

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2007**

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

HÜRRIYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2007

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CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2007 AND 2006

(Amounts expressed in New Turkish lira ("TRY") unless otherwise indicated)

	Notes	2007	2006
ASSETS			
Current assets		443.190.239	406.886.019
Cash and cash equivalents	4	137.938.512	141.823.172
Marketable securities (net)	5	2.093.720	23.056.445
Trade receivables (net)	7	195.070.683	155.918.910
Leasing receivables (net)	8	-	-
Due from related parties (net)	9	29.739.728	38.566.006
Other receivables (net)	10	37.023.403	24.440.185
Biological assets (net)	11	-	-
Inventories (net)	12	26.904.966	18.002.865
Construction contract receivables (net)	13	-	-
Deferred tax assets	14	-	-
Other current assets	15	10.031.802	5.078.436
Assets held for sale	35	4.387.425	-
Non-current assets		1.379.214.797	562.478.799
Trade receivables (net)	7	123.718	334.638
Leasing receivables (net)	8	-	-
Due from related parties (net)	9	-	-
Other receivables (net)	10	-	-
Financial assets (net)	16	10.566.530	10.762.570
Goodwill / negative goodwill (net)	17	236.129.473	11.332.183
Investment properties (net)	18	12.692.088	15.219.729
Property, plant and equipment (net)	19	552.907.503	518.267.349
Intangible assets (net)	20	558.636.995	1.179.670
Deferred tax assets	14	5.637.866	5.382.660
Other non-current assets	15	2.520.624	-
TOTAL ASSETS		1.822.405.036	969.364.818

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

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CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2007 AND 2006

(Amounts expressed in New Turkish lira ("TRY") unless otherwise indicated)

	Notes	2007	2006
LIABILITIES			
Current liabilities		174.541.213	105.594.260
Short-term bank borrowings (net)	6	3.714.789	1.473.835
Short-term portion of long-term bank borrowings (net)	6	37.686.798	5.613.230
Leasing payables (net)	8	2.489.272	4.620.935
Other financial liabilities (net)	10	-	-
Trade payables (net)	7	54.480.375	49.090.780
Due to related parties (net)	9	6.662.436	2.887.857
Advances received	21	223.470	1.080.121
Construction progress billings (net)	13	-	-
Provisions	23	32.011.717	26.610.246
Deferred tax liabilities	14	-	-
Liabilities held for sale	35	-	-
Other liabilities (net)	10	37.272.356	14.217.256
Non-current liabilities		794.038.043	160.979.232
Long-term bank borrowings (net)	6	516.698.027	39.026.920
Leasing payables (net)	8	5.256.664	8.066.629
Other financial liabilities (net)	10	17.850.192	-
Trade payables (net)	7	83.241.192	78.001.254
Due to related parties (net)	9	-	-
Advances received	21	-	-
Provisions	23	10.115.141	8.470.347
Deferred tax liabilities	14	159.929.926	27.224.327
Other liabilities (net)		946.901	189.755
MINORITY INTEREST	24	110.582.454	111.140
SHAREHOLDERS' EQUITY		743.243.326	702.680.186
Share capital	25	421.000.000	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	97.326.741	71.894.841
Legal reserves	28	22.732.229	18.679.778
Statutory reserves		-	-
Extraordinary reserves	28	125.452.223	52.713.095
Special reserves		-	-
Investment and property sales income to be added to the capital		-	-
Currency translation reserve	2,28	(50.857.711)	501.968
Net income for the year	28	94.187.141	104.157.463
Retained earnings	28	49.458.474	28.614.352
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1.822.405.036	969.364.818
Commitments and contingent liabilities	31		

These consolidated financial statements as at and for the period ended 31 December 2007 were approved by the Board of Directors on 10 April 2008.

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

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**CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED
31 DECEMBER 2007 AND 2006**

(Amounts expressed in New Turkish lira ("TRY") unless otherwise indicated)

	Notes	2007	2006
Operating revenues			
Net sales (net)	36	913.579.225	632.372.547
Cost of sales (-)	36	(537.342.611)	(423.205.484)
Service income (net)	36	-	-
Other operating income (net)	36	-	-
Gross operating profit		376.236.614	209.167.063
Operating expenses (-)	37	(259.846.419)	(122.188.491)
Net operating profit		116.390.195	86.978.572
Other income and gains	38	51.987.986	77.724.474
Other expenses and losses (-)	38	(65.795.015)	(39.297.200)
Financial income/ (expenses)	39	48.005.022	(12.720.228)
Operating profit		150.588.188	112.685.618
Monetary gain/ (loss)	40	-	-
Minority interest		(9.274.989)	1.298.698
Income before tax		141.313.199	113.984.316
Taxation on income	41	(47.694.620)	(9.826.853)
Net income from continuing operations		93.618.579	104.157.463
Gain from disposal group		568.562	-
Net income for the period		94.187.141	104.157.463
Earnings per share			
-continuing operations	42	0,2237	0,2474
-disposal group		0,2224	0,2474
		0,0014	-

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**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2007 AND 2006**

(Amounts expressed in New Turkish lira ("TRY") unless otherwise indicated)

	<u>Capital Reserves</u>		<u>Profit Reserves</u>			<u>Retained Earnings</u>		
	Share capital	Inflation adjustment to shareholders' equity	Legal reserve	Extraordinary reserve	Currency translation reserve	Retained earnings	Net income for the period	Total shareholders' equity
Balances at 1 January 2006	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)	-
Dividend	-	-	-	-	-	(41.730.232)	-	(41.730.232)
Change in effective control rate of the subsidiaries	-	-	-	-	-	(31.305.288)	-	(31.305.288)
Net income for the period	-	-	-	-	-	-	104.157.463	104.157.463
Balances at 31 December 2006	416.742.560	81.270.970	18.679.778	52.713.095	501.968	28.614.352	104.157.463	702.680.186
Balances at 1 January 2007	416.742.560	81.270.970	18.679.778	52.713.095	501.968	28.614.352	104.157.463	702.680.186
Currency translation differences	-	-	-	-	(51.359.679)	-	-	(51.359.679)
Transfers	-	-	-	-	-	104.157.463	(104.157.463)	-
Share capital increase	4.257.440	-	-	(4.257.440)	-	-	-	-
Transfers to legal reserves	-	-	4.052.451	76.996.568	-	(81.049.019)	-	-
Subsidiaries' dividend payments to non-group companies (Note 24)	-	-	-	-	-	(2.264.322)	-	(2.264.322)
Net income for the period	-	-	-	-	-	-	94.187.141	94.187.141
Balances at 31 December 2007	421.000.000	81.270.970	22.732.229	125.452.223	(50.857.711)	49.458.474	94.187.141	743.243.326

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**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AT 31 DECEMBER 2007 AND 2006**

(Amounts expressed in New Turkish lira ("TRY") unless otherwise indicated)

	Notes	2007	2006
Net income for the period		94.187.141	104.157.463
Adjustments:			
Depreciation	18,19	53.423.143	48.840.139
Amortisation	20	18.576.144	649.611
Net loss on disposal of property, plant and equipment, intangible assets and investment property	38	1.682.812	1.920.832
Minority interest	24	9.274.989	(1.298.698)
Taxation	41	47.694.620	9.826.853
Provision for employment termination benefits and unused vacation rights	23	6.390.387	2.134.079
Income from disposal of subsidiaries	38	-	(7.898.504)
Interest income	38	(26.975.885)	(32.959.955)
Interest expenses	39	39.789.002	8.455.820
Foreign exchange (gains)/losses from bank borrowings	39	(87.794.024)	4.264.408
(Reversal) of impairment/impairment of investment property	18	(995.185)	1.806.438
Losses from associates	38	20.902.969	303.386
Deferred income		7.552.152	1.202.780
Provision for doubtful receivables	7	3.211.693	2.839.659
Other		2.851.543	(5.315.446)
Cash flows from operating activities before changes in operating assets and liabilities		189.771.501	138.928.865
Changes in operating assets and liabilities-net	43	(2.847.038)	(43.307.836)
Income taxes paid		(47.158.783)	(25.105.406)
Doubtful receivables collected		481.088	(386.867)
Employment termination benefits paid	23	(2.171.014)	(1.615.032)
Net cash provided by operating activities		138.075.754	68.513.724
Cash flows from investing activities:			
Purchases of investment properties	18	-	(3.098.811)
Purchases of property, plant and equipment	19	(56.756.058)	(119.759.912)
Purchases of intangible assets	20	(7.735.197)	(1.259.318)
Proceeds from sales of property, plant and equipment, intangible assets and investment properties		6.477.659	11.389.149
Interests received		28.756.770	34.044.266
Proceeds from sales of financial assets	16	-	15.779.159
Acquisition of subsidiaries, net paid		(440.410.676)	(34.067.756)
Share capital increase in associates and financial assets		(21.823.922)	(1.600.000)
Net cash used in investing activities		(491.491.424)	(98.573.223)
Cash used in financing activities:			
Proceeds of issuance of share capital to minority interests		1.593.295	-
Dividends paid to minority interests		(6.940.706)	-
Dividends paid by subsidiaries to non-group companies		(3.364.520)	-
Dividends paid		-	(41.730.232)
Redemption of bank borrowings		(157.054.100)	(43.953.729)
Bank borrowings received		605.884.625	18.688.710
Change in trade payables to suppliers		6.414.526	47.253.881
Interests paid		(40.287.410)	(9.122.610)
Net cash provided by financing activities		406.245.710	(28.863.980)
Exchange losses on cash and cash equivalents		(5.518.301)	-
Change in cash and cash equivalents		47.311.739	(58.923.479)
Cash and cash equivalents at beginning of year		90.041.981	148.965.460
Cash and cash equivalents at end of year		137.353.720	90.041.981

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HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2007

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Hürriyet Gazetecilik ve Matbaacılık A.Ş. (“Hürriyet” or the “Company”) was established in 1960 and is registered in Istanbul (Turkey). The Company undertakes journalism, printing and advertising activities. The Company operates seven printing plants in Turkey with locations in Istanbul, Ankara, Izmir, Adana, Antalya, Trabzon and in Germany. The Company acquired 67,30% shares of Trader Media East Ltd. (“TME”) through its Subsidiary Hurriyet Invest B.V. at 29 March 2007. TME undertakes classified advertising mainly for real estate, automotive and human resources businesses through daily and weekly newspapers, periodicals, magazines and internet services, primarily in Russia and various Eastern European (“EE”) countries. The Company is a member of Doğan Şirketler Grubu Holding A.Ş. (“Doğan Holding”) through the investment of Doğan Yayın Holding A.Ş. (“Doğan Yayın”), which has a majority ownership in the Company (Note 25).

The address of the registered office is as follows:

Hürriyet Medya Towers
34212 Güneşli, Istanbul
Turkey

The Company is registered to the Capital Markets Board (“CMB”) and its shares have been quoted on the Istanbul Stock Exchange (“ISE”) since 1992. 40% of the capital of the Company is circulated on the ISE. 32,70% capital of the TME is circulated on London Stock Exchange as GDR.

The subsidiaries of the Company

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

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

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**NOTES TO THE CONSOLIDATED FINANCIAL
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(Amounts expressed in New Turkish lira (TRY) unless otherwise indicated)

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

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

The Company and its Subsidiaries (the “Group”) operate predominantly in media segment. The Group started to operate significantly in foreign countries after the acquisition of TME and its subsidiaries at 29 March 2007. Accordingly the Group has initiated geographical segment reporting for the purpose of segment reporting in these consolidated financial statements (Note 33).

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HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2007

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Financial Reporting Standards

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

With the decision taken on 17 March 2006, the CMB has announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with CMB Accounting Standards. Accordingly, the Company did not apply IAS 29 “Financial Reporting in Hyperinflationary Economies” issued by IASB in its consolidated financial statements for the accounting periods starting 1 January 2005.

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

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

2.2 Financial statements of Subsidiaries and Associates operating in foreign countries

The financial statements of Subsidiaries and Associates operating in foreign countries are prepared according to the regulations of the countries where they operate and the necessary adjustments and reclassifications have been reflected in order to comply with basis of presentation that are explained in Note 2.1. The assets and liabilities of foreign Subsidiaries and Associates are translated into TRY using the relevant foreign exchange rates prevailing at the balance sheet date. The results of the foreign Subsidiaries and Associates are translated into TRY using average exchange rate for the period. 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 currency translation differences.

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

2.3 Consolidation principles

The consolidated financial statements include the accounts of the parent company, Hürriyet, its Subsidiaries, and its Associates (collectively referred as the “Group”) on the basis set out in sections (a) to (e) below. The financial statements of the companies included in the consolidation are based on historical cost of the statutory records and for the purpose of fair presentation in accordance with the accounting policies described in Note 2.1 and application of uniform accounting policies and presentations; adjustments and reclassifications.

(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 result of operations of subsidiaries, joint ventures and associates are included or excluded in these consolidated financial statements subsequent to the date of acquisition or date of sale respectively.

The acquisitions of the subsidiaries are accounted by the Group using acquisition method. Cost of acquisition includes fair value of the assets given at the acquisition date, capital instruments written-down, assumed or undergone obligations at the date of the exchange and costs that can be associated with the acquisition. Identifiable assets, liabilities and contingent liabilities emerged during an enterprise merger are evaluated at their fair values without considering the minority interests. The Group measures goodwill at its cost, being the excess of the cost of the business combination over the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the Group reassess the identification and measurement of the identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination and recognise immediately in profit or loss any excess remaining after that reassessment.

Since TME was acquired on 29 March 2007, the statement of income starting from 31 March 2007 for the nine-month period ended 31 December 2007 has been included in these consolidated financial statements.

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

2.3 Consolidation principles (Continued)

The Subsidiaries and their effective ownership interests at 31 December 2007 and 2006 are as follows:

Subsidiaries	Proportion of voting power held by Hürriyet and its Subsidiaries (%)		Effective ownership interests (%)	
	2007	2006	2007	2006
Hürriyet Medya Basım	99,99	99,99	99,99	99,99
Doğan Ofset	99,89	99,89	99,89	99,89
Yenibir	100,00	100,00	100,00	100,00
Refeks	100,00	100,00	100,00	100,00
Doğan Haber	50,01	50,01	50,01	50,01
Doğan Daily News	94,25	94,25	94,25	94,25
Emlaksimum	98,41	98,41	98,41	98,41
Hürriyet Zweigniederlassung	100,00	100,00	100,00	100,00
Hürriyet Invest	100,00	100,00	100,00	100,00
TME	67,30	-	67,30	-
Oglasnik d.o.o.	100,00	-	67,30	-
TCM Adria d.o.o.	100,00	-	67,30	-
Internet Posao d.o.o.	100,00	-	47,11	-
TME Management (France) SAS	100,00	-	67,30	-
Expressz Garancia Kőzpont Kft	100,00	-	67,30	-
Expressz Magyarország Rt	100,00	-	67,30	-
Kisokos Directory kereskedelmi es Szolgáltato kft	100,00	-	67,30	-
Szuperinfo Magyarország Kft	100,00	-	67,30	-
Trader Hungary Tanacsado Kft	100,00	-	67,30	-
International Ssuarts Holding B.V.	100,00	-	67,30	-
Mirabridge International B.V.	100,00	-	67,30	-
Trader Classified Media Croatia Holdings B.V.	100,00	-	67,30	-
Trader East Holdings B.V.	100,00	-	67,30	-
Siodemka Sp. Z.o.o.	100,00	-	67,30	-
Trader.com (Polska) Sp, Z.o.o.	100,00	-	67,30	-
Ssuarts Holding GmbH	100,00	-	67,30	-
ZAO Pronto Akzhol	80,00	-	53,84	-
OOO Pronto-Akmola	100,00	-	67,30	-
OOO Pronto Atyrau	100,00	-	53,84	-
OOO Pronto Aktobe	80,00	-	43,07	-
OOO Pronto Aktau	100,00	-	53,84	-
Informatcia Vilnusa	100,00	-	67,30	-
OOO Pronto Rostov	100,00	-	67,30	-
ZAO Avtotehsnab	100,00	-	57,21	-
OOO Novoprint	100,00	-	67,30	-
ZAO NPK	100,00	-	67,30	-
OOO Balt-Pronto Kaliningrad	100,00	-	67,30	-
OOO Delta-M	55,00	-	37,02	-
OOO Gratis	90,00	-	60,57	-
OOO Pronto Baikal	100,00	-	67,30	-
OOO Pronto DV	100,00	-	67,30	-
OOO Pronto Ivanovo	86,00	-	57,88	-
OOO Pronto Kaliningrad	95,00	-	63,94	-
OOO Pronto Kazan	72,00	-	48,46	-
OOO Pronto Krasnodar	80,00	-	53,84	-
OOO Pronto Krasnojarsk	100,00	-	67,30	-
OOO Pronto Nizhnij Novgorod	90,00	-	60,57	-
OOO Pronto Novosibirsk	100,00	-	67,30	-
OOO Pronto Oka	100,00	-	67,30	-
OOO Pronto Petersburg	51,00	-	34,32	-
OOO Pronto Print	54,00	-	36,34	-
OOO Pronto Samara	89,90	-	60,50	-

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

2.3 Consolidation principles (Continued)

Subsidiaries	Proportion of voting power of Hürriyet and its Subsidiaries (%)		Effective control rates (%)	
	2007	2006	2007	2006
OOO Pronto Stavropol	100,00	-	67,30	-
OOO Pronto UlanUde	90,00	-	60,57	-
OOO Pronto Vladivostok	90,00	-	60,57	-
OOO Pronto Volgograd	100,00	-	67,30	-
OOO Pronto-Moscow	100,00	-	67,30	-
OOO Rosprint	60,00	-	40,38	-
OOO Rosprint Samara	59,50	-	40,04	-
OOO Tambukan	85,00	-	57,21	-
OOO Utro Peterburga	55,00	-	37,02	-
OOO Partner-Soft	90,00	-	60,57	-
OOO Pronto Astrakhan	100,00	-	67,30	-
OOO Pronto Kemerovo	100,00	-	67,30	-
OOO Pronto Server	90,00	-	60,57	-
OOO Pronto Smolensk	100,00	-	67,30	-
OOO Pronto Tula	100,00	-	67,30	-
OOO Pronto TV	70,00	-	47,11	-
OOO Pronto Voronezh	100,00	-	67,30	-
SP Belpronto OOO	60,00	-	40,38	-
OOO Tambov-Info	100,00	-	67,30	-
Impress Media Marketing LLC	100,00	-	67,30	-
OOO Pronto Obninsk	100,00	-	67,30	-
OOO Pronto Komi	70,00	-	47,11	-
OOO Rektcentr	100,00	-	67,30	-
Impress Media Marketing BVI	100,00	-	46,13	-
SP Pronto Kiev	50,00	-	33,65	-
Ssuarts Trading Ltd	55,00	-	37,02	-
E-Prostir	50,00	-	33,65	-
Publishing House Pennsylvania Inc	100,00	-	67,30	-
TCM Croatia Holding BV	100,00	-	67,30	-
OOO Optoprint	100,00	-	67,30	-
RU.com OOO	100,00	-	67,30	-
SP Bel Pronto OOO BYR	60,00	-	40,38	-
Moje Delo, spletni marketing, d.o.o	100,00	-	67,30	-
Bolji Posao d.o.o. Serbia	100,00	-	37,02	-
Bolji Posao d.o.o. Bosnia	100,00	-	37,02	-

(b) Investments in associated undertakings

Investments in associated undertakings are consolidated 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 no controlling power. 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. Net increases or decreases in the net assets of Associates are included in the consolidated financial statements in regards with the Group's share and classified under "Other income and gains / Other expenses and losses"

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.

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

The Associates and the proportion of ownership interests at 31 December 2007 and 2006 are as follows.

Name	2007 Direct and indirect control by the Company and its Subsidiaries (%)	2006 Direct and indirect control by the Company and its Subsidiaries (%)
Doğan Media International GmbH (“Doğan Media”)	42,26	43,93
Yaysat Yayın Satış Pazarlama ve Dağıtım A.Ş. (“Yaysat”)	25,00	25,00
DYG İlan ve Reklam Hizmetleri A.Ş. (“DYG İlan”)	20,00	20,00

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

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

(d) Minority interest

The minority shareholders' share in the net assets and results for the period of 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.

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

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

The accounting principles described in Note 2 to the consolidated financial statements (defined as “CMB Accounting Standards”) differ from IFRS issued by the IASB with respect to the application of inflation accounting for the period between 1 January - 31 December 2005, measurement principles and disclosure requirements for retirement benefits and presentation of basic financial statements and the notes to them. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Related parties

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

3.2 Financial assets at fair value through profit and loss

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

3.3 Trade receivables and provision for doubtful receivables

Trade receivables that are created by the Group by way of providing goods or services directly to a debtor are carried at amortised cost. Trade receivables, net of unearned financial income, are measured at amortized cost, using the effective interest rate method, less the unearned financial income. 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 Group also set allowance for the receivables which are overdue for more than one year unless there is no guarantee or special agreement. The recoverable amount is 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.

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NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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).

3.5 Investment properties and depreciation

Land and buildings that are held to earn rentals and/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 and are carried at cost less accumulated depreciation (except land) under the cost method less impairment charges, if any. Investment properties (except land) Depreciation of investment properties (except land) is provided using a straight-line basis. The depreciation periods for investment property, which approximate the economic useful lives of such assets, are determined as 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. Investment properties are evaluated for any impairment and if carrying value of the investment property is higher than net recoverable amount, provision for impairment is established for the difference between the carrying and recoverable amount. Impairment is recorded to income statement at the same period.

3.6 Property, plant, and equipment and depreciation

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is provided using the straight-line method based on the estimated useful lives of the assets (Note 19). The depreciation periods for property and equipment, which approximate the economic useful lives of assets concerned, are as follows:

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

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of assets net selling price or value in use. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset less the costs of disposal. Value in use is the present value of the future cash flows expected to be derived from an asset plus residual value of the related assets.

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 expenses are capitalised if they result in an enlargement or substantial improvement of the respective assets (Note 19).

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NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 Financial leases

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

Lease payments are apportioned between the finance charges and capital redemption so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Capitalized leased assets are depreciated over the estimated useful life of the asset.

3.8 Goodwill and amortisation

Goodwill and negative goodwill which represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition in the consolidated financial statements, are capitalised and amortised using the straight-line method over the useful life until 31 December 2004, if the acquisition is before 31 March 2004. Within the framework of IFRS 3 - "Business Combinations" amortisation accounting is not applied for goodwill related to acquisitions after 31 March 2004, and the carrying value of goodwill is reviewed and adjusted for permanent impairment where it is considered necessary. The carrying amount of negative goodwill related to the acquisition after 31 March 2004 is reviewed and accounted for as income in the related period. In accordance with IFRS 3, goodwill associated with transactions before 31 March 2004 is not amortised starting from the beginning of the first annual period beginning on or after 31 March 2004 (1 January 2005) and are reviewed for impairment annually (Note 17 and 3.29).

3.9 Intangible assets and amortization

Intangible assets excluding goodwill comprise trade names, customer lists, software, domain names and other identified rights. All trade names and customer lists have been identified as a result of independent valuations performed for the purchase price allocation related with the business combinations. Useful lives of certain trade names are determined to be indefinite. Assets that have an indefinite useful life are not subject to amortization and tested annually for impairment as goodwill. Estimated useful lives of the intangible assets with finite useful lives are as follows:

Trade names	20 years
Customer lists	9-18 years
Computer software and rights	5 years
Domain names	20 years
Other intangible assets	5 years

Software, rights and other intangible assets are carried at their acquisition cost and amortised using the straight-line method over their estimated useful lives (Note 20).

Intangible assets with finite useful lives are evaluated for impairment losses when 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. Impairment losses are recognised immediately in the statement of income.

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NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10 Significant accounting estimates and decisions

Preparation of financial statements requires the use of estimates and assumptions that may affect the amount of assets and liabilities recognised as of the balance sheet date, contingent assets and liabilities disclosed and the amount of revenue and expenses reported. Although, these estimates and assumptions rely on the Company management's best knowledge about current events and transactions, actual outcomes may vary from those estimates and assumptions. The critical accounting estimates which may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the following financial reporting periods are as follows:

Useful lives of intangible assets

Group estimates the useful lives of some trade names as indefinite as described in Note 3.9. If these intangible assets' useful lives are finite (in case of useful lives of 20 years), their amortization would have increased by TRY 10.501.834 and income before tax and minority interests would have decreased by TRY 10.501.834.

Group amortizes trade names, customer lists and domain names with finite useful lives over the useful lives specified in Note 3.9.

If the useful lives of trade names, customer lists and domain names differ from the management's estimates by 10%, the effects on the financial statements would be as follows:

- Had the useful lives been higher by 10%, amortization charges would have decreased by TRY 1.243.629 and income before tax and minority interests would have increased by TRY 1.243.629 or
- Had the useful lives been lower by 10%, amortization charges would have increased by TRY 1.519.991 and income before tax and minority interests would have decreased by TRY 1.519.991

3.11 Taxes on income

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

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

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

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

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

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NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12 Borrowings

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

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 with 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 date. Exchange gains or losses arising from settlement and translation of foreign currency items have been included in the consolidated statement of income.

3.17 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of rebates, returns and commissions after eliminating sales within the group

Revenue initially accounted for with respect to the fair value of the amount receivable or received when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity 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 interest rate used in discounting, is the interest rate to discount nominal amount of the receivable to the amortised cost of the related goods or services given. The difference between the fair value and the nominal amount of the consideration is recognised as interest income on a time proportion basis that takes into account the effective yield on the asset.

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NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues from advertisement:

Revenues from advertisement are recognized on an accrual basis at the time of publishing the advertisement in the related media at the invoiced values. Unpublished part of the advertisement is recorded as deferred revenue in balance sheet.

Revenues from newspaper sale:

Revenues from newspaper sale are recognized on an accrual basis at the time of delivery of the newspapers by the distribution company to the vendor at the invoiced values.

Revenues from printing services:

Revenues from printing services arise from printing services given to third parties other than Group companies by using Group's printing facilities. Related income is recognized on an accrual basis at the time of services given.

Newspaper sales returns:

Provision for newspaper sales returns is accounted at the time of delivery based on past experiences and recent information of sales returns.

Interest income:

Interest income is recognised on accruals basis in accordance with effective interest yield method.

Rental income:

Rental income is recognised on an accrual basis.

Other income:

Other income is recognised on an accrual basis.

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. If the fair value of goods or services received cannot be reliably measured, the revenue is measured at the fair value of goods or services given up by the entity, again adjusted for any cash or cash equivalents received or paid (Note 31).

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NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 considering the retrospective effects of the issuances of the shares (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 on hand, bank deposits and easily convertible short term, highly liquid investments with maturity periods of 3 months or less (Note 4).

3.21 Subsequent events

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

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

3.22 Offsetting

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

3.23 Comparatives

The prior period financial statements are reclassified when necessary to conform with the changes in presentation of the financial statements as of 31 December 2007.

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NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.24 Financial instruments and financial risk management

(i) Interest rate risk

The Group management uses interest bearing short term assets within natural policy context to stabilize the maturity of the interest bearing liabilities and assets. Furthermore, the Group hedges interest rate risks arising from floating rate borrowings when necessary, by limited use of derivatives, such as interest rate swaps.

At 31 December 2007, had the interest rates on USD and Euro denominated borrowings been hundred basis point higher/lower with all other variables held constant, mainly as a result of higher/lower interest expense on floating rate borrowings; net income for the period would have been lower/higher by TRY 497.589 (2006: TRY 130.212).

(ii) Liquidity risk

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

Funding risk of current and future debt requirements is managed by continuance of sufficient and highly qualified creditor's access. The Group aims at maintaining cash and cash equivalents for the anticipated cash flows of raw material purchase for the subsequent six-months.

Following demonstrates the Group's net financial liabilities in accordance with the redemption schedule. Such amounts are undiscounted future cash flows of financial liabilities of the Group. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

2007	less than 1 year	1-2 years	2-5 years	over 5 years	Total
Financial liabilities	81.097.207	214.366.338	355.965.080	33.484.693	684.913.318
Trade payables to suppliers	20.133.114	23.639.167	53.932.028	15.114.531	112.818.840
2006	less than 1 year	1-2 years	2-5 years	over 5 years	Total
Financial liabilities	10.329.311	19.749.244	18.461.595	7.399.540	55.939.690
Trade payables to suppliers	21.030.186	20.921.941	47.048.345	21.221.554	110.222.026

At 31 December 2007, the Group has long-term financial liabilities amounting to TRY 516.698.027 (2006: TRY 39.026.920) (Note 6) and long-term trade payables amounting to TRY 83.241.192 (2006: TRY 78.001.254) (Note 7). The Group has no marketable securities with a maturity over one year at 31 December 2007 (2006: None) (Note 5).

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NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(iii) Funding risk

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

(iv) Credit risk

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

(v) Foreign currency risk

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

The foreign exchange risk mainly arises from the impact of rate changes in the translation of the Group's foreign currency denominated borrowings which are obtained to fund capital expenditures in domestic and overseas operations. The risk is monitored in regular meetings. The Group maintains a certain portion of its excess cash and cash equivalents in foreign currency to minimize the currency risk exposure.

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

Fair value of financial instruments

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

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

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

Monetary assets

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

The fair values of certain financial assets carried at cost where the fair values cannot be measured reliably, including cash and cash equivalents, are considered to approximate their respective carrying values due to their short-term nature and is negligible impairment risk of the receivables.

The carrying value of trade receivables measured at amortised cost using the effective interest method, less provision for impairment are assumed to approximate their fair values.

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NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Monetary liabilities

The carrying values of trade payables are assumed to approximate their fair values.

The carrying values of long-term borrowings (Note 6), trade payables to suppliers (Note 7) and other long term financial liabilities (Note 31) approximate their carrying values as the effect of the discounting is not material.

Capital risk management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders in accordance with the CMB regulations, issue new shares or sell assets to decrease borrowing.

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

3.25 Reporting of cash flows

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

The cash flows raised from 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 3 months or less to maturity (Note 4).

3.26 Accounting for put options

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

As it is highly probable that the Group will fulfil this obligation, IAS 32, "Financial Instruments: Disclosure and Presentation", requires the value of such put option to be presented as a financial liability on the balance sheet for the discounted value of the expected exercise price of this option, notwithstanding the ability of the Company to settle part of these obligations with its own shares rather than cash. Furthermore, the share of minority shareholders in the net asset of the company subject to the put option must be reclassified from "minority interest" to "financial liability" in the consolidated balance sheet. The Group presents, on initial recognition, the difference between the exercise price of the option and the carrying value of the minority interests as a reduction of minority interest and then as additional goodwill. The subsequent unwinding of the discount is recognised in financial expense while the change in the value of the commitment is recorded through goodwill (Note 17).

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NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.27 Assets held for sale and discontinued operations

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

3.28 Web page development costs

The direct costs incurred in the development of its websites are capitalised and recognised over the estimated useful lives. The costs incurred that relate to the planning and post implementation phases are expensed. Repair and maintenance costs associated with websites are included in operating expenses (Note 20).

3.29 Business combinations

Business combinations are accounted in accordance with IFRS 3 "Business Combinations". Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. The fair value differences of the net assets of the Group's share, net of deferred tax, are initially accounted as fair value reserve in equity. Goodwill recognised in a business combination is not amortised, it is tested for impairment annually instead and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. The Group tests goodwill for impairment at year-ends.

If the cost of acquisition is less than the fair value of the identifiable assets, liabilities and contingent liabilities acquired, the difference is recognised directly in the income statement (Note 32).

3.30 Segment reporting

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

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

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

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NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.31 Derivative financial instruments

Derivative financial instruments, predominantly foreign currency interest swap agreements and foreign currency agreements are initially recognised at their historical costs plus the transaction costs. Derivative financial instruments are subsequently remeasured at their fair value. All derivative financial instruments are classified as financial assets carried at fair value through profit or loss. Fair value of derivative financial instruments is measured by using its market value or by applying discounted cash flows method. The fair value of the over-the-counter forward exchange transactions, are determined by comparing the forward exchange rate as of 31 December 2007 with the original forward exchange rate for the related currency which was calculated over the valid market interest rates. Derivative financial instruments are classified as assets or liabilities in accordance with their fair values to be positive or negative.

Changes in the fair value of derivatives at fair value through profit or loss are included in the income statement.

Certain derivative transactions, while providing effective economic hedges under the risk management position, do not qualify for hedge accounting under the specific rules under IAS 39 and are therefore treated as derivatives at fair value through profit or loss and their fair value gains and losses are included in the income statement.

Profit or loss included in the commodity futures agreements have been calculated by comparing the spot exchange rate calculated at the balance sheet date with the original exchange rate obtained by using the spot exchange rate at the start date of the agreement (Direct method has been applied for calculating the original exchange rate). Gains and losses occurred in hedging swap transaction is recognized same as the profits and losses incurred from the hedging instrument transactions. Gains and losses incurred in interest rate transactions have been recorded as interest income or expenses.

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NOTE 4 - CASH AND CASH EQUIVALENTS

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

	2007	2006
Cash	692.277	430.374
Banks		
- demand deposits	29.848.056	961.578
- time deposits	107.348.259	89.396.513
- blocked deposits	49.920	51.034.707
	137.938.512	141.823.172

The Group has blocked deposits amounting to TRY 49.920 as of 31 December 2007. Cash and cash equivalents amounting to TRY 51.034.707 is blocked relating to the bank loan used by the Group for the acquisition of TME shares in 2007 as of 31 December 2006.

Cash and cash equivalents included in the consolidated statements of cash flow at 31 December 2007 and 2006 are as follows:

	2007	2006	2005
Cash and banks	137.938.512	141.823.172	152.561.372
Blocked deposits	(49.920)	(51.034.707)	(1.765.117)
Less: Interest accruals	(534.872)	(746.484)	(1.830.795)
	137.353.720	90.041.981	148.965.460

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

	2007	2006
0-1 month	93.695.231	74.043.035
1-3 months	12.865.708	15.353.478
3-6 months	-	51.034.707
6-12 months	837.240	-
	107.398.179	140.431.220

There are no time deposits with variable interest rates at 31 December 2007 and 2006. The effective interest rate for TRY time deposits is 17,9% (2006: 20,0%). The effective interest rates of foreign currency denominated time deposits is 5,5% for USD and 4,1% for Euro and 4,6% for other currencies as of 31 December 2007 (2006: USD 4,9%, EUR: None, Other: None) .

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NOTE 5 - MARKETABLE SECURITIES

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

	2007	2006
Treasury bills and government bonds	2.093.720	23.056.445
	2.093.720	23.056.445

At 31 December 2007, the best bid prices on actual orders by the end of the second session in Istanbul Stock Exchange on 31 December 2007 were used upon the determination of the fair values of government bonds and treasury bills. The effective interest rate of treasury bills and government bonds is 16,6% at 31 December 2007 (2006: 19,8%).

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

	2007	2006
91-180 days	-	15.623.355
181-365 days	2.093.720	7.433.090
Over 365 days	-	-
	2.093.720	23.056.445

There is no pledged or blocked marketable securities at 31 December 2007 and 2006.

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NOTE 6 - BORROWINGS

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

	<u>Effective interest rate (%)</u>		<u>Original foreign currency</u>		<u>TRY</u>	
	2007	2006	2007	2006	2007	2006
Short term bank borrowings						
- Euro	6,6	-	1.224.098	-	2.093.453	-
- TRY	-	-	1.621.336	-	1.621.336	-
- USD	-	6,8	-	1.048.544	-	1.473.835
Total	-				3.714.789	1.473.835
Short-term portion of long term bank borrowings						
- USD	6,9	8,3	26.591.243	615.081	30.970.821	864.558
- Euro	5,8	5,8	2.141.477	2.303.982	3.662.354	4.265.823
- CHF	4,8	5,0	2.972.476	419.760	3.053.623	482.849
Total					37.686.798	5.613.230
Long-term bank borrowings						
- USD	7,3	7,6	418.885.476	11.700.023	487.875.914	16.445.553
- Euro	6,3	6,3	12.499.436	11.594.235	21.376.535	21.466.727
- CHF	4,9	5,0	7.247.715	969.000	7.445.578	1.114.640
Total long-term bank borrowings					516.698.027	39.026.920

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NOTE 6 - BORROWINGS (Continued)

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

Year	2007	2006
2008	-	10.409.261
2009	180.866.303	15.437.951
2010	117.213.006	4.899.532
2011	121.833.893	7.631.437
2012	68.419.981	648.739
2013 and after	28.364.844	-
Total	516.698.027	39.026.920

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

Year	2007	2006
Up to 6 months	484.966.299	41.107.483
6-12 months	5.784.931	-
1-5 years	67.348.384	5.006.502
Total	558.099.614	46.113.985

Carrying value of the financial liabilities is considered to approximate their fair value since discount effect is negligible.

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

The Group has to maintain a net debt ratio at 31 December 2007, which is the first test date, on the basis of earnings before interest, tax, depreciation and amortisation ("EBITDA") identified by the bank for the last 12 months consolidated financial statements. The covenant regarding the capital has been stated in Note 3.24 "Financial instruments and financial risk management" Capital Risk section.

Furthermore, the Group committed that there will be no business combinations or disposals or sales of assets or liabilities in aggregate which may indicate a change in the control or in the major operations of TME, the Group's Subsidiary.

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

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NOTE 6 - BORROWINGS (Continued)

Furthermore, the Group's subsidiary TME has signed a senior credit agreement which amounts to a total facility of USD 200.000.000. The borrowing is available in two parts: the first up to USD 165.000.000 and the second up to USD 35.000.000. The second part will be available in 2008 and shall be used for acquisitions and general corporate purposes. The total amount drawn by TME within the credit facility is amounting to USD 144.800.000 as of 31 December 2007.

TME shall repay and cancel the credit facility in case of any change in the control of TME or any illegal acts provided that there are mitigation clauses in the credit facility agreement.

Furthermore, if there are disposals or sells in aggregate in excess of the amount of 10% of the TME's consolidated net assets or if there is an equity movement resulting in 10% change in TME's consolidated net assets, TME shall repay and cancel the credit facility.

The Group's borrowings issued at variable interest rates are amounting to TRY 474.489.322 at 31 December 2007 (2006: TRY 16.635.441).

NOTE 7 - TRADE RECEIVABLES AND PAYABLES

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

	2007	2006
Trade receivables	208.974.241	143.681.111
Cheques and notes receivable	6.393.305	27.040.392
Receivables from credit cards	441.690	147.877
	215.809.236	170.869.380
Unearned credit finance income	(1.934.126)	(2.048.613)
	213.875.110	168.820.767
Less: provision for doubtful receivables	(18.804.427)	(12.901.857)
Trade receivables	195.070.683	155.918.910

Trade receivables resulting from advertisement and publications, amounting to TRY 142.767.065 (2006: TRY 105.564.252) are followed up by Doğan Factoring Hizmetleri A.Ş. ("Doğan Factoring") in accordance with the factoring agreement signed between the Group and Doğan Factoring. The average due date of the Group's trade receivable followed up by Doğan Factoring is 3 months (2006:3 months). The unearned credit finance income related with the receivables followed up by Doğan Factoring is TRY 1.592.008 (2006: TRY 2.048.613) and the effective interest rate is 18% (2006: 17%).

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NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

Ageing analysis of trade receivables:

As at 31 December 2007, trade receivables of TRY 49.217.791 (2006: TRY 32.258.668) were past due but not impaired. The Group does not foresee any collection risk for receivables less than one month overdue due to sector dynamics and circumstances. Trade receivables that are overdue for over a month are restructured and a due date difference is charged. The Group does not foresee a collection risk since there are guarantee notes, guarantee cheques, mortgages and bails obtained for these receivables.

Ageing of past due receivables at 31 December 2007 and 2006 is as follows:

	2007	2006
1 to 3 months	32.967.823	23.361.864
3 to 6 months	7.935.849	4.804.817
Over 6 months	8.314.119	4.091.987
	49.217.791	32.258.668

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

	2007	2006
1 to 3 months	1.528.545	-
3 to 6 months	12.796.788	-
Over 6 months	-	16.735.399
	14.325.333	16.735.399

The movements of provisions for doubtful receivables for the years ended 31 December 2007 and 2006:

	2007	2006
1 January	12.901.857	10.616.655
Additions during the year (Note 38)	3.211.693	2.839.659
Collections during the year	(481.088)	(386.867)
Currency translation differences	(395.594)	-
Acquisition/ (disposal) of subsidiaries	3.567.559	(167.590)
31 December	18.804.427	12.901.857

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NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

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

	2007	2006
Deposits and guarantees given	123.718	334.638
	123.718	334.638

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

	2007	2006
Short-term trade payables	37.765.251	26.302.105
Short-term trade payables to suppliers	15.853.392	14.678.804
Notes payable	861.732	8.109.871
	54.480.375	49.090.780

	2007	2006
Long-term trade payables to suppliers	83.241.192	78.001.254
	83.241.192	78.001.254

Short and long-term trade payables to suppliers are related with the purchase of machinery and equipment. The effective interest rates of long term trade payables are 5,5% for USD, 4,7% for Euro and 3,8% for CHF (2006: USD: 5,2%, Euro:4,1% ,CHF:2,7%).

The redemption schedules of long-term payables at 31 December 2007 and 2006 are as follows:

Year	2007	2006
2008	-	15.020.381
2009	20.329.886	15.410.227
2010	16.409.591	10.818.150
2011	16.070.114	10.408.457
2012	15.814.269	17.441.073
2013 and thereafter	14.617.332	8.902.966
	83.241.192	78.001.254

The Group's long-term trade payables issued at variable interest rates are amounting to TRY 79.104.465 at 31 December 2007 (2006: TRY 75.269.272).

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NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

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

Year	2007	2006
Up to 6 months	81.865.587	76.264.941
6-12 months	353.742	360.708
1-5 years	1.021.863	1.375.605
Total	83.241.192	78.001.254

The fair values of long-term trade payables are considered to approximate their carrying values as the effect of discount is not material.

NOTE 8 - LEASING RECEIVABLES AND PAYABLES

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

	2007	2006
Short term leasing payables	2.489.272	4.620.935
Long term leasing payables	5.256.664	8.066.629
	7.745.936	12.687.564

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

Year	2007	2006
2008	-	2.593.785
2009	2.161.551	2.520.474
2010	1.980.440	2.283.778
2011 and thereafter	1.114.673	668.592
	5.256.664	8.066.629

The effective interest rate for long term leasing payables is 6,5% for USD and 5,0% for Euro (2006: USD: 6,5%, Euro :5,0%).

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NOTE 9 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

i) Balances with related parties:

a) Short-term due from related parties:

	2007	2006
Doğan Dağıtım Satış ve Pazarlama A.Ş. ("Doğan Dağıtım")	7.124.939	1.081.093
Doğan Gazetecilik A.Ş. ("Doğan Gazetecilik")	6.903.110	7.476.577
Doğan Müzik Kitapçılık A.Ş. ("DMK")	3.613.324	2.617.516
Milliyet Verlags und Handels GmbH. ("Milliyet Verlags")	3.067.743	2.876.395
İşıl İthalat İhracat Mümessillik A.Ş. ("İşıl İthalat")	2.188.933	5.951.581
Doğan Media	1.633.716	3.594.097
Doğan Burda Yayıncılık ve Pazarlama A.Ş. ("DB")	1.117.789	1.730.095
DTV Haber ve Görsel Yayıncılık A.Ş. ("Kanal D")	547.228	2.479.688
Hürservis Sosyal Hizmetler ve Ticaret A.Ş.	480.943	405.142
Doğan Elektronik Turizm.Satış Pazarlama Hizmetleri ve Yayıncılık A.Ş.	470.863	-
Hürriyet Ticari ve Sinai Pazarlama A.Ş.	436.142	605.598
Dergi Pazarlama Planlama A.Ş.	393.456	318.256
D Market Ticaret A.Ş. ("D Market")	337.682	349.751
Doğan Dış Ticaret ve Mümessillik A.Ş. ("Doğan Dış Ticaret")	110.971	644.151
Other	1.312.889	8.436.066
	29.739.728	38.566.006

b) Short-term due to related companies:

	2007	2006
Doğan Yayın	1.200.104	119.044
Medyanet A.Ş. ("Medyanet")	1.082.940	133.410
D-Yapı İnşaat Sanayi Ticaret A.Ş. ("D Yapı")	1.011.421	17.810
DTV Haber ve Görsel Yayıncılık A.Ş.	939.744	-
Milta Seyahat Acentası İşletmeciliği A.Ş. ("Milta")	603.533	742.178
Doğan İletişim Elektronik Servis Hizmetleri ve Yayıncılık A.Ş. ("Doğan Online")	287.131	792.070
DB	276.841	12.744
Eko TV	236.000	-
Doğan Holding	198.447	26.735
D Yapım Yayın Reklamcılık A.Ş.	185.153	-
İşıl Televizyon Yayıncılık A.Ş. ("İşıl TV")	170.717	-
Other	470.405	1.043.866
	6.662.436	2.887.857

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

ii) Significant transactions with related parties:

a) Significant service and product sales to related parties:

	2007	2006
Doğan Dağıtım	79.846.152	80.285.922
Doğan Gazetecilik	26.123.149	27.077.352
Doğan Media	15.249.275	15.086.538
DB	7.667.120	10.865.555
Doğan Yayın	3.525.063	2.340.830
Doğan TV Holding A.Ş. ("Doğan TV")	3.229.372	55.964
Eko TV	3.011.111	4.028.356
Milliyet Verlags	2.343.717	2.410.708
Petrol Ofisi A.Ş. ("POAŞ")	1.947.313	1.960.343
Alp Görsel İletişim Hizmetleri A.Ş. ("Alp Görsel")	1.921.422	-
Medyanet	1.591.198	2.182.672
DMK	1.150.583	1.339.072
Kanal D	1.149.079	5.172.658
Doğan ve Egmont Yayıncılık ve Yapımcılık Ticaret A.Ş. ("Doğan Egmont")	1.051.693	1.122.967
Doğa Televizyon ve Radyo Yayıncılık A.Ş. ("Doğa TV")	837.444	286.167
Doğan Online	833.413	529.341
Doğan Dış Ticaret	616.275	518.627
Other	3.369.072	6.605.488
	155.462.451	161.868.560

b) Significant service and product purchases from related parties:

	2007	2006
Işıl İthalat (*)	84.304.146	80.648.864
Doğan Dış Ticaret (*)	73.649.603	71.508.784
Doğan Dağıtım (**)	23.217.856	20.378.465
Doğan Yayın	11.774.889	13.031.481
Kanal D	9.704.904	9.180.791
Milta	7.510.423	6.224.364
Işıl TV	5.668.387	3.902.411
D Yapım Reklamcılık ve Dağıtım A.Ş.	2.085.013	1.320.279
Doğan Online	1.766.281	3.374.202
Doğan Media	1.605.623	1.215.119
POAŞ	1.599.043	1.580.971
Doğa TV	1.522.654	1.459.824
DB	1.472.772	2.427.481
Doğan Gazetecilik	1.050.758	643.614
Eko TV	944.374	1.117.425
Doğan Egmont	455.310	131.100
Doğan TV	431.466	165.358
Other	1.270.212	6.459.051
	230.033.714	224.769.584

(*) The Group purchases its raw materials primarily 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 comprises newspaper returns, distribution and transportation expenses.

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

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

Other income:

	2007	2006
Işıl İthalat	950.825	679.710
DMI	812.787	346.484
Doğan Dış Ticaret	812.062	923.747
Doğan Dağıtım	710.087	679.710
DB	459.462	525.587
Doğan Yayın	208.325	79.250
Milliyet Verlags	129.351	92.383
Doğan İletişim	120.371	2.401
DTV Birpa Müşteri Hizmetleri ve Pazarlama A.Ş. ("Birpa")	90.761	-
Doğan Gazetecilik	64.492	38.607
Doğan Egmond	57.673	35.356
Dergi Pazarlama	55.895	1.600
DMK	53.483	744
Other	176.351	621.430

4.701.925

4.027.009

Other expenses:

	2007	2006
Doğan Factoring	1.214.182	1.077.855
Doğan Gazetecilik	223.076	-
Doğan Dış Ticaret	453.581	140.067
Petrol Ofisi	31.836	-
Doğan Holding	22.919	-
Doğan Dağıtım	12.028	4.857
Other	17.561	149.246

1.975.183

1.372.025

Purchase of property, plant and equipment:

	2007	2006
D Yapı	1.611.107	12.905.349
Medyanet A.Ş.	746.693	-
D-Market Elektronik Hizmet Ticaret A.Ş.	343.269	530.637
Doğan Gazetecilik	6.356	44.136
Other	40.138	175.138

2.747.563

13.655.260

	2007	2006
Remunerations paid to Board members and key management personnel	7.026.886	4.637.358

7.026.886

4.637.358

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NOTE 10 - OTHER RECEIVABLES AND PAYABLES

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

	2007	2006
Prepaid taxes and funds (Note 41)	18.038.010	19.230.600
Receivable from tax authorities (*)	4.701.894	-
Advances given to personnel	3.354.129	3.330.671
Value Added Tax ("VAT") receivable	2.613.904	442.857
Job advances	1.554.128	1.256.820
Other current assets (**)	6.761.338	179.237
	37.023.403	24.440.185

(*) The amount is the tax receivable as a result of tax litigation resulted in favour of Pronto Moscow, a Subsidiary of the Group, which should be offset against future tax liabilities.

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

	2007	2006
Taxes and funds payable	13.603.367	10.822.667
Deferred income	9.514.755	1.962.603
Due to personnel	7.314.876	283.427
VAT payable	2.459.967	-
Financial liabilities related with the acquisition of subsidiary	1.707.520	-
Other (**)	2.671.871	1.148.559
	37.272.356	14.217.256

The long-term financial liabilities as of 31 December 2007 and 2006 are as follows:

	2007	2006
Financial liabilities due to put-option (Note 31)	17.850.192	-
	17.850.192	-

(**) As it is stated in Note 1, the Group has significant number of subsidiaries. Every Subsidiaries' other current assets and liabilities are composed of miscellaneous assets and liabilities and such amounts are insignificant in the financial statements of related Subsidiaries.

NOTE 11 - BIOLOGICAL ASSETS

None (2006: None).

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NOTE 12 - INVENTORIES

	2007	2006
Promotion stocks	4.450.920	3.880.348
Impairment for promotion stocks	(542.306)	(223.665)
Promotion stocks, net (*)	3.908.614	3.656.683
Raw materials and supplies	20.831.846	12.130.464
Finished goods and merchandise	1.130.270	1.593.437
Advances given for raw material purchases	718.054	353.777
Semi-finished goods	316.182	268.504
	26.904.966	18.002.865

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

NOTE 13 - CONSTRUCTION CONTRACT RECEIVABLES AND PROGRESS BILLING

None (2006: None).

NOTE 14 - DEFERRED TAX ASSETS AND LIABILITIES

The Group recognizes deferred income tax assets and liabilities based upon temporary differences arising between their financial statements as reported under accounting policies stated in Note 2 and statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for financial statements prepared in accordance with the accounting policies stated in Note 2 and tax laws.

Deferred income taxes are calculated on temporary differences that are expected to be realized or settled based on the taxable income in coming years under the liability method using a principal tax rate of 20% (2006: 20%). For some of the Group's Subsidiaries, deferred income taxes are calculated on temporary differences that are expected to be realized or settled based on the taxable income in the period where the investment incentive allowance is utilised, under the liability method using an effective tax rate of 30% and 20% on temporary differences that are expected to be realized or settled at 2009 and thereafter.

The tax rates at 31 December 2007 applicable in the foreign countries, where the significant part of the Group's operations' are performed, are as follows:

Country	Tax rates	Country	Tax rates
Germany	28,0	Kazakhstan	30,0
Austria	25,0	Hungary	16,0
Belarus	24,0	Poland	19,0
France	33,3	Russia	24,0
Croatia	20,0	Ukraine	25,0
Netherlands	25,5		

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NOTE 14 - DEFERRED TAX ASSETS AND LIABILITIES (Continued)

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

	<u>Temporary differences</u>		<u>Deferred tax assets/ (liabilities)</u>	
	2007	2006	2007	2006
Carry forward tax losses	42.701.505	1.330.418	4.557.727	266.084
Provision for employment termination benefits and unused vacation rights	12.698.001	8.470.347	2.539.600	1.694.069
Difference between tax base and carrying value of leasing payables	7.601.877	12.621.514	2.174.136	4.876.953
Difference between tax base and carrying value of trade receivables and due from related parties	6.389.099	1.463.176	1.162.981	292.636
Deferred revenue	1.472.706	1.374.906	294.541	274.981
Other, net	3.027.788	1.225.691	2.950.099	245.138
Deferred tax assets	73.890.976	26.486.052	13.679.084	7.649.861
Difference between tax base and carrying value of property, plant and equipment and intangibles	(729.430.313)	(127.127.279)	(164.738.336)	(28.077.084)
Other, net	(14.542.012)	(5.250.828)	(3.232.808)	(1.414.444)
Deferred tax liabilities	(743.972.325)	(132.378.107)	(167.971.144)	(29.491.528)
Deferred tax liabilities, net	(670.081.349)	(105.892.055)	(154.292.060)	(21.841.667)

The movements in deferred tax liabilities for the years ended 31 December 2007 and 2006 are as follows:

	2007	2006
1 January	21.841.667	32.164.243
Deferred tax income at the consolidated income statements (Note 41)	(4.346.871)	(10.858.060)
Currency translation differences	(15.337.984)	232.051
Acquisition of subsidiaries, net	152.135.248	(9.843)
Disposal of subsidiaries	-	313.276
31 December	154.292.060	21.841.667

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NOTE 15 - OTHER CURRENT/ NON CURRENT ASSETS

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

	2007	2006
Prepaid expenses (*)	9.377.112	3.580.423
Income accruals	654.690	1.498.013
	10.031.802	5.078.436

(*) Prepaid expenses comprise prepaid rent, insurance and similar expenses.

Other non-current assets as of 31 December 2007 and 2006 are as follows:

	2007	2006
Prepaid expenses (**)	2.520.624	-
	2.520.624	-

(**) Prepaid expenses comprise prepaid rent expenses

NOTE 16 - FINANCIAL ASSETS

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

	2007	2006
Available-for-sale investments	6.186.438	6.079.239
Associates	4.380.092	4.683.331
	10.566.530	10.762.570

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

	Share %	2007	Share %	2006
Doğan Havacılık San. ve Tic. A.Ş. ("Doğan Havacılık")	9,00	4.513.093	9,00	4.513.093
Doğan Factoring	5,00	736.422	5,00	736.422
Doğan Dış Ticaret	2,00	346.038	2,00	346.038
Coats İplik Sanayi A.Ş.	0,50	257.850	0,50	257.850
Hür Servis	19,00	169.166	19,00	169.166
Other	-	163.869	-	56.670
		6.186.438		6.079.239

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NOTE 16 - FINANCIAL ASSETS (Continued)

Details of Associates at 31 December 2007 and 2006 are as follows:

	Share %	2007	Share %	2006
Doğan Media	42,26	4.139.280	43,93	3.714.273
Yaysat	25,00	149.470	25,00	879.207
DYG İlan	20,00	91.342	20,00	89.851
		4.380.092		4.683.331

The summary of the financial statements of the Associates at 31 December 2007 are as follows:

	Total assets	Total liabilities	Net sales	Net (loss)/ income for the period
Doğan Media (*)	27.498.589	23.359.309	20.428.697	(20.173.952)
Yaysat	641.742	492.272	203.900	(729.735)
DYG İlan	106.234	14.892	19.200	718
	28.246.565	23.866.473	20.651.797	(20.902.969)

(*) Net loss for the year of Doğan Media mainly stems from the establishment costs of its subsidiary Doğan Media International SA established in Romania.

The summary of the financial statements of the Associates at 31 December 2006 are as follows:

	Total assets	Total liabilities	Net sales	Net (loss)/ income for the period
Doğan Media	30.394.758	24.674.346	14.977.268	(222.703)
Yaysat	4.050.596	533.769	328.975	(475.006)
DYG İlan	554.511	105.256	-	(30.270)
	34.999.865	25.313.371	15.306.243	(727.979)

The movements in associates during the years ended 31 December 2007 and 2006 are as follows:

	2007	2006
1 January	4.683.331	7.676.708
Loss from associates (Note 38)	(20.902.969)	(505.276)
Share capital increase of associates	21.823.922	-
Currency translation differences	(1.224.192)	-
Disposal of associates	-	(2.689.991)
Income from associates	-	201.890
31 December	4.380.092	4.683.331

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NOTE 17 - GOODWILL / NEGATIVE GOODWILL

The movements in goodwill during the year ended 31 December 2007 and 2006 are as follows:

	2007	2006
1 January	11.332.183	11.332.183
Additions (Note 32)	251.307.487	-
Currency translation differences	(26.582.407)	-
Other (*)	72.210	-
31 December	236.129.473	11.332.183

(*) Other represents the changes in the fair value of the put options (Note 3.26).

Group accounted the excess of the cost of the acquisition of TME over the fair value of the Group's share of identifiable assets, liabilities and contingent liabilities at the date of acquisition amounting to TRY 240.236.651 as goodwill as of 31 December 2007.

Goodwill is tested annually for impairment at year ends and carried at cost less accumulated impairment losses.

Goodwill is not subject to amortisation starting from 1 January 2005, within the framework of IFRS 3 "Business Combinations", and the carrying value of goodwill is tested for impairment, as mentioned in the above paragraph.

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NOTE 18 - INVESTMENT PROPERTY

The movements in investment property during the years ended 31 December 2007 and 2006 are as follows:

	1 January 2007	Additions	Disposals	Reversal of provision on impairment	31 December 2007
Cost:					
Land and land improvements	9.565.495	-	-	-	9.565.495
Buildings	5.899.086	-	(3.449.371)	995.185	3.444.900
Total	15.464.581	-	(3.449.371)	995.185	13.010.395
Accumulated depreciation:					
Buildings	244.852	73.455	-	-	318.307
Total	244.852	73.455	-	-	318.307
Net book value	15.219.729				12.692.088

	1 January 2006	Additions	Disposals	Transfers	Reversal of provision on impairment	31 December 2006
Cost:						
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
Total	18.914.353	3.098.811	(8.838.699)	4.096.554	(1.806.438)	15.464.581
Accumulated depreciation:						
Buildings	685.293	163.991	(604.432)	-	-	244.852
Total	685.293	163.991	(604.432)	-	-	244.852
Net book value	18.229.060					15.219.729

The depreciation charge for the year ended 31 December 2007 amounting to TRY 73.455 (2006: TRY 163.991) has been included in the cost of sales. The fair value of the investment property has been determined as TRY 24.802.407 at 31 December 2007 (2006: TRY 23.654.236).

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NOTE 19 - PROPERTY, PLANT AND EQUIPMENT

The movements in property, plant and equipment and related accumulated depreciation for the year ended 31 December 2007 are as follows:

	1 January 2007	Currency translation differences	Additions	Disposals	Transfers	Acquisitions	31 December 2007
Cost							
Land and land improvements	50.605.456	(623.141)	46.797	-	-	2.217.821	52.246.933
Buildings	244.840.858	(2.574.271)	1.669.303	-	-	14.869.197	258.805.087
Machinery and equipments	598.259.252	(4.007.091)	3.978.387	(13.145.515)	46.359.518	12.706.966	644.151.517
Motor vehicles	7.169.886	(379.425)	490.540	(337.253)	-	2.807.123	9.750.871
Furniture and fixtures	76.322.540	(175.292)	6.587.984	(1.242.756)	704.066	10.216.881	92.413.423
Leasehold improvements	24.252.211	30.330	247.306	(2.937)	-	102.127	24.629.037
Advances given	8.004.928	-	12.360.745	(500.870)	(19.792.680)	-	72.123
Construction in progress	3.947.833	(75.946)	31.374.996	(392.548)	(27.270.904)	919.147	8.502.578
	1.013.402.964	(7.804.836)	56.756.058	(15.621.879)	-	43.839.262	1.090.571.569
Accumulated Depreciation							
Land and land improvements	278.438	-	47.229	-	-	-	325.667
Buildings	46.027.032	(168.725)	5.280.781	-	-	-	51.139.088
Machinery and equipments	359.518.379	(614.680)	40.884.465	(9.558.775)	-	-	390.229.389
Motor vehicles	3.875.679	(12.757)	1.605.498	(337.253)	-	-	5.131.167
Furniture and fixtures	63.735.700	889.755	5.059.582	(1.021.511)	-	-	68.663.526
Leasehold improvements	21.700.387	5.646	472.133	(2.937)	-	-	22.175.229
	495.135.615	99.239	53.349.688	(10.920.476)	-	-	537.664.066
Net book value	518.267.349						552.907.503

Net book value of the property, plant and equipment in machinery and equipment group obtained via financial leasing is amounting to TRY 13.130.901 at 31 December 2007 (2006: TRY 16.458.488).

At 31 December 2007, there are liens amounting to TRY 13.421.650 (2006: TRY 1.765.117) and mortgages amounting to TRY 11.116.300 (2006: None) on property plant and equipment (Note 31).

The depreciation charge for the year ended at 31 December 2007 amounting to TRY 42.578.327 has been included in cost of sales and TRY 10.771.361 has been included in operating expenses.

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NOTE 19 - PROPERTY, PLANT AND EQUIPMENT (Continued)

The movements in property, plant and equipment and related accumulated depreciation for the year ended 31 December 2006 are as follows:

	1 January 2006	Currency translation differences	Additions	Disposals	Transfers (*)	Acquisitions	Disposal of subsidiary	31 December 2006
Costs								
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 equipment	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
Construction in progress	4.208.378	-	97.114.446	(20.668)	(97.541.391)	-	-	3.760.765
	911.941.677	8.246.887	119.759.912	(11.503.845)	(4.096.554)	1.115.453	(13.770.097)	1.011.693.433
Accumulated depreciation								
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 equipment	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
	450.215.082	1.983.683	48.676.148	(6.437.616)	-	609.497	(1.620.710)	493.426.084
Net book value	461.726.595							518.267.349

Net book value of the property, plant and equipment in machinery and equipment group obtained via financial leasing is amounting to TRY 16.458.488 at 31 December 2006 (2005: TRY 7.907.561). At 31 December 2006, there are liens amounting to TRY 1.765.117 on property plant and equipment (2006: None) At 31 December 2006, there are no mortgages (2005: TRY 12.500).

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

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NOTE 20 - INTANGIBLE ASSETS

Movements of intangible assets and related accumulated amortisation for the year ended 31 December 2007 and 2006 are as follows:

	1 January 2007	Additions	Disposals	Currency translation differences	Acquisitions	31 December 2007
Costs						
Trade names	-	25.326	-	(31.882.248)	321.625.047	289.768.125
Customer list	-	-	-	(27.692.048)	280.373.943	252.681.895
Software and rights	10.603.019	6.689.141	(231.620)	(2.334.444)	9.150.063	23.876.159
Internet domain names	-	-	-	(1.200.547)	17.897.137	16.696.590
Other intangible assets	4.451.878	1.020.730	(9.456)	(250.677)	863.942	6.076.417
	15.054.897	7.735.197	(241.076)	(63.359.964)	629.910.132	589.099.186
Accumulated depreciation						
Trade names	-	938.268	-	(22.357)	-	915.911
Customer list	-	12.096.176	-	(262.299)	-	11.833.877
Software and rights	10.022.798	3.639.679	(231.379)	(1.167.088)	-	12.264.010
Internet domain names	-	645.477	-	5.046	-	650.523
Other intangible assets	3.852.429	1.256.544	-	(311.103)	-	4.797.870
	13.875.227	18.576.144	(231.379)	(1.757.801)	-	30.462.191
Net book value	1.179.670					558.636.995

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NOTE 20 - INTANGIBLE ASSETS (Continued)

	1 January 2006	Additions	Disposals	Acquisitions	Disposal of subsidiary	31 December 2006
Cost						
Software and 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
	13.598.432	1.259.318	(12.027)	626.578	(417.404)	15.054.897
Accumulated amortisation						
Software and 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
	12.765.195	649.611	(2.542)	622.488	(159.525)	13.875.227
Net book value	833.237					1.179.670

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NOTE 20 - INTANGIBLE ASSETS (Continued)

Intangible assets with indefinite useful lives amounted to TRY 295.202.010 at 31 December 2007, (2006: None). The useful lives of the assets with indefinite useful life, as expected by the Group, are determined based on the stability of the industry, changes in market demands as to the products and services provided through assets, control period over the assets and legal or similar restrictions on their utilization.

Amortisation expenses amounting to TRY 18.576.144 for the year ended 31 December 2007 have been included in operating expenses (2006: TRY 649.611).

NOTE 21 - ADVANCES RECEIVED

	2007	2006
Short term advances received	223.470	1.080.121
	223.470	1.080.121

NOTE 22 - RETIREMENT PLANS

None (2006: None).

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NOTE 23 - PROVISIONS

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

	2007	2006
Income taxes payable (Note 41)	26.864.197	20.369.940
Unused vacation rights	2.582.860	-
Provision for lawsuits and claims	2.564.660	6.240.306
	32.011.717	26.610.246

The movements in provision for lawsuits during the year are as follows:

	2007	2006
1 January	6.240.306	14.504.574
Payments	(5.365.225)	(7.500.000)
Additions (Note 38)	1.689.579	9.697
Disposal of subsidiary	-	(9.697)
Reversal of the provisions	-	(764.268)
31 December	2.564.660	6.240.306

The Company had filed two lawsuits regarding the tax and penalty notifications declared by the Tax Administration at certain dates.

The Company made payments amounting to TRY 13.752.185 on 29 December 2004, TRY 7.500.000 on 30 December 2006, TRY 5.543.000 on 14 November 2007 and TRY 715.111 on 27 December 2007, amounting to a total of TRY 27.510.296 without waiting for the Tax Court's final decision on the basis of a judgement that there were no public interest in the prolongation of these lawsuits. Such payments, except for the ones which the Council of State cancelled their execution, were made in regards with Tax Administration's calculations including the effective interest. The amounts were accounted as disposals from the provisions previously recognised for such lawsuits.

The Council of State has conceded the Company's appeal in part and cancelled the execution of the Local Court's decisions for both law suits mentioned in the above paragraphs. If such lawsuits end up in favour of the Company, amounts for which a provision has previously been accounted for will be recognised as other operating income.

The management of the Company accounted for TRY 479.402 at 31 December 2007 (2006: TRY 2.529.000) with regards to such lawsuits in accordance with the legal advice of the Group lawyers.

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NOTE 23 - PROVISIONS (Continued)

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

	2007	2006
Provision for employment termination benefits	10.115.141	8.470.347
	10.115.141	8.470.347

There are pension plans and benefits 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 whose employment is terminated without due cause, or who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). Since the legislation was changed on 23 May 2002 there are certain transitional provisions relating to the length of service prior to retirement. At 31 December 2007 the amount payable consists of one month's salary limited to a maximum of TRY 2.030,19 (2006 : TRY 1.857,44) for each year of service.

On the other hand Group is liable to make payments to personnel who work for a minimum of 5 years and whose employment is terminated without due cause in accordance with the Regulations with regards to Employees Employed in the Press Sector. The maximum payable amount is 30 days' salary for each year of service.

Employment termination benefit liabilities are not subject to any funding and there are no legal requirements for funding of these liabilities.

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:

	2007	2006
Discount rate (%)	5,71	5,71
Turnover rate to estimate the probability of retirement (%)	90	90

The principal assumption is that the maximum liability of TRY 2.030,19 (2006: TRY 1.857,44) for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of TRY 2.087,92 (1 January 2007: TRY 1.960,69), which is effective from 1 January 2008, has been taken into consideration in calculating the reserve for employment termination benefit of the Group. The full wages have been taken into consideration in calculation for the employees under the Regulations with regards to Employees Employed in the Press Sector..

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NOTE 23 - PROVISIONS (Continued)

Movements in the provision for employment termination benefits for the year ended 31 December 2007 and 2006 are as follows:

	2007	2006
1 January	8.470.347	8.133.033
Charge for the year	3.807.527	2.134.079
Payments during the year and provisions terminated	(2.171.014)	(1.615.032)
Acquisitions	8.281	49.219
Disposal of subsidiaries	-	(230.952)
31 December	10.115.141	8.470.347

NOTE 24 - MINORITY INTERESTS

The movements in minority interest during the year are as follows:

	2007	2006
1 January	111.140	3.451.810
Net profit/ (loss) of minority interests	9.274.989	(1.298.698)
Acquisitions (Note 32)	118.565.077	31.667
Increase due capital increase of the subsidiaries	1.593.295	-
Dividends paid to outside interests	(6.940.706)	-
Dividends paid by subsidiaries to non-Group companies (*)	(1.100.198)	-
Currency translation differences	(10.921.143)	-
Disposal of subsidiaries	-	(2.073.639)
31 December	110.582.454	111.140

(*) In July 2007, management of TME decided to distribute additional dividend to its previous shareholders Trader Classified Media Group ("TCM") amounting TRY 3.364.520. 67,3% of such payment was recognised as change in equity and 32,7% was recognised as change in minority interests.

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NOTE 25 - CAPITAL/ADJUSTMENT TO SHARE CAPITAL

The Company adopted the registered share capital system available to companies registered with the CMB and set a limit on its registered share capital representing registered type shares with a nominal value of TL 1.000. There are no privileged shares. The Company's historical authorised and paid-in share capital at 31 December 2007 and 2006 are as follows:

	2007	2006
Limit on registered share capital (historical)	800.000.000	800.000.000
Historical authorised and paid-in share capital	421.000.000	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:

	2007	Share (%)	2006	Share (%)
Doğan Yayın Holding A.Ş.	252.600.000	60	250.045.536	60
Publicly owned	168.400.000	40	166.697.024	40
	421.000.000		416.742.560	
Adjustment to share capital	77.198.813		77.198.813	
Total share capital	498.198.813		493.941.373	

Adjustment to share capital represents the restatement effect of the cash contributions to share capital at the latest balance sheet purchasing power.

NOTE 26 - CAPITAL RESERVES

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

	2007			2006		
	Historical amounts	Restated amounts	Inflation adjustment to shareholders' equity	Historical amounts	Restated amounts	Inflation adjustment to shareholders' equity
Share capital	421.000.000	498.198.813	77.198.813	416.742.560	493.941.373	77.198.813
Legal reserves	22.732.229	26.633.461	3.901.232	18.679.778	22.581.010	3.901.232
Extraordinary reserves	125.452.223	125.623.148	170.925	52.713.095	52.884.020	170.925
Total	569.184.452	650.455.422	81.270.970	488.135.433	569.406.403	81.270.970

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NOTE 27 - PROFIT RESERVES

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

	2007	2006
Legal reserves	22.732.229	18.679.778
Extraordinary reserves	125.452.223	52.713.095
Translation reserve	(50.857.711)	501.968
	97.326.741	71.894.841

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 the Communiqué No: XI-25 Section 15 paragraph 399, the accumulated deficit amounts arising from the first application of inflation adjustment, in line with the CMB's profit distribution regulations, are considered to be deductive when computing the distributable profit. The accumulated deficit will first be netted-off from net income and retained earnings, and the remaining amount of deficit from extraordinary reserves, legal reserves and adjustment to share capital.

Effective from 1 January 2008, the minimum profit distribution ratio for public companies shares of which are publicly traded on the Stock Exchange is 20%, as described in the announcement of CMB based on the decision numbered 4/138 dated 8 February 2008. Accordingly, depending on the decisions made by the general assemblies, the distribution of the relevant amount may be realized by cash or by pro-rata shares or partly as cash and pro-rata shares; and in the event that the first dividend amount identified is less than 5% of the paid-up capital, the relevant amount can be retained within the company. However, companies that increased capital rather than distributing dividends in the prior period and whose shares are therefore classified under "old" and "new" categories and who will distribute dividends from the profit for the current year operations are required to distribute the first dividend in cash.

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. Moreover, the internal source of capital increase is based upon the lowest balance as a result of the application of CMB accounting standards and legal records.

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NOTE 28 - RETAINED EARNINGS (Continued)

In accordance with the Communiqué No: XI-25, the shareholders' equity schedule, is as below:

	2007	2006
Share capital	421.000.000	416.742.560
Legal reserves	22.732.229	18.679.778
Extraordinary reserves	125.452.223	52.713.095
Inflation adjustment to shareholders' equity	81.270.970	81.270.970
Translation reserve	(50.857.711)	501.968
Net income for the period	94.187.141	104.157.463
Retained earnings	49.458.474	28.614.352
Total shareholders' equity	743.243.326	702.680.186

NOTE 29 - FOREIGN CURRENCY POSITION

TRY equivalents of assets and liabilities denominated in foreign currencies at 31 December 2007 and 2006 are as follows:

	2007			
	USD	Euro	Other	Total
Assets				
Cash and cash equivalents	53.499.412	13.288.367	25.300.255	92.088.034
Trade receivables and due from related parties	17.813.139	14.770.377	16.109.758	48.693.274
Other current assets	623.115	3.010.610	17.149.043	20.782.768
Total	71.935.666	31.069.354	58.559.056	161.564.076
Liabilities				
Short term bank borrowings and leasing payables	943.723	11.535.673	331.279	12.810.675
Short-term trade payables and due to related parties	17.326.675	26.220.047	11.099.714	54.646.436
Other current liabilities	2.148.872	1.552.664	18.956.657	22.658.193
Short-term portion of long term bank borrowings	30.056.511	-	2.722.345	32.778.856
Long term trade payables and due to related parties	16.664.105	22.229.574	44.347.514	83.241.193
Long term bank borrowings and leasing payables	486.716.379	24.409.834	7.508.472	518.634.685
Other financial and non-current liabilities	6.238.133	228.699	12.293.409	18.760.241
Total	560.094.398	86.176.491	97.259.390	743.530.279
Net position	(488.158.732)	(55.107.137)	(38.700.334)	(581.966.203)

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NOTE 29 - FOREIGN CURRENCY POSITION (Continued)

	2006			
	USD	Euro	Other	Total
Assets				
Cash and cash equivalents	83.909.876	14.232.097	77.627	98.219.600
Trade receivables and due from related parties	17.777.249	606.277	63.756	18.447.282
Total	101.687.125	14.838.374	141.383	116.666.882
Liabilities				
Short term bank borrowings and leasing payables	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
Other current liabilities	6.966	-	-	6.966
Long term bank borrowings and leasing payables	16.485.414	29.493.495	1.114.640	47.093.549
Long term trade payables	22.839.639	23.432.150	31.729.465	78.001.254
Total	49.707.283	69.720.720	34.631.013	154.059.016
Net position	51.979.842	(54.882.346)	(34.489.630)	(37.392.134)

Following exchange rates have been used in the translation of foreign currency denominated balance sheet items as of 31 December 2007: TRY 1,1647= USD 1 and TRY 1,7102= Euro 1 (2006: TRY 1,4056= USD 1 and TRY 1,8515= Euro 1).

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

At 31 December 2007, had the US Dollar weakened/strengthened by 10% against TRY and the local currency of the countries which Group has significant operations, ceteris paribus, income before tax and minority interests for the year would have been TRY 48.967.168 lower/higher (2006: TRY 5.197.984), as a result of foreign exchange gains/losses on translation of USD denominated financial assets and liabilities. Net income is more sensitive to movements in TRY/USD exchange rates in the current period compared to year 2006 due to increase in USD denominated bank borrowings.

At 31 December 2007, had the Euro weakened/strengthened by 10% against TRY and the local currency of the countries which Group has significant operations, ceteris paribus, income before tax and minority interests for the year would have been TRY 5.756.902 lower/higher (2006: TRY 5.488.235), mainly as a result of net foreign exchange losses/gains on translation of Euro denominated financial assets and liabilities.

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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 103.647.819, and domestic equipment amounting to TRY 1.779.817, and applied to “General Directorate of Incentive and Implementation” for cancellation of the certificate at 12 November 2007. Equipment imported within the scope of the certificate is exempt from Customs Duty, Collective Housing Fund and VAT.

NOTE 31 - PROVISIONS, COMMITMENTS AND CONTINGENT LIABILITIES

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

	Currency	Original amount	31 December 2007	Original amount	31 December 2006
Letters of guarantee	TRY	2.339.610	2.339.610	9.627.090	9.627.090
	HUF	58.700.000	395.378	-	-
Financial notes	TRY	202.223	202.223	202.223	202.223
Guarantee notes	TRY	1.714	1.714	1.714	1.714
Guarantees given	TRY	5.008.529	5.008.529	8.146.009	8.146.009
	Euro	25.000	42.755	-	-
	USD	-	-	5.500.000	7.730.800
			7.990.209		25.707.836

b) Commitments given:

The Group has blocked deposits amounting to TRY 49.920 (2006: 51.034.707) (Note 4) and has liens amounting to TRY 13.421.650 related to the machinery and equipment, arising from the operations in Germany (2006: TRY 1.765.117).

There are mortgages amounting to TRY 11.116.300 on property plant and equipment as of 31 December 2007 (2006: None) (Note 19).

c) Barter agreements:

The Company, as is common practice in the media sector, has entered into barter agreements. These agreements involve the exchange of goods or services without cash collections or payments. As of 31 December 2007, in connection with the barter agreements the group has TRY 4.289.130 (2006: TRY 773.950) of advertisement commitment and TRY 6.411.034 (2006: TRY 1.116.786) goods and services purchase rights, which have not been utilized.

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

d) Legal cases:

The legal cases against the Company amount to TRY 41.330.730 (2006: TRY 62.527.244). The Group sets provisions in cases when there is a legal or valid liability resulting from past operations and it may be necessary for resources to flow out in order to fulfil these liabilities and when a reliable estimation can be made for the amount. As a result of these analyses, as of 31 December 2007, the Group has set a provision of TRY 2.085.258 for trade and administrative lawsuits (2006: TRY 3.711.306). In addition, provision for the tax litigation detailed in Note 23 is TRY 479.402 (2006: TRY 2.529.000). Accordingly, total provision for the lawsuits is amount to TRY 2.564.660 as of 31 December 2007 (2006: TRY 6.240.306).

e) Derivative financial instruments:

The Group entered into two collar agreements amounting to USD 37.000.000 and purchased one CAP amounting to another USD 37.000.000 to hedge the interest rate risk arising from borrowings as of 31 December 2007. The agreements have fixed floor and ceiling rates. Accordingly, at the dates defined in agreements, if the LIBOR rate is below the floor rate the Group has to compensate for the difference between the floor rate and the actual rate. Similarly, if the LIBOR rate is above the ceiling rate, banks compensate for the difference to the Group.

The details of the collar and CAP agreements which are valid as of 31 December 2007 are as follows:

Agreement	LIBOR Floor rate	LIBOR Ceiling rate	Amount USD	Due date
ABN Amro Bank NV	-	%5,50	37.000.000	17 May 2010
BNP Paribas	%4,77	%5,50	20.000.000	17 November 2009
ABN Amro Bank NV	%2,80	%5,50	17.000.000	17 November 2009

Financial income recognized in regards with these agreements amounted to TRY 30.680 for the year ended 31 December 2007 (2006: None).

f) Put options:

In January 2007, OOO ProntoMoscow, a subsidiary of the Group, finalised the acquisition of Impress Media Marketing LLC. Accordingly, the Group has the right to purchase minority shares of 31,46% from owners without a time constraint, provided that certain conditions are met. The option's value as of 31 December 2007 is TRY 4.159.144 according to various valuation techniques and assumptions.

The Group has granted a put option, on the remainder of 30% shares during the acquisition of 70% interest of the shares in its subsidiary Oglasnik d.o.o. located in Croatia. The fair value of this option is amount to TRY 7.445.927 in accordance with various valuation techniques and assumptions. The option is exercisable until July 2009.

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

The Group has acquired a 55% interest in Moje Delo d.o.o. (“Moje Delo”) in Slovenia. The Group determined an earn-out subject to a maximum of EUR 1 million and a payable (if any) by no later than 30 June 2008. The Group has granted to the selling shareholders a put option on the remainder of the shares exercisable from January 2009 to January 2012 and has a call option exercisable from January 2011 to January 2014. Exercise price shall be calculated based on EBITDA and the net financial debt of Moje Delo. The fair value of the put option is TRY 6.245.121 as of 31 December 2007.

Commitments related with put options offered and explained in details above have been disclosed as “other financial liabilities” in the consolidated balance sheet as of 31 December 2007.

NOTE 32 - BUSINESS COMBINATIONS

The details of the business combinations in 2007 are as follows (no business combination in 2006):

The Group acquired 67,3% of the shares of TME for TRY 479.333.941 and 55% of the shares of Moje Delo d.o.o. (“Moje Delo”) for 2 million Euros plus the net income of Moje Delo for the year ended 31 December 2007.

The Group recognised goodwill for the excess of the cost of the business combination over the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities (Note 17).

Details of net assets acquired and goodwill are as follows:

	TME	Moje Delo
Cash consideration	466.410.050	5.217.076
Direct costs relating to the acquisition	12.923.891	-
Put option liability at fair value	-	6.049.430
Total purchase consideration	479.333.941	11.266.506
Fair value of net assets acquired	(239.097.290)	(195.670)
Goodwill (Note 17)	240.236.651	11.070.836

The Group appointed independent valuation companies in order to determine fair value of identifiable assets, liabilities and contingent liabilities, allocation of the purchase price and the calculation of goodwill or negative goodwill that may result in accordance with the business combination. Such valuations have been completed as of the date these financial statements are prepared.

The acquired business contributed revenues of TRY 281.401.499 and net income of TRY 5.782 to the Group between 1 April 2007 and 31 December 2007. If the acquisitions had occurred on 1 January 2007, the Group revenue would have been TRY 993.579.225 and net income would have been TRY 89.496.025.

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NOTE 32 - BUSINESS COMBINATIONS (Continued)

TME shares acquisition:

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

	Fair value	Carrying Value
Cash and cash equivalents	43.949.285	43.949.285
Marketable securities (net)	4.068.535	4.068.535
Trade receivables (net)	17.572.813	17.572.813
Inventory (net)	4.820.689	4.820.689
Other receivables	29.037.304	29.037.304
Assets held for sale	4.381.818	4.381.818
Financial assets (net)	168.372	168.372
Property, plant and equipment	43.815.415	32.174.271
Intangible assets	629.910.132	142.545.009
Deferred tax assets	8.018.381	8.018.381
Other non-current assets	466.474	466.474
Borrowings	(180.755.837)	(180.755.837)
Lease Payables (net)	(197.354)	(197.354)
Trade payables	(32.773.235)	(32.773.235)
Provisions	(1.747.208)	(1.747.208)
Liabilities held for sale	(821.160)	(821.160)
Other financial liabilities	(14.123.943)	(14.123.943)
Other liabilities	(38.134.579)	(38.134.579)
Deferred tax liabilities	(160.153.629)	(43.079.822)
Minority interest	(118.404.983)	(2.652.552)
Net assets acquired	239.097.290	(27.082.739)

Details of the cash outflows on acquisitions are as follows:

Purchase consideration settled in cash	479.333.941
Cash and cash equivalents in subsidiary acquired	(43.949.285)
Cash outflow on acquisition	435.384.656

Moje Delo shares acquisition:

The Group acquired 55% of the shares of Moje Delo d.o.o. ("Moje Delo") for 2 million Euros plus the net income of Moje Delo for the year ended 31 December 2007.

The Group determined an earn-out subject to a maximum of 1 million Euros and a payable (if any) by no later than 30 June 2008. Moje Delo is a recruitment company in Slovenia operating both on the internet and on the market. Moje Delo has two subsidiaries; one located in Bosnia Herzegovina named "Bolji Posao Bosnia" and one located in Serbia named "Bolji Posao Serbia".

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NOTE 32 - BUSINESS COMBINATIONS (Continued)

The Group has granted to the selling shareholders a put option on the remainder of the shares exercisable from January 2009 to January 2012 and has a call option exercisable from January 2011 to January 2014. Fair values of mentioned options shall be calculated based on EBITDA and the net financial debt of Moje Delo (Note 31). Group, will finalize the calculations in the following twelve-month period.

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

	Fair value	Carrying value
Cash and cash equivalents	191.056	191.056
Trade receivables (net)	624.500	624.500
Other receivables	95.773	95.773
Property, plant and equipment	23.847	23.847
Trade payables	(157.439)	(157.439)
Provisions	(70.677)	(70.677)
Other liabilities	(351.296)	(351.296)
Minority interest	(160.094)	(160.094)
Net assets acquired	195.670	195.670

Detail of cash outflow resulting from the acquisition is as follows:

Purchase consideration settled in cash	5.217.076
Cash and cash equivalents in subsidiary acquired	(191.056)
Cash outflow on acquisition	5.026.020

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NOTE 33 - SEGMENT REPORTING

a) Segmental analysis for the period between 1 January and 31 December 2007:

	Turkey	Russia and EE	Europe	Total
Net sales	602.441.735	221.603.072	89.534.418	913.579.225
Cost of sales	(380.564.659)	(97.842.746)	(58.935.206)	(537.342.611)
Gross operating profit	221.877.076	123.760.326	30.599.212	376.236.614
Operating expenses	(102.484.732)	(12.834.635)	(6.638.697)	(121.958.064)
Other expenses, net	(20.902.969)	-	-	(20.902.969)
Net segment result	98.489.375	110.925.691	23.960.515	233.375.581
Unallocated operating expenses				(137.888.355)
Unallocated other income, net				7.095.940
Financial income				48.005.022
Operating profit				150.588.188
Minority interest				(9.274.989)
Income before tax				141.313.199
Taxation on income				(47.694.620)
Net income from continuing activities				93.618.579
Gain from disposal group				568.562
Net income for the period				94.187.141

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NOTE 33 - SEGMENT REPORTING (Continued)

b) Segmental analysis for the period between 1 January and 31 December 2006:

	Turkey	Russia and EE	Europe	Total
Net sales	601.783.597	-	30.588.950	632.372.547
Cost of sales	(395.235.335)	-	(27.970.149)	(423.205.484)
Gross operating profit	206.548.262	-	2.618.801	209.167.063
Operating expenses	(51.306.418)	-	-	(51.306.418)
Other expenses - net	(303.386)	-	-	(303.386)
Net segment result	154.938.458	-	2.618.801	157.557.259
Unallocated operating expenses				(70.882.073)
Unallocated other income, net				38.730.660
Financial expenses				(12.720.228)
Operating profit				112.685.618
Minority interest				1.298.698
Income before tax				113.984.316
Taxation on income				(9.826.853)
Net income for the period				104.157.463
c) Segment assets				
		2007	2006	
Turkey		862.792.913	879.992.828	
Russia and EE		722.459.862	-	
Europe		191.206.632	58.679.491	
		1.776.459.407	938.672.319	
Unallocated assets		30.991.674	24.613.260	
Financial assets		10.566.530	6.079.239	
Disposals group assets		4.387.425	-	
Total assets per consolidated financial statements		1.822.405.036	969.364.818	

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NOTE 33 - SEGMENT REPORTING (Continued)

d) Segment liabilities

	2007	2006
Turkey	136.948.083	126.428.035
Russia and EE	26.751.545	-
Europe	36.977.294	19.038.988
	200.676.922	145.467.023
Unallocated liabilities	767.902.334	121.106.469
Liabilities held for sale	-	-
Total liability per consolidated financial statements	968.579.256	266.573.492

e) Depreciation and amortisation charges and capital expenditures:

Capital expenditures:

	2007	2006
Turkey	53.284.658	119.530.155
Russia and EE	5.121.956	-
Europe	6.084.641	4.587.886
	64.491.255	124.118.041

Depreciation and amortization charges:

	2007	2006
Turkey	45.824.057	47.505.742
Russia and EE	16.570.051	-
Europe	9.605.179	1.984.008
	71.999.287	49.489.750

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NOTE 33 - SEGMENT REPORTING (Continued)

f) Non-cash expenses:

	2007			
	Turkey	Russia and EE	Europe	Total
Interest expense accruals	3.318.250	278.276	412.304	4.008.830
Provision for employment termination benefits	3.807.527	-	-	3.807.527
Provision for doubtful receivables	2.139.813	484.221	587.659	3.211.693
Provision for unused vacation rights	2.582.860	-	-	2.582.860
Provision for lawsuits	1.689.579	-	-	1.689.579
	13.538.029	762.497	999.963	15.300.489

	2006			
	Turkey	Russia and EE	Europe	Total
Provision for doubtful receivables	2.839.659	-	-	2.839.659
Provision for employment termination benefits	2.134.079	-	-	2.134.079
Provision for lawsuits	9.697	-	-	9.697
Interest expense accruals	479.875	-	120.750	600.625
	5.463.310	-	120.750	5.584.060

NOTE 34 - SUBSEQUENT EVENTS

None.

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NOTE 35 - DISCONTINUED OPERATIONS

Kisokos Directory Kereskedelmi es Szolgaltato Kft. (“Kisokos”), which is located in Hungary and was acquired indirectly with the acquisition of 67,3% shares of TME, was classified as discontinued operations as of 31 December 2007 (2006: None). In September 2006, TME announced that Kisokos trade name would be disposed. The intangible assets of Kisokos will be transferred to the acquirer by December 2008 at the latest in accordance with the sales agreement signed in May 2007 and the acquirer will control Kisokos starting from 16 April 2007 to the actual transfer date of the intangible assets and will be responsible for the gain/loss during this period. The acquirer will pay a license fee to the Group in return for this management.

The financial statements as of 31 December 2007 include this agreement and the merger of the subsidiaries in Hungary subsequent to the agreement. The total sales price of the trade name and the total of the license fees for the years 2007 and 2008, amounts to Hungarian forint 120 million (TRY 888.619) and considered as the fair value of Kisokos’ trade name.

As of 31 December 2007, the Group classified Kisokos as discontinued operations in accordance with the criteria stated in IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”.

As of 31 December 2007, the assets and liabilities of the discontinued operations are classified in the “Assets held for sale” and “Liabilities held for sale” items in the consolidated balance sheet. The details of such items are as follows:

	2007
Current assets	
Accounts receivable	1.326.593
Other current assets	1.487.407
Total current assets	2.814.000
Non-current assets	
Deferred tax assets	1.007.290
Other	566.135
Total non-current assets	1.573.425
Assets held for sale	4.387.425

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NOTE 36 - OPERATING INCOME

The details of operating income for the years ended at 31 December 2007 and 2006 are as follows:

	2007	2006
Turkey	602.441.735	601.783.597
Russia and EE	221.603.072	-
Europe	89.534.418	30.588.950
Gross sales	913.579.225	632.372.547
Cost of sales	(537.342.611)	(423.205.484)
Gross operating profit	376.236.614	209.167.063

NOTE 37 - OPERATING EXPENSES

The details of operating expenses for the years ended 31 December 2007 and 2006 are as follows:

	2007	2006
Personnel expenses	54.593.550	15.139.165
Advertisement expenses	44.309.356	28.964.058
Transportation, storage and travel	31.423.934	24.086.000
Depreciation and amortisation	29.347.505	8.463.420
Promotion expenses	28.688.063	7.801.005
Consulting expenses	21.290.546	13.013.770
Electricity, water and other utilities expenses	9.442.739	1.678.377
Rent expenses	8.394.229	2.575.302
Sales premiums	7.268.320	3.123.905
Communication expenses	6.313.924	2.613.933
Sponsorship expenses	4.694.115	3.710.346
Repair and maintenance expenses	4.669.662	3.536.859
Taxes	1.426.463	2.153.971
Other	7.984.013	5.328.380
	259.846.419	122.188.491

The allocation of personnel expenses for the years ended 31 December 2007 and 2006 are as follows:

	2007	2006
Cost of sales	143.913.920	96.014.890
Operating expenses (Note 37)	54.593.550	15.139.165
	198.507.470	111.154.055

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NOTE 38 - OTHER INCOME/EXPENSES AND PROFIT/LOSSES

The details other income and gains for the years ended 31 December 2007 and 2006 are as follows:

	2007	2006
Foreign exchange gains	12.715.492	25.027.121
Interest income on bank deposits	12.613.331	18.987.146
Due date difference income on credit sales	12.541.631	10.329.961
Due date difference on trade receivables	4.400.162	2.477.490
Rent and building administration fees	4.319.608	3.909.884
Interest income on financial assets at fair value through profit and loss, net	1.820.923	3.642.848
Gains on disposal of subsidiary	-	9.964.443
Other	3.576.839	3.385.581
	51.987.986	77.724.474

The details of other expenses and losses for the years ended 31 December 2007 and 2006 are as follows:

	2007	2006
Foreign exchange losses	23.166.554	21.224.988
Losses from associates-net (Note 16)	20.902.969	505.276
Penalties and compensations paid	3.583.255	859.571
Provision for doubtful receivables	3.211.693	2.839.659
Bank commission and factoring expenses	2.640.530	1.385.832
Aids and donations	1.820.476	3.000.560
Provision for lawsuits	1.689.579	9.697
Loss on disposal of property, plant and equipment, net	1.682.812	2.422.188
Losses on disposal of subsidiary	-	2.065.939
Other	7.097.147	4.983.490
	65.795.015	39.297.200

NOTE 39 - FINANCIAL EXPENSES

The details of financial income and expenses for the years ended 31 December 2007 and 2006 are as follows:

	2007	2006
Foreign exchange losses/(gains) on bank borrowings	87.794.024	(4.264.408)
Interest expenses on bank borrowings	(39.789.002)	(8.455.820)
	48.005.022	(12.720.228)

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NOTE 40 – GAINS/LOSSES ON NET MONETARY POSITION

None (2006: None).

NOTE 41 - TAXES ON INCOME

	2007	2006
Corporation and income taxes (Note 23)	26.864.197	20.369.940
Less: prepaid tax (Note 10)	(18.038.010)	(19.230.600)
Taxes payable, net	8.826.187	1.139.340
Deferred tax liabilities	167.971.144	29.491.528
Deferred tax assets	(13.679.084)	(7.649.861)
Deferred tax liability, net	154.292.060	21.841.667

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.

The details of the effective tax laws in Turkey and other countries which Group has significant operations are stated below:

Turkey:

Turkish Corporate Tax Law has been amended by Law No. 5520 dated 13 June 2006. Most of the articles of this new Law No. 5520 have come into force effective from 1 January 2006. Corporation tax is 20% (2006: 20%). Corporation tax is payable on the total income of the companies after adjusting for certain disallowable expenses, corporate income tax exemptions (gain from associates' exemption, investment allowances etc) and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed (except withholding tax at the rate of 19,8% on the investment incentive allowance utilised within the scope of the Income Tax Law Transitional Article 61).

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% (2006: 20%) on their corporate income. Advance tax is to be declared by the 10th day of the second month following each calendar quarter end and is payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

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NOTE 41 - TAXES ON INCOME (Continued)

In accordance with Tax Law No: 5024 “Law Related to Changes in Tax Procedure Law, Income Tax Law and Corporate Tax Law” that was published on the Official Gazette on 30 December 2003 to amend the tax base for non-monetary assets and liabilities, effective from 1 January 2004, the income and corporate taxpayers will prepare the statutory financial statements by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of the Turkish Lira. In accordance with the aforementioned law provisions, in order to apply inflation adjustment, cumulative inflation rate (TURKSTAT WPI) over last 36 months and 12 months must exceed 100% and 10%, respectively. Inflation adjustment has not been applied as these conditions were not fulfilled in the year 2006.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 25th of the fourth month following the close of the financial year to which they relate.

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

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

Dividend income from shares in capital of another corporation subject to resident taxpaying (except dividends from investment funds participation certificates and investment trusts shares) are exempt from corporate tax.

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

The participation income of corporations participating in 10% or more of the capital of a limited liability or joint stock company which does not have its legal or business centre in Turkey (except for corporations whose principal activity is financial leasing or investment of marketable securities) for at least a year until the date of the income is generated and transferred to Turkey until the date of the filing of the corporate income tax return of the fiscal year in which the income is generated is exempt from corporation tax subject to those subsidiaries are subject to corporate income tax, or alike, in their country of legal or business centre at the rate of at least 15% (at corporate income tax rate applicable in Turkey for those companies whose principal activity is financial assurance or insurance).

The income of corporations arising from their offices or permanent representatives abroad (except for corporations whose principal activity is financial leasing or investment of marketable securities) for at least a year until the date of the income is generated and transferred to Turkey until the date of the filing of the corporate income tax return of the fiscal year in which the income is generated is exempt from corporation tax and provided that the foreign office or permanent representative must be subject to corporate income tax, or alike, in the country it is located at the rate of at least 15% (at corporate income tax rate applicable in Turkey for those companies whose principal activity is financial assurance or insurance).

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NOTE 41 - TAXES ON INCOME (Continued)

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

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

- a) In the scope of the investment incentive certificates prepared related to the applications before 24 April 2003, investments to be made after 1 January 2006 in the scope of the certificate for the investments started in accordance with the additional 1st, 2nd, 3rd, 4th, 5th and 6th articles prior to the abrogation of Income Tax Law No. 193, with Law No. 4842.
- b) In the scope of the abolished 19th article of Income Tax Law No: 193, the investment allowance amounts to be calculated in accordance with the legislation in force at 31 December 2005 for investments which were started before 1 January 2006 and which display an economic and technical integrity. The Companies can utilize the investment allowance exemption, for their investments until 31 December 2005 performed according to provisions of the legislation as of that date and for their subsequent investments in line with the provisions of the legislation (including provisions regarding tax rates) in calculating tax on their profits for the years 2006, 2007, and 2008.

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

Apart from the above mentioned exceptions in the determination of the corporate tax base, allowances cited in the articles 8, 9 and 10 of Corporate Tax Law and article 40 of Income Tax Law are taken into consideration.

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NOTE 41 - TAXES ON INCOME (Continued)

Russian Federation:

The corporate tax rate effective in Russian Federation is 24% (2006: 24%).

Russian tax year is the calendar year and other fiscal year ends are not permitted. Profit tax is calculated on a year-to-date basis. Advance payments are made monthly, with different calculation methods for quarterly or monthly schedules subject to the taxpayer's choice.

The annual balance is due by 28 March of the following year.

According to Russian Federation's tax system, losses may be carried forward for 10 years to be deducted from future taxable income. Maximum amount that can be deducted in any year is limited to 30% of the taxable income (2006:%30). Rights related to tax losses that have not been utilized in the related periods will be lost.

Tax refunds are technically possible but are very difficult to obtain in practice. Often they can only be obtained through court action.

Tax consolidation of tax reporting/ payments by different legal entities (or grouping) is not permitted in Russia at present.

Dividend income payable to a foreign organisation is subject to withholding tax at 15%.

Hungary:

The corporate tax rate effective in Hungary is 16% (2006: 16%)

Taxpayers are, in general, entitled to carry forward their tax losses indefinitely. The Tax Authority's permission is needed to carry forward the tax-year's losses if a company's pre-tax profit is negative and its income is less than 50% of its costs and expenses or the company's tax base was also negative in the previous two years.

From 1 January 2007, capital gains from the sale of registered shareholdings are tax-exempt, provided that the taxpayer has held the shareholding for at least two years prior to its disposal. The two-year holding period has been reduced to one year from 1 January 2008. Capital losses and impairments on registered shares are not deductible for corporate income tax purposes.

Since 1 January 2004, interest and royalty payments have not been subject to withholding tax. Withholding tax on dividend distributions to companies was fully abolished in January 2006.

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NOTE 41 - TAXES ON INCOME (Continued)

Croatia:

The corporate tax rate effective in Croatia is 16% (2006: 16%).

The deadline for the submission of corporate income tax returns is four months after the period for which the profit tax is assessed. The tax liability is paid in the form of monthly tax advances which are determined on the basis of the previous year's tax liability. If corporate tax pre-payments exceed the determined tax liability, taxpayers are entitled either to a refund or to offset the pre-payment against other tax liabilities.

Tax losses may be carried forward and used within five years following the year in which they were incurred.

Consolidated group accounts are not permitted under Croatian legislation.

When paying fees for the use of intellectual property, market research services, tax and business consultation, auditing and similar services, and interest to foreign legal persons, Croatian taxpayers are obliged to withhold and pay 15% tax.

Poland:

The corporate tax rate effective in Poland is 19% (2006: 19%).

The annual corporate income tax return should be submitted to the tax office within three months after the end of the tax year. The corporate income tax advances should be paid for each month by the 20th day of the following month.

Prepaid taxes are deductible from following years declared corporate tax amount. Leftover amount of the prepaid corporate tax after the deduction made can be acquired in cash or either can be deducted from another fiscal liability. A tax loss reported in a tax year can be carried forward over the next five consecutive tax years. However, only 50% of a loss can be deducted against income reported in any one particular year of the above five-year period.

Dividend payments are generally subject to 19% withholding tax

The analysis of the tax expenses for the years ended 31 December 2007 and 2006 are as follows:

	2007	2006
Current taxes	52.041.491	20.684.913
Deferred taxes	(4.346.871)	(10.858.060)
	47.694.620	9.826.853

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NOTE 41 - TAXES ON INCOME (Continued)

The reconciliation of the taxation on income in the consolidated statement of income for the years ended 31 December 2007 and 2006 and the taxation on income calculated with the current tax rate over income before tax and minority interest is as follows:

	2007	2006
Income before tax and minority	150.588.188	112.685.618
Tax calculated at 20% effective tax rate	30.117.638	22.537.124
Expenses not deductible for tax purposes	13.650.630	2.389.148
Current period tax losses	9.391.263	319.575
Difference due to the different tax rates applicable in different countries	3.641.944	430.619
Withholding tax related to the dividend payment	1.334.663	-
Change in effective tax rate	(239.847)	(10.310.624)
Carry forward losses utilised	(1.240.945)	-
Income not subject to tax	(10.430.932)	(4.658.764)
Other, net	1.470.206	(880.225)
Taxation on income for the year	47.694.620	9.826.853

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. Calculation is as follows:

	2007	2006
Net income for the period	94.187.141	104.157.463
Weighted average number of ordinary shares in issue (with nominal value of TRY1 each)	421.000.000	421.000.000
Earnings per share	0,2237	0,2474
-continuing operations	0,2224	0,2474
-disposal group	0,0014	-

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NOTE 43 - CASH FLOWS

The details of changes in operating assets and liabilities at consolidated cash flows for the years ended 31 December 2007 and 2006 are as follows:

	2007	2006
Change in trade receivables	(21.491.330)	(19.299.830)
Change in due from related parties	8.826.278	9.939.228
Change in blocked deposits	50.984.787	(49.269.590)
Change in marketable securities	23.347.500	(5.350.784)
Change in inventories	(3.075.547)	(6.581.584)
Change in other current liabilities	13.391.583	(789.456)
Changes in other financial liabilities	(570.448)	-
Change in trade payables	(33.035.115)	22.453.307
Change in due to related parties	3.774.579	4.347.555
Change in other current liabilities	(28.447.657)	1.195.219
Change in other non-current assets	(2.032.348)	48.099
Change in leasing payables	(14.489.483)	-
Change in assets and liabilities held for sale	(29.837)	-
	(2.847.038)	(43.307.836)

NOTE 44 - DISCLOSURE OF OTHER MATTERS

None (2006: None).

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