

**HÜRRİYET GAZETECİLİK  
VE MATBAACILIK A.Ş.  
CONVENIENCE TRANSLATION  
INTO ENGLISH OF CONSOLIDATED  
FINANCIAL STATEMENTS  
AT 31 DECEMBER 2005 TOGETHER  
WITH AUDITORS' REPORT**

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Başaran Nas Serbest Muhasebeci  
Mali Müşavirlik A.Ş.  
a member of  
PricewaterhouseCoopers  
BJK Plaza, Süleyman Seba Caddesi  
No:48 B Blok Kat 9 Akaretler  
Beşiktaş 34357 İstanbul-Turkey  
www.pwc.com/tr  
Telephone +90 (212) 326 6060  
Facsimile +90 (212) 326 6050

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH**

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

**AUDITOR'S REPORT  
FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2005**

1. We have audited the accompanying consolidated balance sheet of Hürriyet Gazetecilik ve Matbaacılık A.Ş. ("the Company") at 31 December 2005 and the related consolidated statement of income for the year then ended. Our examination was made in accordance with the auditing principles issued by the Capital Market Board ("CMB") and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.
2. In our opinion, the consolidated financial statements, present fairly, in all material respects, the consolidated financial position of Hürriyet Gazetecilik ve Matbaacılık A.Ş. at 31 December 2005 and the results of its operations for the year then ended in accordance with the accounting principles issued by the CMB (Note 2).

Additional paragraph for convenience translation into English:

3. As of 31 December 2005, the accounting principles described in Note 2 (defined as 'CMB Accounting Standards') to the accompanying consolidated financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting and presentation of the basic financial statements and the notes to them. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

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



Cansen Başaran Symes, SMMM  
Partner

Istanbul, 7 April 2006

**HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**  
**CONSOLIDATED BALANCE SHEETS**  
**AT 31 DECEMBER 2005 AND 31 DECEMBER 2004**

(Amounts expressed in New Turkish Lira [YTL] unless otherwise indicated)

	Notes	31 December 2005	31 December 2004
<b>ASSETS</b>			
<b>Current assets</b>		<b>428,317,543</b>	<b>304,870,611</b>
Cash and cash equivalents	4	152,561,372	72,005,960
Marketable securities	5	17,725,328	33,817,805
Trade receivables (net)	7	147,183,664	120,431,201
Leasing receivables (net)	8	-	-
Due from related parties (net)	9	55,324,338	34,214,303
Other receivables (net)	10	33,943,988	24,520,881
Biological assets (net)	11	-	-
Inventories (net)	12	17,845,041	16,770,497
Construction contract receivables (net)	13	-	-
Deferred tax assets	14	-	-
Other current assets	15	3,733,812	3,109,964
<b>Non-current assets</b>		<b>507,279,805</b>	<b>552,341,303</b>
Trade receivables (net)	7	222,212	282,274
Leasing receivables (net)	8	-	-
Due from related parties (net)	9	-	20,676,971
Other receivables (net)	10	-	-
Financial assets (net)	16	12,039,390	14,799,967
Goodwill / negative goodwill (net)	17	11,332,183	11,332,183
Investment properties (net)	18	18,229,060	40,183,173
Property, plant and equipment (net)	19	461,726,595	462,829,711
Intangible assets (net)	20	833,237	974,665
Deferred tax assets	14	2,897,128	1,262,359
Other non-current assets	15	-	-
<b>TOTAL ASSETS</b>		<b>935,597,348</b>	<b>857,211,914</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## CONSOLIDATED BALANCE SHEETS

AT 31 DECEMBER 2005 AND 31 DECEMBER 2004

(Amounts expressed in New Turkish Lira [YTL] unless otherwise indicated)

	Notes	31 December 2005	31 December 2004
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>157,959,553</b>	<b>114,450,972</b>
Short-term bank borrowings	6	6,908,856	14,288,330
Short-term portion of long-term bank borrowings	6	39,979,946	6,845,370
Leasing payables (net)	8	1,791,072	1,467,902
Other financial liabilities (net)	10	-	-
Trade payables (net)	7	39,214,161	41,786,134
Due to related parties (net)	9	8,462,423	4,450,457
Advances received	21	960,188	1,713,698
Construction progress billings	13	-	-
Provisions	23	48,198,232	34,268,232
Deferred tax liabilities	14	-	-
Other liabilities (net)	10	12,444,675	9,630,849
<b>Non-current liabilities</b>		<b>104,339,768</b>	<b>143,351,261</b>
Long-term bank borrowings (net)	6	26,578,620	61,128,601
Leasing payables (net)	8	3,724,463	3,553,421
Other financial liabilities (net)	10	-	-
Trade payables (net)	7	30,747,373	38,270,028
Due to related parties (net)	9	-	1,139,948
Advances received	21	-	-
Provisions	23	8,133,033	7,054,348
Deferred tax liabilities	14	35,061,371	32,204,915
Other liabilities (net)	10	94,908	-
<b>MINORITY INTEREST</b>		<b>24</b>	<b>16,045,560</b>
<b>SHAREHOLDERS' EQUITY</b>		<b>657,252,467</b>	<b>583,017,868</b>
Share capital	25	416,742,560	416,742,560
Treasury shares	25	-	-
Capital reserves	26	81,270,970	81,270,970
Share premium		-	-
Share cancellation gains		-	-
Revaluation fund		-	-
Financial assets fair value reserve		-	-
Inflation adjustment to shareholders' equity		81,270,970	81,270,970
Profit reserves	27	12,068,250	12,923,497
Legal reserves		11,170,063	11,170,063
Statutory reserves		-	-
Extraordinary reserves		2,108,245	2,108,245
Special reserves		-	-
Investment and property sales income to be added to the capital		-	-
Translation reserve		(1,210,058)	(354,811)
Current year profit		87,580,389	27,200,087
Retained earnings	28	59,590,298	44,880,754
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>935,597,348</b>	<b>857,211,914</b>
Commitments and contingent liabilities	31		

These consolidated financial statements as at and for the year ended at 31 December 2005 have been approved by the Board of Directors on 7 April 2006.

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

**HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**  
**CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS**  
**ENDED 31 DECEMBER 2005 AND 2004**

(Amounts expressed in New Turkish Lira [YTL] unless otherwise indicated)

		31 December 2005	31 December 2004
<b>OPERATING REVENUES</b>			
Net sales	36	585,174,934	473,549,359
Cost of sales (-)	36	(375,570,681)	(305,516,240)
Income from services	36	-	-
Income from other operating activities	36	-	-
<b>GROSS OPERATING PROFIT</b>		<b>209,604,253</b>	<b>168,033,119</b>
Operating expenses (-)	37	(105,994,600)	(90,138,293)
<b>NET OPERATING PROFIT</b>		<b>103,609,653</b>	<b>77,894,826</b>
Other income and profits	38	60,248,455	59,700,224
Other expenses and losses (-)	38	(35,491,390)	(45,033,368)
Financial expenses	39	(6,217,237)	(9,975,958)
<b>OPERATING PROFIT</b>		<b>122,149,481</b>	<b>82,585,724</b>
Monetary loss	40	-	(17,898,931)
<b>MINORITY INTEREST</b>	<b>24</b>	<b>346,253</b>	<b>960,586</b>
<b>INCOME BEFORE TAX</b>		<b>122,495,734</b>	<b>65,647,379</b>
Taxes on income	41	(34,915,345)	(38,447,292)
<b>NET INCOME</b>		<b>87,580,389</b>	<b>27,200,087</b>
<b>EARNINGS PER SHARE</b>	<b>42</b>	<b>0.210</b>	<b>0.065</b>

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

**HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004**

(Amounts expressed in New Turkish Lira [YTL] unless otherwise indicated)

	Share capital	Inflation adjustment to shareholders' equity	Profit reserves			Retained earnings		
			Legal reserves	Extraordinary reserves	Translation reserve	Retained earnings	Net income for the period	Total shareholders' equity
Balances at 1 January 2004	245,142,682	231,427,036	8,067,578	301,546	(803,537)	38,113,183	58,652,105	580,900,593
Cumulative translation differences	-	-	-	-	448,726	-	-	448,726
Transfers	171,599,878	(150,156,066)	3,102,485	1,806,699	-	32,299,109	(58,652,105)	-
Dividend	-	-	-	-	-	(25,531,538)	-	(25,531,538)
Net income for the period	-	-	-	-	-	-	27,200,087	27,200,087
<b>Balances at 31 December 2004</b>	<b>416,742,560</b>	<b>81,270,970</b>	<b>11,170,063</b>	<b>2,108,245</b>	<b>(354,811)</b>	<b>44,880,754</b>	<b>27,200,087</b>	<b>583,017,868</b>

	Share capital	Inflation adjustment to shareholders' equity	Profit reserves			Retained earnings		
			Legal reserves	Extraordinary reserves	Translation reserve	Retained earnings	Net income for the period	Total shareholders' equity
Balances at 1 January 2005	416,742,560	81,270,970	11,170,063	2,108,245	(354,811)	44,880,754	27,200,087	583,017,868
Cumulative translation differences	-	-	-	-	(855,247)	-	-	(855,247)
Transfers	-	-	-	-	-	27,200,087	(27,200,087)	-
Dividend	-	-	-	-	-	(12,490,543)	-	(12,490,543)
Net income for the period	-	-	-	-	-	-	87,580,389	87,580,389
<b>Balances at 31 December 2005</b>	<b>416,742,560</b>	<b>81,270,970</b>	<b>11,170,063</b>	<b>2,108,245</b>	<b>(1,210,058)</b>	<b>59,590,298</b>	<b>87,580,389</b>	<b>657,252,467</b>

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

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2005

(Amounts expressed in New Turkish Lira [YTL] unless otherwise indicated)

### NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Hürriyet Gazetecilik ve Matbaacılık A.Ş. (a Turkish corporation - "Hürriyet" or the "Company") was established in 1960 and is registered in Istanbul (Turkey). The Company undertakes journalism, printing and advertising. The Company operates 7 printing plants in Turkey with locations in Istanbul, Ankara, Izmir, Adana, Antalya and Trabzon and in Germany. The Company is a member of the Doğan Şirketler Grubu Holding A.Ş. ("Doğan Holding") through the investment of Doğan Yayın Holding A.Ş. ("Doğan Yayın"), which has a majority ownership in the Company.

The address of the registered office is as follows:

Hürriyet Medya Towers  
34212 Güneşli, Istanbul  
Turkey

The Company is registered with the Capital Markets Board ("CMB") and its shares have been quoted on the Istanbul Stock Exchange ("ISE") since 1992. 40% of the capital of the Company is circulated in Istanbul Stock Exchange.

The subsidiaries ("Subsidiaries") and associates ("Associates") of the Company and the nature of the business of the subsidiaries and associates are as follows:

Company name	Country of incorporation	31 December 2005	31 December 2004	Nature of business
Doğan Basım ve Dağıtım İşleri A.Ş. ("Doğan Basım")	Turkey	Subsidiary	Subsidiary	Publishing and administrative services
Doğan Ofset Yayıncılık ve Matbaacılık A.Ş. ("Doğan Ofset")	Turkey	Subsidiary	Subsidiary	Magazine and book publishing
Hürriyet Zweigniederlassung GmbH. ("Hürriyet Zweigniederlassung")	Germany	Subsidiary	Subsidiary	Newspaper publishing
DS Servis İdari Hizmetler ve Tic. A.Ş. ("DS Servis")	Turkey	Subsidiary	Subsidiary	Administrative service
Yenibir İnsan Kaynakları ve Danışmanlık Hiz. A.Ş. ("Yenibir") (*)	Turkey	Subsidiary	Subsidiary	Internet services
Egeser Servis İdari Hizmetleri ve Tic. A.Ş. ("Egeser Servis")	Turkey	Subsidiary	Subsidiary	Administrative service
Hür Servis Sosyal Hizmetler ve Tic. A.Ş. ("Hür Servis")	Turkey	Subsidiary	Subsidiary	Administrative service
Hür Medya İlançılık ve Reklamcılık Tic. A.Ş. ("Hür Medya")	Turkey	Subsidiary	Subsidiary	Advertising
Hürriyet Ticari ve Sınai Ürünleri Pazarlama A.Ş. ("Hürriyet Pazarlama")	Turkey	Subsidiary	Subsidiary	Marketing
Doğan Haber Ajansı A.Ş. ("Doğan Haber")	Turkey	Subsidiary	Subsidiary	News agency
Orta Anadolu Otomotiv Ticaret ve Sanayi A.Ş. ("Orta Anadolu Oto")	Turkey	Subsidiary	Subsidiary	Automotive
Doğan Kitapçılık A.Ş. ("Doğan Kitapçılık")	Turkey	Associate	Associate	Book publishing
Doğan Prodüksiyon ve Tic A.Ş. ("Doğan Prodüksiyon") (**)	Turkey	-	Associate	TV programme production
Doğan Media International ("Doğan Media")	Germany	Associate	Associate	Distribution
Yaysat Yayın Pazarlama ve Dağıtım A.Ş. ("Yaysat")	Turkey	Associate	Associate	Distribution
DYG İlan ve Reklam Hizmetleri A.Ş. ("DYG İlan")	Turkey	Associate	Associate	Advertising
Digital Hizmetler A.Ş. ("Digital Hizmetler") (**)	Turkey	-	Associate	Telecommunication
Doğan Telekomünikasyon Hizmetleri Satış ve Pazarlama A.Ş. ("Doğan Telekom") (**)	Turkey	-	Associate	Telecommunication

All Subsidiaries and Associates are registered in Turkey, except Hürriyet Zweigniederlassung and Doğan Media, which are registered in Germany.

The Company and its Subsidiaries ("Group") operates predominantly in one industry segment, media, and as the sales and the purchases of the Group are made and the assets of the Group are located mainly in Turkey, no segmental information is considered necessary.

(\*) The trade register name of Hürriyet İnternet Hizmetleri has been changed as Yenibir İnsan Kaynakları ve Danışmanlık Hiz. A.Ş. since 28 February 2005.

(\*\*) The Company sold all its shares in Doğan Prodüksiyon to Doğan TV-Radyo Yayıncılık A.Ş. ("Doğan TV") at 7 February 2005. The Company sold all its shares in Digital Hizmetler to Pluton Televizyon ve Yayıncılık A.Ş., a member of Çukurova Holding, at 19 August 2005 and sold all its shares in Doğan Telekom to related persons at 28 September 2005.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2005

(Amounts expressed in New Turkish Lira [YTL] unless otherwise indicated)

### NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

#### 2.1 Accounting policies

##### Preparation of the financial statements

The consolidated financial statements of the Group have been prepared in accordance with accounting and reporting principles published by the Capital Markets Board ("CMB"), namely "CMB Accounting Standards". The CMB published a comprehensive set of accounting principles in Communiqué No: XI-25 "The Accounting Standards in the Capital Markets". In the aforementioned communiqué, it has been stated that applying the International Financial Reporting Standards "IFRS" issued by the International Accounting Standards Board ("IASB") is accepted as an alternative to conform with the CMB Accounting Standards.

With the decision taken on 17 March 2005, the CMB has announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with CMB Accounting Standards. Accordingly, the Company did not apply IAS 29 "Financial Reporting in Hyperinflationary Economies" issued by IASB in its consolidated financial statements for the accounting periods starting 1 January 2005. The consolidated financial statements of the Company as of 31 December 2004 are expressed in the purchasing power of YTL at 31 December 2004. These consolidated financial statements and the related notes have been presented in accordance with the formats required by the CMB with the announcement dated 20 December 2004.

#### 2.2 Significant accounting estimates and decisions

The preparation of the financial statements requires the use of assumptions and estimates which might affect the amounts of assets and liabilities, explanation of commitments and contingent liabilities which were reported as of the balance sheet date and the revenues and expenses which were reported throughout the period. Eventhough, these assumptions and estimates rely on the best estimates of the Company management; the actual results might differ from them.

#### 2.3 Financial reporting in hyperinflationary periods

At 31 December 2004, the consolidated financial statements were expressed in terms of the purchasing power of YTL at 31 December 2004. As disclosed in "accounting policies" note, the CMB has announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for the companies operating in Turkey and preparing their financial statements in accordance with CMB Accounting Standards. Therefore, the Company didn't apply inflation accounting since 1 January 2005.

International Accounting Standard 29 ("IAS 29"), requires that 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 of the comparative amounts was calculated by means of conversion factors derived from the Turkish nationwide wholesale price index ("WPI") published by the State Institute of Statistics ("SIS").

Indices and conversion factors used to restate the comparative amounts in consolidated financial statements until 31 December 2004 are given below:

Dates	Index	Conversion factors	Cumulative three-year inflation rate (%)
31 December 2005	8,403.8	1.000	69.7
31 December 2004	7,382.1	1.138	181.1
31 December 2003	6,478.8	1.297	227.3

The main procedures for the aforementioned restatement of the financial statements as of 31 December 2004 at purchasing power 31 December 2004 are as follows:

- Financial statements for the previous periods prepared in the currency of a hyperinflationary economy are stated in terms of the measuring unit at 31 December 2004.
- Monetary assets and liabilities that are carried at amounts current at the balance sheet date are not restated because they are already expressed in terms of the monetary unit current at the balance sheet date.
- Non-monetary assets and liabilities, which are not carried at amounts current at the balance sheet date, and components of shareholders' equity, are restated by applying the relevant conversion factors.
- All items in the statement of income are restated by applying the relevant (monthly) conversion factors and are stated in terms of the measuring unit at 31 December 2004.
- The effect of inflation on the net monetary position of the Group is included in the statement of income for the previous periods as loss on net monetary position.

Effects of ceasing hyperinflation accounting are summarized below:

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2005

(Amounts expressed in New Turkish Lira [YTL] unless otherwise indicated)

- As the hyperinflationary period ceases, the current period financial statements are not restated and financial information related to previous reporting periods are expressed in terms of purchasing power of the last reporting period in which inflation adjustment was applied.
- As the hyperinflationary period ceases, the restated amount of the non-monetary assets, liabilities and equity which are expressed in terms of purchasing power at the last balance sheet date; are accepted as the opening balances of such items at 1 January 2005.

### 2.4 Financial statements of foreign Subsidiaries and Associates

The financial statements of Subsidiaries and Associates that operate in foreign countries are prepared according to the regulations of the countries where they operate and the necessary adjustments and reclassifications have been reflected in order to comply with basis of presentation that are explained in Note 2. The assets and liabilities of foreign Subsidiaries and Associates are translated into New Turkish lira ("YTL") using the relevant foreign exchange rates prevailing at the balance sheet date. The results of the foreign Subsidiaries and Associates are translated into YTL using average exchange rate for the period and are restated by applying the relevant conversion factors and are expressed as YTL at the purchasing power of the balance sheet date (for 31 December 2004). Exchange differences arising on retranslation of the opening net assets of foreign Subsidiaries and Associates and arising from using closing and average exchange rates are included in the shareholders' equity as translation reserve.

### 2.5 Consolidation principles

The consolidated financial statements include the accounts of the parent company, Hürriyet Gazetecilik ve Matbaacılık A.Ş., its Subsidiaries, and its Associates (altogether referred as the "Group") on the basis set out in sections (a) to (b) below. The financial statements of the companies included in the consolidation are based on the statutory records and for the purpose of fair presentation in accordance with the accounting policies described in Note 2.1 and applying uniform accounting policies and presentations; adjustments and reclassifications including restatement for changes in the general purchasing power of the YTL for the periods which inflation accounting has been applied (for 31 December 2004).

#### (a) Subsidiaries

Subsidiaries are companies in which the Company has power to control the financial and operating policies for the benefit of the Company either (a) through the power to exercise more than 50% voting rights relating to shares in the companies as a result of shares owned directly and indirectly by itself and/or by companies whereby the Company exercises control over the voting rights of (but does not have the economic benefit of) the shares held by them; or (b) although not having the power to exercise more than 50% of the voting rights, through the exercise of actual dominant influence over the financial and operating policies.

The results of Subsidiaries are included to the consolidated financial statements from their effective dates of acquisition.

The table below sets out all consolidated Subsidiaries and shows their shareholding structure at 31 December 2005 and 31 December 2004:

Name	31 December 2005 Direct and indirect control by the Company and its Subsidiaries (%)	31 December 2004 Direct and indirect control by the Company and its Subsidiaries (%)
Hürriyet Zweigniederlassung	100.00	100.00
DS Servis	100.00	100.00
Egeser Servis	100.00	100.00
Yenibir	100.00	100.00
Hür Servis	100.00	100.00
Hür Medya	100.00	100.00
Doğan Basım	99.99	99.99
Hürriyet Pazarlama	97.43	95.71
Orta Anadolu Oto	81.36	81.36
Doğan Ofset	54.85	54.85
Doğan Haber	50.01	50.01

#### (b) Investments in associated undertakings

Investments in associated undertakings are accounted for by the equity method of accounting. These are undertakings over which the Group generally has between 20% and 50% of the voting rights, or over which the Group has significant influence, but which it does not control. Unrealised gains on transactions between the Group and its associated undertakings are eliminated to the extent of the Group's interest in the associated undertakings; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Equity accounting is discontinued when the carrying amount of the investment in an associated undertaking reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associated undertaking or significant influence of the Company ceases. The carrying amount of the investment at the date when significant influence ceases is regarded as cost thereafter.

The table below sets out the Associates and shows the proportion of ownership interests at 31 December 2005 and 31 December 2004.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2005

(Amounts expressed in New Turkish Lira [YTL] unless otherwise indicated)

Name	31 December 2005 Direct and indirect control by the Company and its Subsidiaries (%)	31 December 2004 Direct and indirect control by the Company and its Subsidiaries (%)
Doğan Kitapçılık	48.90	48.90
Doğan Media	43.93	43.93
Yaysat	25.00	25.00
DYG İlan	20.00	20.00
Doğan Prodüksiyon (*)	-	40.55
Digital Hizmetler (**)	-	22.74
Doğan Telekom (***)	-	28.71

(\*) The Company sold all its shares in Doğan Prodüksiyon to Doğan TV at 7 February 2005.

(\*\*) The Company sold all its shares in Digital Hizmetler to Pluton Televizyon ve Yayıncılık A.Ş., a member of Çukurova Holding, at 19 August 2005.

(\*\*\*) The company sold the all its shares in Doğan Telekom to related persons at 28 September 2005.

### (c) Minority interest

The minority shareholders' share in the net assets and results for the period for Subsidiaries are separately classified in the consolidated balance sheets and statements of income as minority interest.

The losses applicable to the minority in a consolidated subsidiary may exceed the minority interest in the equity of the subsidiary. The excess, and any further losses applicable to the minority, are charged against the majority interest except to the extent that the minority has a binding obligation to, and is able to, make good the losses. If the subsidiary subsequently reports profits, the majority interest is allocated all such profits until the minority's share of losses previously absorbed by the majority has been recovered.

### NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below:

#### Index to accounting policies:

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#### A. Related parties

For the purposes of these consolidated financial statements, Doğan Şirketler Grubu Holding A.Ş. ("Doğan Holding") and Doğan Yayın Holding A.Ş. ("Doğan Yayın"), shareholders, key management personnel and Board members, in each case together with their families and companies controlled or affiliated with them, and associates are considered and referred to as related parties (Note 9).

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2005

(Amounts expressed in New Turkish Lira [YTL] unless otherwise indicated)

### B. Financial assets at fair value through profit and loss

IAS 39- Financial Assets (IAS 39), has been revised, to be effective from 1 January 2005. Accordingly, changes in the fair values of financial assets other than investments in shares with no market values quoted in the stock exchange, or whose fair values cannot be reliably measured, provided that they are defined at the first inclusion in the financial statements, can be recognised in the statement of income.

As stated in the revised IAS 39, when applying the revised IAS 39 for the first time, the Group classified assets held for trading in the previous periods, other than investments in shares that had no market values quoted in the stock exchange or whose fair values could not be reliably measured, as "financial assets at fair value through profit and loss" (Note 16). Since the changes in the fair values of the relevant financial assets were accounted at profit and loss until 31 December 2004, the related comparative amounts disclosed at previous periods are not revised. The Group has accounted for the changes in the fair values of the relevant assets in the current period in the statement of income.

### C. Trade receivables and provision for doubtful receivables

Trade receivables that are created by the Group by way of providing goods or services directly to a debtor are carried at amortized cost. Trade receivables that deferred financial income is netted off, is calculated by discounting amounts that will be collected of trade receivables recorded in the original invoice value in the subsequent periods by effective interest method. Short duration receivables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant (Note 7).

A credit risk provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other income.

### D. Inventories

Inventories are valued at the lower of cost or estimated selling price less estimated costs to make the sale. Cost elements included in inventories are materials, labour and an appropriate amount for production overheads. The cost of inventories is determined on the weighted average basis (Note 12).

### E. Investment properties and depreciation

Buildings and land held to earn rentals or for capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business are classified as investment property. Items which are acquired before 1 January 2005, are carried at cost and restated to the equivalent purchasing power at 31 December 2004 less accumulated depreciation (except land) and impairment. Items which are acquired in 2005 are carried at cost less accumulated depreciation (except land) and impairment. Depreciation is provided using a straight-line basis. The depreciation periods for investment property, which approximate the economic useful lives of such assets, are 50 years (Note 18).

Investment properties are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of asset net selling price or value in use.

### F. Property, plant, and equipment and depreciation

Property, plant and equipment acquired before 1 January 2005 are carried at cost and restated to the equivalent purchasing power at 31 December 2004 less accumulated depreciation. Items which are acquired in 2005 are carried at cost less accumulated depreciation (Note 19). Depreciation is provided using the straight-line method based on the estimated useful lives of the assets. The estimated useful lives are as follows:

Buildings	25-50 years
Machinery and equipment	10-15 years
Furniture and fixtures	4-10 years
Motor vehicles	5 years
Leasehold improvements	5 years

Property, plant and equipment is reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of asset net selling price or value in use.

Gains or losses on disposals of property, plant and equipment are included in the other income and expense accounts, as appropriate.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2005

(Amounts expressed in New Turkish Lira [YTL] unless otherwise indicated)

### G. Financial leases

Assets acquired under finance lease agreements are capitalised at the inception of the lease at the fair value of the leased asset or at the present value of the lease payment, whichever is the lower, less accumulated depreciation. Minimum lease payments are treated as comprising capital and interest elements.

The capital elements are treated as reducing the capitalised obligation under the lease and the interest element is charged to the consolidated statement of income. Depreciation on the relevant asset is also charged to the consolidated statement of income over a period depending on the useful life of the asset.

### H. Goodwill / negative goodwill and amortization

A business combination is the bringing together of separate entities or businesses into one reporting entity. Business combinations are accounted for using the purchase method.

The cost of a business combination is allocated by recognising the acquiree's identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill has been recognised as an asset and has initially been measured as the excess of the cost of the combination over the acquiree's assets, liabilities and contingent liabilities. In business combinations the acquirer recognises identifiable assets (such as deferred tax), intangible assets (such as trademarks) and/or contingent liabilities separately from goodwill at their fair values in the consolidated financial statements. The goodwill previously recognised in the financial statements of the acquiree is not considered as an identifiable asset.

In the consolidated financial statements the goodwill and negative goodwill, the difference between the fair value of purchase consideration and the attributable share of the Company in the fair value of the underlying net assets of the company acquired, are capitalized and fully amortised using the straight-line method over the useful life until 31 December 2004 if the acquisition is before 31 March 2004. Within the context of IFRS 3 - "Business Combinations" amortisation accounting is not applied for goodwill related to the acquisitions after 31 March 2004, and the carrying value of goodwill is reviewed annually and adjusted for permanent impairment where it is considered necessary (Note 17). The carrying amount of negative goodwill related to the acquisition after 31 March 2004 is reviewed and accounted for as income in the related period. In accordance with IFRS 3, goodwill associated with the transactions before 31 March 2004 are not amortized starting from the beginning of the first annual period beginning on or after 31 March 2004 (1 January 2005) and are being reviewed for impairment annually.

### I. Intangible assets and amortization

Intangible assets comprise acquired intellectual property, trademarks and other identified rights. Items acquired before 1 January 2005 are carried at cost and restated to the equivalent purchasing power at 31 December 2004, items acquired in 2005 are carried at cost. Assets are amortised using the straight-line method over their estimated useful lives for a period not exceeding 5 years from the date of acquisition. Where an indication of impairment exists, the carrying amount of any intangible asset is assessed and written down immediately to its recoverable amount (Note 20).

### J. Deferred taxes

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Currently enacted tax rates are used to determine deferred income tax.

In substance, temporary differences arise from the differences in the periods of the recognition of income and expenses in accordance with the accounting policies described in Note 2 and tax legislation.

Deferred tax liabilities are recognised for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised.

Deferred tax assets and deferred tax liabilities related to income taxes levied by the same taxation authority are offset accordingly.

### K. Bank borrowings

Bank borrowings are recognized initially at proceeds received, net of transaction costs incurred. Bank borrowings are subsequently stated at amortised cost using the effective yield method; any difference between the proceeds and redemption value is recognized in the income statement over the period of the borrowings (Note 6).

### L. Employment termination benefits

Provision for employment termination benefits represents the present value of the estimated total reserve of the future probable obligation of the Company calculated by applying actuarial valuation methods arising from the retirement of the employees calculated in accordance with the Turkish Labour Law. Liabilities payable within a 12-month period subsequent to the balance sheet date are accounted for in full and classified as short-term in the consolidated financial statements (Note 23).

### M. Provisions

Provisions are recognised when the Group has a present legal constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2005

(Amounts expressed in New Turkish Lira [YTL] unless otherwise indicated)

### N. Share capital and dividends

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared. Dividend receivables are accounted for income at the date of dividend collection is eligible.

### O. Foreign currency transactions and translation

Income and expenses arising in foreign currencies have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated at the exchange rates prevailing at the balance sheet dates. Exchange gains or losses arising from settlement and translation of foreign currency items have been included in the consolidated income statement.

### P. Revenue recognition

Revenue from newspaper sales is recognized at the time of delivery of the newspapers by the distribution company to the vendor at the invoiced values. Revenue arising through advertising is recognized at the time of publishing, at the invoiced values. The amount of recorded income should be measurable, economic benefits should arise as a result of the transactions, and the income should be accounted for with respect to the fair value of the receivable income. If the sales transaction is including a financing transaction, the fair value of the sales amount should be calculated according to the receivables dates related to the sales. Net sales represent the invoiced value of goods shipped less sales returns and commission, and excluding sales taxes. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognized as interest income on a time proportion basis that takes into account the effective yield on the asset. Newspaper sale returns are recorded at the time of sale, based on previous experience and other relevant factors. Sales premiums given to the customers based on the advertising revenue is accounted under "operating expenses".

### *Interest income:*

Interest income is recognized on a time proportion basis that takes into account the effective yield on the asset.

### *Rental income:*

Rental income of investment properties is recognized on an accrual basis.

### *Other income:*

Other income is recognized on an accrual basis.

### Q. Barter agreements

When goods or services are exchanged or swapped for goods or services, which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred (Note 31).

### R. Earnings per share

Earnings per share disclosed in the consolidated statements of income are determined by dividing net profit by the weighted average number of shares that have been outstanding during the period concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("Bonus Shares") to existing shareholders from retained earnings (Note 26). For the purpose of earnings per share computations, such Bonus Share issuances are regarded as issued shares. Accordingly the weighted average number of shares used in earnings per share computations is derived by giving retroactive effect to the issuances of the shares without consideration (Note 42).

In case of dividend payment, earning per share is determined on existing number of shares rather than the weighted average numbers of shares.

### S. Cash and cash equivalents

Cash and cash equivalents include cash and amounts due from banks, and highly liquid investments with maturity periods of less than three-months (Note 4).

### T. Offsetting

All items, significant in terms of content and amount, are stated separately in the consolidated financial statements even if they bear the same characteristics. Insignificant amounts or items displaying similar characteristics are stated collectively. As a consequence, situations that arise due to the content of transactions and events make offsetting necessary, as the stating of the transaction or event over the net values or recognising assets after the deduction for impairment, is not regarded as a violation of the rule of non-offsetting. Income obtained, other than revenue, defined under the title "Proceeds" as a result of the Group's transactions realised within the normal course of business, are accounted for over the net values, provided that they are related to the essence of the transaction or event.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2005

(Amounts expressed in New Turkish Lira [YTL] unless otherwise indicated)

### U. Comparatives

To conform to changes in presentation of the financial statements as of 31 December 2005, comparative consolidated balance sheet as of 31 December 2004 and consolidated statements of income and consolidated statements of cash flows as of 31 December 2004 have been reclassified.

### V. Financial instruments and financial risk management

#### *Interest rate risk*

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities.

#### *Funding risk*

The ability to fund the existing and prospective debt requirements is managed by maintaining the availability of adequate committed funding lines from high quality lenders.

#### *Credit risk*

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. These risks are monitored by limiting the aggregate risk to any individual counterparty. The credit risk is generally highly diversified due to the large number of entities comprising the customer bases.

#### *Foreign currency risk*

The Group is exposed to the foreign exchange risk through the impact of rate changes in the translation of foreign currency denominated liabilities to YTL. These risks are monitored and limited by the analysis of foreign currency position (Note 29).

#### *Fair value of financial instruments*

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Group and its Subsidiaries using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange.

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value:

#### *Monetary assets*

The fair values of balances denominated in foreign currencies, which are translated at the period-end exchange rates, are considered to approximate carrying value.

The fair values of certain financial assets carried at cost, including cash and amounts due from banks, are considered to approximate their respective carrying values due to their short-term nature.

The carrying value of trade receivables along with the related allowances for uncollectibility is estimated to be their fair values.

#### *Monetary liabilities*

Trading liabilities have been estimated at their fair values.

The fair values of funds borrowed and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

Long-term borrowings, which are principally at variable rates, and denominated in foreign currencies, are translated at the period-end exchange rates and accordingly, their fair values approximate their carrying values.

**HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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(Amounts expressed in New Turkish Lira [YTL] unless otherwise indicated)

**NOTE 4 - CASH AND CASH EQUIVALENTS**

The analysis of cash and cash equivalents at 31 December 2005 and 2004 are as follows:

	31 December 2005	31 December 2004
Cash in hand	547,574	640,282
Cash at banks		
- demand deposits	4,439,820	1,564,668
- time deposits	145,808,861	67,812,142
- blocked deposits	1,765,117	1,988,868
	<b>152,561,372</b>	<b>72,005,960</b>

Cash and cash equivalents included in the consolidated statements of cash flows are as follows:

	31 December 2005	31 December 2004	31 December 2003
Cash and banks	152,561,372	72,005,960	103,927,071
Financial assets at fair value through profit and loss			
with maturities less than 3 months	-	-	25,540,021
Less: Interest accruals	(1,830,795)	(1,007,063)	(10,827,255)
	<b>150,730,577</b>	<b>70,998,897</b>	<b>118,639,837</b>

Regarding to the bank borrowings used by subsidiaries, cash and cash equivalents amounting to YTL 1,765,117 (31 December 2004: YTL 1,988,868) are not available for use as of 31 December 2005. Maturity of blocked time deposits is less than one month.

Period remaining to maturity for time deposits are as below:

	31 December 2005	31 December 2004
0-1 month	65,091,364	23,708,162
1-3 months	68,423,985	40,060,947
3-6 months	14,058,629	-
6-12 months	-	6,031,901
	<b>147,573,978</b>	<b>69,801,010</b>

At 31 December 2005, interest rates for local currency time deposits are between 13.75% and 19.00% (31 December 2004: 19% and 24.8%) and interest rates for foreign currency time deposits are between 1.00% and 4.50% (31 December 2004: 1% and 6%).

**NOTE 5 - MARKETABLE SECURITIES**

The analysis of financial assets at fair value through profit and loss at 31 December 2005 and 2004 are as follows:

	31 December 2005	31 December 2004
Treasury bills and government bonds	17,725,328	31,047,857
Eurobond	-	2,769,948
	<b>17,725,328</b>	<b>33,817,805</b>

The highest price of the pending current orders as of the second session of 31 December 2005 has been used when determining the fair value of treasury bills and government bonds as of 31 December 2005. At 31 December 2005, treasury bills and government bonds have interest rates between 14.17% and 14.50% (31 December 2004: 20.46% and 22.7%). At 31 December 2004, Eurobond has an interest rate of 11%.

**HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**  
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Maturity analysis for the financial assets at fair value through profit and loss as of 31 December 2005 and 31 December 2004 is as follows:

	31 September 2005	31 December 2004
31-90 days	16,951,754	-
91-180 days	517,125	-
181- 365 days	256,449	4,417,258
Over 365 days	-	29,400,547
	<b>17,725,328</b>	<b>33,817,805</b>

At 31 December 2005 and 31 December 2004, there are no pledged financial assets at fair value through profit and loss.

**NOTE 6 - BORROWINGS**

Details of borrowings at 31 December 2005 and 2004 are as follows:

	Effective interest rate per annum (%)		Original foreign currency		YTL	
	31 December 2005	31 December 2004	31 December 2005	31 December 2004	31 December 2005	31 December 2004
<b>Short-term bank borrowings:</b>						
- Euro	4.93-7	2.96-7.11	3,884,318	3,524,400	6,166,355	6,438,373
- USD	1.09-6	4.7-12.75	509,127	3,421,930	683,147	4,592,573
- YTL		25	59,354	3,257,384	59,354	3,257,384
<b>Total</b>					<b>6,908,856</b>	<b>14,288,330</b>
<b>Short-term portion of long-term borrowings:</b>						
- USD	6.36-12	Libor+0.75-4	26,940,301	5,100,491	36,148,496	6,845,370
- Euro	2.96-7.11	-	2,143,214	-	3,402,353	-
- CHF	4	-	421,179	-	429,097	-
<b>Total</b>					<b>39,979,946</b>	<b>6,845,370</b>
<b>Long-term bank borrowings:</b>						
- Euro	2.96-7.11	2.96-7.11	13,067,925	16,939,597	20,745,331	30,945,256
- USD	5.7-7	4-12.75	3,313,131	22,489,639	4,445,559	30,183,345
- CHF	4	-	1,356,600	-	1,382,104	-
- YTL	-	-	5,626	-	5,626	-
<b>Total</b>					<b>26,578,620</b>	<b>61,128,601</b>

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

Year	31 December 2005	31 December 2004
2006	-	37,291,876
2007	5,974,308	9,558,337
2008	5,640,906	3,046,559
2009	6,588,541	4,817,018
2010 and after	8,374,865	6,414,811
<b>Total</b>	<b>26,578,620</b>	<b>61,128,601</b>

**HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**  
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**NOTE 7 - TRADE RECEIVABLES AND PAYABLES**

Trade receivables net of unearned credit finance income at 31 December 2005 and 2004 are as follows:

	31 December 2005	31 December 2004
Trade receivables	136,684,871	106,780,778
Cheques and notes received	21,043,195	19,547,049
Receivables from credit cards	72,253	332,904
	<b>157,800,319</b>	<b>126,660,731</b>
Less: Provision for doubtful receivables	(10,616,655)	(6,229,530)
<b>Trade receivables - net</b>	<b>147,183,664</b>	<b>120,431,201</b>

In accordance with the factoring agreement signed between the Group and Doğan Factoring, trade receivables amounting to YTL 101,384,480 of the Group (31 December 2004: YTL 78,760,164) relating to advertisements and printed materials are followed by Doğan Factoring.

The movements of provisions for doubtful receivables during the periods are as follows:

	31 December 2005	31 December 2004
<b>1 January</b>	<b>6,229,530</b>	<b>6,945,809</b>
Provisions provided during the period (Note 38)	4,586,026	441,422
Collections	(198,901)	(301,872)
Monetary gain	-	(855,829)
<b>31 December</b>	<b>10,616,655</b>	<b>6,229,530</b>

Long-term trade receivables at 31 December 2005 and 2004 are as follows:

	31 December 2005	31 December 2004
Deposits and guarantees given	222,212	282,274
	<b>222,212</b>	<b>282,274</b>

Trade payables at 31 December 2005 and 2004 are as follows:

	31 December 2005	31 December 2004
Short-term trade payables (*)	38,537,093	41,375,113
Notes payable	677,068	411,021
	<b>39,214,161</b>	<b>41,786,134</b>

(\*) Short term trade payables mainly consist of payables related with fixed asset, paper and ink purchases.

	31 December 2005	31 December 2004
<b>Long-term payables to suppliers</b>	<b>30,747,373</b>	<b>38,270,028</b>

Long-term payables to suppliers resulted from the purchase of machinery and equipment.

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

Year	31 December 2005	31 December 2004
2006	-	14,196,784
2007	11,072,872	10,441,112
2008 and after	19,674,501	13,632,132
	<b>30,747,373</b>	<b>38,270,028</b>

**HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**  
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**NOTE 8 - LEASING RECEIVABLES AND PAYABLES**

Leasing payables at 31 December 2005 and 2004 are as follows:

	31 December 2005	31 December 2004
Short-term leasing payables	1,791,072	1,467,902
Long-term leasing payables	3,724,463	3,553,421
	<b>5,515,535</b>	<b>5,021,323</b>

The redemption schedule of long-term leasing payables is summarized below:

Yıl	31 December 2005	31 December 2004
2006	-	1,467,902
2007	1,863,233	1,467,902
2008	1,036,556	617,617
2009	356,903	-
2010 and after	467,771	-
	<b>3,724,463</b>	<b>3,553,421</b>

**NOTE 9 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

i) Balances with related parties:

a) Due from related companies:

Short-term:

	31 December 2005	31 December 2004
Doğan Yayın (*)	20,801,108	-
Doğan Gazetecilik A.Ş. ("Doğan Gazetecilik")	6,647,801	6,324,422
Doğan Dağıtım Satış ve Pazarlama A.Ş. ("Doğan Dağıtım")	5,891,252	6,147,502
Doğan Dış Ticaret ve Mümessillik A.Ş. ("Doğan Dış Ticaret")	3,419,226	7,667,928
Milliyet Verlags und Handels GmbH ("Milliyet Verlags")	2,573,517	4,007,578
Doğan Müzik Yapım ve Ticaret A.Ş. ("DMC")	1,723,542	1,161,307
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş. ("DB")	2,082,015	1,484,206
Doğan Media	1,934,083	2,313,938
Doğan TV (**)	1,691,312	8,276
Katalog Yayın ve Tanıtım Hizmetleri A.Ş.	1,623,940	-
Doğan Müzik Kitapçılık A.Ş. ("DMK")	1,378,094	677,793
Süper Kanal Televizyon Video Radyo Basın Yapım Yayın Tanıtım ve Haber Hizmetleri A.Ş. ("Süper Kanal") (***)	1,271,350	-
Milliyet Haber Ajansı A.Ş. ("Milha")	826,659	392,352
DTV Haber ve Görsel Yayıncılık A.Ş. ("Kanal D")	669,527	2,387
Doğan Factoring	544,483	-
Dergi Pazarlama Planlama A.Ş.	425,471	121,907
D Market Ticaret A.Ş. ("D Market")	295,168	203,646
Eko Televizyon Yayıncılık A.Ş. ("CNN Türk")	289,687	2,632,143
Other	1,236,103	1,068,918
	<b>55,324,338</b>	<b>34,214,303</b>

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**Long-term:**

	31 December 2005	31 December 2004
<b>Doğan Yayın (*)</b>	-	20,676,971

(\*) The group has obtained credit from Barclays Bank PLC at 27 January 2004 amounting to USD 15,000,000 (YTL 20,127,000, 31 December 2004: YTL 20,131,500), with the interest rate of 7.63 % and maturity date of 27 January 2006. The group has transferred the credit to Doğan Yayın with the same terms (Note 6). As of 31 December 2005 the interest accrual of the credit is YTL 674,108 (31 December 2004: YTL 545,471).

(\*\*) YTL 1,618,586 of the receivable from Doğan TV is resulted from the sales of Doğan Prodüksiyon (Note 16).

(\*\*\*) Receivable of the Group from Süper Kanal has aroused from sales of Digital Hizmetler shares to Pluton Televizyon ve Yayıncılık A.Ş. and receivable has undertaken by Süper Kanal.

**b) Due to related companies:**

**Short-term:**

	31 December 2005	31 December 2004
Doğan Yayın	3,055,567	2,044,914
Born Investment Holding Company S.A. ("Born Investment")	1,355,441	-
D-Yapı İnşaat Sanayi Ticaret A.Ş. (**)	1,328,584	-
Hürbim Bilgisayar ve Teknik Hizmetler A.Ş. ("Hürbim")	371,517	400,083
Doğan Daily News Gazetecilik ve Matbaacılık A.Ş. ("Doğan Daily News")	358,446	-
Işıl Televizyon Yayıncılık Yapımcılık Sanayi ve Ticaret A.Ş. ("Işıl TV")	324,293	-
Doğan İletişim	238,836	75,351
Others	1,429,739	1,930,109
	<b>8,462,423</b>	<b>4,450,457</b>

(\*) Group's payable to Born Investment is a financial liability.

(\*\*) The balance comprised of Contract Progress invoices of the Group's printing house construction in Izmir.

**Long-term:**

	31 December 2005	31 December 2004
Doğan Dağıtım	-	1,139,948
	-	<b>1,139,948</b>

The long-term liability is deposits taken from Doğan Dağıtım resulted from distribution of newspapers.

**c) Bank accounts:**

	31 December 2005	31 December 2004
Türk Dış Ticaret Bankası A.Ş. ("Dışbank") Malta Limited (*)	-	23,070,284
Dışbank (*)	-	1,542,553
	-	<b>24,612,837</b>

**d) Bank borrowings**

	31 December 2005	31 December 2004
Dışbank (*)	-	2,562,715
	-	<b>2,562,715</b>

(\*) Due to the disposal of Türk Dış Ticaret Bankası A.Ş. at 04 July 2005, Dışbank was excluded from the scope of the related party definition.

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**ii) Significant transactions with related parties:**

**a) Service and product sales:**

	2005	2004
Doğan Dağıtım	71,373,062	73,422,119
Doğan Gazetecilik	26,483,403	24,432,854
DB	8,387,089	5,974,010
Kanal D	5,868,598	1,517,653
CNN Türk	2,255,839	285,091
Doğan Yayın	1,633,691	37,408
Petrol Ofisi A.Ş.	1,480,938	921,216
Doğan Prodüksiyon (*)	-	3,342,593
Other	5,916,307	3,108,773
	<b>123,398,927</b>	<b>113,041,717</b>

(\*) Doğan Prodüksiyon has merged with CNN Türk. Service and product invoices are issued to CNN Türk instead of Doğan Prodüksiyon.

**b) Service and product purchases:**

	2005	2004
Doğan Dış Ticaret	120,828,957	106,803,545
Doğan Dağıtım (*)	15,415,750	14,010,022
Doğan Yayın	9,708,690	7,450,709
Kanal D	7,739,609	3,876,828
Hürbim	6,315,007	5,910,094
Doğan İletişim Telekomünikasyon Elektronik Servis Hizmetleri Turizm ve Yayıncılık A.Ş. ("Doğan Online")	2,346,706	1,623,274
D Yapım Yayın Reklamcılık A.Ş.	2,110,807	3,577,037
CNN Türk	1,872,864	4,502,804
Milta Seyahat Acentası İşletmeciliği A.Ş. ("Milta")	1,600,662	806,061
DMC	1,146,912	401,155
Other	8,784,957	6,542,879
	<b>177,870,921</b>	<b>155,504,408</b>

The group purchases its principal raw materials from Doğan Dış Ticaret.

(\*) Doğan Dağıtım provides newspaper distribution services to the Group. The amount of services and goods purchased from Doğan Dağıtım includes newspaper returns, distribution and transportation expenses.

**c) Other transactions with related parties:**

	2005	2004
Dışbank (*)	2,537,935	6,147,183
Doğan Dış Ticaret	1,665,476	1,815,933
Doğan Dağıtım	744,401	1,177,383
CNN Türk	468,536	288,081
DB	463,892	692,278
Doğan Gazetecilik	296,355	1,047,421
DMK	168,516	237,739
Doğan İletişim	149,952	758,223
Doğan Yayın	62,855	1,761,147
Hürbim	25,844	601,976
Other	1,233,134	767,423
	<b>7,816,896</b>	<b>15,294,787</b>

(\*) Due to the disposal of Türk Dış Ticaret Bankası A.Ş. at 04 July 2005, it was excluded from the scope of the related party definition.

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	2005	2004
<b>Other expenses:</b>		
Doğan Factoring	1,010,912	725,184
Doğan Dış Ticaret	35,082	64
Milta	30,367	-
Doğan Yayın	13,485	404,505
Other	7,982	23,539
	<b>1,097,828</b>	<b>1,153,292</b>

	2005	2004
<b>Sales of property and equipment:</b>		
Çamtepe İnşaat Yatırım Ticaret A.Ş. ("Çamtepe") (*)	26,000,000	-
Doğan Yayın Holding	-	707,420
Other	29,617	3,770
	<b>26,029,617</b>	<b>711,190</b>

(\*) The Company sold its 23,373 m<sup>2</sup> land in Şişli-Istanbul, estimated expertise value of which is amounting to YTL 22,000,000, to a related party Çamtepe İnşaat Yatırım Ticaret A.Ş. at the amount of YTL 26,000,000.

	2005	2004
<b>Purchase of property and equipment:</b>		
D-Market Elektronik	185,744	19,944
Doğan Gazetecilik	1,000	737,324
Doğan Yayın Holding	-	447,191
Other	169,429	99,680
	<b>356,173</b>	<b>1,304,139</b>

	2005	2004
<b>Payments made to members of the Board and key management personnel</b>	<b>3,176,884</b>	<b>1,574,206</b>

**NOTE 10 - OTHER RECEIVABLES AND PAYABLES**

Other current receivables at 31 December 2005 and 2004 are as follows:

	31 December 2005	31 December 2004
Prepaid taxes and funds (Note 41)	27,818,852	19,337,374
Advances given to personnel	2,968,780	1,704,897
Job advances	1,424,800	1,161,353
Value Added Tax ("VAT") receivable	478,605	619,178
Receivables from tax office	-	738,924
Other current assets	1,252,951	959,155
	<b>33,943,988</b>	<b>24,520,881</b>

Other current payables at 31 December 2005 and 2004 are as follows:

	31 December 2005	31 December 2004
Taxes and funds payable	10,066,117	7,417,974
Deferred income	1,088,896	861,098
Payable to personnel	759,823	439,531
Other	529,839	912,246
	<b>12,444,675</b>	<b>9,630,849</b>

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**NOTE 11 - BIOLOGICAL ASSETS**

None (31 December 2004: None)

**NOTE 12 - INVENTORIES**

	31 December 2005	31 December 2004
Promotion stocks	1,782,370	2,907,877
Impairment for promotion stocks	(132,939)	-
Promotion stocks, net	1,649,431	2,907,877
Raw materials and supplies	9,610,672	7,927,872
Finished goods and merchandise	4,010,044	3,430,586
Semi-finished goods	483,049	951,085
Order advances for raw material purchases	2,091,845	1,553,077
	<b>17,845,041</b>	<b>16,770,497</b>

Promotion stocks include promotion goods and properties.

**NOTE 13 - CONSTRUCTION CONTRACT RECEIVABLES AND PROGRESS BILLING**

None (31 December 2004: None).

**NOTE 14 - DEFERRED TAX ASSETS AND LIABILITIES**

The Group calculates deferred tax assets and liabilities based on the temporary differences between the financials prepared in accordance with the accounting policies described in Note 2 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 the accounting policies described in Note 2 and tax legislation.

The rate for the temporary differences for the year 2005 is 30% (2004: 33%).

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

	Cumulative temporary differences		Deferred tax assets/ (liabilities)	
	31 December 2005	31 December 2004	31 December 2005	31 December 2004
Provision for employee termination benefits	8,133,033	6,693,880	2,439,910	2,008,164
Difference between tax base and carrying value of trade receivables and due from related parties	7,014,452	1,717,422	2,509,176	521,878
Difference between tax base and carrying value of stocks	3,376,464	4,098,062	1,012,940	1,229,418
Difference between tax base and carrying value of investment property	-	1,950,967	-	585,290
Other, net	543,190	195,297	162,957	58,589
<b>Deferred tax assets</b>	<b>19,067,139</b>	<b>14,655,628</b>	<b>6,124,983</b>	<b>4,403,339</b>
Difference between tax base and carrying value of property, plant and equipment and intangibles	(124,299,043)	(117,694,365)	(37,870,811)	(35,308,311)
Other, net	(1,155,543)	(118,384)	(418,415)	(37,584)
<b>Deferred tax liabilities</b>	<b>(125,454,586)</b>	<b>(117,812,749)</b>	<b>(38,289,226)</b>	<b>(35,345,895)</b>
<b>Deferred tax liabilities, net</b>	<b>(106,387,447)</b>	<b>(103,157,121)</b>	<b>(32,164,243)</b>	<b>(30,942,556)</b>

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The movements of deferred balances during the year ended at 31 December are as below:

	31 December 2005	31 December 2004
Deferred tax liabilities - net, at 1 January	30,942,556	18,094,145
Deferred tax (income)/loss at the consolidated financial statements	1,221,687	13,302,852
Disposal of Subsidiaries	-	21,572
Acquisitions	-	(476,013)
<b>Deferred tax liabilities, net</b>	<b>32,164,243</b>	<b>30,942,556</b>

**NOTE 15 - OTHER CURRENT - NON CURRENT ASSETS AND LIABILITIES**

Other current assets at 31 December 2005 and 31 December 2004 are as follows:

	31 December 2005	31 December 2004
Prepaid expenses	3,427,557	2,900,076
Income accruals	306,255	209,888
	<b>3,733,812</b>	<b>3,109,964</b>

**NOTE 16 - FINANCIAL ASSETS**

Financial assets at 31 December 2005 and 2004 are as follows:

	31 December 2005	31 December 2004
Available-for-sale investments	4,362,682	3,699,136
Associates	7,676,708	11,100,831
	<b>12,039,390</b>	<b>14,799,967</b>

Details of available-for-sale investments at 31 December 2005 and 2004 are as follows:

	%	31 December 2005	%	31 December 2004
Doğan Havacılık San. ve Tic. A.Ş. ("Doğan Havacılık")	9.00	2,893,093	9.00	2,240,593
Doğan Raks	-	-	3.00	1,575,193
Doğan Factoring	5.00	736,422	5.00	724,502
Doğan Dış Ticaret A.Ş.	1.75	346,040	1.75	346,040
Coats İplik Sanayi A.Ş.	0.50	257,849	0.50	257,849
Other		129,278		130,152
		<b>4,362,682</b>		<b>5,274,329</b>
Impairment (*)		-		(1,575,193)
		<b>4,362,682</b>		<b>3,699,136</b>

(\*) The Company has identified impairment for the available-for-sale investment; Doğan Raks, and accounted for a provision for impairment. Shares were sold to Doğan Dış Ticaret A.Ş. at the amount of YTL 4,042 in 2005.

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Details of associates at 31 December 2005 and 2004 are as follows:

	%	31 December 2005	%	31 December 2004
Doğan Media	43.93	3,714,273	43.93	4,497,354
Doğan Kitapçılık	48.90	2,486,144	48.90	2,145,962
Yaysat	25.00	1,354,272	25.00	1,398,269
DYG İlan	20.00	122,019	20.00	128,493
Doğan Prodüksiyon	-	-	40.55	2,459,775
Digital Hizmetler	-	-	22.74	352,975
Doğan Telekom	-	-	28.71	118,003
		<b>7,676,708</b>		<b>11,100,831</b>

At 7 February 2005, the Company sold its shares in Doğan Prodüksiyon to Doğan TV at a sales price of YTL 2,158,115. Loss from the sales amounting to YTL 301,661 is recognized under "other expenses and losses" (Note 38). The Company sold all its shares in Digital Hizmetler to Pluton Televizyon ve Yayıncılık A.Ş., a group company of Çukurova Holding, at 19 August 2005 with an amount of YTL 1,124,145 equivalent of USD 826,213. Gain from the sales amounting to YTL 1,008,414 is recognized under "other income and profits" (Note 38). The company sold all its shares in Dogan Telekom after the result of valuation at 28 September 2005 to related natural persons with an amount of YTL 42,000. Gain from the sales amounting to YTL 75,158 is recognized under "other income and gains" (Note 38).

Movement of investments during the year ended 31 December 2005 is as follow:

	2005
<b>1 January</b>	<b>11,100,831</b>
Loss from associates (Note 38)	(493,370)
Disposals of associates	(2,930,753)
<b>31 December</b>	<b>7,676,708</b>

**NOTE 17 - GOODWILL/NEGATIVE GOODWILL**

There has not been any movement of positive goodwill in the year ended 31 December 2005. The Group tests and assesses if there is any impairment for the goodwill annually, at the date when the goodwill occurred and reflects it to the financial statements if there is any impairment. Amortization expense of the goodwill during the year ended at 31 December 2004 is YTL 755,478 and is booked under "other expenses and losses" (Note 38).

Movements of goodwill during the year ended 31 December 2005 are as follows:

	2005	2004
<b>1 January</b>	<b>11,332,183</b>	<b>12,087,661</b>
Additions	-	865,603
Amortization (Note 38)	-	(755,478)
Impairment (Note 38)	-	(865,603)
<b>31 December</b>	<b>11,332,183</b>	<b>11,332,183</b>

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**NOTE 18 - INVESTMENT PROPERTY**

Movements of investment property and related accumulated depreciation during the year ended 31 December 2005 are as follows:

	1 January 2005	Additions	Disposals	Impairment	31 December 2005
<b>Cost:</b>					
Land and land improvements	26,500,000	-	(22,000,000)	-	4,500,000
Buildings	14,220,015	2,066,250	(4,687,232)	2,815,320	14,414,353
<b>Total</b>	<b>40,720,015</b>	<b>2,066,250</b>	<b>(26,687,232)</b>	<b>2,815,320</b>	<b>18,914,353</b>
<b>Accumulated depreciation:</b>					
Buildings	536,842	234,638	(86,187)	-	685,293
<b>Total</b>	<b>536,842</b>	<b>234,638</b>	<b>(86,187)</b>	<b>-</b>	<b>685,293</b>
<b>Net book value</b>	<b>40,183,173</b>				<b>18,229,060</b>

Movements of investment property and related accumulated depreciation during the year ended 31 December 2004 are as follows:

	1 January 2004	Additions	Disposals	Impairment	31 December 2004
<b>Cost:</b>					
Land and land improvements	20,206,642	-	-	6,293,358	26,500,000
Buildings	15,405,390	-	-	(1,185,375)	14,220,015
<b>Total</b>	<b>35,612,032</b>	<b>-</b>	<b>-</b>	<b>5,107,983</b>	<b>40,720,015</b>
<b>Accumulated depreciation:</b>					
Buildings	262,426	274,416	-	-	536,842
<b>Total</b>	<b>262,426</b>	<b>274,416</b>	<b>-</b>	<b>-</b>	<b>536,842</b>
<b>Net book value</b>	<b>35,349,606</b>				<b>40,183,173</b>

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**NOTE 19 - PROPERTY, PLANT AND EQUIPMENT**

Movements of property, plant and equipment and related accumulated depreciation during the year ended 31 December 2005 are as follows:

	1 January 2005	Currency translation difference	Additions	Disposals	Transfers (*)	31 December 2005
<b>Cost</b>						
Land and land improvements	45,034,400	(411,171)	4,250,315	(1,118,932)	5,534,460	53,289,072
Buildings	232,868,347	(1,508,620)	1,826,791	(934,285)	940,297	233,192,530
Machinery and equipment	490,890,410	(4,815,869)	16,120,241	(4,076,011)	18,450,330	516,569,101
Motor vehicles	5,384,686	-	590,312	(417,168)	2,185,589	7,743,419
Furniture and fixtures	69,022,818	(149,257)	1,635,373	(691,514)	2,672,479	72,489,899
Leasehold improvements	21,660,728	-	639,393	(71,491)	13,078	22,241,708
Advances given	59,708	-	4,793,896	(2,646,034)	-	2,207,570
	<b>864,921,097</b>	<b>(6,884,917)</b>	<b>29,856,321</b>	<b>(9,955,435)</b>	<b>29,796,233</b>	<b>907,733,299</b>
Construction in progress	7,502,201	(242,015)	26,985,348	-	(30,037,156)	4,208,378
	<b>872,423,298</b>	<b>(7,126,932)</b>	<b>56,841,669</b>	<b>(9,955,435)</b>	<b>(240,923)</b>	<b>911,941,677</b>
<b>Accumulated depreciation</b>						
Land and land improvements	213,387	-	30,121	-	-	243,508
Buildings	36,778,832	(6,515)	5,156,252	(6,329)	-	41,922,240
Machinery and equipment	294,766,084	(2,010,371)	35,394,658	(2,380,571)	-	325,769,800
Motor vehicles	2,191,374	-	653,707	(390,124)	-	2,454,957
Furniture and fixtures	58,248,736	(246,326)	2,623,093	(281,189)	-	60,344,314
Leasehold improvements	17,395,174	-	2,125,022	(39,933)	-	19,480,263
	409,593,587	(2,263,212)	45,982,853	(3,098,146)	-	450,215,082
<b>Net book value</b>	<b>462,829,711</b>					<b>461,726,595</b>

As of 31 December 2005 tangible assets in machine and equipment group obtained via financial leasing is amounting to YTL 19,968,681 (31 December 2004: YTL 19,968,681), and these assets fully depreciated as of 31 December 2003.

At 31 December 2005 there are mortgages on property, plant and equipment amounting to YTL 12,500 (31 December 2004: YTL 43,012,500).

(\*) Transfers state transfers from construction in progress.

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Movements of property, plant and equipment and related accumulated depreciation during the year ended 31 December 2004 are as follows:

	1 January 2004	Currency translation difference	Additions	Disposals	Transfers (*)	Subsidiaries		31 December 2004
						Additions	Disposals	
<b>Cost</b>								
Land and land improvements	40,570,500	(250,761)	4,714,661	-	-	-	-	45,034,400
Buildings	219,722,094	(1,059,537)	1,749,898	(207,484)	157,967	12,505,409	-	232,868,347
Machinery and equipment	473,744,924	(3,425,863)	20,450,838	(1,367,745)	1,585,490	46,310	(143,544)	490,890,410
Motor vehicles	3,052,680	-	2,594,209	(540,844)	-	278,641	-	5,384,686
Furniture and fixtures	63,941,465	(113,275)	2,855,065	(958,390)	376	3,358,355	(60,778)	69,022,818
Leasehold improvements	21,656,476	-	6,172	(1,920)	-	-	-	21,660,728
Advances given	-	-	3,271,509	(3,211,801)	-	-	-	59,708
	<b>822,688,139</b>	<b>(4,849,436)</b>	<b>35,642,352</b>	<b>(6,288,184)</b>	<b>1,743,833</b>	<b>16,188,715</b>	<b>(204,322)</b>	<b>864,921,097</b>
Construction in progress	483,773	(12,562)	9,023,925	(249,102)	(1,743,833)	-	-	7,502,201
	<b>823,171,912</b>	<b>(4,861,998)</b>	<b>44,666,277</b>	<b>(6,537,286)</b>	<b>-</b>	<b>16,188,715</b>	<b>(204,322)</b>	<b>872,423,298</b>
<b>Accumulated depreciation</b>								
Land and land improvements	183,560	-	29,827	-	-	-	-	213,387
Buildings	31,731,634	(39,012)	4,770,983	(18,175)	-	333,402	-	36,778,832
Machinery and equipment	263,183,265	(1,392,757)	34,036,242	(935,106)	-	5,318	(130,878)	294,766,084
Motor vehicles	2,343,753	-	257,150	(460,580)	-	51,051	-	2,191,374
Furniture and fixtures	55,757,513	(232,815)	2,631,571	(838,301)	-	983,960	(53,192)	58,248,736
Leasehold improvements	15,304,936	-	2,091,347	(1,109)	-	-	-	17,395,174
	<b>368,504,661</b>	<b>(1,664,584)</b>	<b>43,817,120</b>	<b>(2,253,271)</b>	<b>-</b>	<b>1,373,731</b>	<b>(184,070)</b>	<b>409,593,587</b>
<b>Net book value</b>	<b>454,667,251</b>							<b>462,829,711</b>

As of 31 December 2005 tangible assets in machine and equipment group obtained via financial leasing is amounting to YTL 19,968,681 (31 December 2004: YTL 19,968,681), and these assets fully depreciated as of 31 December 2003.

At 31 December 2005 there are mortgages on property, plant and equipment amounting to YTL 45,281,477 (31 December 2004: YTL 48,965,531).

(\*) Transfers state transfers from construction in progress.

**NOTE 20 - INTANGIBLE ASSETS**

Movements of intangible assets and related accumulated amortisation during the year ended 31 December 2005 are as follows:

	1 January 2005	Additions	Disposals	Transfers	31 December 2005
<b>Cost</b>					
Rights	9,484,504	245,269	-	56,742	9,786,515
Software and other intangible assets	3,286,958	610,333	(269,555)	184,181	3,811,917
	<b>12,771,462</b>	<b>855,602</b>	<b>(269,555)</b>	<b>240,923</b>	<b>13,598,432</b>
<b>Accumulated amortization</b>					
Rights	8,724,276	468,123	-	-	9,192,399
Software and other intangible assets	3,072,521	641,356	(141,081)	-	3,572,796
	<b>11,796,797</b>	<b>1,109,479</b>	<b>(141,081)</b>	<b>-</b>	<b>12,765,195</b>
<b>Net book value</b>	<b>974,665</b>				<b>833,237</b>

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Movements of intangible assets and related accumulated amortization during the year ended 31 December 2004 are as follows:

	1 January 2005	Additions	Disposals	Transfers	31 December 2005
<b>Cost</b>					
Rights	8,596,486	725,142	-	162,876	9,484,504
Software and other intangible assets	3,369,004	721,537	(845,455)	41,872	3,286,958
	<b>11,965,490</b>	<b>1,446,679</b>	<b>(845,455)</b>	<b>204,748</b>	<b>12,771,462</b>
<b>Accumulated amortization</b>					
Rights	8,176,883	374,725	-	172,668	8,724,276
Software and other intangible assets	2,746,282	583,053	(281,205)	24,391	3,072,521
	<b>10,923,165</b>	<b>957,778</b>	<b>(281,205)</b>	<b>197,059</b>	<b>11,796,797</b>
<b>Net book value</b>	<b>1,042,325</b>				<b>974,665</b>

**NOTE 21 - ADVANCES RECEIVED**

	31 December 2005	31 December 2004
Short-term advances received	960,188	1,713,698
	<b>960,188</b>	<b>1,713,698</b>

The short-term advances comprise of the advances which are taken for the campaigns and other advances that are taken from the customers.

**NOTE 22 - RETIREMENT PLANS**

None (31 December 2004: None)

**NOTE 23 - PROVISIONS**

Short-term provisions at 31 December 2005 and 2004 are as follows:

	31 December 2005	31 December 2004
Provisions for lawsuits	14,504,574	8,807,489
Income tax provision (Note 41)	33,693,658	25,144,440
Other	-	316,303
	<b>48,198,232</b>	<b>34,268,232</b>

The movement schedules of provisions for lawsuits during the period are as follows:

	31 December 2005	31 December 2004
<b>At 1 January</b>	<b>8,807,489</b>	<b>4,533,348</b>
Charge for the period	5,697,085	8,807,489
Charge for the period	-	(3,982,202)
Monetary gain	-	(551,146)
<b>31 December</b>	<b>14,504,574</b>	<b>8,807,489</b>

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

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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. The company received a notification at 6 May 2005 and notified that the decision evaluation demand was refused which was against the Company with a majority of votes at 30 December 2004. Thereafter the case will be held by the local court and the local court can either insist on its decision or agree to the decision of the Council of State. The Company also appealed the judgment of compliance of Tax Court at 25 May 2005.

In reference to this lawsuit, considering that the Corporate Tax and Fund had already been paid in April 2001, and estimated the tax base (stamp and additional taxes) penalty and interest is amounts to YTL 5,122,163 as of 31 December 2005.

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. Regarding to the tax fine and penalty amounting to YTL 10,329,985, the Council of State accepted a partial cancellation in the amount of YTL 2,122,283, and refused the demand for the suspension of execution in the amount of YTL 8,207,702. The company paid the amount after the deduction of Corporate Tax and Fund Levy amounting to YTL 1,676,491 which had already been paid in April 2003, from the taxes subject to dispute, the tax fine and penalty subject to dispute is YTL 6,541,530, the interest amount is YTL 7,210,655 at 29 December 2004. Tax fine and penalty (YTL 6,541,530) is deducted from the provision and interest (YTL 7,210,655) is directly accounted as expense.

Additionally, the aforementioned demand of the Company at 10 September 2004 is still being reviewed at the date of this report. In the case that in future the law suits are finalised in favour of the Company, the aforementioned provisions accounted for in these consolidated financial statements will required to be reversed.

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 YTL 5,193,752 for the tax base and penalties as of 31 December 2005.

Long-term provisions at 31 December 2005 and 2004 are as follows:

	31 December 2005	31 December 2004
Provision for employment termination benefits	8,133,033	7,054,348
	<b>8,133,033</b>	<b>7,054,348</b>

There are no agreements for pension commitments other than the legal requirement as explained below.

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and who achieves the retirement age (58 for women and 60 for men) and whose employment is terminated without due cause, is called up for military service, or dies. At 31 December 2005 the amount payable consists of one month's salary limited to a maximum of YTL 1,727.15 (31 December 2004: YTL 1,574.74) for each year of service.

In addition, according to press sector regulations, companies should make payments to personnel who work for a minimum of 5 years and whose employment is terminated without due cause. The maximum payable amount is 30 days' salary for each year of service. The monthly salary figure is calculated by adding all cash and non-cash payments received during the year and dividing by twelve.

The liability is not funded, as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees.

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Accounting principles described in Note 2, require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly the following actuarial assumptions were used in the calculation of the total provision:

	31 December 2005	31 December 2004
Discount rate	5.49%	5.45%
Retention rate to estimate the probability of retirement	90%	92%

The principal assumption is that the maximum liability of YTL 1,727.15 (31 December 2004: YTL 1,574.74) for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation.

As the maximum liability is revised semi-annually, the maximum amount of YTL 1,770.62 (1 January 2005: YTL 1,648.90), which is effective from 1 January 2005, has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

Movements in the provision for employment termination benefits during the year are as follows:

	31 December 2005	31 December 2004
<b>1 January</b>	<b>7,054,348</b>	<b>4,138,451</b>
Additions due to the purchases of subsidiaries	-	1,154,064
Charge for the period including payments	1,078,685	2,049,926
Monetary gain	-	(288,093)
<b>31 December</b>	<b>8,133,033</b>	<b>7,054,348</b>

**NOTE 24 - MINORITY INTEREST**

Changes in minority interest during the periods stated below are as follows:

	31 December 2005	31 December 2004
<b>Balance at the beginning of period</b>	<b>16,391,813</b>	<b>14,585,219</b>
Net income / (loss) attributable to minority interest	(346,253)	(960,586)
Increase in minority interest due to Subsidiaries added to scope of consolidation	-	2,767,180
<b>Balance at the end of period</b>	<b>16,045,560</b>	<b>16,391,813</b>

**NOT 25 - CAPITAL/ADJUSTMENT TO 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 TL 1,000. There are no privileged shares. The Company's historical authorized and paid-in share capital at 31 December 2005 and 31 December 2004 are as follows:

	31 December 2005	31 December 2004
Limit on registered share capital (historical)	500,000,000	500,000,000
Historical authorized and paid-in share capital	416,742,560	416,742,560

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

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The shareholding structure of the Company is as follows:

	31 December 2005	Share (%)	31 December 2004	Share (%)
Doğan Yayın Holding A.Ş.	250,045,536	60	250,045,536	60
Publicly owned	166,697,024	40	166,697,024	40
	<b>416,742,560</b>		<b>416,742,560</b>	
Adjustment to share capital	77,198,813		77,198,813	
<b>Total share capital</b>	<b>493,941,373</b>		<b>493,941,373</b>	

Adjustment to share capital represents the restatement effect of the cash contributions to share capital at 31 December 2004 equivalent purchasing power.

**NOT 26 - CAPITAL RESERVES**

Details of the inflation adjustment to shareholders' equity stated under capital reserves at 31 December 2005 and 31 December 2004 are as follows:

	31 December 2005			31 December 2004		
	Historical figures	Restated figures	Inflation adjustment to shareholders' equity	Historical figures	Restated figures	Inflation adjustment to shareholders' equity
Share capital	416,742,560	493,941,373	77,198,813	416,742,560	493,941,373	77,198,813
Legal reserves	11,170,063	15,071,295	3,901,232	11,170,063	15,071,295	3,901,232
Extraordinary reserves	2,108,245	2,279,170	170,925	2,108,245	2,279,170	170,925
<b>Total</b>	<b>430,020,868</b>	<b>511,291,838</b>	<b>81,270,970</b>	<b>430,020,868</b>	<b>511,291,838</b>	<b>81,270,970</b>

**NOT 27 - PROFIT RESERVES**

Details of profit reserves at 31 December 2005 and 31 December 2004 are as follows:

	31 December 2005	31 December 2004
Legal reserves	11,170,063	11,170,063
Translation reserve	2,108,245	2,108,245
Translation reserve	(1,210,058)	(354,811)
	<b>12,068,250</b>	<b>12,923,497</b>

**NOTE 28 - RETAINED EARNINGS**

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 30% of their distributable profit arising from the activity, which is calculated based on the financial statements prepared in accordance with accounting principles described in Note 2. Based on the decision of the General Assembly, the distribution of a minimum of 30% 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.

For the purposes of profit distribution in accordance with related CMB regulations, items of statutory shareholders' equity such as "share capital, share premium, legal reserves, other reserves, special reserves and extraordinary reserves", are presented at their historical amounts. The difference between the inflated and historical amounts of these items is presented in shareholders' equity as "inflation adjustment to shareholders' equity".

Inflation adjustment to shareholders' equity can only be netted-off against prior years' losses and used as an internal source in capital increase where extraordinary reserves can be netted-off against prior years' losses, used in distribution of bonus shares and distributions of dividends to shareholders.

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In accordance with the Communiqué No: XI-25, at 31 December 2005 and 2004, the shareholders' equity schedule, is as below:

	31 December 2005	31 December 2004
Share capital	416,742,560	416,742,560
Legal reserves	11,170,063	11,170,063
Extraordinary reserves	2,108,245	2,108,245
Inflation adjustment to shareholders' equity	81,270,970	81,270,970
Translation reserve	(1,210,058)	(354,811)
Net income for the period	87,580,389	27,200,087
Retained earnings	59,590,298	44,880,754
<b>Total Equity</b>	<b>657,252,467</b>	<b>583,017,868</b>

**NOTE 29 - FOREIGN CURRENCY POSITION**

Turkish lira equivalents of assets and liabilities denominated in foreign and local currency at 31 December 2005 and 2004 are as follows:

	31 December 2005			Total FC
	USD	Euro	Other	
<b>Assets</b>				
Cash and cash equivalents	34,422,464	12,248,843	487,326	47,158,633
Trade receivables and due from related parties	22,078,249	7,342,433	81,798	29,502,480
Other current assets	172	130	-	302
<b>Total</b>	<b>56,500,885</b>	<b>19,591,406</b>	<b>569,124</b>	<b>76,661,415</b>
<b>Liabilities</b>				
Short-term bank borrowings	31,520,776	8,149,375	429,097	40,099,248
Short-term trade payables and due to related parties	7,046,339	16,028,311	2,517,097	25,591,747
Taxes payable and other current liabilities	-	115,073	-	115,073
Other liabilities	158,332	7,303	-	165,635
Long-term bank borrowings	4,445,559	27,475,219	1,382,104	33,302,882
Long-term trade payables and due to related parties	20,466,713	9,319,100	961,560	30,747,373
Other non-current liabilities				
<b>Total</b>	<b>63,637,719</b>	<b>61,094,381</b>	<b>5,289,858</b>	<b>130,021,958</b>
<b>Net foreign currency position</b>	<b>(7,136,834)</b>	<b>(41,502,975)</b>	<b>(4,720,734)</b>	<b>(53,360,543)</b>

	31 December 2004			Total FC
	USD	Euro	Other	
<b>Assets</b>				
Cash and cash equivalents	22,201,018	3,434,410	16,213	25,651,641
Financial assets at fair value through profit and loss	-	2,769,948	-	2,769,948
Trade receivables and due from related parties	10,820,340	10,024,267	19,077	20,863,684
Long-term due from related parties	20,676,971	-	-	20,676,971
<b>Total</b>	<b>53,698,329</b>	<b>16,228,625</b>	<b>35,290</b>	<b>69,962,244</b>
<b>Liabilities</b>				
Short-term bank borrowings	12,110,509	6,437,336	-	18,547,845
Short-term trade payables and due to related parties	11,270,335	16,894,446	3,545,459	31,710,240
Taxes payable and other current liabilities	-	96,475	-	96,475
Long-term bank borrowings	30,183,345	30,894,259	-	61,077,604
Long-term trade payables and due to related parties	16,739,015	15,849,286	3,711,919	36,300,220
Other non-current liabilities	91,263	1,530,128	-	1,621,391
<b>Total</b>	<b>70,394,467</b>	<b>71,701,930</b>	<b>7,257,378</b>	<b>149,353,775</b>
<b>Net foreign currency position</b>	<b>(16,696,138)</b>	<b>(55,473,305)</b>	<b>(7,222,088)</b>	<b>(79,391,531)</b>

Following exchange rates have been used in the translation of foreign currency denominated balance sheet items as of 31 December 2005; YTL 1.3418 =USD 1 and YTL 1.5875=Euro 1 (31 December 2004: YTL 1.3421= USD 1 and YTL 1.8268 =Euro 1).

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**NOTE 30 - GOVERNMENT GRANTS**

The Group obtained an investment incentive certificate dated 9 September 2004 for the investments of imported equipment amounting to USD 34,801,252, and domestic equipment amounting to YTL 739,909. Investment completion date in the certificates is 26 August 2006. Equipment importation to be performed in the scope of the certificate is exempt from Customs duty, Mass Housing Contribution and VAT.

Capital expenditures, with some exceptions, over YTL 10 thousand are eligible for investment incentive allowance of 40%, which is deductible from taxable income prior to calculation of the corporate income tax. Unused investment allowances can be transferred to the following years. Investment allowance is not subject to withholding tax. To qualify for the investment allowance exemption, the obtainment of an investment incentive certificate is not required.

The Group has benefited from an investment allowance exemption in the amount of YTL 8,115,369 in the year 2005 fourth period provisional tax return for the investment cost amounting to YTL 20,288,422, realized between the dates 1 January 2005 to 31 December 2005.

**NOTE 31 - PROVISIONS, COMMITMENTS AND CONTINGENT LIABILITIES**

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

	Currency	Original amount	31 December 2005	Original amount	31 December 2004
<b>a) Guarantees given:</b>					
Letters of guarantee	YTL	16,043,766	16,043,766	1,722,611	1,722,611
	USD	76,819	103,076	143,819	193,019
Financial notes	YTL	202,223	202,223	202,223	202,223
Guarantee notes	YTL	1,714	1,714	1,714	1,714
Other	USD	5,500,000	7,379,900	77,940,381	104,603,786
	Euro	16,529,578	26,240,705	15,803,724	28,870,243
	YTL	10,646,009	10,646,009	14,173,644	14,173,644
			<b>60,617,393</b>		<b>149,767,240</b>

**b) Commitments given:**

Related to the bank borrowings used by subsidiaries restricted financial assets and time deposits amounting to YTL 1,765,117 (31 December 2004: YTL 1,998,868) (Note 4).

YTL 43,000,000 part of the mortgage at 31 December 2004 amounting to YTL 43,012,500 is closed due to the repayment of the regarding bank borrowings. Mortgages on the property, plant and equipment at 31 December 2005 amounts to YTL 12,500 (Note 19).

**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. Advertising amounting to USD 1,292,094 (31 December 2004: USD 2,254,926) is issued and USD 1,166,635 (31 December 2004: USD 1,050,406) of various types of services has been used in connection with the barter agreements as of 31 December 2005.

**d) Court cases:**

Law cases against the Company amount to YTL 59,953,100 (31 December 2004: YTL 45,049,317). The amount of provision for these law cases is YTL 9,311,002 at 31 December 2005 (31 December 2004: YTL 5,999,489). Additionally, as disclosed in detail in Note 23, the provision accounted for the tax law cases is YTL 5,193,752 (31 December 2004: YTL 2,808,000) and as of 31 December 2005 total provision for court cases amounts to YTL 14,504,574 (31 December 2004: YTL 8,807,489).

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**NOTE 32 - BUSINESS COMBINATIONS**

There is no business combination in 2005.

Net assets and resulting goodwill from Orta Anadolu Oto acquisition of 79% during the year ended 31 December 2004 is as below:

Total cash consideration	11,666,789
Less: net assets acquired at fair value	(10,801,186)

<b>Goodwill</b>	<b>865,603</b>
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Cash and cash equivalents	1,848,662
Current assets	3,610,691
Non current assets	10,570,673
Current liabilities	(5,171,442)
Non current liabilities	(57,398)

<b>Fair value of net assets</b>	<b>10,801,186</b>
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Total cash consideration	11,666,789
Less: cash and cash equivalents in subsidiaries acquired	(1,848,662)

<b>Cash outflow on acquisition</b>	<b>9,818,127</b>
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**NOTE 33 - SEGMENT INFORMATION**

None (31 December 2004: None)

**NOTE 34 - SUBSEQUENT EVENTS**

Board of directors of the Company decided the increase of share capital ceiling from YTL 500,000,000 to YTL 800,000,000 and the alteration in the articles of association to be complied with the Company's Corporate Governance Principles to be presented in the first General Assembly in 2006.

**NOTE 35 - DISCONTINUED OPERATIONS**

None (31 December 2004: None)

**NOTE 36 - OPERATING INCOME**

Details of operating income are as follows:

	2005	2004
Domestic sales	557,527,756	441,429,154
Foreign sales	27,647,178	32,120,205
<b>Gross sales</b>	<b>585,174,934</b>	<b>473,549,359</b>
Cost of sales	(375,570,681)	(305,516,240)
<b>Gross operating profit</b>	<b>209,604,253</b>	<b>168,033,119</b>

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**NOTE 37 - OPERATING EXPENSES**

Details of operating expenses for the year ended 31 December 2005 and 2004 are as follows:

	2005	2004
Advertisement expenses	27,186,885	23,056,072
Transportation, storage and travel	18,639,162	14,431,426
Personnel expenses	14,308,926	11,502,119
Consulting expenses	11,711,607	8,075,788
Depreciation and amortization	10,335,379	9,621,013
Promotion expenses	5,073,439	5,636,266
Revenue premium	3,411,592	2,554,904
Repair and maintenance expenses	3,339,756	2,718,869
Rent expenses	2,621,430	2,215,125
Communication expenses	2,567,713	1,967,299
Taxes and other fees	1,762,690	803,764
Services outsourced	1,722,619	1,185,255
Other	3,313,402	6,370,393
	<b>105,994,600</b>	<b>90,138,293</b>

**NOTE 38 - OTHER INCOME/EXPENSES AND PROFIT/LOSSES**

The other income and profits for the year ended 31 December 2005 and 2004 are as follows:

	2005	2004
Foreign exchange gains	14,445,542	7,962,267
Interest on bank deposits	12,842,962	14,424,179
Due date charges on credit sales	10,164,609	13,399,595
Income from sale of property, plant and equipment	6,541,492	433,549
Interest income on financial assets at fair value through profit and loss, net	5,588,199	8,148,543
Rent and service income	3,748,621	3,859,058
Reversal of impairment on property plant and equipment	2,815,320	7,305,752
Overdue charges on credit sales	2,425,989	2,054,579
Reversal of Investment impairment promotion stocks	-	246,802
Other	1,675,721	1,865,900
	<b>60,248,455</b>	<b>59,700,224</b>

The other expenses and losses for the year ended 31 December 2005 and 2004 are as follows:

	2005	2004
Foreign exchange losses	10,618,337	11,495,027
Provision for lawsuits	5,697,085	4,825,287
Donations	5,322,231	2,078,062
Provision for doubtful receivables	4,387,125	139,550
Bank commission and factoring expenses	2,007,619	1,160,353
Fees and compensations paid	1,335,855	14,816,098
Loss from sale of property, plant and equipment	1,045,455	589,328
Investment (gains)/losses	493,370	830,732
Amortization of goodwill (Note 17)	-	755,478
Impairment of goodwill (Note 17)	-	865,603
Other	4,584,313	7,477,850
	<b>35,491,390</b>	<b>45,033,368</b>

(\*) Details of donations of the company in 2005 are as follows:

	2005	2004
Aydın Doğan Vakfı	2,794,665	1,082,638
Erzurum and Erzincan Student Dormitory Prod.	1,500,000	-
Kelkit High School	-	531,000
Pakistan Disaster Aid Center	682,200	-
Other	345,366	464,424
	<b>5,322,231</b>	<b>2,078,062</b>

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**NOTE 39 - FINANCIAL EXPENSES**

The financial income and expenses for the periods ended 31 December 2005 and 2004 are as follows:

	2005	2004
Interest on bank borrowings	6,217,237	9,975,958
	<b>6,217,237</b>	<b>9,975,958</b>

**NOTE 40 - NET MONETARY POSITION GAIN/LOSSES**

Since inflation adjustment is not made for the year 2005, there is no monetary gain / loss (31 December 2004: YTL 17,898,931).

**NOTE 41 - TAXES ON INCOME**

	31 December 2005	31 December 2004
Corporation and income taxes (Note 23)	33,693,658	25,144,440
Less: prepaid tax (Note 10)	(27,818,852)	(19,337,374)
<b>Taxes payable, net</b>	<b>5,874,806</b>	<b>5,807,066</b>
Deferred tax liabilities	38,289,226	35,345,895
Deferred tax assets	(6,124,983)	(4,403,339)
<b>Deferred tax liability, net</b>	<b>32,164,243</b>	<b>30,942,556</b>

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

Corporation tax rate of the fiscal year 2005 is 30% (2004: 33%). Corporation tax is payable at a rate of 30% on the total income of the Company after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, investment allowance, etc) and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed (except withholding tax at the rate of 19,8% on the investment incentive allowance utilized within the scope of the Income Tax Law Transitional Article 61).

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 10%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 30% on their corporate income. Advance tax is payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

In accordance with Tax Law No: 5024 "Law Related to Changes in Tax Procedure Law, Income Tax Law and Corporate Tax Law" that was published on the Official Gazette on 30 December 2003 to amend the tax base for non-monetary assets and liabilities, effective from 1 January 2004, the income and corporate taxpayers will prepare the statutory financial statements by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of the Turkish Lira. In accordance with the aforementioned law provisions, in order to apply inflation adjustment, cumulative inflation rate (SIS-WPI) over last 36 months and 12 months must exceed 100% and 10%, respectively. Inflation adjustment has not been applied as these conditions were not fulfilled in the year 2005.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 15th of the fourth month following the close of the financial year to which they relate.

Tax returns are open for 5 years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses can not be carried back to offset profits from previous periods.

Dividend income from participation in shares of capital of another full fledged taxpayer corporation (except for dividends from investment funds participation certificates and investment partnerships shares) are exempt from corporate tax.

Profits from sale of preferential right certificates and share premiums generated from sale of shares at a price exceeding face values of those shares during incorporations or capital increases of joint stock companies are exempt from corporate tax.

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The participation income of corporations participating in 25% or more of the capital of a limited liability or joint stock company which does not have its legal or business centre in Turkey (except for corporations whose principal activity is financial leasing or investment of marketable securities) for at least two continuous years until the date of the income is generated and transferred to Turkey until the date of the filing of the corporate income tax return of the fiscal year in which the income is generated is exempt from corporation tax subject to those subsidiaries are subject to corporate income tax, or alike, in their country of legal or business centre at the rate of at least 20% (at corporate income tax rate applicable in Turkey for those companies whose principal activity is financial assurance or insurance) and 75% of the income generated consists of commercial, agricultural or independent professional service income.

The income of corporations arising from their offices or permanent representatives abroad are exempt from corporate income tax provided that the foreign office or permanent representative must be subject to corporate income tax, or alike, in the country it is located at the rate of at least 20% (this rate is applied as the corporate income tax rate applicable in Turkey at the minimum for those companies whose core business is financial assurance or insurance), and 75% of the income generated must consist of commercial, agricultural or independent professional service income, and the income must be transferred to Turkey until the end of the third month following the date of filing of the corporate income tax return of the fiscal year in which the income is generated.

Profit of corporations' from sale of participation shares and property which have been in their assets at least for two years is exempt from corporate tax provided that they are added to corporations' share capital until the end of second calendar year following the year in which sale was realized.

On the other hand, the condition of adding this profit to share capital is not required for corporations other than full fledged taxpayer corporations and non-resident taxpayer corporations and these profits are accounted under special reserves. In the event that these profits added to share capital or accounted under special reserves are withdrawn from the entity in any means, transferred to abroad by non-resident taxpayer corporations or the entity liquidates (except by take over, merger and demerger) within five years, those profits are considered as profits regarding that year and are subject to corporate tax.

Capital expenditures, with some exceptions, over YTL10 thousand are eligible for investment incentive allowance of 40% is exempted from corporate income tax and this allowance is not subject to withholding tax without the requirement of an investment incentive certificate. Investment allowances calculated are deferred to the following years in cases where corporate income is insufficient. Investment allowances utilised within the scope of investment incentive certificates granted prior to 24 April 2003 in accordance with provisions of Income Tax Law Transitional Article 61 are subject to withholding tax at the rate of 19,8%, irrespective of profit distribution.

Accordingly, abovementioned profits within trade income/loss are considered in the calculation of corporate income tax.

Apart from the abovementioned exemptions considered in the determination corporate income tax base, allowances stated in Corporate Income Tax Law Article 14 and reiterated Article 14, and Income Tax Law Article 40 are also taken into consideration.

The taxes on income for the years ended 31 December 2005 and 2004 are summarized as follows:

	<b>2005</b>	<b>2004</b>
Current	33,693,658	25,144,440
Deferred	1,221,687	13,302,852
	<b>34,915,345</b>	<b>38,447,292</b>

**NOTE 42 - EARNINGS PER SHARE**

Basic earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue (416,742,560 shares). Calculation is as follows:

	<b>2005</b>	<b>2004</b>
Net income	87,580,389	27,200,087
Weighted average number of ordinary shares in issue (Each of 1 YTL)	416,742,560	416,742,560
Earnings per share	0.210	0.065

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**NOTE 43 - STATEMENTS OF CASH FLOWS**

	Notes	31 December 2005	31 December 2004
Net income		87,580,389	27,200,087
Cash flows from operating activities		50,850,730	39,318,555
Taxes paid		(25,144,440)	(26,365,051)
<b>Net cash provided by operating activities</b>		<b>113,286,679</b>	<b>40,153,591</b>
<b>Cash flows from investing activities:</b>			
Currency translation adjustment differences		4,008,473	3,371,222
Purchase of property, plant and equipment	19	(56,841,669)	(44,666,277)
Purchase of investment property		(2,066,250)	-
Purchase of intangible assets and goodwill	20, 32	(855,602)	(2,312,282)
Proceeds from sales of property, plant and equipment and intangibles		39,082,845	4,692,486
Interest received		17,607,429	33,283,585
Cash inflow from sales of financial assets	16	3,288,281	-
Increase in financial assets		62,128	205,927
Reversal of investment property impairment		(2,815,320)	(7,058,950)
Subsidiaries purchases, net payment	32	-	(9,818,127)
Inflation effect on investment activities		-	(3,683,631)
<b>Net cash provided by / (used in) investing activities</b>		<b>1,470,315</b>	<b>(25,985,547)</b>
<b>Cash flows from financing activities:</b>			
Dividend payment		(12,490,543)	(25,531,538)
Net decrease in bank borrowings		(8,847,644)	(26,444,832)
Decrease in long-term trade payables		(7,522,655)	(3,731,832)
Interest paid		(6,164,472)	(9,741,292)
Inflation effect on financing activities		-	16,382,835
<b>Net cash used in financing activities</b>		<b>(35,025,314)</b>	<b>(49,066,659)</b>
Net increase/(decrease) in cash and cash equivalents		79,731,680	(34,898,615)
Inflation effect on cash and cash equivalents		-	(12,742,325)
Cash and cash equivalents at the beginning of the year		70,998,897	118,639,837
<b>Cash and cash equivalents at the end of the period</b>		<b>150,730,577</b>	<b>70,998,897</b>

	Notes	31 December 2005	31 December 2004
<b>Adjustments:</b>			
Depreciation	18, 19	46,217,491	44,091,536
Amortization	20	1,109,479	1,713,256
Amortization of goodwill	17	(5,496,037)	155,779
Minority interest	24	(346,253)	(960,586)
Taxes	41	34,915,345	38,447,292
Provision for employment termination benefit, net	23	1,078,685	2,049,926
Impairment of investment property	38	-	1,950,967
Impairment of goodwill	17, 38	-	865,603
Interest income, net		(12,213,924)	(12,596,764)
Income from sales of financial assets	38	(589,833)	-
Expense provision	38	10,009,309	8,209,822
Inflation effect on non-operating activities	38	-	13,741,010
		<b>74,684,262</b>	<b>97,667,841</b>
<b>Changes in assets and liabilities:</b>			
Increase in trade receivables		(31,079,526)	(13,906,454)
(Increase)/decrease in due from related companies		(433,064)	10,102,463
Decrease/(increase) in financial assets at fair value through profit and loss		16,092,477	(33,698,573)
(Increase)/decrease in inventories		(1,074,544)	4,224,551
Decrease in other current assets		(10,288,356)	(1,515,448)
Decrease in trade payables, leasing payables and advances taken		(2,831,271)	(7,026,243)
Increase/(decrease) in due to related parties		2,872,018	(1,667,322)
Increase/(decrease) in other current liabilities		2,908,734	(610,511)
Inflation effect on operating activities		-	(14,251,749)
		<b>50,850,730</b>	<b>39,318,555</b>
<b>Cash generated from/(used in) operating activities</b>		<b>50,850,730</b>	<b>39,318,555</b>

**NOTE 44 - OTHER EVENTS**

None (31 December 2004: None).