HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 MARCH 2010 (ORIGINALLY ISSUED IN TURKISH)

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES FOR THE THREE MONTHS PERIOD 1 JANUARY - 31 MARCH 2010

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CONSOLIDATED BALANCE SHEET AT 31 MARCH 2010

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

	Note References	31 March 2010	31 December 2009
ASSETS			
Current assets		**503.693.776**	**539.009.243**
Cash and cash equivalents	5	254.273.792	278.383.288
Financial assets	6	18.217.548	18.363.709
Trade receivables		186.712.239	191.192.846
Due from related parties	32	40.640.504	41.087.373
Other trade receivables	9	146.071.735	150.105.473
Other receivables	10	2.700.017	2.606.113
Inventories	11	16.741.264	18.446.122
Other current assets	21	25.048.916	30.017.165
Non-current assets		**1.315.093.015**	**1.314.994.660**
Other receivables	10	717.842	666.652
Financial assets	6	4.746.164	4.886.604
Investments accounted for by the equity method	12	690.443	1.432.023
Investment property	13	21.888.577	26.595.563
Property, plant and equipment	14	495.450.691	507.257.327
Intangible assets	15	556.326.763	546.245.704
Goodwill	16	229.702.780	222.336.593
Deferred tax assets	30	4.364.406	4.361.353
Other non-current assets	21	1.205.349	1.212.841
Total assets		**1.818.786.791**	**1.854.003.903**

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONSOLIDATED BALANCE SHEET AT 31 MARCH 2010

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

	Note References	31 March 2010	31 December 2009
LIABILITIES			
Current liabilities		**461.064.165**	**462.224.009**
Financial liabilities	7	318.454.927	320.334.615
Other financial liabilities	8	14.504.460	15.123.251
Trade payables		45.802.039	40.556.178
Due to related parties	32	2.880.710	2.267.076
Other trade payables	9	42.921.329	38.289.102
Other payables	10	17.374.761	16.265.351
Current income tax liabilities	30	2.246.039	8.627.512
Provisions	18	28.028.978	27.375.806
Other current liabilities	21	34.652.961	33.941.296
Non-current liabilities		**425.165.926**	**474.133.721**
Financial liabilities	7	279.855.897	329.951.107
Other financial liabilities	8	750.100	742.310
Other payables	10	190.188	188.213
Provision for employment termination benefits	20	14.586.123	14.196.159
Deferred tax liabilities	30	129.709.065	128.977.635
Other non-current liabilities	21	74.553	78.297
TOTAL EQUITY			
Shareholders' equity		**932.556.700**	**917.646.173**
Equity attributable to equity holders of the company		**814.134.109**	**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		2.386.531	(15.107.992)
Restricted reserves	22	27.716.536	27.716.536
Retained earnings	22	156.012.015	191.091.821
Net loss for the period		(1.256.730)	(35.079.806)
Minority interests		**118.422.591**	**119.749.857**
Total liabilities and shareholders' equity		**1.818.786.791**	**1.854.003.903**

These consolidated financial statement as at and for the period ended 31 March 2010 were approved by the Board of Directors on 12 May 2010.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTHS PERIOD ENDED 31 MARCH

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

	Note References	31 March 2010	31March 2009
Sales	23	177.605.729	174.016.745
Cost of sales (-)	23	(112.783.055)	(122.858.037)
Gross profit		**64.822.674**	**51.158.708**
Marketing, selling and distribution expenses (-)	24	(30.043.002)	(16.345.559)
General administrative expenses (-)	24	(35.241.484)	(35.545.740)
Other operating income	26	4.215.776	1.883.890
Other operating expenses (-)	26	(7.604.210)	(2.733.294)
Operating (loss)/income		**(3.850.246)**	**(1.581.995)**
Share of loss of investments accounted for by the equity method	12	(2.452.927)	(3.302.599)
Financial income	27	14.950.147	38.180.367
Financial expenses (-)	28	(8.815.198)	(100.699.493)
Loss before tax		**(168.224)**	**(67.403.720)**
Taxation			
Current tax for the year	30	(3.948.460)	(1.315.624)
Deferred tax income	30	1.513.989	10.560.828
Net loss for period		**(2.602.695)**	**(58.158.516)**
Other comprehensive income:			
Change in translation reserves		18.197.126	3.930.421
Other comprehensive income after tax		18.197.126	3.930.421
Total comprehensive income/(loss)		**15.594.431**	**(54.228.095)**
Net loss for the period		**(2.602.695)**	**(58.158.516)**
Attributable to minority interests		(1.345.965)	(8.356.208)
Attributable to equity holders of the company		**(1.256.730)**	**(49.802.308)**
Allocation of net comprehensive (loss)/income for the period			
Attributable to minority interests		(643.362)	(5.188.501)
Attributable to equity holders of the company		**16.237.793**	**(49.039.594)**
Loss per share (Kr)	31	**(0,23)**	**(10,83)**

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE THREE MONTHS PERIOD ENDED 31 MARCH

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

	Share Capital	Inflation adjustment to share capital	Share premiums	Translation reserves	Restricted reserves	Retained earnings	Net loss for the period	Minority interests	Total shareholders' equity
Balances at 1 January 2009	**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	-	-	-	-	-	-	-	-	-
Subsidiaries' dividend payments to non-group companies	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	762.714			(49.802.308)	(5.188.501)	(54.228.095)
Change in translation reserves	-	-	-	*762.714*	-	-	-	*3.167.707*	*3.930.421*
Net loss for the period	-	-	-	-	-	-	*(49.802.308)*	*(8.356.208)*	*(58.158.516)*
Balances at 31 March 2009	**460.000.000**	**77.198.813**	**-**	**(2.186.874)**	**27.716.536**	**191.091.821**	**(49.802.308)**	**127.953.060**	**831.971.048**
Balances at 1 January 2010	**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	-	-	-	-	-	(35.079.806)	35.079.806	-	-
Subsidiaries' dividend payments to non-group companies	-	-	-	-	-	-	-	(945.719)	(945.719)
Other (*)								261.815	261.815
Total comprehensive loss	-	-	-	17.494.523	-	-	(1.256.730)	(643.362)	15.594.431
Change in translation reserves			-	*17.494.523*	-	-	-	*702.603*	*18.197.126*
Net loss for the period	-	-	-	-	-	-	*(1.256.730)*	*(1.345.965)*	*(2.602.695)*
Balances at 31 March 2010	**552.000.000**	**77.198.813**	**76.944**	**2.386.531**	**27.716.536**	**156.012.015**	**(1.256.730)**	**118.422.591**	**932.556.700**

(*) Represents fair value changes of put option liabilities..

CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH

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

	Note references	31 March 2010	31 March 2009
Net loss for the period		(1.256.730)	(49.802.308)
Minority interests		(1.345.965)	(8.356.208)
Adjustments:			
Depreciation	13,14	14.738.010	14.737.136
Amortisation	15	6.631.800	6.764.879
Net loss on disposal of property, plant and equipment and intangible assets	26	2.848.962	490.581
Taxation	30	2.434.471	(9.245.204)
Provision for employment termination benefits and unused vacation rights		1.372.513	(314.874)
Income accruals		(660.401)	8.159.410
Interest income	27	(6.311.379)	(12.411.860)
Interest expenses	28	3.509.575	9.467.704
Foreign exchange losses from bank borrowings		2.013.936	82.860.127
Reversal of the impairment of investment properties	13	(2.609.309)	(2.622.644)
Deferred income		(232.760)	(1.962.580)
Tax penalties	18	293.055	-
Loss from investments accounted for by the equity method	12	2.452.927	3.302.599
Provision for doubtful receivables	9	2.281.838	1.420.694
Other provision expenses		-	-
Cash flows from operating activities before changes in operating assets and liabilities		26.160.543	42.487.452
Changes in operating assets and liabilities-net	35	3.873.093	15.949.468
Income taxes paid		(2.625.493)	(4.395.036)
Doubtful receivables collected	9	880.200	152.673
Employment termination benefits paid	20	(834.695)	(837.280)
Net cash provided by operating activities		**27.453.648**	**53.357.277**
Cash flow from investing activities:			
Purchases of investment properties	13	(1.491.546)	(864.906)
Purchases of property, plant and equipment	14	(4.667.936)	(23.378.766)
Purchases of intangible assets	15	(1.130.592)	(898.985)
Proceeds from sales of property, plant and equipment, intangible assets and investment properties		6.628.840	7.658.775
Interests received		5.805.265	12.658.568
Share capital increase in associates and financial assets	12	-	(9.677.072)
Net cash (used in)/provided by investing activities		**5.144.031**	**(14.502.386)**
Cash used in financing activities:			
Dividends paid to minority interests		(945.719)	-
Bank borrowings paid		(46.114.182)	(143.186.448)
Change in trade payables to suppliers		(7.366.326)	15.053.080
Interests paid		(2.187.953)	(11.076.671)
Net cash (used in)/provided by financing activities		**(56.614.180)**	**(139.210.039)**
Exchange (losses)/gains on cash and cash equivalents		(572.724)	10.361.436
Change in cash and cash equivalents		(24.589.225)	(89.993.712)
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**	**252.385.323**	**278.225.379**

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

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 undertakes journalism, printing and advertising activities. The Company operates seven printing plants in Turkey with locations in Istanbul, Ankara, Izmir, Adana, Antalya, Trabzon and in Germany. The Company acquired 67,30% shares of Trader Media East Ltd. ("TME") through its subsidiary Hurriyet Invest B.V. 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, Istanbul
Turkey

The Company is registered to the Capital Markets Board ("CMB") and its shares have been quoted on the Istanbul Stock Exchange ("ISE") since 1992. 40% 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 holding the company's shares as guarantee by a bank and 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
In Liquidation Doğan Daily News Gazetecilik ve Matbaacılık A.Ş. ("Doğan Daily News")	Turkey	Turkey	Newspaper publishing
E Tüketici Internet ve Danışmanlık Hizmetleri Elektronik Yayıncılık A.Ş. ("E Tüketici")	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
Hürriyet Invest B.V. ("Hürriyet Invest")	Netherlands	Europe	Investment
TME	Jersey	Europe	Investment
Oglasnik d.o.o.	Croatia	Europe	Newspaper and internet publishing
Oglasnik Nekretnine 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
Expressz Magyarorszag Rt	Hungary	Europe	Newspaper and internet publishing
Mirabridge International B.V.	Netherlands	Europe	Investment
Trader East Holdings B.V.	Netherlands	Europe	Investment
ZAO Pronto Akzhol	Kazakhstan	Russia and EE	Newspaper and internet publishing
OOO Pronto-Akmola	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 Atyrau	Kazakhstan	Russia and EE	Newspaper and internet publishing
OOO Pronto Aktobe	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Aktau	Kazakhstan	Russia and EE	Newspaper and internet publishing
OOO Pronto Rostov	Belarus	Russia and EE	Newspaper and internet publishing
ZAO Avtotehsnab	Russia	Russia and EE	Newspaper and internet publishing
OOO Novoprint	Russia	Russia and EE	Newspaper and internet publishing
ZAO NPK	Russia	Russia and EE	Call center
OOO Balt-Pronto Kaliningrad	Russia	Russia and EE	Newspaper and internet publishing
OOO Delta-M	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Baikal	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto DV	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Ivanovo	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Kaliningrad	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Kazan	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Krasnodar	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Krasnojarsk	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Nizhnij Novgorod	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Novosibirsk	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Oka	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Petersburg	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Print	Russia	Russia and EE	Printing services
OOO Pronto Samara	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Stavropol	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto UlanUde	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Vladivostok	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Volgograd	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Moscow	Russia	Russia and EE	Newspaper and internet publishing
OOO Rosprint	Russia	Russia and EE	Printing services
OOO Rosprint Samara	Russia	Russia and EE	Printing services
OOO Tambukan	Russia	Russia and EE	Newspaper and internet publishing
OOO Utro Peterburga	Russia	Russia and EE	Newspaper and internet publishing
OOO Partner-Soft	Russia	Russia and EE	Internet publishing
Pronto Soft	Russia	Russia and EE	Internet publishing
OOO Pronto Astrakhan	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Kemerovo	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Sever	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Smolensk	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Tula	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto TV	Russia	Russia and EE	TV publishing
OOO Pronto Voronezh	Russia	Russia and EE	Newspaper and internet publishing
SP Belpronto OOO	Belarus	Russia and EE	Newspaper and internet publishing
OOO Tambov-Info	Russia	Russia and EE	Newspaper and internet publishing
Impress Media Marketing LLC	Russia	Russia and EE	Publishing
OOO Pronto Obninsk	Russia	Russia and EE	Newspaper and internet publishing
OOO Rektcentr	Russia	Russia and EE	Investment
Impress Media Marketing BVI	Russia	Russia and EE	Publishing
SP Pronto Kiev	Ukraine	Russia and EE	Newspaper and internet publishing
E-Prostir	Ukraine	Russia and EE	Internet publishing
Publishing House Pennsylvania Inc	USA	Russia and EE	Investment
RU.com OOO	Russia	Russia and EE	Internet publishing
SP Bel Pronto OOO BYR	Russia	Russia and EE	Newspaper and internet publishing
Mojo Delo spletni marketing d.o.o	Slovenia	Europe	Internet publishing
Bolji Posao d.o.o. Serbia	Serbia	Europe	Internet publishing
Bolji Posao d.o.o. Bosnia	Bosnia	Europe	Internet publishing
Pronto Invest B.V.	Netherlands	Europe	Investment
Pronto Ust Kamenogorsk	Kazakhstan	Russia and EE	Newspaper publishing

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, the Company did not apply IAS 29 "Financial Reporting in Hyperinflationary Economies" issued by IASB in its consolidated financial statements for the accounting periods starting 1 January 2005.

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. Consolidated financial statements and accompanying notes have been presented in accordance with the format, recommended to be implemented by CMB through its announcements dated 17 April 2008 and 9 January 2009, and by including the mandatory information.

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 from using closing and average exchange rates are included in the shareholders' 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, and its Associates (collectively referred as the "Group") on the basis set out in sections (a) to (d) 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. 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 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. The acquirer recognises the acquiree's identifiable assets, liabilities and contingent liabilities at their fair values at the acquisition date, without considering any minority interest. Goodwill is measured as the residual cost of the business combination after recognizing the acquiree's identifiable assets, liabilities and contingent liabilities. If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the Group reassess the identification and measurement of the identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination and recognise immediately in statement of income any excess remaining after that reassessment.

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

	Proportion of voting power held by Hürriyet and its subsidiaries (%)		**Effective ownership interests (%)**	
Subsidiaries	**2010**	**2009**	**2010**	**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	94,25	94,25	94,25	94,25
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	67,30	67,30	67,30	67,30
Oglasnik d.o.o. (*)	100,00	100,00	67,30	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 (%)	
	2010	2009	2010	2009
Oglasnik Nekretnine d.o.o.	100,00	100,00	67,30	67,30
TCM Adria d.o.o.	100,00	100,00	67,30	67,30
Internet Posao d.o.o.	100,00	100,00	47,11	47,11
Expressz Magyarorszag Rt	100,00	100,00	67,30	67,30
International Ssuarts Holding B.V. (***)	-	100,00	-	67,30
Mirabridge International B.V.	100,00	100,00	67,30	67,30
Trader Classified Media Croatia Holdings B.V. (****)	-	100,00	-	67,30
Trader East Holdings B.V.	100,00	100,00	67,30	67,30
Pronto Invest B.V.	100,00	100,00	67,30	67,30
ZAO Pronto Akzhol	80,00	80,00	53,84	53,84
OOO Pronto-Akmola	100,00	100,00	67,30	67,30
OOO Pronto Atyrau	100,00	100,00	53,84	53,84
OOO Pronto Aktobe	80,00	80,00	43,07	43,07
OOO Pronto Aktau	100,00	100,00	53,84	53,84
Informatsia Vilniusa (***)	-	100,00	-	67,30
OOO Pronto Rostov	100,00	100,00	67,30	67,30
ZAO Avtotehsnab	85,00	85,00	57,21	57,21
OOO Novoprint	100,00	100,00	67,30	67,30
ZAO NPK	100,00	100,00	67,30	67,30
OOO Balt-Pronto Kaliningrad	100,00	100,00	67,30	67,30
OOO Delta-M	55,00	55,00	37,02	37,02
OOO Pronto Baikal	100,00	100,00	67,30	67,30
OOO Pronto DV	100,00	100,00	67,30	67,30
OOO Pronto Ivanovo	100,00	100,00	67,30	67,30
OOO Pronto Kaliningrad	95,00	95,00	63,94	63,94
OOO Pronto Kazan	72,00	72,00	48,46	48,46
OOO Pronto Krasnodar	80,00	80,00	53,84	53,84
OOO Pronto Krasnojarsk	100,00	100,00	67,30	67,30
OOO Pronto Nizhnij Novgorod	90,00	90,00	60,57	60,57
OOO Pronto Novosibirsk	100,00	100,00	67,30	67,30
OOO Pronto Oka	100,00	100,00	67,30	67,30
OOO Pronto Petersburg	51,00	51,00	34,32	34,32
OOO Pronto Print	54,00	54,00	36,34	36,34
OOO Pronto Samara	89,90	89,90	60,50	60,50
OOO Pronto Stavropol	100,00	100,00	67,30	67,30
OOO Pronto UlanUde	90,00	90,00	60,57	60,57
OOO Pronto Vladivostok	90,00	90,00	60,57	60,57
OOO Pronto Volgograd	100,00	100,00	67,30	67,30
OOO Pronto Moscow	100,00	100,00	67,30	67,30
OOO Rosprint (**)	100,00	100,00	67,30	67,30
OOO Rosprint Samara (**)	99,50	99,50	67,30	67,30
OOO Tambukan	85,00	85,00	57,21	57,21
OOO Utro Peterburga	55,00	55,00	37,02	37,02
OOO Partner-Soft	100,00	100,00	67,30	67,30
Pronto Soft	90,00	90,00	60,57	60,57
OOO Pronto Astrakhan	100,00	100,00	67,30	67,30
OOO Pronto Kemerovo	100,00	100,00	67,30	67,30
OOO Pronto Sever	90,00	90,00	60,57	60,57
OOO Pronto Smolensk	100,00	100,00	67,30	67,30
OOO Pronto Tula	100,00	100,00	67,30	67,30
OOO Pronto TV	70,00	70,00	47,11	47,11

(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 (%)	
	2010	**2009**	**2010**	**2009**
OOO Pronto Voronezh	100,00	100,00	67,30	67,30
SP Belpronto OOO	60,00	60,00	40,38	40,38
OOO Tambov-Info	100,00	100,00	67,30	67,30
Impress Media Marketing LLC (*)	100,00	100,00	67,30	67,30
OOO Pronto Obninsk	100,00	100,00	67,30	67,30
OOO Pronto Komi (*****)	1,00	70,00	0,67	47,11
OOO Rektcentr	100,00	100,00	67,30	67,30
Impress Media Marketing BVI (*)	100,00	100,00	67,30	67,30
SP Pronto Kiev	50,00	50,00	33,65	33,65
E-Prostir	50,00	50,00	33,65	33,65
Publishing House Pennsylvania Inc	100,00	100,00	67,30	67,30
OOO Optoprint	-	100,00	-	67,30
RU.com OOO	100,00	100,00	67,30	67,30
SP Bel Pronto OOO	60,00	60,00	40,38	40,38
Moje Delo, spletni marketing, d.o.o (*)	100,00	100,00	67,30	67,30
Bolji Posao d.o.o. Serbia	100,00	100,00	37,02	37,02
Bolji Posao d.o.o. Bosnia	100,00	100,00	37,02	37,02
Pronto Ust Kamenogorsk	90,00	90,00	48,46	48,46

(*) Related rates include put-options regarding minority shares explained in Note 19.
(**) Shares of related subsidiaries were purchased on 29 May 2009 at the portion of 30% and 40% respectively.
(***) The subsidiaries were liquidated in 2010.
(****) The subsidiary was merged with Pronto Invest B.V. in 2010.
(*****) 69% shares of the subsidiary was sold on 15 January 2010.

(b) Investments in associated undertakings

Investments in associated undertakings are consolidated by 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 associated undertakings are eliminated to the extent of the Group's interest in the associated undertakings; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Net increases or decreases in the net assets of Associates are included in the consolidated financial statements in regards with the Group's share and classified under "Share of loss of investments accounted for by the equity method".

Equity accounting is discontinued when the carrying amount of the investment in an associated undertaking reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associated undertaking or significant influence of the Company ceases. The carrying amount of the investment at the date when significant influence ceases is regarded as cost thereafter.

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

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

2.1.3 Consolidation principles (Continued)

(b) Investments in associated undertakings(Continued)

The Associates and the proportion of ownership interests at 31 March 2010 and 31 December 2009 are as follows:

Name	2010 Direct and indirect control by Hürriyet and its Subsidiaries (%)	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	25,00
DYG İlan ve Reklam Hizmetleri A.Ş. ("DYG İlan")	20,00	20,00

(c) Minority interest

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

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.

2.1.5 Comparatives

In order to enable the determination of the consolidated financial position and performance trends, the Group's consolidated financial statements have been presented comparatively with the prior period. The Group presented the balance sheet as of 31 March 2010 comparatively with the balance sheet as of 31 December 2009 and presented the statement of income, statement of cash flows and statement of change in equity for the period 1 January - 31 March 2010 comparatively with the prior period 2009.

2.1.6 Amendments and interpretations to existing standards

<u>Standards and Interpretations Affecting Presentation and Diclosures CMB Financial Reporting Standards</u>

IFRS 8 (Amendments Related to Annual Improvements 2009) Operating Segments

Amendments to IFRS 8 clarifies that the disclosure of segment assets and liabilities are only required to be reported if and only if those segment assets and liabilities are included in measures used by the chief operating decision maker of the Company.

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

2.1.6 Amendments and interpretations to existing standards (Continued)

Standards and Interpretations Affecting Presentation and Diclosures CMB Financial Reporting Standards(Continued)

IAS 7 (Amendments Related to Annual Improvements 2009) Statement of Cash Flows

Amendments to IAS 7 clarifies that only expenditures that results in a recognized asset in the statement of financial position/balance sheet can be classified as cash flow from investing activities. All expenditure on unrecognized assets should be classified into other categories. This amendment ensures there is no mismatch between cash flow from investing activities and recognized assets in the statement of financial position/balance sheet.

IAS 1 (Amendments Related to Annual Improvements 2009) Presentation of Financial Statements

Amendments to IAS 1 specifies that the classification of convertible instruments is not affected by the terms of the liability even if it could at anytime result in its settlement by the issuance of equity instruments at the option of the counterparty.

Standards and Interpretations that have been adopted with no effect on the March 2010 financial statements

IFRS 1 (amendments) First-time Adoption of IFRS – Additional Exemptions

IFRS 1 has been amended to provide additional exemptions from full retrospective application of IFRS for the measurement of oil and gas assets and leases.

Entities that use full cost accounting for exploration and evaluation assets as well as assets in the development or production phases can measure these assets at the amounts that were determined under the previously applied accounting principles. This exemption however requires the entity to test for impairment at the date of IFRS transition. Likewise, when the deemed cost exemption is taken, the related decommissioning and restoration liabilities are measured at the date of IFRS transition in accordance with IAS 37 "*Provisions, Contingent Liabilities and Contingent Assets*". Adjustments of the carrying amounts are to be recognized in retained earnings. The amendments further clarifies that upon transition to IFRS, an entity does not need to reassess the determination of an arrangement containing a lease.

IFRS 2 (Amendments) Share-based Payments – Group Cash-settled Share Payment Arrangements

Amendments to IFRS 2 *Share-based Payment* clarify the accounting for group cash-settled share-based payment transactions. Specifically, it addresses how an individual subsidiary in a group should account for some share-based payment arrangements in its own financial statements. In these arrangements, the subsidiary receives goods or services from employees or suppliers but its parent or another entity in the group must pay those suppliers. The amendments make clear that:

- An entity that receives goods or services in a share-based payment arrangement must account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash.

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

2.1.6 Amendments and interpretations to CMB Financial Reporting Standards (Continued)

Standards and Interpretations that have been adopted with no effect on the March 2010 financial statements (Continued)

- In IFRS 2 a 'group' has the same meaning as in IAS 27 Consolidated and Separate Financial Statements, that is, it includes only a parent and its subsidiaries.

The amendments to IFRS 2 also clarifies that the contribution of a business on formation of a joint venture and combinations under common control are not within the scope of IFRS 2. The amendments are effective retrospectively starting from the current financial year.

IFRS 5 (Amendments related to Annual Improvements 2008 and 2009) Non-current Assets Held for Sale and Discontinued Operations

Amendments to IFRS 5 clarify disclosure requirements when an entity plans to sell the controlling interest in a subsidiary. When a subsidiary is held for sale, all of its assets and liabilities should be classified as held for sale under IFRS 5, even when the entity retains a non-controlling interest in the subsidiary after the sale. The amendments also clarify that disclosure requirements in other Standards other than IFRS 5 do not generally apply to non-current assets classified as held for sale and discontinued operations.

IAS 17 (Amendments Related to Annual Improvements 2009) Leases

Amendments to IAS 17 clarify three areas related with land leases. Prior to the amendments, lease of land with an indefinite useful life is classified as operating lease unless title passed at the end of the lease term. The standard has been amended where this classification is no longer relevant and a general assessment of the characteristics and substance of lease on land should be made.

Land leases can be classified as finance leases under this amendment. In addition, where the lease arrangement contain both land and building, the classification of the lease as operating or finance lease should be done separately in accordance with the general principles of the Standard. Entities should reassess the substance of unexpired leases especially in the classification of the land elements of the lease arrangements. When an entity newly classifies a lease as a finance lease, the recognition and measurement of the lease should be done retrospectively. If the necessary information to apply the new classification retrospectively is not available, the fair values of the related assets and liabilities should be used with the difference to be recognized in retained earnings.

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

2.1.6 Amendments and interpretations to CMB Reportinf Financial Standards (Continued)

<u>Standards and Interpretations that have been adopted with no effect on the March 2010 financial statements (Continued)</u>

IAS 36 (Amendments Related to Annual Improvements 2009) Impairment of Assets

The amendments to IAS 36 clarify that when assessing goodwill impairment, the lowest level of cash generating unit that an entity can allocate goodwill to should not be larger than an operating segment under the guidelines of IFRS 8 "*Operating Segments*".

Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items

The amendments provide clarification on certain aspects of hedge accounting: the designation of a one-sided risk in a hedged item and the designation of inflation as a hedged risk or a portion of a hedged risk only if it represents contractually specified cashflow.

IAS 38 (Amendments Related to Annual Improvements 2009) Intangible Assets

The amendments to IAS 38 deal specifically with the identification and measurement of intangible assets that are acquired in a business combination. It specifies that if an intangible asset acquired in a business combination is only identifiable with another intangible asset, the group of intangibles can be recognized as a single asset provided the individual assets share similar useful lives. In addition, it clarifies that different valuation techniques can be used to value intangible assets where no active market exists. The impact of these amendments include more intangible assets can be recognized in business combinations and more intangible assets may be recorded and measured using valuation techniques.

IFRIC 9 (Amendments Related to Annual Improvements 2009) Reassessment of Embedded Derivatives

Amendments to IFRIC 9 follow the revision to IFRS 3 "*Business Combinations"*; specifically it clarifies that this interpretation does not apply to embedded derivatives in contracts that were acquired in a business combination that is in scope of the revised IFRS 3 (2008). It also clarifies that it is not applicable to embedded derivatives in contracts in business combinations between entities or businesses under common control and also not applicable in contracts acquired as part of the formation of a joint venture. This amendment clarifies when reassessment of embedded derivatives is required during business combinations and restructurings. These amendments are effective for periods beginning on or after 1 January 2010 or concurrent with the adoption of IFRS 3 (2008).

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

2.1.6 Amendments and interpretations to CMB Financial Reporting Standards (Continued)

Standards and Interpretations that have been adopted with no effect on the March 2010 financial statements (Continued)

IFRIC 16 (Amendments Related to Annual Improvements 2009) Hedges of Net Investment in a Foreign Operation

Amendments to IFRIC 16 clarify that qualifying hedge instruments may be held by any entity within a group company provided the designation, documentation and effectiveness assessment of IAS 39 have been met.

IFRIC 17 Distributions of Non-cash Assets to Owners

IFRIC 17 is effective for annual periods beginning on or after 1 July 2009. The interpretation provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholders.

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

IFRS 1 (amendments) First-time Adoption of IFRS – Additional Exemptions

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.

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.

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.

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

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 March 2010 and have not been early adopted (Continued)

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.

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.

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.

Group has not evaluated the effects of adoption of these standarts and amendments yet.

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).

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

2.2.3 Trade receivables and provision for doubtful receivables (Continued)

A credit risk provision for trade receivables is established if there is 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 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). 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).

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 and 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 whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of asset net selling price or value in use. Investment properties are evaluated for any impairment and if carrying value of the investment property is higher than net recoverable amount, provision for impairment is established for the difference between the carrying and recoverable amount. Impairment is accounted to consolidated statement of income of the same year.

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

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

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of fair value less costs to sell or value in use. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. 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 lease whenever the terms of the lease transfer substantially all the risks and rewards to the group. Assets acquired under finance lease agreements are capitalised at the inception of the lease at fair value of the leased asset or at present value of the lease payment, whichever is the lower, less accumulated depreciation. Minimum lease payments are treated as comprising capital and interest elements.

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

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

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

2.2.9 Goodwill and amortisation

Goodwill and negative goodwill which represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition in the consolidated financial statements, are capitalised and amortised using the straight-line method over the useful life until 31 December 2004, for the acquisitions before 31 March 2004. Within the framework of IFRS 3 - "Business Combinations" amortisation accounting is not applied for goodwill related to acquisitions after 31 March 2004, and the carrying value of goodwill is reviewed and adjusted for permanent impairment where it is considered necessary. The carrying amount of negative goodwill related to the acquisition after 31 March 2004 is reviewed and accounted for as income in the related period. In accordance with IFRS 3, goodwill associated with transactions before 31 March 2004 is not amortised starting from the beginning of the first annual period beginning on or after 31 March 2004 (1 January 2005) and are reviewed for impairment annually at year-ends (Note 16 and 2.2.27).

2.2.10 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 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).

Intangible assets with finite useful lives are evaluated for impairment losses when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognised immediately in the consolidated statement of income.

2.2.11 Critical accounting estimates and judgements

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.

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

2.2.11 Critical accounting estimates and judgements (Continued)

Useful lives of intangible assets

Group estimates the useful lives of some trade names as indefinite as described in Note 2.2.10. If these intangible assets' useful lives are finite (in case of useful lives of 20 years), their amortisation charge would have increased by TL 3.607.761 (31 March 2009: TL 3.451.357) and loss before tax and minority interests would have increased by TL 3.607.761 (31 March 2009: TL 3.451.357).

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 343.632 and loss before tax and minority interests would have decreased by TL 343.632 (31 March 2009: TL 398.413) or

- Had the useful lives been lower by 10%, amortisation charges would have increased by TL 419.231 and loss before tax and minority interests would have increased by TL 419.231 (31 March 2009: TL 486.949).

Provisions

As explained in detail in Note 18, the Group management has accounted a provision amounting to TL 15.847.750 in the consolidated financial statements at 31 March 2010 based on the opinion of the Group's legal counsel and tax experts related to the tax inspection reports.

2.2.12 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)

2.2.13 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).

2.2.14 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).

2.2.15 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.

2.2.16 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.

2.2.17 Foreign currency transactions and translation

<u>Functional currency</u>

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 Hürriyet.

<u>Foreign currency transactions and balances</u>

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)

2.2.17 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 shareholders' 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 March 2010 and 31 December 2009 are summarized below:

Country	Currency	31 March 2010	31 December 2009
Euro region	Euro	2,0523	2,1603
Russia	Ruble	0,0521	0,0500
Hungary	Forint	0,0077	0,0079
Croatia	Kuna	0,2827	0,2966
Ukraine	Grivna	0,1929	0,1895
Romania	New Ley	0,5062	0,5090

2.2.18 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 off rebates, returns and commissions after eliminating sales within the Group.

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

Revenues from advertisement:

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

Revenues from newspaper 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)

2.2.18 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.

2.2.19 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).

2.2.20 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, earning 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)

2.2.21 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).

2.2.22 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.

2.2.23 Reporting of cash flows

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

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

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

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

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

2.2.24 Financial liabilities subject to minority shares put options

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

As it is highly probable that the Group will 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 minority shareholders in the net asset of the company subject to the put option must be reclassified from "minority 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 minority interests as a reduction of minority interest and then as additional goodwill. The subsequent unwinding of the discount is recognised in financial expense while the change in the value of the commitment is recorded through goodwill (Note 16).

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

2.2.25 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).

2.2.26 Web page development costs

The direct costs incurred in the development of its websites are capitalised and recognised over the estimated useful lives (Note 15). The costs incurred that relate to the planning and post implementation phases are expensed. Repair and maintenance costs associated with websites are included in operating expenses.

2.2.27 Business combinations

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

If the cost of acquisition is less than the fair value of the identifiable assets, liabilities and contingent liabilities acquired, the difference is recognised directly in the consolidated statement of income (Note 3).

2.2.28 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.

2.2.29 Derivative financial instruments

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

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

2.2.29 Derivative financial instruments (Continued)

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.

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

NOTE 3 - BUSINESS COMBINATIONS

There are no business combinations for the periods 31 March 2010 and 2009.

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

NOTE 4 - SEGMENT REPORTING

a) Segmental analysis for the period between 1 January - 31 March 2010:

	Turkey	Russia and EE	Europe	Total
Sales	122.357.544	42.014.373	13.233.812	177.605.729
Cost of sales	(80.992.753)	(21.652.120)	(10.138.182)	(112.783.055)
Gross operating profit	**41.364.791**	**20.362.253**	**3.095.630**	**64.822.674**
Marketing, selling and distribution expenses	(26.137.351)	(3.120.620)	(785.031)	(30.043.002)
Losses from investments accounted for by equity method (-)	(2.452.927)	-	-	(2.452.927)
Net segment result	**12.774.513**	**17.241.633**	**2.310.599**	**32.326.745**
General administrative expenses (-)				(35.241.484)
Other operating income				4.215.776
Other operating expenses				(7.604.210)
Financial income				14.950.147
Financial expense (-)				(8.815.198)
Loss before tax				**(168.224)**
Tax expenses for the period				(3.948.460)
Deferred tax income				1.513.989
Net loss for the period				**(2.602.695)**

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

NOTE 4 - SEGMENT REPORTING (Continued)

b) Segmental analysis for the period between 1 January - 31 March 2009:

	Turkey	Russia and EE	Europe	Total
Sales	108.776.649	47.453.668	17.786.428	174.016.745
Cost of sales	(87.303.559)	(23.207.214)	(12.347.264)	(122.858.037)
Gross operating profit	**21.473.090**	**24.246.454**	**5.439.164**	**51.158.708**
Marketing, selling and distribution expenses	(11.846.792)	(2.733.942)	(1.764.825)	(16.345.559)
Losses from investments accounted for by equity method (-)	(3.302.599)	-	-	(3.302.599)
Net segment result	**6.323.699**	**21.512.512**	**3.674.339**	**31.510.550**
General administrative expenses (-)				(35.545.740)
Other operating income				1.883.890
Other operating expense				(2.733.294)
Financial income				38.180.367
Financial expense (-)				(100.699.493)
Operating loss before tax				**(67.403.720)**
Tax expenses for the period				(1.315.624)
Deferred tax income				10.560.828
Net loss for the period				**(58.158.516)**

c) Segment assets

	31 March 2010	31 December 2009
Turkey	873.438.574	914.214.989
Russia and EE	731.780.599	703.837.308
Europe	200.137.742	213.150.768
	1.805.356.915	**1.831.203.065**
Unallocated assets	12.739.433	21.368.815
Investments accounted for by the equity method	690.443	1.432.023
Total assets per consolidated financial statements	**1.818.786.791**	**1.854.003.903**

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

NOTE 4 - SEGMENT REPORTING (Continued)

d) Segment liabilities

	31 March 2010	31 December 2009
Turkey	57.433.533	35.464.909
Russia and EE	23.492.598	21.024.131
Europe	27.875.261	28.559.419
	108.801.392	**85.048.459**
Unallocated liabilities	777.428.699	851.309.271
Total liabilities per consolidated financial statements	**886.230.091**	**936.357.730**

e) Depreciation and amortisation charges and capital expenditures

Capital expenditures (excluding business combinations):

	31 March 2010	31 March 2009
Turkey	4.891.922	23.698.973
Russia and EE	1.081.145	781.467
Europe	1.317.007	662.217
	7.290.074	**25.142.657**

Depreciation and amortisation charges:

	31 March 2010	31 March 2009
Turkey	12.443.390	11.681.922
Russia and EE	6.544.193	6.360.978
Europe	2.382.227	3.459.115
	21.369.810	**21.502.015**

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

NOTE 4 - SEGMENT REPORTING (Continued)

f) Non-cash expenses:

	31 March 2010			
	Turkey	**Russia and EE**	**Europe**	**Total**
Provisions and accruals for tax penalties (Note 26)	293.055	-	-	293.055
Provision for doubtful receivables (Note 9)	2.047.498	91.702	142.638	2.281.838
Provision for employment termination benefits and unused vacation rights	1.244.322	128.191	-	1.372.513
Interest expense accruals	1.191.316	153.804	45.480	1.390.600
Provision for impairment of investment properties (Note 13)	2.609.309	-	-	2.609.309
Provision for impairment of available for sale financial assets (Note 6)	90.428	-	-	90.428
Provision for lawsuits (Note 18)	299.904	-	-	299.904

	31 March 2009			
	Turkey	**Russia and EE**	**Europe**	**Total**
Provision for impairment of goodwill and intangible assets	-	-	-	-
Provision for doubtful receivables (Note 9)	721.455	202.611	415.366	1.339.432
Provision for employment termination benefits and unused vacation rights	209.551	-	-	209.551
Interest expense accruals	7.973.108	1.200.192	96.423	9.269.723
Provision for impairment of investment property (Note 13)	-	-	-	-
Provision for impairment of available for sale financial assets (Note 6)	33.694	-	-	33.694
Provision for lawsuits (Note 18)	100.379	-	-	100.379

NOTE 5 - CASH AND CASH EQUIVALENTS

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

	31 March 2010	**31 December 2009**
Cash	1.340.552	918.524
Banks		
- demand deposits	21.408.388	16.062.493
- time deposits	231.151.959	261.127.478
- blocked deposits	372.893	274.793
	254.273.792	**278.383.288**

The Group has blocked deposits amounting to TL 372.893 as of 31 March 2010 (31 December 2009: TL 274.793).

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

NOTE 5 - CASH AND CASH EQUIVALENTS (Continued)

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

	31 March 2010	31 December 2009	31 March 2009	31 December 2008
Cash and banks	254.273.792	278.383.288	280.079.822	370.325.965
Less: Blocked deposits and time deposits with maturity less than three months	(372.893)	(274.793)	(59.728)	(65.451)
Less: Interest accruals	(1.515.576)	(1.133.947)	(1.794.715)	(2.041.423)
Total	**252.385.323**	**276.974.548**	**278.225.379**	**368.219.091**

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

	31 March 2010	31 December 2009
0-1 month	231.476.502	224.751.911
1-3 months	-	36.601.786
	231.476.502	**261.353.697**

There are no time deposits with variable interest rates at 31 March 2010 and 31 December 2009. The gross interest rate for TL time deposits is 8,8 % (31 December 2009: 9,6 %). The gross interest rates of foreign currency denominated time deposits are 2,6 % for USD and 2,8 % for Euro as of 31 March 2010 (31 December 2009: USD: 2,6 %, Euro: 2,9 %).

NOTE 6 - FINANCIAL ASSETS

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

	31 March 2010	31 December 2009
Treasury bills and government bonds	18.217.548	18.363.709
	18.217.548	**18.363.709**

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

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

NOTE 6 - FINANCIAL ASSETS (Continued)

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

	Share %	31 March 2010	Share %	31 December 2009
Doğan Havacılık Sanayi ve Ticaret A.Ş. ("Doğan Havacılık")	9,00	4.513.096	9,00	4.513.096
Doğan Factoring Hizmetleri A.Ş. ("Doğan Factoring")	5,00	736.422	5,00	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		295.608		345.620
		6.318.180		**6.368.192**
Impairment on Doğan Havacılık		(1.572.016)		(1.481.588)
		4.746.164		**4.886.604**

The provision movements of impairment for financial investments are as follows:

	31 March 2010	31 March 2009
1 January	**1.481.588**	**1.164.760**
Provision for impairment	90.428	33.694
31 March	**1.572.016**	**1.198.454**

NOTE 7 - FINANCIAL LIABILITIES

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

Short-term financial liabilities:	**31 March 2010**	**31 December 2009**
Bank borrowings	290.692.284	291.847.714
Financial liabilities to suppliers	25.034.046	25.786.590
Lease payables	2.728.597	2.700.311
Total	**318.454.927**	**320.334.615**

Long-term financial liabilities:	**31 March 2010**	**31 December 2009**
Bank borrowings	208.148.828	250.730.351
Financial liabilities to suppliers	71.001.375	77.615.157
Lease payables	705.694	1.605.599
Total	**279.855.897**	**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 March 2010 and 31 December 2009 are as follows:

	Effective interest rate		Original foreign currency		TL	
	31 March 2010	31 December 2009	31 March 2010	31 December 2009	31 March 2010	31 December 2009
Short-term bank borrowings						
- Euro	1,7	1,7	3.299	3.320	6.774	7.172
Sub-total					**6.774**	**7.172**
Short-term portion of long-term bank borrowings						
- USD	2,7	2,8	172.937.933	173.307.371	263.125.063	260.948.911
- Euro	1,9	2,7	11.471.747	12.297.145	23.543.467	26.565.523
- CHF	2,4	2,4	2.808.096	2.985.170	4.016.980	4.326.108
Sub-total					**290.685.510**	**291.840.542**
Total short-term bank borrowings					**290.692.284**	**291.847.714**
Long-term bank borrowings:						
- USD	2,7	2,7	109.569.021	136.161.196	166.709.264	205.017.913
- Euro	3,1	3,2	20.191.767	20.271.373	41.439.564	43.792.248
- CHF	-	2,5	-	1.325.000	-	1.920.190
Total long-term bank borrowings					**208.148.828**	**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 March 2010	31 December 2009
2011	77.494.251	121.605.367
2012	89.516.736	88.939.474
2013	40.193.787	39.191.773
2014	266.799	993.737
2015 and over	677.255	-
	208.148.828	**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 March 2010	31 December 2009
Up to 6 months	498.841.112	540.460.971
6-12 months	-	2.117.094
	498.841.112	**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 entered into a credit facility to finance the acquisition of TME shares. The Group has some covenants related with these bank borrowings.

The Group has to maintain a net debt ratio on the basis of EBITDA 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.

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.

Lease payables:

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

	31 March 2010	31 December 2009
Short-term lease payables	2.728.597	2.700.311
Long-term lease payables	705.694	1.605.599
	3.434.291	**4.305.910**

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

Year	31 March 2010	31 December 2009
2011	675.648	1.575.913
2012	30.046	29.686
	705.694	**1.605.599**

The effective interest rate for long-term lease payables is 6,5 % for USD and 5,0 % 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 long-term financial liabilities to suppliers are 1 % for USD, 1,4% for Euro and 1,4 % 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 March 2010	31 December 2009
2011	19.745.723	24.973.355
2012	24.119.745	24.650.174
2013	21.088.869	21.626.371
2014 and over	6.047.038	6.365.257
	71.001.375	**77.615.157**

The Group's long-term financial liabilities to suppliers issued at variable interest rates are amounting to TL 71.001.375 (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 long-term financial liabilities to suppliers to interest rate changes and the contractual repricing dates are as follows:

Period	**31 March 2010**	**31 December 2009**
Up to 6 months	95.768.519	103.120.800
6-12 months	266.902	280.947
	96.035.421	**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 issued at variable interest amount to TL 588.271.459 at 31 March 2010 (31 December 2009: TL 635.097.710).

NOTE 8 - OTHER FINANCIAL LIABILITIES

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

	31 March 2010	**31 December 2009**
Financial liabilities due to put options		
Short-term (Note 19)	14.504.460	15.123.251
Long-term (Note 19)	750.100	742.310
	15.254.560	**15.865.561**

NOTE 9 - TRADE RECEIVABLES AND PAYABLES

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

	31 March 2010	**31 December 2009**
Trade receivables	185.404.118	189.523.390
Cheques and notes receivable	5.337.110	4.018.704
Receivables from credit cards	576.855	672.611
	191.318.083	**194.214.705**
Unearned credit finance income	(743.518)	(868.003)
Less: provision for doubtful receivables	(44.502.830)	(43.241.229)
Short-term trade receivables	**146.071.735**	**150.105.473**

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

NOTE 9 - TRADE RECEIVABLES AND PAYABLES (Continued)

Trade receivables resulting from advertisement and publications, amounting to TL 103.470.014 (31 December 2009: TL 110.849.486) are followed up by Doğan Factoring Hizmetleri A.Ş. (“Doğan Factoring”) in accordance with the factoring agreement signed between the Group and Doğan Factoring. The due date of the Group’s trade receivable followed up by Doğan Factoring is between 3 and 4 months (31 December 2009: Between 3 and 4 months). The unearned credit finance income related with the receivables followed up by Doğan Factoring is TL 710.831 (31 December 2009: TL 800.396) and the effective interest rate is 12% (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)	2.281.838	1.339.432
Collections during the period	(880.200)	(152.673)
Currency translation differences	(140.037)	(427.899)
31 March	**44.502.830**	**33.418.177**

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

	31 March 2010	31 December 2009
Short-term trade payables	42.916.329	38.289.102
Notes receivables	5.000	-
	42.921.329	**38.289.102**

NOTE 10 - OTHER RECEIVABLES AND PAYABLES

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

	31 March 2010	31 December 2009
Receivables from tax authorities (*)	2.331.699	2.240.314
Deposits and guarantees given	368.318	365.799
	2.700.017	**2.606.113**

(*) Receivables from tax authorities of the Group as of 31 March 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 March 2010 and 31 December 2009 are as follows:

	31 March 2010	31 December 2009
Deposits and guarantees given	717.842	666.652
	717.842	**666.652**

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

NOTE 10 - OTHER RECEIVABLES AND PAYABLES (Continued)

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

	31 March 2010	31 December 2009
Taxes and funds payable	6.794.703	8.336.619
Due to personnel	6.477.079	3.808.965
Social security withholdings payable	945.913	2.940.133
Deposits and guaranties received	3.024.444	1.179.634
Other	132.622	-
	17.374.761	**16.265.351**

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

	31 March 2010	31 December 2009
Deposits and guarantees received	190.188	188.213
	190.188	**188.213**

NOTE 11 - INVENTORIES

	31 March 2010	31 December 2009
Raw materials and supplies	11.698.437	13.005.309
Promotion stocks (*)	4.789.881	4.571.959
Semi-finished goods	446.380	398.838
Finished goods and merchandise	618.062	1.281.512
	17.552.760	**19.257.618**
Impairment on promotion stocks	(811.496)	(811.496)
	16.741.264	**18.446.122**

(*) Promotion stocks include promotion materials such as books, cds and dvds.

NOTE 12 - INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD

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

	Share %	31 March 2010	Share %	31 December 2009
Doğan Media	42,42	513.633	42,42	1.114.319
Yaysat	25,00	22.748	25,00	225.906
DYG İlan	20,00	154.062	20,00	91.798
		690.443		**1.432.023**

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

NOTE 12 - INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD (Continued)

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

31 March 2010	**Total assets**	**Total liabilities**	**Net sales**	**Net (loss)/ income for the period**
Doğan Media (*)	23.481.917	22.968.284	12.009.950	(2.312.114)
Yaysat	23.410	662	62.826	(203.158)
DYG İlan	157.823	3.761	-	62.345
	23.663.150	**22.972.707**	**12.072.776**	**(2.452.927)**

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

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 March are as follows:

	2010	**2009**
1 January	**1.432.023**	**316.468**
Share capital increase	-	9.677.072
Loss from associates	(2.452.927)	(3.302.599)
Currency translation differences	1.711.347	1.515.771)
31 March	**690.443**	**8.206.712**

(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 March 2010 are as follows:

	1 January 2010	Additions	Disposals	Reversal of impairment	31 March 2010
Cost:					
Land	9.565.495	-	-	-	9.565.495
Buildings	17.495.285	1.491.546	(8.774.101)	2.609.309	12.822.039
	27.060.780	**1.491.546**	**(8.774.101)**	**2.609.309**	**22.387.534**
Accumulated depreciation:					
Buildings	465.217	33.740	-	-	498.957
	465.217	**33.740**	**-**	**-**	**498.957**
Net book value	**26.595.563**				**21.888.577**

The fair value of the investment property has been determined approximately as TL 36.394.999 at 31 March 2010 (31 December 2009: TL 42.631.610).

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

	1 January 2009	Additions	Disposals	Reversal of impairment	Transfers (*)	31 March 2009
Cost:						
Land	9.565.495	-	-	-	-	9.565.495
Buildings	12.803.169	864.906	(8.053.778)	2.622.644	2.106.179	10.343.120
	22.368.664	**864.906**	**(8.053.778)**	**2.622.644**	**2.106.179**	**19.908.615**

(*) Indicates the buildings transferred to plant, property and equipment.

	1 January 2009	Additions	Disposals	Reversal of impairment	Transfers (*)	31 March 2009
Accumulated depreciation:						
Buildings	391.762	18.364	-	-	-	410.126
	391.762	**18.364**	**-**	**-**	**-**	**410.126**
Net book value	**21.976.902**					**19.498.489**

(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 March 2010 are as follows:

	1 January 2010	**Currency translation differences**	**Additions**	**Disposals**	**Transfers**	**31 March 2010**
Cost						
Land and land improvements	52.809.179	(218.115)	4.286	-	-	52.595.350
Buildings	264.376.487	(277.818)	440.338	-	-	264.539.007
Machinery and equipments	707.146.020	(2.183.740)	1.776.744	(200.751)	-	706.538.273
Motor vehicles	10.750.296	59.020	-	-	-	10.809.316
Furniture and fixtures	100.253.159	293.740	1.211.795	(413.028)	73.607	101.419.273
Leasehold improvements	24.939.931	(7.029)	121.007	-	-	25.053.909
Other non-current assets	578.607	(29.046)	-	-	-	549.561
Construction in progress	1.433.748	54.619	1.113.766	(417.604)	(749.585)	1.434.944
	1.162.287.427	**(2.308.369)**	**4.667.936**	**(1.031.383)**	**(675.978)**	**1.162.939.633**
Accumulated depreciation						
Land and land improvements	445.366	-	17.349	-	-	462.715
Buildings	63.276.715	(240.745)	1.460.507	-	-	64.496.477
Machinery and equipments	480.467.476	(1.540.643)	10.896.040	(138.453)	-	489.684.420
Motor vehicles	7.986.843	13.314	268.272	-	-	8.268.429
Furniture and fixtures	79.814.445	32.429	1.948.891	(360.477)	-	81.435.288
Leasehold improvements	22.804.688	108	100.728	-	-	22.905.524
Other non-current assets	234.567	(10.961)	12.483	-	-	236.089
	655.030.100	**(1.746.498)**	**14.704.270**	**(498.930)**	**-**	**667.488.942**
Net book value	**507.257.327**					**495.450.691**

Net book value of the property, plant and equipment in machinery and equipment group obtained via financial leasing is amounting to TL 10.514.116 (31 December 2009: TL 11.605.840).

At 31 March 2010 there were liens amounting to TL 6.288.247 (31 December 2009: TL 6.619.159) and mortgages amounting to TL 13.339.950 (31 December 2009: TL 14.041.950).

Construction in progress amounting to TL 1.434.934 (31 December 2009: TL 1.433.748) is related to computer programs and internet domain names.

(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 March 2009 are as follows:

	1 January 2009	Currency translation differences	Additions	Disposals	Transfers	Disposals of subsidiaries	31 March 2009
Cost							
Land and land improvements	52.609.400	214.184	-	-	-	-	52.823.584
Buildings	265.032.446	513.655	192.718	(4.944)	(2.106.179)	-	263.627.696
Machinery and equipments	672.717.143	1.821.097	1.396.123	-	23.184.823	-	699.119.186
Motor vehicles	11.312.260	208.484	1.077	-	-	-	11.521.821
Furniture and fixtures	97.252.560	(149.680)	906.427	(296.622)	-	-	97.712.685
Leasehold improvements	25.036.022	(46.739)	126.991	-	-	-	25.116.274
Other non-current assets	408.167	16.162	82.152	-	-	-	506.481
Construction in progress	2.593.055	13.205	20.673.278	-	(23.139.475)	-	140.063
	1.126.961.053	**2.590.368**	**23.378.766**	**(301.566)**	**(2.060.831)**		**1.150.567.790**
Accumulated depreciation							
Land and land improvements	376.114	-	17.313	-	-	-	393.427
Buildings	57.650.434	(48.829)	1.453.205	-	-	-	59.054.810
Machinery and equipment	435.282.503	983.679	11.105.061	-	-	-	447.371.243
Motor vehicles	7.012.582	(32.783)	309.426	-	-	-	7.289.225
Furniture and fixtures	74.819.814	(219.810)	1.729.005	(210.931)	-	-	76.118.078
Leasehold improvements	22.500.100	(692)	93.895	-	-	-	22.593.303
Other non-current assets	189.206	4.567	10.867	-	-	-	204.640
	597.830.753	**686.132**	**14.718.772**	**(210.931)**	**-**	**-**	**613.024.726**
Net book value	**529.130.300**						**537.543.064**

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

NOTE 15 - INTANGIBLE ASSETS

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

	1 January 2010	Additions	Disposals	Transfers	Currency translation differences	31 March 2010
Costs						
Trade names	311.162.191	-	-	-	7.223.482	318.385.673
Customer list	267.301.820	-	-	-	8.622.011	275.923.831
Computer software and rights	42.874.754	1.018.366	(192.278)	675.978	(110.334)	44.266.486
Internet domain names	15.528.272	105.152	-	-	584.799	16.218.223
Other intangible assets	7.078.497	7.074	-	-	33.933	7.119.504
	643.945.534	**1.130.592**	**(192.278)**	**675.978**	**16.353.891**	**661.913.717**
Accumulated amortisation						
Trade names	15.786.684	313.257	-	-	149.332	16.249.273
Customer list	45.139.644	4.091.303	-	-	1.259.999	50.490.946
Computer software and rights	27.509.657	1.806.895	(21.030)	-	(304.408)	28.991.114
Internet domain names	2.372.841	274.581	-	-	136.157	2.783.579
Other intangible assets	6.891.004	145.764	-	-	35.274	7.072.042
	97.699.830	**6.631.800**	**(21.030)**	**-**	**1.276.354**	**105.586.954**
Net book value	**546.245.704**					**556.326.763**

(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 period ended 31 March 2009 are as follows:

	1 January 2009	Additions	Disposals	Currency translation difference	Impairment	Disposals of subsidiaries	Transfers	31 March 2009
Cost								
Trade names	315.838.367	-	-	(2.395.424)	-	-	-	313.442.943
Customer list	274.413.483	-	-	(5.070.281)	-	-	-	269.343.202
Computer software and rights	41.071.047	857.400	(13.183)	1.036.526	-	-	-	42.951.790
Internet domain names	14.551.572	32.958	-	(2.644.099)	-	-	-	11.940.431
Other intangible assets	6.878.293	8.627	-	(119.773)	-	-	-	6.767.147
	652.752.762	**898.985**	**(13.183)**	**(9.193.051)**	**-**	**-**	**-**	**644.445.513**
Accumulated amortisation								
Trade names	14.610.793	301.309	-	(614.805)	-	-	-	14.297.297
Customer list	29.421.115	3.933.186	-	(456.437)	-	-	-	32.897.864
Computer software and rights	20.472.996	2.141.458	(8.240)	393.603	-	-	-	22.999.817
Internet domain names	1.039.278	149.598	-	4.635	-	-	-	1.193.511
Other intangible assets	6.021.218	239.328	-	(111.389)	-	-	-	6.149.157
	71.565.400	**6.764.879**	**(8.240)**	**(784.393)**	**-**	**-**	**-**	**77.537.646**
Net book value	**581.187.362**							**566.907.867**

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

NOTE 15 - INTANGIBLE ASSETS (Continued)

Intangible assets with indefinite useful lives amounted to TL 292.187.416 at 31 March 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.

Amortisation charges amounting to TL 6.631.800 for the period ended 31 March 2010 have been included in operating expenses (31 March 2009: TL 6.764.879).

NOTE 16 - GOODWILL

The movements in goodwill for the periods ended at 31 March are as follows:

	2010	**2009**
1 January	**222.336.593**	**236.449.857**
Currency translation differences	6.612.218	(1.632.454)
Other (*)	753.969	(1.222.742)
31 March	**229.702.780**	**233.594.661**

(*) 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 24.700.361 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 amounted to USD 19.137.794 within these certificates as at 31 March 2010 (31 December 2009: USD 18.963.690).

NOTE 18 -PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

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

	31 March 2010	**31 December 2009**
Provision for tax penalty	15.847.750	15.554.695
Provision for unused vacation	9.680.905	9.428.016
Provision for lawsuit	2.500.323	2.393.095
	28.028.978	**27.375.806**

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

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

The tax inspection reports notified by the Ministry of Finance as of 7 August 2009 regarding the tax reviews of the prior financial periods of the Group consists a tax principal of TL 12.292.167, a tax loss penalty of TL 18.438.250 and a special irregularity penalty of TL 165.000.

The Group has filed a lawsuit for the cancellation of related penalties.

In accordance with the opinions of the Group's legal counsel and tax experts on the tax inspection reports, the Group management has accounted for a provision amounting to TL 15.847.750 (31 December 2009: TL 15.554.695), including the estimated late payment interest, in the consolidated financial statements at 31 March 2010. There is uncertainty about the process and outcome of such proceedings.

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

	2010	**2009**
1 January	**9.428.016**	**4.558.785**
Additions during the period	562.158	39.721
Provisions reversed	(414.304)	(524.425)
Currenct translation differences	105.035	-
31 March	**9.680.905**	**4.074.081**

The movements in provision for lawsuit for the periods ended at 31 March are as follows:

	2010	**2009**
1 January	**2.393.095**	**2.172.814**
Additions during the period (Note 26)	107.228	100.379
31 March	**2.500.323**	**2.273.193**

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

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

Collaterals, pledges and mortgages (CPM) given by the parent Company, Hürriyet Gazetecilik ve Matbaacılık A.Ş. as of 31 March 2010 and 31 December 2009 are as follows:

	31 March 2010	31 December 2009
A. CPM's given in the name of its own legal personality	2.477.631	2.368.213
B. CPM's given on behalf of the fully consolidated companies (*)	152.024.799	152.305.018
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	-	-
	154.502.430	**154.673.231**

(*) CPM's consist of commitments given for the bank borrowings by the Parent Company Hürriyet Gazetecilik ve Matbaacılık A.Ş. on behalf of the Subsidiaries for the financing activities (Note 19).

Colleterals, pledges and mortgages given by the Group

Total value of the CPM's given by the Group is TL 23.291.516 (31 December 2009: TL 24.876.693).

The Group does not have any CPM's given on behalf of a third-party except the CPM's given for its own favour**.**

NOTE 19 - COMMITMENTS

The commintments 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 March 2010, in connection with the barter agreements, the Group has advertisement commitment amounting to TL 10.234.054 (31 December 2009: TL 11.656.393) and goods and services purchase rights amounting to TL 5.698.598 (31 December 2009: TL 5.697.293).

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

NOTE 19 - COMMITMENTS (Continued)

b) Lawsuits against the Group:

The lawsuits against the Group amount to TL 29.474.232 (31 December 2009: TL 28.135.832). The Group accounts for provisions in cases when there is a legal or valid liability resulting from past operations and it may be necessary for resources to flow out in order to fulfil these liabilities and when a reliable estimation can be made for the amount. As a result of these analyses, as of 31 March 2010 the Group has set a provision of TL 2.500.323 for legal lawsuits (31 December 2009: TL 2.393.095).

	31 March 2010	**31 December 2009**
Legal lawsuits	21.352.306	21.490.966
Trade lawsuits	3.864.813	3.810.076
Administrative lawsuits	1.038.464	1.093.377
Tax lawsuits	-	900.896
Labor lawsuits	3.218.649	840.517
	29.474.232	**28.135.832**

c) Derivative financial instruments:

i) Swap transactions in foreign exchange

The Group has made a Euro swap transaction regarding the last three installments of its long-term bank borrowing agreement, explained in detail in Note 7 amounted to USD 240.850.000, due in 2012 and 2013 amounting to USD 80.283.333. As a result of such foreign currency swap transactions, gain amounted to TL 11.717.066 has been recognised as of 31 December 2009. The Group has not any continuing swap transactions in foreign exchange agreement as of 31 March 2010.

ii) Interest rate interval swap transactions

The Group entered into eight collar agreements totaling to USD 46.000.000 and purchased one CAP amounting to USD 37.000.000 to hedge the interest rate risk arising from borrowings as of 31 March 2010. 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.

As of 31 March 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 amounted to TL 95.794 (31 March 2009: TL 414.516).

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

NOTE 19 - COMMITMENTS (Continued)

c) Derivative financial instruments (Continued)

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 80.282.530,50, 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.

d) Minority shares put options:

In January 2007, OOO ProntoMoscow, a subsidiary of the Group, acquiried the majority shares of Impress Media Marketing LLC. Accordingly, the Group has the right to purchase 20,7% of minority shares from minority shareholders without a time constraint, provided that certain conditions are met. The Group exercised 10,7% portion of the put option from minority shareholders during 2010 and classified as other short term financial liabilities. Additionally, the Group has signed a new put option agreement valid between August 2011 and August 2015 for the remaining minority shares of 10%. As of 31 March 2010, the short-term portion of the fair value of the put option is TL 1.623.441 (31 December 2009: TL 2.359.432), long-term portion is TL 750.100 (31 December 2009: TL 742.310) according to various valuation techniques and assumptions.

The Group has granted a put option, on the remainder of 30% shares during the acquisition of 70% interest of the shares in its subsidiary Oglasnik d.o.o. located in Croatia. As of 31 March 2010, the fair value of this option is TL 12.170.478 (31 December 2009: TL 12.044.094) according to various valuation techniques and assumptions 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 has 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 during the period. The Group has the right to buy put options from minority interest owners from January 2009 to January 2012. Also, the Group presented call options to minority 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 710.541 as of 31 March 2010 (31 December 2009: TL 719.725) and classified in " other short-term financial liabilities".

NOTE 20 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

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

	31 March 2010	**31 December 2009**
Provision for employment termination benefits	14.586.123	14.196.159
	14.586.123	**14.196.159**

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

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

NOTE 20 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS (Continued)

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). At 31 March 2010 the amount payable maximum TL 2.427,04 (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.

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

The principal assumption is that the maximum liability of TL 2.427,04 (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 2.427,04 (1 January 2009: TL 2.260,05), which is effective from 1 January 2010, has been taken into consideration in calculating the reserve for employment termination benefit of the Group. As of 31 March 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 movements in provision for employment termination benefits during the periods ended at 31 March are as follows:

	2010	**2009**
1 January	**14.196.159**	**11.744.969**
Current period service charge	384.247	169.830
Interest expenses	840.412	-
Payments during the year and provisions terminated	(834.695)	(837.280)
31 March	**14.586.123**	**11.077.519**

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

NOTE 21 - OTHER ASSETS AND LIABLITIES

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

	31 March 2010	31 December 2009
Prepaid taxes (Note 30)	4.778.233	12.482.673
Prepaid expenses (*)	9.113.636	6.371.657
Advances given to personnel	4.374.020	4.529.002
Value Added Tax ("VAT") receivables	1.265.095	2.284.475
Job advances	913.845	726.571
Order advances given	395.361	489.043
Income accruals	821.426	161.025
Other	3.387.300	2.972.719
	25.048.916	**30.017.165**

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

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

	31 March 2010	31 December 2009
Advances given for put option liabilities	905.293	1.005.808
Advances given for fixed asset purchases	189.478	201.438
Other	110.578	5.595
	1.205.349	**1.212.841**

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

	31 March 2010	31 December 2009
Tax penalty accruals	16.974.250	17.200.000
Deferred revenue	10.050.211	8.401.888
VAT payables	4.450.295	4.386.104
Expense accruals	2.658.186	3.468.897
Other	520.019	484.407
	34.652.961	**33.941.296**

The tax inspection reports released by the Ministry of Finance as of 15 March 2010 regarding the tax reviews mentioned in Note 18, 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. Settlement after assessment from the Tax Office regarding the tax principals and penalties was reached on 6 April 2010. The principal and penalty for the tax were determined as TL 8.000.000 after this settlement and a tax liability amounting to TL 16.974.250 (31 December 2009: 17.200.000), together with the late payment interest has been accrued in the consolidated financial statements and paid as of 6 May 2010.

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

NOTE 21 - OTHER ASSETS AND LIABILITIES (Continued)

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

	31 March 2010	31 December 2009
Other long-term liabilities	74.553	78.297
	74.553	**78.297**

NOTE 22 - SHAREHOLDERS' 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 March 2010 and 31 December 2009 are as follows:

	31 March 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 March 2010	Share (%)	31 December2009	Share (%)
Doğan Yayın	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 March 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.

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 - SHAREHOLDERS' EQUITY (Continued)

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.

Due to tax principal and tax penalty notices communicated by the Tax Office, the shares that Doğan Yayın has in the share capital of Hürriyet Gazetecilik ve Matbaacılık A.Ş. 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. Since it is thought that there is a lien placed on the public receivables accrued by Doğan Yayın, the liens exceeding the amount of public receivables are expected to be removed after evaluation by the relevant Tax Office.

As of 31 March 2010 and 31 December 2009, details of the restricted reserves of Hürriyet, equityholder of the Group, are as follows:

Restricted reserves:	**31 March 2010**	**31 December 2009**
1. Composition restricted reserves	23.067.690	23.067.690
2. Composition restricted reserves	4.648.846	4.648.846
	27.716.536	**27.716.536**

In accordance with the CMB regulations effective until 1 January 2008, the inflation adjustment differences arising at the initial application of inflation accounting which are recorded under "accumulated losses" could be netted off from the profit to be distributed based on CMB profit distribution regulations. In addition, the aforementioned amount recorded under "accumulated losses" could be netted off with net income for the period, if any, undistributed prior period profits, and inflation adjustment differences of extraordinary reserves, legal reserves and capital, respectively.

Again, relative to the execution valid due to 1 January 2008, 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.

NOTE 22 - SHAREHOLDERS' EQUITY (Continued)

In accordance with the Communiqué No:XI-29 and related announcements of CMB, effective from 1 January 2008, "Share Capital", "Restricted Reserves" and "Share Premiums" shall be carried at their statutory amounts.

The valuation differences (such as inflation adjustment differences) shall be disclosed as follows:

- 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.

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.

Dividend Payment

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, concerning distribution basis of net profit obtained from the operations of the year 2008, no limit for the profit distribution shall be applied as for the companies quoted in the stock exchange (2008: 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; and in the event that the first dividend amount to be specified is less than 5% of the paid-up capital, the relevant amount can be retained within the company. However, companies that made capital increases before distributing dividends related to the prior period and whose shares are therefore classified as "old" and "new" and that will distribute dividends from the profit made from operations are required to distribute the initial amount in cash.

Based on the board minutes taken on 30 April 2010, the Company will propose the decision for paying dividends to the shareholders amounting to TL 55.200.000 from the retained earnings related with 2009, to the General Assembly.

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

NOTE 23 - SALES AND COST OF SALES

Sales

	31 March 2010	31 March 2009
Advertisment sales	110.770.267	106.680.023
Circulation and publishing sales	55.428.988	44.780.042
Other	11.406.474	22.556.680
Net sales	**177.605.729**	**174.016.745**
Cost of sales	(112.783.055)	(122.858.037)
Gross profit	**64.822.674**	**51.158.708**

Cost of sales

The details of cost of sales for the periods ended 31 March are as follows:

	31 March 2010	31 March 2009
Raw materials	43.810.312	55.282.370
Paper	*27.117.236*	*38.481.355*
Printing and ink	*11.909.524*	*12.351.382*
Other	*4.783.552*	*4.449.633*
Payroll	37.715.706	36.055.885
Depreciation and amortization charges	11.340.204	11.640.764
Commission	3.743.416	3.862.678
Distribution, storage and travel	1.754.036	1.734.855
Fuel, electricity and water	1.693.861	1.664.337
Maintenance expenses	1.765.369	1.360.662
Packaging expenses	1.581.017	1.394.994
Rent expenses	1.031.105	1.011.216
Communication	932.535	951.524
News agency expenses	748.240	648.918
Insurance expenses	257.456	267.819
Other	6.409.798	6.982.015
	112.783.055	**122.858.037**

(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:

	31 March 2010	31 March 2009
Advertisement	14.026.884	5.541.622
Transportation, storage and travel	5.471.716	4.775.400
Payroll	2.602.760	1.278.803
Promotion	4.616.491	2.268.905
Sponsorship	944.407	310.606
Outsourced services	685.561	425.419
Other	1.695.183	1.744.804
	30.043.002	**16.345.559**

b) General administrative expenses:

	31 March 2010	31 December 2009
Payroll	11.627.097	11.096.898
Depreciation and amortization charges	9.909.410	9.774.002
Consultancy	3.874.456	4.431.162
Rent	2.708.486	3.349.946
Fuel, electricity and water	1.479.642	1.477.909
Transportation, storage and travel	1.186.828	1.167.493
Communication	1.018.825	1.038.473
Maintenance and repairment	581.945	491.848
Other	2.854.795	2.718.009
	35.241.484	**35.545.740**

NOTE 25 - EXPENSES BY NATURE

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

NOTE 26 - OTHER OPERATING INCOME - EXPENSES

The details of other income and gains for the period ended at 31 March are as follows:

	31 March 2010	31 March 2009
Reversal of impairment on investment property	2.881.353	-
Rent and building service fees	710.814	635.930
Reversed provisions	175.436	931.803
Gain on sale of property, plant and equipment	144.307	-
Other	303.866	316.157
	4.215.776	**1.883.890**

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

NOTE 26 - OTHER OPERATING INCOME – EXPENSES (Continued)

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

	31 March 2010	**31 December 2009**
Provision for doubtful receivables (Note 9)	2.281.838	1.339.432
Loss on sale of property, plant, equipment and investment properties	2.993.269	490.581
Provision for impairment on investment properties	272.046	-
Penalty and fines paid	206.002	192.730
Aids and donations	137.624	137.850
Provision for lawsuits (Note 18)	107.228	100.379
Other	1.606.203	472.322
	7.604.210	**2.733.294**

NOTE 27 - FINANCIAL INCOME

The details of financial income for the periods ended at 31 March are as follows:

	31 March 2010	**31 March 2009**
Foreign exchange income	7.838.311	25.088.445
Time deposits interest income	3.382.041	7.726.782
Due date difference income	2.587.280	4.277.071
Credit finance income from receivables	714.957	658.639
Interest income on financial assets at fair value through profit and loss, net	342.058	408.007
Other	85.500	21.423
	14.950.147	**38.180.367**

NOTE 28 - FINANCIAL EXPENSES

The details of financial expenses for the periods ended at 31 March are as follows:

	31 March 2010	**31 March 2009**
Foreign exchange loss	3.098.707	88.056.848
Interest expenses on bank borrowings	3.509.575	9.467.704
Banking commission and factoring expenses	336.491	289.993
Other	1.870.425	2.884.948
	8.815.198	**100.699.493**

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

NOTE 29 - ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

As of 31 March 2010 and 31 December 2009, the Group has no assets held for sale or discontinued operations.

NOTE 30 - TAX ASSETS AND LIABILITIES

	31 March 2010	31 December 2009
Corporate and income taxes payable	2.246.039	8.627.512
Less: Prepaid taxes (Note 21)	(4.778.233)	(12.482.673)
Taxes payable, net	**(2.532.194)**	**(3.855.161)**
Deferred tax liabilities	129.709.065	136.958.525
Deferred tax assets	(4.364.406)	(12.342.243)
Deferred tax liabilities, net	**125.344.659**	**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 March 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	Netherlands	25,5
Russia	20,0	Ukraine	25,0

(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 March 2010 and 31 December 2009 are as follows:

	Temporary differences		Deferred tax assets/ (liabilities)	
	2010	**2009**	**2010**	**2009**
Carry forward tax losses (*)	2.819.355	2.248.419	563.871	449.155
Difference between tax base and carrying value of trade receivables	18.233.776	19.569.646	3.585.250	3.824.951
Provision for employment termination benefits and unused vacation rights	20.779.372	23.197.679	4.032.245	4.640.086
Difference between tax base and carrying value of leasing payables	3.426.383	4.305.910	979.945	1.231.490
Deferred revenue	1.347.839	1.355.905	269.568	271.182
Difference between tax bases and carrying value of property, plant and equipment and intangibles	(428.056.776)	(689.529.646)	(136.920.440)	(135.423.679)
Other, net	5.082.904	1.211.921	2.144.902	390.533
			(125.344.659)	**(124.616.282)**

Deferred tax assets:	**31 March 2010**	**31 December 2009**
To be recovered after one year	2.970.552	5.769.360
To be recovered within one year	1.393.854	6.572.883
Total	**4.364.406**	**12.342.243**

Deferred tax liabilities:	**31 March 2010**	**31 December 2009**
To be recovered after more than one year	(128.704.872)	(135.423.679)
To be recovered within one year	(1.004.193)	(1.534.846)
Total	**(129.709.065)**	**(136.958.525)**

(*) Deferred income 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 March 2010, carry forward tax losses for which no deferred income tax asset was recognised amounted toTL 29.651.428 (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 March 2010	**31 December 2009**
2011	313.083	313.083
2012	-	-
2013	1.515.377	1.515.376
2014 and over	990.895	419.960
	2.819.355	**2.248.419**

The movements in deferred income tax assets/(liabilities) for the periods ended 31 March 2010 and 2009 are as follows:

	2010	**2009**
1 January	**124.616.282**	**133.141.081**
Deferred tax income at the consolidated statement of income	(1.513.989)	(10.560.828)
Currency translation differences	2.242.366	(2.369.114)
31 March	**125.344.659**	**120.211.139**

The analysis of the tax expenses for the periods ended at 31 March are as follows:

	31 March 2010	**31 March 2009**
Current	3.948.460	1.315.624
Deferred	(1.513.989)	(10.560.828)
	2.434.471	**(9.245.204)**

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

NOTE 30 - TAX ASSETS AND LIABILITIES (Continued)

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

	31 March 2010	**31 March 2009**
Loss before taxes and minority from continuing operations	(168.224)	(67.403.720)
Current period tax income calculated at the effective tax rates of countries	(279.054)	(13.812.571)
Expenses not deductible for tax purposes	4.057.597	2.357.532
Current period financial losses	4.395.665	-
Carry forward losses utilised	57.222	-
Effect of financial losses which the deferred tax assets not calculated	-	5.768.727
Income not subject to tax	(2.791.496)	(2.900.756)
Witholding tax relating to dividend distribution	630.851	167.240
Other, net	(3.636.314)	(825.376)
Tax losses /(income) from continuing operations	**2.434.471**	**(9.245.204)**

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)

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

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

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

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

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

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

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

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

To be entitled to the exemption, the relevant gain is required to be held in a fund account in the liabilities and it must not be withdrawn from the entity for a period of five years. The sales consideration has to be collected up until the end of the second calendar year following the year the sale was realised.

NOTE 30 - TAX ASSETS AND LIABILITIES (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 years 2006and 2008 as well as the investment allowances amounts they could not offset against 2006 gains which were present as of 2006, in accordance with the legislation (including the provisions related to tax rates) in force as of 2006:

a) In the scope of the investment incentive certificates prepared related to the applications before 24 April 2003, investments to be made after 1 January 2006 in the scope of the certificate for the investments started in accordance with the additional 1st, 2nd, 3rd, 4th, 5th and 6th articles prior to the abrogation of Income Tax Law, 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 consolidation 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 to various comments and change frequently. Regarding to TME's operations the interpretation of tax regulations by tax authorities may differ from the management.

NOTE 30 - TAX ASSETS AND LIABILITIES (Continued)

Hungary

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

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

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

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 settlements 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.

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

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:

	31 March 2010	31 March 2009
Net loss for the period	(2.602.695)	(58.158.516)
Net loss for the period attributable to minority shareholders of the company	(1.345.965)	(8.356.208)
Net loss for the period attributable to equity holders of the company	(1.256.730)	(49.802.308)
Number of ordinary shares in issue (with nominal value of TL 1 each)	552.000.000	460.000.000
Loss per share (Kr)	**(0,23)**	**(10,83)**
Number of ordinary shares in issue (with nominal value of TL 1 each)	552.000.000	460.000.000
Earnings per share (Kr)	**(0,23)**	**(10,83)**
Net loss for the period	(1.256.730)	(49.802.308)
Number of ordinary shares in issue (with nominal value of TL 1 each)	552.000.000	460.000.000
Loss per share (Kr)	**(0,23)**	**(10,83)**

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

NOTE 32 - RELATED PARTY DISCLOSURES

i) Balances with related parties:

a) Short-term due from related parties:

	31 March 2010	31 December 2009
Doğan Gazetecilik A.Ş. ("Doğan Gazetecilik")	9.753.396	9.813.236
Doğan TV ("Kanal D")	8.847.776	14.466.840
Medyanet A.Ş. ("Medyanet")	5.566.097	5.850.608
Doğan Dağıtım Satış ve Pazarlama A.Ş. ("Doğan Dağıtım")	3.830.770	2.815.538
Doğan Media	2.937.420	399.895
Milliyet Verlags und Handels GmbH ("Milliyet Verlags")	2.671.006	2.250.172
Bağımsız Gazeteciler Yayıncılık A.Ş. ("Bağımsız Gazeteciler")	2.603.919	1.687.476
Doğan Burda Yayıncılık ve Pazarlama A.Ş. ("Doğan Burda")	1.487.092	1.318.186
Katalog Yayın Tanıtım Hizmetleri A.Ş. ("Katalog")	899.004	899.004
Milta Seyahat Acentası İşletmeciliği A.Ş.	408.808	535.285
Doğan Yayın Holding A.Ş.	390.901	73.823
Doğan Portal ve Elektronik Ticaret A.Ş. ("Doğan Portal")	22.025	16.922
Doğan Müzik Kitapçılık A.Ş. ("DMK")	14.894	-
Other	1.207.396	960.388
	40.640.504	**41.087.373**

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

NOTE 32 - RELATED PARTY DISCLOSURES (Continued)

b) Short-term due to related companies:

	31 March 2010	31 December 2009
Işıl İthalat İhracat Mümessillik A.Ş. ("Işıl İthalat")	1.551.523	-
Doğan İletişim Elektronik Servis Hizmetleri ve Yayıncılık A.Ş. ("Doğan İletişim")	423.913	614.567
Petrol Ofisi A.Ş. ("Petrol Ofisi")	210.873	197.185
Doğan Faktoring A.Ş.	63.657	-
Milta Seyahat Acentası İşletmeciliği A.Ş. ("Milta")	54.909	12.605
DTV Haber ve Görsel Yayıncılık A.Ş. ("Kanal D")	49.921	-
D-Market Elektronik Hizmetleri Ticaret A.Ş. ("D Market")	38.983	-
Doğan Dış Ticaret	19.705	305.443
Doğan Yayın	112	415.392
Diğer	467.114	721.884
	2.880.710	**2.267.076**

ii) Significant transactions with related parties:

a) Significant service and product sales to related parties:

	31 March 2010	31 March 2009
Doğan Dağıtım	24.840.036	20.718.981
Doğan Gazetecilik	7.999.350	7.625.199
Doğan Media	3.393.636	3.852.481
Medyanet	1.607.282	965.248
Doğan Burda	1.359.968	1.254.228
Bağımsız Gazeteciler	1.224.989	1.807.741
Doğan Yayın	578.729	488.952
Milliyet Verlags	510.872	560.313
Turner Doğan Prodüksiyon A.Ş ("Turner")	436.028	518.431
Doğan ve Egmont Yayıncılık ve Yapımcılık Ticaret A.Ş. ("Doğan Egmont")	314.397	221.395
Doğan İletişim	304.733	282.613
Eko TV	66.670	146.294
DMK	50.540	26.388
Doğan TV Holding A.Ş. ("Doğan TV")	10.277	1.214.662
Petrol Ofisi	9.950	244.913
Diğer	2.789.619	1.202.261
	45.497.076	**41.130.100**

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

NOTE 32 - RELATED PARTY DISCLOSURES (Continued)

b) Significant service and product purchases from related parties:

	31 March 2010	31 March 2009
Doğan Dış Ticaret (*)	12.395.227	18.433.006
Işıl İthalat (*)	11.177.193	14.952.521
Doğan Dağıtım (**)	5.098.074	3.749.318
Kanal D	2.287.543	935.967
Doğan Yayın	1.467.779	1.619.140
Star TV	1.169.552	386.055
Doğan İletişim	902.191	555.062
D Yapım Reklamcılık ve Dağıtım A.Ş. ("D Yapım Reklamcılık")	538.059	73.253
Petrol Ofisi	455.167	326.740
Milta	323.946	371.696
Diğer	1.041.265	1.291.383
	36.855.996	**42.694.141**

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

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

c) Other significant transactions with related parties:

Other income:

	31 March 2010	31 March 2009
Doğan Dağıtım	254.396	149.205
Işıl İthalat	215.793	203.294
Doğan Dış Ticaret	184.138	159.326
Doğan Burda	162.899	101.576
Doğan Media	99.867	95.887
Doğan Yayın	72.360	46.766
Doğan İletişim	40.124	36.628
Diğer	184.403	104.805
	1.213.980	**897.487**

Other expenses:

	31 March 2010	31 March 2009
Petrol Ofisi	-	20.486
	-	**20.486**

Purchase of property, plant and equipment:

	31 March 2010	31 March 2009
DOL	279.676	-
D-Market	127.372	86.294
DYH	47.560	-
	454.608	**86.294**

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

NOTE 32 - RELATED PARTY DISCLOSURES (Continued)

Financial income:

	31 Mart 2010	31 Mart 2009
Kanal D	319.398	-
Medyanet	136.849	182.812
Bağımsız Gazetecilik	41.089	533.659
DMK	-	99.416
Diğer	10.294	-
	507.630	**815.887**

Financial expenses:

	31 March 2010	31 March 2009
Doğan Factoring	174.377	136.019
Doğan Yayın	423	200.780
	174.800	**336.799**

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

	31 March 2010	31 March 2009
Board of directors	583.479	671.314
Executive committee	374.382	261.451
	957.861	**932.765**

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 March 2010	31 December 2009
Financial instruments with fixed interest rate		
Financial Assets		
- *Designated at fair value through profit or loss (*)*	231.476.502	261.353.697
Financial liabilities	10.039.365	15.232.176
Financial instruments with floating interest rate		
Financial liabilities	588.271.459	635.053.546

(*) Financial assets designated at fair value through profit or loss consists of TL and foreign currency denominated time deposits with fixed interest rate and with maturity less than three months.

NOTE 33 - FINANCIAL RISK MANAGEMENT (Continued)

33.1 Financial Risk Management (Continued)

(i) Interest rate risk (Continued)

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 March 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 minority would have been lower/higher by TL 684.745 (31 March 2009: TL 1.489.470).

(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 March 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	598.310.824	618.568.333	65.955.850	180.353.230	369.995.367	2.263.886
Other financial liabilities	15.254.560	15.254.560	-	14.504.460	750.100	-
Trade payables						
- *Related party*	2.880.710	2.880.710	2.880.710	-	-	-
- *Other*	42.921.329	42.921.329	42.921.329	-	-	-
Other payables						
- *Related party*	-	-	-	-	-	-
- *Other*	17.564.949	17.564.949	17.374.761	-	190.188	-

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	650.285.722	675.603.865	77.725.911	171.947.446	423.249.273	2.681.235
Other financial liabilities	15.865.561	15.865.561	-	15.123.251	742.310	-
Trade payables						
- *Related party*	2.267.076	2.267.076	2.267.076	-	-	-
- *Other*	38.289.102	38.289.102	38.289.102	-	-	-
Other payables						
- *Related party*	-	-	-	-	-	-
- *Other*	16.453.565	16.453.565	16.265.352	-	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 March 2010, the Group has long-term financial liabilities amounting to TL 208.148.828 (31 December 2009: TL 250.730.351) and long-term trade payables amounting to TL 71.001.375 (31 December 2009: TL 77.615.157) (Note 7). The Group has no marketable securities with a maturity over one year at 31 March 2010 (31 December 2009: None) (Note 6).

(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 aggregate risk to 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 March 2010 there are past due but not impaired trade receivables amounting to TL 60.673.266 (31 December 2009: TL 56.582.094). The Group does not foresee any collection risk for the delay up to one month due to sector dynamics and conditions. The Group restructures its 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 a guarantee such as mortgage, indemnity or guarantee notes. As of 31 March 2010, there are mortgage and indemnity amounting to TL 33.595.000 for the related receivables.

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

	31 March 2010		31 December 2009	
	Related party	**Other receivables**	**Related party**	**Other receivables**
0-1 months	1.294.918	14.621.063	1.140.380	18.998.634
1-3 months	2.219.886	12.285.918	2.076.813	9.608.021
3-6 months	1.744.059	6.175.867	1.766.512	3.105.679
6-12 months	2.234.802	5.030.967	776.371	6.769.789
1-2 years	2.284.367	12.781.419	3.590.160	8.749.737
	9.778.032	**50.895.234**	**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 March 2010 and 31 December 2009, aging analysis for trade receivables that are past due and impaired is as follows:

Impaired	**31 March 2010**	**31 December 2009**
Past due 0 - 3 months	616.208	2.262.103
Past due 3 - 6 months	1.550.409	2.530.329
Past due 6 months and over	42.336.213	38.448.797
Less: Provision for impairment	(44.502.830)	(43.241.229)

There are no related party receivables that are past due and impaired as of 31 March 2010. There are no trade receivables that are not due but impaired as of 31 March 2010.

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

NOTE 33 - FINANCIAL RISK MANAGEMENT (Continued)

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

	Trade receivables		Other receivables		Bank	Derivative
31 March 2010	**Related party**	**Other**	**Related party**	**Other**	**deposits**	**instruments**
Maximum credit risk exposure as of balance sheet date	**40.640.504**	**146.071.735**	**-**	**3.417.859**	**252.933.240**	**-**
- 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	30.862.472	95.176.501	-	3.417.859	252.933.240	-
B. Net book value of financial assets that are negotiated, 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)	9.778.032	50.895.234	-	-	-	-
-The part under guarantee with collateral	-	*4.355.510*		-	-	-
D. Net book value of impaired asset	-	-	-	-	-	-
- Past due (gross carrying amount)	-	44.502.830	-	-	-	-
- Impairment (-)	-	(44.502.830)	-	-	-	-
- 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)

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

	Trade receivables		Other receivables		Bank	Derivative
31 December 2009	**Related party**	**Other**	**Related party**	**Other**	**deposits**	**instruments**
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 negociated, 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 March 2010 and 31 December 2009 are as follows:

	31 March 2010	**31 December 2009**
Assets	174.301.788	197.584.526
Liabilities	(657.033.916)	(707.182.082)
Net foreign currency position	**(482.732.128)**	**(509.597.556)**

Following exchange rates have been used in the translation of foreign currency denominated balance sheet items as of 31 March 2010: TL 1,5215 = USD 1 and TL 2,0523 =Euro 1 (31 December 2009: TL 1,5057 = USD 1 and TL 2,1603 = Euro 1).

	31 March 2010	**31 December 2009**
Total export amount (TL)	-	-
Total import amount (TL)	-	-

Assets denominated in foreign currency amounting TL 174.301.788 as of 31 March 2010, hedged 27 % naturally by the existence of liabilities denominated in foreign currency amounting TL 657.033.916. 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 March 2010 and 31 December 2009. The carrying amount of foreign currency denominated assets and liabilities of the Group are as follows:

31 March 2010

	USD Original amount	TL	Euro Original amount	TL	Other TL	Total
Assets:						
Cash and cash equivalents	49.447.717	75.234.702	14.041.833	28.818.053	18.590.469	122.643.224
Trade receivables	282.333	429.569	3.677.763	7.547.873	8.193.026	16.170.468
Financial investments	11.973.413	18.217.548	-	-	-	18.217.548
Other receivables	237.000	360.596	16.310	33.473	15.866.202	16.260.271
Other current assets	595.000	905.293	2.224	4.565	100.419	1.010.277
	62.535.463	**95.147.708**	**17.738.130**	**36.403.964**	**42.750.116**	**174.301.788**
Liabilities:						
Short-term portion of long-term financial liabilities	176.131.261	267.983.713	16.510.996	33.885.518	16.585.696	318.454.927
Trade payables	1.508.641	2.295.397	3.232.779	6.634.632	9.090.963	18.020.992
Other payables and short-term liabilities	917.591	1.396.114	449.791	923.106	37.558.227	39.877.447
Long-term financial liabilities	115.589.540	175.869.485	33.714.350	69.191.960	34.794.452	279.855.897
Other non-current liabilities	-	-	-	-	824.653	824.653
	294.147.033	**447.544.709**	**53.907.916**	**110.635.216**	**98.853.991**	**657.033.916**
Net foreign currency position	**(231.611.570)**	**(352.397.001)**	**(36.169.786)**	**(74.231.252)**	**(56.103.875)**	**(482.732.128)**

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

NOTE 33 - FINANCIAL RISK MANAGEMENT (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 investments	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	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	-	-	-	-	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 March 2010	**Profit/Loss**	
	Foreign currency appreciation	**Foreign currency depreciation**
If the US dollar had changed by 10% against the TL		
USD net (liabilities)/assets	(38.051.736)	38.051.736
Hedging amount of USD	-	-
USD net effect on (loss)/income	**(38.051.736)**	**38.051.736**
If the EUR had changed by 10% against the TL		
Euro net (liabilities)/assets	(6.362.058)	6.362.058
Hedging amount of Euro	-	-
Euro net effect on (loss)/income	**(6.362.058)**	**6.362.058**
If the CHF had changed by 10% against the TL		
CHF denominated net (liabilities)/assets	(5.610.388)	5.610.388
Hedging amount of CHF	-	-
CHF net effect on (loss)/income	**(5.610.388)**	**5.610.388**

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, judgement is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realise in a current market exchange

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

(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 long-term 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 order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

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

NOTE 34 - SUBSEQUENT EVENTS

The tax inspection reports released by the Ministry of Finance as of 15 March 2010 regarding the tax reviews mentioned in Note 18, 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. Settlement after assessment from the Tax Office regarding the tax principals and penalties was reached on 6 April 2010. The principal and penalty for the tax were determined as TL 8.000.000 after this settlement and a tax liability amounting to TL 16.974.250 (31 December 2009: TL 17.200.000), together with the late payment interest has been accrued in the consolidated financial statements and paid in 6 May 2010.

The Group has signed a new borrowing agreement with a different financial institution, with 5 year maturity and a non-payment period for 1 year, amounting to USD 70.000.000 as of 23 April 2010 in order to pay the existing bank credit.

To ensure compliance with the current changes in Capital Markets Regulation, the Company has taken the necessary permission of the Ministry of Industry and Commerce for the changes of 9th, 10th, 13th, 20th, 21st, 26th, 29th articles and 1st temporary article of the Main Agreement on 19 April 2010 and that will be presented to the General Assembly at the ordinary general meeting which will be held on 26 May 2010.

Board of Directors convened on 30 April 2010 in relation to the dividend distribution of the year 2009. In accordance with the Communiqué No:XI-29 of CMB and prepared in line with the International Financial Reporting Standards, which the presentation guidelines determined by the decisions of Capital Market Board, according to the independently audited consolidated financial statements for the period 01 January 2009 - 31 December 2009; considering "current tax expense for the year", "deferred tax income" and the shares of equity holders together; "consolidated net loss for the year" is determined as TL 35.079.806. Also, in accordance with 466th article of Turkish Commercial Code, after setting up TL 2.760.000 as "II. Series Legal Reserves", the Group decided to make dividend distribution as cash from the accumulated amounts in retained earnings amounting to TL 55.200.000 which is 10% of the issued share capital. That matter will be presented to the approval of General Assembly which be held on 26 May 2010.

NOTE 35 - CASH FLOWS

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

	31 March 2010	31 March 2009
Change in blocked deposits and time deposits with maturity of more than three months	(98.100)	5.723
Change in trade receivables and due from related parties	1.372.052	17.331.243
Change in financial investments	146.161	(20.169.396)
Change in inventories	1.841.382	1.540.814
Change in other non-current assets	(2.386.411)	5.759.465
Change in trade payables and due to related parties	5.245.861	(1.963.699)
Change in other current liabilities	417.795	5.423.380
Change in financial liabilities	(705.221)	5.197.120
Change in other non-current assets	137.456	2.824.818
	5.970.975	**15.949.468**