

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2007  
TOGETHER WITH AUDITORS' REVIEW REPORT**

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED  
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**HÜRRIYET GAZETECİLİK VE MATBAACILIK A.Ş.**

**CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2007**

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FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**HÜRRIYET GAZETECİLİK VE MATBAACILIK A.Ş.**

**CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2007**

|                                         | Notes | 30 June 2007         | 31 December 2006   |
|-----------------------------------------|-------|----------------------|--------------------|
| <b>ASSETS</b>                           |       |                      |                    |
| <b>Current assets</b>                   |       | <b>428.192.545</b>   | <b>406.886.019</b> |
| Cash and cash equivalents               | 4     | 134.267.941          | 141.823.172        |
| Marketable securities (net)             | 5     | 7.343.700            | 23.056.445         |
| Trade receivables (net)                 | 7     | 193.427.509          | 155.918.910        |
| Leasing receivables (net)               | 8     | -                    | -                  |
| Due from related parties (net)          | 9     | 36.954.575           | 38.566.006         |
| Other receivables (net)                 | 10    | 21.266.751           | 24.440.185         |
| Biological assets (net)                 | 11    | -                    | -                  |
| Inventories (net)                       | 12    | 21.209.335           | 18.002.865         |
| Construction contract receivables (net) | 13    | -                    | -                  |
| Deferred tax assets                     | 14    | -                    | -                  |
| Assets held for sale                    | 35    | 4.015.559            | -                  |
| Other current assets                    | 15    | 9.707.175            | 5.078.436          |
| <b>Non-current assets</b>               |       | <b>1.237.215.574</b> | <b>562.478.799</b> |
| Trade receivables (net)                 | 7     | 716.755              | 334.638            |
| Leasing receivables (net)               | 8     | -                    | -                  |
| Due from related parties (net)          | 9     | -                    | -                  |
| Other receivables (net)                 | 10    | -                    | -                  |
| Financial assets (net)                  | 16    | 8.770.400            | 10.762.570         |
| Goodwill / negative goodwill (net)      | 17    | 506.543.038          | 11.332.183         |
| Investment properties (net)             | 18    | 13.838.765           | 15.219.729         |
| Property, plant and equipment (net)     | 19    | 557.122.250          | 518.267.349        |
| Intangible assets (net)                 | 20    | 140.689.011          | 1.179.670          |
| Deferred tax assets                     | 14    | 9.535.355            | 5.382.660          |
| Other non-current assets                | 15    | -                    | -                  |
| <b>TOTAL ASSETS</b>                     |       | <b>1.665.408.119</b> | <b>969.364.818</b> |

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED  
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

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

**CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2007**

|                                                                    | Notes     | 30 June 2007         | 31 December 2006   |
|--------------------------------------------------------------------|-----------|----------------------|--------------------|
| <b>LIABILITIES</b>                                                 |           |                      |                    |
| <b>Current liabilities</b>                                         |           | <b>152.089.236</b>   | <b>105.594.260</b> |
| Short-term bank borrowings (net)                                   | 6         | 755.861              | 1.473.835          |
| Short-term portion of long-term bank borrowings (net)              | 6         | 24.218.506           | 5.613.230          |
| Leasing payables (net)                                             | 8         | 3.547.452            | 4.620.935          |
| Other financial liabilities (net)                                  | 10        | -                    | -                  |
| Trade payables (net)                                               | 7         | 55.902.567           | 49.090.780         |
| Due to related parties (net)                                       | 9         | 8.700.197            | 2.887.857          |
| Advances received                                                  | 21        | 4.787                | 1.080.121          |
| Construction progress billings (net)                               | 13        | -                    | -                  |
| Provisions                                                         | 23        | 18.480.930           | 26.610.246         |
| Deferred tax liabilities                                           | 14        | -                    | -                  |
| Liabilities held for sale                                          | 35        | 84.799               | -                  |
| Other liabilities (net)                                            | 10        | 40.394.137           | 14.217.256         |
| <b>Non-current liabilities</b>                                     |           | <b>789.694.692</b>   | <b>160.979.232</b> |
| Long-term bank borrowings (net)                                    | 6         | 592.955.128          | 39.026.920         |
| Leasing payables (net)                                             | 8         | 6.533.735            | 8.066.629          |
| Other financial liabilities (net)                                  | 10        | 22.389.545           | -                  |
| Trade payables (net)                                               | 7         | 92.744.504           | 78.001.254         |
| Due to related parties (net)                                       | 9         | -                    | -                  |
| Advances received                                                  | 21        | -                    | -                  |
| Provisions                                                         | 23        | 10.535.603           | 8.470.347          |
| Deferred tax liabilities                                           | 14        | 63.527.717           | 27.224.327         |
| Other liabilities (net)                                            |           | 1.008.460            | 189.755            |
| <b>MINORITY INTEREST</b>                                           | <b>24</b> | <b>5.030.576</b>     | <b>111.140</b>     |
| <b>SHAREHOLDERS' EQUITY</b>                                        |           | <b>718.593.615</b>   | <b>702.680.186</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        | 128.240.249          | 71.894.841         |
| Legal reserves                                                     | 28        | 22.732.229           | 18.679.778         |
| Statutory reserves                                                 |           | -                    | -                  |
| Extraordinary reserves                                             | 28        | 129.709.663          | 52.713.095         |
| Special reserves                                                   |           | -                    | -                  |
| Investment and property sales income<br>to be added to the capital |           | -                    | -                  |
| Translation reserve                                                | 2,28      | (24.201.643)         | 501.968            |
| Current year profit                                                | 28        | 40.617.040           | 104.157.463        |
| Retained earnings                                                  | 28        | 51.722.796           | 28.614.352         |
| <b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>                  |           | <b>1.665.408.119</b> | <b>969.364.818</b> |
| Commitments and contingent liabilities                             | 31        |                      |                    |

These consolidated financial statements as at and for the period ended at 30 June 2007 were approved by the Board of Directors on 14 September 2007.

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED  
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

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

**CONSOLIDATED STATEMENTS OF INCOME FOR THE SIX-MONTH  
AND THREE-MONTH PERIODS ENDED 30 JUNE 2007 AND 2006**

(Amounts expressed in New Turkish lira (YTL) unless otherwise indicated)

|                                                  | Notes     | 2007                   |                      | 2006                   |                      |
|--------------------------------------------------|-----------|------------------------|----------------------|------------------------|----------------------|
|                                                  |           | 1 January -<br>30 June | 1 April -<br>30 June | 1 January -<br>30 June | 1 April -<br>30 June |
| <b>Operating revenues</b>                        |           |                        |                      |                        |                      |
| Net sales                                        | 36        | 405.705.809            | 265.158.155          | 323.285.406            | 181.582.307          |
| Cost of sales (-)                                | 36        | (239.706.337)          | (135.770.292)        | (204.536.024)          | (110.350.983)        |
| Income from services                             | 36        | -                      | -                    | -                      | -                    |
| Income from other operating activities           | 36        | -                      | -                    | -                      | -                    |
| <b>Gross operating profit</b>                    |           | <b>165.999.472</b>     | <b>129.387.863</b>   | <b>118.749.382</b>     | <b>71.231.324</b>    |
| Operating expenses (-)                           | 37        | (120.151.182)          | (85.623.644)         | (66.542.974)           | (35.469.400)         |
| <b>Net operating profit</b>                      |           | <b>45.848.290</b>      | <b>43.764.219</b>    | <b>52.206.408</b>      | <b>35.761.924</b>    |
| Other income and profits                         | 38        | 22.362.439             | 11.595.200           | 43.876.339             | 30.869.789           |
| Other expenses and losses (-)                    | 38        | (25.915.816)           | (18.244.905)         | (16.858.702)           | (12.964.850)         |
| Financial expenses                               | 39        | 16.411.924             | 14.709.306           | (14.735.679)           | (12.806.139)         |
| <b>Operating profit</b>                          |           | <b>58.706.837</b>      | <b>51.823.820</b>    | <b>64.488.366</b>      | <b>40.860.724</b>    |
| Monetary gain/ (loss)                            | 40        | -                      | -                    | -                      | -                    |
| <b>Loss / (profit) of minority interest</b>      | <b>24</b> | <b>(2.355.193)</b>     | <b>(2.448.715)</b>   | <b>1.312.051</b>       | <b>1.479.165</b>     |
| <b>Income before tax</b>                         |           | <b>56.351.644</b>      | <b>49.375.105</b>    | <b>65.800.417</b>      | <b>42.339.889</b>    |
| Taxation on income                               | 41        | (15.470.482)           | (14.691.450)         | (244.846)              | 5.468.965            |
| <b>Net income from<br/>continuing operations</b> |           | <b>40.881.162</b>      | <b>34.683.655</b>    | <b>65.555.571</b>      | <b>47.808.854</b>    |
| Loss from disposal group                         |           | (264.122)              | (264.122)            | -                      | -                    |
| <b>Net income for the period</b>                 |           | <b>40.617.040</b>      | <b>34.419.533</b>    | <b>65.555.571</b>      | <b>47.808.854</b>    |
| <b>Earnings per share</b>                        | <b>42</b> | <b>0,098</b>           | <b>0,082</b>         | <b>0,157</b>           | <b>0,115</b>         |
| -continuing operations                           |           | 0,098                  | 0,083                | 0,157                  | 0,115                |
| -disposal group                                  | 35        | (0,001)                | (0,001)              | -                      | -                    |

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FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

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

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2007 AND 2006**

(Amounts expressed in New Turkish lira (YTL) unless otherwise indicated)

|                                                     | <u>Capital Reserves</u>  |                                                                 | <u>Profit Reserves</u>   |                                  |                                | <u>Retained Earnings</u>     |                                      | <u>Total<br/>shareholders'<br/>equity</u> |
|-----------------------------------------------------|--------------------------|-----------------------------------------------------------------|--------------------------|----------------------------------|--------------------------------|------------------------------|--------------------------------------|-------------------------------------------|
|                                                     | <u>Share<br/>capital</u> | <u>Inflation<br/>adjustment to<br/>shareholders'<br/>equity</u> | <u>Legal<br/>reserve</u> | <u>Extraordinary<br/>reserve</u> | <u>Translation<br/>Reserve</u> | <u>Retained<br/>earnings</u> | <u>Net income<br/>for the period</u> |                                           |
| Balances at 1 January 2006                          | 416.742.560              | 81.270.970                                                      | 13.322.675               | 26.317.495                       | (1.210.058)                    | 33.228.436                   | 87.580.389                           | 657.252.467                               |
| Change in effective<br>control rate of subsidiaries | -                        | -                                                               | -                        | -                                | -                              | 12.593.750                   | -                                    | 12.593.750                                |
| Balances at 1 January 2006<br>- as restated         | 416.742.560              | 81.270.970                                                      | 13.322.675               | 26.317.495                       | (1.210.058)                    | 45.822.186                   | 87.580.389                           | 669.846.217                               |
| Cumulative translation differences                  | -                        | -                                                               | -                        | -                                | 2.089.126                      | -                            | -                                    | 2.089.126                                 |
| Transfers                                           | -                        | -                                                               | 5.357.103                | 26.395.600                       | -                              | 55.827.686                   | (87.580.389)                         | -                                         |
| Dividend                                            | -                        | -                                                               | -                        | -                                | -                              | (41.730.232)                 | -                                    | (41.730.232)                              |
| Change in effective control rate of subsidiaries    | -                        | -                                                               | -                        | -                                | -                              | (31.305.288)                 | -                                    | (31.305.288)                              |
| Net income for the period                           | -                        | -                                                               | -                        | -                                | -                              | -                            | 65.555.571                           | 65.555.571                                |
| <b>Balances at 30 June 2006</b>                     | <b>416.742.560</b>       | <b>81.270.970</b>                                               | <b>18.679.778</b>        | <b>52.713.095</b>                | <b>879.068</b>                 | <b>28.614.352</b>            | <b>65.555.571</b>                    | <b>664.455.394</b>                        |
| Balances at 1 January 2007                          | 416.742.560              | 81.270.970                                                      | 18.679.778               | 52.713.095                       | 501.968                        | 28.614.352                   | 104.157.463                          | 702.680.186                               |
| Currency translation adjustment                     | -                        | -                                                               | -                        | -                                | (24.703.611)                   | -                            | -                                    | (24.703.611)                              |
| Transfers                                           | -                        | -                                                               | -                        | -                                | -                              | 104.157.463                  | (104.157.463)                        | -                                         |
| Transfers to legal reserves                         | -                        | -                                                               | 4.052.451                | 76.996.568                       | -                              | (81.049.019)                 | -                                    | -                                         |
| Net income for the period                           | -                        | -                                                               | -                        | -                                | -                              | -                            | 40.617.040                           | 40.617.040                                |
| <b>Balances at 30 June 2007</b>                     | <b>416.742.560</b>       | <b>81.270.970</b>                                               | <b>22.732.229</b>        | <b>129.709.663</b>               | <b>(24.201.643)</b>            | <b>51.722.796</b>            | <b>40.617.040</b>                    | <b>718.593.615</b>                        |

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED  
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE SIX-MONTH PERIODS ENDED AT 30 JUNE 2007 AND 2006**

(Amounts expressed in New Turkish lira (YTL) unless otherwise indicated)

|                                                                                                     | Notes | 30 June 2007         | 30 June 2006        |
|-----------------------------------------------------------------------------------------------------|-------|----------------------|---------------------|
| Net income for the period                                                                           |       | 40.617.040           | 65.555.571          |
| <b>Adjustments:</b>                                                                                 |       |                      |                     |
| Depreciation                                                                                        | 18,19 | 25.359.822           | 23.886.743          |
| Amortisation                                                                                        | 20    | 2.384.632            | 296.441             |
| Net loss on disposal of property, plant and equipment,<br>intangible assets and investment property | 18,19 | 1.431.418            | 54.882              |
| Minority interest                                                                                   | 24    | 2.355.193            | (1.312.051)         |
| Taxation                                                                                            | 41    | 15.470.482           | 244.846             |
| Provision for employment termination benefits                                                       | 23    | 3.069.071            | (223.130)           |
| Income from disposal of subsidiaries                                                                | 38    | -                    | (7.091.529)         |
| Interest income                                                                                     | 38    | (7.104.432)          | (10.264.449)        |
| Interest expenses                                                                                   | 39    | 15.622.043           | 14.735.679          |
| Reversal of impairment on investment property                                                       | 18    | (470.572)            | -                   |
| Currency translation differences                                                                    |       | 12.415.281           | (8.180.099)         |
| Provision expenses                                                                                  |       | 1.961.948            | 313.423             |
| <b>Cash flows from operating activities before<br/>changes in operating assets and liabilities</b>  |       | <b>113.111.926</b>   | <b>78.016.327</b>   |
| Changes in operating assets and liabilities-net                                                     | 43    | 414.271              | (7.676.937)         |
| Income taxes paid                                                                                   |       | 17.237.054           | (12.892.822)        |
| Employment termination benefits paid                                                                | 23    | (1.012.096)          | -                   |
| <b>Net cash provided by operating activities</b>                                                    |       | <b>129.751.155</b>   | <b>57.446.568</b>   |
| <b>Cash flows from investing activities:</b>                                                        |       |                      |                     |
| Purchases of plant, property and equipment                                                          | 19    | (39.388.432)         | (43.624.157)        |
| Purchases of intangible assets                                                                      | 20    | (5.192.767)          | (391.912)           |
| Proceeds from sales of plant, property and equipment<br>intangible assets and investment properties |       | 4.220.997            | 9.552.358           |
| Interests received                                                                                  |       | 7.767.822            | 11.256.264          |
| Proceeds from sales of financial assets                                                             | 16    | -                    | 12.146.552          |
| Acquisition of subsidiaries, net paid                                                               |       | (446.460.107)        | (34.067.756)        |
| Decrease/ (increase) in financial assets                                                            |       | 2.160.542            | (603.284)           |
| <b>Net cash used in investing activities</b>                                                        |       | <b>(476.891.945)</b> | <b>(45.731.935)</b> |
| <b>Cash used in financing activities:</b>                                                           |       |                      |                     |
| Proceeds of issuance of share capital to minority interests                                         |       | 1.508.870            | -                   |
| Dividends paid to outside interests                                                                 |       | (1.757.272)          | -                   |
| Dividends paid                                                                                      |       | -                    | (41.730.232)        |
| Change in borrowings                                                                                |       | 387.628.140          | (15.112.746)        |
| Change in long term trade payables                                                                  |       | 14.743.250           | 8.663.472           |
| Interests paid                                                                                      |       | (10.847.811)         | (15.625.584)        |
| <b>Net cash used in financing activities</b>                                                        |       | <b>391.275.177</b>   | <b>(63.805.090)</b> |
| Change in cash and cash equivalents                                                                 |       | 44.134.387           | (52.090.457)        |
| Cash and cash equivalents at the beginning of the period                                            |       | 90.041.981           | 148.965.460         |
| <b>Cash and cash equivalents at the end of the period</b>                                           |       | <b>134.176.368</b>   | <b>96.875.003</b>   |

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

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL  
STATEMENTS FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2007**

(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 seven printing plants in Turkey with locations in Istanbul, Ankara, Izmir, Adana, Antalya and Trabzon and in Germany. The Company acquired 67,3% shares of Trader Media East Ltd. (“TME”) through its Subsidiary Hurriyet Invest B.V. at 29 March 2007. TME undertakes classified advertising mainly for real estate, automotive and human resources businesses through daily and weekly newspapers, periodicals, magazines and internet services, primarily in Russia and various Eastern European (“EE”) countries. The Company is a member of 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 on the Istanbul Stock Exchange.

**The subsidiaries of the Company**

The Company’s subsidiaries (“Subsidiaries”), the nature of the business and geographic segments are as follows:

| <b>Subsidiaries</b>                                                                | <b>Country</b> | <b>Geographic Segment</b> | <b>Nature of business</b>               |
|------------------------------------------------------------------------------------|----------------|---------------------------|-----------------------------------------|
| Hürriyet Medya Basım Hizmetleri ve Ticaret A.Ş. (“Hürriyet Medya Basım”)           | Turkey         | Turkey                    | Periodicals and administrative services |
| Doğan Ofset Yayıncılık ve Matbaacılık A.Ş. (“Doğan Ofset”)                         | Turkey         | Turkey                    | Magazine and book publishing            |
| Yenibirış İnsan Kaynakları Hizmetleri Danışmanlık ve Yayıncılık A.Ş. (“Yenibirış”) | Turkey         | Turkey                    | Internet services                       |
| Hür Medya İlanlık ve Reklamcılık Tic A.Ş. (“Hür Medya”)                            | Turkey         | Turkey                    | Advertisement                           |
| Doğan Haber Ajansı A.Ş. (“Doğan Haber”)                                            | Turkey         | Turkey                    | News agency                             |
| Doğan Daily News Gazetecilik ve Matbaacılık A.Ş. (“Doğan Daily News”)              | Turkey         | Turkey                    | Newspaper publishing                    |
| Emlaksimum Elektronik Yayıncılık ve Ticaret A.Ş. (“Emlaksimum”)                    | Turkey         | Turkey                    | Internet services                       |
| Hürriyet Zweigniederlassung GmbH. (“Hürriyet Zweigniederlassung”)                  | Germany        | Europe                    | Newspaper publishing                    |
| Hürriyet Invest BV. (“Hürriyet Invest”)                                            | Netherlands    | Europe                    | Investment                              |
| Trader Media East Ltd.                                                             | Jersey         | Europe                    | Investment                              |
| Oglasnik d.o.o.                                                                    | Croatia        | Europe                    | Newspaper and internet publishing       |
| TCM Adria d.o.o.                                                                   | Croatia        | Europe                    | Investment                              |
| Internet Posao d.o.o.                                                              | Croatia        | Europe                    | Internet services                       |
| TME Management (France) SAS                                                        | France         | Europe                    | Investment                              |
| Expressz Garancia Központ Kft                                                      | Hungary        | Europe                    | Marketing                               |
| Expressz Magyarorszag Rt                                                           | Hungary        | Europe                    | Newspaper and internet publishing       |
| Kisokos Directory kereskedelmi es Szolgaltato kft                                  | Hungary        | Europe                    | Discontinued operations                 |
| Szuperinfo Magyarorszag Kft                                                        | Hungary        | Europe                    | Newspaper and internet publishing       |
| Trader Hungary Tanacsado Kft                                                       | Hungary        | Europe                    | Investment                              |
| International Ssuarts Holding B.V.                                                 | Netherlands    | Europe                    | Investment                              |
| Mirabridge International B.V.                                                      | Netherlands    | Europe                    | Investment                              |
| Trader Classified Media Croatia Holdings B.V.                                      | Netherlands    | Europe                    | Investment                              |
| Trader East Holdings B.V.                                                          | Netherlands    | Europe                    | Investment                              |
| Siodemka Sp. Z.o.o.                                                                | Poland         | Europe                    | Newspaper and internet publishing       |
| Trader.com (Polska) Sp. Z.o.o.                                                     | Poland         | Europe                    | Newspaper and internet publishing       |
| Ssuarts Holding GmbH                                                               | Austria        | Russia & CIS              | Investment                              |
| ZAO Pronto Akzhol                                                                  | Kazakhstan     | Russia & CIS              | Newspaper and internet publishing       |

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

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(Amounts expressed in New Turkish lira (YTL) unless otherwise indicated)

**NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)**

| <b>Subsidiaries</b>               | <b>Country</b> | <b>Geographic Division</b> | <b>Nature of business</b>         |
|-----------------------------------|----------------|----------------------------|-----------------------------------|
| OOO Pronto-Akmola                 | Kazakhstan     | Russia & CIS               | Newspaper and internet publishing |
| OOO Pronto Atyrau                 | Kazakhstan     | Russia & CIS               | Newspaper and internet publishing |
| OOO Pronto Aktobe                 | Russia         | Russia & CIS               | Newspaper and internet publishing |
| OOO Pronto Aktau                  | Kazakhstan     | Russia & CIS               | Newspaper and internet publishing |
| Informacia Vilnusa                | Russia         | Russia & CIS               | Newspaper and internet publishing |
| OOO Pronto Rostov                 | Belarus        | Russia & CIS               | Newspaper and internet publishing |
| ZAO Avtotehsnab                   | Russia         | Russia & CIS               | Newspaper and internet publishing |
| OOO Novoprint                     | Russia         | Russia & CIS               | Newspaper and internet publishing |
| ZAO NPK                           | Russia         | Russia & CIS               | Call center                       |
| OOO Balt-Pronto Kaliningrad       | Russia         | Russia & CIS               | Newspaper and internet publishing |
| OOO Delta-M                       | Russia         | Russia & CIS               | Newspaper and internet publishing |
| OOO Gratis                        | Russia         | Russia & CIS               | Newspaper and internet publishing |
| OOO Pronto Baikal                 | Russia         | Russia & CIS               | Newspaper and internet publishing |
| OOO Pronto DV                     | Russia         | Russia & CIS               | Newspaper and internet publishing |
| OOO Pronto Ivanovo                | Russia         | Russia & CIS               | Newspaper and internet publishing |
| OOO Pronto Kaliningrad            | Russia         | Russia & CIS               | Newspaper and internet publishing |
| OOO Pronto Kazan                  | Russia         | Russia & CIS               | Newspaper and internet publishing |
| OOO Pronto Krasnodar              | Russia         | Russia & CIS               | Newspaper and internet publishing |
| OOO Pronto Krasnojarsk            | Russia         | Russia & CIS               | Newspaper and internet publishing |
| OOO Pronto Nizhnij Novgorod       | Russia         | Russia & CIS               | Newspaper and internet publishing |
| OOO Pronto Novosibirsk            | Russia         | Russia & CIS               | Newspaper and internet publishing |
| OOO Pronto Oka                    | Russia         | Russia & CIS               | Newspaper and internet publishing |
| OOO Pronto Petersburg             | Russia         | Russia & CIS               | Newspaper and internet publishing |
| OOO Pronto Print                  | Russia         | Russia & CIS               | Printing services                 |
| OOO Pronto Samara                 | Russia         | Russia & CIS               | Newspaper and internet publishing |
| OOO Pronto Stavropol              | Russia         | Russia & CIS               | Newspaper and internet publishing |
| OOO Pronto UlanUde                | Russia         | Russia & CIS               | Newspaper and internet publishing |
| OOO Pronto Vladivostok            | Russia         | Russia & CIS               | Newspaper and internet publishing |
| OOO Pronto Volgograd              | Russia         | Russia & CIS               | Newspaper and internet publishing |
| OOO Pronto-Moscow                 | Russia         | Russia & CIS               | Newspaper and internet publishing |
| OOO Rosprint                      | Russia         | Russia & CIS               | Printing services                 |
| OOO Rosprint Samara               | Russia         | Russia & CIS               | Printing services                 |
| OOO Tambukan                      | Russia         | Russia & CIS               | Newspaper and internet publishing |
| OOO Utro Peterburga               | Russia         | Russia & CIS               | Newspaper and internet publishing |
| OOO Partner-Soft                  | Russia         | Russia & CIS               | Internet                          |
| OOO Pronto Astrakhan              | Russia         | Russia & CIS               | Newspaper and internet publishing |
| OOO Pronto Kemerovo               | Russia         | Russia & CIS               | Newspaper and internet publishing |
| OOO Pronto Server                 | Russia         | Russia & CIS               | Newspaper and internet publishing |
| OOO Pronto Smolensk               | Russia         | Russia & CIS               | Newspaper and internet publishing |
| OOO Pronto Tula                   | Russia         | Russia & CIS               | Newspaper and internet publishing |
| OOO Pronto TV                     | Russia         | Russia & CIS               | TV publishing                     |
| OOO Pronto Voronezh               | Russia         | Russia & CIS               | Newspaper and internet publishing |
| SP Belpronto OOO                  | Belarus        | Russia & CIS               | Newspaper and internet publishing |
| OOO Tambov-Info                   | Russia         | Russia & CIS               | Newspaper and internet publishing |
| Impress Media Marketing LLC       | Russia         | Russia & CIS               | Publishing                        |
| OOO Pronto Obninsk                | Russia         | Russia & CIS               | Newspaper and internet publishing |
| OOO Pronto Komi                   | Russia         | Russia & CIS               | Newspaper and internet publishing |
| OOO Rektcentr                     | Russia         | Russia & CIS               | Investment                        |
| Impress Media Marketing BVI       | Russia         | Russia & CIS               | Publishing                        |
| SP Pronto Kiev                    | Ukraine        | Russia & CIS               | Newspaper and internet publishing |
| Ssuarts Trading Ltd               | Ukraine        | Russia & CIS               | Investment                        |
| E-Prostir                         | Ukraine        | Russia & CIS               | Internet publishing               |
| Publishing House Pennsylvania Inc | USA            | Russia & CIS               | Investment                        |
| Mojo Delo spletni marketing d.o.o | Slovenia       | Europe                     | Internet publishing               |
| TCM Croatia Holding BV            | Netherlands    | Europe                     | Investment                        |
| OOO Optoprint                     | Russia         | Russia & CIS               | Publishing                        |
| RU.com OOO                        | Russia         | Russia & CIS               | Internet publishing               |
| SP Bel Pronto OOO BYR             | Russia         | Russia & CIS               | Newspaper and internet publishing |
| Bolji Posao d.o.o. Serbia         | Serbia         | Europe                     | Internet publishing               |
| Bolji Posao d.o.o. Bosnia         | Bosnia         | Europe                     | Internet publishing               |

The Company and its Subsidiaries (the “Group”) operate predominantly in one industry segment, media. The Group started its foreign operations after the acquisition of TME and its subsidiaries at 29 March 2007. The Group has initiated geographical segment reporting for the purpose of segment reporting (Note 33).

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## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2007

(Amounts expressed in New Turkish lira (YTL) unless otherwise indicated)

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

##### 2.1 Accounting standards

###### *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 to the CMB Accounting Standards.

With the decision taken on 17 March 2006, 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.

These consolidated financial statements and the related notes have been presented in accordance with the alternative application allowed by the CMB mentioned above and formats required by the CMB.

The consolidated financial statements are prepared in New Turkish Lira (“YTL”) based on the historical cost conversion except for the financial assets and liabilities which are expressed with their fair values. Hürriyet and its Subsidiaries recorded in Turkey maintain their books of account and prepare their statutory financial statements in New Turkish Lira in accordance with the requirements of the Turkish Commercial Code (the “TCC”), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance.

##### 2.2 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 2.1. The assets and liabilities of foreign Subsidiaries and Associates are translated into 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 translation 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 cumulative translation adjustment.

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(Amounts expressed in New Turkish lira (YTL) unless otherwise indicated)

#### NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

##### 2.3 Consolidation principles

The consolidated financial statements include the accounts of the parent company, Hürriyet, its Subsidiaries, and its Associates (collectively referred as the “Group”) on the basis set out in sections (a) to (c) 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 application of 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.

Since Trader Media East Ltd was acquired at 29 March 2007, the income statement for three-month period ended 30 June 2007 starting from 31 March 2007 has been included in the consolidated financial statements.

The consolidated Subsidiaries and their shareholding structure at 30 June 2007 and 31 December 2006 are as follows:

| Subsidiaries                                      | Proportion of voting power of Hürriyet and its Subsidiaries (%) |                  | Effective control rates(%) |                  |
|---------------------------------------------------|-----------------------------------------------------------------|------------------|----------------------------|------------------|
|                                                   | 30 June 2007                                                    | 31 December 2006 | 30 June 2007               | 31 December 2006 |
| Hürriyet Medya Basım                              | 99,99                                                           | 99,99            | 99,99                      | 99,99            |
| Doğan Ofset                                       | 99,89                                                           | 99,89            | 99,89                      | 99,89            |
| Hürriyet Zweigniederlassung                       | 100,00                                                          | 100,00           | 100,00                     | 100,00           |
| Yenibir                                           | 100,00                                                          | 100,00           | 100,00                     | 100,00           |
| Hür Medya                                         | 100,00                                                          | 100,00           | 100,00                     | 100,00           |
| Doğan Haber                                       | 50,01                                                           | 50,01            | 50,01                      | 50,01            |
| Doğan Daily News                                  | 94,25                                                           | 94,25            | 94,25                      | 94,25            |
| Emlaksimum                                        | 98,41                                                           | 98,41            | 98,41                      | 98,41            |
| Hürriyet Invest                                   | 100,00                                                          | 100,00           | 100,00                     | 100,00           |
| Trader Media East Ltd.                            | 67,30                                                           | -                | 67,30                      | -                |
| Ssuarts Holding GmbH                              | 100,00                                                          | -                | 67,30                      | -                |
| Oglasnik d.o.o.                                   | 70,00                                                           | -                | 47,11                      | -                |
| TCM Adria d.o.o.                                  | 100,00                                                          | -                | 67,30                      | -                |
| Internet Posao d.o.o.                             | 70,00                                                           | -                | 32,98                      | -                |
| TME Management (France) SAS                       | 100,00                                                          | -                | 67,30                      | -                |
| Expressz Garancia Központ Kft                     | 100,00                                                          | -                | 67,30                      | -                |
| Expressz Magyarország Rt                          | 100,00                                                          | -                | 67,30                      | -                |
| Kisokos Directory kereskedelmi es Szolgáltato kft | 100,00                                                          | -                | 67,30                      | -                |
| Szuperinfo Magyarország Kft                       | 100,00                                                          | -                | 67,30                      | -                |

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**NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

**2.3 Consolidation principles (Continued)**

| Subsidiaries                                  | Proportion of voting power of Hürriyet<br>and its Subsidiaries (%) |                     | Effective control<br>rates of Hürriyet |                     |
|-----------------------------------------------|--------------------------------------------------------------------|---------------------|----------------------------------------|---------------------|
|                                               | 30 June<br>2007                                                    | 31 December<br>2006 | 30 June<br>2007                        | 31 December<br>2006 |
| Trader Hungary Tanacsado Kft                  | 100,00                                                             | -                   | 67,30                                  | -                   |
| ZAO Pronto Akzhol                             | 80,00                                                              | -                   | 53,84                                  | -                   |
| OOO Pronto-Akmola                             | 100,00                                                             | -                   | 67,30                                  | -                   |
| OOO Pronto Atyrau                             | 100,00                                                             | -                   | 53,84                                  | -                   |
| OOO Pronto Aktobe                             | 80,00                                                              | -                   | 43,07                                  | -                   |
| OOO Pronto Aktau                              | 100,00                                                             | -                   | 53,84                                  | -                   |
| Informatcia Vilnusa                           | 100,00                                                             | -                   | 67,30                                  | -                   |
| International Ssuarts Holding B.V.            | 100,00                                                             | -                   | 67,30                                  | -                   |
| Mirabridge International B.V.                 | 100,00                                                             | -                   | 67,30                                  | -                   |
| Trader Classified Media Croatia Holdings B.V. | 100,00                                                             | -                   | 67,30                                  | -                   |
| Trader East Holdings B.V.                     | 100,00                                                             | -                   | 67,30                                  | -                   |
| Siodemka Sp. Z.o.o.                           | 100,00                                                             | -                   | 67,30                                  | -                   |
| Trader.com (Polska) Sp, Z.o.o.                | 100,00                                                             | -                   | 67,30                                  | -                   |
| OOO Pronto Rostov                             | 100,00                                                             | -                   | 67,30                                  | -                   |
| ZAO Avtotehsnab                               | 100,00                                                             | -                   | 57,21                                  | -                   |
| OOO Novoprint                                 | 100,00                                                             | -                   | 67,30                                  | -                   |
| ZAO NPK                                       | 100,00                                                             | -                   | 67,30                                  | -                   |
| OOO Balt-Pronto Kaliningrad                   | 100,00                                                             | -                   | 67,30                                  | -                   |
| OOO Delta-M                                   | 55,00                                                              | -                   | 37,02                                  | -                   |
| OOO Gratis                                    | 90,00                                                              | -                   | 60,57                                  | -                   |
| OOO Pronto Baikal                             | 100,00                                                             | -                   | 67,30                                  | -                   |
| OOO Pronto DV                                 | 100,00                                                             | -                   | 67,30                                  | -                   |
| OOO Pronto Ivanovo                            | 86,00                                                              | -                   | 57,88                                  | -                   |
| OOO Pronto Kaliningrad                        | 95,00                                                              | -                   | 63,94                                  | -                   |
| OOO Pronto Kazan                              | 72,00                                                              | -                   | 48,46                                  | -                   |
| OOO Pronto Krasnodar                          | 80,00                                                              | -                   | 53,84                                  | -                   |
| OOO Pronto Krasnojarsk                        | 100,00                                                             | -                   | 67,30                                  | -                   |
| OOO Pronto Nizhnij Novgorod                   | 90,00                                                              | -                   | 60,57                                  | -                   |
| OOO Pronto Novosibirsk                        | 100,00                                                             | -                   | 67,30                                  | -                   |
| OOO Pronto Oka                                | 100,00                                                             | -                   | 67,30                                  | -                   |
| OOO Pronto Petersburg                         | 51,00                                                              | -                   | 34,32                                  | -                   |
| OOO Pronto Print                              | 54,00                                                              | -                   | 36,34                                  | -                   |
| OOO Pronto Samara                             | 89,90                                                              | -                   | 60,50                                  | -                   |
| OOO Pronto Stavropol                          | 100,00                                                             | -                   | 67,30                                  | -                   |
| OOO Pronto UlanUde                            | 90,00                                                              | -                   | 60,57                                  | -                   |
| OOO Pronto Vladivostok                        | 90,00                                                              | -                   | 60,57                                  | -                   |
| OOO Pronto Volgograd                          | 100,00                                                             | -                   | 67,30                                  | -                   |
| OOO Pronto-Moscow                             | 100,00                                                             | -                   | 67,30                                  | -                   |
| OOO Rosprint                                  | 60,00                                                              | -                   | 40,38                                  | -                   |
| OOO Rosprint Samara                           | 59,50                                                              | -                   | 40,04                                  | -                   |
| OOO Tambukan                                  | 85,00                                                              | -                   | 57,21                                  | -                   |
| OOO Utro Peterburga                           | 55,00                                                              | -                   | 37,02                                  | -                   |
| OOO Partner-Soft                              | 90,00                                                              | -                   | 60,57                                  | -                   |
| OOO Pronto Astrakhan                          | 100,00                                                             | -                   | 67,30                                  | -                   |
| OOO Pronto Kemerovo                           | 100,00                                                             | -                   | 67,30                                  | -                   |
| OOO Pronto Server                             | 90,00                                                              | -                   | 60,57                                  | -                   |
| OOO Pronto Smolensk                           | 100,00                                                             | -                   | 67,30                                  | -                   |
| OOO Pronto Tula                               | 100,00                                                             | -                   | 67,30                                  | -                   |
| OOO Pronto TV                                 | 70,00                                                              | -                   | 47,11                                  | -                   |
| OOO Pronto Voronezh                           | 100,00                                                             | -                   | 67,30                                  | -                   |
| SP Belpronto OOO                              | 60,00                                                              | -                   | 40,38                                  | -                   |
| OOO Tambov-Info                               | 100,00                                                             | -                   | 67,30                                  | -                   |
| Impress Media Marketing LLC                   | 68,54                                                              | -                   | 46,13                                  | -                   |

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(Amounts expressed in New Turkish lira (YTL) unless otherwise indicated)

**NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

**2.3 Consolidation principles (Continued)**

| Subsidiaries                        | Proportion of voting power of Hürriyet<br>and its Subsidiaries (%) |                     | Effective control<br>rates of Hürriyet |                     |
|-------------------------------------|--------------------------------------------------------------------|---------------------|----------------------------------------|---------------------|
|                                     | 30 June<br>2007                                                    | 31 December<br>2006 | 30 June<br>2007                        | 31 December<br>2006 |
| OOO Pronto Obninsk                  | 100,00                                                             | -                   | 67,30                                  | -                   |
| OOO Pronto Komi                     | 70,00                                                              | -                   | 47,11                                  | -                   |
| OOO Rektcentr                       | 100,00                                                             | -                   | 67,30                                  | -                   |
| Impress Media Marketing BVI         | 100,00                                                             | -                   | 46,13                                  | -                   |
| SP Pronto Kiev                      | 50,00                                                              | -                   | 33,65                                  | -                   |
| Ssuarts Trading Ltd                 | 55,00                                                              | -                   | 37,02                                  | -                   |
| E-Prostir                           | 50,00                                                              | -                   | 33,65                                  | -                   |
| Publishing House Pennsylvania Inc   | 100,00                                                             | -                   | 67,30                                  | -                   |
| TCM Croatia Holding BV              | 100,00                                                             | -                   | 67,30                                  | -                   |
| OOO Optoprint                       | 100,00                                                             | -                   | 67,30                                  | -                   |
| RU.com OOO                          | 100,00                                                             | -                   | 67,30                                  | -                   |
| SP Bel Pronto OOO BYR               | 60,00                                                              | -                   | 40,38                                  | -                   |
| Moje Delo, spletni marketing, d.o.o | 55,00                                                              | -                   | 37,02                                  | -                   |
| Bolji Posao d.o.o. Serbia           | 100,00                                                             | -                   | 37,02                                  | -                   |
| Bolji Posao d.o.o. Bosnia           | 100,00                                                             | -                   | 37,02                                  | -                   |

**(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 30 June 2007 and 31 December 2006.

| Name        | 30 June 2007                                                              | 31 December 2006                                                          |
|-------------|---------------------------------------------------------------------------|---------------------------------------------------------------------------|
|             | Direct and indirect control<br>by the Company<br>and its Subsidiaries (%) | Direct and indirect control<br>by the Company<br>and its Subsidiaries (%) |
| Doğan Media | 41,33                                                                     | 43,93                                                                     |
| Yaysat      | 25,00                                                                     | 25,00                                                                     |
| DYG İlan    | 20,00                                                                     | 20,00                                                                     |

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### NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2007

(Amounts expressed in New Turkish lira (YTL) unless otherwise indicated)

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#### NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

##### 2.3 Consolidation principles (Continued)

###### *(c) Financial assets at fair value through profit and loss*

Financial assets at fair value through profit and loss in which the Group has controlling interests below 20%, or above 20% over which the Company does not exercise a significant influence, or which are immaterial and that do not have quoted market price in active markets and whose fair values cannot be measured reliably, are carried at cost less any provision for diminution in value and for the periods which inflation accounting is applied are carried at cost and restated to the equivalent purchasing power at the balance sheet date less any provision for diminution in value (Note 16).

###### *(d) 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.

###### *(e) Accounting policy for business combinations under Common Control*

In business combinations involving entities under common control, assets and liabilities subject to business combination are recognised at their carrying amounts in consolidated financial statements. In addition, statements of income are consolidated from the beginning of financial year in which the business combination takes place. Similarly, comparative consolidated financial statements are restated retrospectively for comparison purposes. As a result of these transactions, no goodwill is recognised. The difference arising in the elimination of the carrying value of the investment held and share capital of the acquired company is directly accounted under “effect of transactions under common control in shareholders’ equity.

##### 2.4 Convenience translation into English of consolidated financial statements originally issued in Turkish

The accounting principles described in Note 2 to the consolidated financial statements (defined as “CMB Accounting Standards”) differ from IFRS issued by the IASB with respect to the application of inflation accounting for the period between 1 January - 31 December 2005, measurement principles and disclosure requirements for retirement benefits and presentation of 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.

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#### NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### 3.1 Related parties

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

##### 3.2 Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss are either acquired for generating a profit from short-term fluctuations in price or dealer’s margin, or are securities included in a portfolio in which a pattern of short-term profit making exists. Financial assets at fair value through profit and loss are initially recognised at cost of purchase including the transaction costs and subsequently re-measured at fair value. All related realised and unrealised gains and losses are included in the income statement.

##### 3.3 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 amortised 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. Additionally, the Group impairs the receivables for which there are no guarantees or special agreements and which are overdue for more than one year. 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.

##### 3.4 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).

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**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.5 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 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.

**3.6 Property, plant, and equipment and depreciation**

Property, plant and equipment 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 depreciation periods for property and equipment, which approximate the economic useful lives of assets concerned, are as follows:

|                         |             |
|-------------------------|-------------|
| Buildings               | 25-50 years |
| Machinery and equipment | 3-15 years  |
| Furniture and fixtures  | 3-10 years  |
| Motor vehicles          | 5 years     |
| Leasehold improvements  | 2-20 years  |

Property, plant and equipment 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.

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

Repair and maintenance expenses are charged to the income statement as they are incurred. Repair and maintenance expenditures are capitalised if they result in an enlargement or substantial improvement of the respective assets (Note 19).

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#### NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### 3.7 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.

##### 3.8 Goodwill / negative goodwill and amortisation

Goodwill and negative goodwill arising on consolidation, indicating the difference between the purchase price and the attributable share of the Group in the fair value of the underlying net assets of the company acquired, are capitalised and amortised using the straight-line method over the useful life until 31 December 2004, if the acquisition is before 31 March 2004. Within the framework of IFRS 3 - "Business Combinations" amortisation accounting is not applied for goodwill related to acquisitions after 31 March 2004, and the carrying value of goodwill is reviewed and adjusted for permanent impairment where it is considered necessary. 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 transactions before 31 March 2004 is not amortised starting from the beginning of the first annual period beginning on or after 31 March 2004 (1 January 2005) and are reviewed for impairment annually (Note 17).

##### 3.9 Intangible assets and amortization

Intangible assets excluding goodwill comprise trade names, advertiser bases, acquired computer software, intellectual property and other identified rights. All trade names and advertiser bases have been identified as a result of independent valuations performed for purchase price allocation related with the business combinations. As goodwill, these intangibles which have an indefinite useful life are not subject to amortisation and they have been examined for any loss in value. Trade names with a definite life and advertiser base are amortised using the straight-line method over their estimated useful lives, which range from 10 to 20 years for trade names and from six to 12 years for the advertiser base. Other intangible assets are carried at their acquisition cost and amortised using the straight-line method over their estimated useful lives for a period of five years (Note 20).

##### 3.10 Significant accounting estimates and decisions

Preparation of financial statements requires the use of estimates and assumptions that may affect the amount of assets and liabilities recognised as of the balance sheet date, contingent assets and liabilities disclosed and the amount of revenue and expenses reported. Although, these estimates and assumptions rely on the Company management's best knowledge about current events and transactions, actual outcomes may vary from those estimates and assumptions.

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#### NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### 3.11 Taxes on income

Taxes include current period income taxes and deferred taxes. Current year tax liability consists of tax liability on period income calculated according to currently enacted tax rates and tax legislation in force as of balance sheet date and includes adjustments related to previous years' tax liabilities.

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 for financial reporting purposes. 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.

##### 3.12 Bank borrowings

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

International Accounting Standard No 23 "Borrowing Costs" was revised on 29 March 2007 by the IASB. The revised IAS 23 is effective at 1 January 2009, yet voluntary early transition to the application right is reserved. The Group opted for early adoption and changed accounting policy, choosing the policy envisaged in IAS 23 related to borrowing costs at 1 January 2007. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. All other borrowing costs are charged to the income statement when they are incurred.

##### 3.13 Employment termination benefits

The Group is required to pay termination benefits to employees who is retired, whose employment is terminated without due causes in Labour Law, in accordance with the Law related with The Arrangement of the Relationships within the Employees in Press Sector (employees in media sector) and other laws .The provision for employment termination benefits, as required by Turkish Labour Law, is recognised in these financial statements as the benefits are earned. The total provision represents the present value of future probable obligation of the Group arising from the retirement of its employees regarding the actuarial projections (Note 23).

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**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.14 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.

**3.15 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.

**3.16 Foreign currency transactions and translation**

Income and expenses arising in foreign currencies have been translated at Turkish Republic Central Bank bidding 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.

**3.17 Revenue recognition**

Revenue from newspaper sales is recognised at the time of delivery of the newspapers by the distribution company to the vendor at the invoiced values. Revenue arising through advertising is recognised 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 recognised 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.

***Interest income:***

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

***Rental income:***

Rental income is recognised on an accrual basis.

***Other income:***

Other income is recognised on an accrual basis.

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#### NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### 3.18 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).

##### 3.19 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.

##### 3.20 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).

##### 3.21 Subsequent events

Subsequent events and announcements related to net income or even declared after other selective financial information has been publicly announced, include all events that take place between the balance sheet date and the date when the balance sheet is authorised for issue.

In the case that events requiring a correction to be made occur subsequent to the balance sheet date, the Company makes the necessary corrections to the financial statements.

##### 3.22 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.

##### 3.23 Comparatives

To conform to changes in presentation of the financial statements as of 30 June 2007, classifications have been made to prior period financial statements when necessary.

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**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.24 Financial instruments and financial risk management**

**(i) 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. In addition, the Group manages its interest rate risk by using interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates.

At 30 June 2007, if interest rates on USD and Euro denominated borrowings had been one basis point higher/lower with all other variables held constant, mainly as a result of higher/lower interest expense on floating rate borrowings; net income for the period would have been YTL 871.854 (30 June 2006: YTL 211.529) lower/higher.

**(ii) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by maintaining availability under committed credit lines. The Group aims at maintaining cash for the anticipated cash flows of raw material purchase for the subsequent six-months.

At 30 June 2007, the Group has long-term financial liabilities amounting to YTL 592.955.128 (31 December 2006: YTL 39.026.920) (Note 6) and long-term trade payables amounting to YTL 92.744.504 (31 December 2006: YTL 78.001.254). At 30 June 2007, the Group has marketable securities amounting to YTL 7.343.700 with a maturity of over one year (31 December 2006: YTL 7.433.090) (Note 5).

**(iii) 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.

**(iv) 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.

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**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(v) Foreign currency risk**

The Group is exposed to 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).

The Group's foreign exchange risk mainly arises from the impact of rate changes in the translation of its foreign currency denominated borrowings which are obtained to fund capital expenditures in domestic and overseas operations. The exposure is discussed regularly in management meetings. To dispose of the currency risk exposure in part, the Group maintains a certain portion of its liquid assets in foreign currency.

The Group's risk management policy for currency risk is to maintain sufficient liquid assets for the anticipated cash flows of raw material purchase and borrowing repayment amounts in each major foreign currency for the subsequent three to six-months. However, this policy should be revised by the management when deemed necessary, according to market conditions.

**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 realise 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:

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**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.24 Financial instruments and financial risk management (Continued)**

***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 cash equivalents, 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.

**Capital risk management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

There are covenants related with the bank borrowings stated in Note 6 which the Group has to fulfil net debt/equity ratio as stated in the contracts' of the related bank borrowings.

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#### NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### 3.25 Reporting of cash flows

In the statement of cash flows, cash flows during the period are classified under operating, investing or financing activities.

The cash flows raised from/ (used in) operating activities indicate cash flows due to the Group's operations.

The cash flows due to investing activities indicate the Group cash flows that are used for and obtained from investments (investments in property, plant and equipment and financial investments).

The cash flows due to financing activities indicate the cash obtained from financial arrangements and used in their repayment.

Cash and cash equivalents include cash and bank deposits and the investments that are readily convertible into cash and highly liquid with less than three months to maturity (Note 4).

##### 3.26. Accounting for put options

Under the terms of certain acquisition agreements, the Group is committed to acquire the interests owned by minority shareholders in consolidated subsidiaries, if these minority interests wish to sell their investment.

IAS 32, "Financial Instruments: Disclosure and Presentation", requires the value of such put option to be presented as a financial liability on the balance sheet for the discounted value of the expected exercise price of this option, notwithstanding the ability of the Company to settle part of these obligations with its own shares and not cash. In addition, the share of minority shareholders in the net asset of the company subject to the put option must be reclassified from "minority interest" to "financial liability" in the consolidated balance sheet.

The Group presents, on initial recognition, the difference between the exercise price of the option and the carrying value of the minority interests first as a reduction of minority interest and then as additional goodwill. The subsequent unwinding of the discount is recognised in financial expense. Any subsequent change in the value of the commitment is recorded through goodwill (Note 17).

##### 3.27 Assets held for sale and discontinued operations

Discontinued operations are the part of the Group which either are classified as held-for-sale or have been disposed of and whose activities and cash flows can be treated as separable from the Group's activities and cash flows. Discontinued operations represent separate business or geographical segments, which are part of a plan to sell or dispose, or is a subsidiary acquired for selling. The Group's discontinued operations have been valued with the lower of the book values of the related asset and liabilities of the discontinued operations or the market values thereof net of costs incurred to dispose of them (Note 35).

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#### NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### 3.28 Web page development costs

The Groups capitalises direct costs incurred in the development of its websites and recognised over the estimated useful lives. The costs incurred that relate to the planning and post implementation phases are expensed. Costs associated with repair and maintenance of the website is included in operating expenses in the consolidated interim statements of operations (Note 20).

##### 3.29 Business combinations

In accordance with IFRS 3 “Business Combinations” all business combinations are accounted for by applying the purchase method. If the acquisition cost is higher than the fair value of the identifiable assets, liabilities and contingent liabilities acquired, the difference is accounted for as goodwill. Prior to the acquisition, the fair value differences of the net assets are accounted as fair value reserve in equity. Goodwill recognised in a business combination is not amortised, instead it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. The Group performs the impairment test of goodwill at year-ends.

If the acquisition cost is lower than the fair value of the identifiable assets, liabilities and contingent liabilities acquired, the difference is accounted for as income in the related period (Note 32).

##### 3.30 Segment reporting

A geographical segment is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments. A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments.

A reportable segment is a business segment or a geographical segment identified based on the foregoing definitions for which segment information is required to be disclosed. A business segment or geographical segment should be identified as a reportable segment if a majority of its revenue is earned from sales to external customers and its revenue from sales to external customers and from transactions with other segments is 10% or more of the total revenue, external and internal, of all segments; or its segment result, whether profit or loss, is 10% or more of the combined result of all segments in profit or the combined result of all segments in loss, whichever is the greater in absolute amount; or its assets are 10% or more of the total assets of all segments.

The Group has selected the geographical segment as the Group’s primary segment reporting format based on the risks and returns in geographical areas reflecting the primary source of the enterprise’s risks and returns. Business segments have not been disclosed in these consolidated interim financial statements as the secondary segment reporting format as the operations of the Group are not reportable business segments on the grounds of materiality.

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**NOTE 4 - CASH AND CASH EQUIVALENTS**

The analysis of cash and cash equivalents at 30 June 2007 and 31 December 2006 are as follows:

|                    | <b>30 June 2007</b> | <b>31 December 2006</b> |
|--------------------|---------------------|-------------------------|
| Cash in hand       | 887.796             | 430.374                 |
| Cash at banks      |                     |                         |
| - demand deposits  | 38.042.746          | 961.578                 |
| - time deposits    | 95.328.919          | 89.396.513              |
| - blocked deposits | 8.480               | 51.034.707              |
|                    | <b>134.267.941</b>  | <b>141.823.172</b>      |

Cash and cash equivalents included in the consolidated statements as of 30 June 2007 and 2006 of cash flows is as follows:

|                         | <b>30 June 2007</b> | <b>31 December 2006</b> | <b>30 June 2006</b> | <b>31 December 2005</b> |
|-------------------------|---------------------|-------------------------|---------------------|-------------------------|
| Cash and banks          | 134.267.941         | 141.823.172             | 98.840.051          | 152.561.372             |
| Blocked deposits        | (8.480)             | (51.034.707)            | (1.126.068)         | (1.765.117)             |
| Less: Interest accruals | (83.093)            | (746.484)               | (838.980)           | (1.830.795)             |
|                         | <b>134.176.368</b>  | <b>90.041.981</b>       | <b>96.875.003</b>   | <b>148.965.460</b>      |

The maturity analysis of time deposits including the blocked time deposits is as follows:

|             | <b>30 June 2007</b> | <b>31 December 2006</b> |
|-------------|---------------------|-------------------------|
| 0-1 month   | 95.134.074          | 74.043.035              |
| 1-3 months  | 20.997              | 15.353.478              |
| 3-6 months  | -                   | 51.034.707              |
| 6-12 months | 182.328             | -                       |
|             | <b>95.337.399</b>   | <b>140.431.220</b>      |

There are no time deposits with variable interest rates at 30 June 2007 and 31 December 2006. Effective interest rate for YTL time deposits is 18,9% (31 December 2006: 20,0%). The effective interest rates of foreign currency denominated time deposits is 4,9% for USD and 4,1% for Euro (31 December 2006: USD 4,9%, EUR: None) at 30 June 2007.

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**NOTE 5 - MARKETABLE SECURITIES**

The analysis of financial assets at fair value through profit and loss at 30 June 2007 and 31 December 2006 are as follows:

|                                     | <b>30 June 2007</b> | <b>31 December 2006</b> |
|-------------------------------------|---------------------|-------------------------|
| Treasury bills and government bonds | 7.343.700           | 23.056.445              |
|                                     | <b>7.343.700</b>    | <b>23.056.445</b>       |

At 30 June 2007, the best bid prices on actual orders by the end of the second session in Istanbul Stock Exchange on 29 June 2007 were accepted upon the determination of the fair values of government bonds and treasury bills. The effective interest rate of treasury bills and government bonds is 18,7% at 30 June 2007 (31 December 2006: 19,8%).

Maturity analysis of financial assets that are reflected on income statement through changes in fair values is shown below as of 30 June 2007 and 31 December 2006.

|               | <b>30 June 2007</b> | <b>31 December 2006</b> |
|---------------|---------------------|-------------------------|
| 91-180 days   | -                   | 15.623.355              |
| 181-365 days  | -                   | -                       |
| Over 365 days | 7.343.700           | 7.433.090               |
|               | <b>7.343.700</b>    | <b>23.056.445</b>       |

There is no pledged or blocked financial assets at fair value through profit and loss at 30 June 2007 and 31 December 2006.

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**NOTE 6 - BORROWINGS**

Details of borrowings at 30 June 2007 and 31 December 2006 are as follows:

|                                                        | <u>Effective interest rate (%)</u> |                         | <u>Original currency</u> |                         | <u>YTL</u>          |                         |
|--------------------------------------------------------|------------------------------------|-------------------------|--------------------------|-------------------------|---------------------|-------------------------|
|                                                        | <u>30 June 2007</u>                | <u>31 December 2006</u> | <u>30 June 2007</u>      | <u>31 December 2006</u> | <u>30 June 2007</u> | <u>31 December 2006</u> |
| <b>Short term bank borrowings</b>                      |                                    |                         |                          |                         |                     |                         |
| - USD                                                  | 4,4                                | -                       | 429.832                  | -                       | 755.861             | -                       |
| - Euro                                                 | -                                  | 6,8                     | -                        | 1.048.544               | -                   | 1.473.835               |
| <b>Total</b>                                           |                                    |                         |                          |                         | <b>755.861</b>      | <b>1.473.835</b>        |
| <b>Short-term portion of long term bank borrowings</b> |                                    |                         |                          |                         |                     |                         |
| - USD                                                  | 7,6                                | 8,3                     | 13.834.927               | 615.081                 | 18.049.045          | 864.558                 |
| - Euro                                                 | 5,6                                | 5,8                     | 2.310.441                | 2.303.982               | 4.062.910           | 4.265.823               |
| - CHF                                                  | 4,5                                | 5,0                     | 1.987.500                | 419.760                 | 2.106.551           | 482.849                 |
| <b>Total</b>                                           |                                    |                         |                          |                         | <b>24.218.506</b>   | <b>5.613.230</b>        |
| <b>Long-term bank borrowings</b>                       |                                    |                         |                          |                         |                     |                         |
| - USD                                                  | 7,8                                | 7,6                     | 433.731.706              | 11.700.023              | 565.846.384         | 16.445.553              |
| - Euro                                                 | 5,9                                | 4,6                     | 10.624.134               | 11.594.235              | 18.682.539          | 21.466.727              |
| - CHF                                                  | 4,5                                | 5,0                     | 7.950.000                | 969.000                 | 8.426.205           | 1.114.640               |
| <b>Total long-term bank borrowings</b>                 |                                    |                         |                          |                         | <b>592.955.128</b>  | <b>39.026.920</b>       |

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**NOTE 6 - BORROWINGS (Continued)**

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

| <b>Year</b>    | <b>30 June 2007</b> | <b>31 December 2006</b> |
|----------------|---------------------|-------------------------|
| 2008 (*)       | 28.204.246          | 10.409.261              |
| 2009           | 199.040.662         | 15.437.951              |
| 2010           | 123.525.627         | 4.899.532               |
| 2011           | 135.297.041         | 7.631.437               |
| 2012 and after | 106.887.552         | 648.739                 |
| <b>Total</b>   | <b>592.955.128</b>  | <b>39.026.920</b>       |

(\*)The expression year 2008 in the schedules of long-term borrowings at 30 June 2007 includes the period between 1 July 2008 and 31 December 2008.

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

| <b>Year</b>    | <b>30 June 2007</b> | <b>31 December 2006</b> |
|----------------|---------------------|-------------------------|
| Up to 6 months | 542.223.290         | 41.107.483              |
| 6-12 months    | 4.961.073           | -                       |
| 1-5 years      | 70.745.132          | 5.006.502               |
| <b>Total</b>   | <b>617.929.495</b>  | <b>46.113.985</b>       |

The Group has entered into a credit facility amounting to USD 240.850.000 for the acquisition of TME shares. The Group has some covenants related with these bank borrowings.

The Group has to maintain a required net debt ratio on the basis of identified earnings before interest, tax, depreciation and amortisation ("EBITDA") for the 12-month period ended 30 June 2007 which is the first test date. The covenants regarding the net debt over equity ratio is described in section "Financial instruments and financial risk management" in Note 3.24

Moreover, the Group has made a commitment that there will be no business combinations or disposals or sales of assets or liabilities in aggregate which may indicate a change in the control or in the major operations in the Group.

The Group has given 33.649.091 unit share certificates which comprise 67,3% of the shares of TME, which is one of the Subsidiaries, as collateral to financial institutions related with the long term bank borrowings (31 December 2006: None).

Additionally, the Group's subsidiary TME has signed a new senior credit agreement which amounts to a total facility of USD200.000.000. The borrowing is available in two parts: the first up to USD165.000.000 and the second up to USD35.000.000. The second part will be available in 2008 and shall be used for acquisitions and general corporate purposes. The total amount drawn by TME at the end of 30 June 2007 is USD144.900.000

If there is any change in the control of TME or any illegal acts and provided that there are mitigation clauses in the facility agreement, TME shall repay and cancel the facility in full.

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**NOTE 6 - BORROWINGS (Continued)**

Moreover, if there are disposals or asset sales in aggregate in excess of the amount of 10% of the book value of the Group's consolidated assets or equity issues received in excess of the amount of 10% of the book value of Group's consolidated assets, TME shall repay and cancel the facility in full.

The Group has borrowings amounting to YTL 523.820.173 which are issued at variable interest rates at 30 June 2007 (31 December 2006: YTL 16.635.441).

**NOTE 7 - TRADE RECEIVABLES AND PAYABLES**

Trade receivables net of unearned credit finance income at 30 June 2007 and 31 December 2006 are as follows:

|                                          | <b>30 June 2007</b> | <b>31 December 2006</b> |
|------------------------------------------|---------------------|-------------------------|
| Trade receivables                        | 206.011.892         | 143.681.111             |
| Cheques and notes receivable             | 6.179.659           | 27.040.392              |
| Receivables from credit cards            | 307.120             | 147.877                 |
|                                          | <b>212.498.671</b>  | <b>170.869.380</b>      |
| Unearned credit finance income           | (1.592.008)         | (2.048.613)             |
|                                          | <b>210.906.663</b>  | <b>168.820.767</b>      |
| Less: Provision for doubtful receivables | (17.479.154)        | (12.901.857)            |
| <b>Trade receivables</b>                 | <b>193.427.509</b>  | <b>155.918.910</b>      |

In accordance with the factoring agreement signed between the Group and Doğan Faktoring Hizmetleri A.Ş. ("Doğan Faktoring"), trade receivables amounting to YTL 142.767.065 (31 December 2006: YTL 105.564.252) are followed up by Doğan Faktoring. The unearned credit finance income related with the receivables followed up by Doğan Faktoring is YTL 1.592.008 (31 December 2006: YTL 2.048.613) and the effective interest rate is 18% (31 December 2006: 17%).

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**NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)**

Ageing of trade receivables:

As of 30 June 2007, trade receivables of YTL 47.931.068 (31 December 2006: YTL 32.885.434) were past due but not impaired as doubtful receivables. Due to sector dynamics and circumstances the Group does not foresee any collection risk for receivables which are overdue for less than 30 days. Trade receivables that are overdue for over a month are restructured and a due date difference is charged. The Group does not expect a collection risk since there are guarantee notes, guarantee cheques, mortgages and bails obtained for these receivables. The existence of overdue trade receivables is a sector characteristic as described above and was similar in previous periods.

As of 30 June 2007 and 31 December 2006, the ageing analysis of these trade receivables is as follows:

|               | <b>30 June 2007</b> | <b>31 December 2006</b> |
|---------------|---------------------|-------------------------|
| Up to 1 month | 22.353.748          | 16.380.092              |
| 1 to 3 months | 15.892.963          | 8.339.981               |
| 3 to 6 months | 5.895.212           | 4.929.382               |
| Over 6 months | 3.789.145           | 3.235.979               |
|               | <b>47.931.068</b>   | <b>32.885.434</b>       |

Furthermore, the Group has trade receivables that are restructured and not included in the ageing of overdue receivables above. As of 30 June 2007 and 31 December 2006, the ageing of these receivables at their original maturities is as follows:

|               | <b>30 June 2007</b> | <b>31 December 2006</b> |
|---------------|---------------------|-------------------------|
| Over 6 months | 15.819.869          | 16.735.399              |
|               | <b>15.819.869</b>   | <b>16.735.399</b>       |

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**NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)**

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

|                                       | <b>2007</b>       | <b>2006</b>       |
|---------------------------------------|-------------------|-------------------|
| <b>1 January</b>                      | <b>12.873.884</b> | <b>10.616.655</b> |
| Additions during the period (Note 38) | 1.306.684         | 1.664.057         |
| Collections during the period         | (140.339)         | (105.929)         |
| Acquisition of subsidiaries           | 3.372.391         | 589.136           |
| Currency translation differences      | 66.534            | -                 |
| Disposal of subsidiaries              | -                 | (167.590)         |
| <b>30 June</b>                        | <b>17.479.154</b> | <b>12.596.329</b> |

Long term trade receivables at 30 June 2007 and 31 December 2006 are as follows:

|                               | <b>30 June 2007</b> | <b>31 December 2006</b> |
|-------------------------------|---------------------|-------------------------|
| Deposits and guarantees given | 716.755             | 334.638                 |
|                               | <b>716.755</b>      | <b>334.638</b>          |

Trade payables at 30 June 2007 and 31 December 2006 are as follows:

|                           | <b>2007</b>       | <b>2006</b>       |
|---------------------------|-------------------|-------------------|
| Short-term trade payables | 55.893.920        | 40.980.909        |
| Notes payable             | 8.647             | 8.109.871         |
|                           | <b>55.902.567</b> | <b>49.090.780</b> |

|                                 | <b>30 June 2007</b> | <b>31 December 2006</b> |
|---------------------------------|---------------------|-------------------------|
| Long-term payables to suppliers | 92.744.504          | 78.001.254              |
|                                 | <b>92.744.504</b>   | <b>78.001.254</b>       |

Long-term payables to suppliers resulted from to the purchase of machinery and equipment. The effective interest rates of long term trade payables are 5,3% for USD, 4,4% for Euro and 3,2% for CHF (31 December 2006: USD: 5,2%, Euro:4,1% ,CHF:2,7%).

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**NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)**

The redemption schedules of long-term payables are stated below:

| <b>Year</b>    | <b>2007</b>       | <b>2006</b>       |
|----------------|-------------------|-------------------|
| 2008 (*)       | 15.540.540        | 15.020.381        |
| 2009           | 18.001.461        | 15.410.227        |
| 2010           | 13.713.137        | 10.818.150        |
| 2011           | 13.332.883        | 10.408.457        |
| 2012 and after | 32.156.483        | 26.344.039        |
|                | <b>92.744.504</b> | <b>78.001.254</b> |

(\*) The expression year 2008 in the schedules of long-term payables at 30 June 2007 includes the period between 1 July 2008 and 31 December 2008.

The Group has long-term trade payables amounting to YTL 89.691.198 which are issued at variable interest rates at 30 June 2007 (31 December 2006: YTL 75.269.272).

The fair values of long-term trade payables are considered to approximate their carrying values due to their actual interest rates which approximate the market rates.

The exposure of the Group's long-term trade payables to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

| <b>Year</b>    | <b>30 June 2007</b> | <b>31 December 2006</b> |
|----------------|---------------------|-------------------------|
| Up to 6 months | 91.368.899          | 76.264.941              |
| 6-12 months    | 353.742             | 360.708                 |
| 1-5 years      | 1.021.863           | 1.375.605               |
| <b>Total</b>   | <b>92.744.504</b>   | <b>78.001.254</b>       |

**NOTE 8 - LEASING RECEIVABLES AND PAYABLES**

Leasing payables at 30 June 2007 and 31 December 2006 are as follows:

|                             | <b>30 June 2007</b> | <b>31 December 2006</b> |
|-----------------------------|---------------------|-------------------------|
| Short term leasing payables | 3.547.452           | 4.620.935               |
| Long term leasing payables  | 6.533.735           | 8.066.629               |
|                             | <b>10.081.187</b>   | <b>12.687.564</b>       |

The redemption schedules of long-term leasing payables are stated below:

| <b>Year</b> | <b>30 June 2007</b> | <b>31 December 2006</b> |
|-------------|---------------------|-------------------------|
| 2008 (*)    | 1.315.865           | 2.593.785               |
| 2009        | 2.424.134           | 2.520.474               |
| 2010        | 2.174.566           | 2.283.778               |
| 2011        | 619.170             | 668.592                 |
|             | <b>6.533.735</b>    | <b>8.066.629</b>        |

(\*) The expression year 2008 in the schedules of long-term leasing payables at 30 June 2007 includes the period between 1 July 2008 and 31 December 2008.

The effective interest rate for long term leasing payable is 6,5% for USD and 5% for Euro (31 December 2006: USD: None, Euro :5%).

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

**i) Balances with related parties:**

a) Due from related parties:

**Short Term:**

|                                                           | <b>30 June 2007</b> | <b>31 December 2006</b> |
|-----------------------------------------------------------|---------------------|-------------------------|
| Doğan Gazetecilik A.Ş. (“Doğan Gazetecilik”)              | 8.744.108           | 7.476.577               |
| Doğan Media                                               | 8.307.146           | 3.594.097               |
| Işıl İthalat İhracat Mümessillik A.Ş. (“Işıl İthalat”)    | 4.803.474           | 5.951.581               |
| Milliyet Verlags und Handels GmbH (“Milliyet Verlags”)    | 3.395.200           | 2.876.395               |
| Doğan Müzik Kitapçılık A.Ş.(“DMK”) (*)                    | 3.070.293           | 2.617.516               |
| Doğan Dış Ticaret A.Ş. (“Doğan Dış Ticaret”)              | 1.322.432           | 644.151                 |
| D-Yapı İnşaat Sanayi ve Ticaret A.Ş.(“D Yapı”)            | 1.322.091           | -                       |
| Doğan Burda Dergi                                         |                     |                         |
| Yayıncılık ve Pazarlama A.Ş. (“DB”)                       | 1.257.024           | 1.730.095               |
| Doğan Müzik Yapım ve Ticaret A.Ş. (“DMC”)                 | 808.819             | 1.223.151               |
| Hürriyet Ticari ve Sınai                                  |                     |                         |
| Pazarlama A.Ş. (“Hürriyet Pazarlama”)                     | 599.619             | 605.598                 |
| Hür Servis                                                | 421.201             | 405.142                 |
| Doğan Kitapçılık                                          | 387.632             | 233.238                 |
| Doğan Elektronik Turizm Satış Pazarlama                   |                     |                         |
| Hizmetleri ve Yayıncılık A.Ş. (“Doğan Elektronik Turizm”) | 381.444             | 379.175                 |
| D Market Ticaret A.Ş. (“D Market”)                        | 302.036             | 349.751                 |
| Dergi Pazarlama Planlama A.Ş.                             | 252.552             | 318.256                 |
| Doğan ve Egmont Yayıncılık ve                             |                     |                         |
| Yayıncılık Ticaret A.Ş.(“Doğan Egmont”)                   | 142.095             | 293.208                 |
| Aydın Doğan Vakfı                                         | 27.371              | 310.149                 |
| Doğan Dağıtım Satış ve Pazarlama A.Ş. (“Doğan Dağıtım”)   | 18.951              | 1.081.093               |
| DTV Haber ve Görsel Yayıncılık A.Ş. (“Kanal D”)           | -                   | 2.479.688               |
| Eko TV Televizyon Yayıncılık A.Ş. (“Eko TV”)              | -                   | 1.525.463               |
| Medyanet İletişim Reklam Pazarlama                        |                     |                         |
| ve Turizm A.Ş.(“Medyanet A.Ş.”)                           | -                   | 1.175.485               |
| Süper Kanal Televizyon Video Radyo Basın Yapım            |                     |                         |
| Yayın Tanıtım ve Haber Hizmetleri A.Ş. (“Süper Kanal”)    | -                   | 1.002.370               |
| Milliyet Haber Ajansı A.Ş.(“Milha”)                       | -                   | 831.116                 |
| Other                                                     | 1.391.087           | 1.462.711               |
|                                                           | <b>36.954.575</b>   | <b>38.566.006</b>       |

(\*) The Group’s YTL 615.600 portion of the due from DMK balance originates from the disposal of Hür Servis shares.

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**NOTE 9 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)**

b) Short-term due to related companies:

|                                                                             | <b>30 June 2007</b> | <b>31 December 2006</b> |
|-----------------------------------------------------------------------------|---------------------|-------------------------|
| Kanal D                                                                     | 1.725.005           | -                       |
| Doğan Yayın                                                                 | 1.197.712           | 119.044                 |
| Işıl Televizyon Yayıncılık Yapımcılık<br>Sanayi ve Ticaret A.Ş. ("Işıl TV") | 1.048.602           | -                       |
| Doğan Dağıtım                                                               | 860.834             | -                       |
| Milta Turizm                                                                | 753.469             | 742.178                 |
| Doğan Media                                                                 | 750.987             | -                       |
| Medyanet                                                                    | 555.892             | 133.410                 |
| Doğan İletişim                                                              | 466.032             | 792.070                 |
| Doğan Dış Ticaret                                                           | 271.111             | 3.585                   |
| Doğan İnternet Yatırımları Ticaret A.Ş.                                     | 168.037             | 168.037                 |
| Hürbim Görsel Yayıncılık A.Ş. ("Hürbim")                                    | 142.059             | 176.748                 |
| Doğan Faktoring                                                             | 122.560             | 5.351                   |
| Eko TV                                                                      | 120.749             | -                       |
| Doğan Holding                                                               | 107.605             | 26.735                  |
| Doğan Platform Yatırımları A.Ş.                                             | 96.399              | 97.478                  |
| Petrol Ofisi                                                                | 76.843              | 83.881                  |
| Doğa Televizyon ve Yayıncılık A.Ş. ("Doğa TV")                              | -                   | 177.637                 |
| Other                                                                       | 236.301             | 361.703                 |
|                                                                             | <b>8.700.197</b>    | <b>2.887.857</b>        |

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

a) Significant service and product sales to related parties:

|                   | <b>2007</b>                    |                              | <b>2006</b>                    |                              |
|-------------------|--------------------------------|------------------------------|--------------------------------|------------------------------|
|                   | <b>1 January -<br/>30 June</b> | <b>1 April -<br/>30 June</b> | <b>1 January -<br/>30 June</b> | <b>1 April -<br/>30 June</b> |
| Doğan Dağıtım     | 42.320.244                     | 19.334.146                   | 43.637.687                     | 21.162.183                   |
| Doğan Gazetecilik | 13.618.189                     | 6.459.458                    | 14.062.114                     | 7.519.933                    |
| Doğan Media       | 7.906.853                      | 4.078.101                    | 7.559.141                      | 4.204.370                    |
| DB                | 3.954.708                      | 1.959.201                    | 6.298.883                      | 3.047.434                    |
| Doğan Yayın       | 1.898.155                      | 875.520                      | 1.406.336                      | 787.440                      |
| Eko TV            | 1.633.065                      | 763.266                      | 2.065.182                      | 1.168.848                    |
| Doğan TV          | 1.403.290                      | 607.699                      | 249                            | -                            |
| Milliyet Verlags  | 1.287.482                      | 614.736                      | 1.177.530                      | 630.382                      |
| Medyanet A.Ş.     | 1.119.648                      | 410.011                      | 1.007.489                      | 658.576                      |
| Petrol Ofisi      | 759.018                        | 759.018                      | 1.028.446                      | 764.185                      |
| Kanal D           | 650.040                        | 287.219                      | 2.376.544                      | 1.180.317                    |
| DMK               | 580.240                        | 353.610                      | 565.308                        | 257.527                      |
| Doğan Kitap       | 565.252                        | 461.670                      | 266.869                        | 164.010                      |
| Doğan İletişim    | 517.642                        | 307.892                      | 192.264                        | 106.437                      |
| Doğan Egmont      | 466.436                        | 223.867                      | 653.033                        | 301.140                      |
| Other             | 2.767.977                      | 1.214.755                    | 3.750.700                      | 1.972.270                    |
|                   | <b>81.448.239</b>              | <b>38.710.169</b>            | <b>86.047.775</b>              | <b>43.925.052</b>            |

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**NOTE 9 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)**

b) Significant service and product purchases from related parties:

|                                            | 2007                   |                      | 2006                   |                      |
|--------------------------------------------|------------------------|----------------------|------------------------|----------------------|
|                                            | 1 January -<br>30 June | 1 April -<br>30 June | 1 January -<br>30 June | 1 April -<br>30 June |
| Işıl İthalat (*)                           | 47.603.436             | 23.006.963           | 33.509.859             | 21.190.060           |
| Doğan Dış Ticaret (*)                      | 36.175.284             | 17.460.128           | 35.582.835             | 17.885.222           |
| Doğan Dağıtım (**)                         | 12.135.065             | 6.082.198            | 9.401.028              | 4.689.651            |
| Doğan Yayın                                | 5.981.038              | 2.975.892            | 5.506.397              | 2.618.143            |
| Kanal D                                    | 5.043.045              | 2.060.973            | 7.241.987              | 3.945.888            |
| Milta Seyahat Acentası                     |                        |                      |                        |                      |
| İşletmeciliği A.Ş. ("Milta")               | 4.224.491              | 2.519.930            | 2.017.348              | 1.253.222            |
| Işıl TV                                    | 3.014.410              | 976.835              | 3.074.206              | 1.533.888            |
| Doğan İletişim Telekomünikasyon            |                        |                      |                        |                      |
| Elektronik Servis Hizmetleri               |                        |                      |                        |                      |
| Turizm ve Yayıncılık A.Ş. ("Doğan Online") | 950.306                | 560.788              | 1.578.346              | 883.380              |
| D Yapım Reklamcılık ve Dağıtım A.Ş.        | 937.005                | 432.625              | 1.042.559              | 357.773              |
| Doğa TV                                    | 867.698                | 484.439              | 244.592                | 244.592              |
| Petrol Ofisi                               | 772.201                | 348.609              | 671.951                | 365.693              |
| Doğan Media                                | 630.311                | 624.575              | 581.480                | 412.878              |
| Doğan Gazetecilik                          | 579.859                | 314.276              | 335.370                | 200.232              |
| DB                                         | 427.292                | 410.479              | 1.917.766              | 392.478              |
| Doğan Kitap                                | 417.178                | 407.531              | 820.947                | 338.631              |
| DMC                                        | 387.307                | 225.000              | 531.943                | 531.943              |
| Other                                      | 1.084.885              | 523.801              | 3.733.600              | 2.144.649            |
|                                            | <b>121.230.811</b>     | <b>59.415.042</b>    | <b>107.792.214</b>     | <b>58.988.323</b>    |

(\*) The Group purchases its primal raw materials from Doğan Dış Ticaret and Işıl İthalat.

(\*\*) 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 significant transactions with related parties:

**Other income:**

|                   | 2007                   |                      | 2006                   |                      |
|-------------------|------------------------|----------------------|------------------------|----------------------|
|                   | 1 January -<br>30 June | 1 April -<br>30 June | 1 January -<br>30 June | 1 April -<br>30 June |
| Işıl İthalat      | 675.612                | 448.003              | 254.995                | 254.995              |
| Doğan Dış Ticaret | 429.778                | 210.551              | 297.530                | 19.059               |
| Doğan Dağıtım     | 319.138                | 155.829              | 189.171                | 34.616               |
| DB                | 231.890                | 102.805              | 115.804                | 49.954               |
| Doğan Yayın       | 116.543                | 50.198               | 16.493                 | 16.493               |
| Other             | 342.622                | 164.074              | 319.178                | 31.077               |
|                   | <b>2.115.583</b>       | <b>1.131.460</b>     | <b>1.193.171</b>       | <b>406.194</b>       |

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**NOTE 9 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)**

c) Other significant transactions with related parties (continued):

|                        | 2007                  |                     | 2006                  |                     |
|------------------------|-----------------------|---------------------|-----------------------|---------------------|
|                        | 1 January-<br>30 June | 1 April-<br>30 June | 1 January-<br>30 June | 1 April-<br>30 June |
| <b>Other expenses:</b> |                       |                     |                       |                     |
| Doğan Faktoring        | 586.000               | 370.051             | 505.255               | 301.794             |
| Doğan Gazetecilik      | 89.500                | -                   | -                     | -                   |
| Other                  | 94.324                | 71.573              | 9.488                 | 2.984               |
|                        | <b>769.824</b>        | <b>441.624</b>      | <b>514.743</b>        | <b>304.778</b>      |

|                                               | 2007                  |                     | 2006                  |                     |
|-----------------------------------------------|-----------------------|---------------------|-----------------------|---------------------|
|                                               | 1 January-<br>30 June | 1 April-<br>30 June | 1 January-<br>30 June | 1 April-<br>30 June |
| d) Purchase of property, plant and equipment: |                       |                     |                       |                     |
| Medyanet A.Ş.                                 | 746.693               | 746.693             | -                     | -                   |
| D-Market Elektronik Hizmet Ticaret A.Ş.       | 195.367               | 94.335              | 203.938               | 114.673             |
| D Yapı                                        | -                     | -                   | 8.274.574             | 4.341.280           |
| Doğan Gazetecilik                             | -                     | -                   | 44.136                | 6.000               |
| Other                                         | 39.775                | 39.775              | 6.000                 | 6.000               |
|                                               | <b>981.835</b>        | <b>880.803</b>      | <b>8.528.648</b>      | <b>4.467.953</b>    |

|                                                           | 2007                  |                     | 2006                  |                     |
|-----------------------------------------------------------|-----------------------|---------------------|-----------------------|---------------------|
|                                                           | 1 January-<br>30 June | 1 April-<br>30 June | 1 January-<br>30 June | 1 April-<br>30 June |
| Payments to Board members<br>and key management personnel | 1.140.879             | 688.657             | 875.220               | 467.600             |
|                                                           | <b>1.140.879</b>      | <b>688.657</b>      | <b>875.220</b>        | <b>467.600</b>      |

**NOTE 10 - OTHER RECEIVABLES AND PAYABLES**

Other current receivables at 30 June 2007 and 31 December 2006 are as follows:

|                                     | 30 June 2007      | 31 December 2006  |
|-------------------------------------|-------------------|-------------------|
| Advances given to personnel         | 4.873.914         | 3.330.671         |
| Receivable from tax authorities (*) | 4.242.559         | -                 |
| Value Added Tax ("VAT") receivable  | 3.666.237         | 442.857           |
| Job advances                        | 3.521.132         | 1.256.820         |
| Prepaid taxes and funds (Note 41)   | 854.206           | 19.230.600        |
| Other                               | 4.108.703         | 179.237           |
|                                     | <b>21.266.751</b> | <b>24.440.185</b> |

(\*) The receivable from tax authorities is the tax receivable as a result of tax litigation resulted to the advantage of Pronto Moscow which is a subsidiary of Trader Media East Ltd, which will be offset in future.

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**NOTE 10 - OTHER RECEIVABLES AND PAYABLES (Continued)**

Other current payables at 30 June 2007 and 31 December 2006 are as follows:

|                              | <b>30 June 2007</b> | <b>31 December 2006</b> |
|------------------------------|---------------------|-------------------------|
| Taxes and funds payable      | 13.508.477          | 10.822.667              |
| Deferred income              | 13.353.106          | 1.962.603               |
| Due to personnel             | 5.648.919           | 283.427                 |
| VAT payable                  | 3.486.012           | -                       |
| Provision for sales premiums | 2.125.000           | -                       |
| Expense accruals             | -                   | 633.254                 |
| Other                        | 2.272.623           | 515.305                 |
|                              | <b>40.394.137</b>   | <b>14.217.256</b>       |

The long-term financial liabilities as of 30 June 2007 and 31 December 2007 are as follows:

|                                 | <b>30 June 2007</b> | <b>31 December 2006</b> |
|---------------------------------|---------------------|-------------------------|
| Put-option commitment (Note 31) | 22.389.545          | -                       |
|                                 | <b>22.389.545</b>   | <b>-</b>                |

**NOTE 11 - BIOLOGICAL ASSETS**

None (2006: None).

**NOTE 12 - INVENTORIES**

|                                           | <b>30 June 2007</b> | <b>31 December 2006</b> |
|-------------------------------------------|---------------------|-------------------------|
| Promotion stocks                          | 3.154.013           | 3.880.348               |
| Impairment for promotion stocks           | (223.665)           | (223.665)               |
| <b>Promotion stocks, net (*)</b>          | <b>2.930.348</b>    | <b>3.656.683</b>        |
| Raw materials and supplies                | 15.847.803          | 12.130.464              |
| Finished goods and merchandise            | 1.005.959           | 1.593.437               |
| Semi-finished goods                       | 666.514             | 268.504                 |
| Order advances for raw material purchases | 758.711             | 353.777                 |
|                                           | <b>21.209.335</b>   | <b>18.002.865</b>       |

(\*) Promotion stocks include promotion materials such as books and CDs.

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

None (2006: 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 tax rate for the temporary differences operating in Turkey for the year 2007 is 20% (2006: 20%). However, certain subsidiaries of the Group which are operating in Turkey have selected to apply the tax rate of 30% for 2006, 2007 and 2008, following the amendment to tax law explained in Note 41. Accordingly, deferred tax is calculated at 30% for all the temporary differences of these subsidiaries until the period ended 31 December 2008. Deferred tax is calculated at 20% for all other temporary differences that are expected to be realised subsequent to 31 December 2008.

The tax rates (%) used considering each country's tax legislations as of 30 June 2007 for the calculation of deferred taxes is as follows;

| <b>Country</b> | <b>Tax rates</b> | <b>Country</b> | <b>Tax rates</b> |
|----------------|------------------|----------------|------------------|
| Germany        | 39,6             | Kazakhstan     | 30,0             |
| Austria        | 25,0             | Hungary        | 16,0             |
| France         | 33,3             | Poland         | 19,0             |
| Netherlands    | 25,5             | Russia         | 24,0             |

The temporary differences giving rise to deferred income tax assets and deferred tax liabilities using the enacted tax rates as of 30 June 2007 and 31 December 2006 are as follows:

|                                                                                                  | <b>Temporary differences</b> |                         | <b>Deferred tax assets/<br/>(liabilities)</b> |                         |
|--------------------------------------------------------------------------------------------------|------------------------------|-------------------------|-----------------------------------------------|-------------------------|
|                                                                                                  | <b>30 June 2007</b>          | <b>31 December 2006</b> | <b>30 June 2007</b>                           | <b>31 December 2006</b> |
| Accumulated losses not utilised                                                                  | 19.196.490                   | 1.330.418               | 3.839.097                                     | 266.084                 |
| Provision for employment termination benefits                                                    | 10.527.774                   | 8.470.347               | 2.105.555                                     | 1.694.069               |
| Difference between tax base and carrying value of leasing payables                               | 9.819.289                    | 12.621.514              | 3.794.173                                     | 4.876.953               |
| Difference between tax base and carrying value of trade receivables and due from related parties | 3.989.103                    | 1.463.176               | 1.446.375                                     | 292.636                 |
| Deferred income                                                                                  | 3.242.765                    | 1.374.906               | 313.933                                       | 274.981                 |
| Other, net                                                                                       | 8.274.306                    | 1.225.691               | 1.341.128                                     | 245.138                 |
| <b>Deferred tax assets</b>                                                                       | <b>55.049.727</b>            | <b>26.486.052</b>       | <b>12.840.261</b>                             | <b>7.649.861</b>        |
| Difference between tax bases and carrying value of property, plant and equipment and intangibles | (301.576.883)                | (127.127.279)           | (63.028.652)                                  | (28.077.084)            |
| Difference between fair and carrying value of borrowings                                         | (4.379.009)                  | -                       | (875.802)                                     | -                       |
| Other, net                                                                                       | (14.864.487)                 | (5.250.828)             | (2.928.169)                                   | (1.414.444)             |
| <b>Deferred tax liabilities</b>                                                                  | <b>(320.820.379)</b>         | <b>(132.378.107)</b>    | <b>(66.832.623)</b>                           | <b>(29.491.528)</b>     |
| <b>Deferred tax liabilities, net</b>                                                             | <b>(265.770.652)</b>         | <b>(105.892.055)</b>    | <b>(53.992.362)</b>                           | <b>(21.841.667)</b>     |

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**NOTE 14 - DEFERRED TAX ASSETS AND LIABILITIES (Continued)**

The movements of deferred tax balances during the six-months period ended at 30 June 2007 and 2006 are as follows:

|                                                                        | 2007              | 2006              |
|------------------------------------------------------------------------|-------------------|-------------------|
| <b>1 January</b>                                                       | <b>21.841.667</b> | <b>32.164.243</b> |
| Deferred tax income at the<br>consolidated income statements (Note 41) | (1.232.711)       | (12.616.672)      |
| Foreign currency translation differences                               | (1.678.035)       | -                 |
| Acquisition of subsidiaries                                            | 35.061.441        | -                 |
| Disposal of subsidiaries                                               | -                 | 321.154           |
| <b>Deferred tax liabilities, net</b>                                   | <b>53.992.362</b> | <b>19.868.725</b> |

**NOTE 15 - OTHER CURRENT/ NON CURRENT ASSETS**

Other current assets at 30 June 2007 and 31 December 2006 are as follows:

|                  | 30 June 2007     | 30 December 2006 |
|------------------|------------------|------------------|
| Prepaid expenses | 8.907.492        | 3.580.423        |
| Income accruals  | 799.683          | 1.498.013        |
|                  | <b>9.707.175</b> | <b>5.078.436</b> |

**NOTE 16 - FINANCIAL ASSETS**

Financial assets at 30 June 2007 and 31 December 2006 are as follows:

|                                | 30 June 2007     | 31 December 2006  |
|--------------------------------|------------------|-------------------|
| Available for sale investments | 6.187.492        | 6.079.239         |
| Associates                     | 2.582.908        | 4.683.331         |
|                                | <b>8.770.400</b> | <b>10.762.570</b> |

Details of available-for-sale investments at 30 June 2007 and 31 December 2006 are as follows:

|                                                          | %     | 30 June 2007     | %     | 31 December 2006 |
|----------------------------------------------------------|-------|------------------|-------|------------------|
| Doğan Havacılık San.<br>ve Tic. A.Ş. ("Doğan Havacılık") | 9,00  | 4.513.093        | 9,00  | 4.513.093        |
| Doğan Faktoring                                          | 5,00  | 736.422          | 5,00  | 736.422          |
| Doğan Dış Ticaret                                        | 1,75  | 346.038          | 1,75  | 346.038          |
| Coats İplik Sanayi A.Ş.                                  | 0,50  | 257.850          | 0,50  | 257.850          |
| Hür Servis                                               | 19,00 | 169.166          | 19,00 | 169.166          |
| Other                                                    | -     | 164.923          | -     | 56.670           |
|                                                          |       | <b>6.187.492</b> |       | <b>6.079.239</b> |

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**NOTE 16 - FINANCIAL ASSETS (Continued)**

Details of investment in associates at 30 June 2007 and 31 December 2006 are as follows:

|             | %     | 30 June 2007     | %     | 31 December 2006 |
|-------------|-------|------------------|-------|------------------|
| Doğan Media | 41,33 | 1.676.887        | 43,93 | 3.714.273        |
| Yaysat      | 25,00 | 823.739          | 25,00 | 879.207          |
| DYG İlan    | 20,00 | 82.282           | 20,00 | 89.851           |
|             |       | <b>2.582.908</b> |       | <b>4.683.331</b> |

The summary financial information of Associates' is as follows:

|             | <u>30 June 2007</u> |                      | <u>31 December 2006</u> |                      |
|-------------|---------------------|----------------------|-------------------------|----------------------|
|             | Total<br>assets     | Total<br>liabilities | Total<br>assets         | Total<br>liabilities |
| Doğan Media | 77.142.136          | 75.991.420           | 30.394.758              | 24.674.346           |
| Yaysat      | 3.888.605           | 593.648              | 4.050.596               | 533.769              |
| DYG İlan    | 459.925             | 48.515               | 554.511                 | 105.256              |
|             | <b>81.490.666</b>   | <b>76.633.583</b>    | <b>34.999.865</b>       | <b>25.313.371</b>    |

Movements of associates for the period ended 30 June 2007 and 2006 are as follows:

|                                  | 2007             | 2006             |
|----------------------------------|------------------|------------------|
| <b>1 January</b>                 | <b>4.683.331</b> | <b>7.676.708</b> |
| Loss from associates (Note 38)   | (9.137.565)      | (203.598)        |
| Capital increase of associates   | 7.850.467        | -                |
| Currency translation differences | (813.325)        | -                |
| <b>30 June</b>                   | <b>2.582.908</b> | <b>7.473.110</b> |

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**NOTE 17 - GOODWILL / NEGATIVE GOODWILL**

The movements in goodwill during the six-month periods ended 30 June 2007 and 2006 are as follows:

|                                  | <b>2007</b>        | <b>2006</b>       |
|----------------------------------|--------------------|-------------------|
| <b>1 January</b>                 | <b>11.332.183</b>  | <b>11.332.183</b> |
| Additions (Note 32)              | 517.487.860        | -                 |
| Currency translation differences | (27.704.141)       | -                 |
| Other (*)                        | 5.427.136          | -                 |
| <b>30 June</b>                   | <b>506.543.038</b> | <b>11.332.183</b> |

(\*) The amount states the change in the fair value of the put options (Note: 3.26).

The Group has recorded the difference between the purchase price and the attributable share of the Group in the provisional value of the underlying net assets of TME as goodwill. According to the principles of IFRS 3 - "Business Combinations", the Group shall recognise any adjustment to those provisional values as a result of completing the initial accounting within 12 months of the acquisition date, any amount which is not allocated to the fair value of assets will be recognised as goodwill.

The Group tests and reviews the carrying value of goodwill for impairment annually at the date goodwill has been recognized and the impairment if any has been adjusted accordingly.

Starting from 1 January 2005, within the framework of IFRS 3 "Business Combinations", goodwill is not amortized and the carrying value of goodwill is reviewed, any impairment has been adjusted as mentioned above.

**NOTE 18 - INVESTMENT PROPERTY**

The movement of investment property and related accumulated depreciation for the six-month period ended at 30 June 2007 are as follows:

|                                  | <b>1 January 2007</b> | <b>Additions</b> | <b>Disposals</b>   | <b>Reversal<br/>of provision on<br/>impairment</b> | <b>30 June<br/>2007</b> |
|----------------------------------|-----------------------|------------------|--------------------|----------------------------------------------------|-------------------------|
| <b>Cost:</b>                     |                       |                  |                    |                                                    |                         |
| Land and<br>land improvements    | 9.565.494             | -                | -                  | -                                                  | 9.565.494               |
| Buildings                        | 5.899.087             | -                | (1.814.808)        | 470.572                                            | 4.554.851               |
| <b>Total</b>                     | <b>15.464.581</b>     | <b>-</b>         | <b>(1.814.808)</b> | <b>470.572</b>                                     | <b>14.120.345</b>       |
| <b>Accumulated depreciation:</b> |                       |                  |                    |                                                    |                         |
| Buildings                        | 244.852               | 36.728           | -                  | -                                                  | 281.580                 |
| <b>Total</b>                     | <b>244.852</b>        | <b>36.728</b>    | <b>-</b>           | <b>-</b>                                           | <b>281.580</b>          |
| <b>Net book value</b>            | <b>15.219.729</b>     |                  |                    |                                                    | <b>13.838.765</b>       |

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**NOTE 18 - INVESTMENT PROPERTY (Continued)**

The depreciation charge for the six-month period ended at 30 June 2007 amounting to YTL 36.728 has been included in the cost of sales.

The movement of investment property and related accumulated depreciation for the six-month period ended at 30 June 2006 are as follows:

|                                  | <b>1 January 2006</b> | <b>Additions</b> | <b>Disposals</b>   | <b>Transfers</b> | <b>30 June<br/>2006</b> |
|----------------------------------|-----------------------|------------------|--------------------|------------------|-------------------------|
| <b>Cost:</b>                     |                       |                  |                    |                  |                         |
| Land and<br>land improvements    | 5.468.941             | -                | -                  | 8.225.000        | 13.693.941              |
| Buildings                        | 13.445.413            | -                | (8.838.699)        | -                | 4.606.714               |
| <b>Total</b>                     | <b>18.914.354</b>     | <b>-</b>         | <b>(8.838.699)</b> | <b>8.225.000</b> | <b>18.300.655</b>       |
| <b>Accumulated depreciation:</b> |                       |                  |                    |                  |                         |
| Buildings                        | 685.294               | 127.263          | (604.432)          | -                | 208.125                 |
| <b>Total</b>                     | <b>685.294</b>        | <b>127.263</b>   | <b>(604.432)</b>   | <b>-</b>         | <b>208.125</b>          |
| <b>Net book value</b>            | <b>18.229.060</b>     |                  |                    |                  | <b>18.092.530</b>       |

The depreciation charge for the six-month period ended at 30 June 2006 amounting to YTL 127.263 has been included in the cost of sales.

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

The movement of property, plant and equipment and related accumulated depreciation for the six-month period ended at 30 June 2007 are as follows:

|                                 | <b>1 January 2007</b> | <b>Currency<br/>translation<br/>differences</b> | <b>Additions</b>  | <b>Disposals</b>   | <b>Transfers</b> | <b>Acquisitions</b> | <b>30 June 2007</b>  |
|---------------------------------|-----------------------|-------------------------------------------------|-------------------|--------------------|------------------|---------------------|----------------------|
| <b>Cost</b>                     |                       |                                                 |                   |                    |                  |                     |                      |
| Land and land improvements      | 50.605.457            | (261.539)                                       | 23.302            | -                  | -                | 191.834             | 50.559.054           |
| Buildings                       | 244.840.858           | (947.647)                                       | 475.520           | -                  | -                | 5.334.087           | 249.702.818          |
| Machinery and equipments        | 598.259.252           | (3.366.810)                                     | 3.422.830         | (6.678.679)        | 38.286.202       | 27.256.163          | 657.178.958          |
| Motor vehicles                  | 7.169.886             | (59.223)                                        | 25.000            | (123.709)          | -                | 1.559.513           | 8.571.467            |
| Furniture and fixtures          | 76.322.539            | (878.271)                                       | 2.712.327         | (831.249)          | -                | 21.636.044          | 98.961.390           |
| Leasehold improvements          | 24.252.211            | (16.722)                                        | 12.902            | -                  | -                | 520.298             | 24.768.689           |
| Advances given                  | 8.004.928             | -                                               | 12.435.563        | (500.870)          | (17.623.222)     | -                   | 2.316.399            |
| Construction in progress        | 3.947.833             | (70.443)                                        | 20.280.988        | -                  | (20.662.980)     | 1.883.837           | 5.379.235            |
|                                 | <b>1.013.402.964</b>  | <b>(5.600.655)</b>                              | <b>39.388.432</b> | <b>(8.134.507)</b> | <b>-</b>         | <b>58.381.776</b>   | <b>1.097.438.010</b> |
| <b>Accumulated Depreciation</b> |                       |                                                 |                   |                    |                  |                     |                      |
| Land and land improvements      | 278.438               | -                                               | 23.341            | -                  | -                | -                   | 301.779              |
| Buildings                       | 46.027.032            | (166.195)                                       | 2.634.905         | -                  | -                | 615.525             | 49.111.267           |
| Machinery and equipments        | 359.518.379           | (1.251.048)                                     | 19.686.345        | (3.437.061)        | -                | 10.168.577          | 384.685.192          |
| Motor vehicles                  | 3.875.679             | -                                               | 508.453           | (123.709)          | -                | -                   | 4.260.423            |
| Furniture and fixtures          | 63.735.700            | (606.508)                                       | 2.175.996         | (736.130)          | -                | 15.195.301          | 79.764.359           |
| Leasehold improvements          | 21.700.387            | (5.956)                                         | 294.054           | -                  | -                | 204.255             | 22.192.740           |
|                                 | <b>495.135.615</b>    | <b>(2.029.707)</b>                              | <b>25.323.094</b> | <b>(4.296.900)</b> | <b>-</b>         | <b>26.183.658</b>   | <b>540.315.760</b>   |
| <b>Net book value</b>           | <b>518.267.349</b>    |                                                 |                   |                    |                  |                     | <b>557.122.250</b>   |

Net book value of the property, plant and equipment in machinery and equipment group obtained via financial leasing is amounting to YTL 14.556.186 at 30 June 2007 (31 December 2006: YTL 16.458.488). At 30 June 2007, there are mortgages amounting to YTL 7.000.000 and liens amounting to YTL 13.188.750 on property plant and equipment (Note 31) (31 December 2006: None). The depreciation charge for the period ended at 30 June 2007 amounting to YTL 20.998.725 has been included in cost of sales, YTL 4.324.369 has been included in operating expenses.

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**NOTE 19 - PROPERTY, PLANT AND EQUIPMENT (Continued)**

The movement of property, plant and equipment and related accumulated depreciation for the six-month periods ended at 30 June 2006 are as follows:

|                                 | <b>1 January 2006</b> | <b>Currency<br/>translation<br/>differences</b> | <b>Additions</b>  | <b>Disposals</b>   | <b>Transfers(*)</b> | <b>Acquisitions</b> | <b>Disposal of<br/>associates</b> | <b>30 June 2006</b> |
|---------------------------------|-----------------------|-------------------------------------------------|-------------------|--------------------|---------------------|---------------------|-----------------------------------|---------------------|
| <b>Cost</b>                     |                       |                                                 |                   |                    |                     |                     |                                   |                     |
| Land and land improvements      | 53.289.072            | 1.056.067                                       | 1.205.162         | (609.160)          | (4.096.553)         | -                   | -                                 | 50.844.588          |
| Buildings                       | 233.192.530           | 3.197.161                                       | 137.435           | (9.945)            | -                   | -                   | (12.505.409)                      | 224.011.772         |
| Machinery and equipment         | 516.569.101           | 9.193.419                                       | 2.420.740         | (1.642.304)        | -                   | 411.537             | (84.274)                          | 526.868.219         |
| Motor vehicles                  | 7.743.419             | -                                               | 78.215            | (260.221)          | -                   | -                   | (460.861)                         | 7.100.552           |
| Furniture and fixtures          | 72.489.899            | 213.356                                         | 1.083.072         | (87.928)           | 955.828             | 703.621             | (438.881)                         | 74.918.967          |
| Leasehold improvements          | 22.241.708            | -                                               | 39.880            | -                  | -                   | -                   | -                                 | 22.281.588          |
| Advances given                  | 2.207.570             | -                                               | 14.113.836        | -                  | -                   | -                   | -                                 | 16.321.406          |
| Construction in progress        | 4.208.378             | -                                               | 24.545.817        | (2.669)            | (955.828)           | -                   | -                                 | 27.795.698          |
| Construction in progress        | 4.208.378             | -                                               | 24.545.817        | (2.669)            | (955.828)           | -                   | -                                 | 27.795.698          |
|                                 | <b>911.941.677</b>    | <b>13.660.003</b>                               | <b>43.624.157</b> | <b>(2.612.227)</b> | <b>(4.096.553)</b>  | <b>1.115.158</b>    | <b>(13.489.425)</b>               | <b>950.142.790</b>  |
| <b>Accumulated depreciation</b> |                       |                                                 |                   |                    |                     |                     |                                   |                     |
| Land and land improvements      | 243.508               | -                                               | 16.276            | -                  | -                   | -                   | -                                 | 259.784             |
| Buildings                       | 41.922.240            | 506.875                                         | 2.581.272         | -                  | -                   | -                   | (1.083.727)                       | 43.926.660          |
| Machinery and equipment         | 325.769.800           | 2.762.960                                       | 18.375.172        | (964.986)          | -                   | 209.876             | (21.697)                          | 346.131.125         |
| Motor vehicles                  | 2.454.957             | -                                               | 398.949           | (204.447)          | -                   | -                   | (107.723)                         | 2.541.736           |
| Furniture and fixtures          | 60.344.314            | 120.943                                         | 1.301.954         | (79.707)           | -                   | 399.621             | (346.625)                         | 61.740.500          |
| Leasehold improvements          | 19.480.263            | -                                               | 1.085.857         | -                  | -                   | -                   | -                                 | 20.566.120          |
|                                 | <b>450.215.082</b>    | <b>3.390.778</b>                                | <b>23.759.480</b> | <b>(1.249.140)</b> | <b>-</b>            | <b>609.497</b>      | <b>(1.559.772)</b>                | <b>475.165.925</b>  |
| <b>Net book value</b>           | <b>461.726.595</b>    |                                                 |                   |                    |                     |                     |                                   | <b>474.976.865</b>  |

Net book value of the property, plant and equipment in machinery and equipment group obtained via financial leasing is amounting to YTL 9.272.364 at 30 June 2006 (31 December 2005: YTL 7.907.561).

There are no mortgages and liens on property, plant and equipment on 30 June 2006 (31 December 2005: YTL 12.500).

(\*) The amounts represent transfers from construction in progress.

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**NOTE 20 - INTANGIBLE ASSETS**

Movements of intangible assets and related accumulated amortisation for the six-month periods ended at 30 June 2007 and 2006 are as follows:

|                                 | <b>1 January 2007</b> | <b>Additions</b> | <b>Disposals</b> | <b>Foreign currency<br/>translation differences</b> | <b>Acquisitions</b> | <b>30 June 2007</b> |
|---------------------------------|-----------------------|------------------|------------------|-----------------------------------------------------|---------------------|---------------------|
| <b>Cost</b>                     |                       |                  |                  |                                                     |                     |                     |
| Trademarks and licences         | -                     | 2.681            | -                | (2.111.445)                                         | 146.924.066         | 144.815.302         |
| Customer lists                  | -                     | -                | -                | (215.837)                                           | 18.827.324          | 18.611.487          |
| Software programs               | -                     | 3.821.125        | -                | (300.294)                                           | 12.365.479          | 15.886.310          |
| Rights                          | 10.603.019            | 739.474          | (231.620)        | (4.558.662)                                         | -                   | 6.552.211           |
| Other intangible assets         | 4.451.878             | 629.487          | -                | (125.605)                                           | 3.530.689           | 8.486.449           |
|                                 | <b>15.054.897</b>     | <b>5.192.767</b> | <b>(231.620)</b> | <b>(7.311.843)</b>                                  | <b>181.647.558</b>  | <b>194.351.759</b>  |
| <b>Accumulated depreciation</b> |                       |                  |                  |                                                     |                     |                     |
| Trademarks and licences         | -                     | 281.526          | -                | 297.613                                             | 17.178.105          | 17.757.244          |
| Customer lists                  | -                     | 180.981          | -                | 159.531                                             | 9.587.555           | 9.928.067           |
| Software programs               | -                     | 1.307.085        | -                | 176.959                                             | 9.678.641           | 11.162.685          |
| Rights                          | 10.022.798            | 68.131           | (231.620)        | (2.009.451)                                         | -                   | 7.849.858           |
| Other intangible assets         | 3.852.429             | 546.909          | -                | (92.692)                                            | 2.658.248           | 6.964.894           |
|                                 | <b>13.875.227</b>     | <b>2.384.632</b> | <b>(231.620)</b> | <b>(1.468.040)</b>                                  | <b>39.102.549</b>   | <b>53.662.748</b>   |
| <b>Net book value</b>           | <b>1.179.670</b>      |                  |                  |                                                     |                     | <b>140.689.011</b>  |
|                                 |                       |                  |                  |                                                     |                     |                     |
|                                 | <b>1 January 2006</b> | <b>Additions</b> | <b>Disposals</b> | <b>Foreign currency<br/>translation differences</b> | <b>Acquisitions</b> | <b>30 June 2006</b> |
| <b>Cost</b>                     |                       |                  |                  |                                                     |                     |                     |
| Rights                          | 9.786.515             | 91.996           | -                | 624.710                                             | -                   | 10.503.221          |
| Other intangible assets         | 3.811.917             | 299.916          | (12.027)         | 988.484                                             | (130.667)           | 4.957.623           |
|                                 | <b>13.598.432</b>     | <b>391.912</b>   | <b>(12.027)</b>  | <b>1.613.194</b>                                    | <b>(130.667)</b>    | <b>15.460.844</b>   |
| <b>Accumulated depreciation</b> |                       |                  |                  |                                                     |                     |                     |
| Rights                          | 9.192.399             | 100.618          | -                | 621.413                                             | -                   | 9.914.430           |
| Other intangible assets         | 3.572.796             | 195.823          | (2.141)          | 988.484                                             | (92.215)            | 4.662.747           |
|                                 | <b>12.765.195</b>     | <b>296.441</b>   | <b>(2.141)</b>   | <b>1.609.897</b>                                    | <b>(92.215)</b>     | <b>14.577.177</b>   |
| <b>Net book value</b>           | <b>833.237</b>        |                  |                  |                                                     |                     | <b>883.667</b>      |

The amortisation charge for the period ended at 30 June 2007 amounting to YTL 2.384.632 (30 June 2006: YTL 296.441) has been included in operating expenses.

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**NOTE 21 - ADVANCES RECEIVED**

|                              | <b>30 June 2007</b> | <b>31 December 2006</b> |
|------------------------------|---------------------|-------------------------|
| Short term advances received | 4.787               | 1.080.121               |
|                              | <b>4.787</b>        | <b>1.080.121</b>        |

**NOTE 22 - RETIREMENT PLANS**

None (31 December 2006: None).

**NOTE 23 - PROVISIONS**

Short-term provisions at 30 June 2007 and 31 December 2006 are as follows:

|                                | <b>30 June 2007</b> | <b>31 December 2006</b> |
|--------------------------------|---------------------|-------------------------|
| Provisions for lawsuits        | 6.781.820           | 6.240.306               |
| Income tax provision (Note 41) | 11.699.110          | 20.369.940              |
|                                | <b>18.480.930</b>   | <b>26.610.246</b>       |

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

|                                       | <b>30 June 2007</b> | <b>31 December 2006</b> |
|---------------------------------------|---------------------|-------------------------|
| <b>At 1 January</b>                   | <b>6.240.306</b>    | <b>14.504.574</b>       |
| Additions during the period (Note 38) | 655.264             | 2.224                   |
| Reversal of the provisions            | (113.750)           | (497.891)               |
| <b>30 June</b>                        | <b>6.781.820</b>    | <b>14.008.907</b>       |

The Company has filed two lawsuits with related tax courts regarding the tax and fine notifications communicated by the Presidency of Tax Administration (“Tax Administration”) at various dates.

Within the legal time frame, the first lawsuit was filed by the Company claiming the unfair assessment of the taxes and penalties notified by the tax office on 28 August 2001 and 17 October 2001. Deciding in favour of the Company, the tax court concluded to cancel the taxes and penalties on 28 March 2002. However, the tax office appealed to the Council of State, and on 14 June 2004 the Company was informed about the decision of the Council of State, which was against the Company with a majority of votes (3 to 2). On 22 June 2004, the Company demanded that the decision in favour of the Company by the tax court to be ratified, as it was deemed lawful by the Company.

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**NOTE 23 - PROVISIONS (Continued)**

However, application of the Group for correction of decision was rejected by a majority of votes. On 6 May 2005 it was learned that Tax Court decided to comply with the decision of Council of State 4th division. Group appealed against this compliance decision as well, on 25 May 2005. Council of State accepted the appeal overruled local court's decision partially. Decision of the local court is now being awaited.

On the other hand, with respect to the lawsuit returned to the local court, and for which decision of the court is awaited, refund claim right that may arise later being reserved, the Group paid YTL 852.871 corporate tax, YTL 85.287 fund contribution, YTL 196.868 fault penalty, and YTL 6.099.796 late payment interest at 30 December 2006, before hearing for the final decision of the court, considering that prolonging the dispute has no public benefit. All of the payments were covered by the provisions made for this lawsuit.

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 Group 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.

On the other hand, Council of State overruled local court's decision partly accepting the appeal made on 10 September 2004. After this, decision of the local court is awaited.

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 2.538.000 at 30 June 2007 (31 December 2006: YTL 2.529.000).

Long-term provisions at 30 June 2007 and 31 December 2006 are as follows:

|                                               | <b>30 June 2007</b> | <b>31 December 2006</b> |
|-----------------------------------------------|---------------------|-------------------------|
| Provision for employment termination benefits | 9.345.722           | 8.470.347               |
| Provision for unused vacation of employees    | 1.189.881           | -                       |
|                                               | <b>10.535.603</b>   | <b>8.470.347</b>        |

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

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**NOTE 23 - PROVISIONS (Continued)**

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). Since the legislation was changed on 23 May 2002 there are certain transitional provisions relating to the length of service prior to retirement. At 30 June 2007 the amount payable consists of one month's salary limited to a maximum of YTL 1.960,69 (31 December 2006 : YTL 1.857,44) 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. Additionally the Group has made a payment of 40 days' salary if the employee quitted voluntarily, 50 days' salary if the employment terminated by the Group in case one year service has been completed. 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.

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:

|                                                             | <b>30 June 2007</b> | <b>31 December 2006</b> |
|-------------------------------------------------------------|---------------------|-------------------------|
| Discount rate (%)                                           | 5,71                | 5,71                    |
| Turnover rate to estimate the probability of retirement (%) | 90                  | 90                      |

The principal assumption is that the maximum liability of YTL 1.960,69 (31 December 2006: YTL 1.857,44) 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 2.030,19 (1 July 2006: YTL 1.815,28), which is effective from 1 July 2007, has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

Movements in the provision for employment termination benefits for the six-months period ended 30 June are as follows:

|                                                    | <b>2007</b>      | <b>2006</b>      |
|----------------------------------------------------|------------------|------------------|
| <b>1 January</b>                                   | <b>8.470.347</b> | <b>8.133.033</b> |
| Charge for the period                              | 1.879.190        | 358.818          |
| Acquisition of subsidiaries                        | 8.281            | 49.214           |
| Payments during the year and provisions terminated | (1.012.096)      | (581.948)        |
| Disposal of subsidiaries                           | -                | (230.952)        |
| <b>30 June</b>                                     | <b>9.345.722</b> | <b>7.728.165</b> |

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**NOTE 24 - MINORITY INTEREST**

Changes in minority interest during the six-month period ended at 30 June 2007 and 2006 are as follows:

|                                                       | 2007             | 2006             |
|-------------------------------------------------------|------------------|------------------|
| <b>1 January</b>                                      | <b>111.140</b>   | <b>3.451.810</b> |
| Net income / (loss) attributable to minority interest | 2.355.193        | (1.312.051)      |
| Acquisition of subsidiaries                           | 2.812.646        | 59.834           |
| Capital increase                                      | 1.508.870        | -                |
| Dividends payments                                    | (1.757.273)      | -                |
| Disposal of subsidiaries                              | -                | (2.073.639)      |
| <b>30 June</b>                                        | <b>5.030.576</b> | <b>125.954</b>   |

**NOTE 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 authorised and paid-in share capital at 30 June 2007 and 31 December 2006 are as follows:

|                                                 | 30 June 2007 | 31 December 2006 |
|-------------------------------------------------|--------------|------------------|
| Limit on registered share capital (historical)  | 800.000.000  | 800.000.000      |
| Historical authorised 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.

The shareholding structure of the Company is as follows:

|                             | 30 June 2007       | Share (%) | 31 December 2006   | 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 the latest balance sheet purchasing power.

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**NOTE 26 - CAPITAL RESERVES**

Details of the inflation adjustment to shareholders' equity stated under capital reserves at 30 June 2007 and 31 December 2006 are as follows:

|                        | <b>30 June 2007</b>          |                            |                                                                 | <b>31 December 2006</b>      |                            |                                                                 |
|------------------------|------------------------------|----------------------------|-----------------------------------------------------------------|------------------------------|----------------------------|-----------------------------------------------------------------|
|                        | <b>Historical<br/>amount</b> | <b>Restated<br/>amount</b> | <b>Inflation<br/>adjustment to<br/>shareholders'<br/>equity</b> | <b>Historical<br/>amount</b> | <b>Restated<br/>amount</b> | <b>Inflation<br/>adjustment to<br/>shareholders'<br/>equity</b> |
| Share capital          | 416.742.560                  | 493.941.373                | 77.198.813                                                      | 416.742.560                  | 493.941.373                | 77.198.813                                                      |
| Legal reserves         | 22.732.229                   | 26.633.461                 | 3.901.232                                                       | 18.679.778                   | 22.581.010                 | 3.901.232                                                       |
| Extraordinary reserves | 129.709.663                  | 129.880.588                | 170.925                                                         | 52.713.095                   | 52.884.020                 | 170.925                                                         |
| <b>Total</b>           | <b>569.184.452</b>           | <b>650.455.422</b>         | <b>81.270.970</b>                                               | <b>488.135.433</b>           | <b>569.406.403</b>         | <b>81.270.970</b>                                               |

**NOTE 27 - PROFIT RESERVES**

Details of profit reserves at 30 June 2007 and 31 December 2006 are as follows:

|                        | <b>30 June 2007</b> | <b>31 December 2006</b> |
|------------------------|---------------------|-------------------------|
| Legal reserves         | 22.732.229          | 18.679.778              |
| Extraordinary reserves | 129.709.663         | 52.713.095              |
| Translation reserve    | (24.201.643)        | 501.968                 |
|                        | <b>128.240.249</b>  | <b>71.894.841</b>       |

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**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 20% 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 20% of the distributable profit can be made as cash or as bonus share or as a combination of a certain percentage of cash and bonus shares. If the first dividend amount is lower than 5% of the issued share capital, the amount should be retained within the company without distribution.

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.

In accordance with the Communiqué No: XI-25, at 30 June 2007 and 31 December 2006, the shareholders' equity schedule, is as below:

|                                              | <b>30 June 2007</b> | <b>31 December 2006</b> |
|----------------------------------------------|---------------------|-------------------------|
| Share capital                                | 416.742.560         | 416.742.560             |
| Legal reserves                               | 22.732.229          | 18.679.778              |
| Extraordinary reserves                       | 129.709.663         | 52.713.095              |
| Inflation adjustment to shareholders' equity | 81.270.970          | 81.270.970              |
| Translation reserve                          | (24.201.643)        | 501.968                 |
| Net income for the period                    | 40.617.040          | 104.157.463             |
| Retained earnings                            | 51.722.796          | 28.614.352              |
| <b>Total shareholders' equity</b>            | <b>718.593.615</b>  | <b>702.680.186</b>      |



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**NOTE 29 - FOREIGN CURRENCY POSITION (Continued)**

The Group is exposed to foreign currency risk mainly in Euro and US Dollars.

At 30 June 2007, had the YTL weakened/strengthened by 5% against USD, with all other variables held constant, net income for the period would have been YTL 28.800.020 lower/higher (30 June 2006: YTL 1.333.557), as a result of foreign exchange gains/losses on translation of USD denominated financial assets and liabilities. Net income is more sensitive to movement in YTL/USD exchange rates in current period compared to year 2006 due to increase in USD denominated bank borrowings.

At 30 June 2007, had the YTL weakened/strengthened by 5% against USD, with all other variables held constant net income for the period would have been YTL 3.183.481 lower/higher (30 June 2006: YTL 2.397.922), mainly as a result of foreign exchange gains/losses on translation of Euro denominated financial assets and liabilities.

**NOTE 30 - GOVERNMENT GRANTS**

The Group obtained an investment incentive certificate dated 9 September 2004 for the investments of imported equipment amounting to USD 34.905.838, and domestic equipment amounting to YTL 739.909. Investment completion date in the certificates is 26 August 2006 and extended for one year. Equipment imported within the scope of the certificate is exempt from Customs Duty, Collective Housing Fund and VAT.

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

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

|                             | Currency | Original<br>amount | 30 June 2007      | Original<br>amount | 31 December2006   |
|-----------------------------|----------|--------------------|-------------------|--------------------|-------------------|
| <b>a) Guarantees given:</b> |          |                    |                   |                    |                   |
| Letters of guarantee        | YTL      | 10.514.232         | 10.514.232        | 9.627.090          | 9.627.090         |
| 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          | 7.730.800         |
|                             | Euro     | 25.000             | 43.963            | -                  | -                 |
|                             | YTL      | 7.008.529          | 7.008.529         | 8.146.009          | 8.146.009         |
|                             |          |                    | <b>17.770.661</b> |                    | <b>25.707.836</b> |

**b) Commitments given:**

The Group has blocked time deposits amounting to YTL 8.480 described in (Note4) and mortgage amounting to YTL 7.000.000 related to the machinery (31 December 2006: YTL 1.765.117).

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**NOTE 31 - PROVISIONS, COMMITMENTS AND CONTINGENT LIABILITIES (Continued)**

There are liens amounting of YTL 13.188.750 on property plant and equipment as of 30 June 2007 (31 December 2006: None) (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 2.302.115 (31 December 2006: USD 550.619) has been issued and USD 1.792.268 (31 December 2006: USD 794.526) of various types of services has been used in connection with the barter agreements as of 30 June 2007.

**d) Legal cases:**

The legal cases against the Company amount to YTL 52.609.096 (31 December 2006: YTL 62.527.244). The Group sets a provision amounting to YTL 3.670.777 for these legal cases at 30 June 2007 (31 December 2006: YTL 3.711.306). Additionally, as disclosed in detail in Note 23, the provision accounted for the tax law cases is YTL 2.538.000 (31 December 2006: YTL 2.529.000) and as of 30 June 2007, the total provision for court cases amounts to YTL 6.781.820 (31 December 2006: YTL 6.240.306).

**e) Derivative financial instruments:**

The Group entered into two collar agreements which are outstanding as of 30 June 2007, to hedge the interest rate risk arising from borrowings amounting to USD 37.000.000. The collar agreements have fixed floor and ceiling rates. Accordingly, at the dates defined in agreements, if the LIBOR rate is below the floor rate the Group compensates for the difference between the floor rate and the actual rate to the counter bank. Similarly, if the LIBOR rate is above the ceiling rate, the counter bank compensates the difference to the Group.

The details of two collar agreements, which are valid as of 30 June 2007, are as follows:

| <b>Agreement</b> | <b>LIBOR<br/>Floor rate</b> | <b>LIBOR<br/>Ceiling rate</b> | <b>Amount<br/>USD</b> | <b>Due date</b>  |
|------------------|-----------------------------|-------------------------------|-----------------------|------------------|
| BNP Paribas      | 4,77%                       | 5,50%                         | 20.000.000            | 17 November 2009 |
| ABN Amro Bank NV | 2,80%                       | 5,75%                         | 17.000.000            | 17 November 2009 |

The total amount charged to expense relating to these agreements amounted to YTL 30.680 (30 June 2006: None).

| <b>Forward<br/>agreement</b> | <b>FX rate</b> | <b>Maturity<br/>date</b> | <b>Original<br/>currency</b> | <b>Amount</b> | <b>Income/<br/>(loss)</b> |
|------------------------------|----------------|--------------------------|------------------------------|---------------|---------------------------|
| Forward sell                 | 191,43         | 31 August 2007           | Hungary Forint               | 200.000.000   | (61.502)                  |
| Collar                       | 182,9-210      | 29 October 2007          | Hungary Forint               | 200.000.000   | -                         |
| Swap                         | 181,45         | 27 July 2007             | Hungary Forint               | 240.000.000   | 12.877                    |
| Swap                         | 5,3945         | 29 October 2007          | Croatian Kuna                | 2.450.000     | (2.413)                   |

The Group has forward agreements amounting to USD/Hungarian Forint 640.000.000 and USD/Croatian kuna 2.450.000 at 30 June 2007. As a result of those agreements, a loss amounting to YTL 51.038 has been recorded in the income statement.

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**NOTE 31 - PROVISIONS, COMMITMENTS AND CONTINGENT LIABILITIES (Continued)**

**f) Put options:**

In January 2007, Pronto-Moscow, a Subsidiary of the Group, finalised the acquisition of Impress Media Marketing BVI. Accordingly, Pronto-Moscow has granted to its minority shareholders owning 31,46% of the shares until and subject to the occurrence of certain events, a put option amounting to YTL 4.967.917.

The Group, during the acquisition of 70% of the shares of its Subsidiary Oglasnik d.o.o. located in Croatia, has granted to its minority shareholders owning 30% of the shares subject to the occurrence of certain events a put option with a fair value amounting to YTL 11.133.456. The Group has granted to the selling shareholders a put option on the remainder of the shares exercisable until July 2009.

In June 2007, the Group acquired a 55% interest in Moje Delo d.o.o. in Slovenia. The Group determined an earn-out subject to a maximum of EUR 1 million and a payable (if any) by no later than 30 June 2008. The Group has granted to the selling shareholders a put option on the remainder of the shares exercisable from January 2009 to January 2012 and has a call option exercisable from January 2011 to January 2014. Exercise price shall be calculated based on EBITDA and the net financial debt of the company. The fair value of the put option as of 30 June 2007 is YTL 6.288.172.

Put options have been classified under “other financial liabilities” in the consolidated balance sheet.

**NOTE 32 - BUSINESS COMBINATIONS**

Significant acquisitions of Subsidiaries during the six-month period ended 30 June 2007 (1 January-30 June 2006: None):

**TME:**

The Group has acquired 67,3% shares of TME with a purchase consideration of YTL 479.333.941. The entire amount of YTL 506.417.024, the difference between the purchase consideration and share of the Group in the net assets of TME, has been recognised as positive goodwill as of 30 June 2007.

Since the acquisition of Trader Media East Ltd occurred at 29 March 2007, the income statement is included in the consolidated financial statements starting from 31 March 2007 for the three-month period.

**Moje Delo:**

In June 2007, the Group acquired a 55% interest in Moje Delo d.o.o. in Slovenia for a nominal amount of EUR 2 million plus an earn-out to be determined on the basis of 2007 financial results, subject to a maximum of EUR 1 million and a payable (if any) by no later than 30 June 2008: Moje Delo is a leading provider of recruiting services in Slovenia both online and offline. Moje Delo has two fully owned subsidiaries in Bosnia and Serbia (Bolji Posao Bosnia and Bolji Posao Serbia), which have no activity as of today and will be operational in the following months.

The Group has granted to the selling shareholders a put option on the remainder of the shares exercisable from January 2009 to January 2012 and has a call option exercisable from January 2011 to January 2014. Exercise price shall be calculated based on EBITDA and the net financial debt of the company. The purchase price allocation for this acquisition is currently being assessed and the total excess of the purchase price as of 30 June, 2007 has been allocated to the goodwill (Note 31).

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**NOTE 32 - BUSINESS COMBINATIONS (Continued)**

Net assets and positive goodwill acquired from Subsidiaries at acquisition date are as follows:

|                                          | <b>TME</b>         | <b>Moje Delo</b>  |
|------------------------------------------|--------------------|-------------------|
| Total purchase amount                    | 479.333.941        | 11.266.506        |
| Net assets acquired at provisional value | 27.083.083         | (195.670)         |
| <b>Goodwill (Note 17)</b>                | <b>506.417.024</b> | <b>11.070.836</b> |

The Group has initiated external valuation studies for the fair values of identifiable assets, liabilities and contingent liabilities acquired and the allocation of purchase prices relating to these business combinations. However, the studies have not been finalised at the interim financial statements as of 30 June 2007 due to the complexity of TME's assets and the variety of their locations. Accordingly, identifiable assets, liabilities and contingent liabilities acquired are recognised at their provisional value in the consolidated interim financial statements. The Group will complete the final purchase price allocation relating to these business combinations within the twelve month period following the acquisition dates.

The provisional fair values of identifiable assets, liabilities and contingent liabilities acquired and the cost of acquisition are as follows:

|                                                             | <b>TME</b>          | <b>Moje Delo</b>  |
|-------------------------------------------------------------|---------------------|-------------------|
| Cash and cash equivalents                                   | 43.949.284          | 191.056           |
| Marketable securities                                       | 4.068.535           | -                 |
| Trade receivables                                           | 17.572.814          | 624.500           |
| Inventory                                                   | 4.820.689           | -                 |
| Other receivables                                           | 24.303.561          | 95.773            |
| Disposal group asset                                        | 4.381.818           | -                 |
| Financial assets                                            | 168.372             | -                 |
| Property, plant and equipment                               | 32.174.271          | 23.847            |
| Intangible assets                                           | 142.545.009         | -                 |
| Deferred tax assets                                         | 8.018.381           | -                 |
| Other non-current assets                                    | 466.474             | -                 |
| Borrowings                                                  | (180.953.191)       | -                 |
| Trade payables                                              | (28.039.492)        | (157.439)         |
| Provisions                                                  | (1.747.208)         | (70.677)          |
| Liabilities held for sale                                   | (821.160)           | -                 |
| Other financial liabilities                                 | (14.123.943)        | -                 |
| Other liabilities                                           | (38.134.923)        | (351.296)         |
| Deferred tax liabilities                                    | (43.079.822)        | -                 |
| Minority interest                                           | (2.652.552)         | (160.094)         |
| <b>Fair value of net assets</b>                             | <b>(27.083.083)</b> | <b>195.670</b>    |
| <b>Goodwill (Not 17)</b>                                    | <b>506.417.024</b>  | <b>11.070.836</b> |
| Total purchase amount                                       | 479.333.941         | 11.266.506        |
| Less: Cash and cash equivalents<br>in subsidiaries acquired | (43.949.284)        | (191.056)         |
| <b>Net assets acquired</b>                                  | <b>435.384.657</b>  | <b>11.075.450</b> |

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**NOTE 32 - BUSINESS COMBINATIONS (Continued)**

Details of total acquisition costs regarding the acquired subsidiaries are as follows:

|                                            | TME                | Moje Delo         |
|--------------------------------------------|--------------------|-------------------|
| - Cash paid                                | 466.410.050        | 5.217.076         |
| - Direct costs relating to the acquisition | 12.923.891         | -                 |
| - Put option liability at fair value       | -                  | 6.049.430         |
| <b>Total</b>                               | <b>479.333.941</b> | <b>11.266.506</b> |

The acquired businesses contributed revenues of YTL 94.304.815 and net income of YTL 2.847.980 to the Group for the period from 1 April 2007 to 30 June 2007. If the acquisition had occurred on 1 January 2007, Group revenue would have been YTL 484.771.350 and net income before allocations would have been YTL 32.470.458.

**NOTE 33 - SEGMENT REPORTING**

**a) Segmental analysis for the period between 1 January and 30 June 2007:**

|                                              | Turkey            | Russia and<br>EE  | Europe            | Total              |
|----------------------------------------------|-------------------|-------------------|-------------------|--------------------|
| Net sales                                    | 296.141.681       | 75.712.018        | 33.852.110        | 405.705.809        |
| Cost of sales                                | (196.933.084)     | (24.448.217)      | (18.325.036)      | (239.706.337)      |
| <b>Gross profit</b>                          | <b>99.208.597</b> | <b>51.263.801</b> | <b>15.527.074</b> | <b>165.999.472</b> |
| Operating expenses                           | (65.051.255)      | (13.408.453)      | (2.708.201)       | (81.167.909)       |
| Other expenses, net                          | (9.137.565)       | -                 | -                 | (9.137.565)        |
| <b>Net segmental income</b>                  | <b>25.019.777</b> | <b>37.855.348</b> | <b>12.818.873</b> | <b>75.693.998</b>  |
| Unallocated operating expenses               |                   |                   |                   | (38.983.273)       |
| Unallocated other income, net                |                   |                   |                   | 5.584.188          |
| Financial expenses                           |                   |                   |                   | 16.411.924         |
| <b>Net operating income</b>                  |                   |                   |                   | <b>58.706.837</b>  |
| <b>Minority interest</b>                     |                   |                   |                   | <b>(2.355.193)</b> |
| <b>Income before taxation</b>                |                   |                   |                   | <b>56.351.644</b>  |
| Taxation                                     |                   |                   |                   | (15.470.482)       |
| <b>Net income from continuing activities</b> |                   |                   |                   | <b>40.881.162</b>  |
| Net loss of the disposal group               |                   |                   |                   | (264.122)          |
| <b>Net income for the period</b>             |                   |                   |                   | <b>40.617.040</b>  |

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**NOTE 33 - SEGMENT REPORTING (Continued)**

**b) Segmental analysis for the period between 1 April and 30 June 2007:**

|                                              | <b>Turkey</b>     | <b>Russia and<br/>EE</b> | <b>Europe</b>     | <b>Total</b>       |
|----------------------------------------------|-------------------|--------------------------|-------------------|--------------------|
| Net sales                                    | 163.366.465       | 75.712.018               | 26.079.672        | 265.158.155        |
| Cost of sales                                | (99.828.492)      | (24.448.217)             | (11.493.583)      | (135.770.292)      |
| <b>Gross profit</b>                          | <b>63.537.973</b> | <b>51.263.801</b>        | <b>14.586.089</b> | <b>129.387.863</b> |
| Operating expenses                           | (36.320.146)      | (13.408.453)             | (2.684.010)       | (52.412.609)       |
| Other expenses, net                          | (8.417.336)       | -                        | -                 | (8.417.336)        |
| <b>Net segmental income</b>                  | <b>18.800.491</b> | <b>37.855.348</b>        | <b>11.902.079</b> | <b>68.557.918</b>  |
| Unallocated operating expenses               |                   |                          |                   | (33.211.035)       |
| Unallocated other income, net                |                   |                          |                   | 1.767.631          |
| Financial expenses                           |                   |                          |                   | 14.709.306         |
| <b>Net operating income</b>                  |                   |                          |                   | <b>51.823.820</b>  |
| <b>Minority interest</b>                     |                   |                          |                   | <b>(2.448.715)</b> |
| <b>Income before taxation</b>                |                   |                          |                   | <b>49.375.105</b>  |
| Taxation                                     |                   |                          |                   | (14.691.450)       |
| <b>Net income from continuing activities</b> |                   |                          |                   | <b>34.683.655</b>  |
| Net loss of the disposal group               |                   |                          |                   | (264.122)          |
| <b>Net income for the period</b>             |                   |                          |                   | <b>34.419.533</b>  |

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**NOTE 33 - SEGMENT REPORTING (Continued)**

**c) Segmental analysis for the period between 1 January and 30 June 2006:**

|                                  | Turkey             | Russia and<br>EE | Europe           | Total              |
|----------------------------------|--------------------|------------------|------------------|--------------------|
| Net sales                        | 308.600.223        | -                | 14.685.183       | 323.285.406        |
| Cost of sales                    | (192.062.969)      | -                | (12.473.055)     | (204.536.024)      |
| <b>Gross profit</b>              | <b>116.537.254</b> | <b>-</b>         | <b>2.212.128</b> | <b>118.749.382</b> |
| Operating expenses               | (43.291.381)       | -                | -                | (43.291.381)       |
| Other expenses, net              | (203.598)          | -                | -                | (203.598)          |
| <b>Net segmental income</b>      | <b>73.042.275</b>  | <b>-</b>         | <b>2.212.128</b> | <b>75.254.403</b>  |
| Unallocated operating expenses   |                    |                  |                  | (23.251.593)       |
| Unallocated other income, net    |                    |                  |                  | 27.221.235         |
| Financial expenses               |                    |                  |                  | (14.735.679)       |
| <b>Net operating income</b>      |                    |                  |                  | <b>64.488.366</b>  |
| <b>Minority interest</b>         |                    |                  |                  | <b>1.312.051</b>   |
| <b>Income before taxation</b>    |                    |                  |                  | <b>65.800.417</b>  |
| Taxation                         |                    |                  |                  | (244.846)          |
| <b>Net income for the period</b> |                    |                  |                  | <b>65.555.571</b>  |

**d) Segmental analysis for the period between 1 April and 30 June 2006:**

|                                  | Turkey            | Russia and<br>EE | Europe           | Total             |
|----------------------------------|-------------------|------------------|------------------|-------------------|
| Net sales                        | 173.299.710       | -                | 8.282.597        | 181.582.307       |
| Cost of sales                    | (103.162.009)     | -                | (7.188.974)      | (110.350.983)     |
| <b>Gross profit</b>              | <b>70.137.701</b> | <b>-</b>         | <b>1.093.623</b> | <b>71.231.324</b> |
| Operating expenses               | (23.942.812)      | -                | -                | (23.942.812)      |
| Other expenses - net             | (318.247)         | -                | -                | (318.247)         |
| <b>Net segmental income</b>      | <b>45.876.642</b> | <b>-</b>         | <b>1.093.623</b> | <b>46.970.265</b> |
| Unallocated operating expenses   |                   |                  |                  | (11.526.588)      |
| Unallocated other income, net    |                   |                  |                  | 18.223.186        |
| Financial expenses               |                   |                  |                  | (12.806.139)      |
| <b>Net operating income</b>      |                   |                  |                  | <b>40.860.724</b> |
| <b>Minority interest</b>         |                   |                  |                  | <b>1.479.165</b>  |
| <b>Income before taxation</b>    |                   |                  |                  | <b>42.339.889</b> |
| Taxation                         |                   |                  |                  | 5.468.965         |
| <b>Net income for the period</b> |                   |                  |                  | <b>47.808.854</b> |

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**NOTE 33 - SEGMENT REPORTING (Continued)**

**e) Segment assets and liabilities**

|                                                                 | <b>30 June 2007</b>  | <b>31 December 2006</b> |
|-----------------------------------------------------------------|----------------------|-------------------------|
| <b><u>Total assets:</u></b>                                     |                      |                         |
| Turkey                                                          | 1.246.548.064        | 879.992.828             |
| Russia & EE                                                     | 324.800.618          | -                       |
| Europe                                                          | 73.466.825           | 58.679.491              |
|                                                                 | <b>1.644.815.507</b> | <b>938.672.319</b>      |
| Unallocated assets                                              | 10.389.561           | 24.613.260              |
| Financial assets                                                | 6.187.492            | 6.079.239               |
| Disposals group assets                                          | 4.015.559            | -                       |
| <b>Total assets in consolidated financial<br/>statements</b>    | <b>1.665.408.119</b> | <b>969.364.818</b>      |
| <b><u>Total Liabilities:</u></b>                                |                      |                         |
| Turkey                                                          | 157.531.486          | 126.428.035             |
| Russia & EE                                                     | 56.144.814           | -                       |
| Europe                                                          | 7.467.897            | 19.038.988              |
|                                                                 | <b>221.144.197</b>   | <b>145.467.023</b>      |
| Unallocated liabilities                                         | 720.554.932          | 121.106.469             |
| Liabilities held for sale                                       | 84.799               | -                       |
| <b>Total liability in consolidated financial<br/>Statements</b> | <b>941.783.928</b>   | <b>266.573.492</b>      |

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**NOTE 33 - SEGMENT REPORTING (Continued)**

**f) Depreciation and amortisation charge and capital expenditures:**

***Capital expenditures:***

|               | 2007                  |                     | 2006                  |                     |
|---------------|-----------------------|---------------------|-----------------------|---------------------|
|               | 1 January-<br>30 June | 1 April-<br>30 June | 1 January-<br>30 June | 1 April-<br>30 June |
| Turkey        | 44.492.203            | 22.668.961          | 42.241.037            | 35.502.207          |
| Russia and EE | 1.532.146             | 1.532.146           | -                     | -                   |
| Europe        | 4.091.682             | 4.027.673           | 1.775.032             | 1.761.648           |
|               | <b>50.116.031</b>     | <b>28.228.780</b>   | <b>44.016.069</b>     | <b>37.263.855</b>   |

***Depreciation and amortization charges:***

|              | 2007                  |                     | 2006                  |                     |
|--------------|-----------------------|---------------------|-----------------------|---------------------|
|              | 1 January-<br>30 June | 1 April-<br>30 June | 1 January-<br>30 June | 1 April-<br>30 June |
| Turkey       | 22.202.301            | 11.186.256          | 22.011.912            | 9.988.856           |
| Russia ve EE | 1.782.080             | 1.782.080           | -                     | -                   |
| Europe       | 3.760.073             | 2.546.313           | 2.171.272             | 1.155.860           |
|              | <b>27.744.454</b>     | <b>15.514.649</b>   | <b>24.183.184</b>     | <b>11.144.716</b>   |

**g) Non cash other expenses:**

|                                    | 30 June 2007     |                  |                |                  |
|------------------------------------|------------------|------------------|----------------|------------------|
|                                    | Turkey           | Russia and<br>EE | Europe         | Total            |
| Provision for doubtful receivables | 1.086.207        | -                | 220.477        | 1.306.684        |
| Provision for lawsuits             | 655.264          | -                | -              | 655.264          |
|                                    | <b>1.741.471</b> | <b>-</b>         | <b>220.477</b> | <b>1.961.948</b> |

|                                       | 30 June 2006     |                  |          |                  |
|---------------------------------------|------------------|------------------|----------|------------------|
|                                       | Turkey           | Russia and<br>EE | Europe   | Total            |
| Provision for lawsuits                | 2.224            | -                | -        | 2.224            |
| Provision for doubtful receivables    | 1.664.057        | -                | -        | 1.664.057        |
| Provision for impairment on inventory | 2.565            | -                | -        | 2.565            |
|                                       | <b>1.668.846</b> | <b>-</b>         | <b>-</b> | <b>1.668.846</b> |

**NOTE 34 - SUBSEQUENT EVENTS**

None.

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**NOTE 35 - DISCONTINUED OPERATIONS**

Kisokos Directory Kereskedelmi es Szolgaltato Kft. (“Kisokos”), which is located in Hungary and was acquired indirectly with the acquisition of 67,3% shares of Trader Media East Ltd., is a Subsidiary of the Group and classified as discontinued operations (31 December 2006: None). Trader Media East Ltd. has announced that the trademark rights of Kisokos will be sold in September 2006. With respect to the sales agreement signed in May 2007, the intangible assets of the company will be transferred to the acquirer by December 2008 at the latest. The acquirer will manage the company from 16 April 2007 to the actual transfer date of the intangible assets and will be responsible for the gain/loss resulting from this management. The acquirer will pay a license fee to the Group in return for this management.

The financial statements as of 30 June 2007 include this agreement and the merge of the subsidiaries in Hungary subsequent to the agreement. The total sale price of the trademark and the total of the license fees for the years 2007 and 2008 amounting to Hungarian forint (“HUF”) 120 million (YTL 888.619) and this amount is considered as the fair value of Kisokos’ trademark. The discounted value of the trademark is disclosed in intangible assets in the balance sheet below.

As of 30 June 2007, the Group classified Kisokos as discontinued operations in consideration of criteria stated in IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”.

As of 30 June 2007, the assets and liabilities of the discontinued operations are classified in the “Assets held for sale” and “Liabilities held for sale” lines in the consolidated balance sheet the details of which are stated below:

|                                  | <b>30 June 2007</b> |
|----------------------------------|---------------------|
| <b>Current assets</b>            |                     |
| Accounts receivable              | 1.715.549           |
| Inventories                      | 127.851             |
| Other current assets             | 275.270             |
| <b>Total current assets</b>      | <b>2.118.670</b>    |
| <b>Non-current assets</b>        |                     |
| Intangible assets, net           | 594.898             |
| Deferred tax assets              | 1.301.991           |
| <b>Total non-current assets</b>  | <b>1.896.889</b>    |
| <b>Assets held for sale</b>      | <b>4.015.559</b>    |
| <b>Current liabilities</b>       |                     |
| Trade payables                   | 84.799              |
| <b>Total current liabilities</b> | <b>84.799</b>       |
| <b>Liabilities held for sale</b> | <b>84.799</b>       |

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**NOTE 36 - OPERATING INCOME**

The details of sales for the six-month periods ended at 30 June 2007 and 2006 are as follows:

|                               | <u>2007</u>                   |                             | <u>2006</u>                   |                             |
|-------------------------------|-------------------------------|-----------------------------|-------------------------------|-----------------------------|
|                               | <u>1 January-<br/>30 June</u> | <u>1 April-<br/>30 June</u> | <u>1 January-<br/>30 June</u> | <u>1 April-<br/>30 June</u> |
| Turkey                        | 296.141.681                   | 163.366.465                 | 308.600.223                   | 173.299.710                 |
| Russia and EE                 | 75.712.018                    | 75.712.018                  | -                             | -                           |
| Europe                        | 33.852.110                    | 26.079.672                  | 14.685.183                    | 8.282.597                   |
| <b>Gross sales</b>            | <b>405.705.809</b>            | <b>265.158.155</b>          | <b>323.285.406</b>            | <b>181.582.307</b>          |
| Cost of sales                 | (239.706.337)                 | (135.770.292)               | (204.536.024)                 | (110.350.983)               |
| <b>Gross operating profit</b> | <b>165.999.472</b>            | <b>129.387.863</b>          | <b>118.749.382</b>            | <b>71.231.324</b>           |

**NOTE 37 - OPERATING EXPENSES**

The details of operating expenses for the six-month periods ended at 30 June 2007 and 2006 are as follows:

|                                    | <u>2007</u>                   |                             | <u>2006</u>                   |                             |
|------------------------------------|-------------------------------|-----------------------------|-------------------------------|-----------------------------|
|                                    | <u>1 January-<br/>30 June</u> | <u>1 April-<br/>30 June</u> | <u>1 January-<br/>30 June</u> | <u>1 April-<br/>30 June</u> |
| Personnel expenses                 | 23.631.610                    | 20.906.408                  | 6.296.128                     | 2.966.489                   |
| Advertisement expenses             | 21.902.715                    | 12.790.444                  | 16.167.174                    | 8.291.471                   |
| Transportation, storage and travel | 15.057.149                    | 8.115.881                   | 11.234.416                    | 5.678.698                   |
| Sales premium expenses             | 11.314.670                    | 11.314.670                  | 1.550.000                     | 1.550.000                   |
| Consulting expenses                | 9.901.228                     | 6.534.356                   | 6.662.854                     | 3.480.593                   |
| Promotion expenses                 | 7.984.212                     | 1.845.336                   | 7.446.632                     | 4.835.750                   |
| Depreciation and amortisation      | 6.709.001                     | 4.334.573                   | 5.429.013                     | 2.505.358                   |
| Services outsourced                | 3.786.260                     | 3.302.281                   | 2.362.673                     | 412.688                     |
| Sponsorship expenses               | 3.492.605                     | 2.740.940                   | 2.101.583                     | 2.101.583                   |
| Rent expenses                      | 3.407.846                     | 3.235.323                   | 1.438.201                     | 805.213                     |
| Repair and maintenance expenses    | 2.578.443                     | 1.933.212                   | 1.413.500                     | 575.143                     |
| Communication expenses             | 1.448.363                     | 827.667                     | 1.085.290                     | 590.137                     |
| Taxation                           | 686.376                       | 371.553                     | 916.363                       | 599.656                     |
| Other                              | 8.250.704                     | 7.371.000                   | 2.439.147                     | 1.076.621                   |
|                                    | <b>120.151.182</b>            | <b>85.623.644</b>           | <b>66.542.974</b>             | <b>35.469.400</b>           |

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**NOTE 37 - OPERATING EXPENSES (Continued)**

The allocation of personnel expenses for the six-month periods ended at 30 June 2007 and 2006 are as follows:

|                              | 2007                  |                     | 2006                  |                     |
|------------------------------|-----------------------|---------------------|-----------------------|---------------------|
|                              | 1 January-<br>30 June | 1 April-<br>30 June | 1 January-<br>30 June | 1 April-<br>30 June |
| Cost of sales                | 55.905.741            | 31.690.356          | 43.035.376            | 22.752.619          |
| Operating expenses (Note 37) | 23.631.610            | 20.906.408          | 6.296.128             | 2.966.489           |
|                              | <b>79.537.351</b>     | <b>52.596.764</b>   | <b>49.331.504</b>     | <b>25.719.108</b>   |

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

Other income and expenses for the six-month periods ended at 30 June 2007 and 2006 are as follows:

|                                                                                   | 2007                  |                     | 2006                  |                     |
|-----------------------------------------------------------------------------------|-----------------------|---------------------|-----------------------|---------------------|
|                                                                                   | 1 January-<br>30 June | 1 April-<br>30 June | 1 January-<br>30 June | 1 April-<br>30 June |
| Interest on bank deposits                                                         | 6.209.259             | 2.230.750           | 10.264.449            | 4.836.672           |
| Due date difference on<br>credit purchases                                        | 6.131.876             | 3.564.152           | 4.384.673             | 2.072.744           |
| Foreign exchange gains                                                            | 4.143.777             | 2.545.820           | 16.566.545            | 15.023.592          |
| Rent and service income                                                           | 1.963.066             | 1.011.930           | 1.988.650             | 1.114.073           |
| Due date difference on<br>credit sales                                            | 1.683.295             | 1.047.057           | 1.095.941             | 175.669             |
| Interest income on financial assets at fair<br>value through profit and loss, net | 895.173               | 413.143             | -                     | -                   |
| Provisions no longer required                                                     | 331.272               | 92.067              | 1.145.756             | 190.569             |
| Gains from disposal of subsidiary                                                 | -                     | -                   | 7.091.529             | 7.091.529           |
| Other                                                                             | 1.004.721             | 690.281             | 1.338.796             | 364.941             |
|                                                                                   | <b>22.362.439</b>     | <b>11.595.200</b>   | <b>43.876.339</b>     | <b>30.869.789</b>   |

The other expenses and losses for the six-month periods ended at 30 June 2007 and 2006 are as follows:

|                                                       | 2007                  |                     | 2006                  |                     |
|-------------------------------------------------------|-----------------------|---------------------|-----------------------|---------------------|
|                                                       | 1 January-<br>30 June | 1 April-<br>30 June | 1 January-<br>30 June | 1 April-<br>30 June |
| Losses from associates (Note 16)                      | 9.137.565             | 8.417.336           | 203.598               | 203.598             |
| Foreign exchange losses                               | 8.792.443             | 4.984.081           | 10.853.170            | 8.973.625           |
| Loss on sale of property,<br>plant and equipment, net | 1.431.418             | -                   | 54.882                | 50.681              |
| Provision for doubtful receivables                    | 1.306.684             | 1.096.891           | 1.664.057             | 1.135.669           |
| Bank commission and<br>factoring expenses             | 793.406               | 494.402             | 629.849               | 271.057             |
| Provision for lawsuits                                | 655.264               | 655.264             | 2.224                 | 2.224               |
| Fines and compensations paid                          | 320.472               | 221.109             | 401.556               | 251.141             |
| Donations                                             | 237.071               | 94.156              | 521.045               | 521.045             |
| Other                                                 | 3.241.493             | 2.281.666           | 2.528.321             | 1.555.810           |
|                                                       | <b>25.915.816</b>     | <b>18.244.905</b>   | <b>16.858.702</b>     | <b>12.964.850</b>   |

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**NOTE 39 - FINANCIAL EXPENSES**

The financial income and expenses for the six-months periods ended at 30 June 2007 and 2006 are as follows:

|                                               | 2007                   |                      | 2006                   |                      |
|-----------------------------------------------|------------------------|----------------------|------------------------|----------------------|
|                                               | 1 January -<br>30 June | 1 April -<br>30 June | 1 January -<br>30 June | 1 April -<br>30 June |
| Foreign exchange losses<br>on bank borrowings | 32.033.967             | 28.266.271           | (10.582.364)           | (9.978.119)          |
| Interest expense                              | (15.622.043)           | (13.556.965)         | (4.153.315)            | (2.828.020)          |
|                                               | <b>16.411.924</b>      | <b>14.709.306</b>    | <b>(14.735.679)</b>    | <b>(12.806.139)</b>  |

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

None (31 December 2006: None).

**NOTE 41 - TAXES ON INCOME**

|                                        | 30 June 2007      | 31 December 2006  |
|----------------------------------------|-------------------|-------------------|
| Corporation and income taxes (Note 23) | 11.699.110        | 20.369.940        |
| Less: prepaid tax (Note 10)            | (854.206)         | (19.230.600)      |
| <b>Taxes payable, net</b>              | <b>10.844.904</b> | <b>1.139.340</b>  |
| Deferred tax liabilities               | 66.832.623        | 29.491.528        |
| Deferred tax assets                    | (12.840.261)      | (7.649.861)       |
| <b>Deferred tax liability, net</b>     | <b>53.992.362</b> | <b>21.841.667</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.

Turkish Corporate Tax Law has been amended by Law No. 5520 dated 13 June 2006. Most of the articles of this new Law No. 5520 have come into force effective from 1 January 2006. Corporation tax is 20% (2006: 20%). Corporation tax is payable on the total income of the companies after adjusting for certain disallowable expenses, corporate income tax exemptions (gain from associates' exemption, investment allowances 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 utilised 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 15%. 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 20% (31 December 2006: 20%) on their corporate income. Advance tax is to be declared by the 10th day of the second month following each calendar quarter end and 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.

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##### **NOTE 41 - TAXES ON INCOME (Continued)**

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 2006.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 25th 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 shares in capital of another corporation subject to resident taxpaying (except dividends from investment funds participation certificates and investment trusts shares) are exempt from corporate tax.

Gains from issued premiums derived from the disposal of sales at nominal values during incorporations and the capital increase of joint stock companies are exempt from corporate tax.

The participation income of corporations participating in 10% 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 a year 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 15% (at corporate income tax rate applicable in Turkey for those companies whose principal activity is financial assurance or insurance).

The income of corporations arising from their offices or permanent representatives abroad (except for corporations whose principal activity is financial leasing or investment of marketable securities) for at least a year 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 and 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 15% (at corporate income tax rate applicable in Turkey for those companies whose principal activity is financial assurance or insurance).

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**NOTE 41 - TAXES ON INCOME (Continued)**

A 75% portion of the gains derived from the sale of preferential rights, usufruct shares and founding shares from investment equity and real property which has remained in assets more than two full years are exempt from corporate tax. To be entitled to the exemption, the relevant gain is required to be held in a fund account in the liabilities and it must not be withdrawn from the entity for a period of five years. The sales consideration has to be collected up until the end of the second calendar year following the year the sale was realised.

The investment allowance application which had been in force for a significant period of time; and indicated that the taxpayer may receive %40 of the fixed asset purchase amounts; was abolished by Law No.5479 dated 30 March 2006. However, in accordance with the temporary article 69 of the Income Tax Law, income and corporate taxpayers can deduct the amounts in relation to below mentioned allowances from their income for the years 2006, 2007 and 2008 as well as the investment allowances amounts they could not offset against 2006 gains which were present as of 2006, in accordance with the legislation (including the provisions related to tax rates) in force as of 2006:

a) In the scope of the investment incentive certificates prepared related to the applications before 24 April 2003, investments to be made after 1 January 2006 in the scope of the certificate for the investments started in accordance with the additional 1st, 2nd, 3rd, 4th, 5th and 6th articles prior to the abrogation of Income Tax Law No. 193, with Law No. 4842.

b) In the scope of the abolished 19th article of Income Tax Law No: 193, the investment allowance amounts to be calculated in accordance with the legislation in force at 31 December 2005 for investments which were started before 1 January 2006 and which display an economic and technical integrity. According to the regulatory provisions in effect at the year 2006, the investment allowances to be calculated could be deducted from the incomes belong to 2006,2007 and 2008 years based on the regulatory provisions in effect in these years (including the provisions related to tax ratios).

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

In additions to exemptions explained above, tax deductions specified in Corporation Tax Law Articles 8, 9, 10 and Income Tax Law article 40, are also considered in the assessment of the corporate tax base.

The taxes on income for the six-month periods ended at 30 June 2007 and 2006 are summarised as follows:

|          | <b>2007</b>                    |                              | <b>2006</b>                    |                              |
|----------|--------------------------------|------------------------------|--------------------------------|------------------------------|
|          | <b>1 January -<br/>30 June</b> | <b>1 April -<br/>30 June</b> | <b>1 January -<br/>30 June</b> | <b>1 April -<br/>30 June</b> |
| Current  | 16.703.193                     | 15.996.970                   | 12.861.518                     | 5.840.039                    |
| Deferred | (1.232.711)                    | (1.305.520)                  | (12.616.672)                   | (11.309.004)                 |
|          | <b>15.470.482</b>              | <b>14.691.450</b>            | <b>244.846</b>                 | <b>(5.468.965)</b>           |

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED  
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

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

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL  
STATEMENTS FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2007**

(Amounts expressed in New Turkish lira (YTL) unless otherwise indicated)

**NOTE 41 - TAXES ON INCOME (Continued)**

The reconciliation of the income tax expenses in the consolidated income statement and taxation expense calculated through consolidated income before minority and taxes with the enacted tax rate for the six-month period ended at 30 June 2007 is as follows:

|                                                                                 |                   |
|---------------------------------------------------------------------------------|-------------------|
| Income before minority and tax                                                  | 58.706.837        |
| <hr/>                                                                           |                   |
| Current tax expense through 20% enacted tax rate                                | 11.741.367        |
| Differences due to application of different tax rates<br>in different countries | 1.929.034         |
| Expenses not deductible for tax purposes                                        | 2.419.916         |
| Income not subject to tax                                                       | (1.924.443)       |
| Carry forward losses utilised                                                   | (1.383.158)       |
| Current period tax losses                                                       | 205.606           |
| Withholding tax for dividend payment                                            | 2.168.830         |
| Other                                                                           | 313.330           |
| <hr/>                                                                           |                   |
| <b>Taxation expense for the period</b>                                          | <b>15.470.482</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:

|                                                        | 2007                   |                      | 2006                   |                      |
|--------------------------------------------------------|------------------------|----------------------|------------------------|----------------------|
|                                                        | 1 January -<br>30 June | 1 April -<br>30 June | 1 January -<br>30 June | 1 April -<br>30 June |
| Net income for the period                              | 40.617.040             | 34.419.533           | 65.555.57              | 147.808.854          |
| Weighted average number of<br>ordinary shares in issue | 416.742.560            | 416.742.560          | 416.742.560            | 416.742.560          |
| <b>Earnings per share</b>                              | <b>0,098</b>           | <b>0,082</b>         | <b>0,157</b>           | <b>0,115</b>         |
| -continuing operations                                 | 0,098                  | 0,083                | 0,157                  | 0,115                |
| -disposal group                                        | (0,001)                | (0,001)              | -                      | -                    |

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED  
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**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL  
STATEMENTS FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2007**

(Amounts expressed in New Turkish lira (YTL) unless otherwise indicated)

**NOTE 43 - CASH FLOWS**

The details of changes in operating assets and liabilities at consolidated cash flows for the six-month periods ended at 30 June 2007 and 2006 are as follows:

|                                                | <b>30 June 2007</b> | <b>30 June 2006</b> |
|------------------------------------------------|---------------------|---------------------|
| Change in restricted cash                      | 51.026.227          | 639.049             |
| Change in trade receivables                    | (21.000.087)        | (22.387.535)        |
| Change in due from related parties             | 1.611.431           | 10.131.596          |
| Change in marketable securities                | 19.781.280          | (19.660.137)        |
| Change in inventories                          | 1.614.219           | (582.455)           |
| Change in other assets                         | (7.763.402)         | (2.669.214)         |
| Changes in other financial obligations         | 2.838.465           | -                   |
| Change in trade payables                       | (21.385.144)        | 6.024.640           |
| Change in due to related parties               | 4.469.640           | 20.947.870          |
| Change in other current liabilities            | (30.408.256)        | (120.751)           |
| Change in assets and liabilities held for sale | (370.102)           | -                   |
|                                                | <b>414.271</b>      | <b>(7.676.937)</b>  |

**NOTE 44 - OTHER EVENTS**

None (31 December 2006: None).

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