hürriyet Gazetecilik ve Matbaacılık A.Ş. ("Hürriyet" or "the Company") has been established in 1960 and registered in Turkey. The company who has activities in the fields of newspaper, printing, advertisement and Internet publishing, has 7 printing establishments in Istanbul, Ankara, Izmir, Adana, Antalya, Trabzon and Germany. On the 29th March 2007, the company has purchased 67,30% shares of Trader Media East Limited ("TME") through its dependent partner Hürriyet Invest B.V. residing in the Netherlands. TME is a classified advertising company operating in Russia, CIS and Central Eastern European (CEE) countries through daily and weekly newspapers, magazines and internet sites mainly in the real estate, automotive and human resources sectors. The majority shareholder of Hürriyet is Doğan Yayın Holding A.Ş. established within the constitution of Doğan Şirketler Grubu Holdings A.Ş. ("Doğan Holding").

The address of the registered office is as follows:

Hürriyet Medya Towers
34212 Güneşli, Istanbul / Turkey

The company is registered to the Capital Market Board ("CMB") and since 1992 its shares are in transaction in Istanbul Stock Exchange ("ISE"). 40 % of the company capital is in the circulation of ISE. 25,02 % of the shares of TME are in transaction in the London Stock Exchange as GDR.

Communication Information:

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2. Board of Directors

With the decision of the Company Board of Directors dated 30th May 2008 and numbered 2008/24, the names, surnames and the qualifications of the members of our Board of Directors are as follows;

| Name Surname | Title | Note |
|----------------------|---------------|---------------|
| Aydın Doğan | Chairman | Non-Executive |
| Vuslat Doğan Sabancı | Vice-Chairman | Executive |
| Mehmet Ali Yalçındağ | Member | Non-Executive |
| Ertuğrul Özkök | Member | Executive |
| Soner Gedik | Member | Non-Executive |
| Ahmet Toksoy | Member | Executive |
| Cem M. Kozlu | Member | Independent |
| Kai Diekmann | Member | Independent |
| H. Hasan Yılmaz | Member | Independent |

The detailed C.V of our members of the Board of Directors can be found in our institutional web site www.hurriyetkurumsal.com

3. Audit Committee

With the decision of the Company Board of Directors dated 29th May 2008 and numbered 2008/24, Hakkı Hasan Yılmaz and Soner Gedik from our members of the Board of Directors are elected as the members for the Audit Committee, and the mentioned committee is authorised to fulfil the tasks determined by the conditions of announcement of the Capital Market Board Serial: X numbered 16. The Audit Committee has presented to the Board of Directors on the 3rd June 2008 their decision stating that the financial tables and reports for the midterm 1st January – 31st March 2008 reflects the reality and the accounting principles of the company are convenient to IFRS and CMB standards and they are correct.

4. Corporate Governance Committee

With the decision of the Company Board of Directors dated 29th May 2008 and numbered 2008/24, it has been decided to form the Corporate Governance Committee with the following president and members;

| Name Surname | Title | Description |
|--------------|-----------|---|
| Cem Kozlu | President | Independent Member of Board of Directors |
| Murat Doğu | Member | Doğan Yayın Holding Capital Market and Corporate Management Coordinator |
| Ahmet Özer | Member | Head of Strategy and Business Development Group |

5. Board of Auditors

In the Ordinary General Assembly meeting of our Company on the 29th May 2008, according to the conditions of Turkish Trade Law, Mehmet Yörük and Fuat Arslan are elected as the auditors for the activity period of the year 2008. Our auditors are not company partners and they are not part of the Executive Board.

6. Company Managers

Names, surnames and the titles of the managers in charge in our company between January – March period are as follows;

| Name Surname | Title |
|----------------------|--|
| Vuslat Doğan Sabancı | Chairman, Executive Board |
| Ertuğrul Özkök | Editor in Chief |
| Ahmet Toksoy | Financial Affairs Group Head |
| Ayşe Sözeri Cemal | Advertising Group Head |
| Ahmet Özer | Strategy and Business Development Group Head |
| Temuçin Tüzecan | Corporate Communications Coordinator |

7. Capital Structure

The maximum limit for the registered capital of our company is YTL 800 million as of 31st March 2008 and the issued capital is YTL 421 million.

40% of the shares of Hürriyet Gazetecilik ve Matbaacılık A.Ş. is publicly traded and 60% belongs to Doğan Yayın Holding A.Ş.

The shares of Hürriyet have been offered to public in 1992 and it is one of the shares with highest return. Through its cash creation and liquidity in its financial structure, the company has resisted to the financial sector fluctuations. In taking into consideration the closing prices of ISE on the 31st March 2008, Hürriyet has a market value of USD 673 million and it is one the companies in ISE – 30 that is most preferred by the international investors

B. Main developments for the period 1 January – 31 March 2008

The Turkish economy grew 4,5% in 2007 and reached a size of USD 659 billion, according to the new calculation method of the Turkish Statistical Institute. In the first quarter of 2008, there has been remarkable turmoil in global financial markets and prices of commodities, oil and natural gas prices, increased considerably. On the other side, the trial of the ruling political party in Turkey increased the negative effects of the global financial turmoil. The ISE - 100 Index declined by 29,8 % as of the end of the first quarter compared to 2007 year-end, while Turkish Lira depreciated by 9,7% against USD and 16,3% against EURO. The increases in the foreign exchange rates resulted to a considerable rise in the prices of imported goods; and it has become impossible to reach the 4% inflation target of the Central Bank of the Republic of Turkey (CBRT). In the first quarter, CPI increased by 3,1% and the CBRT has revised the year-end CPI estimation as 9,3%. With higher inflation pressure, CBRT has increased the interest rates for the first time since 2006 along with giving signals of other possible increases throughout the year if required. Parallel to this, credit rates have also increased, having a negative impact on private sector investments and consumption; we estimate that this will have a negative effect on the GDP growth which is targeted as 5% for 2008. However, the local elections in 2009 is likely to increase the public expenditures, especially the municipality expenses; which may partially offset the economic slowdown.

| Main Factors Effecting the Business Performance | 31 March 2008 (Q1 2008) | 31 March 2007 (Q1 2007) |
|---|----------------------------|----------------------------|
| Average daily net sales unit (Hürriyet newspaper) | 515.000 | 618.000 |
| Average page numbers (Hürriyet newspaper) | 82 | 80 |
| Newsprint utilised (tons) | 23.421 | 28.158 |
| Average newsprint price (USD/ton) | 754 | 777 |
| Inflation (year-on-year CPI change) | 8,8% | 10,3% |
| GDP growth (2008 estimation) | 3,5% | 7,6% |
| USD/YTL rate (close) | 1,2765 | 1,3801 |
| USD/YTL (average) | 1,1960 | 1,4035 |
| USD/YTL increase (compared to the same period of previous year) | -14,8% | 5,9% |

On 21 February 2008, we started to publish a free newspaper, which is an innovation for our country although it is a part of the daily life for many countries around the world. Our new daily newspaper "20dk" is distributed to the readers in the high populated main centres, squares and shopping malls of Istanbul. The free newspaper is planned to be self-financed so we do not expect a significant effect of the free newspaper on our profit margin.

Since February 2008, we started to publish Hürriyet Sports supplement throughout Turkey on Tuesdays.

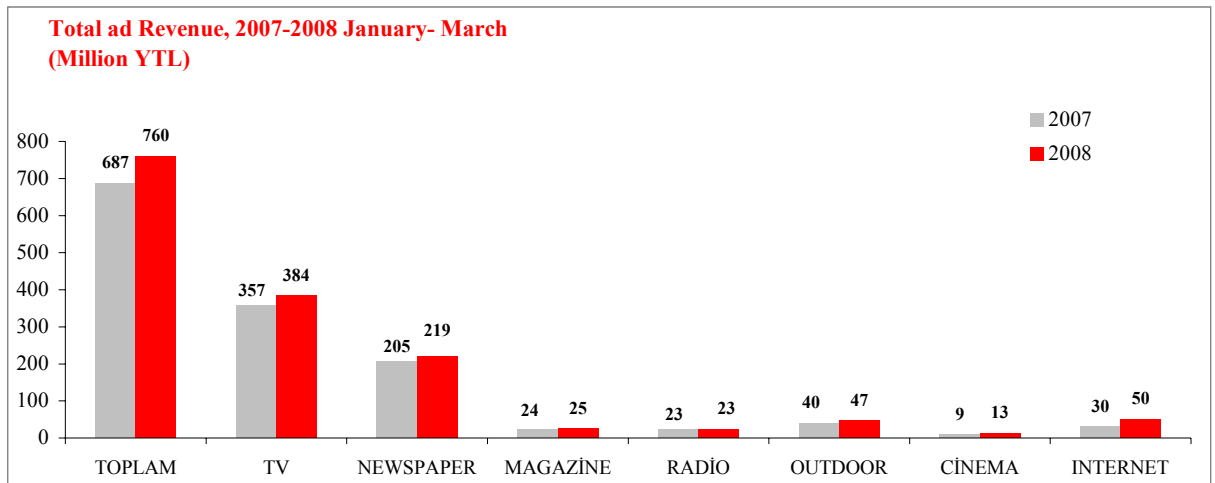
C. Activities for the January – March 2008 Interim Accounting Period

1. Advertising

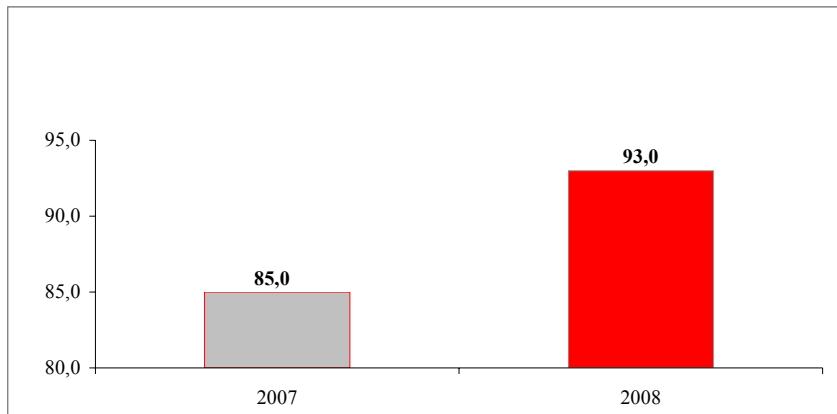
1.1 Ad sector in Turkey

It is estimated that ad expenditures in Turkey has increased by 11% in the first quarter of 2008 compared to the same period of the previous year and reached YTL 759 million.

The television sector which had YTL 357 million of ad revenue in the first quarter of 2007, has increased its revenue by approximately 8% in the first quarter of 2008; while and the rise in newspaper ad revenues has been realised around 7%. As the internet sector has increased its advertisement revenues by 67%, it is estimated that internet remained as the fastest growing media sector in the first three months of 2008.



1.2. Ad Revenue of Hürriyet



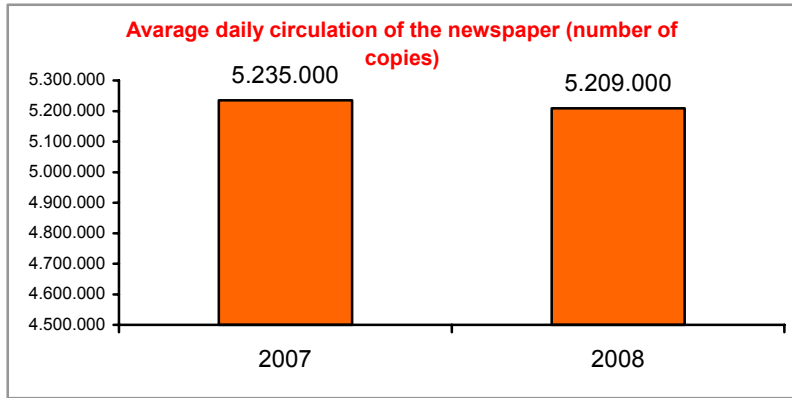
Hürriyet achieved 9,4% growth in the ad revenues in the first three months of 2008 compared to the same period of the previous year.

1.3 Ad Revenue of TME

TME, which started to be consolidated under Hürriyet consolidated financial tables since the second quarter of 2007, has realised YTL 71,5 million of ad revenue in the first three months of 2008.

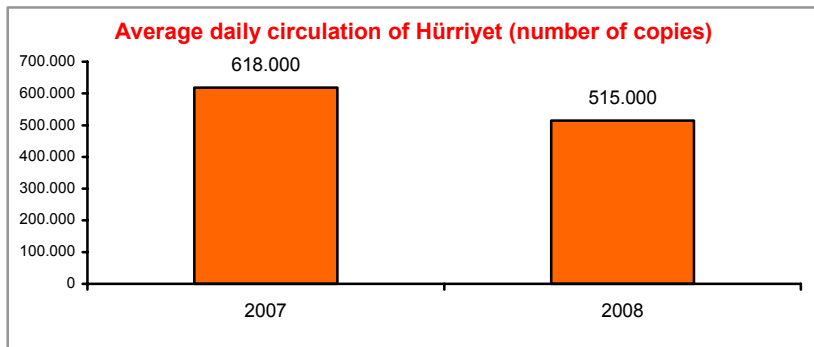
2. Circulation of Newspapers

2.1 Circulation in Turkey



According to Doğan Dağıtım data, the average daily net newspaper sales in Turkey was 5.209.000 in the first three months of 2008, compared to 5.235.000 in the first three months of 2007. This represents 0,5 % decrease in national circulation.

2.2 Circulation of Hürriyet



In the first three months of 2008, the net circulation has been 515.000; which represents a decrease of 16,7% compared to the same of period of the previous year. The reason behind the decline in circulation is estimated to be the halt in give-away type of weekend promotions offered last year.

Throughout Turkey in 81 cities, villages and in other population centres, Hürriyet reached its readers through 23.681 sales points in 2007. In 2008, this figure has increased to 24.274. 64,9% of the total sales of Hürriyet newspaper is realised in three metropolitans (Istanbul, Ankara and Izmir). Compared to week days, Hürriyet newspaper sells 109 thousand more on Saturdays and 235 thousand more on Sundays.

2.3 Circulation Revenue of TME

The circulation revenue of TME, which is consolidated under Hürriyet financial tables since the second quarter of 2007, has been YTL 8.8 million in the first 3 months of 2008.

3. Profit before interest, tax and depreciation (EBITDA)

The consolidated earnings before the interest, tax and depreciation (EBITDA), which was YTL 17,1 million in the 1st quarter of 2007 has increased by 172% in the first quarter of 2008 and realised as 46,4 million YTL. 13,0 million YTL of the EBITDA in the first 3 months of 2008 belongs to TME.

| Consolidated EBITDA (YTL million) | 2008 Q1 | 2007 Q1 | Change (%) |
|---|---------|---------|------------|
| NET SALES | 226,1 | 140,5 | 60,9% |
| - Ad revenue (excluding the IFRS 39 effect) | 160,9 | 81,9 | 96,6% |
| - Circulation revenue | 27,6 | 22,9 | 20,4% |
| - Other revenues | 37,7 | 35,8 | 5,3% |
| COST OF GOODS SOLD | -132,5 | -103,9 | 27,5% |
| OPERATING EXPENSES | -69,6 | -34,5 | 101,7% |
| OPERATING PROFIT | 24,0 | 2,1 | 1053,3% |
| EBITDA | 46,4 | 17,1 | 171,5% |
| EBITDA Margin | 20,5% | 12,2% | 68,8% |

D. Summarised Financial Results and Profitability

1. Main Financial Indicators

According to the consolidated balance sheet and consolidated income tables dated 31 March 2008 of our company, **not audited by the independent auditors**, main financial indicators are as follows;

| Main Financial Indicators (YTL million) | 31 March 2008 | 31 March 2007 |
|---|---------------|---------------|
| Current assets | 479,9 | 512,0 |
| Non-current assets | 1.491,3 | 1.316,8 |
| Total assets | 1.971,2 | 1.828,8 |
| Short-term liabilities | 264,9 | 427,4 |
| Long-term liabilities | 817,9 | 634,8 |
| Majority Interest | 888,4 | 708,8 |
| Net sales | 226,1 | 140,5 |
| Operating profit | 24,0 | 1,3 |
| Profit/ loss before tax | -35,3 | 6,9 |
| Net profit/ loss | -35,6 | 6,2 |

2. Financial Ratios

According to the data of the first quarters of the last two years and being convenient to the announcement of the Capital Market Board Serial: XI numbered: 25, the ratios related to the financial structure and the profitability of the company have been realised as follows;

| Financial ratios | 31 March 2008 | 31 March 2007 |
|---|---------------|---------------|
| Current ratio (Current assets/short-term liabilities) | 1,81 | 1,20 |
| Net sales /total assets | 0,11 | 0,08 |
| Foreign assets / shareholder's equity | 1,22 | 1,50 |
| Financial expenses/ total assets | 0,04 | 0,004 |
| Operating profit/ total assets | 0,01 | 0,0007 |
| Operating profit/ net sales | 0,11 | 0,01 |
| Gross profit margin | 0,41 | 0,26 |

E. Subsequent Events

The Company has agreed to sell Trader.com (Polska) Sp. Z.o.o. ("Trader.com") to Polish media group Agora SA, for a cash consideration of US\$ 54.350.000. Trader.com is the main operating company of TME in Poland and is a wholly-owned indirect subsidiary of TME. Related to the subject, the "Shares Transfer Agreement" has been signed on the 14th May 2008. The payment will totally be realised as cash at the share transfer. The cash obtained from the sales will be utilised in the early credit repayment. The internet centre providing software development and support service to TME, residing in Poland has been excluded from the sales transaction.

Our company's ordinary general assembly meeting related to the 2007 activities has been arranged on the 29th May 2008. Within the registered capital of the company as YTL 800.000.000, it has been decided to increase the issued capital from YTL 421.000.000 to YTL 460.000.000 with an increase of 9,26366%, which will totally be covered by the distributable period profit of 2007 accounting period decided to be distributed in the Ordinary General Assembly dated 29th May 2008.