HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONVENIENCE TRANSLATION OF THE
CONSOLIDATED FINANCIAL STATEMENTS
AND THE AUDITOR'S REPORT FOR THE PERIOD
1 JANUARY – 31 DECEMBER 2010
INTO ENGLISH

(ORIGINALLY ISSUED IN TURKISH)

CONVENIENCE TRANSLATION OF THE AUDITOR'S REPORT AND THE FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF
HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.,

Introduction

We have audited the accompanying consolidated balance sheet of Hürriyet Gazetecilik ve Matbaacılık A.Ş. (the "Company"), its subsidiaries and its joint ventures (together the "Group") as at 31 December 2010 and the related consolidated statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2010, and a summary of significant accounting policies and other explanatory notes.

Management Responsibility on the Consolidated Financial Statements

The Group management is responsible for preparation and fair presentation of these consolidated financial statements in accordance with accounting standards published by Capital Markets Board. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards published by the Capital Markets Board. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

As explained in Note 19d, the Group has recognized a liability arising from the put option on 3,84% shares of Trader Media East Limited owned by “non-controlling interests”, through a protocol signed during the current period by increasing other financial liabilities by TL 38,6 million, increasing translation reserve by TL 0,3 million, increasing loss for the period by TL 0,7 million, decreasing non-controlling interests by TL 12,7 million, and decreasing retained earnings/accumulated losses by TL 25,5 million in the accompanying consolidated financial statements as of and for the year ended 31 December 2010.

However, as determined in the said protocol, such put option liability related to non-controlling interests amends the relevant clauses of the contract which was signed on 28 December 2006 and became effective as of 31 March 2007 as a consequence of the acquisition of Trader Media East Limited’s majority shares by the Group and which has not been accounted for by the Group in the accompanying consolidated financial statements until the current period. Therefore, these contracts, which are recorded in the Group’s consolidated financial statements for the first time in the current period, should have been recognized as a put option liability of “non-controlling interests” during acquisition of Trader Media East Limited’s shares by the Group in 2007, and the accompanying consolidated financial statements should be restated retrospectively.

If the said put option liability of non-controlling interests had been recognized retrospectively in the accompanying consolidated financial statements, equity and other current assets would have been increased by TL 0,7 million and TL 0,7 million respectively and net loss would have been increased by TL 0,6 million in the accompanying consolidated financial statements as of and for the year ended 31 December 2010; goodwill, other financial liabilities and net loss for the period would have been increased by TL 0,5 million, TL 37,6 million and TL 14,7 million, respectively and equity would have been decreased by TL 37,1 million in the accompanying consolidated financial statements as of and for the year ended 31 December 2009; and goodwill, other financial liabilities and net loss for the period would have been increased by TL 14,8 million, TL 37,8 million and TL 10,8 million, respectively and equity would have been decreased by TL 23 million in the accompanying consolidated financial statements as of and for the year ended 31 December 2008.

Qualified Opinion

In our opinion, except for the effects of the matter described in above, the accompanying consolidated financial statement give a true and fair view of consolidated financial position of Hürriyet Gazetecilik ve Matbaacılık A.Ş., its subsidiaries and joint ventures as at 31 December 2010, and their financial performance and cash flows for the year then ended in accordance with the financial reporting standards issued by the Capital Markets Board.

Without qualifying our audit opinion we would like to draw attention to the following matter:

As explained in detail in Note 18, the tax inspection reports regarding the tax reviews of the prior financial periods of the Company imposed payment of an income tax principal of TL 12,3 million, a tax loss penalty of TL 18,4 million and a special irregularity penalty of TL 165 thousand and the Company has filed lawsuits against the related tax reports. The lawsuits amounting to TL 3 million of tax principal and TL 3,9 million of a tax loss penalty were concluded against the Company, lawsuits amounting to TL 4,3 million of tax principal and TL 7 million of tax loss penalty were concluded in favour of the Company, the court hearing of the objections related to the law cases amounting to TL 5 million of tax principal and TL 7,7 million of tax loss penalty has not been made. Income tax principals and tax loss penalties related to law cases resulted against the Company amounting to TL 6.9 million were paid in the year 2010 including the interest amount and the necessary legal objections for appeal have been made. Based on assessments of the legal counsel and tax experts on the tax inspection reports, the Group management has accounted for a provision amounting to TL 7,2 million including the estimated late payment interests. The Company still assesses its legal rights including the facilities provided by Law no 6111 “Restructuring of Certain Receivables and Amendment of Social Insurance and General Health Insurance Law and Other Certain Laws and Decrees”. There is uncertainty about the legal proceedings and the results as of the reporting date.

Other Matter

The audit of the Group’s consolidated financial statements for the year ended 31 December 2009 has been performed by another independent auditor. Previous auditor issued an unqualified opinion in its audit report, dated 7 April 2010, for the consolidated balance sheet as at 31 December 2009 and the related consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 December 2009.

İstanbul, 28 March 2011

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Gökhan Alpman
Partner

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES FOR THE PERIODS 1 JANUARY- 31 DECEMBER 2010 AND 2009

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CONSOLIDATED BALANCE SHEETS
AS AT 31 DECEMBER 2010 AND 2009
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Note references	Current Period (Audited) 31 December 2010	Previous Period (Audited) 31 December 2009
ASSETS			
Current assets		**347.621.622**	**539.009.243**
Cash and cash equivalents	5	89.534.596	278.383.288
Financial assets	6	18.855.213	18.363.709
Trade receivables		186.504.364	191.192.846
Due from related parties	32	24.729.830	41.087.373
Other trade receivables	9	161.774.534	150.105.473
Other receivables	10	1.841.576	2.606.113
Inventories	11	17.650.386	18.446.122
Other current assets	21	33.235.487	30.017.165
Non-current assets		**1.231.304.652**	**1.314.994.660**
Other receivables	10	790.356	666.652
Financial assets	6	4.846.530	4.886.604
Investments accounted for by the equity method	12	6.593.636	1.432.023
Investment property	13	24.477.879	26.595.563
Property, plant and equipment	14	458.941.953	507.257.327
Intangible assets	15	502.672.400	546.245.704
Goodwill	16	206.177.957	222.336.593
Deferred tax assets	30	10.966.263	4.361.353
Other non-current assets	21	15.837.678	1.212.841
Total assets		**1.578.926.274**	**1.854.003.903**

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONSOLIDATED BALANCE SHEETS
AS AT 31 DECEMBER 2010 AND 2009

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Note references	Current Period (Audited) 31 December 2010	Previous Period (Audited) 31 December 2009
LIABILITIES			
Current liabilities		**390.538.264**	**462.224.009**
Financial liabilities	7	230.193.446	320.334.615
Other financial liabilities	8	57.082.687	17.037.853
Trade payables		37.424.202	40.556.178
Due to related parties	32	3.429.863	2.267.076
Other trade payables	9	33.994.339	38.289.102
Other payables	10	18.336.488	16.265.351
Current income tax liabilities	30	12.630.692	8.627.512
Provisions	18	10.412.228	17.947.790
Other current liabilities	21	24.458.521	41.454.710
Non-current liabilities		**415.354.903**	**474.133.721**
Financial liabilities	7	276.186.985	329.951.107
Other financial liabilities	8	-	742.310
Other payables	10	147.519	188.213
Provision for employment termination benefits	20	21.660.771	14.196.159
Deferred tax liabilities	30	117.314.791	128.977.635
Other non-current liabilities	21	44.837	78.297
EQUITY			
Total Equity		**773.033.107**	**917.646.173**
Equity attributable to equity holders of the company		**684.850.101**	**797.896.316**
Share capital	22	552.000.000	552.000.000
Inflation adjustment to share capital	22	77.198.813	77.198.813
Share premium	22	76.944	76.944
Translation reserve		(7.405.735)	(15.107.992)
Restricted reserves	22	31.560.725	27.716.536
Retained earnings	22	71.498.758	191.091.821
Net loss for the period		(40.079.404)	(35.079.806)
Non-controlling interests		**88.183.006**	**119.749.857**
Total liabilities and equity		**1.578.926.274**	**1.854.003.903**

These consolidated financial statement as at and for the year ended 31 December 2010 were approved by the Board of Directors on 28 March 2011.

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
AS AT 31 DECEMBER 2010 AND 2009

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Note references	Current Period (Audited) 1 January- 31 December 2010	Previous Period (Audited) 1 January- 31 December 2009
Sales	23	794.225.971	784.132.862
Cost of sales (-)	23	(487.709.001)	(499.032.419)
Gross profit		**306.516.970**	**285.100.443**
Marketing, selling and distribution expenses (-)	24	(113.669.569)	(85.646.463)
General administrative expenses (-)	24	(147.385.996)	(150.346.020)
Other operating income	26	7.269.306	7.561.155
Other operating expenses (-)	26	(76.329.254)	(62.578.477)
Operating loss		**(23.598.543)**	**(5.909.362)**
Share of loss of investments accounted for by the equity method	12	(8.944.812)	(15.189.329)
Financial income	27	44.787.613	141.939.022
Financial expenses (-)	28	(61.833.608)	(147.863.593)
Loss before tax		**(49.589.350)**	**(27.023.262)**
Taxation			
Current tax for the year	30	(26.644.851)	(18.798.776)
Deferred tax income	30	20.706.815	4.687.042
Net loss for period		**(55.527.386)**	**(41.134.996)**
Other comprehensive income / (expense):			
Change in translation reserves		5.883.437	(15.133.434)
Other comprehensive income/(loss) after tax		**5.883.437**	**(15.133.434)**
Total comprehensive loss		**(49.643.949)**	**(56.268.430)**
Net loss for the year		**(55.527.386)**	**(41.134.996)**
Allocation of net loss for the period			
Attributable to non-controlling interests		(15.447.982)	(6.055.190)
Attributable to equity holders of the company		**(40.079.404)**	**(35.079.806)**
Allocation of total comprehensive loss			
Attributable to non-controlling interests		(17.266.802)	(9.030.220)
Attributable to equity holders of the company		**(32.377.147)**	**(47.238.210)**
Earnings / (loss) per share (Kr)	31	(7,26)	(7,21)

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated).

	Note References	Share Capital	Inflation adjustment to share capital	Share premiums	Translation reserves	Restricted reserves	Retained earnings	Net profit/ (loss) for the period	Non-controlling interests	Total equity
Balances at 1 January 2009	**22**	**460.000.000**	**77.198.813**	**-**	**(2.949.588)**	**27.310.182**	**229.592.042**	**(38.093.867)**	**133.141.561**	**886.199.143**
Transfers		-	-	-	-	406.354	(38.500.221)	38.093.867	-	-
Capital increase		92.000.000	-	76.944	-	-	-	-	910.152	92.987.096
Subsidiaries' dividend payments to non-group companies		-	-	-	-	-	-	-	(4.484.964)	(4.484.964)
Other (*)		-	-	-	-	-	-	-	(786.672)	(786.672)
Total comprehensive loss		-	-	-	(12.158.404)	-	-	(35.079.806)	(9.030.220)	(56.268.430)
Change in translation reserves		-	-	-	*(12.158.404)*	-	-	-	*(2.975.030)*	*(15.133.434)*
Net loss for the period		-	-	-	-	-	-	*(35.079.806)*	*(6.055.190)*	*(41.134.996)*
Balances at 31 December 2009		**552.000.000**	**77.198.813**	**76.944**	**(15.107.992)**	**27.716.536**	**191.091.821**	**(35.079.806)**	**119.749.857**	**917.646.173**
Balances at 1 January 2010	**22**	**552.000.000**	**77.198.813**	**76.944**	**(15.107.992)**	**27.716.536**	**191.091.821**	**(35.079.806)**	**119.749.857**	**917.646.173**
Transfers		-	-	-	-	3.844.189	(38.923.995)	35.079.806	-	-
Capital increase of subsidiaries		-	-	-	-	-	-	-	1.195.638	1.195.638
Dividend payments		-	-	-	-	-	(55.200.000)	-	-	(55.200.000)
Subsidiaries' dividend payments to non-group companies		-	-	-	-	-	-	-	(3.732.782)	(3.732.782)
Option adjustment for non-controlling interests	19-d	-	-	-	-	-	(25.469.068)	-	(13.898.432)	(39.367.500)
Other (*)		-	-	-	-	-	-	-	2.135.527	2.135.527
Total comprehensive income		-	-	-	7.702.257	-	-	(40.079.404)	(17.266.802)	(49.643.949)
Change in translation reserves		-	-	-	*7.702.257*	-	-	-	*(1.818.820)*	*5.883.437*
Net loss for the period		-	-	-	-	-	-	*(40.079.404)*	*(15.447.982)*	*(55.527.386)*
Balances at 31 December 2010		**552.000.000**	**77.198.813**	**76.944**	**(7.405.735)**	**31.560.725**	**71.498.758**	**(40.079.404)**	**88.183.006**	**773.033.107**

(*) Represents fair value changes of put option liabilities and acquisition and disposal of shares from non-controlling shareholders.

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Note References	Current Period (Audited) 1 January- 31 December 2010	Previous Period (Audited) 1 January- 31 December 2009
Loss for the period		(55.527.386)	(41.134.996)
Adjustments:			
Depreciation	13,14	57.310.147	60.652.549
Amortization	15	27.036.682	26.431.006
Impairment on goodwill and intangible assets		53.301.349	6.690.546
Net loss on disposal of tangible and intangible assets and investment property	26	1.173.147	3.457.179
Tax expense	30	5.938.036	14.111.734
Provision for employment termination benefits and unused vacation rights	20,21	11.700.583	6.830.362
Actuarial loss	20	719.815	4.528.505
Income accruals		(107.687)	8.569.414
Interest income	27	(17.638.141)	(31.117.420)
Interest expenses	28	18.109.609	25.924.295
Unrealized foreign exchange losses from bank borrowings		13.251.692	16.797.387
Provision/(reversal) of the impairment of investment properties	13	(994.104)	3.340.892
Deferred income		74.177	(2.459.296)
Loss from sales of subsidiaries	26	5.996	(3.320.737)
Tax penalties provision expense	18-21	3.179.690	32.754.695
Loss from investments accounted for by the equity method	12	8.944.812	15.189.329
Provision for doubtful receivables	9	8.273.082	11.956.047
Change in other provisions		2.015.324	(280.393)
Reversals of provisions		(1.484.905)	(327.904)
Cash flows from operating activities before changes in operating assets and liabilities		135.281.918	158.593.194
Changes in operating assets and liabilities-net	35	(15.726.864)	(2.972.818)
Tax penalties paid	18-21	(28.414.446)	-
Income taxes paid		(26.774.502)	(5.250.252)
Doubtful receivables collected	9	1.484.905	1.121.392
Employment termination benefits paid	20	(4.129.563)	(4.038.446)
Net cash provided by operating activities		**61.721.448**	**147.453.070**
Cash flow from investing activities:			
Purchases of property, plant and equipment	14	(14.140.786)	(41.723.721)
Purchases of intangible assets	15	(10.877.226)	(5.343.868)
Proceeds from sales of property, plant and equipment, intangible assets and investment properties		12.301.559	12.989.530
Interests received		18.730.945	30.358.375
Changes in financial investments		(491.504)	(18.363.709)
Purchases of subsidiaries		-	(700.895)
Proceeds from sales of subsidiaries		7.633	3.295.324
Change in blocked deposit		(15.460.000)	-
Share capital increase in associates and investments accounted for by the equity method	12	(14.323.105)	(16.723.846)
Net cash used in investing activities		(24.252.484)	(36.212.810)
Cash used in financing activities:			
Proceeds of issuance of share capital to non-controlling interests		1.195.638	910.152
Dividends paid to non-controlling interests		(3.732.782)	(4.484.964)
Bank borrowings received		135.264.580	
Bank borrowings paid		(258.402.590)	(254.201.254)
Change in financial liabilities to suppliers		(26.125.328)	(11.223.087)
Dividend paid		(55.193.460)	-
Interests paid		(18.117.884)	(24.866.439)
Share premiums		-	76.944
Increase in share capital		-	92.000.000
Net cash used in financing activities		**(225.111.826)**	**(201.788.648)**
Exchange losses on cash and cash equivalents		(413.464)	(696.155)
Change in cash and cash equivalents		(188.056.326)	(91.244.543)
Cash and cash equivalents at the beginning of the period	5	276.974.548	368.219.091
Cash and cash equivalents at the end of the period	**5**	**88.918.222**	**276.974.548**

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

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Hürriyet Gazetecilik ve Matbaacılık A.Ş. ("Hürriyet" or the "Company") was established in 1960 and is registered in Turkey. The Company which undertakes journalism, printing and advertising activities, operates six printing plants in Turkey with locations in Istanbul, Ankara, Izmir, Adana, Antalya, Trabzon and in Germany. The Company acquired 67,30% shares of Trader Media East Ltd. ("TME") through its Subsidiary Hurriyet Invest B.V. located in the Netherlands on 29 March 2007. TME undertakes classified advertising mainly for real estate, automotive and human resources businesses through daily and weekly newspapers, periodicals, magazines and internet services, primarily in Russia and various Eastern European ("EE") countries. The Company is a member of Doğan Şirketler Grubu Holding A.Ş. ("Doğan Holding") through the investment of Doğan Yayın Holding A.Ş. ("Doğan Yayın"), which has a majority ownership in the Company (Note 22).

The address of the registered office is as follows:

Hürriyet Medya Towers
34212 Güneşli, İstanbul
Turkey

The Company is registered to the Capital Markets Board ("CMB") and its shares have been quoted on the Istanbul Stock Exchange ("ISE") since 1992. 40% share capital of the Company is circulated on the ISE. 25, 02% capital of the TME is circulated on London Stock Exchange as Global Depository Receipts ("GDR"). GDR generally means the guaranteeing of a company's shares, the making public of the certificates that can be transferred by negotiation, and their being listed in the stock exchange independent of company shares.

Subsidiaries

The name of the Company's subsidiaries ("Subsidiaries"), the nature of the business and geographic segments are as follows:

Subsidiaries	Registered country	Geographic segment	Nature of business
Hürriyet Medya Basım Hizmetleri ve Ticaret A.Ş. ("Hürriyet Medya Basım")	Turkey	Turkey	Printing and administrative services
Doğan Ofset Yayıncılık ve Matbaacılık A.Ş. ("Doğan Ofset")	Turkey	Turkey	Magazine and book publishing
Yenibiriş İnsan Kaynakları Hizmetleri Danışmanlık ve Yayıncılık A.Ş. ("Yenibir")	Turkey	Turkey	Internet publishing
Refeks Dağıtım ve Kurye Hizmetleri A.Ş ("Refeks")	Turkey	Turkey	Advertisement
Doğan Haber Ajansı A.Ş. ("Doğan Haber")	Turkey	Turkey	News agency
E Tüketici Internet ve Danışmanlık Hizmetleri Elektronik Yayıncılık A.Ş. ("E Tüketici")	Turkey	Turkey	Internet publishing
Nartek Bilişim Pazarlama Hizmetleri Ticaret A.Ş. ("Nartek")	Turkey	Turkey	Internet publishing
TME Teknoloji Proje Geliştirme ve Yazılım A.Ş. ("TME Teknoloji")	Turkey	Turkey	Software development
Hürriyet Zweigniederlassung GmbH. ("Hürriyet Zweigniederlassung")	Germany	Europe	Newspaper publishing
TME	Jersey	Europe	Investment
Publishing House Pennsylvania Inc	USA	Russia and EE	Investment
Pronto Soft	Belarus	Russia and EE	Internet publishing
SP Belpronto OOO	Belarus	Russia and EE	Newspaper and internet publishing
Bolji Posao d.o.o. Bosnia	Bosnia-Herzegovina	Europe	Internet publishing
Oglasnik d.o.o.	Croatia	Europe	Newspaper and internet publishing
TCM Adria d.o.o.	Croatia	Europe	Investment
Internet Posao d.o.o.	Croatia	Europe	Internet publishing
Hürriyet Invest B.V. ("Hürriyet Invest")	Holland	Europe	Investment
Pronto Invest B.V.	Holland	Europe	Investment
Mirabridge International B.V.	Holland	Europe	Investment
OOO Pronto Akmola	Kazakhstan	Russia and EE	Newspaper and internet publishing
OOO Pronto Aktau	Kazakhstan	Russia and EE	Newspaper and internet publishing

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

Subsidiaries (Continued)

Subsidiaries	Registered country	Geographic segment	Nature of business
OOO Pronto Aktobe	Kazakhstan	Russia and EE	Newspaper and internet publishing
OOO Pronto Atyrau	Kazakhstan	Russia and EE	Newspaper and internet publishing
Pronto Ust Kamenogorsk	Kazakhstan	Russia and EE	Newspaper publishing
ZAO Pronto Akzhol	Kazakhstan	Russia and EE	Newspaper and internet publishing
Expressz Magyarorszag Rt	Hungary	Europe	Newspaper and internet publishing
Impress Media Marketing BVI	Russia	Russia and EE	Publishing
Impress Media Marketing LLC	Russia	Russia and EE	Publishing
OOO Delta-M	Russia	Russia and EE	Newspaper and internet publishing
OOO Novoprint	Russia	Russia and EE	Newspaper and internet publishing
OOO Partner-Soft	Russia	Russia and EE	Internet publishing
OOO Pronto Astrakhan	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Baikal	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto DV	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Ivanovo	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Kaliningrad	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Kazan	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Kemerovo	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Krasnodar	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Krasnojarsk	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Moscow	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Neva	Russia	Russia and EE	Internet publishing
OOO Pronto Nizhnij Novgorod	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Novosibirsk	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Obninsk	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Oka	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Petersburg	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Rostov	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Samara	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Smolensk	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Stavropol	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Tula	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto TV	Russia	Russia and EE	Broadcasting
OOO Pronto UlanUde	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Vladivostok	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Volgograd	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Voronezh	Russia	Russia and EE	Newspaper and internet publishing
OOO Rektcentr	Russia	Russia and EE	Investment
OOO Rosprint	Russia	Russia and EE	Printing services
OOO Rosprint Samara	Russia	Russia and EE	Printing services
OOO Tambov-Info	Russia	Russia and EE	Newspaper and internet publishing
OOO Tambukan	Russia	Russia and EE	Newspaper and internet publishing
OOO Utro Peterburga	Russia	Russia and EE	Newspaper and internet publishing
RU.com OOO	Russia	Russia and EE	İnternet publishing
ZAO Avtotehsnab	Russia	Russia and EE	Newspaper and internet publishing
ZAO NPK	Russia	Russia and EE	Call center
Bolji Posao d.o.o. Serbia	Serbia	Europe	Internet publishing
Mojo Delo spletni marketing d.o.o	Slovenia	Europe	Internet publishing
TOV E-Prostir	Ukraine	Russia and EE	Internet publishing
SP Pronto Kiev	Ukraine	Russia and EE	Newspaper and internet publishing

Joint Ventures

Joint Ventures of the Company, registered countries, nature of businesses, geographic segments are as follows:

Joint Venture	Registered country	Geographic segment	Nature of business
Tipeez İnternet Hizmetleri A.Ş. ("Tipeez")	Turkey	Turkey	Internet publishing
LLC Autoscout24	Russia	Russia and EE	Internet publishing
ASPM Holding B.V.	Holland	Europe	Investment

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Financial reporting standards

The Capital Markets Board of Turkey ("CMB") regulated the principles and procedures of preparation, presentation and announcement of financial statements prepared by the entities with the Communiqué No: XI-29, "Principles of Financial Reporting in Capital Markets" ("the Communiqué"). This Communiqué is effective for the annual periods starting from 1 January 2008 and supersedes the Communiqué No: XI-25 "The Financial Reporting Standards in the Capital Markets". According to the Communiqué, entities shall prepare their financial statements in accordance with International Financial Reporting Standards ("IAS/IFRS") endorsed by the European Union. Until the differences of the IAS/IFRS as endorsed by the European Union from the ones issued by the International Accounting Standards Board ("IASB") are announced by Turkish Accounting Standards Board ("TASB"), IAS/IFRS issued by the IASB shall be applied. Accordingly, Turkish Accounting Standards/ Turkish Financial Reporting Standards ("TAS/TFRS") issued by the TASB which are in line with the aforementioned standards shall be considered.

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

Within the scope of CMB's Communiqué Serial XI, No: 29 and its announcements clarifying this communiqué the consolidated financial statements have been prepared in accordance with the CMB's Financial Reporting Standards which are based on IAS/IFRS, as the differences of IAS/IFRS, adopted by the European Union, from those published by IASB have not yet been announced by Turkish Accounting Standards Board as of the date of these financial statements. The Company maintains its books of account and prepares their statutory financial statements in accordance with the Turkish Commercial Code (the "TCC"), tax legislation, and the Uniform Chart of Accounts issued by the Ministry of Finance. Foreign subsidiaries prepare their statutory financial statements in accordance with applicable laws and regulations in force in the countries in which they are registered.

The consolidated financial statements are prepared in accordance with historical cost basis in order to make the presentation CMB Financial Reporting Standards with appropriate adjustments and reclassifications.

2.1.2 Financial statements of Subsidiaries and Associates operating in foreign countries

The financial statements of Subsidiaries and Associates operating in foreign countries are prepared according to the regulations of the countries where they operate and the necessary adjustments and reclassifications have been reflected in order to comply with basis of presentation that are explained in Note 2.1.1. The assets and liabilities of foreign Subsidiaries and Associates are translated into TL using the relevant foreign exchange rates prevailing at the balance sheet date. The results of the foreign Subsidiaries and Associates are translated into TL using average exchange rate for the period. Exchange differences arising on translation of the opening net assets of foreign Subsidiaries and Associates and arising from using closing and average exchange rates are included in the equity as currency translation differences. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the statement of income as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

2.1.3 Consolidation principles

The consolidated financial statements include the accounts of the parent company, Hürriyet, its Subsidiaries, Joint Ventures, and its Associates (collectively referred as the "Group") on the basis set out in sections (a) to (c) below. The financial statements of the companies included in the consolidation are based on historical cost of the statutory records and for the purpose of fair presentation in accordance with the accounting policies described in Note 2.1.1 and application of uniform accounting policies and presentations; adjustments and reclassifications.

(a) Subsidiaries

Subsidiaries are companies in which the Company has power to control the financial and operating policies for the benefit of the Company either (a) through the power to exercise more than 50% voting rights relating to shares in the companies as a result of shares owned directly and indirectly by itself and/or by companies whereby the Company exercises control over the voting rights of (but does not have the economic benefit of) the shares held by them; or (b) although not having the power to exercise more than 50% of the voting rights, through the exercise of actual dominant influence over the financial and operating policies. Following the transfer of ownership to the Group, subsidiaries are consolidated on the basis of full consolidation. The result of operations of subsidiaries are included or excluded in these consolidated financial statements subsequent to the date of acquisition or the date of disposal respectively.

All business combinations have been accounted for by applying the purchase method by the Group. The cost of a business combination transferred is measured at fair value; and the amount transferred includes, the fair value at the date of exchange of monetary assets given, capital instruments written-down, equity instruments issued, liabilities incurred or assumed by the acquirer in exchange for control of the acquiree and costs directly attributable to the combination. Costs of purchase are recognised as expense at the time it is incurred. Liabilities incurred of identifiable assets purchased are recognised at fair value at the acquisition date.

The Subsidiaries and their effective ownership interests at 31 December 2010 and 31 December 2009 are as follows:

	Proportion of voting power held by Hürriyet and its subsidiaries (%)		**Effective ownership interests (%)**	
Subsidiaries	**31 December 2010**	**31 December 2009**	**31 December 2010**	**31 December 2009**
Hürriyet Medya Basım	99,99	99,99	99,99	99,99
Doğan Ofset	99,89	99,89	99,89	99,89
Yenibir	100,00	100,00	100,00	100,00
Refeks	100,00	100,00	100,00	100,00
Doğan Haber	50,01	50,01	50,01	50,01
Doğan Daily News (2)	-	94,25	-	94,25
Nartek (8)	59,99	-	59,99	-
E-Tüketici	98,41	98,41	98,41	98,41
Hürriyet Zweigniederlassung	100,00	100,00	100,00	100,00
Hürriyet Invest	100,00	100,00	100,00	100,00
TME Teknoloji Proje Geliştirme ve Yazılım Anonim Şirketi	100,00	100,00	100,00	100,00
TME (1)	71,14	67,30	71,14	67,30
Oglasnik d.o.o. (1)	100,00	100,00	71,14	67,30

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

2.1.3 Consolidation principles (Continued)

(a) Subsidiaries (Continued)

	Proportion of voting power held by Hürriyet and its subsidiaries (%)		Effective ownership interests (%)	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Oglasnik Nekretnine d.o.o. (6)	-	100,00	-	67,30
TCM Adria d.o.o.	100,00	100,00	71,14	67,30
Internet Posao d.o.o.	100,00	100,00	49,80	47,11
Expressz Magyarorszag Rt	100,00	100,00	71,14	67,30
International Ssuarts Holding B.V. (2)	-	100,00	-	67,30
Mirabridge International B.V.	100,00	100,00	71,14	67,30
Trader Classified Media Croatia Holdings B.V.(3)	-	100,00	-	67,30
Trader East Holdings B.V. (7)	-	100,00	-	67,30
Pronto Invest B.V.	100,00	100,00	71,14	67,30
ZAO Pronto Akzhol	80,00	80,00	56,91	53,84
OOO Pronto Akmola	100,00	100,00	71,14	67,30
OOO Pronto Atyrau	100,00	100,00	56,91	53,84
OOO Pronto Aktobe	80,00	80,00	45,53	43,07
OOO Pronto Aktau	100,00	100,00	56,91	53,84
Informatsia Vilniusa (2)	-	100,00	-	67,30
OOO Pronto Rostov	100,00	100,00	71,14	67,30
ZAO Avtotehsnab	85,00	85,00	60,47	57,21
OOO Novoprint	100,00	100,00	71,14	67,30
ZAO NPK	100,00	100,00	71,14	67,30
OOO Balt-Pronto Kaliningrad (4)	-	100,00	-	67,30
OOO Delta-M	55,00	55,00	39,13	37,02
OOO Pronto Baikal	100,00	100,00	71,14	67,30
OOO Pronto DV	100,00	100,00	71,14	67,30
OOO Pronto Ivanovo	100,00	100,00	71,14	67,30
OOO Pronto Kaliningrad	95,00	95,00	67,58	63,94
OOO Pronto Kazan	72,00	72,00	51,22	48,46
OOO Pronto Krasnodar	80,00	80,00	56,91	53,84
OOO Pronto Krasnojarsk	100,00	100,00	71,14	67,30
OOO Pronto Nizhnij Novgorod	90,00	90,00	64,03	60,57
OOO Pronto Novosibirsk	100,00	100,00	71,14	67,30
OOO Pronto Oka	100,00	100,00	71,14	67,30
OOO Pronto Petersburg	51,00	51,00	36,28	34,32
OOO Pronto Print (2)	-	54,00	-	36,34
OOO Pronto Samara	89,90	89,90	63,95	60,50
OOO Pronto Stavropol	100,00	100,00	71,14	67,30
OOO Pronto UlanUde	90,00	90,00	64,03	60,57
OOO Pronto Vladivostok	90,00	90,00	64,03	60,57
OOO Pronto Volgograd	100,00	100,00	71,14	67,30
OOO Pronto Moscow	100,00	100,00	71,14	67,30
OOO Rosprint	100,00	100,00	71,14	67,30
OOO Rosprint Samara	100,00	100,00	71,14	67,30
OOO Tambukan	85,00	85,00	60,47	57,21
OOO Utro Peterburga	55,00	55,00	39,13	37,02
OOO Partner-Soft	100,00	100,00	71,14	67,30
Pronto Soft	90,00	90,00	64,03	60,57
OOO Pronto Astrakhan	100,00	100,00	71,14	67,30
OOO Pronto Kemerovo	100,00	100,00	71,14	67,30
OOO Pronto Sever (4)	-	90,00	-	60,57
OOO Pronto Smolensk	100,00	100,00	71,14	67,30
OOO Pronto Tula	100,00	100,00	71,14	67,30
OOO Pronto TV	100,00	70,00	71,14	47,11
OOO Pronto Voronezh	100,00	100,00	71,14	67,30

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

2.1.3 Consolidation principles (Continued)

(a) Subsidiaries (Continued)

	Proportion of voting power held by Hürriyet and its subsidiaries (%)		Effective ownership interests (%)	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
SP Belpronto OOO	60,00	60,00	42,68	40,38
OOO Tambov-Info	100,00	100,00	71,14	67,30
Impress Media Marketing LLC (1)	100,00	100,00	71,14	67,30
OOO Pronto Obninsk	100,00	100,00	71,14	67,30
OOO Pronto Komi (4)	-	70,00	-	47,11
OOO Rektcentr	100,00	100,00	71,14	67,30
OOO Pronto Neva (8)	100,00	-	71,14	-
Impress Media Marketing BVI (1)	100,00	100,00	71,14	67,30
SP Pronto Kiev	50,00	50,00	35,57	33,65
E-Prostir	50,00	50,00	35,57	33,65
Publishing House Pennsylvania Inc	100,00	100,00	71,14	67,30
OOO Optoprint (5)	-	100,00	-	67,30
RU.com OOO	100,00	100,00	71,14	67,30
Moje Delo, spletni marketing, d.o.o (1)	100,00	100,00	71,14	67,30
Bolji Posao d.o.o. Serbia	100,00	100,00	39,13	37,02
Bolji Posao d.o.o. Bosnia	100,00	100,00	39,13	37,02
Pronto Ust Kamenogorsk	100,00	90,00	56,91	50,91

(1) Related rates include put-options regarding non-controlling shares explained in Note 19.
(2) The subsidiaries were liquidated in 2010.
(3) The subsidiary was merged with Pronto Invest B.V. in 2010.
(4) The subsidiaries were sold in 2010.
(5)The subsidiary was merged with OOO Pronto Moscow in 2010.
(6) The subsidiary was merged with Oglasnik d.o.o. in 2010.
(7) The subsidiary was merged with Mirabridge International B.V. in 2010.
(8) The subsidiary was founded in 2010.

(b) Joint Ventures

Joint ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by Hürriyet and its subsidiaries and one or more other parties. Proportionate consolidation is used for joint ventures; in other words, consolidation has been performed by including the parent company's asset, liability, income and expense share on the joint venture. Shares and efficiency ratios of Hürriyet and its subsidiaries as of 31 December 2010 and 31 December 2009 are as follows:

Joint Ventures	2010 Direct and indirect share of Hürriyet and its subsidiaries (%)	2009 Direct and indirect share of Hürriyet and its subsidiaries (%)
Tipeez İnternet Hizmetleri A.Ş. ("Tipeez") (*)	29,99	-
LLC Autoscout24 (**)	36,28	-
ASPM Holding B.V. (***)	36,28	-

(*) Joint venture was founded on 16 April 2010.
(**) Joint venture was founded on 29 April 2010.
(***) Joint venture was acquired on 29 April 2010 by paying 30.500 Euro.

It is not presented in IFRS 3 Business Combinations disclosure due to immateriality (Note 3).

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

2.1.3 Consolidation principles (Continued)

(c) Investments in associates

Investments in associates are consolidated by using the equity method of accounting. These are undertakings over which the Group has significant influence, but no controlling power. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Net increases or decreases in the net assets of Associates are included in the consolidated financial statements in regards with the Group's share and classified under "Share of loss of investments accounted for by the equity method".

Equity accounting is discontinued when the carrying amount of the investment in an associate reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associate 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 Associates and the proportion of ownership interests at 31 December 2010 and 31 December 2009 are as follows:

	31 December 2010 Direct and indirect control by Hürriyet and its Subsidiaries (%)	**31 December 2009 Direct and indirect control by Hürriyet and its Subsidiaries (%)**
Doğan Media International GmbH ("Doğan Media")	42,42	42,42
Yaysat Yayın Satış Pazarlama ve Dağıtım A.Ş. ("Yaysat") (*)	-	25,00
DYG İlan ve Reklam Hizmetleri A.Ş. ("DYG İlan") (**)	-	20,00

(*)Yaysat was merged with Doğan Dağıtım Satış Pazarlama Matbaacılık Ödeme Aracılık ve Tahsilat Sistemleri A.Ş. ("Doğan Dağıtım") on 1 April 2010 and shares of Yaysat were converted to shares of Doğan Dağıtım. After the merge, the Company's shares in Doğan Dağıtım increased from 0,0029% to 0,8313% (Note 12).

(**) 20% shares of DYG İlan were sold to Milliyet Haber Ajansı A.Ş. as of 3 September 2010.

(d) Non-controlling interests

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

2.1.4 Offsetting

All items, significant in terms of content and amount, are stated separately in the consolidated financial statements even if they bear the same characteristics. Insignificant amounts or items displaying similar characteristics are stated collectively.

As a consequence, situations that arise due to the content of transactions and events make offsetting necessary, as the stating of the transaction or event over the net values or recognizing assets after the deduction for impairment, is not regarded as a violation of the rule of non-offsetting.

Income obtained, other than revenue, defined under the title "Proceeds" as a result of the Group's transactions realised within the normal course of business, is accounted for over the net values, provided that they are related to the essence of the transaction or event.

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

2.1.5 Comparative Information and Restatement of Prior Period Financial Statements

Consolidated financial statements of the Group have been prepared comparatively with the prior period in order to give information about financial position and performance. In order to maintain consistency, with current year consolidated financial statements, comparative information is reclassified and significant changes are disclosed if necessary. In the current year, the Group has made some reclassifications in the prior year consolidated financial statements in order to maintain consistency, with current year consolidated financial statements. Nature, cause and amounts of classifications are explained below:

- Goodwill impairment amounting to TL 6.690.016 in "General Administrative Expenses" has been included in "Other Operating Expenses".
- Derivative financial liabilities amounting to TL 1.914.602 in "Other Current Liabilities" has been included in "Other Financial Liabilities".
- Unused vacation provision amounting to TL 9.428.016 in "Provisions" has been included in "Other Current Liabilities".
- Cash flows from operating activities before changes in operating assets and liabilities amounting to TL 158.921.097 has been reported as TL 158.593.194, net cash provided by operating activities amounting to TL 151.715.588 has been reported as TL 147.453.070, net cash used in by investing activities amounting to TL (40.475.328) has been reported TL (36.212.810) in the statement of cash flows.

These reclassifications do not have any impact on the statement of comprehensive income.

2.1.6 Amendments and interpretations to existing standards

Standards Affecting Notes and Presentation of Financial Statements

There is no change in standard and interpretations affecting the basis of presentation and notes of financial statements during the period.

New and Revised IFRSs applied as of 31 December 2010 but have no effect on the financial statements:

IFRS 3 (revised) Business Combinations

IFRS 3 (revised), "Business Combinations" and consequential amendments to IAS 27, "Consolidated and separate financial statements", IAS 28, "Investments in associates", and IAS 31, "Interests in joint ventures", are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. Major effects of adoption of the revised standards and changes in applications of existing standards are as follows:

- to allow a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as minority interests) either at fair value or at the non-controlling interests share of the fair value of the identifiable net assets of the acquire.
- to change the recognition and subsequent accounting requirements for contingent consideration.
- to require that acquisition-related costs be accounted for separately from the business combination, generally leading to those costs being recognized as an expense in profit or loss as incurred.

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

2.1.6 Amendments and interpretations to existing standards (Continued)

New and Revised IFRSs applied as of 31 December 2010 but have no effect on the consolidated financial statements (Cont'd):

IFRS 3 (revised) Business Combinations (continued)

- in step acquisitions, previously held interests are to be remeasured to fair value at the date of the subsequent acquisition with the value included in goodwill calculation. Gain or loss arising from the re-measurement shall be recognized as part of profit or loss.

- IFRS 3 (2008) requires the recognition of a settlement gain or loss when the business combination in effect settles a pre-existing relationship between the Group and the acquiree.

IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss. There has been no impact of IAS 27 and IFRS 3 on the financial statements.

IFRIC 17, "Distributions of non-cash assets to owners", effective for annual periods beginning on or after 1 July 2009. This is not currently applicable to the Group, as it has not made any non-cash distributions.

IFRIC 18, "Transfers of assets from customers", effective for transfer of assets received on or after 1 July 2009. This is not relevant to the Group, as it has not received any assets from customers.

"Additional exemptions for first-time adopters" (Amendment to IFRS 1) was issued in July 2009. The amendments are required to be applied for annual periods beginning on or after 1 January 2010. This is not relevant to the Group, as it is an existing IFRS preparer.

IFRS 2, "Share-based Payments – Group Cash-settled Share Payment Arrangements" is effective for annual periods beginning on or after 1 January 2010. This is not currently applicable to the Group, as the Group does not have share-based payment plans.

Amendments to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, clarify the obligations when the Group is committed to a sale plan of a subsidiary. Non-current Assets Held for Sale and Discontinued Operations clarify that all the assets and liabilities of a subsidiary should be classified as held for sale when the Group is committed to a sale plan involving loss of control of that subsidiary, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.

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

2.1.6 Amendments and interpretations to existing standards (Continued)

New and Revised IFRSs applied as of 31 December 2010 but have no effect on the consolidated financial statements (Cont'd):

Improvements to International Financial Reporting Standards 2009 were issued in April 2009. The improvements cover the following standards/interpretations: IFRS 2 Share-based Payments, IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, IFRS 8 Operating Segments, IAS 1 Presentation of Financial Statements, IAS 7 "Statement of Cash flows" IAS 17 Leases, IAS 18 Revenue, IAS 36 Impairment of Assets, IAS 38 Intangible Assets, IAS 39 Financial Instruments: Recognition and Measurement, IFRIC 9 Reassessment of Embedded Derivatives, IFRIC 16 Hedges of Net Investment in a Foreign Operation. The effective dates vary standard by standard but most are effective 1 January 2010.

Standards and Interpretations that are not yet effective in December 2010 and have not been early adopted:

IFRS 1 (amendments) First-time Adoption of IFRS –Other exceptional situation

Amendments to IFRS 1 which are effective for annual periods on or after 1 July 2010 provide limited exemption for first time adopters to present comparative IFRS 7 fair value disclosures.

On 20 December, IFRS 1 is amended to provide relief for first-time adopters of IFRSs from having to reconstruct transactions that occurred before their date of transition to IFRSs, provide guidance for entities emerging from severe hyperinflation either to resume presenting IFRS financial statements or to present IFRS financial statements for the first time. The amendment above will be effective for annual periods beginning on or after 1 July 2011.

These amendments are not relevant to the Group, as it is an existing IFRS preparer.

IFRS 7 "Financial Instruments: Disclosures"

In October 2010, IFRS 7 Financial Instruments: Disclosures is amended by IASB as part of its comprehensive review of off balance sheet activities. The amendments will allow users of financial statements to improve their understanding of transfer transactions of financial assets (for example, securitizations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. The amendment will be effective for annual periods beginning on or after 1 July 2011. The Group has not yet had an opportunity to consider the potential impact of the adoption of this revised standard.

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

2.1.6 Amendments and interpretations to existing standards (Continued)

Standards and Interpretations that are not yet effective in December 2010 and have not been early adopted (Cont'd):

IFRS 9 Financial Instruments: Classification and Measurement

In November 2009, the first part of IFRS 9 relating to the classification and measurement of financial assets was issued. IFRS 9 will ultimately replace IAS 39 Financial Instruments: Recognition and Measurement. The standard requires an entity to classify its financial assets on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, and subsequently measure the financial assets as either at amortized cost or at fair value. The new standard is mandatory for annual periods beginning on or after 1 January 2013. The Group has not had an opportunity to consider the potential impact of the adoption of this standard.

IAS 12 "Income Taxes"

In December 2010, IAS 12 the standard of "Income Taxes" is amended. IAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40 Investment Property. The amendment provides a practical solution to the problem by introducing a presumption that recovery of the carrying amount will, normally be , be through sale. The amendment will be effective for annual periods beginning on or after 1 January 2012. The Group has not yet had an opportunity to consider the potential impact of the adoption of this revised standard.

IAS 24(Revised 2009) "Related Party Disclosures"

In November 2009, IAS 24 Related Party Disclosures was revised. The revision to the standard provides government-related entities with a partial exemption from the disclosure requirements of IAS 24. The revised standard is mandatory for annual periods beginning on or after 1 January 2011. The Group has not yet had an opportunity to consider the potential impact of the adoption of this revised standard.

IAS 32 (Amendments) "Financial Instruments" : Presentation and IAS 1 Presentation of Financial Statements

The amendments to IAS 32 and IAS 1 are effective for annual periods beginning on or after 1 February 2010. The amendments address the accounting for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer. Previously, such rights issues were accounted for as derivative liabilities. However, the amendment requires that, provided certain conditions are met, such rights issues are classified as equity regardless of the currency in which the exercise price is denominated. The Group has not yet had an opportunity to consider the potential impact of the adoption of this amendment to the standard.

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

2.1.6 Amendments and interpretations to existing standards (Continued)

Standards and Interpretations that are not yet effective in December 2010 and have not been early adopted (Cont'd):

IFRIC 14 (Amendments) "Pre-payment of a Minimum Funding Requirement"

Amendments to IFRIC 14 are effective for annual periods beginning on or after 1 January 2011. The amendments affect entities that are required to make minimum funding contributions to a defined benefit pension plan and choose to pre-pay those contributions. The amendment requires an asset to be recognized for any surplus arising from voluntary pre-payments made. The Group does not expect any impact of the adoption of this amendment on the financial statements.

IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"

IFRIC 19 is effective for annual periods beginning on or after 1 July 2010. IFRIC 19 addresses only the accounting by the entity that issues equity instruments in order to settle, in full or part, a financial liability. The Group has not yet had an opportunity to consider the potential impact of the adoption of this amendment to the standard.

Annual Improvements May 2010

Further to the above amendments and revised standards, the IASB has issued Annual Improvements to IFRSs in May 2010 that cover 7 main standards/interpretations as follow: IFRS 1 First-time Adoption of International Financial Reporting Standards; IFRS 3 Business Combinations; IFRS 7 Financial Instruments: Disclosures; IAS 1 Presentation of Financial Statements, IAS 27 Consolidated and Separate Financial Statements; IAS 34 Interim Financial Reporting and IFRIC 13 Customer Loyalty Programmes.

With the exception of amendments to IFRS 3 and IAS 27 which are effective on or after 1 July 2010, all other amendments are effective on or after 1 January 2011. The Group has not yet had an opportunity to consider the potential impact of the adoption of these amendments to the standards.

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

2.2 Summary of significant accounting policies

2.2.1 Related parties

For the purposes of these consolidated financial statements, Doğan Holding and Doğan Yayın, shareholders, key management personnel and Board members, in each case together with their families and companies controlled or affiliated with them are considered and referred to as "Related parties" (Note 32).

2.2.2 Financial assets at fair value through profit and loss

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

2.2.3 Trade receivables and provision for doubtful receivables

Trade receivables resulted from providing goods or services directly to a debtor are carried at amortised cost. Trade receivables, net of unearned financial income, are measured at amortised cost, using the effective interest rate method, less the unearned financial income. Short-term receivables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant (Note 9).

A credit risk provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due The Group also set allowance for the receivables which are overdue for more than one year unless there is no guarantee and collaterals taken or special agreement. The amount of this provision is the difference between the book value of the receivable and the collectible amount. The recoverable amount is the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

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

2.2.4 Impairment of assets

IFRS prohibits the amortization of goodwill and intangible assets with indefinite useful lives. Goodwill recognised in a business combination is not amortised; it is tested for impairment annually instead and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. The Group tests goodwill for impairment at year-ends.

The Group reviews all assets except for goodwill at each balance sheet date for any indication of impairment on the stated asset. If there is any indicator of impairment, carrying amount of the stated asset is compared with the net realisable value which is the higher of value in use and fair value less costs to sell. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

2.2.4 Impairment of assets (continued):

Impairment exists if the carrying amount of the stated asset or the cash generating unit including the stated asset exceeds its net realisable value. Impairment losses are recognised in consolidated statement of income.

2.2.5 Inventories

Inventories are valued at the lower of cost or estimated selling price less estimated costs necessary to make the sale. Cost elements included in inventories are materials, labour and an appropriate amount of production overheads. The cost of inventories is determined on the weighted average basis (Note 11).

Promotion materials

Assessment of impairment on promotion materials and determination of impairment amount is carried out by the group management. Impairment amount is determined by considering the purchase dates and rates identified by management.

2.2.6 Investment properties

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

Investment properties are reviewed for impairment losses and if there is an indication of impairment on investment properties, recoverable amount is determined. Recoverable amount is considered to be the higher of future net cash flows of the investment property or the fair value less costs to sell. Investment properties are evaluated for any impairment and if carrying value of the investment property is higher than net recoverable amount, provision for impairment is established for the difference between the carrying and recoverable amount. Impairment is accounted to consolidated statement of income of the same year (Notes 16 and 2.2.26).

2.2.7 Property, plant and equipment and depreciation

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is provided using the straight-line method based on the estimated useful lives of the assets (Note 14).
The depreciation periods for property and equipment, which approximate the economic useful lives of assets concerned, are as follows:

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

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

2.2.7 Property, plant and equipment and depreciation (continued):

Property, plant and equipment are reviewed for impairment losses and if there is an indication of impairment, carrying value of financial asset is determined. Recoverable amount is considered to be the higher of future net cash flows of the investment property or the fair value less costs to sell.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Impairment losses are recognised in the consolidated statement of income of the same year.

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

Repair and maintenance expenses are charged to the consolidated statement of income as they are incurred. Repair and maintenance expenses are capitalised if they result in an enlargement or substantial improvement of the respective assets (Note 14).

2.2.8 Financial leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Assets held under finance leases are recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. Minimum lease payments are treated as comprising capital and interest elements.

Principal lease payments are treated as liabilities and reduced on payments. Finance charges are charged directly against income. Capitalized leased assets are depreciated over the estimated useful life of the asset.

2.2.9 Intangible assets and amortisation

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

Estimated useful lives of the intangible assets with finite useful lives are as follows:

Trade names	20 years
Customer lists	9 and 18 years
Computer software and rights	5 – 15 years
Domain names	3-20 years
Other intangible assets	5 years

Computer software and rights and other intangible assets are carried at their acquisition cost and amortised using the straight-line method over their estimated useful lives (Note 15).

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

2.2.9 Intangible assets and amortization (continued):

Intangible assets with finite useful lives are evaluated for impairment losses and an impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognised immediately in the consolidated statement of income.

Web page development costs

Costs associated with developing web pages are capitalized and are amortized over their estimated useful lives (Note 15). Following the planning phase and operation; all costs are recognized as expense. Maintenance costs of web pages are accounted as operational expenses.

2.2.10 Critical accounting estimates and judgments

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

Useful lives of intangible assets

Group estimates the useful lives of some trade names as indefinite. If these intangible assets’ useful lives are finite (in case of useful lives of 20 years), their amortisation charge would have increased by TL 11.648.141 (31 December 2009: TL 13.980.752) and income before tax and non-controlling interests would have decreased by TL 11.648.141 (31 December 2009: TL 13.980.752).

Group amortises trade names, customer lists and domain names with definite useful lives over the useful lives specified in Note 2.2.10.

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

- Had the useful lives been higher by 10%, amortisation charges would have decreased by TL 1.617.995 and income before tax and non-controlling interests would have increased by TL 1.617.995 (31 December 2009: TL 1.302.968) or

- Had the useful lives been lower by 10%, amortisation charges would have increased by TL 1.977.550 and income before tax and non-controlling interests would have decreased by TL 1.997.550 (31 December 2009: TL 1.592.516).

Impairment of assets

The recoverable amounts of the Cash Generating Units are determined by calculating the amounts to be obtained through sales. These calculations are based on financial budgets covering a five-year period after-tax cash flow estimates and EBITDA (earnings before interest, tax, depreciation and amortization) estimates play an important role in these calculations.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

2.2.10 Critical accounting estimates and judgments (continued):

Discount and EBITDA increase rates for projected cash flows following the five year period are as below:

	EBITDA increase rate (%) (*)	**Discount rate (%)**
Russia and Commonwealth of Independent States	8,52	13,4
Hungary	20,91	13,4
Croatia	8,51	13,5
Slovenia	2,17	12,4
Turkey	7,05	24,0

(*) Weighted average of EBITDA increase rate used to extrapolate projected cash flows following the budget period

Group management set an impairment provision of goodwill and intangible assets amounting to TL 53.301.349 in the consolidated financial statements for the year ended 31 December 2010 (Note 16).

If after-tax discount rate applied to cash flow projections on cash-generating units is 1% more than management's estimates, the Group would account an additional provision amounting to TL 22.732.598 to its financial statements and net loss before tax and non-controlling interests would increase by TL 22.732.598.

Provisions

As explained in detail in Note 18, the Group management has accounted for a provision amounting to TL 3.179.690 in the consolidated financial statements at 31 December 2010 in accordance with the opinions of the legal counsel and tax specialist on the tax inspection reports.

Group management sets a doubtful receivable provision amounting to TL 8.273.082 in the consolidated financial statements for the year ended 31 December 2010 (Note 9).

2.2.11 Taxation on income

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

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

In substance, temporary differences arise from the differences in the periods of the recognition of income and expenses in accordance with the accounting policies described in Note 2.1.1 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.

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

2.2.12 Borrowings

Bank borrowings are recognised initially at proceeds received, net of transaction costs incurred. Bank borrowings are subsequently stated at amortised cost using the effective yield method in the consolidated financial statements. Any difference between the proceeds (excluding transaction charges) and redemption value is recognised in the consolidated statement of income over the period of the borrowings (Note 7).

2.2.13 Employment termination benefits

The Group is required to pay termination benefits to employees who is retired, whose employment is terminated without due causes in Labour Law, in accordance with the Law related with The Arrangement of the Relationships within the Employees in Press Sector (employees in media sector) and other laws. The provision for employment termination benefits, as required by Turkish Labour Law, is recognised in these financial statements as the benefits are earned. The total provision represents the present value of future probable obligation of the Group arising from the retirement of its employees regarding the actuarial projections (Note 20).

2.2.14 Provisions

Provisions are recognised when the Group has a present legal constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. If the provision amount decreases upon a change in the current situation, the related amount is recorded to other income in the current period.

2.2.15 Share capital and dividends

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

2.2.16 Foreign currency transactions and translation

Functional currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity. The consolidated financial statements are presented in Turkish Lira, which is the functional currency of the Group.

Foreign currency transactions and balances

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

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

2.2.16 Foreign currency transactions and translation (continued):

Foreign Group Companies

The results of Group undertakings using a measurement currency other than TL are first translated into TL by using the average exchange rate for the period. The assets and liabilities of such Group undertakings are translated into TL by using the closing rate at the balance sheet date. Differences arising on retranslation of the opening net assets of such Group undertakings and differences between the average and period-end rates are included in currency translation reserve as a separate item in the equity.

A significant portion of the Group's foreign operations are performed in Russia, Europe and Eastern Europe countries (Note 4). Foreign currencies and exchange rates at 31 December 2010 and 31 December 2009 are summarized below:

Country	Currency	31 December 2010	31 December 2009
Eurozone	Euro	2,0491	2,1603
Russia	Ruble	0,0507	0,0500
Hungary	Forint	0,0074	0,0079
Croatia	Kuna	0,2776	0,2966
Ukraine	Grivna	0,1942	0,1895
Romania	New Ley	0,4826	0,5090

2.2.17 Revenue recognition

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

Revenue initially accounted for with respect to the fair value of the amount receivable or received when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The interest rate used in discounting, is the interest rate to discount nominal amount of the receivable to the amortised cost of the related goods or services given.

The difference between the fair value and the nominal amount of the consideration is recognised as interest income.

Revenues from advertisement:

Revenues from advertisement are recognised on an accrual basis based on the time of publishing. Unpublished part of the advertisement is recorded as deferred revenue in balance sheet.

Revenues from newspaper sales:

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

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

2.2.17 Revenue recognition (Continued):

Revenues from printing services:

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

Newspaper sales returns:

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

Interest income:

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

Rental income:

Rental income is recognised on an accrual basis.

Other income:

Other income is recognised on an accrual basis.

2.2.18 Barter agreements

When goods or services are exchanged or swapped for goods or services, which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. If the fair value of goods or services received cannot be reliably measured, the revenue is measured at the fair value of goods or services given up by the entity, again adjusted for any cash or cash equivalents received or paid (Note 19).

2.2.19 Loss per share

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

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares "bonus shares" to existing shareholders from retained earnings (Note 22). For the purpose of earnings per share computations, such bonus shares issuances are regarded as issued shares. Accordingly the weighted average number of shares used in earnings per share computations is derived by considering the retrospective effects of the issuances of the shares (Note 31).

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

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

2.2.20 Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits and easily convertible short-term, highly liquid investments with maturity periods of 3 months or less (Note 5).

2.2.21 Subsequent events

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

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

2.2.22 Reporting of cash flows

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

The cash flows raised from operating activities indicate cash flows due to the Group's operations.

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

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

Cash and cash equivalents include cash and bank deposits and the investments that are readily convertible into cash and highly liquid with 3 months or less to maturity (Note 5).

2.2.23 Financial liabilities to non-controlling interests put options

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

As it is highly probable that the Group will fulfill this obligation, IAS 32, "Financial Instruments: Disclosure and Presentation", requires the value of such put option to be presented as a financial liability on the balance sheet for the discounted value of the expected exercise price of this option, notwithstanding the ability of the Company to settle part of these obligations with its own shares rather than cash. Furthermore, the share of non-controlling shareholders in the net asset of the company subject to the put option must be reclassified from "non-controlling interest" to "other financial liabilities" in the consolidated balance sheet. The Group recognises, on initial recognition, the difference between the exercise price of the option and the carrying value of the non-controlling interests as a reduction of non-controlling interest and then as additional goodwill. The subsequent unwinding of the discount is recognised in financial expense while the change in the value of the commitment is recorded through goodwill (Note 16).

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

2.2.24 Assets held for sale and discontinued operations

Discontinued operations are the part of the Group which either are classified as held-for-sale or have been disposed of and whose activities and cash flows can be treated as separable from the Group's activities and cash flows. Discontinued operations represent separate business or geographical segments, which are part of a plan to sell or dispose, or is a subsidiary acquired for selling. The Group measures discontinued operations, with the lower of the carrying amounts of the related assets and liabilities of the discontinued operations or the fair values less costs to sell (Note 29).

2.2.25 Business combinations

The acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date (Note 3).

2.2.26 Segment reporting

The chief operating decision-maker of the Group is the Executive Committee. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group has selected the geographical segment as the Group's primary segment reporting format based on the risks and returns in geographical areas reflecting the primary source of the enterprise's risks and returns.

2.2.27 Derivative financial instruments

Derivative financial instruments, predominantly foreign currency interest swap agreements and foreign currency agreements are initially recognised at their historical costs plus the transaction costs. Derivative financial instruments are subsequently remeasured at their fair value. All derivative financial instruments are classified as financial assets carried at fair value through profit or loss. Fair value of derivative financial instruments is measured by using its market value or by applying discounted cash flows method. Derivative financial instruments are classified as assets or liabilities in accordance with their fair values to be positive or negative.

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

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

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 3 - BUSINESS COMBINATIONS

There are no business combinations as of 31 December 2010 and 31 December 2009.

NOTE 4 - SEGMENT REPORTING

a) Segmental analysis for the period between 1 January – 31 December 2010:

	Turkey	**Russia and EE**	**Europe**	**Total**
Sales	553.537.174	191.206.498	49.482.299	794.225.971
Cost of Sales (-)	(356.019.555)	(94.754.770)	(36.934.676)	(487.709.001)
Gross operating profit	**197.517.619**	**96.451.728**	**12.547.623**	**306.516.970**
Marketing, selling and distribution expenses (-)	(93.051.705)	(16.650.129)	(3.967.735)	(113.669.569)
Losses from investments accounted for by equity method (-)	(8.944.812)	-	-	(8.944.812)
Net segment result	**95.521.102**	**79.801.599**	**8.579.888**	**183.902.589**
General administrative expenses (-)				(147.385.996)
Other operating income				7.269.306
Other operating expenses (-)				(76.329.254)
Financial income				44.787.613
Financial expense (-)				(61.833.608)
Operating loss before tax				**(49.589.350)**
Tax expenses for the period (-)				(26.644.851)
Deferred tax income				20.706.815
Net loss for the period				**(55.527.386)**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

b) Segmental analysis for the period between 1 January – 31 December 2009:

	Turkey	Russia and EE	Europe	Total
Sales	515.663.785	199.771.901	68.697.176	784.132.862
Cost of sales (-)	(352.804.154)	(97.072.103)	(49.156.162)	(499.032.419)
Gross operating profit	**162.859.631**	**102.699.798**	**19.541.014**	**285.100.443**
Marketing, selling and distribution expenses (-)	(66.147.108)	(13.010.205)	(6.489.150)	(85.646.463)
Losses from investments accounted for by equity method (-)	(15.189.329)	-	-	(15.189.329)
Net segment result	**81.523.194**	**89.689.593**	**13.051.864**	**184.264.651**
General administrative expenses (-)				(150.346.020)
Other operating income				7.561.155
Other operating expense (-)				(62.578.477)
Financial income				141.939.022
Financial expense (-)				(147.863.593)
Operating loss before tax				**(27.023.262)**
Tax expenses for the period (-)				(18.798.776)
Deferred tax income				4.687.042
Net loss for the period				**(41.134.996)**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

c) Segment assets:

	31 December 2010	31 December 2009
Turkey	701.272.070	914.214.989
Russia and EE	698.935.697	703.837.308
Europe	141.291.184	213.150.768
	1.541.498.951	**1.831.203.065**
Unallocated assets	30.833.687	21.368.815
Investments accounted for by the equity method	6.593.636	1.432.023
Total assets per consolidated financial statements	**1.578.926.274**	**1.854.003.903**

Group's assets other than segment assets include tax receivables, prepaid taxes (Note 21), VAT receivables (Note 21) and deferred tax assets (Note 30).

d) Segment liabilities

	31 December 2010	31 December 2009
Turkey	79.964.681	35.464.909
Russia and EE	18.557.684	21.024.131
Europe	24.658.364	28.559.419
	123.180.729	**85.048.459**
Unallocated liabilities	682.712.438	851.309.271
Total liabilities per consolidated financial statements	**805.893.167**	**936.357.730**

Group's liabilities other than segment liabilities is composed of short-and long-term borrowings (Note 7), provisions (Note 18), employee termination benefits (Note 18), VAT payable and unused vacation (Note 21), net income and tax liability and deferred tax liabilities (Note 30).

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

e) Depreciation and amortisation charges and capital expenditures

Capital expenditures (excluding business combinations):

	2010	**2009**
Turkey	26.779.999	60.985.408
Russia and EE	6.953.966	5.822.162
Europe	976.987	2.886.246
	34.710.952	**69.693.816**

Depreciation and amortisation charges:

	2010	**2009**
Turkey	49.095.581	48.296.621
Russia and EE	26.911.342	25.596.637
Europe	8.339.906	13.190.297
	84.346.829	**87.083.555**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

f) Non-cash expenses:

	1 January 2010 – 31 December 2010			
	Turkey	**Russia and EE**	**Europe**	**Total**
Provisions and accruals for tax penalties (Note 26)	3.179.690	-	-	3.179.690
Provision for doubtful receivables (Note 9, 21)	7.148.797	559.652	1.124.285	8.832.734
Provision for impairment of goodwill and intangible assets (Notes 15,16)	-	-	53.301.349	53.301.349
Provision for employee termination benefits and unused vacation rights (Notes 20,21)	12.420.398	-	-	12.420.398
Provision for impairment of inventory (Note 11)	456.811	-	-	456.811
Provision for impairment of investment properties (Note 26)	455.118	-	-	455.118
Provision for impairment of available for sale financial assets (Note 6)	273.917	-	-	273.917
Provision for lawsuits (Note 18)	724.944			724.944
	24.659.675	**559.652**	**54.425.634**	**79.644.961**

	1 January 2009 - 31 December 2009			
	Turkey	**Russia and EE**	**Europe**	**Total**
Provisions and accruals for tax penalties (Note 26)	32.754.695	-	-	32.754.695
Provision for doubtful receivables (Note 9)	7.624.746	1.649.965	2.681.336	11.956.047
Provision for employment termination benefits and unused vacation rights	11.391.635	-	-	11.391.635
Interest expense discount	6.428.778	1.200.192	96.423	7.725.393
Provision for goodwill impairment (Note 16)	-	6.690.546	-	6.690.546
Provision for impairment of investment properties (Note 13)	3.340.892	-	-	3.340.892
Provision for impairment of inventory (Note 11)	331.983	-	-	331.983
Provision for impairment of available for sale financial assets (Note 6)	316.828	-	-	316.828
Provision for lawsuits (Note 18)	220.281	-	-	220.281
	62.409.838	**9.540.703**	**2.777.759**	**74.728.300**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 5 - CASH AND CASH EQUIVALENTS

The cash and cash equivalents at 31 December 2010 and 31 December 2009 are as follows:

	31 December 2010	31 December 2009
Cash	774.972	918.524
Banks		
- demand deposits	19.006.039	16.062.493
- time deposits	69.609.037	261.127.478
- blocked deposits	144.548	274.793
Total	**89.534.596**	**278.383.288**

The Group has blocked deposits amounting to TL 144.548 as of 31 December 2010 (31 December 2009: TL 274.793). The blocked deposits consist of demand deposits amounting to TL 10.246 (31 December 2009: TL 48.574).

Cash and cash equivalents included in the consolidated statements of cash flows as of 31 December 2010 and 2009 are as follows:

	31 December 2010	31 December 2009	31 December 2008
Cash and banks	89.534.596	278.383.288	370.325.965
Less: Blocked deposits	(144.548)	(274.793)	(65.451)
Less: Interest accruals	(471.826)	(1.133.947)	(2.041.423)
Total	**88.918.222**	**276.974.548**	**368.219.091**

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

	31 December 2010	31 December 2009
0-1 month	68.379.768	224.751.911
1-3 months	1.363.571	36.601.786
	69.743.339	**261.353.697**

There are no time deposits with variable interest rates at 31 December 2010 and 31 December 2009. The gross interest rate for TL time deposits is 7,3 % for 31 December 2010 (31 December 2009: 9,6 %). The gross interest rates of foreign currency denominated time deposits are 2,3 % for USD and 2,9 % for Euro as of 31 December 2010 (31 December 2009: USD: 2,6 %, Euro: 2,9 %).

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 6 - FINANCIAL ASSETS

The details of financial assets at fair value through profit and loss at 31 December 2010 and 31 December 2009 are as follows:

	31 December 2010	**31 December 2009**
Treasury bills and government bonds	18.855.213	18.363.709
	18.855.213	**18.363.709**

All treasury bills and government bonds are on USD currency and the effective interest rate is 7,5 % as of 31 December 2010 (31 December 2009: 7,5 %).

The details of financial assets available for sales as of 31 December 2010 and 31 December 2009 are as presented below:

	Share %	**2010**	**Share %**	**2009**
Doğan Havacılık Sanayi ve Ticaret A.Ş. ("Doğan Havacılık")	9,00	4.513.093	9,00	4.513.096
Doğan Factoring Hizmetleri A.Ş. ("Doğan Factoring")	5,11	1.029.747	5,11	736.422
Doğan Dış Ticaret ve Mümessillik A.Ş. ("Doğan Dış Ticaret")	2,00	346.038	2,00	346.038
Coats İplik Sanayi A.Ş.	0,50	257.850	0,50	257.850
Hür Servis Sosyal Hizmetler ve Ticaret A.Ş. ("Hürservis")	19,00	169.166	19,00	169.166
Other	-	286.141	-	345.620
		6.602.035		**6.368.192**
Impairment on Doğan Havacılık		(1.755.505)		(1.481.588)
Total		**4.846.530**		**4.886.604**

Financial investments are carried at cost since they are not being transacted in an active market.

The provision movements of impairment for financial assets available for sale are as follows:

	2010	**2009**
1 January	**1.481.588**	**1.164.760**
Provision for impairment	273.917	316.828
31 December	**1.755.505**	**1.481.588**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 7 - FINANCIAL LIABILITIES

The details of financial liabilities at 31 December 2010 and 31 December 2009 are as follows:

Short-term financial liabilities and shor term portion of long term financial liabilities:	**31 December 2010**	**31 December 2009**
Bank borrowings	202.710.972	291.847.714
Financial liabilities to suppliers	26.562.545	25.786.590
Lease payables	919.929	2.700.311
Total	**230.193.446**	**320.334.615**

Long-term financial liabilities:	**31 December 2010**	**31 December 2009**
Bank borrowings	221.167.354	250.730.351
Financial liabilities to suppliers	54.991.092	77.615.157
Lease payables	28.539	1.605.599
Total	**276.186.985**	**329.951.107**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 7 - FINANCIAL LIABILITIES (Continued)

Bank borrowings:

The details of bank borrowings at 31 December 2010 and 31 December 2009 are as follows:

	Effective interest rate (%)		Original foreign currency		TL	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**
Short-term bank borrowings						
- Euro	1,7	1,7	2.970	3.320	6.086	7.172
Sub-total					**6.086**	**7.172**
Short-term portion of long-term bank borrowings						
- USD	3,3	2,8	93.194.435	173.307.371	144.078.596	260.948.911
- Euro	2,8	2,7	27.541.110	12.297.145	56.434.490	26.565.523
- CHF	2,4	2,4	1.333.374	2.985.170	2.191.800	4.326.108
Sub-total					**202.704.886**	**291.840.542**
Total short-term bank borrowings					**202.710.972**	**291.847.714**
Long-term bank borrowings						
- USD	4,4	2,7	138.664.540	136.161.196	214.375.379	205.017.913
- Euro	2,9	3,2	3.314.614	20.271.373	6.791.975	43.792.248
- CHF	-	2,5	-	1.325.000	-	1.920.190
Total long-term bank borrowings					**221.167.354**	**250.730.351**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 7 - FINANCIAL LIABILITIES (Continued)

Bank borrowings (Continued):

The redemption schedules of long-term bank borrowings are as follows:

Year	**31 December 2010**	**31 December 2009**
2011	-	121.605.367
2012	116.281.690	88.939.474
2013	67.106.537	39.191.773
2014	25.730.549	993.737
2015 and over	12.048.578	-
	221.167.354	**250.730.351**

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

Year	**31 December 2010**	**31 December 2009**
Up to 6 months	423.878.326	540.460.971
6-12 months	-	2.117.094
	423.878.326	**542.578.065**

Carrying value of the financial liabilities is considered to approximate their fair value since discount effect is not material.

The Group has no obligation to fulfill financial conditions of the bank regarding the long-term bank loans used to purchase shares of TME.

The Group has to maintain a net debt ratio on the basis of EBITDA and equity identified by the bank for the last 12 months consolidated financial statements.

Furthermore, the Group committed that there will be no business combinations or disposals or sales of assets or liabilities in aggregate which may indicate a change in the control or in the major operations in one of the Group's Subsidiary, TME. Other than mergers and acquisitions allowed, buying shares and entering into joint venture agreements are restricted for the Group.

The Group has pledged 33.649.091 unit share certificates which comprise 67,3% of the shares of TME, one of its Subsidiaries, as securities to financial institutions related with the long-term bank borrowings (31 December 2009: 33.649.091 unit).

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

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 7 - FINANCIAL LIABILITIES (Continued)

Bank borrowings (Continued):

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

In connection with the long-term bank loan used by OOO Pronto Moscow, the Group has some obligations for fulfilling some financial and operational requirements against the bank. Under the same loan agreement, OOO Pronto Moscow has given a royalty pledge in regards to one of its rights namely "IZ RUK V RUKI".

Lease payables:

Lease payables at 31 December 2010 and 31 December 2009 are as follows:

	31 December 2010	31 December 2009
Short-term lease payables	919.929	2.700.311
Long-term lease payables	28.539	1.605.599
Total	**948.468**	**4.305.910**

The redemption schedules of long-term lease payables are as follows:

Year	31 December 2010	31 December 2009
2011	-	1.575.913
2012	28.539	29.686
Total	**28.539**	**1.605.599**

The effective interest rate for long-term lease payables is 6,5% for USD and 5,3% for Euro (31 December 2009: USD: 6,5%, Euro: 5,0%).

Financial liabilities to suppliers:

Short and long-term financial liabilities to suppliers are related with the purchase of machinery and equipment. The effective interest rates of short-term and long-term financial liabilities to suppliers are 0,8% for USD, 1,6% for Euro and 1,2% for CHF (31 December 2009: USD: 1,3%, Euro: 1,5%, CHF: 1,4%).

The redemption schedules of long-term financial liabilities to suppliers are as follows:

Year	31 December 2010	31 December 2009
2011	-	24.973.355
2012	26.013.161	24.650.174
2013	22.940.320	21.626.371
2014 and after	6.037.611	6.365.257
Total	**54.991.092**	**77.615.157**

The Group's long-term financial liabilities to suppliers issued at variable interest rates are amounting to TL 54.991.092 as of 31 December 2010 (31 December 2009: TL 77.615.157).

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 7 - FINANCIAL LIABILITIES (Continued)

Financial liabilities to suppliers (Continued):

The exposure of the Group's financial liabilities to suppliers to interest rate changes and the contractual repricing dates are as follows:

Period	**31 December 2010**	**31 December 2009**
Up to 6 months	81.420.394	103.120.800
6-12 months	133.243	280.947
Total	**81.553.637**	**103.401.747**

The fair values of short-term and long-term financial liabilities to suppliers are considered to approximate their carrying values as the effect of discount is not material.

The Group's borrowings with variable interest amount to TL 499.025.964 at 31 December 2010 (31 December 2009: TL 635.097.710).

NOTE 8 - OTHER FINANCIAL LIABILITIES

Other financial liabilities at 31 December 2010 and 31 December 2009 are as follows:

	31 December 2010	**31 December 2009**
Derivative liabilities	4.602.171	1.914.602
Financial liabilities due to put options	52.480.516	15.865.561
- Short-term (Note 19)	*52.480.516*	*15.123.251*
- Long-term (Note 19)	-	*742.310*
Total	**57.082.687**	**17.780.163**

NOTE 9 - TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables net of unearned credit finance income at 31 December 2010 and 31 December 2009 are as follows:

	31 December 2010	**31 December 2009**
Trade receivables	207.076.298	189.523.390
Cheques and notes receivable	3.948.580	4.018.704
Receivables from credit cards	1.304.416	672.611
	212.329.294	**194.214.705**
Unearned credit finance income	(1.298.687)	(868.003)
Less: provision for doubtful receivables	(49.256.073)	(43.241.229)
Short-term trade receivables	**161.774.534**	**150.105.473**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 9 - TRADE RECEIVABLES AND PAYABLES (Continued)

Trade receivables resulting from advertisements, amounting to TL 115.496.315 (31 December 2009: TL 110.849.486) are followed up by Doğan Factoring Hizmetleri A.Ş. ("Doğan Factoring"). The due date of the Group's trade receivable followed up by Doğan Factoring is 91 days (31 December 2009: 85 days). The unearned credit finance income related with the receivables followed up by Doğan Factoring is TL 1.298.687 (31 December 2009: TL 800.396) and the effective interest rate is 10% (31 December 2009: 12%).

The movements of provision for doubtful receivables are as follows:

	2010	**2009**
1 January	**43.241.229**	**32.659.317**
Additions during the year (Note 26)	8.273.082	11.956.047
Collections during the period	(1.484.905)	(1.121.392)
Currency translation differences	(773.333)	(252.743)
31 December	**49.256.073**	**43.241.229**

Trade payables at 31 December 2010 and 31 December 2009 are as follows:

	31 December 2010	**31 December 2009**
Short-term trade payables	33.994.339	38.289.102
	33.994.339	**38.289.102**

NOTE 10 - OTHER RECEIVABLES AND PAYABLES

Other receivables at 31 December 2010 and 31 December 2009 are as follows:

	31 December 2010	**31 December 2009**
Receivables from tax authorities (*)	1.445.314	2.240.314
Deposits and guarantees given	396.262	365.799
Total	**1.841.576**	**2.606.113**

(*) Receivables from tax authorities of the Group as of 31 December 2010 consist of the tax receivable as a result of tax litigation resulted in favour of OOO Pronto Moscow, a subsidiary of the Group, which should be offset against future tax liabilities.

Other long-term receivables at 31 December 2010 and 31 December 2009 are as follows:

	31 December 2010	**31 December 2009**
Deposits and guarantees given	790.356	666.652
Total	**790.356**	**666.652**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 10 - OTHER RECEIVABLES AND PAYABLES (Continued)

Other payables at 31 December 2010 and 31 December 2009 are as follows:

	31 December 2010	31 December 2009
Taxes and funds payable	9.362.465	8.336.619
Due to personnel	4.615.369	3.808.965
Social security withholdings payable	3.357.710	2.940.133
Deposits and guarantees received	1.000.944	1.179.634
Total	**18.336.488**	**16.265.351**

Other long-term payables at 31 December 2010 and 31 December 2009 are as follows:

	31 December 2010	31 December 2009
Deposits and guarantees received	147.519	188.213
Total	**147.519**	**188.213**

NOTE 11 - INVENTORIES

	31 December 2010	31 December 2009
Raw materials and supplies	13.113.625	13.005.309
Promotion materials (*)	3.609.190	4.571.959
Semi-finished goods	668.087	398.838
Finished goods and merchandise	1.527.791	1.281.512
	18.918.693	**19.257.618**
Impairment on promotion materials	(1.268.307)	(811.496)
Total	**17.650.386**	**18.446.122**

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

The movement for provision for impairment of promotions are as follows:

	2010	2009
1 January	**811.496**	**479.513**
Provision for impairment	456.811	331.983
31 December	**1.268.307**	**811.496**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 12 - INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD

The investments accounted for by the equity method as of 31 December 2010 and 31 December 2009 are as follows:

	Share %	31 December 2010	Share %	31 December 2009
Doğan Media	42,42	6.593.636	42,42	1.114.319
Yaysat (*)	-	-	25,00	225.906
DYG İlan (**)	-	-	20,00	91.798
		6.593.636		**1.432.023**

(*)Yaysat was merged with Doğan Dağıtım, in accordance with the relevant legislation, on 1 April 2010. After the merge, the Company's shares in Doğan Dağıtım increased from % 0,0029 to % 0,8313 (Note 6).
(**) 20% share of Doğan İlan was sold to Milliyet Ajansı A.Ş. on 3 September 2010.

The summary of Group's share of the financial statements of the investments accounted for by the equity method at 31 December 2010 is as follows:

31 December 2010	Total assets	Total liabilities	Net Sales	Net loss for the period
Doğan Media (*)	21.977.900	15.384.264	45.039.790	(8.944.812)
	21.977.900	**15.384.264**	**45.039.790**	**(8.944.812)**

(*) Net loss for the period of Doğan Media mainly stems from the establishment costs of its subsidiary Doğan Media International SA established in Romania. Doğan Media is coordinating the Group's operating over the Europe

The summary of Group's share of the financial statements of the investments accounted for by the equity method at 31 December 2009 is as follows:

31 December 2009	Total assets	Total liabilities	Net Sales	Net (loss)/income for the period
Doğan Media	23.047.312	21.932.993	56.375.629	(15.190.498)
Yaysat	244.245	18.339	122.275	1.175
DYG İlan	91.798	-	19.365	(6)
	23.383.355	**21.951.332**	**56.517.269**	**(15.189.329)**

The movements in associates during the periods ending at 31 December are as follows:

	2010	2009
1 January	**1.432.023**	**316.468**
Share capital increase	14.029.780	16.723.846
Loss from associates	(8.944.812)	(15.189.329)
	(317.204)	-
Currency translation differences	393.849	(418.962)
31 December	**6.593.636**	**1.432.023**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 13 - INVESTMENT PROPERTY

The movements in investment property and related accumulated depreciation for the period ended at 31 December 2010 is as follows:

	1 January 2010	Additions	Disposals	Reversal of/ Provision for impairment (net)	31 December 2010
Cost:					
Land	9.565.495	-	-	-	9.565.495
Buildings	17.495.285	9.692.940	(12.669.775)	994.104	15.512.554
	27.060.780	**9.692.940**	**(12.669.775)**	**994.104**	**25.078.049**
Accumulated depreciation:					
Buildings	465.217	134.953	-	-	600.170
	465.217	**134.953**	**-**	**-**	**600.170**
Net book value	**26.595.563**				**24.477.879**

The fair value of the investment property has been determined approximately as TL 38.276.681at 31 December 2010 (31 December 2009: TL 42.631.610). Fair values of the investment properties as of 31 December 2010 have been arrived by an independent valuation company which is not connected with the Group and has accredication of Capital Market Board.

Amortization expense of TL 134.953 (31 December 2009: TL 73.455) has been charged in general administrative expenses for the year ended 31 December 2010.

The Group does not earn rent revenue from investment properties. Direct operating expenses arising on the investment property in the period amounted to TL 26.821(2009: TL 41.597).

The movements in investment property and related accumulated depreciation for the period 31 December 2009 are as follows:

	1 January 2009	Additions	Disposal	Provision for Impairment	Transfer	31 December 2009
Cost:						
Lands	9.565.495	-	-	-	-	9.565.495
Buildings	12.803.169	22.626.227	(15.704.085)	(3.340.892)	1.110.866	17.495.285
	22.368.664	**22.626.227**	**(15.704.085)**	**(3.340.892)**	**1.110.866**	**27.060.780**
Accumulated depreciation:						
Buildings	391.762	73.455	-	-	-	465.217
	391.762	**73.455**	**-**	**-**	**-**	**465.217**
Net book value	**21.976.902**					**26.595.563**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT

The movements in property, plant and equipment and related accumulated depreciation for the period ended 31 December 2010 are as follows:

	1 January 2010	Currency translation differences	Additions	Disposals	Transfers (*)	31 December 2010
Cost						
Land and land improvements	52.809.179	(270.868)	38.080	-	-	52.576.391
Buildings	264.376.487	(601.660)	329.613	-	710.707	264.815.147
Machinery and equipments	707.146.020	(2.370.548)	1.334.477	(701.508)	2.317.903	707.726.344
Furniture and fixtures	100.253.159	83.408	4.959.029	(3.378.195)	235.350	102.152.751
Leasehold improvements	24.939.931	(8.804)	91.264	-	103.433	25.125.824
Other non-current assets	578.607	(28.475)	12.756	-	-	562.888
Construction in progress	1.433.748	(21.373)	6.357.890	-	(6.145.124)	1.625.141
	1.162.287.427	**(3.150.354)**	**14.140.786**	**(4.892.464)**	**(2.777.731)**	**1.165.607.664**
Accumulated depreciation						
Land and land improvements	445.366	-	71.712	-	-	517.078
Buildings	63.276.715	(163.448)	5.796.337	-	-	68.909.604
Machinery and equipments	480.467.476	(1.426.846)	42.624.082	(588.419)	-	521.076.293
Motor vehicles	7.986.843	69.942	832.641	(482.916)	-	8.406.510
Furniture and fixtures	79.814.445	76.865	7.389.325	(3.016.198)	-	84.264.437
Leasehold improvements	22.804.688	(654)	410.397	-	-	23.214.431
Other non-current assets	234.567	(7.909)	50.700	-	-	277.358
	655.030.100	**(1.452.050)**	**57.175.194**	**(4.087.533)**	**-**	**706.665.711**
Net book value	**507.257.327**					**458.941.953**

At 31 December 2010, net book value of the property, plant and equipment in machinery and equipment group obtained via financial leasing is amounting to TL 8.852.044 (31 December 2009: TL 11.605.840).
At 31 December 2010 there were mortgages amounting to TL 14.763.431 TL (31 December 2009: TL 14.041.950).
At 31 December 2010 pledges has been removed (31 December 2009: 6.619.159 TL).
At 31 December 2010 construction in progress amounting to TL 1.625.141 (31 December 2009: TL 1.433.748) is related to computer programs and internet domain names.
At 31 December 2010 amortization expense amounting TL 44.753.912 (31 December 2010: 47.820.969 TL) was added to cost of sales, and amounting TL 12.421.282 (31 December 2009: 12.524.315 TL) was added to marketing, selling and distribution and general administrative expenses.
(*) The amount TL 2.777.731 in transfer column is transferred to intangible assets.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT (Continued)

The movements in property, plant and equipment and related accumulated depreciation for the period ended 31 December 2009 are as follows:

	1 January 2009	Currency translation differences	Additions	Disposals	Transfers	31 December 2009
Cost						
Land and land improvements	52.609.400	(10.839)	209.360	-	1.258	52.809.179
Buildings	265.032.446	(275.027)	918.371	(157.358)	(1.141.945)	264.376.487
Machinery and equipments	672.717.143	68.072	13.338.997	(317.274)	21.339.082	707.146.020
Motor vehicles	11.312.260	(43.374)	61.110	(579.700)	-	10.750.296
Furniture and fixtures	97.252.560	(1.038.275)	5.060.290	(1.707.960)	686.544	100.253.159
Leasehold improvements	25.036.022	(13.308)	371.841	(454.624)	-	24.939.931
Other non-current assets	408.167	(3.872)	174.312	-	-	578.607
Construction in progress	2.593.055	15.003	21.589.440	-	(22.763.750)	1.433.748
Total	**1.126.961.053**	**(1.301.620)**	**41.723.721**	**(3.216.916)**	**(1.878.811)**	**1.162.287.427**
Accumulated depreciation						
Land and land improvements	376.114	-	69.252	-	-	445.366
Buildings	57.650.434	(134.746)	5.788.104	(27.077)	-	63.276.715
Machinery and equipment	435.282.503	(229.519)	45.574.747	(160.255)	-	480.467.476
Motor vehicles	7.012.582	(152.934)	1.498.918	(371.723)	-	7.986.843
Furniture and fixtures	74.819.814	(344.369)	6.847.636	(1.508.636)	-	79.814.445
Leasehold improvements	22.500.100	1.554	753.019	(449.985)	-	22.804.688
Other non-current assets	189.206	(2.057)	47.418	-	-	234.567
	597.830.753	**(862.071)**	**60.579.094**	**(2.517.676)**	**-**	**655.030.100**
Net book value	**529.130.300**					**507.257.327**

At 31 December 2009 there were liens amounting to TL 6.619.159 and mortgages amounting to TL 14.041.950 over the tangible assets.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 15 - INTANGIBLE ASSETS

The movements in intangible assets and related accumulated amortisation for the year ended 31 December 2010 is as follows:

	1 January 2010	Additions	Disposals	Transfers	Provision for Impairment	Currency translation difference	31 December 2010
Cost							
Trade names	311.162.191	-	-	-	(33.304.000)	1.011.044	278.869.235
Customer list	267.301.820	-	-	-	-	2.429.827	269.731.647
Computer software and rights	42.874.754	9.097.346	(836.471)	1.532.024	-	(391.704)	52.275.949
Internet domain names	15.528.272	806.486	-	983.374	-	294.374	17.612.506
Other intangible assets	7.078.497	973.394	(993.901)	262.333	-	(227.349)	7.092.974
	643.945.534	**10.877.226**	**(1.830.372)**	**2.777.731**	**(33.304.000)**	**3.116.192**	**625.582.311**
Accumulated amortisation							
Trade names	15.786.684	1.231.908	-	-	-	98.535	17.117.127
Customer list	45.139.644	15.982.813	-	-	-	500.284	61.622.741
Computer software and rights	27.509.657	7.909.705	(836.471)	-	-	(447.289)	34.135.602
Internet domain names	2.372.841	1.343.460	-	-	-	75.821	3.792.122
Other intangible assets	6.891.004	568.796	(992.365)	-	-	(225.116)	6.242.319
	97.699.830	**27.036.682**	**(1.828.836)**	**-**	**-**	**2.235**	**122.909.911**
Net book value	**546.245.704**						**502.672.400**

As of 31 December 2010, the Group acquired the royalty of "Radikal Gazetesi" based on the amount determined by the valuation report. Also, there is a pledge amounting to TL215.878.227 on the royalty of a trade name according to the extent of the loan agreement.

Amortization expense of TL 27.036.682 (31 December 2009: TL 26.431.006) has been charged in marketing, selling and distribution, and general administrative expenses as of 31 December 2010.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 15 - INTANGIBLE ASSETS (Continued)

The movements in intangible assets and related accumulated amortisation for the year ended 31 December 2009 are as follows:

	1 January 2009	Additions	Disposals	Transfers	Currency translation differences	31 December 2009
Cost						
Trade names	318.260.471	-	-	-	(7.098.280)	311.162.191
Customer list	274.413.483	-	-	-	(7.111.663)	267.301.820
Computer software and rights	41.071.047	3.879.240	(94.038)	(1.284.049)	(697.446)	42.874.754
Internet domain names	12.129.468	1.229.341	-	2.051.994	117.469	15.528.272
Other intangible assets	6.878.293	235.287	-	-	(35.083)	7.078.497
	652.752.762	**5.343.868**	**(94.038)**	**767.945**	**(14.825.003)**	**643.945.534**
Accumulated amortisation						
Trade names	14.610.793	1.219.650	-	-	(43.759)	15.786.684
Customer list	29.421.115	16.052.542	-	-	(334.013)	45.139.644
Computer software and rights	20.472.996	7.254.628	(50.654)	-	(167.313)	27.509.657
Internet domain names	1.039.278	1.016.943	-	-	316.620	2.372.841
Other intangible assets	6.021.218	887.243	-	-	(17.457)	6.891.004
	71.565.400	**26.431.006**	**(50.654)**	**-**	**(245.922)**	**97.699.830**
Net book value	**581.187.362**					**546.245.704**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 15 - INTANGIBLE ASSETS (Continued)

Intangible assets with indefinite useful lives amounted to TL 252.507.389 at 31 December 2010, (31 December 2009: TL 286.386.140). The useful lives of the assets with indefinite useful life, as expected by the Group, are determined based on the stability of the industry, changes in market demands as to the products and services provided through assets, control period over the assets and legal or similar restrictions on their utilisation.

NOTE 16 - GOODWILL

The movements in goodwill for the years ended at 31 December are as follows:

	2010	2009
1 January	**222.336.593**	**236.449.857**
Provision for impairment (*)	(19.997.349)	(6.690.546)
Foreign currency translation difference	2.640.031	(5.757.140)
Other (**)	1.198.682	(1.665.578)
31 December	**206.177.957**	**222.336.593**

(*) Because of significant effect of the Global economic crisis over the regions, goodwill impairment amounting TL 19.997.349 related to Croatia has been observed.

(**) Other represents the changes in the fair value of the put options (Note 2.2.24).

Goodwill is tested annually for impairment at year-ends and carried at cost less accumulated impairment losses and if exist it is reflected to the financial statements.

NOTE 17 - GOVERNMENT GRANTS

The Group obtained six Investment Incentives Certificate for the imported equipments amounting to USD 25.035.264 and domestic equipments amounting to TL 151.800 due to the modernization of its printing plants in Istanbul, Ankara, Izmir, Adana, Antalya and Trabzon on 23, 27 and 31 July 2008. The agreements are valid for two years and equipment imported within the scope of the certificate is exempt from Customs Duty, Collective Housing Fund and VAT. The investments amounting to USD 19.213.346 for imported equipments and TL 151.800 for domestic equipments are realized within these certificates as at 31 December 2010 (31 December 2009: USD 18.963.690). Investment incentives (except Trabzon) are extended till 19 June – 3 July 2011. Incentive received for Trabzon has been cancelled as the investment project amounting to USD 1.031.800 was cancelled.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 18 -PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

As of 31 December 2010 and 31 December 2009, short term provisions are as follows:

	31 December 2010	**31 December 2009**
Provision for tax penalty	7.294.189	15.554.695
Other provisions for lawsuit and compensation	3.118.039	2.393.095
Total	**10.412.228**	**17.947.790**

Part of the lawsuits amounting to TL 4.435.803 filed by the Company related to the cancellation of tax charges/ fine notifications amounting to TL 30.895.416 which were related with 2004, 2005, 2006 fiscal periods, were concluded against the Company. The Company was served with a tax/fine notification of TL 7.311.476, including the late payment interest and judgment duty. It was paid on 26 August 2010 and necessary legal objections for the appeal of the case with the superior court was made in due time. Superior court suspended these charges amounting to TL 7.311.475 following the appeal made by the Company and still continues to discuss the merits of the cases.

For the remaining lawsuits from total lawsuits amounting to TL 30.895.416, other than those concluded against the Company amounting to TL 4.435.803, lawsuits amounting to TL 10.094.183 (TL 4.037.673 of tax principal and TL 6.056.510 of tax loss penalty) were concluded partially against and partially in favor of the Company. In relation with the parts which were concluded partially against and partially in favor of the Company, TL 2.802.259 has been concluded in favor and TL 1.235.414 has been concluded against the Company for the tax principal totally amounting to TL 4.037.673; TL 4.821.096 has been concluded in favor and TL 1.235.414 has been concluded against the Company for the tax loss penalty totally amounting to TL 6.056.510. For the lawsuit amounting to TL 2.470.828, which has been concluded against the Company, necessary legal objections for the appeal of the case with the superior court made in due time. For the tax principal amounting to TL 2.802.259 and tax loss penalty amounting to TL 4.821.096 concluded partially in favor of the Company has been subject to appeal by the Tax Office and Superior court partially suspended the charges for the tax principal amounting to TL 1.027.379 and tax loss penalty amounting to TL 1.027.379. Superior court still continues to discuss the merits of these cases.

The part of the lawsuits filed by the Company related to the cancellation of tax charges/ fine notifications amounting to TL 3.654.532, comprising of a tax principal of TL 1.461.813 and a tax loss penalty of 2.192.719, were concluded in favor of the Company on 15 October 2010.

For the part total of TL 12.710.898 comprising of TL 5.018.359 of tax principal and TL 7.692.539 of tax loss penalty of the same notifications, regarding the notices served to the Company by the relevant Tax Department, the court hearing of the objections made with the tax courts have not been held yet.

In accordance with the opinions of legal counsels and specialists, the Group management has accounted a provision amounting to TL 7.294.189 related to the tax principal and tax loss penalty at tax inspection reports including estimated late payment interests in the consolidated financial statements as at 31 December 2010. The Company still assesses the legal rights including the facilities provided by Law no 6111 "Restructuring of Certain Receivables and Amendment of Social Insurance and General Health Insurance Law and Other Certain Laws and Decrees". Depending on the developments, it is always possible that there could be differences between realized amounts and estimated provision.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 18 -PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

As of the report date, with results of litigations and payment notices reaching to Company and court cases related to the recent situation is summarized in the table below:

	Tax	Penalty	Total	Paid (****)
Against to the Company (*)	3.009.736	3.896.897	6.906.633	6.906.633
In favor of Company (**)	4.264.071	7.013.814	11.277.885	-
Lawcases not held (***)	5.018.359	7.692.539	12.710.898	-
Total	**12.292.166**	**18.603.250**	**30.895.416**	**6.906.633**

(*) Council of State accepted the objection of the Company to stop the enforcement related to the law cases amounting to TL 4.885.833 and suspended the execution. Case based on the merits is still continuing.

(**) Objection made by Tax Administration is evaluated by Council of State and the State Council stopped the enforcement amounting to TL 2.054.758 in against the Company. Case based on the merits is still continuing.

(***) Lawsuit has not been held yet.

(****) Payment amount is TL 11.440.196 including late payment interest and judgment fee.

The movement in provision for lawsuits for the years ending 31 December is as follows:

	2010	2009
1 January	2.393.095	2.172.814
Additions in the period (Note 26)	724.944	220.281
31 December	**3.118.039**	**2.393.095**

The movement in provision for tax penalties for the years ending 31 December is as follows:

	2010	2009
1 January	15.554.695	-
Additions in the period (Note 26)	3.179.690	15.554.695
Payments related to provisions	(11.440.196)	-
31 December	**7.294.189**	**15.554.695**

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 18 -PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Group’s collaterals/pledge/mortgage (“CPM”) position as of 31 December 2010 and 31 December 2009 are as follows:

	31 December 2010		31 December 2009	
	Foreign Currency	TL Equivalent	Foreign Currency	TL Equivalent
A. CPM’s given in the name of its own legal personality				
-Collaterals				
TL	4.835.628	4.835.628	3.691.620	3.691.620
Euro	25.000	51.228	25.000	54.008
Other	-	-	58.700.000	469.956
-Mortgages				
TL	1.444.281	1.444.281	-	-
Euro	6.500.000	13.319.150	6.500.000	14.041.950
-Pledges				
Other	4.255.692.000	215.878.227	3.064.000	6.619.159
B. CPM’s given on behalf of the fully consolidated companies (*)				
-Commitments				
TL	1.080.648	1.080.648	294.600	294.600
Euro	468.563	960.132	1.740.311	3.759.594
USD	6.255.864	9.671.566	98.459.736	148.250.824
C. CPM’s given on behalf of third parties for ordinary course of the business	-		-	-
D. Total amount of other CPM’s given	-	-	-	-
i) Total amount of CPM’s given on behalf of the majority shareholder	-	-	-	-
ii) Total amount of CPM’s given on behalf of other group companies which are not in scope of B and C	-	-	-	-
iii) Total amount of CPM’s given on behalf of third parties which are not in scope of C	-	-	-	-
Total		**247.240.860**		**177.181.711**

(*) Commitments given regarding to the borrowings obtained for the main operations of the Group, that are intended to meet various financial needs of subsidiaries (Note 19).

CPMs given by the Group

There is no CPM’s given for third parties except CPM’s given for their own legal entities.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 19 - COMMITMENTS

The commitments which the management does not expect losses and incidental liability commitments are summarized below:

a) Barter agreements:

The Group, as is common practice in the media sector, has entered into barter agreements. These agreements involve the exchange of goods or services without cash collections or payments. As of 31 December 2010, in connection with the barter agreements, the Group has advertisement commitment amounting to TL 3.804.414 (31 December 2009: TL 11.656.393) and goods and services purchase rights amounting to TL 6.230.238 (31 December 2009: TL 5.697.293).

b) Lawsuits against the Group:

The lawsuits against the Group amount to TL 28.600.841 (31 December 2009: TL 28.135.832). The Group recognises provision related to cases when there is a legal or valid liability resulting from past event and it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimation can be made of the amount of the obligation. As a result of these analyses, as of 31 December 2010 the Group has set a provision of TL 3.118.039 for lawsuits (31 December 2009: TL 2.393.095).

As at 31 December 2010 the Group's ongoing lawsuits are as follows;

	31 December 2010	**31 December 2009**
Legal lawsuits	19.529.609	21.490.966
Trade lawsuits	4.485.240	3.810.076
Administrative lawsuits	1.038.464	1.093.377
Labor lawsuits	3.547.528	840.517
Other Lawsuits	-	900.896
Total	**28.600.841**	**28.135.832**

c) Derivative financial instruments:

i) Swap transactions in foreign exchange

The Group has entered into a Euro swap transaction regarding the last three installments which will be payable in 2012 and 2013 amounting to USD 80.283.333 of a long-term bank loan amounting to USD 133.806.626 as explained in detail in Note 7. As of 31 December 2010 the Group accounted expense amounting to TL 2.142.358 based on swap transactions related to the bank loan amounting USD 40.180.00. As a result of such foreign currency swap transactions, gain amounting to TL 11.717.066 was recognised as of 31 December 2009.

ii) Interest rate interval swap transactions

As of 31 December 2010, the Group has six collar agreements (31 December 2009: eight collar and a CAP amounting to USD 37.000.000) amounting to USD 27.750.000 (31December 2009: USD 46.000.000) to hedge the interest rate risk. The agreements have fixed floor and ceiling rates. Accordingly, at the dates defined in agreements, if the LIBOR rate is below the floor rate, the Group has to compensate for the difference between the floor rate and the actual rate. Similarly, if the LIBOR rate is above the ceiling rate, banks compensate for the difference to the Group.

NOTE 19 - COMMITMENTS (Continued)

ii) Interest rate interval swap transactions (continued)

As of 31 December 2010 fixed floor and ceiling rates change between 3,0% and 5,6% (31 December 2009: 3,0% - 5,6%) and the main floating interest rate is LIBOR.

Financial expense recognised during the period regarding these agreements amounting to TL 1.555.834 (31 December 2009: TL 165.889).

iii) Interest rate swap transactions

Group has interest rate swap agreement in order to convert variable interest rate (Libor) of its loan debt, amounting to USD 80.282.530, to fixed interest rate. According to that agreement, interest cost of that loan, which is depending on 6-months Libor rate, is fixed until 5 July 2011. Financial expense recognised during the period regarding these agreements amounted to TL 1.513.086 (31 December 2009: None).

d) Non-controlling shares put options:

The Group has the right to purchase 13% of non-controlling shares from non-controlling shareholders, provided that certain conditions are met related to the Group's subsidiary, Impress Media Marketing LLC ("Impress Media") which was acquired by OOO Pronto Moscow in January 2007. The Group has signed a new put option agreement valid between August 2011 and August 2015 for the remaining non-controlling shares of 10%. Net fair value of such option shall be calculated based on Impress Media's EBITDA or net sales revenue. Group, pursuant to an agreement signed in September of 2010, has had the option to purchase the remaining non-controlling shares of 3%. The fair value of the option will be determined based on calculation over the EBITDA of Impress Media, Based on the EBITDA of Impress Media, Group would gradually have a put option until 14% and a call option until 14%. As of 31 December 2010, the short-term portion of the fair value of the put option is TL 763.724 (31 December 2009: TL 2.359.432), long-term portion is nil as of 31 December 2010 (31 December 2009: TL 742.310).

The Group has granted a put option, on the remainder of 30% shares during the acquisition of 70% interest of the shares in its subsidiary Oglasnik d.o.o. located in Croatia. As of 31 December 2010, the fair value of this option is TL 12.366.454 (USD 8.000.000) (31 December 2009: TL 12.044.094 (USD 8.000.000)) and classified in "other short-term financial liabilities". The negotiations related with using that put option is still continuing as of the date which the financial statements publicly announced.

The Group acquired a 55% interest in Moje Delo d.o.o. ("Moje Delo") in Slovenia. The Group paid an earn-out amounting to EUR 1 million. The Group has the right to buy put options from non-controlling interest owners from January 2009 to January 2012. Also, the Group presented call options to non-controlling interest owners exercisable from January 2011 to January 2014. Exercise price shall be calculated based on EBITDA and the net financial debt of Moje Delo. The fair value of the put option is TL 700.338 as of 31 December 2010 (31 December 2009: TL 719.725) and classified in "short-term financial liabilities".

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 19 - COMMITMENTS (Continued)

d) Non-controlling shares put options (continued):

Based on a protocol signed in the current period, the put option liability in relation to the 3,84% shares of non-controlling interests in Trader Media East Limited is exercisable until 2013. The "put option" exercise price is US $ 13. The Company will make a payment of US $ 1 million for each year the put option right is not exercised until 2013. Considering facts that the protocol signed in the current period has not derived any cash outflows in prior periods or in the current period and probable cash outflows will likely occur in 2013, the Group has presented TL 38,6 million of put option liability under the "Other Financial Liabilities" account in the accompanying consolidated financial statements as of and for the period then ended 31 December 2010; and accordingly has recognized foreign currency translation difference and loss for the period by increasing TL 0,3 million and TL 0,7million and its non-controlling interest and retained earnings/accumulated losses by decreasing TL 12,7 million and TL 25,5 million, respectively.

NOTE 20 – PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

Provision for employment termination benefits at 31 December 2010 and 31 December 2009 are as follows:

	31 December 2010	31 December 2009
Provision for employment termination benefits	21.660.771	14.196.159
Total	**21.660.771**	**14.196.159**

There are no pension plans and benefits other than the legal requirement as explained below.

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). At 31 December 2010 the amount payable maximum TL 2.517,01 (31 December 2009: TL 2.365,16) for each year of service.

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

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

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

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

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 20 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS (Continued)

	31 December 2010	31 December 2009
Discount rate (%)	4,66	5,92
Turnover rate to estimate the probability of retirement (%)	93	89

The principal assumption is that the maximum liability of TL 2.517,01 (31 December 2009: TL 2.365,16) 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 TL 2.623,23 (1 January 2010: TL 2.427,04), which is effective from 1 January 2011, has been taken into consideration in calculating the reserve for employment termination benefit of the Group. As of 31 December 2010, the salaries have been taken into consideration in calculation for the employees under the Regulations with regards to Employees Employed in the Press Sector.

The Group has reviewed the assumptions used in calculating the retirement benefit obligation in the current year, changes in accounting estimates are accounted in the current period.

The movements in provision for employment termination benefits during the periods ended at 31 December are as follows:

	2010	2009
1 January	14.196.159	11.744.969
Current period service charge	9.574.351	1.265.829
Interest expenses	661.541	695.302
Payments during the year and provisions terminated	(3.491.095)	(4.038.446)
Actuarial loss	719.815	4.528.505
31 December	**21.660.771**	**14.196.159**

NOTE 21 - OTHER ASSETS AND LIABILITIES

Other current assets at 31 December 2010 and 31 December 2009 are as follows:

	31 December 2010	31 December 2009
Prepaid taxes and deductions (Note 30)	16.615.504	12.482.673
Prepaid expenses (*)	6.061.075	6.371.657
Advances given to personnel	5.090.448	4.529.002
Value Added Tax ("VAT") receivables	1.806.606	2.284.475
Job advance	748.070	726.571
Order advance given	292.464	489.043
Income accruals	268.712	161.025
Provision for other doubtful receivable (-) (Note 26)	(559.652)	-
Other	2.912.260	2.972.719
Total	**33.235.487**	**30.017.165**

(*) Prepaid expenses are mostly composed of the prepaid rents.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 21 - OTHER ASSETS AND LIABILITIES (Continued)

Other current assets at 31 December 2010 and 31 December 2009 are as follows:

	31 December 2010	31 December 2009
Advances given for the non-controlling shares purchase option	-	1.005.808
Advance given for tangible assets purchase	221.532	201.438
Blocked deposit with maturity more than one year (*)	15.460.000	-
Other	156.146	5.595
Total	**15.837.678**	**1.212.841**

(*) As of 31 December 2010, the Company has time deposits amounting to USD 10.000.000 which is blocked as collateral for the loans belonging to the subsidiaries until 2013, the maturity date of the loan.

Other short-term liabilities at 31 December 2010 and 31 December 2009 are as follows:

	31 December 2010	31 December 2009
Provision for unused vacation	10.351.123	9.428.016
Tax penalty accruals (*)	-	17.200.000
Deferred revenue	8.918.189	8.401.888
VAT payables	3.897.466	4.386.104
Expense accruals	645.807	1.554.295
Due to non-controlling partnerships	367.948	-
Other	277.988	484.407
Total	**24.458.521**	**41.454.710**

(*) Related to the tax inspection reports released by the Ministry of Finance as of 15 March 2010 regarding the tax reviews, consist of corporate tax in the amount of TL 12.155.173 and temporary tax of TL 10.413.832 (together totalling TL 22.569.005), as well as a tax loss penalty in the amount of TL 22.569.005, a tax liability amounting to TL 17.200.000 was accrued as of 31 December 2009. A settlement regarding the tax principals and penalties was reached on 6 April 2010 and the settlement amounting to TL 16.974.250 was paid on 6 May 2010.

The movements in provision for unused vacation during the periods ended at 31 December are as follows:

	2010	2009
1 January	9.428.016	4.558.785
Addition during the period	1.464.691	4.901.999
Termination of previously set provisions	-	(32.768)
Payments related to provision	(638.468)	-
Foreign currency exchange difference	96.884	-
31 December	**10.351.123**	**9.428.016**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 21 - OTHER ASSETS AND LIABILITIES (Continued)

Other long-term liabilities at 31 December 2010 and 31 December 2009 are as follows:

	31 December 2010	31 December 2009
Other long-term liabilities	44.837	78.297
Total	**44.837**	**78.297**

NOTE 22 - EQUITY

The Company adopted the registered share capital system available to companies registered with the CMB and set a limit on its registered share capital representing registered type shares with a nominal value of TL 1. There are no privileged shares. The Company's historical authorised and paid-in share capital at 31 December 2010 and 31 December 2009 are as follows:

	31 December 2010	31 December 2009
Historical authorised and paid-in share capital	552.000.000	552.000.000
Limit on registered share capital (historical)	800.000.000	800.000.000

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

The shareholding structures are as follows:

	31 December 2010	Share (%)	31 December 2009	Share (%)
Doğan Yayın Holding	367.411.200	66,56	367.411.200	66,56
Doğan Holding	61.216.800	11,09	61.216.800	11,09
Publicly owned	123.372.000	22,35	123.372.000	22,35
	552.000.000	**100**	**552.000.000**	**100**
Adjustment to share capital	77.198.813		77.198.813	
Total share capital	**629.198.813**		**629.198.813**	

As of 31 December 2010 6,56 % (31 December 2009: 6,56%) of publicly owned shares belong to Doğan Yayın which is the main shareholder of the Group, and 11,09 % (31 December 2009: 11,09%) by Doğan Holding, which is the ultimate parent of the Group.

Dogan family is the ultimate parent of the Company.

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

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 22 - EQUITY (Continued)

Due to tax principal and tax penalty notices communicated by the Tax Office, the shares that Doğan Yayın has in the share capital of the Company at a rate of 66,56% and which are maintained in the export/investment accounts of the Central Registry Institution and Intermediary Institution have been made inactive, accordingly their transfer has been restricted. In the Public Announcement of Doğan Yayın, dated 1 February 2010, it was mentioned that a significant portion of the lawsuits filed for the aforementioned original tax amounts and notices has been finalised in favour of Doğan Yayın.

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.

The amounts stated above should be reclassified under "Restricted Reserves" in accordance with the CMB Financial Reporting Standards. As of 31 December 2010 and 31 December 2009, details of the restricted reserves of Hürriyet, main equity holder of the Group, are as follows:

Restricted reserves:	**31 December 2010**	**31 December 2009**
1. Composition restricted reserves	24.151.879	23.067.690
2. Composition restricted reserves	7.408.846	4.648.846
Total	**31.560.725**	**27.716.536**

According to the result of inflation adjusted first financial statement arrangement, equity accounts of "Share Capital, Share Premium, Legal Reserves, Statutory Reserves, Special Reserves and Extraordinary reserves" are booked as their balance sheet values and total of the adjusted values of these accounts were booked in equity group "equity inflation adjustment differences" account. For all equity accounts, "equity inflation adjustment differences" could only be used for stock split or loss account; booked amounts of extraordinary reserves could only be used for stock split, cash dividend distribution or loss accounts.

However, in accordance with the CMB's Decree Volume: XI; No: 29 issued on 1 January 2008 and other related CMB's announcements, "Paid-in capital", "Restricted reserves" and "Premium in excess of par" should be carried at their registered amounts in statutory records. Restatement differences (e.g. inflation restatement differences) arising from the application of the Decree should be associated with:

- if the difference is arising due to the inflation adjustment of "Paid-in Capital" and not yet been transferred to capital should be classified under the "Inflation Adjustment to Share Capital";
- if the difference is due to the inflation adjustment of "Restricted Reserves" and "Share Premium" and the amount has not been utilised in dividend distribution or capital increase yet, it shall be classified under "Retained Earnings";

Other equity items shall be carried at the amounts calculated based on CMB Financial Reporting Standards.

Capital adjustment differences have no other use other than being transferred to share capital.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 22 - EQUITY (Continued)

Dividend distribution

Companies registered on ISE are subject to dividend requirements regulated by the CMB as explained below:

In accordance with the CMB Decision dated 27 January 2010, and meeting numbered 02/51, concerning distribution basis of net profit obtained from the operations of the year 2009, no limit for the profit distribution shall be applied as for the companies quoted in the stock exchange (2009: 20%). According to the Board's decision and Communiqué IV No: 27 issued by CMB regarding allocation basis of profit of publicly owned companies, the distribution of the relevant amount may be realised as cash or as bonus shares or partly as cash and bonus shares.

Moreover, in accordance with the CMB decision no 7/242, dated 25 February 2005, in the event that the entire profit distribution amount calculated pursuant the minimum profit distribution amount calculated over the net distributable profit found in accordance with CMB regulations can be covered by the distributable profit in the statutory records, it shall be distributed completely, and if the relevant amount cannot be covered by that amount, all of the net distributable profit in the statutory records shall be distributed. In the event that there is any period loss in financial statements or statutory records prepared in accordance with the CMB regulations, no profit shall be distributed.

Paid-in Capital	552.000.000
Capital Inflation Difference	57.678.463
Share Premium	76.944
Legal Reserve	35.677.579
Extraordinary Reserve (*)	143.951.781
Special Funds (*)	1.786.780
Retained Earnings	25.120.067
Net Profit (*)	18.387.447
Total Equity	**834.679.061**

(*) The total amount that can be subject to profit distribution according to legal records is TL 163,829,500. Since TL 296,508 of the extraordinary reserve amount is inflation difference, it is not included in total amount which may be subject to profit distribution.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 23 - SALES AND COST OF SALES

Sales

	2010	2009
Advertisement sales	522.412.879	497.840.650
Circulation and publishing sales	221.340.023	236.711.657
Other	50.473.069	49.580.555
Net Sales	**794.225.971**	**784.132.862**
Cost of sales	(487.709.001)	(499.032.419)
Gross profit	**306.516.970**	**285.100.443**

Cost of sales

The details of cost of sales for the years ended 31 December are as follows:

	2010	2009
Raw materials	188.037.855	212.514.999
Paper	*122.798.950*	*141.529.674*
Printing and ink	*47.642.880*	*52.098.365*
Other	*17.596.025*	*18.886.960*
Payroll	170.654.187	158.910.980
Depreciation and amortization charges (Note 13,14)	44.753.912	47.820.969
Commission	16.498.489	15.969.059
Distribution, storage and travel	7.976.902	7.702.048
Fuel, electricity and water and office expenses	6.827.644	6.690.104
Maintenance expenses	7.491.674	6.353.448
Packaging expenses	5.725.229	5.543.340
Rent expense	4.065.467	4.062.018
Communication	3.762.975	3.967.588
News agency expenses	3.382.550	2.935.402
Other	28.532.117	26.562.464
Total	**487.709.001**	**499.032.419**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 24 - RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SELLING AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATION EXPENSES

a) Marketing, selling and distribution expenses:

	2010	2009
Advertisement	46.833.097	30.025.584
Transportation, storage and travel	24.719.704	20.726.358
Payroll	11.471.564	11.296.485
Promotion	18.489.951	12.024.910
Sponsorship	2.308.582	1.774.063
Outsourced services	2.335.568	1.766.686
Other	7.511.103	8.032.377
Total	**113.669.569**	**85.646.463**

b) General administrative expenses:

	2010	2009
Payroll	47.629.891	50.308.101
Depreciation and amortization charges (Notes 13,14,15)	39.028.776	38.664.728
Consultancy	16.811.771	17.859.503
Rent	10.565.012	12.119.840
Fuel, electricity and water	7.000.540	6.592.937
Transportation, storage and travel	4.714.728	4.737.255
Communication	3.819.367	4.218.913
Maintenance expenses	3.037.501	2.007.145
Other	14.778.410	13.837.598
Total	**147.385.996**	**150.346.020**

NOTE 25 - EXPENSES BY NATURE

The expenses as of 31 December 2010 and 2009 are shown based on the functions and the details are given in Notes 23 and 24.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 26 - OTHER OPERATING INCOME/EXPENSES

The details of other income and gains for the years ended at 31 December 2010 are as follows:

	2010	**2009**
Gain on the sale of subsidiary (*)	-	3.320.737
Reversal of impairment on investment property	1.449.222	-
Rent and building service fees	2.865.854	2.467.414
Gain on sale of property, plant and equipment	1.029.390	66.547
Reversed provisions	1.508.284	489.087
Other	416.556	1.217.370
Total	**7.269.306**	**7.561.155**

(*) Gain on sales of subsidiaries resulted from the disposal of shares of Szuperinfo Magyarorszag Kft at 28 October 2009.

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

	2010	**2009**
Provision for tax penalties (Note 18,21)	3.179.690	32.754.695
Provision for doubtful receivables (Note 9,21)	8.832.734	11.956.047
Impairment of goodwill and intangible assets	53.301.349	6.690.546
Loss on sale of property, plant, equipment and investment properties	2.202.537	3.523.726
Impairment on investment properties	455.118	3.340.894
Punishment and compensation expense	958.275	1.109.241
Aids and donations	1.902.634	731.342
Provision for lawsuits (Note 18)	724.944	220.281
Loss on sale of subsidiary	5.996	-
Other	4.765.977	2.251.705
Total	**76.329.254**	**62.578.477**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 27 - FINANCIAL INCOME

The details of financial income for the years ended at 31 December are as follows:

	2010	2009
Foreign exchange income	24.556.136	108.811.322
Time deposits interest income	8.864.472	20.277.957
Due date difference income	7.417.568	9.509.073
Finance income from trade receivables	2.048.399	1.671.632
Interest income on financial assets at fair value through profit and loss, net	1.356.101	1.330.390
Other	544.937	338.648
Total	**44.787.613**	**141.939.022**

NOTE 28 – FINANCIAL EXPENSES

The details of financial expenses for the years ended at 31 December are as follows:

	2010	2009
Foreign exchange loss	36.085.657	107.697.326
Interest expenses on borrowings	18.109.609	25.924.295
Credit commission, banking and factoring expenses	2.077.659	7.270.305
Other	5.560.683	6.971.667
Total	**61.833.608**	**147.863.593**

NOTE 29 - ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

As of 31 December 2010 and 31 December 2009, the Group has no non-current assets held for sale and discontinued operations.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 30 - TAX ASSETS AND LIABILITIES

	31 December 2010	31 December 2009
Corporate and income taxes payable	12.630.692	8.627.512
Less: Prepaid taxes (Note 21)	(16.615.504)	(12.482.673)
Taxes payable receivable	**(3.984.812)**	**(3.855.161)**
Deferred tax liabilities	117.314.791	136.958.525
Deferred tax assets	(10.966.263)	(12.342.243)
Deferred tax liabilities, net	**106.348.528**	**124.616.282**

The Group calculates its deferred tax assets and liabilities, considering the effects of temporary differences which result from different evaluations of principles of preparation of the financial statements and legal financial statements mentioned in Note 2.1.1. Those temporary differences usually cause income and loss to be accounted for in different reporting periods in accordance with the principles of preparation of the financial statements and tax laws mentioned in Note 2.1.1.

Deferred income taxes are calculated on temporary differences that are expected to be realised or settled based on the taxable income in coming years under the liability method using a principal tax rate of 20% (31 December 2009: 20%).

The tax rates at 31 December 2010, which are used in the calculation of deferred tax, taking each country's tax legislations into consideration are as follows:

Country	Tax rates (%)	Country	Tax rates (%)
Germany	28,0	Kazakhstan	20,0
Croatia	20,0	Hungary	19,0
Belarus	24,0	Holland	25,5
Russia	20,0	Ukraine	25,0
Slovenia	20,0		

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 30 - TAX ASSETS AND LIABILITIES (Continued)

The temporary differences giving rise to deferred income tax assets/ (liabilities) using the enacted tax rates as of 31 December 2010 and 31 December 2009 are as follows:

	Total temporary differences		Deferred tax assets/ (liabilities)	
	2010	**2009**	**2010**	**2009**
Carry forward tax losses (*)	6.862.952	2.248.419	1.372.807	449.155
Difference between tax base and carrying value of trade receivables	14.481.175	19.569.646	2.812.282	3.824.951
Provision for employment termination benefits and unused vacation rights	32.011.894	23.197.679	6.192.819	4.640.086
Difference between tax base and carrying value of leasing payables	948.468	4.305.910	271.262	1.231.490
Deferred revenue	1.220.548	1.355.905	253.889	271.182
Difference between tax bases and carrying value of property, plant and equipment and intangibles	(609.650.118)	(689.529.646)	(121.648.625)	(135.423.679)
Other, net	(32.475.228)	1.211.921	4.397.038	390.533
Total	**(586.600.309)**	**(637.640.166)**	**(106.348.528)**	**(124.616.282)**

Deferred tax assets:	**31 December 2010**	**31 December 2009**
To be recovered after one year	10.581.204	5.769.360
To be recovered within one year	385.059	6.572.883
Total	**10.966.263**	**12.342.243**

Deferred tax liabilities:	**31 December 2010**	**31 December 2009**
To be recovered after more than one year	(117.029.983)	(135.423.679)
To be recovered within one year	(284.808)	(1.534.846)
Total	**(117.314.791)**	**(136.958.525)**

(*) Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. As of 31 December 2010, carry forward tax losses for which no deferred income tax asset was recognised amounted to TL 28.533.184 (31 December 2009: TL 26.678.778).

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 30 - TAX ASSETS AND LIABILITIES (Continued)

The maturity analysis of carry forward tax losses are as follows:

	31 December 2010	**31 December 2009**
2011	313.083	313.083
2012	-	-
2013	1.515.376	1.515.376
2014 and over	5.034.493	419.960
Total	**6.862.952**	**2.248.419**

The movements in deferred tax liabilities for the years ended 31 December 2010 is as follows:

	2010	**2009**
1 January	**124.616.282**	**133.141.081**
Deferred tax expense / (income) at the consolidated statement of income	(20.706.815)	(4.687.042)
Currency translation differences	2.439.061	(3.837.757)
31 December	**106.348.528**	**124.616.282**

The analysis of the tax expenses for the years ended at 31 December are as follows:

	2010	**2009**
Current	26.644.851	18.798.776
Deferred	(20.706.815)	(4.687.042)
Total	**5.938.036**	**14.111.734**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 30 - TAX ASSETS AND LIABILITIES (Continued)

The reconciliation of the taxation on expense in the consolidated statement of income for the periods ended at 31 December and the taxation on income calculated with the current tax rate over income before tax and non-controlling interest is as follows:

	2010	2009
Loss before taxes and non-controlling non-controlling shares	(49.589.350)	(27.023.262)
Current period tax income calculated at the effective tax rates of countries	(11.687.667)	(3.543.871)
Expenses not deductible for tax purposes	14.959.268	15.065.485
Current period financial losses	4.048.149	4.924.104
Effect of financial losses which the deferred tax assets not calculated	370.882	-
Effect of goodwill impairment	3.727.162	1.338.109
Carry forward losses utilised	-	786.662
Income exempt from tax	(385.680)	(460.377)
Witholding tax relating to dividend distribution	2.999.462	1.605.795
Other, net	(8.093.540)	(5.604.173)
Tax losses /(income)	**5.938.036**	**14.111.734**

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

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

Turkey:

Turkish Corporate Tax Law has been amended by Law No. 5520 dated 13 June 2006. Most of the articles of this new Law No. 5520 have come into force effective from 1 January 2006. Corporation tax is 20% (2009: 20%). Corporation tax is payable on the total income of the companies after adjusting for certain disallowable expenses, corporate income tax exemptions (gain from associates' exemption, investment allowances etc) and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed (except withholding tax at the rate of 19,8% on the investment incentive allowance utilised within the scope of the Income Tax Law Transitional Article 61).

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

Corporations are required to pay advance corporation tax quarterly at the rate of 20% (2009: 20%) on their corporate income. Advance tax is to be declared by the 10th day of the second month following each calendar quarter end and is payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

NOTE 30 - TAX ASSETS AND LIABILITIES (Continued)

Turkey (continued):

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

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

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

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses can not be carried back to offset profits from previous periods.
There are numerous exemptions in the Corporate Income Tax Law. Of these, exceptions to the Company are described below:

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

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

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

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

75% of the gains derived from the sale of prefential rights, usufruct shares and founding shares from investment equity and real property which has remained in assets more than two full years are exempt from corporate tax. To be entitled to the exemption, the relevant gain is required to be held in a fund account in liabilities and it must be withdrawn from the entity for a period of five years. The sales consideration has to be collected up until the end of the second calendar year following the year the sale was realized.

NOTE 30 - TAX ASSETS AND LIABILITIES (Continued)

Turkey (continued):

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

a) In the scope of the investment incentive certificates prepared related to the applications before 24 April 2003, investments to be made after 1 January 2006 in the scope of the certificate for the investments started in accordance with the additional 1st, 2nd, 3rd, 4th, 5th and 6th articles prior to the abrogation of Income Tax Law, dated 9 April 2003 with No. 193 and Law No. 4842,

b) In the scope of the abolished 19th article of Income Tax Law No: 193, the investment allowance amounts to be calculated in accordance with the legislation, the investments which were started before 1 January 2006 and which display an economic and technical integrity,

The Companies can utilize the investment allowance exemption, for their investments performed according to provisions of the legislation as of that date and for their subsequent investments in line with the provisions of the legislation (including provisions regarding tax rates) in calculating tax on their profits for only 2008. Accordingly, above mentioned profits within trade income/loss are considered in the calculation of corporate income tax.

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

Russian Federation

The corporate tax rate effective in Russian Federation is 20% (2009: 20%).

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

The annual balance is due by 28 March of the following year. According to Russian Federation's tax system, losses may be carried forward for 10 years to be deducted from future taxable income. Starting from 2007 there is no limitation as to the maximum amount that can be deducted in each particular year. Maximum amount that can be deducted in any year is limited to 30% of the taxable income (2009: 30%). Rights related to tax losses that have not been utilized in the related periods will be lost.

Tax refunds are technically possible but are very difficult to obtain in practice. Often they can only be obtained through court action. Tax consolidations of tax reporting/ payments by different legal entities (or grouping) are not permitted in Russia at present. Generally, dividend income payable to a foreign organisation is subject to withholding tax at 15%. This standard rate may, however, be reduced under the provisions of applicable double tax treaty.

In Russian Federation the tax regulations are subject to various comments and change frequently. Regarding to TME's operations the interpretation of tax regulations by tax authorities may differ from the management.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 30 - TAX ASSETS AND LIABILITIES (Continued)

Hungary

The corporate tax rate effective in Hungary is 19% (2009: 19%).

According to Hungary's tax system, there is no time limit while transporting financial damages. The tax authority's permission is needed to carry forward the tax-year's losses if a company's pre-tax profit is negative and its income is less than 50% of its costs and expenses or the company's tax base was also negative in the previous two years.

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

Croatia

The corporate tax rate effective in Croatia is 20% (2009: 20%).

There are no formal procedures in Croatia to agree the final level of tax charge upon submission of the declaration for corporate tax and VAT. However, such tax charges may be subject to review by the relevant tax authorities during the limitation period of three years. The limitation period of three years starts with the year that follows the year of submission of tax declarations. The counting of three years starts again with any action of tax authorities with the purpose to collect tax, interest or fines until absolute statute of limitation of 6 years expires.

Tax losses may be carried forward and used within five years following the year in which they were incurred. When paying fees for the use of intellectual property, market research services, tax and business consultation, auditing and similar services, and interest to foreign legal persons, Croatian taxpayers are obliged to withhold and pay 15% tax

Slovenia

The corporate tax rate effective in Slovenia is 20% (2009: 20%).

According to Slovenia's tax system, there is no time limit while transporting financial damages. Capital gains arising from mergers, stock sales provided 50% capital gains are tax-free. Capital losses can not be considered as a deduction in calculation of corporate income tax. Foreign mercenary corporation tax computations, tax and foreign mercenaries paid on foreign currency income tax deduction equal to the difference between the corporate tax base can be used in Slovenia.

NOTE 31 - LOSS PER SHARE

Basic losses per shares are calculated by dividing the net loss for the period by the weighted average number of ordinary shares in issue. Calculation is as follows:

	2010	2009
Loss for the period	(40.079.404)	(35.079.806)
Number of ordinary shares in issue (with nominal value of TL 1 each)	552.000.000	486.465.753
Loss per share (Kr)	**(7,26)**	**(7,21)**

There are no differences for any of the periods between earnings per share and diluted earnings per share.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 32 - RELATED PARTY DISCLOSURES

The Company's principal shareholder, Doğan Holding, the ultimate common shareholder Dogan family and other group companies are controlled by Doğan Holding is defined as related party. Related party balances and transactions are listed below.

i) Balances of Related parties

a) Short term receivables due to related parties

	31 December 2010	31 December 2009
Doğan Yayın Holding A.Ş.	86.676	73.823
Doğan Gazetecilik A.Ş. ("Doğan Gazetecilik")	9.205.838	9.813.236
Medyanet İletişim Reklam Pazarlama ve Turizm A.Ş. ("Medyanet")	3.992.543	5.850.608
DTV Haber ve Görsel Yayıncılık A.Ş. ("Kanal D")	3.795.275	14.466.840
Doğan Dağıtım Satış ve Pazarlama A.Ş. ("Doğan Dağıtım")	2.020.401	2.815.538
Milliyet Verlags und Handels GmbH ("Milliyet Verlags")	332	2.250.172
Doğan Media International GmbH ("DMI")	292.002	399.895
Bağımsız Gazeteciler Yayıncılık A.Ş. ("Bağımsız Gazeteciler")	1.202.107	1.687.476
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş. ("Doğan Burda")	1.271.363	1.318.186
Katalog Yayın Tanıtım Hizmetleri A.Ş. ("Katalog")	-	899.004
Doğan Portal ve Elektronik Ticaret A.Ş. ("Doğan Portal")	116.610	16.922
Milta Turizm İşletmeleri A.Ş. ("Milta")	621.823	535.285
Other	2.124.860	960.388
	24.729.830	**41.087.373**

b) Short term due to related parties

	31 December 2010	31 December 2009
Doğan Yayın Holding A.Ş.	105.274	415.392
Doğan Dış Ticaret ve Mümessillik A.Ş. ("Doğan Dış Ticaret")	1.843.857	305.443
Milta	179.721	12.605
D-Market Elektronik Hizmetleri Ticaret A.Ş. ("D Market")	1.622	-
Petrol Ofisi A.Ş. ("Petrol Ofisi") (*)	-	197.185
Doğan İletişim Elektronik Servis Hizmetler ve Yayıncılık A.Ş. ("Doğan İletişim")	529.440	614.567
Other	769.949	721.884
	3.429.863	**2.267.076**

(*) Petrol Ofisi is not considered as related party as of 31 December 2010 since Doğan Holding has transferred the shares of Petrol Ofisi to OMV on 22 December 2010.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 32 - RELATED PARTY DISCLOSURES (Continued)

ii) Significant transactions with related parties:

Transactions in related parties for the years ended as of 31 December 2010 and 31 December 2009 are as follows;

a) Significant service and product sales to related parties:

	2010	**2009**
Doğan Yayın Holding A.Ş	2.385.799	2.112.234
Doğan Dağıtım	95.214.238	92.337.568
Doğan Gazetecilik	33.012.595	30.534.140
Medyanet	8.130.309	5.840.663
DMI	12.641.512	15.156.765
Doğan Burda	5.577.032	5.200.662
Bağımsız Gazeteciler	4.578.419	5.974.108
Milliyet Verlags	676.475	2.144.302
Doğan ve Egmont Yayıncılık ve Yapımcılık Ticaret A.Ş. ("Doğan Egmont")	4.578.419	986.554
Doğan İletişim	776.681	1.021.779
Turner Doğan Prodüksiyon ve Satış A.Ş. ("Turner Doğan")	436.028	1.651.728
Doğan Müzik Kitap Mağazacılık Pazarlama A.Ş.	242.918	129.478
Eko Televizyon Yayıncılık A.Ş. ("TNT")	109.190	479.015
Doğan TV Holding A.Ş. ("Doğan TV")	68.558	4.291.123
Petrol Ofisi (*)	19.272	244.913
Other	7.981.599	5.679.488
	176.429.044	**173.784.520**

(*) Petrol Ofisi is considered as a related party until 22 December 2010 which is the date of completion of the Doğan Holding's Petrol Ofisi shares sales to OVM. The balance amounting to TL 19.272 is due to the fuel purchases until the date of Petrol Ofisi shares sale.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 32 - RELATED PARTY DISCLOSURES (Continued)

c) Significant service and product purchases from related parties:

	2010	2009
Doğan Yayın Holding A.Ş.	6.898.473	6.968.500
Işıl İthalat (*)	56.003.059	55.154.458
Doğan Dış Ticaret (*)	58.941.156	71.030.313
Doğan Dağıtım (**)	18.942.110	17.313.195
Kanal D	2.307.503	5.264.077
Doğan İletişim	3.356.667	2.708.361
Işıl Televizyon Yayıncılık A.Ş. ("Star TV")	1.173.512	3.231.027
Milta	2.127.750	1.675.805
Petrol Ofisi (***)	1.287.378	1.575.230
D Yapım Reklamcılık ve Dağıtım A.Ş. ("D Yapım Reklamcılık")	1.159.667	763.835
Other	3.341.363	4.348.148
	155.538.638	**170.032.949**

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

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

(***) Petrol Ofisi is considered as a related party until 22 December 2010 which is the date of completion of the Doğan Holding's Petrol Ofisi shares sales to OMV.

c) Other significant transactions with related parties:

Other income:	2010	2009
Doğan Dış Ticaret	692.114	797.214
Işıl İthalat	863.109	813.176
Doğan Dağıtım	866.165	599.015
Doğan Burda	643.585	475.919
Doğan Yayın Holding	228.678	186.876
DMI	342.713	370.591
Doğan İletişim	145.619	137.991
Other	771.897	540.011
	4.553.880	**3.920.793**

Other expenses:	2010	2009
Petrol Ofisi	-	22.623
Other	-	3.824
	-	**26.447**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 32 - RELATED PARTY DISCLOSURES (Continued)

Purchase of property, plant and equipment and intangible asset:	2010	2009
Doğan Online	723.151	-
D-Market	461.637	661.962
Doğan Yayın Holding	47.560	-
Doğan İletişim	-	208.242
Doğan Gazetecilik	5.111.854	-
Other	16.726	198.110
	6.360.928	**1.068.314**

Financial income:	2010	2009
Kanal D	700.485	13.151
Medyanet	356.667	511.223
Bağımsız Gazetecilik	41.089	555.071
DMK	-	181.533
Doğan Yayın Holding	-	116.881
Other	14.832	37.351
	1.113.073	**1.415.210**

Financial expenses:	2010	2009
Doğan Faktoring (*)	865.334	1.075.618
Doğan Yayın Holding	1.480	202.482
Bağımsız Gazetecilik	28.657	-
Other	-	31.495
	895.471	**1.309.595**

(*)Billing and controlling of Group's commercial advertisement and collection of these commercial advertisement receivables are made by Doğan Factoring, commissions paid for these services are accounted in financial expenses.

Key Management Personnel:

The Group determined the key management personnel as board of directors and executive committee. Benefits provided to key management personnel consist of benefits such as wage, premium, health insurance and transportation.

	2010	2009
Salaries and other short term benefits	7.771.494	6.877.977
Post-employment benefits	105.837	-
Total	**7.877.331**	**6.877.977**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 33 - FINANCIAL RISK MANAGEMENT

33.1 Financial Risk Management

(i) Interest rate risk

The Company's interest rate sensitive financial instruments are as follows:

	31 December 2010	31 December 2009
Financial instruments with fixed interest rate		
Loans and receivables	69.743.339	261.353.697
Financial Assets *- Designated at fair value through profit or loss (*)*	*18.855.213*	*18.363.709*
Financial Liabilities	7.354.467	15.232.176
Financial instruments with floating interest rate		
Financial liabilities	499.025.964	635.053.546

(*) Financial assets designated at fair value through profit or loss consists of treasury bills and government bonds.

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

At 31 December 2010, had the interest rates on USD and Euro denominated borrowings been 100 basis point higher/lower with all other variables held constant, mainly as a result of higher/lower interest expense on floating rate borrowings; net loss for the period before tax and non-controlling interests would have been lower/higher by TL 891.004 (31 December 2009: TL 824.957).

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 33 - FINANCIAL RISK MANAGEMENT (Continued)

(ii) Liquidity risk

The table below shows the liquidity risk arises from financial liabilities of the Group:

31 December 2010	**Carrying value**	**Total contractual cash outflow**	**Less than 3 months**	**3-12 months**	**1-5 years**	**More than 5 years**
Non-derivative financial liabilities						
Financial liabilities (Note 7)	506.380.431	538.185.034	80.569.514	160.025.751	296.894.616	695.153
Other financial liabilities (Note 8)	57.082.687	57.082.687	-	57.082.687	-	-
Trade payables						
- Related party (Note 32)	*3.429.863*	*3.429.863*	*3.429.863*	-	-	-
- Other (Note 9)	*33.994.339*	*33.994.339*	*32.743.625*	*1.250.714*	-	-
Other payables						
- Related party (Note 32)	-	-	-	-	-	-
- Other (Note 10)	*18.484.007*	*18.484.007*	*18.336.488*	-	*147.519*	-

31 December 2009	**Carrying value**	**Total contractual cash outflow**	**Less than 3 months**	**3-12 months**	**1-5 years**	**More than 5 years**
Non-derivative financial liabilities						
Financial liabilities (Note 7)	650.285.722	675.603.865	77.725.911	171.947.446	423.249.273	2.681.235
Other financial liabilities (Note 8)	17.780.163	17.780.163	-	17.037.853	742.310	-
Trade payables						
- Related party (Note 32)	2.267.076	2.267.076	2.267.076	-	-	-
- Other (Note 9)	38.289.102	38.289.102	38.289.102	-	-	-
Other payables						
- Related party (Note 32)	-	-	-	-	-	-
- Other (Note 10)	16.453.564	16.453.564	16.265.351	-	188.213	-

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 33 - FINANCIAL RISK MANAGEMENT (Continued)

(ii) Liquidity risk (Continued)

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

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

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

At 31 December 2010, the Group has long-term financial liabilities amounting to TL 221.167.354 (31 December 2009: TL 250.730.351) and long-term trade payables to suppliers amounting to TL 54.991.092 (31 December 2009: TL 77.615.157) (Note 7). The Group has no marketable securities with a maturity over one year at 31 December 2010 (31 December 2009: None).

(iii) 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 credit amount of any individual counterparty. The credit risk is generally highly diversified due to the large number of entities comprising the customer bases.

Aging analysis for trade receivables:

As of 31 December 2010 there are past due but not impaired trade receivables amounting to TL 54.847.243 (31 December 2009: TL 56.582.096). The Group does not foresee any collection risk for the delay up to one month due to sector dynamics and conditions. The Group restructures the trade receivables by applying due date differences which are due over one month and/or the Group does not foresee any collection risk since they are under coverage of guarantees such as mortgage, indemnity or guarantee notes. As of 31 December 2010, the amount of mortgage and indemnity received is TL 13.162.212 for the related receivables.

As of 31 December 2010 and 31 December 2009, aging analysis for trade receivables that are past due but not impaired are as follows:

	31 December 2010		31 December 2009	
	Related party	**Other receivables**	**Related party**	**Other receivables**
0-1 months	940.023	18.755.712	1.140.380	18.998.634
1-3 months	290.467	12.784.980	2.076.813	9.608.021
3-6 months	-	8.806.217	1.766.512	3.105.679
6-12 months	-	7.396.581	776.371	6.769.789
1-2 years	-	5.873.263	3.590.160	8.749.737
	1.230.490	**53.616.753**	**9.350.236**	**47.231.860**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 33 - FINANCIAL RISK MANAGEMENT (Continued)

(iii) Credit Risk (Continued)

As of 31 December 2010 and 31 December 2009, aging analysis for trade receivables that are past due and impaired is as follows:

Impaired	**31 December 2010**	**31 December 2009**
Past due 0 - 3 months	687.970	2.262.103
Past due 3 - 6 months	1.600.110	2.530.329
Past due 6 months and over	46.967.993	38.448.797
Less: Provision for impairment	(49.256.073)	(43.241.229)

The balance of related party receivables that are past due and impaired as of 31 December 2010 is 899.004 TL (31 December 2009: None). There is no trade receivables which is over due and impaired as at 31 December 2010.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 33 - FINANCIAL RISK MANAGEMENT (Continued)

(iii) Credit Risk (Continued)

The Group's credit risk of financial instruments as of 31 December 2010 is as follows:

	Trade receivables		Other receivables		Bank	Other
31 December 2010	**Related party**	**Other**	**Related party**	**Other**	**deposits**	**assets**
Maximum credit risk exposure as of balance sheet date	**24.729.830**	**161.774.534**	**-**	**3.191.584**	**88.759.624**	**15.460.000**
- The part of maximum credit risk under guarantee with collateral	***-***	***30.833.701***	***-***	***-***	***-***	***-***
A. Net book value of financial assets that are not past due/impaired	23.499.340	108.157.781	-	3.191.584	88.759.624	15.460.000
B. Net book value of financial assets that are renegotiated if not that will be accepted as past due or impaired	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired (Note 9)	1.230.490	53.616.753	-	-	-	-
- The part under guarantee with collateral	-	*4.423.701*	-	-	-	-
D. Net book value of impaired asset						
- Past due (gross carrying amount)	-	49.256.073	-	559.652	-	-
- Impairment (-)	-	(49.256.073)	-	(559.652)	-	-
- The part of net value under guarantee with collateral	-	-	-	-	-	-
- Not over due (gross carrying amount)						
- Impairment (-)	-	-	-	-	-	-
- The part of net value under guarantee with collateral	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 33 - FINANCIAL RISK MANAGEMENT (Continued)

(iii) Credit Risk (Continued)

The Group's credit risk of financial instruments as of 31 December 2009 is as follows:

	Trade receivables		Other receivables		Bank	Other
31 December 2009	**Related party**	**Other**	**Related party**	**Other**	**deposits**	**assets**
Maximum credit risk exposure as of balance sheet date	**41.087.373**	**150.105.473**	**-**	**3.272.765**	**277.464.764**	**-**
- The part of maximum credit risk under guarantee with collateral	***-***	***31.700.510***	***-***	***-***	***-***	***-***
A. Net book value of financial assets that are not past due/impaired	31.737.138	102.873.613	-	3.272.765	277.464.764	-
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired (Note 9)	9.350.235	47.231.860	-	-	-	-
-The part under guarantee with collateral	-	*4.355.510*	-	-	-	-
D. Net book value of impaired asset						
- Past due (gross carrying amount)	-	43.241.229	-	-	-	-
- Impairment (-)	-	(43.241.229)	-	-	-	-
- The part of net value under guarantee with collateral	-	-	-	-	-	-
- Not over due (gross carrying amount)						
- Impairment (-)	-	-	-	-	-	-
- The part of net value under guarantee with collateral	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 33 - FINANCIAL RISK MANAGEMENT (Continued)

(iv) Foreign currency risk

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

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

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

TL equivalents of assets and liabilities denominated in foreign currencies at 31 December 2010 and 31 December 2009 are as follows:

	31 December 2010	31 December 2009
Assets	128.188.093	197.584.526
Liabilities	(593.426.277)	(707.182.082)
Net foreign currency position	**(465.238.184)**	**(509.597.556)**

Following exchange rates have been used in the translation of foreign currency denominated balance sheet items as of 31 December 2010: 1,546 TL= 1 USD and 2,0491 TL=1 Euro (31 December 2009: 1,5057 TL= 1 USD and 2,1603 TL=1 Euro).

Assets denominated in foreign currency amounting TL 128.188.093 as of 31 December 2010, hedged 22 % naturally by the existence of liabilities denominated in foreign currency amounting TL 593.426.277. Assets denominated in foreign currency amounting TL 197.584.526 as of 31 December 2009, hedged 28% naturally by the existence of liabilities denominated in foreign currency amounting to TL 707.182.082.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 33 - FINANCIAL RISK MANAGEMENT (Continued)

(iv) Foreign currency risk (Continued)

The table summarizes the foreign currency position risk as of 31 December 2010 and 31 December 2009. The carrying amount of foreign currency denominated assets and liabilities of the Group are as follows:

31 December 2010

	USD Original amount	TL	Euro Original amount	TL	Other TL	Total
Assets:						
Cash and cash equivalents	25.654.185	39.661.370	9.258.025	18.970.619	13.563.658	72.195.647
Trade receivables	286.728	443.281	1.712.006	3.508.072	7.163.739	11.115.092
Financial assets (Note 6)	12.196.127	18.855.213	-	-	-	18.855.213
Other receivables and current assets	213.590	330.210	34.951	71.619	9.988.706	10.390.535
Other non-current assets	10.010.000	15.475.460	6.036	12.368	143.778	15.631.606
	48.360.630	**74.765.534**	**11.011.018**	**22.562.678**	**30.859.881**	**128.188.093**
Liabilities:						
Short-term portion of long-term financial liabilities (Note 7)	96.256.957	148.813.255	31.657.230	64.868.831	16.511.360	230.193.446
Trade payables	436.149	674.286	2.337.724	4.790.230	7.934.072	13.398.588
Other payables and short-term liabilities	25.757.018	39.820.350	407.625	835.265	32.946.806	73.602.421
Long-term financial liabilities	142.168.519	219.792.531	13.669.403	28.009.973	28.384.481	276.186.985
Other non-current liabilities (Note 21)	-	-	-	-	44.837	44.837
	264.618.643	**409.100.422**	**48.071.982**	**98.504.299**	**85.821.556**	**593.426.277**
Net foreign currency position	**(216.258.013)**	**(334.334.888)**	**(37.060.964)**	**(75.941.621)**	**(54.961.675)**	**(465.238.184)**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 33 - FINANCIAL RISK MANAGEMENT (Continued)

(iv) Foreign currency risk (Continued)

31 December 2009

	USD Original amount	TL	Euro Original amount	TL	Other TL	Total
Assets:						
Cash and cash equivalents	73.838.568	111.178.732	9.333.025	20.162.134	14.249.971	145.590.837
Trade receivables	294.956	444.115	3.064.956	6.621.224	8.823.302	15.888.641
Financial assets (Note 6)	12.196.127	18.363.709	-	-	-	18.363.709
Other receivables and current assets	346.784	522.153	9.758	21.080	16.192.298	16.735.531
Other non-current assets	595.000	895.892	-	-	109.916	1.005.808
	87.271.435	**131.404.601**	**12.407.739**	**26.804.438**	**39.375.487**	**197.584.526**
Liabilities:						
Short-term portion of long-term financial liabilities (Note 7)	176.638.676	265.964.854	17.285.083	37.340.965	17.028.795	320.334.614
Trade payables	1.567.096	2.359.576	3.270.601	7.065.480	10.419.444	19.844.500
Other payables and short-term liabilities	870.500	1.310.712	337.504	729.109	34.191.434	36.231.255
Long-term financial liabilities	142.721.077	214.895.125	34.994.900	75.599.483	39.456.499	329.951.107
Other non-current liabilities and financial liabilities (Notes 8, 21)	-	-	-	-	820.606	820.606
	321.797.349	**484.530.267**	**55.888.088**	**120.735.037**	**101.916.778**	**707.182.082**
Net foreign currency position	**(234.525.914)**	**(353.125.666)**	**(43.480.349)**	**(93.930.599)**	**(62.541.291)**	**(509.597.556)**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 33 - FINANCIAL RISK MANAGEMENT (Continued)

(iv) Foreign currency risk (Continued)

The Group is exposed to foreign currency risk of USD, Euro and CHF.

31 December 2010	**Profit/Loss**	
	Foreign currency appreciation	**Foreign currency depreciation**
If the US dollar had changed by 10% against the TL		
USD net (liabilities)/assets	(33.304.243)	33.304.243
Hedging amount of USD	-	-
USD net effect on (loss)/income	**(33.304.243)**	**33.304.243**
If the EUR had changed by 10% against the TL		
Euro net (liabilities)/assets	(6.863.492)	6.863.492
Hedging amount of Euro	-	-
Euro net effect on (loss)/income	**(6.863.492)**	**6.863.492**
If the CHF had changed by 10% against the TL		
CHF denominated net (liabilities)/assets	(5.496.167)	5.496.167
Hedging amount of CHF	-	-
CHF net effect on (loss)/income	**(5.496.167)**	**5.496.167**

31 December 2009	**Profit/Loss**	
	Foreign currency appreciation	**Foreign currency depreciation**
If the US dollar had changed by 10% against the TL		
USD net (liabilities)/assets	(38.437.496)	38.437.496
Hedging amount of USD	-	-
USD net effect on (loss)/income	**(38.437.496)**	**38.437.496**
If the EUR had changed by 10% against the TL		
Euro net (liabilities)/assets	(8.065.633)	8.065.633
Hedging amount of Euro	-	-
Euro net effect on (loss)/income	**(8.065.633)**	**8.065.633**
If the CHF had changed by 10% against the TL		
CHF denominated net (liabilities)/assets	(6.164.540)	6.164.540
Hedging amount of CHF	-	-
CHF net effect on (loss)/income	**(6.164.540)**	**6.164.540**

NOTE 33 - FINANCIAL RISK MANAGEMENT (Continued)

33.2 Fair value of financial instruments

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

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

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

(i) Monetary assets

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

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

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

(ii) Monetary liabilities

The carrying values of trade payables are assumed to approximate their fair values. The carrying values of borrowings (Note 7), trade payables to suppliers (Note 7) and other long term financial liabilities (Note 8) approximate their carrying values as the effect of the discounting is not material.

33.3 Capital risk management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders in accordance with the CMB regulations, issue new shares or sell assets to decrease borrowing. There are covenants related with the bank borrowings stated in Note 7 which the Group has to fulfill net debt/equity ratio as stated in the contracts' of the related bank borrowings.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 33 - FINANCIAL RISK MANAGEMENT (Continued)

33.4 Capital risk management (continued)

The fair values of financial assets and financial liabilities are determined and grouped as follows:

- Level 1: the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;

- Level 2: the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions; and

- Level 3: the fair value of the financial assets and financial liabilities where there is no observable market data. The fair value of derivative instruments, are calculated using quoted prices. Where such prices are not available, estimate is made based on discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

Level classification of financial assets and liabilities that are valued with its fair values are as follows:

		Fair Value as of Reporting Date		
Financial assets	31 December 2010	Level 1 TL	Level 2 TL	Level 3 TL
Financial assets at FVTPL				
Trading securities	-	-	-	-
Trading derivatives	-	-	-	-
Available-for-sale financial assets				
Securities	18.855.213	-	18.855.213	-
Total	18.855.213	-	18.855.213	-

Financial liabilities				
Financial liabilities at FVTPL				
Trading derivatives	4.602.171	-	4.602.171	-
Other financial liabilities	-	-	-	-
	4.602.171	-	4.602.171	-

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 34 - SUBSEQUENT EVENTS

Financial statement for the year ended at 31 December was approved by the Board of Directors on 28 March 2011. People except the Board of Director members have no authority to change the consolidated financial statements. Consolidated financial statements will be finalized after the approval at ordinary general meeting of shareholders

NOTE 35 - CASH FLOWS

The details of changes in operating assets and liabilities at consolidated statement of cash flow for the year ended at 31 December are as follows:

	31 December 2010	**31 December 2009**
Change in blocked deposits and time deposits with maturity of more than three months	130.245	(209.342)
Change in trade receivables and due from related parties	(12.784.391)	(30.020.653)
Change in inventories	426.997	4.543.581
Change in other current assets	912.414	19.415.276
Change in trade payables and due to related parties	(3.138.515)	(4.468.088)
Change in other current liabilities	(5.726.648)	562.214
Change in financial liabilities	3.618.142	-
Change in other non-current assets	834.892	7.204.194
	(15.726.864)	**(2.972.818)**