

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

**CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2003  
TOGETHER WITH AUDITOR'S REPORT**

## AUDITORS' REPORT

To the Board of Directors of  
Hürriyet Gazetecilik ve Matbaacılık Anonim Şirketi

1. We have audited the accompanying consolidated balance sheet of Hürriyet Gazetecilik ve Matbaacılık Anonim Şirketi, ("the Company" - a Turkish corporation) at 31 December 2003 and the related consolidated statements of income and of cash flows for the year then ended, all expressed in the equivalent purchasing power of the Turkish lira at 31 December 2003. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Hürriyet Gazetecilik ve Matbaacılık Anonim Şirketi at 31 December 2003 and the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

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

Coşkun Şen, SMMM

Istanbul, 16 March 2004

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2003

---

CONTENTS	PAGE
CONSOLIDATED BALANCE SHEETS .....	1-2
CONSOLIDATED STATEMENTS OF INCOME.....	3
CONSOLIDATED STATEMENTS OF CASH FLOWS .....	4
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY .....	5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.....	6-45
NOTE 1 ORGANIZATION AND NATURE OF OPERATIONS .....	6
NOTE 2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS.....	7-8
NOTE 3 GROUP ACCOUNTING.....	8-10
NOTE 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.....	11-18
NOTE 5 CASH AND CASH EQUIVALENTS .....	18-19
NOTE 6 TRADING SECURITIES .....	19-20
NOTE 7 TRADE RECEIVABLES .....	20
NOTE 8 TRANSACTIONS AND BALANCES WITH RELATED PARTIES.....	21-24
NOTE 9 INVENTORIES .....	25
NOTE 10 OTHER CURRENT ASSETS.....	25
NOTE 11 AVAILABLE-FOR-SALE INVESTMENTS .....	26
NOTE 12 INVESTMENTS IN ASSOCIATED COMPANIES .....	26
NOTE 13 INVESTMENT PROPERTIES, NET .....	27
NOTE 14 PROPERTY, PLANT AND EQUIPMENT, NET .....	28
NOTE 15 INTANGIBLE ASSETS, NET.....	29
NOTE 16 BANK BORROWINGS.....	30-31
NOTE 17 TRADE PAYABLES.....	31
NOTE 18 OTHER CURRENT LIABILITIES.....	32
NOTE 19 TAXATION ON INCOME.....	32-36
NOTE 20 RESERVE FOR EMPLOYMENT TERMINATION BENEFITS.....	36-37
NOTE 21 SHARE CAPITAL.....	38
NOTE 22 RETAINED EARNINGS AND LEGAL RESERVES .....	38-39
NOTE 23 GENERAL AND ADMINISTRATIVE, SELLING AND MARKETING, AND DISTRIBUTION EXPENSES.....	40
NOTE 24 FINANCIAL INCOME, NET .....	40
NOTE 25 OTHER (EXPENSE)/INCOME, NET .....	41
NOTE 26 CASH FLOWS FROM OPERATING ACTIVITIES .....	42
NOTE 27 FOREIGN CURRENCY POSITION.....	43
NOTE 28 COMMITMENTS AND CONTINGENT LIABILITIES .....	44
NOTE 29 ACQUISITIONS AND GOODWILL .....	45

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

	Notes	2003	2002
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	5	91,292,038	128,611,973
Trading securities	6	22,434,969	12,974,727
Trade receivables	7	102,546,942	61,193,015
Due from related parties	8	27,915,292	33,408,883
Inventories	9	16,724,981	17,315,350
Other current assets	10	4,051,510	6,115,105
<b>Total current assets</b>		<b>264,965,732</b>	<b>259,619,053</b>
<b>Non-current assets:</b>			
Available-for-sale investments	11	2,787,415	3,446,714
Investments in associated companies	12	10,726,877	7,963,918
Investment properties, net	13	28,682,833	40,383,942
Property, plant and equipment, net	14	399,390,646	441,749,750
Intangible assets, net	15	11,533,695	11,897,993
Other non-current assets		148,961	98,317
Deferred tax assets	19	525,401	432,840
<b>Total non-current assets</b>		<b>453,795,828</b>	<b>505,973,474</b>
<b>Total assets</b>		<b>718,761,560</b>	<b>765,592,527</b>

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

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

	Notes	2003	2002
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities:</b>			
Bank borrowings	16	42,514,650	29,219,623
Trade payables	17	41,479,523	30,044,708
Due to related parties	8	2,333,149	2,288,193
Taxes on income	19	6,385,333	12,646,802
Other current liabilities	18	10,138,560	8,150,553
<b>Total current liabilities</b>		<b>102,851,215</b>	<b>82,349,879</b>
<b>Non-current liabilities:</b>			
Bank borrowings	16	34,502,278	98,351,082
Trade payables	17	36,984,075	57,210,915
Due to related parties	8	1,279,889	1,441,963
Reserve for employment termination benefits	20	3,635,315	3,982,294
Deferred tax liabilities	19	16,419,733	50,978,137
<b>Total non-current liabilities</b>		<b>92,821,290</b>	<b>211,964,391</b>
<b>Total liabilities</b>		<b>195,672,505</b>	<b>294,314,270</b>
Minority interest		12,812,007	11,863,936
<b>Shareholders' equity:</b>			
Share capital	21	245,142,682	145,744,758
Adjustment to share capital	21	139,953,502	195,801,936
<b>Total paid-in capital</b>		<b>385,096,184</b>	<b>341,546,694</b>
Share premium		-	400,557
Translation reserve		(705,846)	(47,153)
Retained earnings	22	125,886,710	117,514,223
<b>Total shareholders' equity</b>		<b>510,277,048</b>	<b>459,414,321</b>
<b>Total liabilities and shareholders' equity</b>		<b>718,761,560</b>	<b>765,592,527</b>
Commitments and contingent liabilities	28		

These consolidated financial statements have been approved by the Board of Directors on 16 March 2004.

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

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED 31 DECEMBER

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

	Notes	2003	2002
Net sales		402,373,881	382,747,381
Cost of sales		(276,880,351)	(257,181,358)
<b>Gross profit</b>		<b>125,493,530</b>	<b>125,566,023</b>
General and administrative, selling and marketing, and distribution expenses	23	(79,097,650)	(78,678,275)
Other (expense)/income, net	25	(35,444,165)	8,798,117
<b>Operating profit</b>		<b>10,951,715</b>	<b>55,685,865</b>
Financial income, net	24	30,743,082	25,714,527
Income from associates		1,351,242	320,335
Loss on net monetary position		(1,357,089)	(4,951,860)
<b>Income before taxation on income and minority interest</b>		<b>41,688,950</b>	<b>76,768,867</b>
Taxation on income	19	11,441,931	(17,889,964)
<b>Income before minority interest</b>		<b>53,130,881</b>	<b>58,878,903</b>
Minority interest		(1,609,461)	(3,930,308)
<b>Net income</b>		<b>51,521,420</b>	<b>54,948,595</b>
Weighted average number of shares with face value of TL 1,000 each	4.R	245,142,682,000	245,142,682,000
Basic and diluted earnings per share in TL		210	224

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

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

	Notes	2003	2002
Net income		51,521,420	54,948,595
Cash flows from operating activities	26	20,575,291	39,052,999
Taxes paid		(29,693,635)	(16,489,017)
<b>Net cash provided by operating activities</b>		<b>42,403,076</b>	<b>77,512,577</b>
<b>Cash flows from investing activities:</b>			
Purchase of investment properties	13	(4,973,354)	-
Purchase of property, plant and equipment	14	(5,159,486)	(33,659,955)
Purchase of intangible assets	15	(1,023,814)	(206,457)
Proceeds on sales of property, plant and equipment		223,741	4,053,454
Proceeds on sales of investments available-for sale	29	-	5,269,942
Capital increases to investments available-for-sale		(746,655)	(1,014,246)
Proceeds on sales of investments in associated companies	29	8,215,184	-
Acquisition of subsidiaries, net of cash acquired	29	-	(1,560,612)
Interest received		51,119,835	70,215,832
Inflation effect on investing activities		(1,155,226)	(1,645,748)
<b>Net cash from investing activities</b>		<b>46,500,225</b>	<b>41,452,210</b>
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of share capital to minority interest		-	2,015,854
Net decrease in bank borrowings		(76,670,751)	(42,867,765)
Decrease in long-term trade payables		(19,481,345)	(10,253,742)
Interest paid		(17,981,715)	(48,810,778)
Inflation effect on financing activities		21,701,434	39,883,484
<b>Net cash used in financing activities</b>		<b>(92,432,377)</b>	<b>(60,032,947)</b>
Net (decrease)/increase in cash and cash equivalents		(3,529,076)	58,931,840
Inflation effect on cash and cash equivalents		(14,933,612)	(30,049,796)
Cash and cash equivalents at the beginning of the year	5	122,678,782	93,796,738
<b>Cash and cash equivalents at the end of the year</b>	<b>5</b>	<b>104,216,094</b>	<b>122,678,782</b>

Cash and cash equivalents amounting to TL13,680,296 million (31 December 2002: TL13,737,894 million) and trading securities amounting to TL9,802,160 million TL (31 December 2002: TL3,163,910 million) is unavailable for use at the balance sheet date (Notes 4 and 5).

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

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED 31 DECEMBER

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

	Share capital	Adjustment to share capital	Total paid-in capital	Share premium	Translation reserve	Retained earnings	Shareholders' equity total
<b>Balance at 31 December 2001</b>	<b>104,476,529</b>	<b>218,335,608</b>	<b>322,812,137</b>	<b>400,557</b>	<b>(323,273)</b>	<b>81,300,185</b>	<b>404,189,606</b>
Currency translation differences	-	-	-	-	276,120	-	276,120
Increase in share capital	41,268,229	(22,533,672)	18,734,557	-	-	(18,734,557)	-
Net profit for the year	-	-	-	-	-	54,948,595	54,948,595
<b>Balance at 31 December 2002</b>	<b>145,744,758</b>	<b>195,801,936</b>	<b>341,546,694</b>	<b>400,557</b>	<b>(47,153)</b>	<b>117,514,223</b>	<b>459,414,321</b>
Currency translation differences	-	-	-	-	(658,693)	-	(658,693)
Increase in share capital	99,397,924	(55,848,434)	43,549,490	(400,557)	-	(43,148,933)	-
Net profit for the year	-	-	-	-	-	51,521,420	51,521,420
<b>Balance at 31 December 2003</b>	<b>245,142,682</b>	<b>139,953,502</b>	<b>385,096,184</b>	<b>-</b>	<b>(705,846)</b>	<b>125,886,710</b>	<b>510,277,048</b>

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

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2003

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

### NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

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

The address of the registered office is as follows:

Hürriyet Medya Towers  
34212 Güneşli, Istanbul  
Turkey

The Company is registered with the Capital Market Board (“CMB”) and its shares have been quoted on the Istanbul Stock Exchange (“ISE”) since 1992.

The subsidiaries and associates of the Company and the nature of the business of the subsidiaries and associates are as follows:

<b>Company name</b>	<b>Country of incorporation</b>	<b>2003</b>	<b>2002</b>	<b>Nature of business</b>
Hürriyet TV Film Prodüksiyon A.Ş. ("Hür TV")	Turkey	Subsidiary	Subsidiary	TV programme production
Doğan Basım ve Dağıtım İşleri A.Ş. ("Doğan Basım")	Turkey	Subsidiary	Subsidiary	Publishing and administrative services
Doğan Ofset Yayıncılık ve Matbaacılık A.Ş. ("Doğan Ofset")	Turkey	Subsidiary	Subsidiary	Magazine and book publishing
Hürriyet Zweigniederlassung GmbH. ("Hürriyet Zweigniederlassung")	Germany	Subsidiary	Subsidiary	Newspaper publishing
DS Servis İdari Hizmetler ve Tic. A.Ş. ("DS Servis")	Turkey	Subsidiary	Subsidiary	Administrative service
Hürriyet İnternet Hizmetleri ve Tic. A.Ş.	Turkey	Subsidiary	Subsidiary	İnternet services
Egeser Servis İdari Hizmetleri ve Tic A.Ş. ("Egeser Servis")	Turkey	Subsidiary	Subsidiary	Administrative service
Hür Servis Sosyal Hizmetler ve Tic A.Ş. ("Hür Servis")	Turkey	Subsidiary	Subsidiary	Administrative service
Hür Medya İlançılık ve Reklamcılık Tic A.Ş. ("Hür Medya")	Turkey	Subsidiary	Subsidiary	Advertising
Hürriyet Ticari ve Sınai Ürünleri Pazarlama A.Ş. (" Hürriyet Pazarlama")	Turkey	Subsidiary	Associate	Marketing
Doğan Haber Ajansı A.Ş. ("Doğan Haber")	Turkey	Associate	Subsidiary	News agency
Doğan Kitapçılık A.Ş. ("Doğan Kitapçılık")	Turkey	Associate	Associate	Book publishing
Doğan Prodüksiyon ve Tic A.Ş. ("Doğan Prodüksiyon")	Turkey	Associate	Associate	TV programme production
Doğan Media International ("Doğan Media")	Germany	Associate	Associate	Distribution
Yaysat Yayın Pazarlama ve Dağıtım A.Ş. ("Yaysat")	Turkey	Associate	Associate	Distribution
DYG İlan ve Reklam Hizmetleri A.Ş. ("DYG İlan")	Turkey	Associate	Associate	Advertising
Digital Hizmetler A.Ş. ("Digital Hizmetler")	Turkey	Associate	Associate	Telecommunication

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

The total number of employees of the Company and its Subsidiaries at 31 December 2003 is 1,615 (31 December 2002: 1,400).

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

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2003

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

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

#### a) Turkish lira financial statements

The consolidated financial statements have been prepared in accordance with, and comply with, International Financial Reporting Standards ("IFRS"), including International Accounting Standards and Interpretations issued by the International Accounting Standards Board ("IASB"). The Company and its Subsidiaries and Associates registered in Turkey maintain their books of account and prepare their statutory financial statements ("Statutory Financial Statements") in Turkish lira in accordance with the requirements of the Capital Market Board of Turkey ("CMB"), the Turkish Commercial Code (the "TCC"), tax legislation, and the Uniform Chart of Accounts issued by the Ministry of Finance. The foreign Subsidiaries and Associates maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered.

These consolidated financial statements are based on the statutory records, which are maintained under the historical cost convention, with adjustments and reclassifications including restatement for changes in the general purchasing power of the Turkish lira, for the purpose of fair presentation in accordance with IFRS, issued by the IASB.

The restatement for the changes in the general purchasing power of the Turkish lira as of 31 December 2003 is based on IAS 29 ("Financial Reporting in Hyperinflationary Economies"). IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date, and that corresponding figures for previous periods be restated in the same terms. One characteristic that necessitates the application of IAS 29 is a cumulative three-year inflation rate approaching or exceeding 100%. The restatement was calculated by means of conversion factors derived from the Turkish nationwide wholesale price index ("WPI") published by the State Institute of Statistics ("SIS"). Such indices and conversion factors used to restate the financial statements at 31 December are given below:

<b>Dates</b>	<b>Index</b>	<b>Conversion factors</b>	<b>Cumulative three-year inflation rates</b>
<b>31 December 2003</b>	<b>7,382.1</b>	<b>1.000</b>	<b>181.1 %</b>
31 December 2002	6,478.8	1.139	227.3 %
31 December 2001	4,951.7	1.491	307.5 %

The main procedures for the above- mentioned restatement are as follows:

- Financial statements prepared in the currency of a hyperinflationary economy are stated in terms of the measuring unit current at the balance sheet date, and the corresponding figures for previous periods are restated in the same terms.
- Monetary assets and liabilities that are carried at amounts current at the balance sheet date are not restated because they are already expressed in terms of the monetary unit current at the balance sheet date.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2003

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

---

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

- Non-monetary assets and liabilities which are not carried at amounts current at the balance sheet date and components of shareholders' equity are restated by applying the relevant monthly conversion factors.
- Comparative financial statements are restated by applying general inflation indices to the currency purchasing power at the latest balance sheet date.
- All items in the statement of income are restated by applying the relevant (monthly) conversion factors.
- The effect of inflation on the net monetary position of the Company is included in the statement of income as loss on net monetary position.

#### b) Translation of foreign subsidiary and associated company financial statements

The assets and liabilities of foreign subsidiary and associated company are translated into Turkish lira using the relevant foreign exchange rates prevailing at the year-end. The results of the foreign subsidiary and associate are translated into Turkish lira using average exchange rate for the year. Exchange differences arising on retranslation of the opening net assets of foreign subsidiary and associate and arising from using year-end and average exchange rates are included in the shareholders' equity as translation reserve.

### NOTE 3 - GROUP ACCOUNTING

1. The consolidated financial statements include the accounts of the parent company, Hürriyet Gazetecilik ve Matbaacılık A.Ş., its subsidiaries, and its associates (altogether referred as the "Group") on the basis set out in sections (2) to (6) below. The financial statements of the companies included in the consolidation are based on the statutory records, with adjustments and reclassifications including restatement for changes in the general purchasing power of the Turkish lira, for the purpose of fair presentation in accordance with IFRS and applying uniform presentation.
2. 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.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2003

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

### NOTE 3 - GROUP ACCOUNTING (Continued)

The table below sets out all consolidated Subsidiaries and shows their shareholding structure at 31 December 2003 and 2002:

Name	31 December 2003 Direct and indirect control by the Company and its Subsidiaries (%)	31 December 2002 Direct and indirect control by the Company and its Subsidiaries (%)
Hürriyet Zweigniederlassung	100.00	100.00
DS Servis	100.00	100.00
Egeser Servis	100.00	100.00
Hürriyet İnternet	100.00	100.00
Hür Servis	100.00	100.00
Hür Medya	100.00	100.00
Doğan Basım	99.99	99.99
Hür TV	99.92	99.92
Hürriyet Pazarlama <sup>(1)</sup>	93.13	-
Doğan Ofset	54.85	54.85
Doğan İnternet Yatırımları Hizmetleri A.Ş. ("Doğan İnternet") <sup>(2)</sup>	-	100.00
Doğan Haber <sup>(3)</sup>	-	59.86

(1) As of 31 December 2002, the Group's control rate in Hürriyet Pazarlama was 45.00% and Hürriyet Pazarlama was consolidated through the equity accounting consolidation method. The whole capital increase of Hürriyet Pazarlama was provided by the Company on 18 April 2003 and as a result, the Company has increased its control rate by 48.13% to 93.13%. Consequently, Hürriyet Pazarlama has been consolidated through the line-by-line consolidation method as of 31 December 2003.

(2) The Subsidiary, which has not been consolidated on the grounds of materiality, was liquidated at 21 November 2003

(3) As a result of the decrease in the Group's indirect control rates in Doğan Haber by 11.33%, Doğan Haber, which was consolidated through the line-by-line consolidation method as of 31 December 2002, has been consolidated through the equity accounting consolidation method as of 31 December 2003.

The balance sheets and statements of loss and income of the Subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by the Company and its Subsidiaries is eliminated against the related shareholders' equity. Intercompany transactions and balances between the Company and its Subsidiaries are eliminated on consolidation. The cost of, and the dividends arising from, shares held by the Company and its Subsidiaries are eliminated from shareholders' equity and income for the period, respectively.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2003

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

### NOTE 3 - GROUP ACCOUNTING (Continued)

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

The table below sets out the Associates and shows their shareholding structure at 31 December 2003 and 2002.

Name	31 December 2003 Direct and indirect control by the Company and its Subsidiaries (%)	31 December 2002 Direct and indirect control by the Company and its Subsidiaries (%)
Doğan Kitapçılık	48.90	48.90
Doğan Haber	48.53	-
Doğan Media	41.02	41.02
Doğan Prodüksiyon	40.55	40.55
Yaysat	25.00	25.00
Digital Hizmetler	22.74	22.74
DYG İlan	20.00	20.00
Hürriyet Pazarlama	-	45.00

4. Available for sale investments 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 and restated to the equivalent purchasing power at 31 December 2003 less any provision for diminution in value (Note 11).
5. The results of Subsidiaries are included or excluded from their effective dates of acquisition and disposal, respectively.

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

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

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2003

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

### NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### Index to accounting policies:

	Page		Page
<b>A</b> Related parties	11	<b>K</b> Bank borrowings	14
<b>B</b> Trading securities	11	<b>L</b> Employment termination benefits	14
<b>C</b> Trade receivables and provision for doubtful receivables	12	<b>M</b> Provisions	15
<b>D</b> Inventories	12	<b>N</b> Share capital and dividends	15
<b>E</b> Investment properties and depreciation	12	<b>O</b> Foreign currency transactions and translation	15
<b>F</b> Property, plant, and equipment and depreciation	13	<b>P</b> Revenue recognition	15
<b>G</b> Financial leases	13	<b>Q</b> Barter agreements	16
<b>H</b> Goodwill / negative goodwill and amortization	13	<b>R</b> Earnings per share	16
<b>I</b> Intangible assets and amortization	14	<b>S</b> Cash and cash equivalents	16
<b>J</b> Deferred taxes	14	<b>T</b> Offsetting	16
		<b>U</b> Comparatives	17
		<b>V</b> Financial instruments and financial risk management	17-18

#### A. Related parties

For the purposes of these consolidated financial statements, Doğan Şirketler Grubu Holding A.Ş. (“Doğan Holding”) and Doğan Yayın Holding A.Ş. (“Doğan Yayın”), shareholders, key management personnel and Board members, in each case together with their families and companies controlled or affiliated with them, and associates are considered and referred to as related parties. A number of transactions are entered into with related parties in the normal course of business. Transactions with related parties were priced at market rates (Note 8).

#### B. Trading securities

Trading securities are securities which were 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. Trading securities are initially recognised at cost and subsequently re-measured at fair value based on quoted bid prices. All related realised and unrealised gains and losses are included in the consolidated income statement as financial income.

All purchases and sales of trading securities that require delivery within the time frame established by regulation or market convention (“regular way” purchases and sales) are recognised at the trade date, which is the date that the Company commits to purchase or sell the asset. (Note 6).

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2003

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

---

### NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Trade receivables that are created by the Group by way of providing goods or services directly to a debtor are carried at amortised cost. Short duration receivables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant (Note 7).

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

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

#### D. Inventories

Inventories are valued at the lower of cost or net realizable value restated to the equivalent purchasing power at 31 December 2003. 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. Net realizable value is the estimated selling price in the ordinary course of business, less costs of completion and selling expenses. (Note 9).

#### E. Investment properties and depreciation

Buildings and land held to earn rentals or for capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business are classified as investment property. Investment properties are carried at cost less accumulated depreciation (except land) under the cost method (Note 13). Depreciation is provided on the restated amounts for investment property on a straight-line basis. The depreciation periods for investment property, which approximate the economic useful lives of such assets, are 50 years.

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.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2003

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

---

### NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is provided on restated amounts of property, plant and equipment using the straight-line method based on the estimated useful lives of the assets (Note 14).

The estimated useful lives are as follows:

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

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

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

#### G. Financial leases

Assets acquired under finance lease agreements are capitalised at the inception of the lease at the fair value of the leased asset or at the present value of the lease payment, whichever is the lower, less accumulated depreciation in each case restated to equivalent purchasing power at 31 December 2003. Minimum lease payments are treated as comprising capital and interest elements: The capital elements are treated as reducing the capitalised obligation under the lease and the interest element is charged to the consolidated statement of income. Depreciation on the relevant asset is also charged to the consolidated statement of income over a period depending on the useful life of the asset.

#### H. Goodwill / negative goodwill and amortization

Goodwill and negative goodwill represents the difference between the fair value of purchase consideration and the attributable share of the Company in the fair value of the underlying net assets of the company acquired. Goodwill and negative goodwill are amortised using the straight-line method over 5 to 20 years. The carrying value of goodwill is reviewed annually and adjusted for permanent impairment where it is considered necessary (Note 15, Note 29).

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2003

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

---

### NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### I. Intangible assets and amortization

Intangible assets comprise acquired intellectual property, trademarks and other identified rights. They are recorded at their acquisition cost and amortised using the straight-line method over their estimated useful lives for a period not exceeding 5 years from the date of acquisition. Where an indication of impairment exists, the carrying amount of any intangible asset is assessed and written down immediately to its recoverable amount (Note 15).

#### J. Deferred taxes

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

In substance, temporary differences arise from the differences in the periods of the recognition of income and expenses in accordance with IFRS and tax legislation.

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

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

#### K. Bank borrowings

Bank borrowings are recognized initially at proceeds received, net of transaction costs incurred. Bank borrowings are subsequently stated at amortised cost using the effective yield method; any difference between the proceeds and redemption value is recognized in the income statement over the period of the borrowings (Note 16).

#### L. Employment termination benefits

Under the Turkish Labour Law, the Company, is required to pay termination benefits to each employee who has completed one year of service and achieves the retirement age (58 for women and 60 for men), whose employment is terminated without due cause, is called up for military service, or dies. Employment termination benefit represents the present value of the estimated total reserve of the future probable obligation of the Company arising from the retirement of the employees calculated in accordance with the Turkish Labour and Press Labour Laws (Note 20).

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2003

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

---

### NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **M. Provisions**

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

#### **N. Share capital and dividends**

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

#### **O. Foreign currency transactions and translation**

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

#### **P. Revenue recognition**

Revenue from newspaper sales is recognized at the time of delivery of the newspapers by the distribution company to the vendor at the invoiced values. Revenue arising through advertising is recognized at the time of publishing, at the invoiced values. Net sales represent the invoiced value of goods shipped less sales returns and commission, and excluding sales taxes. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognized as interest income on a time proportion basis that takes into account the effective yield on the asset. Newspaper sale returns are recorded at the time of sale, based on previous experience and other relevant factors.

##### *Interest income:*

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

##### *Rental income:*

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

##### *Service income:*

Service income consisting of building contribution shares, electricity, and LPG is recognized on an accrual basis.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2003

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

### NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Q. Barter agreements

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred (Note 28).

#### R. Earnings per share

Earnings per share disclosed in these statements of income are determined by dividing net profit by the weighted average number of shares that have been outstanding during the year 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 22). For the purpose of earnings per share computations, such Bonus Share issuances are regarded as issued shares. Accordingly the weighted average number of shares used in earnings per share computations is derived by giving retroactive effect to the issuances of the shares without consideration.

Basic earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue.

	2003	2002
Net income	51,521,420	54,948,595
Weighted average number of ordinary shares in issue	245,142,682,000	245,142,682,000
Earnings per share (expressed in full TL per share)	210	224

There was no difference between basic and diluted earnings per share for any class of shares for any of the periods.

#### S. Cash and cash equivalents

Cash and cash equivalents include cash and amounts due from banks, and trading securities with maturity periods of less than three months (Note 5).

#### T. Offsetting

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2003

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

---

### NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### U. Comparatives

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year so that the reclassification will result in a more appropriate presentation of events or transactions.

#### V. Financial instruments and financial risk management

##### *Interest rate risk*

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

##### *Funding risk*

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

##### *Credit risk*

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

##### *Foreign currency risk*

The Group is exposed to the foreign exchange risk through the impact of rate changes in the translation of foreign currency denominated liabilities to local currency. These risks are monitored and limited by the analysis of foreign currency position (Note 27).

##### *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 Company and its Subsidiaries using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company and its Subsidiaries could realize in a current market exchange.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2003

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

### NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

#### *Monetary Assets*

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

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

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

#### *Monetary Liabilities*

Trading liabilities have been estimated at their fair values.

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

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

### NOTE 5 – CASH AND CASH EQUIVALENTS

The analysis of cash and cash equivalents at 31 December 2003 and 2002 is as follows:

	<b>2003</b>	<b>2002</b>
Cash in hand	733,567	438,561
Banks		
- demand deposits	1,128,641	946,383
- time deposits	75,749,534	113,484,022
- blocked time deposits	13,680,296	13,743,007
	<b>91,292,038</b>	<b>128,611,973</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2003

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

### NOTE 5 – CASH AND CASH EQUIVALENTS (Continued)

Cash and cash equivalents included in the consolidated statements of cash flows for the year ended 31 December 2003 and 2002 are as follows:

	<b>2003</b>	<b>2002</b>
Cash and banks	91,292,038	128,611,973
Trading securities with maturities less than 3 months	22,434,969	3,265,148
Less: Interest accruals	(9,510,913)	(9,198,339)
	<b>104,216,094</b>	<b>122,678,782</b>

As of 31 December 2003, cash and cash equivalents amounting to TL 13,680,296 million (31 December 2002: TL 13,737,894 million) and trading securities amounting to TL 9,802,160 million (31 December 2002: TL 3,163,910 million) are not available for use as of 31 December 2003 (Note 4 and Note 5).

Period remaining to maturity for time deposits:

0-1 months	54,152,773	15,529,945
1-3 months	8,047,759	23,771,211
3-6 months	-	43,072,026
6-12 months	5,669,385	40,935,537
12+ months	21,559,913	3,918,310
	<b>89,429,830</b>	<b>127,227,029</b>

At 31 December 2003, interest rates for local currency time deposits are between 25.00% and 44.70% (2002: 42.00% - 50.00%) and interest rates for foreign currency time deposits are between 1.00% and 8.12% (2002: 2.75% - 8.88%).

Cash and due from banks for the year ended 31 December 2003 includes deposits amounting to TL 13,680,296 million (31 December 2002: TL 13,743,007 million) for the Company's bank borrowings and non-cash guarantees.

### NOTE 6 – TRADING SECURITIES

	<b>2003</b>	<b>2002</b>
Treasury bills and government bonds	19,349,180	12,874,666
Eurobond	3,085,789	-
Equity stocks - listed	-	100,061
	<b>22,434,969</b>	<b>12,974,727</b>

As of 31 December 2003, treasury bills and government bonds have interest rates between 25.00% and 26.00% (31 December 2002: 48.00% and 68.00%). As of 31 December 2003, Eurobond has an interest rate of 11.00%.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2003

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

### NOTE 6 – TRADING SECURITIES (Continued)

Maturity analysis for trading securities as of 31 December 2003 is as follows:

	2003	2002
1-30 days	22,434,969	3,265,148
31-90 days	-	1,062,524
91-180 days	-	8,647,055
	<b>22,434,969</b>	<b>12,974,727</b>

As of 31 December 2003, pledged trading securities include treasury bills amounting to TL 19,297,192 million with respect to guarantees for newspaper paper imported through Doğan Dış Ticaret A.Ş. and Eurobond amounting to TL 22,382,981 million with respect to external guarantees of the Company (31 December 2002: TL 3,165,087).

### NOTE 7 - TRADE RECEIVABLES

	2003	2002
Trade receivables - net of unearned credit finance income	86,089,896	64,417,378
Cheques and notes receivable - net of unearned credit finance income	22,558,412	3,068,764
	<b>108,648,308</b>	<b>67,486,142</b>
Less: Provision for doubtful receivables	(6,101,366)	(6,293,127)
<b>Trade receivables - net</b>	<b>102,546,942</b>	<b>61,193,015</b>

In accordance with the factoring agreement signed between the Company and Doğan Factoring, trade receivables amounting to TL 52,296,838 million of the Company (31 December 2002: TL 47,774,787 million) relating to advertisements and printed materials are followed by Doğan Factoring.

The movement of provision for doubtful receivables during the year is as follows:

	2003	2002
1 January	6,293,127	7,580,959
Provisions provided during the year	1,112,762	1,735,654
Collections	(684,537)	(1,399,319)
Monetary gain	(619,986)	(1,624,167)
<b>31 December</b>	<b>6,101,366</b>	<b>6,293,127</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2003

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

### NOTE 8 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

#### i) **Balances with related parties:**

##### a) Due from related companies:

	2003	2002
Doğan Dağıtım Satış ve Pazarlama A.Ş. ("Doğan Dağıtım")	5,763,821	11,702,756
Doğan Dış Ticaret ve Mümessillik A.Ş. ("Doğan Dış Ticaret")	4,912,057	6,701,137
Doğan Media	3,119,822	4,341,276
Milliyet Verlags und Handels GmbH ("Milliyet Verlags")	3,063,830	2,614,710
Milliyet Gazetecilik A.Ş. ("Milliyet")	2,644,616	2,222,389
DTV Haber ve Görsel Yayıncılık A.Ş. ("DTV Haber")	1,767,825	671,010
Eko TV Televizyon Yayıncılık A.Ş. ("Eko Televizyon")	1,025,483	2,340
Simge Yayıncılık ve Dağıtım A.Ş. ("Simge")	1,003,981	839,316
Other	4,613,857	4,313,949
	<b>27,915,292</b>	<b>33,408,883</b>

##### b) Due to related companies:

#### Short-term:

	2003	2002
Doğan Faktoring	905,023	695,836
Doğan Dış Ticaret	620,195	-
Doğan Yayın	444,932	169,610
Doğan Dağıtım	91,968	153,827
Milta Turizm İşletmeleri A.Ş. ("Milta Turizm")	43,823	150,935
Hürbim Bilgisayar ve Teknik Hizmetler A.Ş. ("Hürbim")	4,524	374,687
Doğan İletişim Elektronik Servis Hizmetleri A.Ş. ("Doğan Online")	-	251,871
Other	222,684	491,427
	<b>2,333,149</b>	<b>2,288,193</b>

#### Long-term:

Doğan Dağıtım	1,279,889	1,441,963
	<b>1,279,889</b>	<b>1,441,963</b>

Non-current payables to Doğan Dağıtım represent deposits taken for the distribution of newspapers.

##### c) Bank accounts:

	2003	2002
Türk Dış Ticaret Bankası A.Ş. ("Dışbank")	20,518,202	3,906,503
Dışbank Malta Limited	16,687,135	17,697,928
Dışbank Netherland N.V.	-	29,919,815
	<b>37,205,337</b>	<b>51,524,246</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2003

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

### NOTE 8 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

#### ii) Transactions with related parties:

##### a) Service and product sales:

	2003	2002
Doğan Dağıtım	134,344,094	181,150,078
Doğan Media	12,812,691	14,547,170
Milliyet	7,703,680	10,398,739
Simge	7,328,652	7,421,754
Doğan Burda Rizzoli ("Doğan Burda")	4,880,865	2,829,633
Milliyet Verlags	3,188,454	3,744,734
Other	4,160,595	16,145,030
	<b>174,419,031</b>	<b>236,237,138</b>

Newspapers are sold through Doğan Dağıtım.

##### b) Fixed asset sales:

	2003	2002
Doğan Daily News Gazetecilik ve Matbaacılık A.Ş.	-	1,869
Doğan Yayın	-	733
Yaysat Yayın Satış Pazarlama ve Dağıtım A.Ş. ("Yaysat")	-	385
Simge	-	134
Other	-	1,248
	-	<b>4,369</b>

##### c) Service and product purchases:

	2003	2002
Doğan Dış Ticaret	93,036,875	93,125,623
Doğan Dağıtım	54,063,964	68,701,960
Hürbim	4,542,515	4,288,290
Doğan Yayın	4,287,385	3,960,102
Eko Televizyon	3,830,686	4,519,290
ANS Uluslararası Yapım Yayın Reklamcılık A.Ş. ("ANS")	3,793,752	2,386,987
Simge	3,060,323	5,219,159
DTV Haber	2,780,091	5,665,861
Doğan Online	2,699,311	4,888,593
Doğan Media	1,160,620	-
Other	4,314,744	5,595,836
	<b>177,570,266</b>	<b>198,351,701</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2003

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

### NOTE 8 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

The Company purchases essential raw materials from Doğan Dış Ticaret.

Doğan Dağıtım provides newspaper distribution services to the Company. The amount of services and goods purchased from Doğan Dağıtım includes newspaper returns, distribution and transportation expenses.

d) Fixed asset purchases:

	2003	2002
Doğan Dağıtım	3,135,000	-
Milliyet	1,686,061	-
Doğan Dış Ticaret	-	12,058,053
Other	262,047	27,227
	<b>5,083,108</b>	<b>12,085,280</b>

The Company has purchased a building from each of Doğan Dağıtım and Milliyet (The Company purchased land and a warehouse from Doğan Dış Ticaret).

e) Other transactions with related parties:

	2003	2002
<b>Other income, net</b>		
<b>Other income:</b>		
Doğan Dış Ticaret	1,808,694	2,351,287
Doğan Dağıtım	1,273,188	1,296,580
Simge	886,704	104,089
ANS	673,528	
Eko Televizyon	592,956	678,017
Doğan Yayın	552,101	317,927
Doğan Online	427,630	585,887
Yaysat	331,929	989,793
Doğan Prodüksiyon	291,044	399,515
Doğan Kitapçılık	254,383	179,301
Doğan Burda	228,907	295,357
Milliyet	207,979	147,210
Dergi Pazarlama Planlama A.Ş.	160,988	56,069
Other	843,000	511,470
	<b>8,533,031</b>	<b>7,912,502</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2003

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

### NOTE 8 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	2003	2002
<b>Other expense:</b>		
Doğan Online	169,789	-
Doğan Dağıtım	96,390	-
Milta Turizm	69,545	-
Yaysat	1,554	31,564
Other	96,236	145,698
	<b>433,514</b>	<b>177,262</b>
<b>Other income, net</b>	<b>8,099,517</b>	<b>7,735,240</b>
	2003	2002
<b>Financial income, net</b>		
<b>Financial income:</b>		
Dışbank	10,559,300	16,383,180
Eko TV	453,193	-
DTV Haber	232,671	-
Doğan Dağıtım	210,255	685,164
Simge	-	2,787,718
Other	353,301	295,045
	<b>11,808,720</b>	<b>20,151,107</b>
<b>Financial expense:</b>		
D-Market Ticaret A.Ş.	-	4,943
<b>Financial income, net</b>	<b>11,808,720</b>	<b>20,146,164</b>
Payments made to members of the Board and key management personnel	<b>1,994,698</b>	<b>2,648,026</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2003

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

### NOTE 9 - INVENTORIES

	<b>2003</b>	<b>2002</b>
Promotion stocks	11,458,051	13,251,650
Impairment for promotion stocks	(4,090,199)	(3,055,393)
Promotion stocks, net	7,367,852	10,196,257
Raw materials and supplies	7,676,709	4,708,770
Finished goods and merchandise	1,217,308	1,430,665
Semi-finished goods	396,467	477,841
Spares	-	408,723
Order advances for raw material purchases	66,645	93,094
	<b>16,724,981</b>	<b>17,315,350</b>

Promotion stocks include promotion goods and properties.

The movement of impairment for promotion stocks during the year is as follows:

	<b>2003</b>	<b>2002</b>
1 January	3,055,393	-
Impairment during the year (Note 25)	1,034,806	3,055,393
<b>31 December</b>	<b>4,090,199</b>	<b>3,055,393</b>

### NOTE 10 - OTHER CURRENT ASSETS

	<b>2003</b>	<b>2002</b>
Prepaid expenses	1,690,285	2,201,832
Advances given to personnel	1,138,495	1,272,029
Job advances	909,840	1,445,740
Value Added Tax ("VAT") deductible	34,645	131,140
Other current assets	278,245	1,064,364
	<b>4,051,510</b>	<b>6,115,105</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2003

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

### NOTE 11 - AVAILABLE - FOR - SALE INVESTMENTS

	%	2003	%	2002
Doğan Havacılık San. ve Tic. A.Ş. ("Doğan Havacılık")	9.00	1,659,831	9.00	1,211,175
Doğan Raks	3.00	1,383,687	3.42	1,295,547
Doğan Faktoring	5.00	636,420	5.00	510,871
Coats İplik Sanayi A.Ş.	0.50	226,501	0.50	226,501
Other		264,663		202,620
		<b>4,171,102</b>		<b>3,446,714</b>
Impairment * (Note 25)		(1,383,687)		-
		<b>2,787,415</b>		<b>3,446,714</b>

\* The Company has identified impairment for the available-for-sale investment, Doğan Raks, and booked a provision of TL 1,383,687 million.

### NOTE 12 - INVESTMENTS IN ASSOCIATED COMPANIES

	%	2003	%	2002
Doğan Prodüksiyon	40.55	3,601,733	40.55	3,983,185
Doğan Media	41.02	3,582,582	41.02	-
Doğan Kitapçılık	48.90	1,551,306	48.90	1,203,856
Yaysat	25.00	1,029,878	25.00	2,620,853
Doğan Haber (*)	48.53	759,565	-	-
Digital Hizmetler	22.74	128,313	22.74	139,829
DYG İlan	20.00	73,500	20.00	16,195
Hürriyet Pazarlama (**)	-	-	45.00	-
		<b>10,726,877</b>		<b>7,963,918</b>

\* As a result of the decrease in the Group's indirect control rates in Doğan Haber by 11.33%, Doğan Haber, which was consolidated through the line-by-line consolidation method as of 31 December 2002, has been consolidated through the equity accounting consolidation method as of 31 December 2003.

\*\* As of 31 December 2002, the Group's control rate in Hürriyet Pazarlama was 45.00% and Hürriyet Pazarlama was consolidated through the equity accounting consolidation method. The whole capital increase of Hürriyet Pazarlama was provided by the Company on 18 April 2003 and as a result, the Company has increased its control rate by 48.13% to 93.13%. Consequently, Hürriyet Pazarlama has been consolidated through the line-by-line consolidation method as of 31 December 2003.

The carrying amount of investment in Doğan Media and Hürriyet Pazarlama is nil as of 31 December 2002.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2003

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

### NOTE 13 – INVESTMENT PROPERTIES, NET

	1 January 2003	Additions	Impairment	31 December
<b>2003</b>				
<b>Cost:</b>				
Land and land improvements	33,338,862	-	(15,588,862)	17,750,000
Buildings	7,079,311	4,973,354	(889,311)	11,163,354
<b>Total</b>	<b>40,418,173</b>	<b>4,973,354</b>	<b>(16,478,173)</b>	<b>28,913,354</b>
<b>Accumulated Depreciation:</b>				
Buildings	34,231	196,290	-	230,521
<b>Total</b>	<b>34,231</b>	<b>196,290</b>	<b>-</b>	<b>230,521</b>
<b>Net book value</b>	<b>40,383,942</b>			<b>28,682,833</b>

At 31 December 2003, investment properties, which are carried at cost less accumulated depreciation, amounting to TL40,561,006 million were valued by a certified real estate valuation companies. Accordingly, the fair value of the investment properties amounts to TL28,779,000 million. Impairment has been identified for investment properties with carrying values of TL40,418,173 million and fair values of TL23,940,000 million and TL16,478,173 million of impairment expense has been provided under other operating expenses in the consolidated statement of income (Note 25).

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2003

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

### NOTE 14 - PROPERTY, PLANT AND EQUIPMENT, NET

	1 January 2003	Cumulative translation difference	Acquisitions	Disposal of subsidiary	Additions	Disposals	Transfers	31 December 2003
<b>Cost:</b>								
Land and land improvements	35,874,378	(307,438)	-	-	70,693	-	-	35,637,633
Buildings	194,258,058	(1,292,828)	-	-	146,480	(174,692)	-	192,937,018
Machinery and equipment	420,441,299	(3,006,755)	133,148	(3,936)	2,624,881	(2,020,336)	107,825	418,276,126
Motor vehicles	2,603,250	-	41,664	(235,761)	358,859	(86,464)	-	2,681,548
Furniture and fixtures	56,565,634	(60,824)	465,157	(2,090,739)	1,483,352	(197,772)	-	56,164,808
Leasehold improvements	18,969,559	-	-	-	53,846	-	-	19,023,405
<b>Total</b>	<b>728,712,178</b>	<b>(4,667,845)</b>	<b>639,969</b>	<b>(2,330,436)</b>	<b>4,738,111</b>	<b>(2,479,264)</b>	<b>107,825</b>	<b>724,720,538</b>
Construction in progress	280,783	-	-	-	421,375	-	(107,825)	594,333
<b>Total</b>	<b>728,992,961</b>	<b>(4,667,845)</b>	<b>639,969</b>	<b>(2,330,436)</b>	<b>5,159,486</b>	<b>(2,479,264)</b>	<b>-</b>	<b>725,314,871</b>
<b>Accumulated Depreciation:</b>								
Land and land improvements	224,928	-	-	-	24,579	-	-	249,507
Buildings	23,852,909	(51,776)	-	-	4,093,133	(2,039)	-	27,892,227
Machinery and equipment	202,532,099	(280,753)	88,263	(1,812)	32,613,986	(1,894,559)	-	233,057,224
Motor vehicles	1,998,800	-	13,478	(127,470)	204,583	(17,105)	-	2,072,286
Furniture and fixtures	47,048,420	(25,725)	235,449	(540,146)	2,657,186	(166,262)	-	49,208,922
Leasehold improvements	11,586,055	-	-	-	1,858,004	-	-	13,444,059
<b>Total</b>	<b>287,243,211</b>	<b>(358,254)</b>	<b>337,190</b>	<b>(669,428)</b>	<b>41,451,471</b>	<b>(2,079,965)</b>	<b>-</b>	<b>325,924,225</b>
<b>Net book value</b>	<b>441,749,750</b>							<b>399,390,646</b>

Opening figures of Hürriyet Pazarlama, which has become a subsidiary as a result of an increase in the Group's control rate, has been classified under "acquisitions" in the movement table.

Figures of Doğan Haber, which has become an associate as a result of a decrease in the Group's control rate, has been classified under "disposal of subsidiary" in the movement table.

Finance leased assets, which are classified under machinery and equipment, amounts to TL 17,540,790 million as of 31 December 2003 (31 December 2002: TL 17,540,790 million). These assets have been fully depreciated as of 31 December 2002.

At 31 December 2002 there are mortgages on property, plant and equipment amounting to TL 43,012,500 million (31 December 2002: TL 49,009,473 million).

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2003

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

### NOTE 15 – INTANGIBLE ASSETS, NET

	1 January 2003	Acquisitions	Additions	Disposals	Impairment	31 December 2003
<b>Cost</b>						
Rights	3,417,323	-	102,695	-	-	3,520,018
Software and other intangible assets	2,315,503	163,773	921,119	(1,799)	-	3,398,596
	<b>5,732,826</b>	<b>163,773</b>	<b>1,023,814</b>	<b>(1,799)</b>	<b>-</b>	<b>6,918,614</b>
<b>Accumulated amortization:</b>						
Rights	3,261,051	-	518,960	-	-	3,780,011
Software and other intangible assets	1,720,575	97,387	405,038	-	-	2,223,000
	<b>4,981,626</b>	<b>97,387</b>	<b>923,998</b>	<b>-</b>	<b>-</b>	<b>6,003,011</b>
<b>Net book value</b>	<b>751,200</b>					<b>915,603</b>
Goodwill (Note 29)	13,137,690	7,029,412	-	-	(7,029,412)	13,137,690
Accumulated amortization	1,990,897	-	528,701	-	-	2,519,598
<b>Net book value</b>	<b>11,146,793</b>					<b>10,618,092</b>
<b>Total net book value</b>	<b>11,897,993</b>					<b>11,533,695</b>

Opening figures of Hürriyet Pazarlama, which has become a subsidiary as a result of an increase in the Group's control rate, has been classified under "acquisitions" in the movement table.

The whole capital increase of Hürriyet Pazarlama was provided by the Company on 18 April 2003 and as a result, the Company has increased its control rate by 48.13% to 93.13%. Impairment amounting to TL 7,029,412 has been identified for the goodwill arising as a result of the acquisition and has been recorded in the consolidated statement of income (Note 25).

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### AT 31 DECEMBER 2003

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

#### NOTE 16 – BANK BORROWINGS

	Effective Interest Rate per Annum (%)		Original Foreign Currency		TL million	
	2003	2002	2003	2002	2003	2002
<b>Short-term bank borrowings:</b>						
- Euro	7.11-9	5.77-12	8,976,072	2,560,309	15,663,892	4,969,516
- CHF	6-12	6-12	1,198,545	1,602,435	1,338,323	2,135,578
- TL	-	-	1,993,363	1,800,277	1,993,364	1,800,277
- USD	4-12	5.77-12	12,175,536	471,089	16,997,207	877,352
<b>Total</b>					<b>35,992,786</b>	<b>9,782,723</b>
<b>Short-term portion of long-term borrowings</b>						
- USD	6-12	5.77-12	4,668,750	6,905,528	6,521,864	12,860,783
- Euro	-	5.77-12	-	3,388,036	-	6,576,117
<b>Total</b>					<b>6,521,864</b>	<b>19,436,900</b>
<b>Total short-term bank borrowings</b>					<b>42,514,650</b>	<b>29,219,623</b>
<b>Long-term bank borrowings:</b>						
- USD	4-12	6-12	9,963,751	36,087,159	13,907,752	67,208,351
- Euro	5-7.11	-	10,900,565	14,421,074	19,022,270	27,991,052
- CHF	4-5.4	4-5.4	1,407,932	2,364,870	1,572,256	3,151,679
<b>Total long-term bank borrowings</b>				<b>34,502,278</b>	<b>98,351,082</b>	

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2003

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

### NOTE 16 - BANK BORROWINGS (Continued)

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

Year	2003	2002
2004	-	60,161,274
2005	11,664,630	13,986,764
2006	6,960,835	8,203,082
2007 and after	15,876,813	15,999,962
<b>Total</b>	<b>34,502,278</b>	<b>98,351,082</b>

### NOTE 17 – TRADE PAYABLES

	2003	2002
Short term trade payables	41,136,687	28,403,083
Notes payable	342,836	1,641,625
	<b>41,479,523</b>	<b>30,044,708</b>

	2003	2002
Long-term payables to suppliers	<b>36,984,075</b>	<b>57,210,915</b>

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

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

Year	2003	2002
2004	-	14,367,708
2005	13,608,126	13,651,530
2006	8,866,348	11,869,799
2007 and after	14,509,601	17,321,878
	<b>36,984,075</b>	<b>57,210,915</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2003

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

### NOTE 18 - OTHER CURRENT LIABILITIES

	2003	2002
Provisions for lawsuits	3,982,202	3,349,786
Advances from customers	2,143,958	298,000
Taxes and funds payable	1,978,217	2,797,438
Miscellaneous expense accruals	840,182	622,937
Payable to personnel	718,326	521,379
Deferred income	121,749	480,426
Other	353,926	80,587
	<b>10,138,560</b>	<b>8,150,553</b>

The movement schedule of provisions for lawsuits during the year is as follows:

	2003	2002
At 1 January	3,349,786	6,578,179
Charge for the year	1,600,220	113,168
Reversal of provisions previously provided	(534,415)	(2,006,594)
Monetary gain	(433,389)	(1,334,967)
<b>At 31 December</b>	<b>3,982,202</b>	<b>3,349,786</b>

### NOTE 19 - TAXATION ON INCOME

	2003	2002
Corporation and income taxes payable	23,714,373	25,524,146
Less: prepaid tax	(17,329,040)	(12,877,344)
<b>Taxes on income, net</b>	<b>6,385,333</b>	<b>12,646,802</b>
Deferred tax liabilities	18,825,877	55,149,471
Deferred tax assets	(2,931,545)	(4,604,174)
<b>Deferred tax liability, net</b>	<b>15,894,332</b>	<b>50,545,297</b>
<b>Total taxes</b>	<b>22,279,665</b>	<b>63,192,099</b>

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

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2003

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

### NOTE 19 - TAXATION ON INCOME (Continued)

Corporation tax is payable at a rate of 30% on the total income of the Company after adjusting for certain disallowable expenses, exempt income and investment and other allowances. No further tax is payable unless the profit is distributed. Corporation tax rate on the total income of fiscal year 2004 will be 33%.

Dividends paid to non-resident corporations having 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 11% (10% effective from 1 January 2004). An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 30% (33% for the fiscal year 2004) on their corporate income. Advance tax is payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or set off against other liabilities to the government.

Capital gains derived from the sale of equity investments and immovable held for not less than two years are tax exempt until 31 December 2004, if such gains are added to paid-in capital in the year in which they are sold.

Capital expenditures, with some exceptions, over TL5 billion (TL6 billion for 2004) are eligible for investment incentive allowance of 40%, which is deductible from taxable income prior to calculation of the corporate income tax, without the requirement of an investment incentive certificate, and the amount of allowance is not subject to withholding tax. Investment allowances utilized within the scope of investment incentive certificates granted prior to 24 April 2003 are subject to withholding tax at the rate of 19.8%, irrespective of profit distribution.

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

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within four months 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.

Taxes on income for the years ended 31 December are summarised as follows:

	<b>2003</b>	<b>2002</b>
- Current	23,290,149	25,421,988
- Deferred	(34,732,080)	(7,532,024)
<b>Taxation on income</b>	<b>(11,441,931)</b>	<b>17,889,964</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2003

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

### NOTE 19 - TAXATION ON INCOME (Continued)

#### Deferred taxes

Deferred income taxes are calculated on temporary differences that are expected to be realised or settled based on the taxable income in fiscal year 2004 under the liability method using a principal tax rate of 33% at 31 December 2003. The rate for other temporary differences is 30% (31 December 2002: 33%).

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

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 in 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. Corporate taxpayers are obliged to prepare the opening balance sheets restated for inflation at 31 December 2003. Corporate taxpayers will submit their opening balance sheets restated for inflation at 31 December 2003 and declare their advance corporation tax prepared in accordance with the General Communiqué on Tax Procedure Law No: 328 (“Communiqué”) dated 28 February 2004. Corporate taxpayers who prepare their financial statements in accordance with the CMB’s accounting principles related to hyperinflation accounting are not required to prepare their financial statements in accordance with Tax Law No: 5024. However, the accumulated depreciation disclosed in the opening balance sheet restated for inflation at 31 December 2003 should conform to the depreciation periods set out in the Tax Procedure Law.

The Company has decided to use the balance sheet prepared in accordance with the CMB’s accounting principles related to hyperinflation to prepare its opening tax balance sheet restated for inflation as permitted by Tax Law No: 5024.

The movement of deferred taxes during the year is as follows:

	<b>2003</b>	<b>2002</b>
Deferred tax liabilities - net at 1 January	50,545,297	58,188,524
Deferred taxation income on consolidated statements of income	(34,732,080)	(7,532,024)
Disposal of subsidiary	81,115	-
Deferred tax asset raised due to acquisition of new subsidiary	-	(111,203)
<b>Deferred tax liabilities – net</b>	<b>15,894,332</b>	<b>50,545,297</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2003

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

### NOTE 19 - TAXATION ON INCOME (Continued)

Opening figures of Hürriyet Pazarlama, which has become a subsidiary as a result of an increase in the Group's control rate, has been classified under "acquisitions" in the movement table.

Figures of Doğan Haber, which has become an associate as a result of a decrease in the Group's control rate, has been classified under "disposal of subsidiary" in the movement table.

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

	<b>Cumulative</b>		<b>Deferred tax assets/</b>	
	<b>temporary differences</b>		<b>(liabilities)</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
Provision for employee termination benefits	3,635,316	3,982,294	1,090,595	1,314,157
Difference between tax base and carrying value of trade receivables and due from related parties	1,714,458	3,704,186	565,771	1,222,382
Tax losses carried forward	-	3,167,567	-	1,045,297
Impairment on promotion stocks	4,090,199	3,055,393	1,227,060	1,008,280
Other, net	145,815	42,603	48,119	14,058
<b>Deferred tax assets</b>	<b>9,585,788</b>	<b>13,952,043</b>	<b>2,931,545</b>	<b>4,604,174</b>
Difference between tax base and carrying value of property, plant and equipment	(58,559,196)	(160,285,243)	(17,567,759)	(52,894,130)
Difference between tax base and carrying value of time deposits	(2,692,453)	(6,202,956)	(807,736)	(2,046,975)
Other, net	(1,501,274)	(631,413)	(450,382)	(208,366)
<b>Deferred tax liabilities</b>	<b>(62,752,923)</b>	<b>(167,119,612)</b>	<b>(18,825,877)</b>	<b>(55,149,471)</b>
<b>Deferred tax liabilities-net</b>			<b>(15,894,332)</b>	<b>(50,545,297)</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2003

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

### NOTE 19 - TAXATION ON INCOME (Continued)

Reconciliation of expected and actual taxation (income)/expense for the years ended 31 December is as follows:

	2003	2002
Income before taxation on income and minority interest	41,688,950	76,768,867
Calculated with the applicable tax rate (31 December 2003: 30%, 31 December 2002:33%)	12,506,685	25,333,726
Effect of deductions to tax base	(1,229,746)	(2,489,525)
Disallowable expenses	2,766,992	4,103,537
Effect of investment incentives	(677,777)	(1,096,065)
Effect of restatement of non-monetary items	(24,808,085)	(7,961,709)
<b>Taxation (income)/expense on consolidated statement of income</b>	<b>(11,441,931)</b>	<b>17,889,964</b>

### NOTE 20 - RESERVE FOR EMPLOYMENT TERMINATION BENEFITS

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

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and who achieves the retirement age (58 for women and 60 for men) and whose employment is terminated without due cause, is called up for military service, or dies. Since the legislation was changed on 8 September 1999 there are certain transitional provisions relating to length of service prior to retirement. At 31 December 2003 the amount payable consists of one month's salary limited to a maximum of TL1,389,950,000 (31 December 2002: TL1,260,150,000) for each year of service. In addition, according to press sector regulations, companies should make payments to personnel who work for a minimum of 5 years and whose employment is terminated without due cause. The maximum payable amount is 30 days' salary for each year of service. The monthly salary figure is calculated by adding all cash and non-cash payments received during the year and dividing by twelve.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2003

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

### NOTE 20 - RESERVE FOR EMPLOYMENT TERMINATION BENEFITS (Continued)

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

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

International Accounting Standards 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 liability:

	2003	2002
Discount rate	6%	6%
Turnover rate to estimate the probability of retirement	91%	92%

The principal assumption is that the maximum liability of TL1,389,950,000 (31 December 2002: TL1,260,150,000) 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 TL1,485,430,000 (1 January 2003: TL1,323,950,000), which is effective from 1 January 2004, has been taken into consideration in calculating the reserve for employment termination benefit of the Company.

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

	2003	2002
At 1 January	3,982,294	1,468,806
Acquisitions	54,546	1,681,138
Charge for the year	1,076,836	1,541,289
Disposal of subsidiary	(828,489)	-
Monetary gain	(649,872)	(708,939)
<b>31 December</b>	<b>3,635,315</b>	<b>3,982,294</b>

Opening figures of Hürriyet Pazarlama, which has become a subsidiary as a result of an increase in the Group's control rate, has been classified under "acquisitions" in the movement table.

Figures of Doğan Haber, which has become an associate as a result of a decrease in the Group's control rate, has been classified under "disposal of subsidiary" in the movement table.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2003

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

### NOTE 21 - 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 TL1,000. There are no privileged shares. The Company's historical authorised and paid-in share capital at 31 December 2002 and 2001 were as follows:

	2003	2002
Limit on registered share capital (historical)	250,000,000	250,000,000
Historical authorised and paid-in share capital	245,142,682	145,744,758

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:

	2003	Share (%)	2002	Share (%)
Doğan Yayın Holding A.Ş.	163,344,908	67	97,109,732	67
Publicly owned	81,797,774	33	48,635,026	33
	<b>245,142,682</b>	<b>100</b>	<b>145,744,758</b>	<b>100</b>
Adjustment to share capital	139,953,502		195,801,936	
<b>Total share capital</b>	<b>385,096,184</b>		<b>341,546,694</b>	

Adjustment to share capital represents the restatement effect of the cash contributions to share capital in year-end equivalent purchasing power.

### NOTE 22 - RETAINED EARNINGS AND LEGAL RESERVES

Retained earnings in the statutory financial statements other than legal reserves are available for distribution, subject to the legal reserve requirement referred to below.

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.

Composition of prior periods' earnings and dividends (according to Statutory Financial Statements) at 31 December (not adjusted for inflation):-

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2003

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

### NOTE 22 - RETAINED EARNINGS AND LEGAL RESERVES (Continued)

	2003	2002
Legal reserves	8,067,578	6,042,262
Undistributed general reserve (*)	49,972,151	44,247,604
	<b>58,039,729</b>	<b>50,289,866</b>

\* Current year net income is included in the undistributed general reserve.

Historical amounts of dividends  
distributed during the year from previous  
periods' net income per statutory  
financial statements of parent company only

- 13,338,577

Public companies distribute dividends according to CMB regulations as follows:

In accordance with Communiqué XI/25 section 15/399, the accumulated deficit that may arise as the balancing figure in the financial statements as a result of the first-time application of inflation accounting should be netted off in the calculation of the distributable profit. In addition, the net-off of such accumulated deficit against current year income and retained earnings, if any, legal and extraordinary reserves and adjustment to share capital can be made according to the related Communiqué.

In accordance with Communiqué XI/25, effective from 1 January 2004, companies are obliged to distribute at least 20% of their distributable profit arising from 2003 activity, which is calculated based on the financial statements prepared in accordance with IFRS. Based on the decision of the General Assembly, the distribution of a minimum of 20% of the distributable profit can be made as cash or as bonus share or as a combination of a certain percentage of cash and bonus shares.

In accordance with Communiqué XI/25, companies that are obliged to prepare consolidated financial statements will not consider the profits of their subsidiaries, joint ventures and associate companies which have not held their general assemblies relating to dividend distribution in the calculation of dividend.

Profits of the subsidiaries, joint ventures and associate companies of the Company will not be taken into consideration in the calculation of dividend since their general assemblies have not been held.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2003

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

### NOTE 23 - GENERAL AND ADMINISTRATIVE, SELLING AND MARKETING, AND DISTRIBUTION EXPENSES

	2003	2002
Advertisement	14,281,303	16,660,126
Transportation, storage and travel	12,825,442	9,665,685
Distribution	9,497,902	7,611,979
Services outsourced	7,835,439	9,684,637
Payroll	5,350,833	6,719,642
Consulting	5,105,359	4,842,684
Promotion	4,755,609	5,806,319
Outsourced work	3,844,140	3,340,952
Representation	2,409,613	431,084
Depreciation and amortization	2,724,705	3,993,809
Communication	1,591,587	1,702,825
Repair and maintenance	1,498,140	1,424,199
Taxes	795,130	1,095,287
Rent	748,963	753,281
Other	5,833,485	4,945,766
	<b>79,097,650</b>	<b>78,678,275</b>

### NOTE 24 - FINANCIAL INCOME - NET

	2003	2002
<b>Financial income:</b>		
Foreign exchange gains	31,141,345	37,308,982
Interest on bank deposits	17,071,858	34,841,892
Amortised cost valuation income	12,751,558	21,765,819
Interest income on trading securities	10,028,729	7,807,265
Overdue charges on credit sales	2,527,315	7,625,936
	<b>73,520,805</b>	<b>109,349,894</b>
<b>Financial expenses:</b>		
Interest on bank borrowings	16,449,870	48,438,621
Foreign exchange losses	24,335,697	33,498,846
Other financial expenses	1,992,156	1,697,900
	<b>42,777,723</b>	<b>83,635,367</b>
<b>Financial income - net</b>	<b>30,743,082</b>	<b>25,714,527</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2003

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

### NOTE 25 - OTHER OPERATING INCOME / (EXPENSES) - NET

	2003	2002
<b>Other operating income:</b>		
Service income	6,943,036	7,671,790
Rent income	3,624,580	4,450,401
Reversal of provisions for lawsuits	534,415	2,006,594
Dividend income	175,242	109,683
Available for sale investment sales income	-	5,077,615
	<b>11,277,273</b>	<b>19,316,083</b>
<b>Other operating expenses:</b>		
Impairment of investment properties (Note 13)	16,478,173	-
Impairment of goodwill (Note 15)	7,029,412	-
Acquisition cost (*)	6,070,873	-
Donations	4,088,997	-
Loss from sale of subsidiary	2,611,066	-
Expenses related to programmes	1,629,376	2,072,826
Provision for lawsuits	1,600,220	113,168
Impairment of available for sale investment	1,383,687	-
Provision for doubtful receivables	1,112,762	1,735,654
Impairment of promotion stocks	1,034,806	3,055,393
Court and litigation expenses	744,269	649,035
Amortization of goodwill	528,701	629,900
Fixed asset sales loss	175,558	388,040
Other, net	2,233,538	1,873,950
	<b>46,721,438</b>	<b>10,517,966</b>
<b>Other operating (expense) / income, net</b>	<b>(35,444,165)</b>	<b>8,798,117</b>

(\*)The whole capital increase of Hürriyet Pazarlama was provided by the Company on 18 April 2003 and as a result, the Company has increased its control rate by 48.13% to 93.13%. As a result of the acquisition, the Group's portion of prior period loss of Hürriyet Pazarlama, which amounts to TL6,070,873 million, has been classified under acquisition costs since Hürriyet Pazarlama has been consolidated through the line-by-line consolidation method as of 31 December 2003.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2003

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

### NOTE 26 – CASH GENERATED FROM OPERATING ACTIVITIES

	Notes	2003	2002
<b>Adjustments:</b>			
Depreciation	13,14	41,647,761	45,034,257
Amortization	15	1,452,699	950,886
Minority interest		1,609,461	3,930,308
Taxes	19	(11,441,931)	17,889,964
Employee termination benefit, net		1,076,836	1,541,289
Income from available-for-sale investment sales	29	-	(5,077,615)
Income from associates		(1,351,242)	(320,335)
Impairment of investment property	25	16,478,173	-
Acquisition of subsidiary	25		
		6,461,417	-
Impairment of goodwill	25	7,029,412	-
Loss from available-for-sale investment sales	25	1,383,687	-
Fixed asset sales loss	25	175,558	388,040
Loss on sales of investments in associated companies	25	2,611,066	-
Interest income, net		(25,929,590)	(23,602,291)
Impairment of promotion stocks	9	1,034,806	3,055,393
Other provisions, net		1,494,030	(1,557,091)
Cumulative translation reserve		2,998,747	276,120
Inflation effect on non-operating activities		3,443,049	7,874,312
		<b>50,173,939</b>	<b>50,383,237</b>
<b>Changes in assets and liabilities:</b>			
(Increase)/decrease in trade receivables		(39,018,107)	7,644,051
(Increase)/decrease in due from related companies		4,107,399	(8,276,433)
Decrease in trading securities		2,646,356	1,195,590
(Increase)/decrease in inventories		(444,360)	2,942,207
(Increase)/decrease in other current assets		332,256	(81,782)
Increase/(decrease) in trade payables		11,616,149	(3,512,974)
Increase/(decrease) in due to related companies		(639,842)	925,380
Increase in other current liabilities		1,507,018	4,604,915
Inflation effect on operating activities		(9,705,517)	(16,771,192)
		<b>20,575,291</b>	<b>39,052,999</b>



# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2003

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

### NOTE 28 - 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	2003	Original amount	2002
<b>a) Guarantees given:</b>					
Letters of guarantee	TL	3,357,464	3,357,464	2,747,689	3,130,783
	US\$	150,419	209,960	150,419	280,139
Financial notes	TL	202,223	202,223	230,418	230,418
Guarantee notes	TL	1,714	1,714	1,953	1,953
Other	US\$	81,012,430	113,079,985	72,536,150	135,090,573
	Euro	14,038,084	24,497,468	20,000,000	38,819,650
	TL	13,384,363	13,384,363	573,733	573,733
			<b>154,733,177</b>		<b>178,127,249</b>

### b) Commitments given:

As of 31 December 2003, Group companies have, in respect of their bank borrowings, mortgages amounting to TL 43,012,500 million (31 December 2002: TL 49,009,473 million), blocked financial assets and bank deposits amounting to TL 26,393,904 million (31 December 2002: TL 3,165,087 million) and commitments amounting to TL 25,384,980 million (31 December 2002: TL 48,678,174 million).

### c) Barter Agreements:

The Company, as is common practice in the media sector, has entered into barter agreements. These agreements involve the exchange of goods or services without cash collections or payments. Advertising amounting to US\$ 2,190,020 (2002: US\$ 3,061,872) is issued and US\$ 3,234,000 (2002: US\$ 718,248) of various types of services has been used in connection with the barter agreements as of 31 December 2003. The on-going barter agreements are limited to US\$ 6,235,611 at 31 December 2002 (31 December 2002: US\$ 3,676,434).

### d) Court cases:

Law cases against the Company amount to TL45,049,317 million (2001:TL57,763,058 million).

# HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2003

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

### NOTE 29 - ACQUISITIONS AND GOODWILL

Goodwill arising from major acquisitions made by Hürriyet and its Subsidiaries is as follows:

#### **2003**

The whole capital increase of Hürriyet Pazarlama was provided by the Company on 18 April 2003 and as a result, the Group's control rate over Hürriyet Pazarlama has increased by 48.13% to 93.13%. As a result of 48.13% of Hürriyet Pazarlama's net assets being negative TL 2,736,079 million and the purchase consideration being TL 4,293,333 million, goodwill of TL 7,029,412 million has been calculated.

Milta Turizm, an associated Company of Hürriyet Pazarlama with a carrying value of TL 10,826,250 million, is sold on 29 December 2003 for an amount of TL 8,215,184 million. Net loss arising from the sales is TL 2,611,066 million (Note 24).

#### **2002**

100% of the issued share capital of Hurriyet Internet, 100% of the issued share capital of Doğan Internet, 100% of the issued share capital of Hür Servis, 100% of the issued share capital of Hür Medya and 59.86% of the issued share capital of Doğan Haber was acquired with effect from 31 September 2002 at a fair value of TL1,392,377 million for a cash consideration of TL1,540,400 million.

9.00% of the issued share capital of Simge was sold for TL 5,269,942 million representing a net gain of TL 5,077,615 million (Note 24).

	<b>2003</b>	<b>2002</b>
Purchase consideration	-	1,586,508
Less: Share of net assets acquired at fair value	(7,029,412)	1,755,169
<b>Goodwill / (Negative Goodwill)</b>	<b>7,029,412</b>	<b>(168,661)</b>