

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006  
TOGETHER WITH AUDITORS' REPORT**

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

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

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

**CONSOLIDATED BALANCE SHEETS  
AT 31 DECEMBER 2006 AND 2005**

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

	<b>Notes</b>	<b>2006</b>	<b>2005</b>
<b>ASSETS</b>			
<b>Current assets</b>		<b>406.886.019</b>	<b>428.317.543</b>
Cash and cash equivalents	4	141.823.172	152.561.372
Marketable securities (net)	5	23.056.445	17.725.328
Trade receivables (net)	7	155.918.910	147.183.664
Leasing receivables (net)	8	-	-
Due from related parties (net)	9	38.566.006	55.324.338
Other receivables (net)	10	24.440.185	33.943.988
Biological assets (net)	11	-	-
Inventories (net)	12	18.002.865	17.845.041
Construction contract receivables (net)	13	-	-
Deferred tax assets	14	-	-
Other current assets	15	5.078.436	3.733.812
<b>Non-current assets</b>		<b>562.478.799</b>	<b>507.279.805</b>
Trade receivables (net)	7	334.638	222.212
Leasing receivables (net)	8	-	-
Due from related parties (net)	9	-	-
Other receivables (net)	10	-	-
Financial assets (net)	16	10.762.570	12.039.390
Goodwill / negative goodwill (net)	17	11.332.183	11.332.183
Investment properties (net)	18	15.219.729	18.229.060
Property, plant and equipment (net)	19	518.267.349	461.726.595
Intangible assets (net)	20	1.179.670	833.237
Deferred tax assets	14	5.382.660	2.897.128
Other non-current assets	15	-	-
<b>TOTAL ASSETS</b>		<b>969.364.818</b>	<b>935.597.348</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 BALANCE SHEETS**

**AT 31 DECEMBER 2006 AND 2005**

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

	Notes	2006	2005
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>105.594.260</b>	<b>157.959.553</b>
Short-term bank borrowings (net)	6	1.473.835	6.908.856
Short-term portion of long-term bank borrowings (net)	6	5.613.230	39.979.946
Leasing payables (net)	8	4.620.935	1.791.072
Other financial liabilities (net)	10	-	-
Trade payables (net)	7	49.090.780	39.214.161
Due to related parties (net)	9	2.887.857	8.462.423
Advances received	21	1.080.121	960.188
Construction progress billings (net)	13	-	-
Provisions	23	26.610.246	48.198.232
Deferred tax liabilities	14	-	-
Other liabilities (net)	10	14.217.256	12.444.675
<b>Non-current liabilities</b>		<b>160.979.232</b>	<b>104.339.768</b>
Long-term bank borrowings (net)	6	39.026.920	26.578.620
Leasing payables (net)	8	8.066.629	3.724.463
Other financial liabilities (net)	10	-	-
Trade payables (net)	7	78.001.254	30.747.373
Due to related parties (net)	9	-	-
Advances received	21	-	-
Provisions	23	8.470.347	8.133.033
Deferred tax liabilities	14	27.224.327	35.061.371
Other liabilities (net)	10	189.755	94.908
<b>MINORITY INTEREST</b>	24	<b>111.140</b>	<b>3.451.810</b>
<b>SHAREHOLDERS' EQUITY</b>		<b>702.680.186</b>	<b>669.846.217</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	71.894.841	38.430.112
Legal reserves	28	18.679.778	13.322.675
Statutory reserves		-	-
Extraordinary reserves	28	52.713.095	26.317.495
Special reserves		-	-
Investment and property sales income to be added to the capital	-	-	-
Translation reserve	2,28	501.968	(1.210.058)
Current year profit	28	104.157.463	87.008.178
Retained earnings	28	28.614.352	46.394.397
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>969.364.818</b>	<b>935.597.348</b>
Commitments and contingent liabilities	31		

These consolidated financial statements as at and for the year ended at 31 December 2006 have been approved by the Board of Directors on 6 April 2007.

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED  
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**HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**

**CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS  
ENDED 31 DECEMBER 2006 AND 2005**

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

	<b>Notes</b>	<b>2006</b>	<b>2005</b>
<b>OPERATING REVENUES</b>			
Net sales	36	632.372.547	585.174.934
Cost of sales (-)	36	(423.205.484)	(375.570.681)
Income from services (net)	36	-	-
Income from other operating activities (net)	36	-	-
<b>GROSS OPERATING PROFIT</b>		<b>209.167.063</b>	<b>209.604.253</b>
Operating expenses (-)	37	(122.188.491)	(105.994.600)
<b>NET OPERATING PROFIT</b>		<b>86.978.572</b>	<b>103.609.653</b>
Other income and profits	38	77.724.474	60.248.455
Other expenses and losses (-)	38	(39.297.200)	(32.243.343)
Financial expenses (-)	39	(12.720.228)	(9.465.284)
<b>OPERATING PROFIT</b>		<b>112.685.618</b>	<b>122.149.481</b>
Monetary gain/ (loss)	40	-	-
<b>MINORITY INTEREST</b>		<b>1.298.698</b>	<b>(225.958)</b>
<b>INCOME BEFORE TAX</b>		<b>113.984.316</b>	<b>121.923.523</b>
Taxes on income	41	(9.826.853)	(34.915.345)
<b>NET INCOME</b>		<b>104.157.463</b>	<b>87.008.178</b>
<b>EARNINGS PER SHARE</b>		<b>0,250</b>	<b>0,209</b>

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED  
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HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEARS ENDED 31 DECEMBER 2006 AND 2005

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

	Capital Reserves		Profit Reserves			Retained Earnings		Total shareholders' equity
	Share capital	Inflation adjustment to shareholders' equity	Legal reserve	Extraordinary reserve	Translation Reserve	Retained earnings	Net income for the period	
Balances at 1 January 2005	416.742.560	81.270.970	11.170.063	2.108.245	(354.811)	44.880.754	27.200.087	583.017.868
Change in effective rates of the subsidiaries	-	-	-	-	-	13.165.961	-	13.165.961
Balances at 1 January 2005 as restated	416.742.560	81.270.970	11.170.063	2.108.245	(354.811)	58.046.715	27.200.087	596.183.829
Currency translation differences	-	-	-	-	(855.247)	-	-	(855.247)
Transfers	-	-	2.152.612	24.209.250	-	838.225	(27.200.087)	-
Dividends	-	-	-	-	-	(12.490.543)	-	(12.490.543)
Net income for the period	-	-	-	-	-	-	87.008.178	87.008.178
<b>Balances at 31 December 2005</b>	<b>416.742.560</b>	<b>81.270.970</b>	<b>13.322.675</b>	<b>26.317.495</b>	<b>(1.210.058)</b>	<b>46.394.397</b>	<b>87.008.178</b>	<b>669.846.217</b>
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 rates of the subsidiaries	-	-	-	-	-	13.165.961	(572.211)	12.593.750
Balances at 1 January 2006 as restated	416.742.560	81.270.970	13.322.675	26.317.495	(1.210.058)	46.394.397	87.008.178	669.846.217
Currency translation differences	-	-	-	-	1.712.026	-	-	1.712.026
Transfers	-	-	5.357.103	26.395.600	-	55.255.475	(87.008.178)	-
Dividends	-	-	-	-	-	(41.730.232)	-	(41.730.232)
Change in effective rates of the subsidiaries	-	-	-	-	-	(31.305.288)	-	(31.305.288)
Net income for the period	-	-	-	-	-	-	104.157.463	104.157.463
<b>Balances at 31 December 2006</b>	<b>416.742.560</b>	<b>81.270.970</b>	<b>18.679.778</b>	<b>52.713.095</b>	<b>501.968</b>	<b>28.614.352</b>	<b>104.157.463</b>	<b>702.680.186</b>

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

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

**STATEMENTS OF CONSOLIDATED CASH FLOWS  
FOR THE YEARS ENDED 31 DECEMBER 2006 AND 2005**

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

	<b>Notes</b>	<b>2006</b>	<b>2005</b>
Net profit for the period		104.157.463	87.008.178
<b>Adjustments:</b>			
Depreciation	18,19	48.840.139	46.217.491
Amortisation	20	649.611	1.109.479
Net profit/ (loss) on disposal of property, plant and equipment, intangible assets and investment property	18,19	1.920.832	(5.496.037)
Minority interest	24	(1.298.698)	225.958
Taxation	41	9.826.853	34.915.345
Provision for employment termination benefits	23	2.134.079	1.247.443
Income from disposal of subsidiaries'	38	(7.898.504)	(589.833)
Interest income	38	(22.629.994)	(18.431.161)
Interest expenses	39	8.455.820	6.217.237
Impairment/ (Reversal of) loss of investment property	18	1.806.438	(2.815.320)
Currency translation differences		(4.551.178)	4.008.473
Reversal of provisions	23	(764.268)	-
Provision expenses		2.452.792	10.009.309
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>		<b>143.101.385</b>	<b>163.626.562</b>
Changes in operating assets and liabilities-net	43	7.116.435	(23.833.532)
Income taxes paid		(25.105.406)	(25.144.440)
Employment termination benefits paid	23	(1.615.032)	(168.758)
<b>Net cash provided by operating activities</b>		<b>123.497.382</b>	<b>114.479.832</b>
<b>Cash flows from investing activities:</b>			
Purchases of investment property	18	(3.098.811)	(2.066.250)
Purchases of plant, property and equipment	19	(119.759.912)	(56.841.669)
Purchases of intangible assets	20	(1.259.318)	(855.602)
Proceeds from sales of plant, property and equipment intangible assets and investment properties		11.389.149	39.082.845
Interests received		23.714.305	17.607.429
Proceeds from disposal of subsidiaries	16	15.779.159	3.288.281
Acquisition of subsidiaries, net paid		(34.067.756)	-
Changes in available-for-sale financial assets		(1.248.515)	62.128
<b>Net cash used in investing activities</b>		<b>(108.551.699)</b>	<b>277.162</b>
<b>Cash used in financing activities:</b>			
Dividends paid		(41.730.232)	(12.490.543)
Change in borrowings		(21.000.611)	(8.847.644)
Change in long term trade payables		47.253.881	(7.522.655)
Interests paid		(9.122.610)	(6.164.472)
<b>Net cash used in financing activities</b>		<b>(24.599.572)</b>	<b>(35.025.314)</b>
Change in cash and cash equivalents		(9.653.889)	79.731.680
Change in blocked deposits		(49.269.590)	223.751
Cash and cash equivalents at the beginning of the period		148.965.460	69.010.029
<b>Cash and cash equivalents at the end of the year</b>		<b>90.041.981</b>	<b>148.965.460</b>

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006 AND 2005**

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

**NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS**

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

The address of the registered office is as follows:

Hürriyet Medya Towers  
34212 Güneşli, Istanbul  
Turkey

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

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

<b>Company name</b>	<b>Country of incorporation</b>	<b>2006</b>	<b>2005</b>	<b>Nature of business</b>
Hürriyet Medya Basım Hizmetleri ve Ticaret A.Ş. ("Hürriyet Medya Basım") (9)	Turkey	Subsidiary	Subsidiary	Publishing and administrative services
Doğan Ofset Yayıncılık ve Matbaacılık A.Ş. ("Doğan Ofset")	Turkey	Subsidiary	Subsidiary	Magazine and book publishing
Hürriyet Zweigniederlassung GmbH. ("Hürriyet Zweigniederlassung")	Germany	Subsidiary	Subsidiary	Newspaper publishing
DS Servis İdari Hizmetler ve Tic. A.Ş. ("DS Servis") (1)	Turkey	Subsidiary	Subsidiary	Administrative service
Yenibirş İnsan Kaynakları Hizmetleri Danışmanlık ve Yayıncılık A.Ş. ("Yenibirş") (2)	Turkey	Subsidiary	Subsidiary	Internet services
Egeser Servis İdari Hizmetleri ve Tic A.Ş. ("Egeser Servis") (1)	Turkey	Subsidiary	Subsidiary	Administrative service
Hür Servis Sosyal Hizmetler ve Tic A.Ş. ("Hür Servis") (3)	Turkey	Subsidiary	Subsidiary	Administrative service
Hür Medya İlançılık ve Reklamcılık Tic A.Ş. ("Hür Medya")	Turkey	Subsidiary	Subsidiary	Advertising
Hürriyet Ticari ve Sınai Ürünleri Pazarlama A.Ş. ("Hürriyet Pazarlama") (4)	Turkey	Subsidiary	Subsidiary	Marketing
Doğan Haber Ajansı A.Ş. ("Doğan Haber")	Turkey	Subsidiary	Subsidiary	News agency
Orta Anadolu Otomotiv Ticaret ve Sanayi A.Ş. ("Orta Anadolu Oto") (4)	Turkey	Subsidiary	Subsidiary	Automotive
Doğan Daily News Gazetecilik ve Matbaacılık A.Ş. ("Doğan Daily News") (5)	Turkey	Subsidiary	-	Newspaper publishing
Emlaksimum Elektronik Yayıncılık ve Ticaret A.Ş. ("Emlaksimum") (6)	Turkey	Subsidiary	-	Internet services
Hürriyet Invest B.V. ("Hürriyet Invest") (7)	Netherlands	Subsidiary	-	Investment
Doğan Kitapçılık A.Ş. ("Doğan Kitapçılık") (8)	Turkey	-	Associate	Book publishing
Doğan Media International ("Doğan Media")	Germany	Associate	Associate	Publishing and advertising
Yaysat Yayın Pazarlama ve Dağıtım A.Ş. ("Yaysat")	Turkey	Associate	Associate	Distribution
DYG İlan ve Reklam Hizmetleri A.Ş. ("DYG İlan")	Turkey	Associate	Associate	Advertising

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

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

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006 AND 2005**

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

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

(1) The Group has sold all the shares in DS Servis and Egesser of which the Group has affiliated 99,99% of their capital and they are inactive, 60% to Doğan Yayın and the remaining part to Doğan Family individuals from their carrying values in advance cash. Gain amounting to YTL 3.587 has been reclassified under “Other income” after the disposal.

(2) The trade register name of Yenibir İnsan Kaynakları ve Danışmanlık Hizmetleri A.Ş. changed as Yenibiriş İnsan Kaynakları Hizmetleri Danışmanlık ve Yayıncılık A.Ş at 31 August 2006.

(3) The Group has sold 81% of the shares in Hür Servis of which the Group has affiliated 99,99% of its capital to Doğan Müzik Kitap Mağazacılık Pazarlama A.Ş.(“DMK”) amounting to YTL 615.600.Hür Servis has been reclassified as available-for-sale investment after disposal. Loss amounting to YTL 105.576 has been reclassified under “Other expense” after the disposal.

(4) The Group sold all the shares in Hürriyet Pazarlama and Orta Anadolu Oto amounting to YTL 17.137.352 equivalent of USD 12.081.320 to Doğan Holding at 18 May 2006. Gain amounting to YTL 9.051.890 has been reclassified under “Other income” after the disposal.

(5) The Group acquired 94,25% of the shares in Doğan Daily News amounting to YTL 2.941.135 equivalent of USD 2.073.412 from Doğan Yayın at 18 May 2006. Loss amounting to YTL 1.960.360 has been reclassified under “Other expense” after the acquisition.

(6) Emlaksimum was established at 14 February 2006 by the Group.

(7) The Group has established Hürriyet Invest based in Netherlands. The Group has paid 20% of the capital amounting to Euro 18.000.

(8) The Group sold all the shares in Doğan Kitapçılık which the Group has affiliated 48,90% of the shares amounting to YTL 3.596.889 equivalent of USD 2.454.780 to Doğan ve Egmont Yayıncılık ve Yapımcılık Ticaret A.Ş.(“Doğan Egmont”) at 23 November 2006. Gain amounting to YTL 908.964 has been reclassified under “Other income” after the disposal.

(9) The trade register name of Doğan Basım ve Dağıtım İşleri A.Ş. changed as Hürriyet Medya Basım Hizmetleri ve Ticaret A.Ş. at 18 September 2006.

**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 with the CMB Accounting Standards.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006 AND 2005**

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

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

**2.1 Accounting standards (Continued)**

With the decision taken on 17 March 2005, the CMB has announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with CMB Accounting Standards. Accordingly, the Company did not apply IAS 29 “Financial Reporting in Hyperinflationary Economies” issued by IASB in its consolidated financial statements for the accounting periods starting 1 January 2005.

These consolidated financial statements and the related notes have been presented in accordance with the 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.

**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. 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 translation reserve.

**2.3 Consolidation principles**

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

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

**2.3 Consolidation principles (Continued)**

**(a) Subsidiaries**

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

The table below sets out all consolidated Subsidiaries and shows their shareholding structure at 31 December 2006 and 2005:

<b>Name</b>	<b>2006 Direct and indirect control by the Company and its Subsidiaries (%)</b>	<b>2005 Direct and indirect control by the Company and its Subsidiaries (%)</b>
Hürriyet Medya Basım	99,99	99,99
Doğan Ofset (*)	99,89	54,85
Hürriyet Zweigniederlassung	100,00	100,00
DS Servis	-	99,99
Yenibir	100,00	100,00
Egeser Servis	-	100,00
Hür Servis	19,00	99,99
Hür Medya	100,00	100,00
Hürriyet Pazarlama	-	97,43
Doğan Haber	50,01	50,01
Orta Anadolu Oto	-	81,36
Doğan Daily News	94,25	-
Emlaksimum	98,41	-
Hürriyet Invest	100,00	-

(\*) The Group acquired 45,04% of Doğan Ofset shares YTL 31.305.288 equivalent of USD 22.069.290 from Doğan Yayın at 18 May 2006.

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

**2.3 Consolidation principles (Continued)**

***(b) Investments in associated undertakings***

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

The table below sets out the Associates and shows the proportion of ownership interests at 31 December 2006 and 2005.

<b>Name</b>	<b>2006 Direct and indirect control by the Company and its Subsidiaries (%)</b>	<b>2005 Direct and indirect control by the Company and its Subsidiaries (%)</b>
Doğan Media	43,93	43,93
Yaysat	25,00	25,00
DYG İlan	20,00	20,00
Doğan Kitapçılık (*)	-	48,90

(\*) The Group sold all the shares in Doğan Kitapçılık which the Group has affiliated 48,90% of the shares amounting to YTL 3.596.889 equivalent of USD 2.454.780 to Doğan ve Egmont Yayıncılık ve Yapımcılık Ticaret A.Ş. at 23 November 2006.

***(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).

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

##### 2.3 Consolidation principles (Continued)

###### *(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

As of 31 December 2006, the accounting principles described in Note 2.1 (defined as CMB Accounting Standards) differ from IFRS issued by the International Accounting Standards Board with respect to the application of inflation accounting, presentation of the basic financial statements and the notes to them. Accordingly, these financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

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

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

##### 3.1 Related parties

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

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

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

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

As stated in the revised IAS 39, when applying the revised IAS 39 for the first time, the Group classified assets held for trading in the previous periods, other than investments in shares that had no market values quoted in the stock exchange or whose fair values could not be reliably measured, as “financial assets at fair value through profit and loss” (Note 16). Since the changes in the fair values of the relevant financial assets were accounted at profit and loss until 31 December 2005, the related comparative amounts disclosed at previous periods are not revised. The Group has accounted for the changes in the fair values of the relevant assets in the current period in the statement of income.

**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 amortized cost. Trade receivables that deferred financial income is netted off, is calculated by discounting amounts that will be collected of trade receivables recorded in the original invoice value in the subsequent periods by effective interest method. Short duration receivables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant (Note 7).

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

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

**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 which are acquired before 1 January 2005, are carried at cost and restated to the equivalent purchasing power at 31 December 2005 less accumulated depreciation (except land) and impairment. Items which are acquired in 2005 are carried at cost less accumulated depreciation (except land) and impairment. Depreciation is provided using a straight-line basis. The depreciation periods for investment property, which approximate the economic useful lives of such assets, are 50 years (Note 18).

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

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

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

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

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

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

Repair and maintenance expenses are charged to the income statement as they are incurred. Repair and maintenance expenditures are capitalized 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 amortization

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

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

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

##### 3.9 Intangible assets and amortization

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

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

**3.10 Significant accounting estimates and decisions**

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

**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 in the consolidated financial statements. Currently enacted tax rates are used to determine deferred income tax.

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

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

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

**3.12 Bank borrowings**

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

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

**3.17 Revenue recognition**

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

***Interest income:***

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

***Rental income:***

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

***Other income:***

Other income is recognized on an accrual basis.

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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 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.

**3.22 Comparatives**

To conform to changes in presentation of the financial statements as of 31 December 2006, comparative consolidated balance sheet as of 31 December 2005 and consolidated statements of income and consolidated statements of cash flows as of 31 December 2005 have been reclassified.

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

**3.23 Financial instruments and financial risk management**

***Interest rate risk***

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

***Funding risk***

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

***Credit risk***

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

***Foreign currency risk***

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

***Fair value of financial instruments***

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

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

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

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**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 amounts due from banks, are considered to approximate their respective carrying values due to their short-term nature.

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

***Monetary Liabilities***

Trading liabilities have been estimated at their fair values.

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

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

**3.24 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).

**3.25 Subsequent Events**

Subsequent events and announcements related to net profit 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.

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**NOTE 4 - CASH AND CASH EQUIVALENTS**

The analysis of cash and cash equivalents at 31 December 2006 and 2005 are as follows:

	<b>2006</b>	<b>2005</b>
Cash in hand	430.374	547.574
Cash at banks		
- demand deposits	961.578	4.439.820
- time deposits	89.396.513	145.808.861
- blocked deposits	51.034.707	1.765.117
	<b>141.823.172</b>	<b>152.561.372</b>

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

	<b>2006</b>	<b>2005</b>	<b>2004</b>
Cash and banks	141.823.172	152.561.372	72.005.960
Blocked deposits	(51.034.707)	(1.765.117)	(1.988.868)
Less: Interest accruals	(746.484)	(1.830.795)	(1.007.063)
	<b>90.041.981</b>	<b>148.965.460</b>	<b>69.010.029</b>

Regarding to the bank borrowings which will be used in acquisition of subsidiary of the Group described in Note 34, cash and cash equivalents amounting to YTL 51.034.707 (2005: YTL1.765.117) were blocked and not available for use at 31 December 2006.

Period remaining to maturity for time deposits are as below:

	<b>2006</b>	<b>2005</b>
0-1 month	74.043.035	65.091.364
1-3 months	15.353.478	68.423.985
3-6 months	51.034.707	14.058.629
6-12 months	-	-
	<b>140.431.220</b>	<b>147.573.978</b>

At 31 December 2006, the weighted average interest rate for local currency time deposits is 20,0% (2005: 17,9%) and weighted average interest rate for foreign currency time deposits is 4,9% (2005: 3,9%).

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**NOTE 5 - MARKETABLE SECURITIES**

The analysis of financial assets at fair value through profit and loss at 31 December 2006 and 2005 are as follows:

	<b>2006</b>	<b>2005</b>
Treasury bills and government bonds	23.056.445	7.725.32
	<b>23.056.445</b>	<b>7.725.328</b>

The highest bid of the pending current orders as of the second session at 29 December 2006 has been used when determining the fair value of treasury bills and government bonds as of 31 December 2006. At 31 December 2006, treasury bills and government bonds weighted average interest rate is 19,8% (2005: 14,50%).

Maturity analysis for the financial assets at fair value through profit and loss as of 31 December 2006 and 2005 are as follows:

	<b>2006</b>	<b>2005</b>
31-90 days	-	16.951.754
91-180 days	15.623.355	517.125
181- 365 days	7.433.090	256.449
Over 365 days	-	-
	<b>23.056.445</b>	<b>17.725.328</b>

At 31 December 2006 and 2005, there are no pledged financial assets at fair value through profit and loss.

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NOTE 6 - BORROWINGS

Details of borrowings at 31 December 2006 and 2005 are as follows:

	Weighted average effective interest rate (%)		Original currency		YTL	
	2006	2005	2006	2005	2006	2005
<b>Short term bank borrowings</b>						
- USD	6,8	6,0	1.048.544	509.127	1.473.835	683.147
- Euro	-	4,7	-	3.884.318	-	6.166.355
- YTL	-	-	-	59.354	-	59.354
<b>Total</b>					<b>1.473.835</b>	<b>6.908.856</b>
<b>Short-term portion of long term bank borrowings</b>						
- Euro	5,8	6,3	2.303.982	2.143.214	4.265.823	3.402.353
- USD	8,3	7,7	615.081	26.940.301	864.558	36.148.496
- Diğer	5,0	4,0	419.760	421.179	482.849	429.097
<b>Total</b>					<b>5.613.230</b>	<b>39.979.946</b>
<b>Long-term bank borrowings</b>						
- Euro	4,6	5	11.594.235	13.067.925	21.466.727	20.745.331
- USD	7,6	5,6	11.700.023	3.313.131	16.445.553	4.445.559
- Other	5,0	4,0	969.000	1.356.600	1.114.640	1.382.104
- YTL	-	-	-	5.626	-	5.626
<b>Total long-term bank borrowings</b>					<b>39.026.920</b>	<b>26.578.620</b>

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**NOTE 6 - BORROWINGS (Continued)**

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

<b>Year</b>	<b>2006</b>	<b>2005</b>
2007	-	5.974.308
2008	10.409.261	5.640.906
2009	15.437.951	6.588.541
2010	4.899.532	1.777.813
2011	7.631.437	1.144.436
2012 and after	648.739	5.452.616
<b>Total</b>	<b>39.026.920</b>	<b>26.578.620</b>

**NOTE 7 - TRADE RECEIVABLES AND PAYABLES**

Trade receivables net of unearned credit finance income at 31 December 2006 and 2005 are as follows:

	<b>2006</b>	<b>2005</b>
Trade receivables	143.681.111	138.266.941
Cheques and notes received	27.040.392	21.555.165
Receivables from credit cards	147.877	72.253
	<b>170.869.380</b>	<b>159.894.359</b>
Unearned credit finance income	(2.048.613)	(2.094.040)
<b>Trade receivables - net</b>	<b>168.820.767</b>	<b>157.800.319</b>
Less: Provision for doubtful receivables	(12.901.857)	(10.616.655)
<b>Trade receivables</b>	<b>155.918.910</b>	<b>147.183.664</b>

In accordance with the factoring agreement signed between the Group and Doğan Faktoring Hizmetleri A.Ş. (“Doğan Faktoring”), trade receivables amounting to YTL 105.564.252 (2005: YTL 101.384.480). The unearned credit finance income related with the receivables followed by Doğan Faktoring is YTL 2.048.613 (2005: YTL 2.094.040) and effective interest rate is 17% (2005:19%)

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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>2006</b>	<b>2005</b>
<b>1 January</b>	<b>10.616.655</b>	<b>6.229.530</b>
Provisions provided during the year (Note 38)	2.839.659	4.586.026
Collections during the year	(386.867)	(198.901)
Acquisition of subsidiaries	(167.590)	-
<b>31 December</b>	<b>12.901.857</b>	<b>10.616.655</b>

Long term trade receivables at 31 December 2006 and 2005 are as follows:

	<b>2006</b>	<b>2005</b>
Deposits and guarantees given	334.638	222.212
	<b>334.638</b>	<b>222.212</b>

Trade payables at 31 December 2006 and 2005 are as follows:

	<b>2006</b>	<b>2005</b>
Short-term trade payables	40.980.909	38.537.093
Notes payable	8.109.871	677.068
	<b>49.090.780</b>	<b>39.214.161</b>

	<b>2006</b>	<b>2005</b>
Long-term payables to suppliers	<b>78.001.254</b>	<b>30.747.373</b>

Long-term payables to suppliers resulted from to the purchase of machinery and equipment. The weighted average interest rates of long term trade payables are for USD 5,2%, for Euro 4,1% and for CHF is 2,7% (2005: USD: 4,4%, Euro:3,3% ,CHF:4,0%)

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

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

<b>Year</b>	<b>2006</b>	<b>2005</b>
2007	-	11.072.872
2008	15.020.381	10.008.851
2009	15.410.227	5.683.074
2010	10.818.150	3.982.576
2011	10.408.457	-
2012	26.344.039	-
	<b>78.001.254</b>	<b>30.747.373</b>

**NOTE 8 - LEASING RECEIVABLES AND PAYABLES**

Leasing payables at 31 December 2006 and 2005 are as follows:

	<b>2006</b>	<b>2005</b>
Short term leasing payables	4.620.935	1.791.072
Long term leasing payables	8.066.629	3.724.463
	<b>12.687.564</b>	<b>5.515.535</b>

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

<b>Year</b>	<b>2006</b>	<b>2005</b>
2007	-	1.863.233
2008	2.593.785	1.036.556
2009	2.520.474	356.903
2010	2.283.778	291.509
2011 and after	668.592	176.262
	<b>8.066.629</b>	<b>3.724.463</b>

The weighted average interest rate for long term leasing payable is 6,5% for USD and 5% for Euro (31 December 2005: Euro :6%)

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

**i) Balances with related parties:**

a) Due from related companies:

**Short Term:**

	<b>2006</b>	<b>2005</b>
Doğan Gazetecilik A.Ş. ("Doğan Gazetecilik")	7.476.577	6.647.801
İşıl İthalat İhracat Mümessillik A.Ş. ("İşıl İthalat")	5.951.581	269
Doğan Media	3.594.097	1.934.083
Milliyet Verlags und Handels GmbH ("Milliyet Verlags")	2.876.395	2.573.517
Doğan Müzik Kitapçılık A.Ş. ("DMK") (*)	2.617.516	1.378.094
DTV Haber ve Görsel Yayıncılık A.Ş. ("Kanal D")	2.479.688	669.527
Doğan Burda Dergi		
Yayıncılık ve Pazarlama A.Ş. ("DB")	1.730.095	2.082.015
Eko TV Televizyon Yayıncılık A.Ş. ("Eko TV")	1.525.463	289.687
Doğan Müzik Yapım ve Ticaret A.Ş. ("DMC")	1.223.151	1.723.542
Medyanet İletişim Reklam Pazarlama		
ve Turizm A.Ş. ("Medyanet A.Ş.")	1.175.485	-
Doğan Dağıtım Satış ve Pazarlama A.Ş. ("Doğan Dağıtım")	1.081.093	5.891.252
Süper Kanal Televizyon Video Radyo Basın Yapım		
Yayın Tanıtım ve Haber Hizmetleri A.Ş. ("Süper Kanal") (**)	1.002.370	1.271.350
Milliyet Haber Ajansı A.Ş. ("Milha")	831.116	826.659
Doğan Dış Ticaret A.Ş. ("Doğan Dış Ticaret")	644.151	3.419.226
Hürriyet Ticari ve Sınai		
Pazarlama A.Ş. ("Hürriyet Pazarlama") (***)	605.598	-
Hür Servis	405.142	-
Doğan Elektronik Turizm Satış Pazarlama		
Hizmetleri ve Yayıncılık A.Ş. ("Doğan Elektronik Turizm")	379.175	2.636
D Market Ticaret A.Ş. ("D Market")	349.751	295.168
Dergi Pazarlama Planlama A.Ş.	318.256	425.471
Aydın Doğan Vakfı	310.149	262.572
Doğan Egmont	293.208	88.096
Doğan Kitapçılık	233.238	198.998
Doğan Factoring	192.391	544.483
Katalog Yayın ve Tanıtım Hizmetleri A.Ş.	40.608	1.623.940
Doğan Yayın (****)	-	20.801.108
Doğan TV	-	1.691.312
Other	1.229.712	683.532
	<b>38.566.006</b>	<b>55.324.338</b>

(\*) The receivable balance of the Group from DMK consists of YTL 615.600 related with the share sales of Hür Servis

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

(\*\*\*) The related company was disposed form the scope of consolidation since the Group sold all the shares of Hürriyet Pazarlama to Doğan Holding at 18 May 2006.

(\*\*\*\*) The group has obtained credit from Barclays Bank PLC at 27 January 2004 amounting to USD\$15.000.000, with the interest rate of 7.63 % and maturity date of 27 January 2006. The group has transferred the credit to Doğan Yayın with the same terms (Note 6). The borrowing was paid at 27 January 2006.

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

b) Short-term due to related companies:

	<b>2006</b>	<b>2005</b>
Doğan İletişim	792.070	238.836
Milta Turizm	742.178	127.736
Doğa Televizyon ve Yayıncılık A.Ş. ("Doğa TV")	177.637	-
Hürbim Görsel Yayıncılık A.Ş. ("Hürbim")	176.748	371.517
Doğan İnternet Yatırımları Ticaret A.Ş.	168.037	168.037
Doğan Yayın	119.044	3.055.567
Doğan Platform Yatırımları A.Ş.	97.478	-
Petrol Ofisi	83.881	50.410
Doğan TV	71.260	-
Born Investment Holding Company S.A. ("Born Investment") (**)	-	1.355.441
D-Yapı İnşaat Sanayi Ticaret A.Ş. (*)	-	1.328.584
Doğan Daily News (***)	-	358.446
İşıl Televizyon Yayıncılık Yapımcılık Sanayi ve Ticaret A.Ş. ("İşıl TV")	-	324.293
Other	459.524	1.083.556
	<b>2.887.857</b>	<b>8.462.423</b>

(\*) The balance comprised of contract progress invoices for the Group's printing house construction in İzmir.

(\*\*) The due balance to Born Investment of the Group is a financial liability.

(\*\*\*) Group included Doğan Daily News to the scope of consolidation after purchasing 94,25% of all the shares from Doğan Yayın at 18 May 2006

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

a) Service and product sales:

	<b>2006</b>	<b>2005</b>
Doğan Dağıtım	80.285.922	71.373.062
Doğan Gazetecilik	27.077.352	26.483.403
Doğan Media	15.086.538	14.685.174
DB	10.865.555	8.387.089
Kanal D	5.172.658	5.868.598
Eko TV	4.028.356	2.255.839
Milliyet Verlags	2.410.708	2.414.116
Doğan Yayın	2.340.830	1.633.691
Medyanet A.Ş.	2.182.672	577.735
Petrol Ofisi	1.960.343	1.480.938
İşıl TV	1.687.567	4.779
DMK	1.339.072	379.490
Doğan Egmont	1.122.967	990.016
Other	6.308.020	3.964.287
	<b>161.868.560</b>	<b>140.498.217</b>

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

b) Service and product purchases:

	<b>2006</b>	<b>2005</b>
Işıl İthalat (*)	80.648.864	-
Doğan Dış Ticaret (*)	71.508.784	120.828.957
Doğan Dağıtım (**)	20.378.465	15.415.750
Doğan Yayın	13.031.481	9.708.690
Kanal D	9.180.791	7.739.609
Milta Seyahat Acentası İşletmeciliği A.Ş. ("Milta")	6.224.364	1.600.662
Işıl TV	3.902.411	279.620
Doğan İletişim Telekomünikasyon Elektronik Servis Hizmetleri Turizm ve Yayıncılık A.Ş. ("Doğan Online")	3.374.202	2.346.706
DB	2.427.481	652.448
Petrol Ofisi	1.580.971	845.443
Doğa TV	1.459.824	-
D Yapım Yayın ve Reklamcılık A.Ş	1.320.279	2.110.807
Doğan Media	1.215.119	942.730
Eko TV	1.117.425	1.872.864
DMK	1.030.847	787.017
Hürbim	155.758	6.315.007
DMC	-	1.146.912
Other	6.212.518	5.277.699
	<b>224.769.584</b>	<b>177.870.921</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.

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

c) Other transactions with related parties:

	<b>2006</b>	<b>2005</b>
Doğan Dış Ticaret	923.747	1.665.476
Doğan Dağıtım	801.983	744.401
İşıl İthalat	679.710	38.061
DB	525.587	463.892
Doğan Media	346.484	94.942
DMK	92.383	168.516
Doğan İletişim	80.224	149.952
Doğan Yayın	79.250	62.855
Katalog Yayın	73.273	224.470
Doğan Gazetecilik	38.607	296.355
Hürbim	28.459	25.844
Eko TV	770	468.536
Dışbank (*)	-	2.537.935
Other	356.532	875.661
	<b>4.027.009</b>	<b>7.816.896</b>

(\*) The company was disposed from the scope of related party company definition since the shares were transferred to Fortis Bank Nv-Sa as of 4 July 2005 in accordance with the share purchase and sale agreement signed by Doğan Holding, at 11 April 2005. The name of Dışbank has changed as Fortis Bank A.Ş. after transfer.

	<b>2006</b>	<b>2005</b>
<b>Other expenses:</b>		
Doğan Faktoring	1.077.855	1.010.912
Doğan Dış Ticaret	140.067	35.082
Doğan Egmont	94.018	-
Other	60.085	51.834
	<b>1.372.025</b>	<b>1.097.828</b>

	<b>2006</b>	<b>2005</b>
<b>Sales of plant, property and equipment:</b>		
Çamtepe İnşaat Yatırım Ticaret A.Ş. ("Çamtepe") (*)	-	26.000.000
Other		29.617
		<b>26.029.617</b>

(\*) The Company sold its 23.373 m<sup>2</sup> land in Şişli-Istanbul, estimated expertise value of which is amounting to YTL 22.000.000, to a related party Çamtepe İnşaat Yatırım Ticaret A.Ş. amount of YTL 26.000.000.

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

c) Other transactions with related parties (Continued):

	<b>2006</b>	<b>2005</b>
<b>Purchase of property, plant and equipment:</b>		
D-Yapı İnşaat Sanayi ve Ticaret A.Ş. (*)	12.905.349	3.320.604
D-Market Elektronik Hizmet Ticaret A.Ş.	530.637	185.744
Milta Turizm	81.324	-
Doğan Online	46.211	-
Doğan Kitapçılık	45.103	-
Doğan Gazetecilik	44.136	1.000
Other	2.500	169.429
	<b>13.655.260</b>	<b>3.676.777</b>

(\*) The purchases comprised of contract progress invoices for the Group's printing house construction in Izmir.

	<b>2006</b>	<b>2005</b>
Remunerations paid to Board member and key management personnel	4.637.358	3.176.884
	<b>4.637.358</b>	<b>3.176.884</b>

**NOTE 10 - OTHER RECEIVABLES AND PAYABLES**

Other current receivables at 31 December 2006 and 2005 are as follows:

	<b>2006</b>	<b>2005</b>
Prepaid taxes and funds (Note 41)	19.230.600	27.818.852
Advances given to personnel	3.330.671	2.968.780
Job advances	1.256.820	1.424.800
Value Added Tax ("VAT") receivable	442.857	478.605
Other current assets	179.237	1.252.951
	<b>24.440.185</b>	<b>33.943.988</b>

Other current payables at 31 December 2006 and 2005 are as follows:

	<b>2006</b>	<b>2005</b>
Taxes and funds payable	10.822.667	10.066.117
Deferred income	1.962.603	759.823
Expense accruals	633.254	147.725
Due to personnel	283.427	1.088.896
Other	515.305	382.114
	<b>14.217.256</b>	<b>12.444.675</b>

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**NOTE 11 - BIOLOGICAL ASSETS**

None (2005: None)

**NOTE 12 - INVENTORIES**

	<b>2006</b>	<b>2005</b>
Promotion stocks	3.880.348	1.782.370
Impairment for promotion stocks	(223.665)	(132.939)
<hr/>		
Promotion stocks, net	3.656.683	1.649.431
Raw materials and supplies	12.130.464	9.610.672
Finished goods and merchandise	1.593.437	4.010.044
Semi-finished goods	268.504	483.049
Order advances for raw material purchases	353.777	2.091.845
<hr/>		
	<b>18.002.865</b>	<b>17.845.041</b>

Promotion stocks include promotion materials such books and cds

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

None (2005: None).

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

The Group calculates deferred tax assets and liabilities based on the temporary differences between the financials prepared in accordance with the accounting policies described in Note 2 and financials prepared according to Turkish tax legislation. In substance, differences arise from the differences in accounting periods for the recognition of income and expenses in accordance with the accounting policies described in Note 2 and tax legislation.

The rate for the temporary differences for the year 2006 is 20% (2005: 30%).

The temporary differences giving rise to deferred income tax assets and deferred tax liabilities as of 31 December 2006 and 2005 are as follows:

	<b>Total</b>		<b>Deferred tax assets/ (liabilities)</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
Provision for employment termination benefits	8.470.347	8.133.033	1.694.069	2.439.910
Difference between tax base and carrying value of trade receivables and due from related parties	1.463.176	1.498.918	292.636	449.675
Deferred income	1.374.906	-	274.981	-
Difference between tax base and carrying value of leasing payables and due from related parties	12.621.514	5.515.534	4.876.953	2.059.501
Other, net	2.556.109	543.190	511.222	162.957
<b>Deferred tax assets</b>	<b>26.486.052</b>	<b>15.690.675</b>	<b>7.649.861</b>	<b>5.112.043</b>
Difference between tax base and carrying value of property, plant and equipment and intangibles	(127.127.279)	(120.922.579)	(28.077.084)	(36.857.871)
Other, net	(5.250.828)	(1.155.543)	(1.414.444)	(418.415)
<b>Deferred tax liabilities</b>	<b>(132.378.107)</b>	<b>(122.078.122)</b>	<b>(29.491.528)</b>	<b>(37.276.286)</b>
<b>Deferred tax liabilities, net</b>	<b>(105.892.055)</b>	<b>(106.387.447)</b>	<b>(21.841.667)</b>	<b>(32.164.243)</b>

The movements of deferred tax balances during the years ended at 31 December 2006 and 2005 are as follows:

	<b>2006</b>	<b>2005</b>
Deferred tax liabilities – net, at 1 January	<b>32.164.243</b>	<b>30.942.556</b>
Deferred tax (income)/loss at the consolidated financial statements	(10.858.060)	1.221.687
Currency translation adjustment	232.051	-
Disposal of Subsidiaries	313.276	-
Acquisitions	(9.843)	-
<b>Deferred tax liabilities, net</b>	<b>21.841.667</b>	<b>32.164.243</b>

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

Other current assets at 31 December 2006 and 2005 are as follows:

	<b>2006</b>	<b>2005</b>
Prepaid expenses	3.580.423	3.427.557
Income accruals	1.498.013	306.255
	<b>5.078.436</b>	<b>3.733.812</b>

**NOTE 16 - FINANCIAL ASSETS**

Financial assets at 31 December 2006 and 2005 are as follows:

	<b>2006</b>	<b>2005</b>
Available-for-sale investments	6.079.239	4.362.682
Associates	4.683.331	7.676.708
	<b>10.762.570</b>	<b>12.039.390</b>

Details of available-for-sale investments at 31 December 2006 and 2005 are as follows:

	<b>%</b>	<b>2006</b>	<b>%</b>	<b>2005</b>
Doğan Havacılık Sanayi ve Ticaret A.Ş. (“Doğan Havacılık”)	9,00	4.513.093	9,00	2.893.093
Doğan Factoring	5,00	736.422	5,00	736.422
Doğan Dış Ticaret A.Ş.	1,75	346.040	1,75	346.040
Coats İplik Sanayi A.Ş.	0,50	257.849	0,50	257.849
Hür Servis	19,00	169.166	-	-
Other	-	56.669	-	129.278
		<b>6.079.239</b>		<b>4.362.682</b>

Details of associates at 31 December 2006 and 2005 are as follows:

	<b>%</b>	<b>2006</b>	<b>%</b>	<b>2005</b>
Doğan Media	43,93	3.714.273	43,93	3.714.273
Yaysat	25,00	879.207	25,00	1.354.272
DYG İlan	20,00	89.851	20,00	122.019
Doğan Kitapçılık	-	-	48,90	2.486.144
		<b>4.683.331</b>		<b>7.676.708</b>

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

Movements of associates during the year ended 31 December 2006 and 2005 are as follows:

	<b>2006</b>	<b>2005</b>
<b>1 January</b>	<b>7.676.708</b>	<b>11.100.831</b>
Loss from associates (Note 38)	(505.276)	(493.370)
Income from associates	201.890	-
Disposal of associates	(2.689.991)	(2.930.753)
<b>31 December</b>	<b>4.683.331</b>	<b>7.676.708</b>

**NOTE 17 - GOODWILL/ NEGATIVE GOODWILL**

There has not been any movement of positive goodwill in the year ended 31 December 2006. Goodwill is amounted YTL 11.332.183 as of 31 December 2006 (2005: YTL 11.332.183). The Group tests and assesses if there is any impairment for the goodwill annually, at the date when the goodwill occurred and reflects it to the financial statements if there is any impairment.

Since 1 January 2005, in accordance with IFRS 3- "Business Combinations", amortisation accounting is not applied for goodwill and as mentioned above it is decided to test if there is any impairment for the goodwill.

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**NOTE 18 - INVESTMENT PROPERTY**

Movements of investment property and related accumulated depreciation during the year ended 31 December 2006 are as follows:

	1 January 2006	Additions	Disposals	Transfers	Impairment provision	31 December 2006
<b>Cost:</b>						
Land and land improvements	5.468.941	-	-	4.096.554	-	9.565.495
Buildings	13.445.412	3.098.811	(8.838.699)	-	(1.806.438)	5.899.086
<b>Total</b>	<b>18.914.353</b>	<b>3.098.811</b>	<b>(8.838.699)</b>	<b>4.096.554</b>	<b>(1.806.438)</b>	<b>15.464.581</b>
<b>Accumulated depreciation:</b>						
Buildings	685.293	163.991	(604.432)	-	-	244.852
<b>Total</b>	<b>685.293</b>	<b>163.991</b>	<b>(604.432)</b>	<b>-</b>	<b>-</b>	<b>244.852</b>
<b>Net book value</b>	<b>18.229.060</b>					<b>15.219.729</b>

The depreciation charge for the year ended at 31 December 2006 amounting to YTL 163.991 has been included to cost of sales

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

	1 January 2005	Additions	Disposals	Reversal of impairment provision	31 December 2005
<b>Cost:</b>					
Land and land improvements	26.500.000	-	(22.000.000)	968.941	5.468.941
Buildings	14.220.015	2.066.250	(4.687.232)	1.846.379	13.445.412
<b>Total</b>	<b>40.720.015</b>	<b>2.066.250</b>	<b>(26.687.232)</b>	<b>2.815.320</b>	<b>18.914.353</b>
<b>Accumulated depreciation:</b>					
Buildings	536.842	234.638	(86.187)	-	685.293
<b>Total</b>	<b>536.842</b>	<b>234.638</b>	<b>(86.187)</b>	<b>-</b>	<b>685.293</b>
<b>Net book value</b>	<b>40.183.173</b>				<b>18.229.060</b>

The depreciation charge for the year ended at 31 December 2005 amounting to YTL 234.638 has been included to cost of sales

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

Movements of property, plant and equipment and related accumulated depreciation during the year ended 31 December 2006 are as follows:

	1 January 2006	Currency translation differences	Additions	Disposals	Transfers	Affiliates Additions	Disposals	31 December 2006
<b>Cost</b>								
Land and land improvements	53.289.072	527.432	1.494.120	(609.160)	(4.096.554)	-	-	50.604.910
Buildings	233.192.530	1.993.920	163.834	(9.945)	22.140.976	-	(12.505.409)	244.975.906
Machinery and equipments	516.569.101	5.602.825	2.192.433	(9.917.371)	82.712.147	411.537	(84.274)	597.486.398
Motor vehicles	7.743.419	-	208.794	(780.611)	-	-	(460.861)	6.710.741
Furniture and fixtures	72.489.899	122.710	2.682.549	(166.090)	987.281	703.916	(719.553)	76.100.712
Leasehold improvements	22.241.708	-	1.807.367	-	-	-	-	24.049.075
Advances given	2.207.570	-	14.096.369	-	(8.299.013)	-	-	8.004.926
	<b>907.733.299</b>	<b>8.246.887</b>	<b>22.645.466</b>	<b>(11.483.177)</b>	<b>93.444.837</b>	<b>1.115.453</b>	<b>(13.770.097)</b>	<b>1.007.932.668</b>
Construction in progress	4.208.378	-	97.114.446	(20.668)	(97.541.391)	-	-	3.760.765
	<b>911.941.677</b>	<b>8.246.887</b>	<b>119.759.912</b>	<b>(11.503.845)</b>	<b>(4.096.554)</b>	<b>1.115.453</b>	<b>(13.770.097)</b>	<b>1.011.693.433</b>
<b>Accumulated Depreciation</b>								
Land and land improvements	243.508	-	34.931	-	-	-	-	278.439
Buildings	41.922.240	305.147	5.092.958	-	-	-	(1.083.727)	46.236.618
Machinery and equipments	325.769.800	1.611.984	37.150.376	(6.073.880)	-	209.876	(21.697)	358.646.459
Motor vehicles	2.454.957	-	1.177.051	(230.686)	-	-	(107.723)	3.293.599
Furniture and fixtures	60.344.314	66.552	3.169.312	(133.050)	-	399.621	(407.563)	63.439.186
Leasehold improvements	19.480.263	-	2.051.520	-	-	-	-	21.531.783
	<b>450.215.082</b>	<b>1.983.683</b>	<b>48.676.148</b>	<b>(6.437.616)</b>	<b>-</b>	<b>609.497</b>	<b>(1.620.710)</b>	<b>493.426.084</b>
<b>Net book value</b>	<b>461.726.595</b>							<b>518.267.349</b>

As of 31 December 2006 property, plant and equipment in machinery and equipment group obtained via financial leasing is amounting to YTL 16.458.488 (2005: YTL 7.907.561)

At 31 December 2006 there is no mortgage and liens on property, plant and equipment (31 December 2005: YTL 12.500).

The depreciation charge for the year ended at 31 December 2006 amounting to YTL 40.862.339 YTL has been included to cost of sales, YTL 7.813.809 has been included to operating expenses.

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

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

	<b>1 January 2005</b>	<b>Currency translation difference</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	<b>31 December 2005</b>
<b>Cost</b>						
Land and land improvements	45.034.400	(411.171)	4.250.315	(1.118.932)	5.534.460	53.289.072
Buildings	232.868.347	(1.508.620)	1.826.791	(934.285)	940.297	233.192.530
Machinery and equipment	490.890.410	(4.815.869)	16.120.241	(4.076.011)	18.450.330	516.569.101
Motor vehicles	5.384.686	-	590.312	(417.168)	2.185.589	7.743.419
Furniture and fixtures	69.022.818	(149.257)	1.635.373	(691.514)	2.672.479	72.489.899
Leasehold improvements	21.660.728	-	639.393	(71.491)	13.078	22.241.708
Advances given	59.708	-	4.793.896	(2.646.034)	-	2.207.570
	<b>864.921.097</b>	<b>(6.884.917)</b>	<b>29.856.321</b>	<b>(9.955.435)</b>	<b>29.796.233</b>	<b>907.733.299</b>
Construction in progress	7.502.201	(242.015)	26.985.348	-	(30.037.156)	4.208.378
	<b>872.423.298</b>	<b>(7.126.932)</b>	<b>56.841.669</b>	<b>(9.955.435)</b>	<b>(240.923)</b>	<b>911.941.677</b>
<b>Accumulated depreciation</b>						
Land and land improvements	213.387	-	30.121	-	-	243.508
Buildings	36.778.832	(6.515)	5.156.252	(6.329)	-	41.922.240
Machinery and equipment	294.766.084	(2.010.371)	35.394.658	(2.380.571)	-	325.769.800
Motor vehicles	2.191.374	-	653.707	(390.124)	-	2.454.957
Furniture and fixtures	58.248.736	(246.326)	2.623.093	(281.189)	-	60.344.314
Leasehold improvements	17.395.174	-	2.125.022	(39.933)	-	19.480.263
	<b>409.593.587</b>	<b>(2.263.212)</b>	<b>45.982.853</b>	<b>(3.098.146)</b>	<b>-</b>	<b>450.215.082</b>
<b>Net book value</b>	<b>462.829.711</b>					<b>461.726.595</b>

As of 31 December 2005 property, plant and equipment in machine and equipment group obtained via financial leasing is amounting to YTL7.907.561 (2005: YTL 7.820.768).

31 December 2005 there are mortgages on property, plant and equipment amounting to YTL 12.500 (2004: YTL 12.500).

The depreciation charge for the year ended at 31 December 2005 amounting to YTL 36.757.037 has been included to cost of sales, YTL 9.225.899 has been included to operating expenses.

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**NOT 20 - INTANGIBLE ASSETS**

Movements of intangible assets and related accumulated amortisation for the years ended 31 December 2006 and 2005 are as follows:

	<b>1 January 2006</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	<b>Additions</b>	<b>Subsidiaries Disposals</b>	<b>31 December 2006</b>
<b>Cost</b>							
Rights	9.786.515	200.970	-	-	626.578	(11.044)	10.603.019
Other intangible assets	3.811.917	1.058.348	(12.027)	-	-	(406.360)	4.451.878
	<b>13.598.432</b>	<b>1.259.318</b>	<b>(12.027)</b>	<b>-</b>	<b>626.578</b>	<b>(417.404)</b>	<b>15.054.897</b>
<b>Accumulated amortisation</b>							
Rights	9.192.399	218.789	-	-	622.488	(10.878)	10.022.798
Other intangible assets	3.572.796	430.822	(2.542)	-	-	(148.647)	3.852.429
	<b>12.765.195</b>	<b>649.611</b>	<b>(2.542)</b>	<b>-</b>	<b>622.488</b>	<b>(159.525)</b>	<b>13.875.227</b>
<b>Net book value</b>	<b>833.237</b>						<b>1.179.670</b>
	<b>1 January 2006</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	<b>Additions</b>	<b>Subsidiaries Disposals</b>	<b>31 December 2006</b>
<b>Cost</b>							
Rights	9.484.504	245.269	-	56.742	-	-	9.786.515
Other intangible assets	3.286.958	610.333	(269.555)	184.181	-	-	3.811.917
	<b>12.771.462</b>	<b>855.602</b>	<b>(269.555)</b>	<b>240.923</b>	<b>-</b>	<b>-</b>	<b>13.598.432</b>
<b>Accumulated amortisation</b>							
Rights	8.724.276	468.123	-	-	-	-	9.192.399
Other intangible assets	3.072.521	641.356	(141.081)	-	-	-	3.572.796
	<b>11.796.797</b>	<b>1.109.479</b>	<b>(141.081)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12.765.195</b>
<b>Net book value</b>	<b>974.665</b>						<b>833.237</b>

The amortisation charge for the year ended at 31 December 2006 amounting to YTL 649.611 (2005: YTL 1.109.479).has been included to operating expenses.

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**NOTE 21 - ADVANCES RECEIVED**

	<b>2006</b>	<b>2005</b>
Short term advances received	1.080.121	960.188
	<b>1.080.121</b>	<b>960.188</b>

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

**NOTE 22 - RETIREMENT PLANS**

None (31 December 2005: None)

**NOTE 23 - PROVISIONS**

Short-term provisions at 31 December 2006 and 2005 are as follows:

	<b>2006</b>	<b>2005</b>
Provisions for lawsuits	6.240.306	14.504.574
Income tax provision (Note 41)	20.369.940	33.693.658
	<b>26.610.246</b>	<b>48.198.232</b>

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

	<b>2006</b>	<b>2005</b>
<b>At 1 January</b>	<b>14.504.574</b>	<b>8.807.489</b>
Charge for the period	9.6975.697.085	
Reversal of the provisions	(764.268)	-
Payments related with provisions	(7.500.000)	-
Disposals of the subsidiaries	(9.697)	-
<b>31 December</b>	<b>6.240.306</b>	<b>14.504.574</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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**NOT 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 partly accepting the appeal overruled local court's decision. 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, without waiting 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 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 2.529.000 as of 31 December 2006.

Long-term provisions at 31 December 2006 and 2005 are as follows:

	<b>2006</b>	<b>2005</b>
Provision for employment termination benefits	8.470.347	8.133.033
	<b>8.470.347</b>	<b>8.133.033</b>

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**NOT 23 - PROVISIONS (Continued)**

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

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and who achieves the retirement age (58 for women and 60 for men) and whose employment is terminated without due cause, is called up for military service, or dies. At 31 December 2006 the amount payable consists of one month's salary limited to a maximum of YTL 1.857,44 (2005: YTL 1.727,15) for each year of service.

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

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

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

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>2006</b>	<b>2005</b>
Discount rate (%)	5,71	5,49
Turnover rate to estimate the probability of retirement (%)	90	90

The principal assumption is that the maximum liability of YTL 1.857,44 (2005: YTL 1.727,15) for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of YTL 1.960,69 (1 January 2006: YTL 1.770,62), which is effective from 1 January 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 during the year are as follows:

	<b>2006</b>	<b>2005</b>
<b>1 January</b>	<b>8.133.033</b>	<b>7.054.348</b>
Increase during the year	2.134.079	1.247.443
Additions due to acquisitions	49.219	-
Payments and reversal of provisions during the year	(1.615.032)	(168.758)
Disposal of subsidiaries	(230.952)	-
<b>31 December</b>	<b>8.470.347</b>	<b>8.133.033</b>

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**NOTE 24 - MINORITY INTEREST**

Changes in minority interest during the years are as follows:

	<b>2006</b>	<b>2005</b>
<b>1 January</b>	<b>3.451.810</b>	<b>3.225.852</b>
Net income / (loss) attributable to minority interest	(1.298.698)	225.958
Acquisition of subsidiaries	31.667	-
Disposal of subsidiaries	(2.073.639)	-
<b>31 December</b>	<b>111.140</b>	<b>3.451.810</b>

**NOT 25 - CAPITAL/ADJUSTMENT TO SHARE CAPITAL**

The Company adopted the registered share capital system available to companies registered with the CMB and set a limit on its registered share capital representing registered type shares with a nominal value of TL 1.000. There are no privileged shares. The Company's historical authorized and paid-in share capital at 31 December 2006 and 2005 are as follows:

	<b>2006</b>	<b>2005</b>
Limit on registered share capital (historical)	800.000.000	500.000.000
Historical authorized and paid-in share capital	416.742.560	416.742.560

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

The shareholding structure of the Company is as follows:

	<b>2006</b>	<b>Share (%)</b>	<b>2005</b>	<b>Share (%)</b>
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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**NOT 26 - CAPITAL RESERVES**

Details of the inflation adjustment to shareholders' equity stated under capital reserves at 31 December 2006 and 2005 are as follows:

	<b>2006</b>			<b>2005</b>		
	<b>Historical amounts</b>	<b>Restated amounts</b>	<b>Inflation adjustment to shareholders equity</b>	<b>Historical amounts</b>	<b>Restated amounts</b>	<b>Inflation adjustment to shareholders equity</b>
Share capital	416.742.560	493.941.373	77.198.813	416.742.560	493.941.373	77.198.813
Legal reserves	18.679.778	22.581.010	3.901.232	13.322.675	17.223.907	3.901.232
Extraordinary reserves	52.713.095	52.884.020	170.925	26.317.495	26.488.420	170.925
<b>Total</b>	<b>488.135.433</b>	<b>569.406.403</b>	<b>81.270.970</b>	<b>456.382.730</b>	<b>537.653.700</b>	<b>81.270.970</b>

**NOT 27 - PROFIT RESERVES**

Details of profit reserves at 31 December 2006 and 2005 are as follows:

	<b>2006</b>	<b>2005</b>
Legal reserves	18.679.778	13.322.675
Extraordinary reserves	52.713.095	26.317.495
Translation reserve	501.968	(1.210.058)
	<b>71.894.841</b>	<b>38.430.112</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 31 December 2006 and 2005, the shareholders' equity schedule, is as below:

	<b>2006</b>	<b>2005</b>
Share capital	416.742.560	416.742.560
Legal reserves	18.679.778	13.322.675
Extraordinary reserves	52.713.095	26.317.495
Inflation adjustment to shareholders' equity	81.270.970	81.270.970
Translation reserve	501.968	(1.210.058)
Net income for the period	104.157.463	87.008.178
Retained earnings	28.614.352	46.394.397
<b>Total Equity</b>	<b>702.680.186</b>	<b>669.846.217</b>

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**NOTE 29 - FOREIGN CURRENCY POSITION**

Turkish lira equivalents of assets and liabilities denominated in foreign and local currency at 31 December 2006 and 2005 are as follows:

	<b>2006</b>			<b>Total foreign currency</b>
	<b>USD</b>	<b>Euro</b>	<b>Other</b>	
<b>Assets</b>				
Cash and cash equivalents	83.909.876	14.232.097	77.627	98.219.600
Trade receivables and due from related parties	789.837	606.277	63.756	1.459.870
Other current assets				
<b>Total</b>	<b>84.699.713</b>	<b>14.838.374</b>	<b>141.383</b>	<b>99.679.470</b>
<b>Liabilities</b>				
Short term bank borrowings	2.367.603	8.857.548	482.849	11.708.000
Short-term trade payables and due to related parties	8.007.661	7.937.527	1.304.059	17.249.247
Taxes payable and other current liabilities	6.966	-	-	6.966
Other liabilities				
Long term bank borrowings	16.485.414	29.493.495	1.114.640	47.093.549
Long term trade payables and due to related parties	22.839.639	23.432.150	31.729.465	78.001.254
<b>Total</b>	<b>49.707.283</b>	<b>69.720.720</b>	<b>34.631.013</b>	<b>154.059.016</b>
<b>Net foreign currency position</b>	<b>34.992.430</b>	<b>(54.882.346)</b>	<b>(34.489.630)</b>	<b>(54.379.546)</b>
	<b>2005</b>			<b>Total foreign currency</b>
	<b>USD</b>	<b>Euro</b>	<b>Other</b>	
<b>Assets</b>				
Cash and cash equivalents	34.422.464	12.248.843	487.326	47.158.633
Trade receivables and due from related parties	22.078.249	7.342.433	81.798	29.502.480
Other current assets	172	130	-	302
<b>Total</b>	<b>56.500.885</b>	<b>19.591.406</b>	<b>569.124</b>	<b>76.661.415</b>
<b>Liabilities</b>				
Short term bank borrowings	31.520.776	8.149.375	429.097	40.099.248
Short-term trade payables and due to related parties	7.046.339	16.028.311	2.517.097	25.591.747
Taxes payable and other current liabilities	-	115.073	-	115.073
Other liabilities	158.332	7.303	-	165.635
Long term bank borrowings	4.445.559	27.475.219	1.382.104	33.302.882
Long term trade payables and due to related parties	20.466.713	9.319.100	961.560	30.747.373
<b>Total</b>	<b>63.637.719</b>	<b>61.094.381</b>	<b>5.289.858</b>	<b>130.021.958</b>
<b>Net foreign currency position</b>	<b>(7.136.834)</b>	<b>(41.502.975)</b>	<b>(4.720.734)</b>	<b>(53.360.543)</b>

Following exchange rates have been used in the translation of foreign currency denominated balance sheet items as of 31 December 2006; YTL 1,4056=USD1 and YTL1,8515=Euro 1 (31 December 2005: YTL1,3418 = USD1 and YTL1,5875=Euro1).

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**NOTE 30 - GOVERNMENT GRANTS**

The Group obtained an investment incentive certificate dated 9 September 2004 for the investments of imported equipment amounting to USD 34.905.838, and domestic equipment amounting to YTL 739.909. Investment completion date in the certificates is 26 August 2006. 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 summarized below:

	<b>Currency</b>	<b>Original amount</b>	<b>2006</b>	<b>Original amount</b>	<b>2005</b>
<b>a) Guarantees given:</b>					
Letters of guarantee	YTL	9.627.090	9.627.090	16.043.766	16.043.766
	USD			76.819	103.076
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	5.500.000	7.379.900
	Euro	-	-	16.529.578	26.240.705
	YTL	8.146.009	8.146.009	10.646.009	10.646.009
			<b>25.707.836</b>	<b>60.617.393</b>	

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

**b) Commitments given:**

The Group has blocked time deposits amounting to YTL 51.034.707 (2005: YTL 1.765.117) related to the bank borrowings which will be used in the acquisition of subsidiaries described in Note 34 (Note4).

There is no mortgage on property plant and equipment (2005: YTL 12.500) (Note 19).

**c) Barter agreements:**

The Company, as is common practice in the media sector, has entered into barter agreements. These agreements involve the exchange of goods or services without cash collections or payments. Advertising amounting to USD 550.619 (2005: USD1.292.094) is issued and USD 794.526(2005: USD1.166.635) of various types of services has been used in connection with the barter agreements as of 31 December 2006.

**d) Legal cases:**

The legal cases commenced against the Company are amounting to YTL 62.527.244 (2005: YTL 59.953.100). The Group sets a provision amounting to YTL 3.711.306 for these legal cases at 31 December 2006 (2005: YTL 9.311.002). Additionally, as disclosed in detail in Note 23, the provision accounted for the tax law cases is YTL 2.529.000(2005: YTL5.193.752) and as of 31 December 2006 total provision for court cases amounts to YTL 6.240.306 (2005: YTL 14.504.574).

**NOTE 32 - BUSINESS COMBINATIONS**

There are no business combinations within the Group in years 2006 and 2005.

**NOTE 33 - SEGMENT INFORMATION**

None (2005: None)

**NOTE 34 - SUBSEQUENT EVENTS**

With the intermediary of its subsidiary Hürriyet Invest BV resident in the Netherlands, the Group, purchased 33.649.091 shares, which is equal to 67.30% of 50.000.000 shares with USD Cent 16 nominal value each, representing the capital of Trader Media East Limited (“TME”) Company, whose shares are listed as Global Depository Receipt, in London stock exchange, using voluntary tender offer, and paying USD 10 for each share on 29 March 2007. The Group paid USD 336.490.910, corresponding to 67.30% shares, as of 30 March 2007.

TME Group publishes sectoral classified advertisements especially for real estate, automotive and human resources, via its daily and weekly newspapers, magazines and internet sites, and it operates in various Eastern European countries, and Russia. These countries are Poland, Hungary, Croatia, Ukraine, Kazakhstan, Belarus, and Lithuania.

Doğan Yayın, parent company of the Group bought Company shares at the rate of 0.21% from the stock exchange between 28 February 2007 and 30 March 2007

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**NOTE 35 - DISCONTINUED OPERATIONS**

None (2005: None)

**NOTE 36 - OPERATING INCOME**

Details of operating income are as follows:

	<b>2006</b>	<b>2005</b>
Domestic sales	599.697.605	557.527.756
Foreign sales	32.674.942	27.647.178
<b>Gross sales</b>	<b>632.372.547</b>	<b>585.174.934</b>
Cost of sales	(423.205.484)	(375.570.681)
<b>Gross operating profit</b>	<b>209.167.063</b>	<b>209.604.253</b>

**NOTE 37 - OPERATING EXPENSES**

Details of operating expenses for the year ended 31 December 2006 and 2005 are as follows:

	<b>2006</b>	<b>2005</b>
Advertisement expenses	32.674.404	27.186.885
Transportation, storage and travel	24.086.000	18.639.162
Personnel expenses	15.139.165	14.308.926
Consulting expenses	13.013.770	11.711.607
Depreciation and amortization	8.463.420	10.335.379
Promotion expenses	7.801.005	5.073.439
Revenue premium	3.123.905	3.411.592
Repair and maintenance expenses	3.536.859	3.339.756
Rent expenses	2.613.933	2.621.430
Communication expenses	2.575.302	2.567.713
Taxes and other fees	2.153.971	1.762.690
Other	7.006.757	5.036.021
	<b>122.188.491</b>	<b>105.994.600</b>

The allocation of personnel expenses for the years ended at 31 December 2006 and 2005 is as follows:

	<b>2006</b>	<b>2005</b>
Cost of sales	96.014.890	72.761.195
Operating expenses (Note 37)	15.139.165	14.308.926
	<b>111.154.055</b>	<b>87.070.121</b>

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

The other income and expenses for the year ended 31 December 2006 and 2005 are as follows:

	<b>2006</b>	<b>2005</b>
Foreign exchange gains	25.027.121	14.445.542
Interest income on bank deposits	18.987.146	12.842.962
Due date charges on credit sales	10.329.961	10.164.609
Income from disposal of subsidiaries	9.964.443	589.833
Rent and service income	3.909.884	3.748.621
Interest income on financial assets at fair value through profit and loss, net	3.642.848	5.588.199
Overdue charges on credit sales	2.477.490	2.425.989
Reversal of provisions	1.582.187	2.815.320
Income from sales of plant, property and equipment	501.356	6.541.492
Other	1.302.038	1.085.888
	<b>77.724.474</b>	<b>60.248.455</b>

The other expenses and losses for the year ended 31 December 2006 and 2005 are as follows:

	<b>2006</b>	<b>2005</b>
Foreign exchange losses	21.224.988	7.370.290
Donations and aids	3.000.560	5.322.231
Doubtful receivable provisions expense	2.839.659	4.586.026
Plant property and equipment sales loss	2.422.188	1.045.455
Losses from the disposal of subsidiaries	2.065.939	-
Banking and commissions expenses	1.385.832	2.007.619
Fines and compensations paid	859.571	1.335.855
Losses from associates	505.276	493.370
Provisions for lawsuits	9.697	5.697.085
Other	4.983.490	4.385.412
	<b>39.297.200</b>	<b>32.243.343</b>

Details of donations for the year ended at 31 December 2006 and 2005 are as follows:

	<b>2006</b>	<b>2005</b>
Dormitory building in Erzurum and Erzincan	1.989.555	1.500.000
Milli Eğitim Bakanlığı	400.124	-
Aydın Doğan Vakfı	35.952	2.794.665
Pakistan disaster relief center	-	682.200
Other	574.929	345.366
	<b>3.000.560</b>	<b>5.322.231</b>

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**NOTE 39 - FINANCIAL EXPENSES**

The financial income and expenses for the periods ended 31 December 2006 and 2005 are as follows:

	<b>2006</b>	<b>2005</b>
Interest expenses	8.455.820	6.217.237
Foreign currency losses	4.264.408	3.248.047
	<b>12.720.228</b>	<b>9.465.284</b>

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

None (2005: None)

**NOTE 41 - TAXES ON INCOME**

	<b>2006</b>	<b>2005</b>
Corporation and income taxes (Note 23)	20.369.940	33.693.658
Less: prepaid tax (Note 10)	(19.230.600)	(27.818.852)
Taxes payable, net	<b>1.139.340</b>	<b>5.874.806</b>
Deferred tax liabilities	29.491.528	38.289.226
Deferred tax assets	(7.649.861)	(6.124.983)
<b>Deferred tax liability, net</b>	<b>21.841.667</b>	<b>32.164.243</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 rate of the fiscal year 2006 is 20% (2005: 30%). Corporation tax is payable at a rate of 30% 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 utilized within the scope of the Income Tax Law Transitional Article 61).

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 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% 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 2005.

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).

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006 AND 2005**

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

**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 realized.

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 2005 gains which were present as of 2005, in accordance with the legislation (including the provisions related to tax rates) in force as of 2005:

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 6 th 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.

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 years ended 31 December 2006 and 2005 is summarized as follows:

	<b>2006</b>	<b>2005</b>
Current	20.684.913	33.693.658
Deferred	(10.858.060)	1.221.687
	<b>9.826.853</b>	<b>34.915.345</b>

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(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 profit and loss statements and taxation expense calculated through consolidated income before minority and taxes with the enacted tax rate for the year ended at 31 December 2006 is as follows:

Income before minority and tax	112.685.618
Current tax expense through 20% enacted tax rate	22.537.124
Differences due to application of different tax rates in different countries	430.619
Expenses not deductible for tax purposes	2.389.148
Income not subject to tax	(4.658.764)
Effect of change in enacted tax rate	(10.310.624)
Other	(560.650)
<b>Taxation expense</b>	<b>9.826.853</b>

**NOTE 42 - EARNINGS PER SHARE**

Basic earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue (416.742.560 shares). Calculation is as follows:

	<b>2006</b>	<b>2005</b>
Net income	104.157.463	87.008.178
Weighted average number of ordinary shares in issue (Each of 1 YTL)	416.742.560	416.742.560
Earnings per share	0,250	0,209

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006 AND 2005**

(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 years ended at 31 December 2006 and 2005 are as follows:

	<b>2006</b>	<b>2005</b>
Change in trade receivables	(19.299.830)	(31.079.526)
Change in due from related parties	9.939.228	(433.064)
Change in marketable securities	(5.350.784)	16.092.477
Change in inventories	(6.581.584)	(1.074.544)
Change in other assets	(789.456)	(10.288.356)
Change in trade payables	22.453.307	(2.831.271)
Change in due to related parties	4.347.555	2.872.018
Change in other current liabilities	2.397.999	2.908.734
	<b>7.116.435</b>	<b>(23.833.532)</b>

**NOTE 44 - OTHER EVENTS**

None (2005: None).

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