

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

**CONVENIENCE TRANSLATION  
OF THE CONSOLIDATED FINANCIAL  
STATEMENTS AND THE AUDITOR'S  
REPORT FOR THE PERIOD  
1 JANUARY – 31 DECEMBER 2011  
INTO ENGLISH**

**(ORIGINALLY ISSUED IN TURKISH)**

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

### INDEPENDENT AUDITOR'S REPORT

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

##### Introduction

We have audited the accompanying consolidated balance sheet of Hürriyet Gazetecilik ve Matbaacılık A.Ş. (the "Company"), its subsidiaries and its joint ventures (together the "Group") as at 31 December 2011 and the related statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2011, and a summary of significant accounting policies and other explanatory notes.

##### Management Responsibility on the Consolidated Financial Statements

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

##### Auditor's Responsibility

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

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

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

## Basis for Qualified Opinion

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

However, as determined in the said protocol, such put option liability related to non-controlling interests amends the relevant clauses of the contract which was signed on 28 December 2006 and became effective as of 31 March 2007 as a consequence of the acquisition of Trader Media East Limited’s majority shares by the Group and which has not been accounted for by the Group in the accompanying consolidated financial statements until 2010. Therefore, these contracts, which were recorded in the Group’s consolidated financial statements for the first time in 2010, should have been recognized as a put option liability of “non-controlling interests” during acquisition of Trader Media East Limited’s shares by the Group in 2007, and the accompanying consolidated financial statements should have been restated retrospectively.

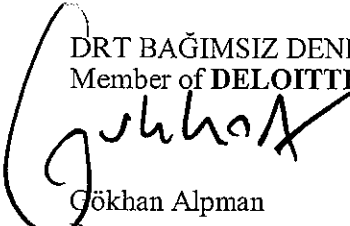
If the said put option liability of non-controlling interests had been recognized retrospectively in the accompanying consolidated financial statements, the opening equity figure as of 1 January 2010 presented in the accompanying comparative statement of changes in equity for the year ended 31 December 2010 would have been decreased by TL 37,1 million.

## Qualified Opinion

In our opinion, except for the effects of the matter described in above to the accompanying consolidated financial statements presented for comparative purposes, the accompanying consolidated financial statement give a true and fair view of consolidated financial position of Hürriyet Gazetecilik ve Matbaacılık A.Ş., its subsidiaries and its joint ventures as at 31 December 2011, and their financial performance and cash flows for the year then ended in accordance with the financial reporting standards issued by the Capital Markets Board.

İstanbul, 30 March 2012

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

  
Gökhan Alpman  
Partner

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## CONSOLIDATED FINANCIAL STATEMENTS AND NOTES FOR THE PERIOD 1 JANUARY- 31 DECEMBER 2011

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# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2011 AND 31 DECEMBER 2010 (Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Note	Current Period (Audited) 31 December 2011	Previous Period (Audited) 31 December 2010
	references		
<b>ASSETS</b>			
<b>Current assets</b>		<b>556.766.674</b>	<b>347.621.622</b>
Cash and cash equivalents	5	281.604.096	89.534.596
Financial assets	6	-	18.855.213
Trade receivables			
-Due from related parties	32	21.769.432	24.729.830
-Other trade receivables	9	119.991.368	161.774.534
Other receivables	10	496.145	1.841.576
Inventories	11	18.571.696	17.650.386
Other current assets	21	33.646.618	33.235.487
<b>Subtotal</b>		<b>476.079.355</b>	<b>347.621.622</b>
Assets held for sale	29	80.687.319	-
<b>Non-current assets</b>		<b>1.082.006.456</b>	<b>1.231.304.652</b>
Other receivables	10	910.363	790.356
Financial assets	6	4.534.498	4.846.530
Investments accounted for by the equity method	12	7.423.271	6.593.636
Investment property	13	26.604.917	24.477.879
Property, plant and equipment	14	336.713.652	457.355.669
Intangible assets	15	549.337.936	504.258.684
Goodwill	16	136.195.646	206.177.957
Deferred tax assets	30	13.524.076	10.966.263
Other non-current assets	21	6.762.097	15.837.678
<b>Total assets</b>		<b>1.638.773.130</b>	<b>1.578.926.274</b>

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

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2011 AND 31 DECEMBER 2010 (Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Note references	Current Period (Audited) 31 December 2011	Previous Period (Audited) 31 December 2010
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>549.788.007</b>	<b>390.538.264</b>
Financial liabilities	7	265.185.490	230.193.446
Other financial liabilities	8	66.738.105	57.082.687
Trade payables			
-Due to related parties	32	11.972.022	3.429.863
-Other trade payables	9	40.926.693	33.994.339
Other payables			
-Due to related parties	32	97.434.767	-
-Other payables	10	22.445.256	18.336.488
Current income tax liabilities	30	638.448	12.630.692
Provisions	18	2.813.326	10.412.228
Other current liabilities	21	41.633.900	24.458.521
<b>Non-current liabilities</b>		<b>493.807.074</b>	<b>415.354.903</b>
Financial liabilities	7	337.956.619	276.186.985
Other payables	10	132.529	147.519
Provision for employment termination benefits	20	26.158.276	21.660.771
Deferred tax liabilities	30	121.127.342	117.314.791
Other non-current liabilities	21	8.432.308	44.837
<b>EQUITY</b>			
<b>Total Equity</b>		<b>595.178.049</b>	<b>773.033.107</b>
<b>Equity attributable to equity holders of the company</b>		<b>514.097.873</b>	<b>684.850.101</b>
Share capital	22	552.000.000	552.000.000
Inflation adjustment to share capital	22	77.198.813	77.198.813
Share premium		76.944	76.944
Translation reserve		57.382.651	(7.405.735)
Restricted reserves	22	34.266.877	33.347.505
Retained earnings		28.856.851	69.711.978
Net loss for the period		(235.684.263)	(40.079.404)
<b>Non-controlling interests</b>		<b>81.080.176</b>	<b>88.183.006</b>
<b>Total liabilities and equity</b>		<b>1.638.773.130</b>	<b>1.578.926.274</b>

These consolidated financial statements as at and for the period ended 31 December 2011 were approved by the Board of Directors on 30 March 2012.

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

# HÜRRIYET GAZETECİLİK VE MATBAACILIK A.Ş.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME AS AT 31 DECEMBER 2011 AND 2010

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

	Note	Current Period (Audited) 1 January- 31 December 2011	Previous Period (Audited) 1 January- 31 December 2010
	References		
Sales	23	868.738.457	794.225.971
Cost of sales (-)	23	(540.792.201)	(466.049.481)
<b>Gross profit</b>		<b>327.946.256</b>	<b>328.176.490</b>
Marketing, selling and distribution expenses (-)	24	(147.233.494)	(124.952.192)
General administrative expenses (-)	24	(174.709.163)	(157.762.893)
Other operating income	26	14.716.489	7.269.306
Other operating expenses (-)	26	(171.157.695)	(76.329.254)
<b>Operating loss</b>		<b>(150.437.607)</b>	<b>(23.598.543)</b>
Share of loss of investments accounted for by the equity method	12	(11.326.714)	(8.944.812)
Financial income	27	82.833.106	44.787.613
Financial expenses (-)	28	(188.006.576)	(61.833.608)
Monetary gain		390.944	-
<b>Loss before tax</b>		<b>(266.546.847)</b>	<b>(49.589.350)</b>
<b>Tax income / (expense)</b>			
Current tax for the period	30	(3.824.794)	(26.644.851)
Deferred tax income	30	12.772.325	20.706.815
<b>Net loss for period</b>		<b>(257.599.316)</b>	<b>(55.527.386)</b>
<b><u>Other comprehensive income / (expense):</u></b>			
Change in translation reserves		81.978.217	5.883.437
<b>Other comprehensive income after tax</b>		<b>81.978.217</b>	<b>5.883.437</b>
<b>Total comprehensive expense</b>		<b>(175.621.099)</b>	<b>(49.643.949)</b>
<b>Net loss for the period</b>		<b>(257.599.316)</b>	<b>(55.527.386)</b>
<b>Allocation of net loss for the period</b>			
Attributable to non-controlling interests		(21.915.053)	(15.447.982)
Attributable to equity holders of the company		(235.684.263)	(40.079.404)
<b>Allocation of total comprehensive expense</b>			
Attributable to non-controlling interests		(4.725.222)	(17.266.802)
Attributable to equity holders of the company		(170.895.877)	(32.377.147)
<b>Loss per share (TL)</b>	<b>31</b>	<b>(0,4270)</b>	<b>(0,0726)</b>

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

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

**CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY  
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010**

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

References	Note	Share Capital	Inflation adjustment to share capital	Share premiums	Translation reserves	Restricted reserves	Retained earnings	Net loss for the period	Non-controlling interests	Total equity
Balances at 1 January 2010	22	552.000.000	77.198.813	76.944	(15.107.992)	29.503.316	189.305.041	(35.079.806)	119.749.857	917.646.173
Transfers		-	-	-	-	3.844.189	(38.923.995)	35.079.806	-	-
Capital increase of subsidiaries		-	-	-	-	-	-	-	1.195.638	1.195.638
Parent company's dividend payment (2)		-	-	-	-	-	(55.200.000)	-	-	(55.200.000)
Subsidiaries' dividend payments to non-group companies		-	-	-	-	-	-	-	-	-
Adjustment effect of non-controlling shares put options (Note 19)		-	-	-	-	-	-	-	(3.732.782)	(3.732.782)
Other (1)		-	-	-	-	-	(25.469.068)	-	(13.898.432)	(39.367.500)
Total comprehensive income / (expense)		-	-	-	7.702.257	-	-	(40.079.404)	2.135.527	2.135.527
Change in translation reserves		-	-	-	7.702.257	-	-	(40.079.404)	(17.266.802)	(49.643.949)
Net loss for the period		-	-	-	-	-	-	(40.079.404)	(1.818.820)	5.883.437
		-	-	-	-	-	-	(40.079.404)	(15.447.982)	(55.527.386)
<b>Balances at 31 December 2010</b>	<b>22</b>	<b>552.000.000</b>	<b>77.198.813</b>	<b>76.944</b>	<b>(7.405.735)</b>	<b>33.347.505</b>	<b>69.711.978</b>	<b>(40.079.404)</b>	<b>88.183.006</b>	<b>773.033.107</b>
<b>Balances at 1 January 2011</b>	<b>22</b>	<b>552.000.000</b>	<b>77.198.813</b>	<b>76.944</b>	<b>(7.405.735)</b>	<b>33.347.505</b>	<b>69.711.978</b>	<b>(40.079.404)</b>	<b>88.183.006</b>	<b>773.033.107</b>
Transfer		-	-	-	-	919.372	(40.998.776)	40.079.404	-	-
Capital increase of subsidiaries		-	-	-	-	-	-	-	533.333	533.333
Subsidiaries' dividend payments to non-group companies		-	-	-	-	-	-	-	(3.916.506)	(3.916.506)
Other (1)		-	-	-	-	-	-	-	935.769	935.769
Effect of inflation accounting (Note 2.1.2)		-	-	-	-	-	143.649	-	69.796	213.445
Total comprehensive income / (expense)		-	-	-	64.788.386	-	-	(235.684.263)	(4.725.222)	(175.621.099)
Change in translation reserves		-	-	-	64.788.386	-	-	-	17.189.831	81.978.217
Net loss for the period		-	-	-	-	-	-	(235.684.263)	(21.915.053)	(257.599.316)
<b>Balances at 31 December 2011</b>	<b>22</b>	<b>552.000.000</b>	<b>77.198.813</b>	<b>76.944</b>	<b>57.382.651</b>	<b>34.266.877</b>	<b>28.856.851</b>	<b>(235.684.263)</b>	<b>81.080.176</b>	<b>595.178.049</b>

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

(2) On 30 April 2010, 10% of the issued share capital, TL 0.1 dividend per share (total dividend TL 55.200.000) has been paid to shareholders.

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



HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

	Note References	Current Period (Audited) 1 January- 31 December 2011	Previous Period (Audited) 1 January- 31 December 2010
Net loss for the period		(257.599.316)	(55.527.386)
<b>Adjustments:</b>			
Depreciation	13,14	53.942.852	57.310.147
Amortization	15	31.453.367	27.036.682
Impairment of goodwill and intangible assets	15,16	113.015.734	53.301.349
Impairment of tangible assets	14	10.820.828	-
Net loss on disposal of tangible, intangible assets and investment property	26	3.002.536	1.173.147
Tax (income) / expense	30	(8.947.531)	5.938.036
Provision for employment termination benefits and unused vacation rights	20,21	19.599.786	11.700.583
Actuarial (gain) / loss	20	(6.813)	719.815
Change in income accruals	21	(241.480)	(107.687)
Interest income	27	(6.712.683)	(10.220.573)
Finance income from term sales	27	(8.534.567)	(7.334.916)
Unearned finance income from term sales	28	843.052	1.298.687
Unrealized finance expense from term purchases	27	(191.541)	(82.652)
Interest expenses	28	25.919.129	18.109.609
Unrealized foreign exchange losses from bank borrowings		82.381.732	13.251.692
Provision / (reversal) of the impairment of investment properties	13	2.877.707	(994.104)
Deferred income		558.690	74.177
(Profit) / loss from sales of subsidiary	26	(15.108)	5.996
Tax penalties (reversal) / provision expense	26	(3.467.127)	3.179.690
6111 tax base increase expenses	26,28	19.790.045	-
Competition authority penalty expenses	26	2.853.537	-
Loss from investments accounted for by the equity method	12	11.326.714	8.944.812
Provision for doubtful receivables	9,21	8.362.029	8.832.734
Change in other provisions		1.382.867	1.455.672
Reversal of provisions		(3.823.727)	(1.484.905)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>		<b>98.590.712</b>	<b>136.580.605</b>
Changes in operating assets and liabilities-net	36	63.358.537	(15.726.864)
Taxes paid		(10.534.318)	(26.774.502)
Expenses paid to the tax penalty and tax base increase due to the Law of 6111	18,21	(9.561.303)	(28.414.446)
Doubtful receivables collected	9	3.262.336	1.484.905
Employment termination benefits paid	20,21	(10.019.050)	(4.129.563)
Competition authority penalty paid	26	(2.853.537)	-
<b>Net cash provided by operating activities</b>		<b>132.243.377</b>	<b>63.020.135</b>
<b>Cash flow from investing activities:</b>			
Purchases of property, plant and equipment	14	(20.663.013)	(11.112.314)
Purchases of intangible assets	15	(11.766.946)	(13.905.698)
Proceeds from sales of property, plant and equipment, intangible assets and investment properties		20.544.180	12.301.559
Interests received		14.942.340	18.730.945
Change in securities	6	18.855.213	(491.504)
Proceeds from sales of subsidiary		-	7.633
Change in blocked deposit		(3.263.451)	(15.460.000)
Share capital increase in investments accounted for by the equity method	6, 12	(12.105.422)	(14.323.105)
<b>Net cash provided / (used) in investing activities</b>		<b>6.542.901</b>	<b>(24.252.484)</b>
<b>Cash flow from financing activities:</b>			
Changes in financial payables to related parties		97.434.767	-
Proceeds of issuance of share capital to non-controlling interests		533.333	1.195.638
Dividends paid to non-controlling interests		(3.916.506)	(3.732.782)
Bank borrowings received		315.889.080	135.264.580
Bank borrowings paid		(298.642.241)	(258.402.590)
Change in financial liabilities to suppliers		(29.763.428)	(26.125.328)
Dividends paid		-	(55.193.460)
Interests paid		(24.618.856)	(19.416.571)
<b>Net cash provided / (used) in financing activities</b>		<b>56.916.149</b>	<b>(226.410.513)</b>
Exchange losses / gains on cash and cash equivalents		(3.564.498)	(413.464)
Change in cash and cash equivalents		192.137.929	(188.056.326)
Cash and cash equivalents at the beginning of the period	5	88.918.222	276.974.548
<b>Cash and cash equivalents at the end of the period</b>	<b>5</b>	<b>281.056.151</b>	<b>88.918.222</b>

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

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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

### NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Hürriyet Gazetecilik ve Matbaacılık A.Ş. ("Hürriyet" or the "Company") was established in 1960 and is registered in Turkey. The Company which undertakes journalism, printing and advertising activities operates 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). Aydın Doğan and Doğan Family are ultimate shareholders of the Company.

The address of the registered office is as follows:

Hürriyet Medya Towers  
34212 Güneşli, İstanbul  
Turkey

The Company is registered to the Capital Markets Board ("CMB") and its shares have been quoted on the Istanbul Stock Exchange ("ISE") since 25 February 1992. In accordance with the resolution numbered 21/655 on 23 July 2010 of CMB; according to the records of Central Registry Agency (CRA); shares representing 21,21% (December 31, 2010: 21,11%) of Hürriyet are accepted as "in circulation".

25,02% capital of the TME, subsidiary of Company, is circulated on London Stock Exchange as Global Depository Receipts ("GDR").

### 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
Yenibirış İnsan Kaynakları Hizmetleri Danışmanlık ve Yayıncılık A.Ş. ("Yenibir")	Turkey	Turkey	Internet publishing
Refeks Dağıtım ve Kurye Hizmetleri A.Ş. ("Refeks") in liquidation	Turkey	Turkey	Distribution and courier services
Doğan Haber Ajansı A.Ş. ("Doğan Haber")	Turkey	Turkey	News agency
E Tüketici İnternet ve Danışmanlık Hizmetleri Elektronik Yayıncılık A.Ş. ("E Tüketici")	Turkey	Turkey	Internet publishing
Nartek Bilişim Turizm ve Pazarlama Hizmetleri Ticaret A.Ş. ("Nartek")	Turkey	Turkey	Internet publishing
TME Teknoloji Proje Geliştirme ve Yazılım A.Ş. ("TME Teknoloji")	Turkey	Turkey	Software development
Hürriyet Zweigniederlassung GmbH. ("Hürriyet Zweigniederlassung")	Germany	Europe	Newspaper publishing
Trader Media East ("TME")	Jersey	Europe	Investment
Publishing House Pennsylvania Inc	USA	Russia and EE	Investment
Pronto Soft	Belarus	Russia and EE	Internet publishing
OOO SP Belpronto	Belarus	Russia and EE	Newspaper and internet publishing
Bolji Posao d.o.o. Bosnia	Bosnia-Herzegovina	Europe	Investment
Oglasnik d.o.o.	Croatia	Europe	Newspaper and internet publishing
TCM Adria d.o.o.	Croatia	Europe	Investment
Internet Posao d.o.o.	Croatia	Europe	Internet publishing
Hürriyet Invest B.V. ("Hürriyet Invest")	Holland	Europe	Investment
Pronto Invest B.V.	Holland	Europe	Investment
Mirabridge International B.V.	Holland	Europe	Investment
TOO Pronto Akmolá	Kazakhstan	Russia and EE	Newspaper and internet publishing
OOO Pronto Aktau	Kazakhstan	Russia and EE	Newspaper and internet publishing

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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

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

#### Subsidiaries (Continued)

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

#### Joint Ventures

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

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

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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

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

#### 2.1 Basis of presentation

##### 2.1.1 Financial reporting standards

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

With the decision taken on 17 December 2005, the CMB has announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with CMB Accounting Standards. Accordingly, IAS 29 "Financial Reporting in Hyperinflationary Economies" issued by IASB is not applied in accompanying consolidated financial statements for the accounting periods starting 1 January 2005 except the subsidiaries operating in Belarus as explained in Note 2.1.2.

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

These consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the CMB's Financial Reporting Standards.

# HÜRRIYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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

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

#### 2.1 Basis of presentation (Continued)

##### 2.1.2 Financial statements of Subsidiaries, Associates and Joint Ventures operating in foreign countries

Financial statements of subsidiaries that are operating in foreign countries are prepared in accordance with applicable laws and regulations in countries in which they are registered and required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the Group's accounting policies.

If the Group companies' functional currency is different from its presentation currency, the functional currency is translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- income and expenses for each income statement are translated at average exchange rates; and all resulting exchange differences are recognised as a separate component of equity and statements of comprehensive income (currency translation reserve).

When a foreign operation is partially disposed of or sold, exchange differences recorded in equity are recognised in the income statement 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.

The accompanying consolidated financial statements of the companies operating in Belarus, are prepared on the historical cost basis adjusted in accordance with International Accounting Standard No. 29. The methods used to measure fair value are explained in Note 2.2.2. Determination of historical cost is generally based on fair value of the amount paid for the asset. As explained in Note 1, inflationary accounting lasted by 1 January 2005 in Turkey and hyper-inflationary period commenced on 1 January 2011 in Belarus. In the financial statements of subsidiaries operating in Belarus, restatement adjustments have been made to compensate the effect of changes in the general purchasing power of the Belarusian Ruble in accordance with IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date. One characteristic that necessitates the application of IAS 29 is a cumulative three-year inflation rate approaching or exceeding 100%. Such cumulative rate in Belarus was 152% for the three years ended 31 December 2011 based upon the consumer price index ("CPI") announced by the National Statistical Committee of the Republic of Belarus.

Index and the conversion factors used to adjust the financial statements of the subsidiaries operating in Belarus for the effect of inflation as at 31 December 2011 are given below:

Dates	Index	Conversion Factor
31 December 2008	1,3524	2,5221
31 December 2009	1,4856	2,2959
31 December 2010	1,6345	2,0867
31 December 2011	3,4109	1,0000

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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

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

#### 2.1 Basis of presentation (Continued)

##### 2.1.2 Financial statements of Subsidiaries, Associates and Joint Ventures operating in foreign countries (Continued)

The annual change in Belarusian Ruble ("BYR") exchange rate against USD and Euro compared with the consumer price index in Belarus is as follows:

Years	2009	2010	2011
Change in USD/BYR (%)	30	5	178
Change in Euro/BYR (%)	33	(3)	172
Belarus Consumer Price Index (%)	10	10	109

As of 31 December 2011 the exchange rate announced by the National Bank of the Republic of Belarus was BYR 8.350 = USD 1, BYR 10.800 = Euro 1 (31 December 2010: BYR 3.000 = USD 1, BYR 3.973 = Euro 1).

The main guidelines for the IAS 29 restatement are as follows:

- All items of financial statements of subsidiaries operating in Belarus, except for the ones already presented at the current purchasing power level, are restated by applying a general price index.
- Monetary assets and liabilities of the subsidiaries operating in Belarus are not restated because they are already expressed in terms of the current measuring unit at the balance sheet date. Monetary items presents money held and items to be received or paid in cash and cash equivalents.
- Non-monetary assets and liabilities of the subsidiaries operating in Belarus are restated by applying, to the initial acquisition cost and any accumulated depreciation, the change in the general price index from the date of acquisition or initial recording to the balance sheet date. Hence, property, plant and equipment, investments and similar assets are restated from the date of their purchase, not to exceed their market value. Depreciation is similarly restated. The components of shareholders' equity are restated by applying the applicable general price index from the dates the components were contributed or arose otherwise.
- All items in the statement of income of the subsidiaries operating in Belarus, except non-monetary items in the statement of financial position that have effect over statement of income, are restated by applying the relevant conversion factors from the dates when the income and expense items were initially recorded in the financial statements.
- The gain or loss on the net monetary position is the result of the effect of general inflation and is the difference resulting from the restatement of non-monetary assets, shareholders' equity and statement of income items. The gain or loss on the net monetary position is included in net loss.

# HÜRRIYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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

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

#### 2.1 Basis of presentation (Continued)

##### 2.1.3 Consolidation principles

The consolidated financial statements include the accounts of the parent company, Hürriyet, its Subsidiaries, Joint Ventures, and its Associates (collectively referred as the "Group") on the basis set out in sections (a) to (e) below. The financial statements of the companies included in the consolidation are based on historical cost of the statutory records and for the purpose of fair presentation in accordance with the accounting policies described in Note 2.1.1 and Note 2.1.2 and application of uniform accounting policies and presentations; adjustments and reclassifications.

Significant accounting policies used in the preparation of these consolidated financial statements are summarized below:

##### *(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, or (b) although not having the power to exercise more than 50% of the voting rights, through the exercise of actual dominant influence over the financial and operating policies. Following the transfer of ownership to the Group, subsidiaries are consolidated on the basis of full consolidation. They are excluded in the consolidated financial statements within the date that control ceases. Proportion of ownership interest represents the effective shareholding of the Group through the shares held by Hürriyet and indirectly by its subsidiaries.

The balance sheets and statements of income of the subsidiaries are consolidated on the basis of full consolidation and the recorded value of shares held by Hürriyet and its subsidiaries is offset against the related equity. Intercompany transactions and balances between Hürriyet and its subsidiaries are eliminated on consolidation mutually. Finance costs and the dividends arising from shares held by Hürriyet in its subsidiaries are excluded from equity and income for the period, respectively. Where necessary, adjustments are made to the accounting policies in the financial statements of subsidiaries in order to comply with the Group's accounting policies.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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

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

#### 2.1 Basis of presentation (Continued)

#### 2.1.3 Consolidation principles (Continued)

##### (a) Subsidiaries (Continued)

The Subsidiaries and their effective ownership interests at 31 December 2011 and 31 December 2010 are as follows:

Subsidiaries	Proportion of voting power held by Hürriyet and its Subsidiaries (%)		Effective ownership interests (%)	
	31 December	31 December	31 December	31 December
	2011	2010	2011	2010
Hürriyet Medya Basım	99,99	99,99	99,99	99,99
Doğan Ofset	99,93	99,89	99,93	99,89
Yenibir	100,00	100,00	100,00	100,00
Refeks <sup>(10)</sup>	100,00	100,00	100,00	100,00
Doğan Haber	53,01	50,01	53,01	50,01
Nartek	59,99	59,99	59,99	59,99
E-Tüketici	98,41	98,41	98,41	98,41
Hürriyet Zweigniederlassung	100,00	100,00	100,00	100,00
Hürriyet Invest	100,00	100,00	100,00	100,00
TME Teknoloji	100,00	100,00	100,00	100,00
TME <sup>(1)</sup>	71,14	71,14	71,14	71,14
Oglasnik d.o.o. <sup>(1)</sup>	100,00	100,00	71,14	71,14
TCM Adria d.o.o.	100,00	100,00	71,14	71,14
Internet Posao d.o.o.	100,00	100,00	49,80	49,80
Expressz Magyarorszag Media Zrt.	100,00	100,00	71,14	71,14
Mirabridge International B.V.	100,00	100,00	71,14	71,14
Pronto Invest B.V.	100,00	100,00	71,14	71,14
ZAO Pronto Akzhol	80,00	80,00	56,91	56,91
TOO Pronto Akmola	100,00	100,00	71,14	71,14
OOO Pronto Atyrau	100,00	100,00	56,91	56,91
OOO Pronto Aktobe	80,00	80,00	45,53	45,53
OOO Pronto Aktau	100,00	100,00	56,91	56,91
OOO Pronto Rostov	100,00	100,00	71,14	71,14
OOO Pronto Kurgan <sup>(2)</sup>	-	85,00	-	60,47
OOO Novoprint	100,00	100,00	71,14	71,14
ZAO NPK	100,00	100,00	71,14	71,14
OOO Delta-M	55,00	55,00	39,13	39,13
OOO Pronto Baikal	100,00	100,00	71,14	71,14
OOO Pronto DV	100,00	100,00	71,14	71,14
OOO Pronto Ivanovo	100,00	100,00	71,14	71,14
OOO Pronto Kaliningrad	95,00	95,00	67,58	67,58
OOO Pronto Kazan	72,00	72,00	51,22	51,22
OOO Pronto Krasnodar	80,00	80,00	56,91	56,91
OOO Pronto Krasnoyarsk <sup>(7)</sup>	100,00	100,00	71,14	71,14
OOO Pronto Nizhny Novgorod	90,00	90,00	64,03	64,03
OOO Pronto Novosibirsk	100,00	100,00	71,14	71,14
OOO Pronto Oka <sup>(4)</sup>	100,00	100,00	71,14	71,14
OOO Pronto Peterburg <sup>(3)</sup>	-	51,00	36,28	36,28
OOO Pronto Samara <sup>(5)</sup>	100,00	89,90	71,14	63,95
OOO Pronto Stavropol <sup>(8)</sup>	100,00	100,00	71,14	71,14
OOO Pronto UlanUde	90,00	90,00	64,03	64,03
OOO Pronto Vladivostok	90,00	90,00	64,03	64,03
OOO Pronto Volgograd <sup>(7)</sup>	100,00	100,00	71,14	71,14
OOO Pronto Moscow	100,00	100,00	71,14	71,14



# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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

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

#### 2.1 Basis of presentation (Continued)

#### 2.1.3 Consolidation principles (Continued)

#### (a) Subsidiaries (Continued)

	Proportion of voting power held by Hürriyet and its Subsidiaries (%)		Effective ownership interests (%)	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
	OOO Rosprint <sup>(9)</sup>	100,00	100,00	71,14
OOO Rosprint Samara	100,00	100,00	71,14	71,14
OOO Tambukan	85,00	85,00	60,47	60,47
OOO Utro Peterburga <sup>(4)</sup>	55,00	55,00	39,13	39,13
OOO Partner-Soft	90,00	90,00	64,03	71,14
Pronto Soft	90,00	90,00	64,03	64,03
OOO Pronto Astrakhan <sup>(7)</sup>	100,00	100,00	71,14	71,14
OOO Pronto Kemerovo	100,00	100,00	71,14	71,14
OOO Pronto Smolensk	100,00	100,00	71,14	71,14
OOO Pronto Tula	100,00	100,00	71,14	71,14
OOO Pronto TV <sup>(6)</sup>	-	100,00	71,14	71,14
OOO Pronto Voronezh	100,00	100,00	71,14	71,14
OOO SP Belpronto	60,00	60,00	42,68	42,68
OOO Tambov-Info	100,00	100,00	71,14	71,14
Impress Media Marketing LLC <sup>(1)</sup>	100,00	100,00	71,14	71,14
OOO Pronto Obninsk	100,00	100,00	71,14	71,14
OOO Rektcentr	100,00	100,00	71,14	71,14
OOO Pronto Neva	100,00	100,00	71,14	71,14
SP Pronto Kiev	50,00	50,00	35,57	35,57
TOV E-Prostir	50,00	50,00	35,57	35,57
Publishing House Pennsylvania Inc	100,00	100,00	71,14	71,14
OOO Rukom	100,00	100,00	71,14	71,14
Moje Delo, spletni marketing, d.o.o <sup>(1)</sup>	100,00	100,00	71,14	71,14
Bolji Posao d.o.o. Serbia	100,00	100,00	39,13	39,13
Bolji Posao d.o.o. Bosnia	100,00	100,00	39,13	39,13
Sklad Dela Prekmurje NGO	100,00	-	39,13	-
Pronto Ust Kamenogorsk	100,00	100,00	56,91	56,91

- (1) Related rates include put-options regarding non-controlling shares explained in Note 19. Voting rights and effective ownership interest have become 74,28% and 74,28%, respectively, by the acquisition after the balance sheet date.
- (2) Related subsidiary's shares have been sold in 2011.
- (3) Group has exited from related subsidiary at the end of 2011.
- (4) Related subsidiary has ceased its operations before the year 2010.
- (5) Related subsidiary has bought 10,1% of its own share form non-controlling shares in 2011.
- (6) Related subsidiary has merged with Pronto Moscow in 2011.
- (7) Related subsidiary has been in the liquidation process in 2011.
- (8) Related subsidiary has been in the merger process with Pronto Rostov.
- (9) Sale of related subsidiary is planned to realise within 2012.
- (10) Related subsidiary has been in the liquidation process in 2011.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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

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

#### 2.1 Basis of presentation (Continued)

##### 2.1.3 Consolidation principles (Continued)

###### *(b) Joint ventures*

Joint ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by Hürriyet and its subsidiaries and one or more other parties. Proportionate consolidation is used for joint ventures except when the investment is classified as asset held for sale, in which case it is accounted for under IFRS 5; in other words, consolidation has been performed by including the parent company's asset, liability, income and expense share on the joint venture. Where the Group transacts with its jointly controlled entities, unrealized profits and losses are eliminated to the extent of the Group's interest in the joint venture. The joint-ventures, the proportion of voting power held by Hürriyet and its subsidiaries and effective ownership interests at 31 December 2011 and 31 December 2010 are follows:

	31 December 2011 Direct and indirect share of Hürriyet and its Subsidiaries (%)	31 December 2010 Direct and indirect share of Hürriyet and its Subsidiaries (%)
<b>Joint Ventures</b>		
Tipeez İnternet Hizmetleri A.Ş. ("Tipeez")	29,99	29,99
OOO Autoscout24	36,28	36,28
ASPM Holding B.V.	36,28	36,28

###### *(c) Investments in associates*

Investments in associates are consolidated by using the equity method of accounting. These are undertakings over which the Group has significant influence, but no controlling power. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Investments in associates are accounted for using the equity method of accounting. Such entities are companies in which Doğan Yayın Holding and its subsidiaries have 20% - 50% of the voting rights of the Group's overall voting power, where the Group has significant influence without any controlling power over the operations. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Net increases or decreases in the net assets of Associates are included in the consolidated financial statements in regards with the Group's share and classified under "Share of loss of investments accounted for by the equity method". When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interest that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealized gains on transactions between the Group and its associated undertakings are restated to the extent of the Group's interest in the associated undertakings; unrealized losses are also restated unless the transaction provides evidence of an impairment of the asset transferred.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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

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

#### 2.1 Basis of presentation (Continued)

#### 2.1.3 Consolidation principles (Continued)

##### (c) Investments in associates (Continued)

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. Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value.

The Associates and the proportion of ownership interests at 31 December 2011 and 31 December 2010 are as follows:

	31 December 2011 Direct and indirect control by Hürriyet and its Subsidiaries (%)	31 December 2010 Direct and indirect control by Hürriyet and its Subsidiaries (%)
Doğan Media International GmbH ("Doğan Media")	42,42	42,42

##### (d) Non-controlling interests

Non-controlling interests of shareholders over the net assets and operational results of subsidiaries are classified as non-controlling interest in the consolidated balance sheet and statement of income.

##### (e) Financial investments

Financial investments in which the Group and its subsidiaries, have less than 20%, or more than 20% direct or indirect participation but the Group has no significant influence over the related assets, or which are immaterial to consolidated financial statements are classified as available for sale financial assets. Available for sale investments that do not have a quoted market price in an active market and whose fair value cannot be measured reliably are carried at cost less any allowance for impairment (Note 6).

#### 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.

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

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

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

##### 2.1 Basis of presentation (Continued)

##### 2.1.5 Comparative information and restatement of prior period financial statements

The consolidated financial statements of the Group are prepared comparatively with the previous period to identify the financial position and performance trends. In order to maintain consistency, with current year consolidated financial statements, comparative information is reclassified and significant changes are disclosed if necessary. In the current year, the Group has reclassified its prior period financial statements in order to comply with the presentation of its current period consolidated financial statements. The nature, amount and reason for the reclassifications are described below:

- Retained earnings amounting to TL 1.786.780 which is profit on sale of subsidiaries, is classified to "restricted reserves".
- Construction in progress amounting to TL 1.586.284 in "Tangible assets" is classified to "Intangible assets".
- "Cost of sales" amounting to totally TL 21.659.520 is classified in "Marketing, selling and distribution expenses" and in "General administrative expenses" in amounts TL 11.282.623 and TL 10.376.897, respectively.
- Cash flows from operating activities before changes in operating assets and liabilities amounting to TL 135.281.918 has been reported as TL 136.580.605, net cash provided by operating activities amounting to TL 61.721.448 has been reported as TL 63.020.135, net cash used in by investing activities amounting to TL 225.111.826 has been reported as TL 226.410.513 in the statement of cash flows.

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

##### 2.1.6 Significant Accounting Policies and Changes in Accounting Estimates and Errors

Changes in accounting policies arising from the first time adaptation of a new IAS/IFRS are applied retrospectively or prospectively in accordance with the respective IASs/IFRSs transition requirements, if any. Where there are no transition requirements for any changes or optional significant changes in accounting policies and identified accounting errors, those are applied retrospectively and prior period financial statements are restated accordingly. Accounting policies used in the current period are applied in the preparation of the consolidated financial statements for the year ended 31 December 2010.

The preparation of consolidated financial statements requires the use of estimations and assumptions that may have an effect over the assets and liabilities reported at the balance sheet date, contingent assets and liabilities disclosures and income and expenses reported during the accounting period. The estimates and assumptions are based on the best available information on the current circumstances and operations; however, they may differ from the actual results. If changes in accounting estimates only relate to one period, the change is reflected in the current period in which the change is made, if they relate to future periods, the change is both reflected in the current period in which the change is made and prospectively for future periods. Significant accounting policies used in the current period are consistent with those that are used in the preparation of the consolidated financial statements for the year ended 31 December 2010. The accounting estimations and assumptions which may have a significant effect on the carrying amounts of assets, liabilities and operational results are stated below.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

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

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

#### 2.1 Basis of presentation (Continued)

##### 2.1.7 Amendments in the CMB Financial Reporting Standards

The following new and revised Standards and Interpretations have been applied by the Group and have affected the amounts reported and disclosures in these financial statements. Details of other new and revised IFRSs and interpretations applied in these financial statements that have had no material impact on the financial statements are disclosed in the further sections.

#### (a) Standards and Interpretations that are effective as of 1 January 2011 but have no effect on financial statements:

IAS 1 (Amendments)	Presentation of Financial Statements
IAS 24	Related Party Disclosures (2009)
IAS 32 (Amendments)	Classification of Rights Issues
IFRIC 14 (Amendments)	Pre-payment of a Minimum Funding Requirement
IFRS 3 (Amendments)	Business Combinations
IFRIC 19 (Amendments)	Extinguishing Financial Liabilities with Equity Instruments

#### (b) Standards and Interpretations that are not yet effective and have not been early adopted by the Group

The Group has not applied the following new and revised IFRSs and interpretations that have been issued but are not yet effective:

IFRS 7 (Amendments)	Presentation– Transfer of Financial Assets; Offsetting of Financial Assets and Liabilities
IFRS 9	Financial Instruments
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interest in Other Entities
IFRS 13	Fair Value Measurements
IAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income
IAS 12 (Amendments)	Deferred Tax Recovery of Underlying Assets
IAS 19 (2011)	Employee Benefits
IAS 27 (2011)	Separate Financial Statements
IAS 28 (2011)	Investments in Associates and Joint Ventures

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

#### 2.1 Basis of presentation (Continued)

##### 2.1.7 Amendments in the CMB Financial Reporting Standards (Continued)

#### (b) Standards and Interpretations that are not yet effective and have not been early adopted by the Group (Continued)

IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine
IAS 32 (Amendments)	Financial Instruments: Presentation - Offsetting of Financial Assets and Liabilities

Above mentioned standards will be effective in 2012 and on following years and the Group has not yet had an opportunity to consider the potential impacts of the adoption of these revised standards. The group management anticipates that "IFRS 11 Joint Arrangements" will affect the group mostly within those standard changes. After "IFRS 11 Joint Arrangements" will be effective, joint ventures will be required to be accounted for using the equity method accounting instead of proportionate accounting. This standard has not yet been endorsed by the European Union.

#### 2.2 Summary of significant accounting policies

##### 2.2.1 Related parties

For the purpose of those consolidated financial statements, that have control or joint control over the Company, other individuals that have direct or indirect control over those shareholders, other group companies that are directly or indirectly controlled by these individuals, key management personnel and Board members, in each case together with their families and companies controlled by or affiliated with them, associates and joint ventures are considered and referred to as related parties (Note 32).

##### 2.2.2 Financial assets

Financial assets at fair value through profit or loss are financial assets that have been acquired principally for the purpose of generating profit from short-term fluctuations in price and other similar elements or independent from initial recognition, securities which are part of a portfolio that has a recent actual pattern of short-term profit-taking. Financial assets at fair value through profit or loss are initially carried at cost including transaction costs at the balance sheet. Subsequent to recognition, the financial assets are carried at fair value. Gains and losses calculated as a result of the valuation are included in the profit / loss accounts.

In accordance with IAS 39, the Group classifies its financial instruments as assets held at fair value through profit or loss, held-to-maturity, available-for-sale and loans and receivables. Classification is determined based on the acquisition purpose and specifications of the financial asset at the initial recognition. All financial assets are recognised at cost including transaction costs in the initial measurement. Group's financial assets as of 31 December 2011 and 2010 consist of "Financial assets at fair value through profit or loss" and "Financial assets held-for sale".

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

#### 2.2 Summary of significant accounting policies (Continued)

##### 2.2.2 Financial assets (Continued)

*"Financial assets at fair value through profit or loss"* financial assets that have been acquired principally for the purpose of taking advantage of fluctuations in price and other similar elements or independent from initial recognition financial assets held for trading which are part of a portfolio that has a recent actual pattern of short-term profit-taking. A financial asset is classified in this category if it is primarily acquired for the purpose of selling in the short-term. Financial assets at fair value through profit or loss are initially carried at cost including transaction costs at the balance sheet. Subsequent to recognition, the financial assets are carried at fair value. Realized or unrealized gains and losses are recognized in "financial income / expenses". Dividends received, are recognized as dividend income in the consolidated statement of income. Financial assets considered as derivative instruments that are not designated for the purpose of hedging instruments are classified as financial assets at fair value through profit or loss.

The Group's *"available for sale financial assets"* comprise of quoted equity instruments and certain debt securities that are traded in an active market and they are measured at fair value. Unrealized gains or losses on an available-for-sale financial asset shall be recognised in equity, through the investments revaluation reserves and comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in equity shall be recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payment is established

Financial assets classified by Hürriyet as *"available for sale financial assets"* that do not have any control power or significant effect have no fair value. When fair value cannot be reliably measured as other fair value estimation methods are not applicable; the carrying value of the financial asset is measured at cost less any impairment loss (Note 6).

*"Loans and receivables"* are financial assets that have fixed or determinable payments and fixed maturity dates and non-derivative financial assets that are not quoted in an active market.

##### 2.2.3 Trade receivables and provision for doubtful receivables

The Group's trade receivables from providing goods or services to customers are carried at net of unrealized finance income. Trade receivables, net of unrealized finance income, are calculated by discounting future cash inflows of receivables carried at the original invoice amount using the effective interest method. Short term receivables with indefinite interest rate are carried at cost unless the effect of imputing interest is significant (Note 9).

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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

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

#### 2.2 Summary of significant accounting policies (Continued)

##### 2.2.3 Trade receivables and provision for doubtful receivables (Continued)

Provision is allocated for receivables when the Group has an objective indication over the collectability. The Group also set allowance for the receivables which are overdue for more than one year unless there is no guarantee and collaterals taken or special agreement. The amount of the provision is the difference between the carrying amount and the recoverable amount. Recoverable amount is the present value of all cash flows, including amounts recoverable from guarantees and collaterals discounted based on using the original effective interest rate of the trade receivable occurred.

If there is a partial or whole collection over the doubtful receivable amount subsequent to the allocation of provision for doubtful receivables, the collected portion is recognised as other income following the write-down of the total provision amount (Note 26).

##### 2.2.4 Impairment of assets excluding goodwill and intangible assets with indefinite useful lives

At each balance sheet date, the Group evaluates whether there are any indications that an asset other than goodwill or intangible assets with indefinite useful lives may be impaired. When an indication of impairment exists, carrying value of the assets is compared with the net realizable 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 value of an asset or a cash generating unit including that asset is greater than its recoverable amount which is the higher of value in use or fair value less costs to sell. Impairment losses are recognised in the 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 a sale. Cost elements included in inventory are purchase costs and other costs necessary to prepare the asset for its intended use. Cost elements included in inventories are materials, labor and production overheads. The unit cost of inventories is determined on the moving weighted average basis (Note 11).

##### *Promotion materials*

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

##### 2.2.6 Investment properties

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



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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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

#### 2.2 Summary of significant accounting policies (Continued)

##### 2.2.6 Investment properties (Continued)

Investment properties are reviewed for impairment losses and if carrying value of investment properties is greater than recoverable amount, the carrying amount is deducted to the recoverable amount by making provision. Recoverable amount is considered to be the higher of future net cash flows of the investment property or the fair value less costs to sell.

##### 2.2.7 Property, plant and equipment and depreciation

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses. Depreciation is provided using the straight-line method based on the estimated useful lives of tangible assets (except lands) (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

Useful life and depreciation are reviewed regularly and the Group also reviews the consistency of the useful life and depreciation method applied with the economic benefits to be obtained from the underlying assets.

Gains or losses on disposals of property, plant and equipment are determined with respect to the difference between collections received and carrying amounts of property, plant and equipment and are included in the related income and expense accounts, as appropriate.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset less the costs of disposal. Value in use is the present value of the future cash flows expected to be derived from an asset plus the residual value of the related assets.

Repair and maintenance expenses are charged to the consolidated statement of income as they are incurred. Capital expenditures that increase the present value of the future cash flows expected to be derived from property, plant and equipment by increasing its capacity is added to the cost of tangible fixed asset.

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

#### 2.2 Summary of significant accounting policies (Continued)

##### 2.2.8 Financial leases

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

Principal lease payments are treated as liabilities and reduced with their payments. Interest charges are charged directly against income statement over the financial lease period. Capitalized leased assets are depreciated over the estimated useful life of the asset.

##### 2.2.9 Intangible assets and related amortization

Intangible assets excluding goodwill and assets with infinite useful lives 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 are tested for impairment annually.

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

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

Intangible assets with finite useful lives 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 and an impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. Recoverable amount is considered to be the higher of future net cash flows of the investment property or the fair value less costs to sell. Impairment losses are recognized immediately in the consolidated income statement.

##### Web page development costs

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

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

#### 2.2 Summary of significant accounting policies (Continued)

##### 2.2.10 Goodwill

Goodwill arising from business combinations effected subsequent to 30 June 2004 is not amortized and instead reviewed for any impairment losses in accordance with IFRS 3 Business Combinations for the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. (Note 16).

##### 2.2.11 Critical accounting estimates and judgments

###### *Useful lives of intangible assets*

Group estimates the useful lives of some trade names as indefinite. If these intangible assets' useful lives are finite (in case of useful lives of 20 years), their amortization charge would have increased by TL 13.274.838 (31 December 2010: TL 11.648.141) and income before tax and non-controlling interests would have decreased by TL 13.274.838 (31 December 2010: TL 11.648.141).

Group amortizes trade names, customer lists and domain names with definite useful lives over the useful lives specified in Note 2.2.9.

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

- Had the useful lives been higher by 10%, amortization charges would have decreased by TL 1.815.591 and loss before tax and non-controlling interests would have decreased by TL 1.815.591 (31 December 2010: TL 1.617.995 increase in profit) or
- Had the useful lives been lower by 10%, amortization charges would have increased by TL 2.219.056 and loss before tax and non-controlling interests would have increased by TL 2.219.056 (31 December 2010: TL 1.977.550 decrease in profit).

###### *Impairment of goodwill and intangible assets*

The group has carried out its analysis of impairment of goodwill for the period ended 31 December 2011 and 2010 as explained in detail below:

The recoverable amounts of cash generating units have been determined using value in use model. Value in use is measured based on estimated cash flows after tax using financial budgets covering a five-year period and EBITDA (profit margin before budgeted interest, taxes, amortization and depreciation, impairment charges and other non-operating expenses) expectations play an important role in these calculations.

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

	EBITDA increase rate (%)	Discount rate (%)
TME	20,3	11,6

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

#### 2.2 Summary of significant accounting policies (Continued)

##### 2.2.11 Critical accounting estimates and judgments (Continued)

###### *Impairment of goodwill and intangible assets (Continued)*

Group management set an impairment provision of goodwill and intangible assets amounting to TL 103.858.347 and TL 9.157.387 respectively, TL 113.015.734 totally (31 December 2010: TL 53.301.349) in the consolidated financial statements for the year ended 31 December 2011 (Note 15,16).

If after-tax discount rate applied to cash flow projections on cash-generating units is 1% more than management's estimates, the Group would account an additional provision amounting to TL 62.633.738 (31 December 2010: TL 22.732.598) to its financial statements and net loss before tax and non-controlling interests would increase by TL 62.633.738 (31 December 2010: TL 22.732.598).

##### 2.2.12 Taxes

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

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred income tax is determined using tax rates (and laws) that have been enacted by the balance sheet date.

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 utilized (Note 30). Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they related to income taxes levied by the same taxation authority.

##### 2.2.13 Financial borrowings and borrowing costs

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective interest method. Any difference between proceeds, net of transaction costs, and the redemption value is recognised in the income statement as finance expense over the period of the borrowings (Note 7). The borrowing costs which are directly related with the acquisition, manufacturing or production of a specialty good (means that a long period of time is required to make available for sale and use as purposed) are capitalized as a part of the related asset. The Group has no borrowing costs capitalized in 2011.

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

#### 2.2 Summary of significant accounting policies (Continued)

##### 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 recognized 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, contingent assets and liabilities

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

Contingent liabilities are assessed continually to determine whether an outflow of resources comprising economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the financial statements of the period in which the change in probability occurs except in the extremely rare circumstances where no reliable estimation can be made.

If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised by the Group in the financial statements of the period in which the change occurs.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in financial tables and are treated as contingent assets or liabilities. A contingent asset is disclosed where an inflow of economic benefit is probable.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

##### 2.2.16 Share capital and dividends

Ordinary shares are classified as equity. Dividend income is recognised as income by the Group when right to obtain of dividend is generated in the consolidated financial statements. Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders.

##### 2.2.17 Foreign currency transactions

###### Functional currency

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

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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

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

#### 2.2 Summary of significant accounting policies (Continued)

##### 2.2.17 Foreign currency transactions (Continued)

###### Foreign currency transactions and balances

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

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 in the equity.

A significant portion of the Group's foreign operations are performed in Russia, Europe and Eastern Europe countries (Note 4). Foreign currencies and exchange rates at 31 December 2011 and 31 December 2010 are summarized below:

Country	Currency	31 December 2011	31 December 2010
Russia	Ruble	0,0587	0,0507
Eurozone	Euro	2,4438	2,0491
Hungary	Forint	0,0078	0,0074
Croatia	Kuna	0,3246	0,2776
Ukraine	Grivna	0,2364	0,1942
Romania	New Ley	0,5677	0,4826
Kazakhstan	Tenge	0,0127	0,0105
Belarus	Belarusian Ruble	0,0002	0,0005

##### 2.2.18 Revenue recognition

Revenue is the fair value amount of sales of goods and services received or receivable which resulted from Group's operations. Net sales represent the invoiced value of goods / services shipped less any trade discounts, rebates or commissions and are presented with the elimination of intercompany balances.

Revenue is initially recognized at the fair value of the consideration received or receivable when it can be measured reliably and when there is an inflow of economic benefits. 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 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 recognized as financing income.

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

#### 2.2 Summary of significant accounting policies (Continued)

##### 2.2.18 Revenue recognition (Continued)

###### *Revenues from advertisement:*

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

###### *Revenues from newspaper sales:*

Revenues from newspaper sales are recognised on a matching principle at the time of delivery of the newspapers by the distribution company to the vendor at the invoiced values.

###### *Revenues from printing services:*

Revenues from printing services arise from printing services given to third parties other than Group companies by using Group's printing facilities. Related income is 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 recognized on accruals basis in accordance with effective interest yield method.

###### *Rental income:*

Rental income is recognized on an accrual basis.

###### *Other income:*

Other income is recognized 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 revenue generating transaction. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a revenue generating transaction. 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 the goods or services received is not measured reliably, the revenue is measured at the fair value of the goods or services supplied, adjusted by the amount of any cash or cash equivalents transferred (Note 19). Barter agreements are recognized on an accrual basis.

##### 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.

## HÜRRIYET GAZETECİLİK VE MATBAACILIK A.Ş.

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

##### 2.2 Summary of significant accounting policies (Continued)

###### 2.2.20 Loss per share (Continued)

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

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

###### 2.2.21 Cash and cash equivalents

Cash and cash equivalents are carried at cost in the balance sheet. Cash and cash equivalents comprise cash in hand, bank deposits and highly liquid investments without a significant risk over the change in their value, whose maturity at the time of purchase is three 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. In the case that events not requiring a correction to be made occur subsequent to the balance sheet date, those events are disclosed in the notes of consolidated financial statement.

###### 2.2.23 Reporting of cash flows

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

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

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

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

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



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

##### **2.2 Summary of significant accounting policies (Continued)**

###### **2.2.24 Financial liabilities to non-controlling interests put options**

Under the certain terms of acquisition agreements, the Group is committed to acquire the interests owned by non-controlling shareholders in consolidated subsidiaries, upon the request of non-controlling interest holders.

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

###### **2.2.25 Assets held for sale**

Assets held for sale are operations that the Group disposes of or classified as available for sale and cash flows which can be treated as a part separately from the Group. Assets classified as held for sale by the Group and discontinued operations, are measured at the lower of the carrying amount of assets and liabilities related to discontinued operations and fair value less costs to sell (Note 29).

###### **2.2.26 Business combinations**

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

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

###### **2.2.27 Segment reporting**

The chief operating decision-maker of the Group is the Executive Committee or Management 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 (Note 4).

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

#### 2.2 Summary of significant accounting policies (Continued)

##### 2.2.28 Derivative financial instruments

Derivative financial instruments, predominantly foreign currency interest swap agreements and foreign currency agreements are initially recognized at their historical costs plus the transaction costs. Derivative financial instruments are subsequently remeasured at their fair value. All derivative financial instruments are classified as financial assets carried at fair value through profit or loss. Fair value of derivative financial instruments is measured by using its market value or by applying discounted cash flows method. Derivative financial instruments are classified as assets or liabilities in accordance with their fair values to be positive or negative (Note 8).

According to valuation studies, changes in the fair value of derivatives at fair value through profit or loss are included in the statement of comprehensive income.

While certain derivatives provide effective hedge relationships, they are recognised as financial assets through profit or loss in accordance with IAS 39 and their fair value gains and losses are reported in the statement of comprehensive income.

### NOTE 3 - BUSINESS COMBINATIONS

There are no business combinations as of 31 December 2011 and 2010.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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### NOTE 4 - SEGMENT REPORTING

a) Segmental analysis for the period between 1 January–31 December 2011:

	Turkey	Russia and EE	Europe	Total
Sales	600.561.180	216.860.858	51.316.419	868.738.457
Cost of sales (-)	(383.773.355)	(115.960.058)	(41.058.788)	(540.792.201)
<b>Gross operating profit</b>	<b>216.787.825</b>	<b>100.900.800</b>	<b>10.257.631</b>	<b>327.946.256</b>
Marketing, selling and distribution expenses (-)	(109.642.744)	(33.558.883)	(4.031.867)	(147.233.494)
Losses from investments accounted for by equity method (-)	(11.326.714)	-	-	(11.326.714)
<b>Net segment result</b>	<b>95.818.367</b>	<b>67.341.917</b>	<b>6.225.764</b>	<b>169.386.048</b>
General administrative expenses (-)				(174.709.163)
Other operating income				14.716.489
Other operating expenses (-)				(171.157.695)
Financial income				82.833.106
Financial expense (-)				(188.006.576)
Monetary gain				390.944
<b>Operating loss before tax</b>				<b>(266.546.847)</b>
Tax expenses for the period (-)				(3.824.794)
Deferred tax income				12.772.325
<b>Net loss for the period</b>				<b>(257.599.316)</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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

### NOTE 4 - SEGMENT REPORTING (Continued)

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

	Turkey	Russia and EE	Europe	Total
Sales	553.537.174	191.206.498	49.482.299	794.225.971
Cost of sales (-)	(334.360.035)	(94.754.770)	(36.934.676)	(466.049.481)
<b>Gross operating profit</b>	<b>219.177.139</b>	<b>96.451.728</b>	<b>12.547.623</b>	<b>328.176.490</b>
Marketing, selling and distribution expenses (-)	(104.334.328)	(16.650.129)	(3.967.735)	(124.952.192)
Losses from investments accounted for by equity method (-)	(8.944.812)	-	-	(8.944.812)
<b>Net segment result</b>	<b>105.897.999</b>	<b>79.801.599</b>	<b>8.579.888</b>	<b>194.279.486</b>
General administrative expenses (-)				(157.762.893)
Other operating income				7.269.306
Other operating expense (-)				(76.329.254)
Financial income				44.787.613
Financial expense (-)				(61.833.608)
<b>Operating loss before tax</b>				<b>(49.589.350)</b>
Tax expenses for the period (-)				(26.644.851)
Deferred tax income				20.706.815
<b>Net loss for the period</b>				<b>(55.527.386)</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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

### NOTE 4 - SEGMENT REPORTING (Continued)

#### c) Segment assets:

	31 December 2011	31 December 2010
Turkey	790.017.123	701.272.070
Russia and EE	670.571.735	698.935.697
Europe	143.341.507	141.291.184
	<b>1.603.930.365</b>	<b>1.541.498.951</b>
Unallocated assets	27.419.494	30.833.687
Investments accounted for by the equity method	7.423.271	6.593.636
<b>Total assets per consolidated financial statements</b>	<b>1.638.773.130</b>	<b>1.578.926.274</b>

Group's assets other than segment assets include tax receivables (Note 10), prepaid taxes (Note 21), VAT receivables (Note 21) and deferred tax assets (Note 30).

#### d) Segment liabilities

	31 December 2011	31 December 2010
Turkey	205.501.037	79.964.681
Russia and EE	19.894.020	18.557.684
Europe	45.980.903	24.658.364
	<b>271.375.960</b>	<b>123.180.729</b>
Unallocated liabilities	772.219.121	682.712.438
<b>Total liabilities per consolidated financial statements</b>	<b>1.043.595.081</b>	<b>805.893.167</b>

Group's liabilities other than segment liabilities is composed of short-and long-term borrowings (Note 7), provisions (Note 18), employee termination benefits (Note 20), VAT payable and unused vacation (Note 21), net income and tax liability and deferred tax liabilities (Note 30).

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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

### NOTE 4 - SEGMENT REPORTING (Continued)

#### e) Depreciation and amortization charges and capital expenditures

##### Capital expenditures (Excluding business combinations):

	2011	2010
Turkey	42.563.276	26.779.999
Russia and EE	9.792.200	6.953.966
Europe	2.092.396	976.987
<b>Total</b>	<b>54.447.872</b>	<b>34.710.952</b>

##### Depreciation and amortization charges:

	2011	2010
Turkey	46.565.280	49.095.581
Russia and EE	30.343.698	26.911.342
Europe	8.487.241	8.339.906
<b>Total</b>	<b>85.396.219</b>	<b>84.346.829</b>

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**NOTE 4 - SEGMENT REPORTING (Continued)**

f) Non-cash expenses

	1 January 2011- 31 December 2011			
	Turkey	Russia and EE	Europe	Total
Provision for impairment of goodwill and intangible assets (Notes 15,16)	11.332.184	92.526.163	9.157.387	113.015.734
Tax base increase expenses under Law No. 6111 (Note 26, 28)	19.790.045	-	-	19.790.045
Provision for employee termination benefits and unused vacation rights (Note 20,21)	13.506.937	6.086.036	-	19.592.973
Provision for impairment of tangible assets (Note 26)	-	10.820.828	-	10.820.828
Provision for doubtful receivables (Note 9, 21)	6.885.942	1.182.709	293.378	8.362.029
Provision for impairment of investment properties (Note 26)	2.877.707	-	-	2.877.707
Provision for impairment of inventory (Note 11)	673.501	-	-	673.501
Provision for impairment of available for sale financial assets (Note 6)	452.688	-	-	452.688
Provision for lawsuits (Note 18)	256.678	-	-	256.678
	<b>55.775.682</b>	<b>110.615.736</b>	<b>9.450.765</b>	<b>175.842.183</b>

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

## HÜRRIYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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#### NOTE 5 - CASH AND CASH EQUIVALENTS

The cash and cash equivalents at 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Cash	564.177	774.972
Banks		
- demand deposits	15.933.364	19.006.039
- time deposits	265.071.251	69.609.037
- blocked deposits	35.304	144.548
<b>Total</b>	<b>281.604.096</b>	<b>89.534.596</b>

The Group has blocked deposits amounting to TL 35.304 as of 31 December 2011 (31 December 2010: TL 144.548). The blocked deposits consist of demand deposits amounting to TL 7.658 (31 December 2010: TL 10.246).

Cash and cash equivalents included in the consolidated statements of cash flows as of 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010	31 December 2009
Cash and banks	281.604.096	89.534.596	278.383.288
Less: Blocked deposits	(35.304)	(144.548)	(274.793)
Less: Interest accruals	(512.641)	(471.826)	(1.133.947)
<b>Total</b>	<b>281.056.151</b>	<b>88.918.222</b>	<b>276.974.548</b>

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

	31 December 2011	31 December 2010
0-1 month	265.098.897	68.379.768
1-3 months	-	1.363.571
	<b>265.098.897</b>	<b>69.743.339</b>

There are no time deposits with variable interest rates at 31 December 2011 and 31 December 2010. The gross interest rate for TL time deposits is 10,7% for 31 December 2011 (31 December 2010: 7,3%). The gross interest rates of foreign currency denominated time deposits are 5,3% for USD and 4,2% for Euro as of 31 December 2011 (31 December 2010: USD: 2,3%, Euro: 2,9%).



## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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#### NOTE 6 - FINANCIAL ASSETS

##### Financial assets at fair value through profit or loss:

The details of financial assets at fair value through profit and loss at 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Treasury bills and government bonds	-	18.855.213
<b>Total</b>	<b>-</b>	<b>18.855.213</b>

As of 31 December 2011 there is not any treasury bill and government bond. All treasury bills and government bonds are on USD currency and the effective interest rate is 7,5% as of 31 December 2010.

##### Financial assets available for sale:

The details of financial assets available for sales as of 31 December 2011 and 31 December 2010 are as presented below:

	Share %	31 December 2011	Share %	31 December 2010
Doğan Havacılık Sanayi ve Ticaret A.Ş. ("Doğan Havacılık")	9,00	4.513.093	9,00	4.513.093
Doğan Factoring Hizmetleri A.Ş. ("Doğan Factoring")	5,11	1.029.747	5,11	1.029.747
Doğan Dış Ticaret ve Mümessillik A.Ş. ("Doğan Dış Ticaret")	1,75	468.534	1,75	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	-	304.301	-	286.141
		<b>6.742.691</b>		<b>6.602.035</b>
Impairment		(2.208.193)		(1.755.505)
<b>Total</b>		<b>4.534.498</b>		<b>4.846.530</b>

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

The provision for impairment of financial investments is related to Doğan Havacılık and its movement in the period is as follows:

	2011	2010
1 January	(1.755.505)	(1.481.588)
Provision for impairment	(452.688)	(273.917)
<b>31 December</b>	<b>(2.208.193)</b>	<b>(1.755.505)</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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### NOTE 7 - FINANCIAL LIABILITIES

The details of financial liabilities at 31 December 2011 and 2010 are as follows:

<b>Short-term financial liabilities and short term portion of long term financial liabilities:</b>	<b>31 December 2011</b>	<b>31 December 2010</b>
Bank borrowings (Note 34.ii)	233.422.745	202.710.972
Financial liabilities to suppliers (Note 34.ii)	31.762.745	26.562.545
Lease payables	-	919.929
<b>Total</b>	<b>265.185.490</b>	<b>230.193.446</b>
<b>Long-term financial liabilities:</b>	<b>31 December 2011</b>	<b>31 December 2010</b>
Bank borrowings (Note 34.ii)	302.962.338	221.167.354
Financial liabilities to suppliers (Note 34.ii)	34.994.281	54.991.092
Lease payables	-	28.539
<b>Total</b>	<b>337.956.619</b>	<b>276.186.985</b>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 7 - FINANCIAL LIABILITIES (Continued)**

**Bank borrowings:**

The details of bank borrowings at 31 December 2011 and 2010 are as follows:

	Effective interest rate (%)		Original foreign currency		TL	
	2011	2010	2011	2010	2011	2010
<b>Short-term bank borrowings</b>						
- USD	5,3	-	25.317.188	-	47.821.636	-
- Euro	4,8	1,7	10.079.694	2.970	24.632.756	6.086
<b>Sub-total</b>					<b>72.454.392</b>	<b>6.086</b>
<b>Short-term portion of long-term bank borrowings</b>						
- USD	2,9	3,3	83.785.878	93.194.435	158.263.144	144.078.596
- Euro	5,9	2,8	1.106.968	27.541.110	2.705.209	56.434.490
- CHF	-	2,4	-	1.333.374	-	2.191.800
<b>Sub-total</b>					<b>160.968.353</b>	<b>202.704.886</b>
<b>Total short-term bank borrowings</b>					<b>233.422.745</b>	<b>202.710.972</b>
<b>Long-term bank borrowings</b>						
- USD	6,0	4,4	156.763.252	138.664.540	296.110.107	214.375.379
- Euro	3,8	2,9	2.803.925	3.314.614	6.852.231	6.791.975
<b>Total long-term bank borrowings</b>					<b>302.962.338</b>	<b>221.167.354</b>

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

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

#### NOTE 7 - FINANCIAL LIABILITIES (Continued)

##### Bank borrowings (Continued):

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

Year	31 December 2011	31 December 2010
2012	-	116.281.690
2013	70.720.736	67.106.537
2014	133.533.241	25.730.549
2015 and after	98.708.361	12.048.578
<b>Total</b>	<b>302.962.338</b>	<b>221.167.354</b>

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

Period	31 December 2011	31 December 2010
Up to 6 months	534.625.546	423.878.326
6-12 months	1.759.537	-
<b>Total</b>	<b>536.385.083</b>	<b>423.878.326</b>

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

Group borrows loans on fixed and floating interest rates.

The financial obligation to be performed against the bank regarding the long-term bank borrowing used to acquisition of TME, is to maintain the ratio of net debt amount to EBITDA and shareholders' equity identified by the bank for the last 12 months consolidated financial statements that would remain below a certain level.

Also the Group has committed not to enter any merger, split, restructuring activities that can change the partnership structure or main business line of TME. The Group's certain operations, such as; new mergers and share acquisitions, new joint venture contracts, other than permissible mergers and transactions have been restricted.

The Group has given guarantees amounting to 33.649.091 shares, which represents 67,3% of TME, one of the subsidiaries of the Group, to financial institutions in regards to long term loans (31 December 2010: 33.649.091 shares).

Should there be any control change(s) in TME or any violations/illegal conducts on the performance of contract terms, loan agreement will be terminated and loan will be redeemed.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

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

### NOTE 7 - FINANCIAL LIABILITIES (Continued)

#### Bank borrowings (Continued):

Furthermore, if TME sells or disposes of more than 10% of its consolidated net assets or there are any changes in the TME's shareholder's equity related to 10% of consolidated net assets, the loan agreement will be terminated and Group will be required to redeem the loan amount.

OOO Pronto Moscow, one of the indirect subsidiaries of the Group, has restructured its bank loan classified under the long-term financial liabilities as of 31 December 2010 amounting to USD 70.000.000, as at 15 April 2011. As of 31 December 2010, OOO Pronto Moscow has repaid the related amount that was classified under the long term liabilities account as at 21 April 2011 and the related repayment has released the blockage amount of USD 10.000.000 on 3 May 2011 (Note 21). Under the loan restructuring agreement, Doğan Holding's USD 70.000.000 of deposit amount has been blocked as a guarantee against the related loan.

#### Lease payables:

Lease payables at 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Short-term lease payables	-	919.929
Long-term lease payables	-	28.539
<b>Total</b>	<b>-</b>	<b>948.468</b>

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

Year	31 December 2011	31 December 2010
2012	-	28.539
<b>Total</b>	<b>-</b>	<b>28.539</b>

The effective interest rates for long-term lease payables are 6,5% for USD and 5,3% for Euro as of 31 December 2010.

#### Financial liabilities to suppliers:

Short and long-term financial liabilities to suppliers are related with the purchase of machinery and equipment. Effective interest rates of short-term and long-term financial liabilities to suppliers are 0,9% for USD, 2,1% for Euro and 1,7% for CHF (31 December 2010: USD: 0,8%, Euro: 1,6%, CHF: 1,2%).

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

Year	31 December 2011	31 December 2010
2012	-	26.013.161
2013	27.793.699	22.940.320
2014 and after	7.200.582	6.037.611
<b>Total</b>	<b>34.994.281</b>	<b>54.991.092</b>

The Group's short-term and long-term financial liabilities to suppliers issued at variable interest rates are amounting to TL 31.762.745 (31 December 2010: TL 26.562.545) TL 34.994.281, respectively as of 31 December 2011 (31 December 2010: TL 54.991.092).

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

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

#### NOTE 7 - FINANCIAL LIABILITIES (Continued)

##### Financial liabilities to suppliers (Continued):

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

Period	31 December 2011	31 December 2010
Up to 6 months	66.757.026	81.420.394
6-12 months	-	133.243
<b>Total</b>	<b>66.757.026</b>	<b>81.553.637</b>

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

The Group's borrowings with variable interest amount to TL 412.596.245 at 31 December 2011 (31 December 2010: TL 499.025.964).

#### NOTE 8 - OTHER FINANCIAL LIABILITIES

Other financial liabilities at 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Derivative liabilities	299.825	4.602.171
Financial liabilities due to put options	66.438.280	52.480.516
- <i>Short-term (Note 19)</i>	66.438.280	52.480.516
<b>Total</b>	<b>66.738.105</b>	<b>57.082.687</b>

#### NOTE 9 - TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables net of unearned credit finance income at 31 December 2011 and 31 December 2010 are as follows:

	31 December 2011	31 December 2010
Trade receivables	169.184.737	207.076.298
Cheques and notes receivable	5.370.271	3.948.580
Receivables from credit cards	1.717.436	1.304.416
	<b>176.272.444</b>	<b>212.329.294</b>
Unearned credit finance income	(843.052)	(1.298.687)
Less: provision for doubtful receivables	(55.438.024)	(49.256.073)
<b>Short-term trade receivables</b>	<b>119.991.368</b>	<b>161.774.534</b>

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

### NOTE 9 - TRADE RECEIVABLES AND PAYABLES (Continued)

Trade receivables resulting from advertisements, amounting to TL 67.437.309 (31 December 2010: TL 115.496.315) are followed up by Doğan Factoring Hizmetleri A.Ş. ("Doğan Factoring"). These receivables are related to commercial advertisements and some of reclassified ads. The due date of the Group's trade receivables followed up by Doğan Factoring is 91 days (31 December 2010: 91 days). The unearned finance income related with the receivables followed up by Doğan Factoring is TL 407.551 (31 December 2010: TL 1.298.687) and the effective interest rate is 10% (31 December 2010: 10%). According to the factoring agreement signed by Doğan Factoring on 27 December 2011, the Group's receivables amounting to TL 77.000.000 was irrevocably factored to Doğan Factoring. Based on the agreement, the Group bore TL 2.000.000 interest expense related to the factoring.

The movements of provision for doubtful receivables are as follows:

	2011	2010
<b>1 January</b>	<b>(49.256.073)</b>	<b>(43.241.229)</b>
Additions during the period (Note 26)	(8.235.473)	(8.273.082)
Collections during the period	3.262.336	1.484.905
Currency translation differences	(1.588.483)	773.333
Disposal of subsidiary (Note 33)	379.669	-
<b>31 December</b>	<b>(55.438.024)</b>	<b>(49.256.073)</b>

Trade payables at 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Short-term trade payables (net)	40.263.936	34.076.991
Cheques and notes payable	854.298	-
	<b>41.118.234</b>	<b>34.076.991</b>
Unrealized financial expenses	(191.541)	(82.652)
<b>Total</b>	<b>40.926.693</b>	<b>33.994.339</b>

As of 31 December 2011, the due date of Group's trade receivables is 53 days (31 December 2010: 37 days). As of 31 December 2011, unearned financial income is TL 191.541.

### NOTE 10 - OTHER RECEIVABLES AND PAYABLES

Other receivables at 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Deposits and guarantees given	496.145	396.262
Tax receivables (1) (Note 4.c)	-	1.445.314
<b>Total</b>	<b>496.145</b>	<b>1.841.576</b>

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

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

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

### NOTE 10 - OTHER RECEIVABLES AND PAYABLES (Continued)

Other long-term receivables at 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Deposits and guarantees given	910.363	790.356
<b>Total</b>	<b>910.363</b>	<b>790.356</b>

Other payables at 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Taxes and funds payable	10.193.204	9.362.465
Due to personnel	3.861.276	4.615.369
Social security withholdings payable	5.924.599	3.357.710
Deposits and guarantees received	2.466.177	1.000.944
<b>Total</b>	<b>22.445.256</b>	<b>18.336.488</b>

Other long-term payables at 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Deposits and guarantees received	132.529	147.519
<b>Total</b>	<b>132.529</b>	<b>147.519</b>

### NOTE 11 - INVENTORIES

	31 December 2011	31 December 2010
Raw materials and supplies	13.579.627	13.113.625
Promotion materials (1)	4.492.163	3.609.190
Semi-finished goods	354.242	668.087
Finished goods and merchandise	2.087.472	1.527.791
	<b>20.513.504</b>	<b>18.918.693</b>
Provision for impairment of raw materials and supplies	(287.529)	-
Provision for impairment of promotion materials	(1.654.279)	(1.268.307)
<b>Total</b>	<b>18.571.696</b>	<b>17.650.386</b>

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



# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

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### NOTE 11 – INVENTORIES (Continued)

Movement of the provision for impairment of promotion inventories and raw materials and supplies are as follows:

	2011	2010
1 January	(1.268.307)	(811.496)
Provision for impairment of promotion inventories	(385.972)	(456.811)
Provision for impairment of raw materials and supplies	(287.529)	
31 December	(1.941.808)	(1.268.307)

### NOTE 12 - INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD

The investments accounted for by the equity method as of 31 December 2011 and 31 December 2010 are as follows:

	Share %	31 December 2011	Share %	31 December 2010
Doğan Media (1)	42,42	7.423.271	42,42	6.593.636
		7.423.271		6.593.636

The summary of Group's share of the financial statements of the investments accounted for by the equity method at 31 December 2011 is as follows:

31 December 2011	Total assets	Total liabilities	Net Sales	Net loss for the period
Doğan Media (1)	21.802.671	14.379.401	49.795.107	(11.326.714)
	21.802.671	14.379.401	49.795.107	(11.326.714)

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

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

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

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

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

The movements in investments accounted for by equity method during the periods ending at 31 December are as follows:

	2011	2010
<b>1 January</b>	<b>6.593.636</b>	<b>1.432.023</b>
Increase in share capital	11.964.766	14.029.780
Loss from associates	(11.326.714)	(8.944.812)
Disposal of an associate	-	(317.204)
Currency translation differences	191.583	393.849
<b>31 December</b>	<b>7.423.271</b>	<b>6.593.636</b>

#### NOTE 13 - INVESTMENT PROPERTY

The movements in investment property and related accumulated depreciation for the period ended at 31 December 2011 and 2010 are as follows:

	1 January 2011	Additions	Disposals	Provision for impairment	31 December 2011
<b>Cost:</b>					
Land	9.565.495	-	-	-	9.565.495
Buildings	15.512.554	22.017.913	(16.873.950)	(2.877.707)	17.778.810
	<b>25.078.049</b>	<b>22.017.913</b>	<b>(16.873.950)</b>	<b>(2.877.707)</b>	<b>27.344.305</b>
<b>Accumulated depreciation:</b>					
Buildings	(600.170)	(139.218)	-	-	(739.388)
	<b>(600.170)</b>	<b>(139.218)</b>	<b>-</b>	<b>-</b>	<b>(739.388)</b>
<b>Net book value</b>	<b>24.477.879</b>				<b>26.604.917</b>

The fair value of the investment property has been determined approximately as TL 43.223.220 at 31 December 2011 (31 December 2010: TL 38.276.681). Fair values of the investment properties as of 31 December 2011 have been determined based on the valuation studies of independent valuation companies which are given authorization by the Capital Market Board. The Group has calculated the provision for impairment amounting TL 2.877.707 for the investment properties whose cost values excess their fair values according to the valuations studies (Note 26).

Amortization expense of TL 139.218 (31 December 2010: TL 134.953) has been charged in general administrative expenses for the period ended 31 December 2011 (Note 24).

The Group does not earn rent revenue from investment properties. Direct operating expenses arising on the investment property in the period amounted to TL 63.145 (31 December 2010: TL 26.821).

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

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#### NOTE 13 - INVESTMENT PROPERTY (Continued)

	1 January 2010	Additions	Disposals	Reversal of impairment	31 December 2010
<b>Cost:</b>					
Lands	9.565.495	-	-	-	9.565.495
Buildings	17.495.285	9.692.940	(12.669.775)	994.104	15.512.554
	<b>27.060.780</b>	<b>9.692.940</b>	<b>(12.669.775)</b>	<b>994.104</b>	<b>25.078.049</b>
<b>Accumulated depreciation:</b>					
Buildings	(465.217)	(134.953)	-	-	(600.170)
	<b>(465.217)</b>	<b>(134.953)</b>	<b>-</b>	<b>-</b>	<b>(600.170)</b>
<b>Net book value</b>	<b>26.595.563</b>				<b>24.477.879</b>

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**NOTE 14 - PROPERTY, PLANT AND EQUIPMENT**

The movements in property, plant and equipment and related accumulated depreciation for the period ended 31 December 2011 are as follows:

Cost	1 January 2011	Currency translation differences	Additions	Disposals	Transfers	Reclassified to asset held for sale(1)	Disposal of subsidiary	Provision for impairment	31 December 2011
Land and land improvements	52.576.391	576.828	-	-	-	(11.900.326)	-	(400.445)	40.852.448
Buildings	264.815.147	5.898.291	731.756	(2.288.066)	496.198	(100.878.106)	(148.692)	(3.446.881)	165.179.647
Machinery and equipments	707.726.344	7.380.887	11.070.123	(11.680.938)	-	(13.598.892)	-	(6.973.502)	693.924.022
Motor vehicles	11.023.178	629.759	867.311	(946.949)	-	-	-	-	11.573.299
Furniture and fixtures	102.152.751	2.387.874	6.043.975	(3.709.807)	673.292	(93.558)	(842.033)	-	106.612.494
Leasehold improvements	25.125.824	(11.979)	43.838	(105.612)	-	-	-	-	25.052.071
Other non-current assets	562.888	109.350	12.939	-	-	-	-	-	685.177
Construction in progress	38.857	312	1.893.071	(201.438)	(1.169.490)	(147.022)	-	-	414.290
	<b>1.164.021.380</b>	<b>16.971.322</b>	<b>20.663.013</b>	<b>(18.932.810)</b>	<b>-</b>	<b>(126.617.904)</b>	<b>(990.725)</b>	<b>(10.820.828)</b>	<b>1.044.293.448</b>
<b>Accumulated depreciation</b>									
Land and land improvements	(517.078)	-	(73.060)	-	-	317.700	-	-	(272.438)
Buildings	(68.909.604)	(1.271.450)	(5,845,804)	183,082	-	33,802,707	148,692	-	(41,892,377)
Machinery and equipments	(521,076,293)	(5,197,179)	(38,983,543)	10,510,701	-	11,716,620	-	-	(543,029,694)
Motor vehicles	(8,406,510)	(280,468)	(790,663)	932,476	-	-	-	-	(8,545,165)
Furniture and fixtures	(84,264,437)	(1,628,003)	(7,642,808)	2,881,911	-	93,558	700,023	-	(89,859,756)
Leasehold improvements	(23,214,431)	(8,109)	(400,016)	42,322	-	-	-	-	(23,580,234)
Other non-current assets	(277,358)	(55,034)	(67,740)	-	-	-	-	-	(400,132)
	<b>(706,665,711)</b>	<b>(8,440,243)</b>	<b>(53,803,634)</b>	<b>14,550,492</b>	<b>-</b>	<b>45,930,585</b>	<b>848,715</b>	<b>-</b>	<b>(707,579,796)</b>
<b>Net book value</b>	<b>457,355,669</b>								<b>336,713,652</b>

At 31 December 2011, net book value of the property, plant and equipment involved in machinery and equipment and acquired through financial leases is amounting to TL 7,188,520 (31 December 2010: TL 8,852,044).

At 31 December 2011 there are mortgages on property, plant and equipment amounting to TL 17,328,981 (31 December 2010: TL 14,763,431). For the period ended at 31 December 2011 amortization expense amounting TL 40,352,919 (31 December 2010: TL 44,753,912) is added to cost of sales (Note 23), and amounting TL 12,966,792 (31 December 2010: TL 11,857,141) is added to general administrative expenses, and amounting TL 483,923 (31 December 2010: TL 564,141) is added to marketing, selling and distribution.

The Group has reviewed the machinery and equipments and identified impairment. As of 31 December 2011, the amount of the provision for impairment is TL 10,820,828 (Note 26).

(1) Classification of the operations for the sale of the real estate in year 2011 (Note 29).

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**NOTE 14 - PROPERTY, PLANT AND EQUIPMENT (Continued)**

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

	1 January 2010	Currency translation differences	Additions	Disposals	Transfers	31 December 2010
<b>Cost</b>						
Land and land improvements	52.809.179	(270.868)	38.080	-	-	52.576.391
Buildings	264.376.487	(601.660)	329.613	-	710.707	264.815.147
Machinery and equipments	707.146.020	(2.370.548)	1.334.477	(701.508)	2.317.903	707.726.344
Motor vehicles	10.750.296	67.966	1.017.677	(812.761)	-	11.023.178
Furniture and fixtures	100.253.159	83.408	4.959.029	(3.378.195)	235.350	102.152.751
Leasehold improvements	24.939.931	(8.804)	91.264	-	103.433	25.125.824
Other non-current assets	578.607	(28.475)	12.756	-	-	562.888
Construction in progress	219.241	(46.470)	3.329.418	(95.939)	(3.367.393)	38.857
	<b>1.161.072.920</b>	<b>(3.175.451)</b>	<b>11.112.314</b>	<b>(4.988.403)</b>	<b>-</b>	<b>1.164.021.380</b>
<b>Accumulated depreciation</b>						
Land and land improvements	(445.366)	-	(71.712)	-	-	(517.078)
Buildings	(63.276.715)	163.448	(5.796.337)	-	-	(68.909.604)
Machinery and equipments	(480.467.476)	1.426.846	(42.624.082)	588.419	-	(521.076.293)
Motor vehicles	(7.986.843)	(69.942)	(832.641)	482.916	-	(8.406.510)
Furniture and fixtures	(79.814.445)	(76.865)	(7.389.325)	3.016.198	-	(84.264.437)
Leasehold improvements	(22.804.688)	654	(410.397)	-	-	(23.214.431)
Other non-current assets	(234.567)	7.909	(50.700)	-	-	(277.358)
	<b>(655.030.100)</b>	<b>1.452.050</b>	<b>(57.175.194)</b>	<b>4.087.533</b>	<b>-</b>	<b>(706.665.711)</b>
<b>Net book value</b>	<b>506.042.820</b>					<b>457.355.669</b>

At 31 December 2010, net book value of the property, plant and equipment involved in machinery and equipment and acquired through financial leases is amounting to TL 8.852.044.

At 31 December 2010 there were mortgages on tangible assets amounting to TL 14.763.431.

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**NOTE 15 - INTANGIBLE ASSETS**

The movements in intangible assets and related accumulated amortisation for the period ended 31 December 2011 is as follows:

	1 January 2011	Currency translation differences	Additions	Disposals	Transfers for impairment	Provision for subsidiary	Disposal of subsidiary	31 December 2011
<b>Cost</b>								
Trade names and licenses	278.869.235	42.157.742	-	-	1.671	(9.157.387)	-	311.871.261
Customer list	269.731.647	39.689.471	-	-	-	-	-	309.421.118
Computer software and rights	52.275.949	6.456.046	5.902.616	(985.977)	1.989.416	-	(209.668)	65.428.382
Internet domain names	17.612.506	3.713.193	2.178.593	-	279.007	-	-	23.783.299
Other intangible assets	7.092.974	250.548	2.151.479	(3.453.686)	-	-	-	6.041.315
Construction in progress	1.586.284	283.409	1.534.258	(6.184)	(2.270.094)	-	-	1.127.673
	<b>627.168.595</b>	<b>92.550.409</b>	<b>11.766.946</b>	<b>(4.445.847)</b>	<b>-</b>	<b>(9.157.387)</b>	<b>(209.668)</b>	<b>717.673.048</b>
<b>Accumulated amortisation</b>								
Trade names and licenses	(17.117.127)	(788.753)	(1.418.334)	-	-	-	-	(19.324.214)
Customer list	(61.622.741)	(9.432.283)	(17.881.502)	-	-	-	-	(88.936.526)
Computer software and rights	(34.135.602)	(4.920.862)	(9.170.395)	730.979	-	-	181.334	(47.314.546)
Internet domain names	(3.792.122)	(927.201)	(2.239.855)	-	-	-	-	(6.959.178)
Other intangible assets	(6.242.319)	(239.468)	(743.281)	1.424.420	-	-	-	(5.800.648)
	<b>(122.909.911)</b>	<b>(16.308.567)</b>	<b>(31.453.367)</b>	<b>2.155.399</b>	<b>-</b>	<b>-</b>	<b>181.334</b>	<b>(168.335.112)</b>
<b>Net book value</b>	<b>504.258.684</b>							<b>549.337.936</b>

Amortization expense of TL 31.453.367 (31 December 2010: TL 27.036.682) has been charged in general administrative expenses as of 31 December 2011. The Group, as it is explained in Note 2, has reviewed the intangible assets and identified impairment. As of 31 December 2011, the amount of the provision for impairment is TL 9.157.387 (Note 26).

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**NOTE 15 - INTANGIBLE ASSETS (Continued)**

The movements in intangible assets and related accumulated amortization for the period ended 31 December 2010 are as follows:

	1 January 2010	Currency translation differences	Additions	Disposals	Transfers	Provision for impairment	31 December 2010
<b>Cost</b>							
Trade names	311.162.191	1.011.044	-	-	-	(33.304.000)	278.869.235
Customer list	267.301.820	2.429.827	-	-	-	-	269.731.647
Computer software and rights	42.874.754	(391.704)	9.097.346	(836.471)	1.532.024	-	52.275.949
Internet domain names	15.528.272	294.374	806.486	-	983.374	-	17.612.506
Other intangible assets	7.078.497	(227.349)	973.394	(993.901)	262.333	-	7.092.974
Construction in progress	1.214.507	121.036	3.028.472	-	(2.777.731)	-	1.586.284
	<b>645.160.041</b>	<b>3.237.228</b>	<b>13.905.698</b>	<b>(1.830.372)</b>	<b>-</b>	<b>(33.304.000)</b>	<b>627.168.595</b>
<b>Accumulated amortization</b>							
Trade names and licenses	(15.786.684)	(98.535)	(1.231.908)	-	-	-	(17.117.127)
Customer list	(45.139.644)	(500.284)	(15.982.813)	-	-	-	(61.622.741)
Computer software and rights	(27.509.657)	447.289	(7.909.705)	836.471	-	-	(34.135.602)
Internet domain names	(2.372.841)	(75.821)	(1.343.460)	-	-	-	(3.792.122)
Other intangible assets	(6.891.004)	225.116	(568.796)	992.365	-	-	(6.242.319)
	<b>(97.699.830)</b>	<b>(2.235)</b>	<b>(27.036.682)</b>	<b>1.828.836</b>	<b>-</b>	<b>-</b>	<b>(122.909.911)</b>
<b>Net book value</b>	<b>547.460.211</b>						<b>504.258.684</b>

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

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

#### NOTE 15 - INTANGIBLE ASSETS (Continued)

The cost of intangible assets with indefinite useful lives amounted to TL 282.379.493 as of 31 December 2011, (31 December 2010: TL 252.507.389). The utilization period of the assets with indefinite useful lives is determined based on the stability of the industry, changes in market demands as to the products and services provided through assets, control period over the assets and legal or similar restrictions on their utilization.

#### NOTE 16 - GOODWILL

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

	2011	2010
<b>1 January</b>	<b>206.177.957</b>	<b>222.336.593</b>
Provision for impairment (1)	(103.858.347)	(19.997.349)
Foreign currency translation difference	32.059.985	2.640.031
Other (2)	1.816.051	1.198.682
<b>31 December</b>	<b>136.195.646</b>	<b>206.177.957</b>

(1) As of 31 December 2011, as calculated according to the explanations stated in Note 2.2.11, the part of the impairment of goodwill amounting to TL 92.526.163 is related to acquisition of the subsidiaries operating in Russia, and the part of the impairment of goodwill amounting to TL 11.332.184 is related to acquisition of Doğan Ofset (31 December 2010: The impairment of goodwill amounting to TL 19.997.349 is related with Croatia).

(2) Represents the changes in the fair value of the put options (Note 2.2.24).

As of 31 December 2011, the goodwill amounting to TL 136.195.646 is arising from the acquisition of Group's subsidiary TME which operates in abroad. The part of goodwill amounting to TL 194.845.773 from goodwill amounting to TL 206.177.957 in total, is arising from the acquisition of TME, and the part of goodwill amounting to TL 11.332.184 is arising from the acquisition of Doğan Ofset as of 31 December 2010.

#### NOTE 17 - GOVERNMENT GRANTS

The Group obtained six Investment Incentives Certificate for the imported equipments amounting to USD 25.035.264 and domestic equipments amounting to TL 151.800 for the modernization of its printing plants in Istanbul, Ankara, Izmir, Adana, Antalya and Trabzon on 23, 27 and 31 July 2008. The investments amounting to USD 19.213.346 for imported equipments and TL 151.800 for domestic equipments are realized within these certificates as at 31 December 2011 (31 December 2010: USD 19.213.346 and TL 151.800). Investment incentives certificates were ceased between the dates of 19 June – 3 July 2011 and processes regarding closure of incentive certificates were finished.

The Group obtained six Investment Incentives Certificate for the imported equipments amounting to USD 10.291.169 and domestic equipments amounting to TL 1.078.214 for the modernization of its printing plants in Istanbul, Ankara, Izmir, Adana, Antalya and Trabzon on 28 October, 2, 4 November and 30 December 2011. The agreements are valid for two years and equipment imported within the scope of the certificate is exempt from Customs Duty and VAT.



## HÜRRIYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

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

#### NOTE 18 -PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

As of 31 December 2011 and 31 December 2010, short term provisions are as follows:

	31 December 2011	31 December 2010
Other provisions for lawsuit and compensation	2.813.326	3.118.039
Provision for tax penalty (1)	-	7.294.189
<b>Total</b>	<b>2.813.326</b>	<b>10.412.228</b>

(1) The Company has filed a lawsuit for the cancellation of the tax charges/tax notifications totaling TL 30.895.416 imposed for the 2004, 2005 and 2006 periods by the respective tax office regarding the Company. As required by the third article of Law No: 6111, the Company has restructured TL 27.100.503 portion of its total "undue and on trial tax liabilities in dispute" of TL 30.895.416 and reconciled its dispute with the tax office. Accordingly, the Company paid TL 3.827.062 on 30 June 2011 and ultimately, there are no other liabilities related with "undue and on trial tax liabilities in dispute" under Law No: 6111.

There is no provision for tax litigations in the Company's financial statements as of 31 December 2011 (31 December 2010: TL 7.294.189).

The lawsuits against the Group amount to TL 26.879.011 (31 December 2010: TL 28.600.841). The Group recognises provision related to cases when there is a legal or valid liability resulting from past event and it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimation can be made of the amount of the obligation. As a result of these analyses, as of 31 December 2011 the Group has set a provision of TL 2.813.326 for lawsuits (31 December 2010: TL 3.118.039).

As at 31 December 2011 the Group's ongoing lawsuits are as follows:

	31 December 2011	31 December 2010
Legal lawsuits	18.447.404	19.529.609
Labor lawsuits	3.226.840	3.547.528
Commercial lawsuits	4.197.040	4.485.240
Administrative lawsuits	1.007.727	1.038.464
<b>Total</b>	<b>26.879.011</b>	<b>28.600.841</b>

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

	2011	2010
<b>1 January</b>	<b>(3.118.039)</b>	<b>(2.393.095)</b>
Additions in the period (Note 26)	(256.678)	(724.944)
Payments related to provisions	561.391	-
<b>31 December</b>	<b>(2.813.326)</b>	<b>(3.118.039)</b>

# HÜRRIYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

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

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

Group's collateral/pledge/mortgage ("CPM") position as of 31 December 2011 and 31 December 2010 are as follows:

	31 December 2011		31 December 2010	
	Foreign Currency	TL Equivalent	Foreign Currency	TL Equivalent
A. CPM's given in the name of its own legal personality				
-Collaterals				
TL	2.756.984	2.756.984	4.835.628	4.835.628
Euro	25.000	61.095	25.000	51.228
HRK	2.482.230	805.624	2.482.230	689.180
-Mortgages				
TL	1.444.281	1.444.281	1.444.281	1.444.281
Euro	6.500.000	15.884.700	6.500.000	13.319.150
-Pledges-				
RUR	-	-	4.255.692.000	215.878.227
B. CPM's given on behalf of the fully consolidated companies (1)				
-Commitments				
TL	884.686	884.686	1.080.648	1.080.648
USD	5.079.702	9.595.049	6.255.864	9.671.566
Euro	75.000	183.285	468.563	960.132
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	-	-	-	-
<b>Total</b>		<b>31.615.704</b>		<b>247.930.040</b>

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

#### CPM's given by the Group

There is no CPM's given for third parties as indicated in the table above except CPM's given for their own legal entities.

## HÜRRIYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

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

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#### NOTE 19 - COMMITMENTS

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

**a) Barter agreements:**

The Group, as a common practice in the media sector, enters into barter agreements which involve the exchange of goods or services without cash collections or payments. As of 31 December 2011, the Group has a commitment for the publication of advertisements amounting to TL 12.588.598 (2010: TL 3.804.414) in exchange for purchasing goods and services and has an option to purchase goods and services amounting to TL 14.106.053 (2010: TL 6.230.238) in exchange of the goods or services sold.

**b) Derivative financial instruments:**

*i) Forward transactions in foreign exchange*

As of 31 December 2011 the Group accounted expense amounting to TL 2.854.556 (31 December 2010: TL 2.142.358) based on Euro and TL forward transactions related to the bank loan amounting USD 46.080.000 (31 December 2010: 80.283.333). As of 31 December 2011, financial liability due to transactions which has open status is TL 230.035 (31 December 2010: TL 3.753.951).

*ii) Interest rate interval swap transactions*

As of 31 December 2011, the Group has two CAP and collar agreements (31 December 2010: six CAP and collar amounting to USD 27.750.000) amounting to USD 4.750.000 with the purpose of hedging the interest rate risk. The agreements have fixed floor and ceiling rates. Accordingly, at the dates defined in agreements, if the LIBOR rate is below the floor rate, the Group has to compensate for the difference between the floor rate and the actual rate. Similarly, if the LIBOR rate is above the ceiling rate, banks have to compensate for the difference to the Group.

As of 31 December 2011 fixed floor and ceiling rates change between 3,0 % and 5,6 % (31 December 2010: 3,0% - 5,6%) and the main floating interest rate is LIBOR. Financial expense recognised during the period regarding these agreements amounting to TL 1.130.954 (31 December 2010: TL 64.932).

*iii) Interest rate swap transactions*

Group had interest rate swap agreement in order to convert variable interest rate (Libor) of its loan debt, amounting to USD 80.282.530, to fixed interest rate. According to that agreement, interest cost of that loan, which was depending on 6-months Libor rate, has been fixed until 5 July 2011. Financial expense recognised during the period regarding these agreements amounted to TL 181.995 (31 December 2010: TL 1.513.086).

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

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

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#### NOTE 19 – COMMITMENTS (Continued)

##### c) Put options:

The Group has the right to purchase 13% of non-controlling shares from non-controlling shareholders, provided that certain conditions are met related to the Group's subsidiary, Impress Media Marketing LLC ("Impress Media") which was acquired by OOO Pronto Moscow in January 2007. The Group has signed a new put option agreement valid between August 2011 and August 2015 for the remaining non-controlling shares of 10%. Net fair value of such option shall be calculated based on Impress Media's EBITDA or net sales revenue. Group, pursuant to an agreement signed in September of 2010, has had the option to purchase the remaining non-controlling shares of 3%. The fair value of the option will be determined based on calculation over the EBITDA of Impress Media. Based on the EBITDA of Impress Media, Group would gradually have a put option until 14% and a call option until 14%. As of 31 December 2011, the short-term portion of the fair value of the put option is TL 1.205.118 (31 December 2010: TL 763.724), long-term portion is nil as of 31 December 2011 (31 December 2010: nil).

The Group has granted a put option, on the remainder of 30% shares during the acquisition of 70% interest of the shares in its subsidiary Oglasnik d.o.o. located in Croatia. The negotiations related with using that put option is still continuing as of the date which the financial statements publicly announced. As of 31 December 2011, the fair value of this option is TL 15.111.200 (USD 8.000.000) (31 December 2010: TL 12.366.454 (USD 8.000.000)) and classified in "other short-term financial liabilities". There is a dispute regarding to the protocol between the parties concerned and an arbitration process is in progress in the presence of Zagreb Court of Arbitration. A lawsuit has been filed by the non-controlling shareholders against the Group since non-controlling shareholders are unable to exercise this put option. Non-controlling shareholders have been demanding € 3.500.000 in order to compensate their loss due to not having exercised of put option and the declining share value of shares caused by the poor management. Subpoena related to the lawsuit has been submitted to the Group on 5 March 2012.

The Group acquired a 55% interest in Moje Delo d.o.o. ("Moje Delo") in Slovenia. The Group paid an earn-out amounting to EUR 1 million. The Group has granted a buy put option to non-controlling interest owners from January 2009 to January 2012. Also, the Group presented call options to non-controlling interest owners exercisable from January 2011 to January 2014. Exercise price shall be calculated based on EBITDA and the net financial debt of Moje Delo. The fair value of the put option is TL 2.899.462 as of 31 December 2011 (31 December 2010: TL 700.338) and classified in "short-term financial liabilities".

Based on a protocol signed by the Group in 2010, the put option liability in relation to the 3,84% shares of non-controlling Global Depository Receipts (GDR) in Trader Media East Limited is exercisable by the counterparty until 2013.

# HÜRRIYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

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

### NOTE 19 - COMMITMENTS (Continued)

#### c) Put options (Continued):

The "put option" exercise price is USD 13. The Group will make a payment of US \$ 1million for each year the put option right is not exercised until 2013. The Group recognized a financial liability arising from the put option on 3,84% shares of Trader Media East Limited owned by "non-controlling interests", through a protocol signed by increasing other financial liabilities by TL 39.4 million, decreasing non-controlling interests by TL 13,9 million and also decreasing retained earnings/accumulated losses by TL 25,5 million in the consolidated financial statements as of and for the period ended 30 June 2010. As of 31 December 2011, fair value of this call option is TL 47.222.500 (31 December 2010: TL 38.650.000).

However, there is a dispute about the protocol between the parties concerned and an arbitration process is in progress, before Zurich Chamber of Commerce. In the year 2011, no payment was made for not exercising the put option.

After the balance sheet date, the Company was informed by the counter party that it has sold its Global Depository Receipts ("GDR") to a legal entity which is not a shareholder of the Company and it withdraw the appeal of arbitration; hence the Company has no liability regarding the protocol. The effect of this event has not been reflected to the financial statements since it took place after the balance sheet date.

### NOTE 20 – PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

Provision for employment termination benefits at 31 December 2011 and 31 December 2010 are as follows:

	31 December 2011	31 December 2010
Provision for employment termination benefits	26.158.276	21.660.771
<b>Total</b>	<b>26.158.276</b>	<b>21.660.771</b>

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

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). At 31 December 2011, the amount payable maximum equals to one month of salary is TL 2.731,85 (31 December 2010: TL 2.517,01) 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.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

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

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

No-19 "Employee Benefits" accounting standard (IAS 19) described by IASC requires developments on the actuarial valuation methods to estimate the Group's employee termination benefit liability under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total provision.

	31 December 2011	31 December 2010
Discount rate (%)	4,67	4,66
Turnover rate to estimate the probability of retirement (%)	92	93

The principal assumption is that the maximum liability of TL 2.731,85 (31 December 2010: TL 2.517,01) 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 2.805,04 (1 January 2010: TL 2.623,23), which is effective from 1 January 2011, has been taken into consideration in calculating the reserve for employment termination benefit of the Group. As of 31 December 2011, 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 December are as follows:

	2011	2010
1 January	(21.660.771)	(14.196.159)
Current period service charge (Note 4.f)	(7.490.275)	(9.574.351)
Interest expenses (Note 4.f)	(1.009.391)	(661.541)
Payments during the period and provisions terminated	3.995.348	3.491.095
Actuarial gain / (loss) (Note 4.f)	6.813	(719.815)
<b>31 December</b>	<b>(26.158.276)</b>	<b>(21.660.771)</b>

### NOTE 21 - OTHER ASSETS AND LIABILITIES

#### Other Current Assets

Other current assets at 31 December 2011 and 31 December 2010 are as follows:

	31 December 2011	31 December 2010
Prepaid taxes and deductions (Note 30, 4.c)	11.332.784	16.615.504
Prepaid expenses (1)	5.537.173	6.061.075
Advances given to personnel	5.240.788	5.090.448
Blocked deposit	3.263.451	-
Value added tax ("VAT") receivables (Note 4.c)	2.562.634	1.806.606
Order advances given	1.045.101	292.464
Job advances	572.996	748.070
Income accruals	510.192	268.712
Other	4.414.504	2.912.260
Provision for other doubtful receivable (-)	(833.005)	(559.652)
<b>Total</b>	<b>33.646.618</b>	<b>33.235.487</b>

(1) Prepaid expenses are mostly composed of the prepaid rents and personnel salaries.

# HÜRRIYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

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

### NOTE 21 - OTHER ASSETS AND LIABILITIES (Continued)

#### Other Current Assets (Continued)

Movements of the provision for other doubtful receivables are as follows:

	2011	2010
1 January	(559.652)	-
Additions during the period (Note 26)	(126.556)	(559.652)
Currency translation difference	(146.797)	-
<b>31 December</b>	<b>(833.005)</b>	<b>(559.652)</b>

#### Other Non-Current Assets

Other current assets at 31 December 2011 and 31 December 2010 are as follows:

	31 December 2011	31 December 2010
Advance given for property, plant and equipment	6.705.433	221.532
Blocked deposit with maturity more than one year (1)	-	15.460.000
Other	56.664	156.146
<b>Total</b>	<b>6.762.097</b>	<b>15.837.678</b>

(1) As of 31 December 2010, the Company has time deposits amounting to USD 10.000.000 which is blocked as collateral for the loans belonging to the subsidiaries. Due to the restructuring of the loan, the blocked deposit has been released as of 3 May 2011 (Note 7).

#### Other short-term Liabilities

Other short-term liabilities at 31 December 2011 and 31 December 2010 are as follows:

	31 December 2011	31 December 2010
Provision for unused vacation	15.430.714	10.351.123
Deferred revenue	11.072.505	8.918.189
Liabilities under the law No: 6111 (1)	5.670.819	-
Payables to personnel	3.954.251	191.181
VAT payables	2.908.906	3.897.466
Expense accruals	2.499.088	645.807
Due to non-controlling interests	-	367.948
Other	97.617	86.807
<b>Total</b>	<b>41.633.900</b>	<b>24.458.521</b>

## HÜRRIYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

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

#### NOTE 21 - OTHER ASSETS AND LIABILITIES (Continued)

##### Other long-term Liabilities

Other long-term liabilities at 31 December 2011 and 31 December 2010 are as follows:

	31 December 2011	31 December 2010
Liabilities under the law No: 6111 (1)	8.385.086	-
Other long-term liabilities	47.222	44.837
<b>Total</b>	<b>8.432.308</b>	<b>44.837</b>

(1) As announced publicly on 19 April, 2011, Group has benefited from the provisions "tax base increase" as well as "undue and on trial tax liabilities in dispute" of the Law Number 6111 which has become effective upon publication in the Official Gazette number 27857 (I. BIS) dated 25 February 2011.

In accordance with the provisions of Law No. 6111 related to increase of tax base, the Company and its 8 subsidiaries increased their tax bases for the fiscal years 2006, 2007, 2008 and 2009. As a result, the total cash outflow will be TL 21.627.956 including interest. Ultimately, TL 1.193.051 of this total amount has been paid in cash and registered as "other operating expense". An amount of TL 2.665.423 re-discount has been made with the remaining TL 20.434.905, amount which will be paid in 36 months, in 18 equal installments and the first 4 installments were paid within 2011. As of 31 December 2011, in accordance with the scope of Law No. 6111, TL 5.032.667 principal and TL 701.474 interest payment, a total amount of TL 5.734.241 has been paid in cash and the amount of remaining short term and long term capital liability is TL 14.055.905. As of 31 December 2011, an interest amounting to TL 126.038 has accrued.

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

	2011	2010
<b>1 January</b>	<b>(10.351.123)</b>	<b>(9.428.016)</b>
Additions (Note 4.f)	(11.100.120)	(1.464.691)
Disposal of subsidiary (Note 33)	317.335	-
Payments during the year	6.023.702	638.468
Currency translation difference	(320.508)	(96.884)
<b>31 December</b>	<b>(15.430.714)</b>	<b>(10.351.123)</b>



# HÜRRIYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

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

### NOTE 22 - EQUITY

The Company adopted the registered share capital system available to companies registered with the CMB and set a ceiling on its registered share capital representing registered type shares with a nominal value of TL 1. There are no privileged shares. The Company's historical authorised and paid-in share capital at 31 December 2011 and 31 December 2010 are as follows:

	31 December 2011	31 December 2010
Paid-in share capital	552.000.000	552.000.000
Registered share capital	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.

Aydın Doğan and Doğan family are the ultimate parent of the Company.

	31 December 2011	Share (%)	31 December 2010	Share (%)
Doğan Yayın Holding (1)	367.416.194	66,56	367.415.960	66,56
Doğan Holding (1)	61.200.274	11,09	61.200.274	11,09
Other	86.443	0,01	87.832	0,01
Publicly owned	123.297.089	22,34	123.295.934	22,34
<b>Issued share capital</b>	<b>552.000.000</b>	<b>100</b>	<b>552.000.000</b>	<b>100</b>
Adjustment to share capital	77.198.813		77.198.813	
<b>Total share capital</b>	<b>629.198.813</b>	<b>100</b>	<b>629.198.813</b>	<b>100</b>

(1) As of 31 December 2011, 6,56 % (31 December 2010: 6,56 %) of Hürriyet's share capital belonging to Doğan Yayın Holding which is the main shareholder of the Group, and 11,09 % (31 December 2010: 11,09 %) of Hürriyet's share capital belonging to Doğan Holding, have open status and are in circulation in stock market.

In accordance with the Capital Markets Board's (the "CMB") Resolution No: 21/655 issued on 23 July 2010, it is regarded that , 21,21% of the shares (31 December 2010: 21,11%) are outstanding as of 31 December 2011 based on the Central Registry Agency's ("CRA") records. 39,98% of Hürriyet's shares are publicly available.

Adjustment to share capital represents the difference between balances which restatement effect of cash contributions to share capital equivalent purchasing power and balance before the inflation adjustment calculated.

Due to tax principal and tax penalty notices communicated by the Tax Office, the shares that Doğan Yayın Holding has in the share capital of the Company at a rate of 66,56% and which are maintained in the export / investment accounts of the Central Registry Institution and Intermediary Institution have been made inactive and lien on the transfer of shares which had been restricted. On 9 August 2011, lien and inactivity were released by the notice made by Tax Office.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

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

### NOTE 22 – EQUITY (Continued)

#### Restricted reserves

Restricted reserves is reserves which are reserved from profit of previous period for particular purposes (for instance, to advantage from sales of investment in associates) except divided distribution or any purposes for necessity of law and agreement.

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (TCC). 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 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 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 capital. In accordance with the CMB Financial Reporting Standards, Company's restricted reserves amounting TL 34.266.877 (31 December 2010: TL 33.347.505) consist of legal reserves and gain on sales of real estate as of 31 December 2011.

Restricted reserves:	31 December 2011	31 December 2010
1. Composition restricted reserves	25.071.251	24.151.879
2. Composition restricted reserves	7.408.846	7.408.846
Gain on sales of real estate	1.786.780	1.786.780
<b>Total</b>	<b>34.266.877</b>	<b>33.347.505</b>

Subsequent to the first inflation adjusted financial statements, equity items such as; "Capital, Emission Premiums, Legal Reserves, Statutory Reserves, Special Reserves and Extraordinary Reserves" are carried at carrying value in the balance sheet and their adjusted values are collectively presented in equity. All equity inflation adjustments are only available for bonus shares or loss deduction; and carrying value of extraordinary reserves are only available for cash profit distribution or loss deduction.

However, In accordance with the Communiqué No:XI-29 and related announcements of the CMB, effective from 1 January 2008, "Share capital", "Restricted Reserves" and "Share Premiums" shall be carried at their statutory amounts. The valuation differences resulted due to the application of the requirements set out in the communiqué (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 valued in accordance with CMB Financial Reporting Standards.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

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

### NOTE 22 – EQUITY (Continued)

Capital adjustment differences can only be included to capital.

#### Dividend distribution

Listed companies registered on ISE are required to distribute their dividends in accordance with the following criteria set out by CMB:

Upon the CMB's Resolution No: 02/51 issued on 27 January 2010, there is no minimum level of dividend distribution requirement for the listed companies at the stock exchange for profits arising from operations in 2009. In this respect, companies will distribute their profits under the scope of the requirements of the CMB's Communiqué No. IV-27, their own articles of association and their own publicly disclosed profit distribution policies.

Besides, within the stated decision of the board, companies are obliged to prepare financial statements needed to calculate the amount of net distributable profit by considering their net profit in the period from their financial statements that are prepared in accordance with Communiqué Serial XI, No: 29 as long as it is covered by their resources in legal records.

Ordinary General Meeting held on 20 April 2011, according to Company's consolidated financial statements as of 31 December 2010 which was prepared in conformity with the IAS and IFRS; taking into consideration the "period's tax expense", "deferred tax income" as well as the non-controlling interests, a "Consolidated Net Term Loss" amounting to TL 40.079.404 has occurred. Based on Capital Markets Board's profit distribution requirements, there cannot be any profit distribution related to 1 January 2010 – 31 December 2010 period, and in Company's statutory individual financial records prepared in accordance with the Turkish Commercial Code and the Tax Procedure Law, the profit for the year is TL 30.800.152, and after the corporate tax payable from this amount the net profit for the year is to TL 18.387.447. After deducting "I. Legal Reserves" in accordance with the article 466/1 of the Turkish Commercial Code from net profit for the year amount, the remaining amount of TL 17.468.075 will be transferred to the "extraordinary reserve".

Paid-in Capital	552.000.000
Capital Inflation Difference	57.678.463
Share Premium	76.944
Legal Reserve	34.266.877
Legal Reserve Inflation Difference	2.330.075
Extraordinary Reserve	161.419.855
Special Funds	4.951.134
Retained Earnings	25.120.067
Net Loss	(44.136.777)

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**Total Shareholder's Equity** **793.706.638**

The CMB's requires the disclosure of total amount of net profit in the statutory records and other resources which may be subject to profit distribution in the financial statements that are prepared in accordance with Communiqué Serial XI, No: 29 and to be announced to public. The total gross amount that can be subject to profit distribution according to legal records, is TL 142.106.637.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

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

### NOTE 23 - SALES AND COST OF SALES

#### *Sales*

	2011	2010
Advertisement sales	576.982.433	522.412.879
Circulation and publishing sales	240.590.737	221.340.023
Other	51.165.287	50.473.069
<b>Net Sales</b>	<b>868.738.457</b>	<b>794.225.971</b>
Cost of sales	(540.792.201)	(466.049.481)
<b>Gross Profit</b>	<b>327.946.256</b>	<b>328.176.490</b>

#### *Cost of Sales*

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

	2011	2010
Raw material	230.388.072	188.037.855
<i>Paper</i>	152.943.062	122.798.950
<i>Printing and ink</i>	58.490.267	47.642.880
<i>Other</i>	18.954.743	17.596.025
Payroll	167.763.268	146.575.447
Depreciation and amortization charges (Note 14)	40.352.919	44.753.912
Commissions	20.405.930	16.498.489
Maintenance expenses	9.687.265	7.557.079
Distribution, storage and travel	9.697.067	8.590.097
Outsourced services	5.263.835	6.480.098
Fuel, electricity, and water and office expenses	7.136.584	6.842.924
Packaging expenses	6.038.070	5.725.229
Rent expenses	5.889.199	4.204.641
Communication	4.485.866	3.992.463
News agency expenses	3.732.181	3.382.550
Other	29.951.945	23.408.697
<b>Total</b>	<b>540.792.201</b>	<b>466.049.481</b>

## HÜRRIYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

(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:

	2011	2010
Advertisement	61.357.671	46.045.595
Transportation, storage and travel	25.706.341	24.199.841
Promotion	19.952.945	18.111.820
Payroll	25.570.162	25.161.020
Sponsorship	2.680.227	2.308.582
Outsourced services	2.037.807	2.335.568
Depreciation and amortization charges (Note 14)	483.923	564.141
Other	9.444.418	6.225.625
<b>Total</b>	<b>147.233.494</b>	<b>124.952.192</b>

b) General administrative expenses:

	2011	2010
Payroll	67.761.666	58.006.788
Depreciation and amortization charges (Note 13,14,15)	44.559.377	39.028.776
Consultancy	17.159.465	16.811.771
Rent	10.840.829	10.565.012
Fuel, electricity, water and office expenses	6.970.160	7.000.540
Transportation, storage and travel	4.547.872	4.714.728
Communication	3.986.908	3.819.367
Maintenance expenses	3.092.741	3.037.501
Other	15.790.145	14.778.410
<b>Total</b>	<b>174.709.163</b>	<b>157.762.893</b>

#### NOTE 25 - EXPENSES BY NATURE

As at 31 December 2011 and 2010, expenses are disclosed by function and the details of the expenses are given in Note 23 and Note 24.

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

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

#### NOTE 26 - OTHER OPERATING INCOME/EXPENSES

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

	2011	2010
Reversal of provision for tax penalty (1)	3.467.127	-
Rent and building service incomes	2.738.940	2.865.854
Reversed provisions	3.317.232	1.508.284
Gain on sales of property, plant and equipment	2.194.116	1.029.390
Profit on sale of subsidiary	15.108	-
Cancelation of provision for impairment of investment properties (Note 4)	-	1.449.222
Other	2.983.966	416.556
<b>Total</b>	<b>14.716.489</b>	<b>7.269.306</b>

(1) Company has restructured TL 27.100.503 portion of its total "undue and on trial tax liabilities in dispute" of TL 30.895.416 and reconciled its dispute with the tax Office. The Company has offset TL 3.467.127 of which is a part of TL 7.294.198 of the provision amount for tax penalty.

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

	2011	2010
Tax base increase expense under Law: 6111 (Note 21,4)	18.962.533	-
Provision for doubtful receivables (Note 9,21)	8.362.029	8.832.734
Impairment of goodwill and intangible assets (Note 4)	113.015.734	53.301.349
Competition authority penalty expense (1)	2.853.537	-
Punishment and compensation expense	3.242.645	958.275
Loss on sale of property, plant, equipment and investment properties	5.196.652	2.202.537
Provision for tangible assets (Note 14)	10.820.828	-
Aids and donations	1.280.080	1.902.634
Provision for lawsuits (Note 18)	256.678	724.944
Impairment on investment properties (Note 4)	2.877.707	455.118
Provision for tax penalties (Note 4)	-	3.179.690
Loss on sale of subsidiary	-	5.996
Other	4.289.272	4.765.977
<b>Total</b>	<b>171.157.695</b>	<b>76.329.254</b>

(1) Subsequent to the investigation undertaken by the Competition Authority regarding the practices in the advertisement area sales in the print media, the company was charged the administrative penalty fee amounting to TL 3.804.716. Right after arriving of "Reasoned" decision to the Company, TL 2.853.537 was paid with prejudice after a discount of 25 % on 13 December 2011. It has been considered that the practices, which are subject to criticism on the decision of the Competition Authority, are compliance with the legal regulations and the Competition Authority's communique, circular letter and decisions; but necessary objection against the decision was raised.

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

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

#### NOTE 27 - FINANCIAL INCOME

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

	2011	2010
Foreign exchange income	64.826.059	24.556.136
Time deposits interest income	3.362.621	8.864.472
Finance income from term sales	8.534.567	7.334.916
Unrealized finance expense from term purchases	191.541	82.652
Finance income from trade receivables	2.348.293	2.048.399
Interest income on financial assets at fair value through profit and loss, net	3.350.062	1.356.101
Other	219.963	544.937
<b>Total</b>	<b>82.833.106</b>	<b>44.787.613</b>

#### NOTE 28 - FINANCIAL EXPENSES

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

	2011	2010
Foreign exchange loss	152.783.092	36.085.657
Interest expenses on borrowings	25.919.129	18.109.609
Credit commission, banking and factoring expenses	6.432.759	2.941.993
Tax base increase interest expense under Law: 6111 (Note 21,4)	827.512	-
Unearned finance income from term sales	843.052	1.298.687
Other	1.201.032	3.397.662
<b>Total</b>	<b>188.006.576</b>	<b>61.833.608</b>

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

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

#### NOTE 29 - ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

- a) The Group's subsidiary OOO Pronto Moscow ceased its operations in Printing House and decided to dispose some of its fixed assets within year 2011. These assets which are expected to be disposed of within twelve-month period are reclassified as assets held for sale and presented separately in the balance

As of 31 December, detail of the mentioned property, plant and equipment which classified into assets held for sale, is as follows:

<b>Property, plant and equipment</b>	<b>31 December 2011</b>
<b>Cost</b>	
Land and land improvements	1.424.507
Buildings	3.231.093
Machinery and equipment	13.598.892
Furniture and fixtures	93.558
Construction in progress	147.022
	<b>18.495.072</b>
<b>Accumulated amortization:</b>	
Land and land improvements	-
Buildings	(441.065)
Machinery and equipment	(11.716.619)
Furniture and fixtures	(93.559)
	<b>(12.251.243)</b>
<b>Net book value (Note 14)</b>	<b>6.243.829</b>



## HÜRRIYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

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

#### NOTE 29 - ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Continued)

- b) In 2011, to reduce the financial liabilities the Company started the sale transactions relating to its properties including the building that has been used for Company headquarters for 28 years and classified in the segmental reporting of Turkey and completed the sale transaction on 31 January 2012 (Note 35). The Company classified the related properties as assets held for sale under IFRS 5 in the IFRS financial statements.

Regarding to the held for sale investments, no impairment loss is recognized as the profit on sale exceeds the carrying value of related asset.

Property, plant and equipment classified as asset held for sale as of 31 December 2011 is as follows:

<b>Property, plant and equipment</b>	<b>31 December 2011</b>
<b>Cost</b>	
Land and land improvements	10.475.819
Buildings	97.647.013
	<b>108.122.832</b>
<b>Accumulated amortization:</b>	
Land and land improvements	(317.700)
Buildings	(33.361.642)
	<b>(33.679.342)</b>
<b>Net book value (Note 14)</b>	<b>74.443.490</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

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

### NOTE 30 - TAX ASSETS AND LIABILITIES

	31 December 2011	31 December 2010
Corporate and income taxes payable	638.448	12.630.692
Less: Prepaid taxes (Note 21)	(11.332.784)	(16.615.504)
<b>Taxes receivables</b>	<b>(10.694.336)</b>	<b>(3.984.812)</b>

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

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

#### Turkey:

In accordance with Turkish Corporate Tax Law has been amended by Law No. 5520 dated 13 June 2006, corporation tax is 20% for 2011(2010: 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.

Dividends paid to non-resident corporations, having representative office 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 is not considered as a profit distribution.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% on their corporate income. Advance tax is to be declared by the 14th 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.

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 years 2010 and 2011.

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.

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

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

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#### NOTE 30 - TAX ASSETS AND LIABILITIES (Continued)

##### Turkey (continued):

Tax authorities can review accounting records within 5 years and if they determine any errors on the accounting records, tax payable can be reassessed.

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. As publicly disclosed on 19 April 2011, the Company plans to make use of the requirements set out in relation to "Tax Base Increase" in Law No: 6111 "Restructuring of some receivables and Social Security and General Health Insurance Law and Other Law Amending Certain Laws and Decrees"; therefore, 50% of losses attributable to the periods that are subject to tax base increase will not be offset against the income to be obtained in 2010 and subsequent periods.

As of 31 December 2011, the Company has offset its financial losses attributable to the calculation of offsetting of tax asset against deductible financial losses or current tax provision in accordance with the above-mentioned principles.

There are numerous exemptions in the Corporate Income Tax Law. This is one of the exceptions to the Company are described below:

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

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

For companies participating in 10% or more of the capital of a non-resident limited liability or joint stock company, (except for those whose principal activity is financial leasing or investment property) for at least one 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 being subject to corporate income tax, or alike, in their country of legal residence or business centre at the rate of at least 15% (minimum corporate income tax applicable in Turkey for those whose principal activity is finance assurance or insurance).

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

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

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

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

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#### NOTE 30 - TAX ASSETS AND LIABILITIES (Continued)

##### Turkey (continued):

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

- a) In the scope of the investment incentive certificates prepared related to the applications before 24 April 2003, investments to be made after 1 January 2006 in the scope of the certificate for the investments started in accordance with the additional 1st, 2nd, 3rd, 4th, 5th and 6th articles prior to the abrogation of Income Tax Law, dated 9 April 2003 with No. 193 and Law No. 4842,
- b) In the scope of the abolished 19th article of Income Tax Law No: 193, the investment allowance amounts to be calculated in accordance with the legislation, the investments which were started before 1 January 2006 and which display an economic and technical integrity,

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

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

##### Russian Federation

The corporate tax rate effective in Russian Federation is 20% (2010: 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 (2010: 30%). Rights related to tax losses that have not been utilized in the related periods will be lost.

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

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

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

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

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### NOTE 30 - TAX ASSETS AND LIABILITIES (Continued)

#### Hungary

The corporate tax rate effective in Hungary is 19% (2010: 19%).

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

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

#### Croatia

The corporate tax rate effective in Croatia is 20% (2010: 20%).

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

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

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

#### Slovenia

The corporate tax rate effective in Slovenia is 20% (2010: 20%).

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

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.

As of 31 December 2011 deferred income taxes are calculated on temporary differences that are expected to be realized or settled based on the taxable income in coming years under the liability method using a principal tax rate of 20% (31 December 2010: 20%).

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

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

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#### NOTE 30 - TAX ASSETS AND LIABILITIES (Continued)

##### Ukraine

On 4 December 2010, the Tax Code of Ukraine (the "TCU" or the "Code") was adopted and officially published. The TCU comes into effect on 1 January 2011, although some of its provisions come into effect at a later date (the most important of these being Section III, which deals with corporate income tax and came into effect on 1 April 2011). The Code makes essential changes to the existing Ukrainian tax rules, introducing a number of concepts common in other jurisdictions (e.g. beneficial ownership, substance over form) to various degrees.

The tax that companies pay is known as corporate income tax (CIT). Currently, this tax is calculated at a flat rate of 23% (2010: 23%). The most recent changes to Ukrainian tax legislation envisage a gradual reduction in CIT rates, as follows:

23% from 1 April 2011 until 31 December 2011;  
21% from 1 January 2012 until 31 December 2012;  
19% from 1 January 2013 until 31 December 2013;  
16% from 1 January 2014 onwards.

According to domestic tax accounting rules, taxable items are normally recognized on the basis of the accrual method. In accordance with this method, taxable income is generally recognized in the reporting period, in which it was accrued. Cost of sold goods / services is recognized in the period when income is recognized (i.e. in line with financial accounting rules).

Other deductible expenses are generally recognized when they are incurred (i.e. upon receipt of goods or services), regardless of the period of payment. However, certain types of taxable income are recognized on a cash basis. This includes fines and financial assistance received from non-residents (unless financial assistance is provided by the company's shareholders and returned within 365 days).

Gross taxable income is defined as any income, from domestic or foreign sources, that is received or accrued by the taxpayer in the course of conducting any activity. This income may be in monetary, tangible or intangible form.

The tax year for CIT is a calendar year, while CIT reporting periods are a calendar quarter, half year, first three quarters and calendar year. Taxpayers must submit tax returns for each reporting period and make quarterly tax payments. Quarterly tax returns must be submitted within 40 days of the last calendar day of each reporting period (i.e. 10 May, 9 August, 9 November, 9 February). Quarterly tax payments should be made within 50 days of the end of a reporting period.

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

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

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#### NOTE 30 - TAX ASSETS AND LIABILITIES (Continued)

##### Belarus

The corporate tax rate effective in Belarus is 24% (2010: 24%).

The tax period is the calendar year. Profit tax is calculated as progressive total. Advance payments are made quarterly, on the basis of either the previous year results or expected current year profits.

The annual corporate tax declaration is due by 20 March of the following year. Tax loss carry forward is not allowed.

Tax refunds are possible. Tax consolidations of tax reporting/payments by different legal entities (or grouping) are not permitted in Belarus at present. Generally, dividend income payable to a foreign organization is subject to withholding tax at 12%. This standard rate may, however, be reduced under the provisions of applicable double tax treaty.

The Belarus tax regulations change frequently.

##### Kazakhstan

Under the Tax Code of the Republic of Kazakhstan companies shall pay the CIT on taxable income at a 20% rate (2010: %20).

According to the Tax Code, taxable income is defined as the difference between gross annual income and deductible expenses provided for under the Tax Code taking into account adjustments made. Gross annual income is defined as any income, from domestic or foreign sources, that is received or accrued by a taxpayer during the tax period. This income may be in monetary, tangible or intangible form.

Deductible expenses should be directly associated with generating taxable income from activities performed by a company. An accrual method is applied with respect to income and expenses determination for CIT purposes. According to the tax legislation, losses may be carried forward for 10 years to be deducted from future taxable income.

A tax period for CIT is a calendar year. A taxpayer is to forecast its expected taxable income and calculate advance monthly payments which are due not later than 25th day of each month of the reporting year. The annual CIT return is due by 31 March of the year following the reporting year. Should actual CIT liability be different from the initially estimated advances, taxpayers may correct their tax liabilities during the tax year but not later than 20 December of the reporting tax period. There are other special requirements relative to calculation of advance payments in the Tax Code. The following taxpayers shall be entitled not to calculate and make CIT advance payments:

- Taxpayers whose gross annual income after adjustments for the tax period preceding the previous tax period, did not exceed 325 times the monthly calculation index set by the law on the state budget and effective at January 1 of the relevant financial year;
- Newly created taxpayers – during the tax period in which state registration (record of registration) was carried out with the justice authorities, and also during the subsequent tax period.
- Non-resident legal entities newly registered with the tax authorities as taxpayers, and operating in Kazakhstan through a permanent establishment (PE) without a branch or representative office – during the tax period in which registration with the tax bodies was carried out, and also during the subsequent tax period.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

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

### NOTE 30 - TAX ASSETS AND LIABILITIES (Continued)

The tax rates at 31 December 2011, which are used in the calculation of deferred tax, taking each country's tax legislations into consideration are as follows:

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

### Deferred Tax

The Group recognizes deferred tax assets and liabilities based on temporary differences arising between the financial statements as reported for CMB Financial Reporting Standards and financial statements prepared in accordance with the tax legislation. There are deferred tax assets resulting from tax loss carry-forwards and deductible temporary differences, all of which could reduce taxable income in the future in the Group. Partially or wholly recoverable amount of deferred tax assets was estimated in current circumstances. The main factors which are considered include future earnings potential, cumulative losses in recent years, history of loss carry-forwards, other tax assets expiring and tax planning strategies when needed. In the light of data obtained, if group's taxable profit will be obtained in future is not enough to meet all deferred tax assets, partially or wholly of deferred tax is reserved.

	<b>31 December 2011</b>	<b>31 December 2010</b>
Deferred tax liabilities	121.127.342	117.314.791
Deferred tax assets (Note 4.c)	(13.524.076)	(10.966.263)
<b>Deferred tax liabilities, net</b>	<b>107.603.266</b>	<b>106.348.528</b>

The temporary differences giving rise to deferred income tax assets / (liabilities) using the enacted tax rates as of 31 December 2011 and 31 December 2010 are as follows:

	<u>Total temporary differences</u>		<u>Deferred tax assets / (liabilities)</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Carry forward tax losses (1)	21.331.398	6.862.952	4.267.086	1.372.807
Difference between tax base and carrying value of trade receivables	18.889.450	14.481.175	3.688.852	2.812.282
Provision for employment termination benefits and unused vacation rights	41.588.990	32.011.894	8.264.891	6.192.819
Difference between tax base and carrying value of leasing payables	-	948.468	-	271.262
Deferred revenue	1.333.578	1.220.548	266.716	253.889
Difference between tax bases and carrying value of property, plant and equipment and intangibles	(640.559.152)	(609.650.118)	(128.458.572)	(121.648.625)
Other, net	74.362.633	(32.475.228)	4.367.761	4.397.038
<b>Total</b>	<b>(483.053.103)</b>	<b>(586.600.309)</b>	<b>(107.603.266)</b>	<b>(106.348.528)</b>



# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

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

### NOTE 30 - TAX ASSETS AND LIABILITIES (Continued)

Deferred tax assets:	31 December 2011	31 December 2010
To be recovered after one year	12.650.960	10.581.204
To be recovered within one year	873.116	385.059
<b>Total</b>	<b>13.524.076</b>	<b>10.966.263</b>
Deferred tax liabilities:	31 December 2011	31 December 2010
To be recovered after more than one year	(121.795.184)	(117.029.983)
To be recovered within one year	667.842	(284.808)
<b>Total</b>	<b>(121.127.342)</b>	<b>(117.314.791)</b>

(1) As of 31 December 2011, carry forward tax losses for which no deferred income tax asset was recognised amounted to TL 102.172.441 (31 December 2010: TL 75.873.386).

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

	31 December 2011	31 December 2010
2011	-	313.083
2013	757.688	1.515.376
2014 and after	20.573.710	5.034.493
<b>Total</b>	<b>21.331.398</b>	<b>6.862.952</b>

The movements in deferred tax liabilities for the periods ended 31 December are as follows:

	2011	2010
<b>1 January</b>	<b>(106.348.528)</b>	<b>(124.616.282)</b>
Deferred tax income at the consolidated statement of income	12.772.325	20.706.815
Currency translation differences	(13.823.062)	(2.439.061)
Disposal of subsidiary (Note 33)	(204.001)	-
<b>31 December</b>	<b>(107.603.266)</b>	<b>(106.348.528)</b>

The analysis of the tax income / (expenses) for the periods ended at 31 December are as follows:

	2011	2010
Current	(3.824.794)	(26.644.851)
Deferred	12.772.325	20.706.815
<b>Total</b>	<b>8.947.531</b>	<b>(5.938.036)</b>

# HÜRRIYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

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

### NOTE 30 - TAX ASSETS AND LIABILITIES (Continued)

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

	31 December 2011	31 December 2010
Loss before taxes and non-controlling interests	266.546.847	49.589.350
Current period tax expense calculated at the effective tax rates of countries	25.698.169	11.687.667
Expenses not deductible for tax purposes	(7.806.988)	(14.959.268)
Impairment effect of goodwill	(20.771.669)	(3.727.162)
Carry forward losses utilized	135.174	-
Effect of financial losses which the deferred tax assets not calculated	(9.658.326)	(4.419.031)
Income exempt from tax	145.833	385.680
Withholding tax relating to dividend distribution	-	(2.999.462)
Effect of share losses investments accounted for by the equity method	(2.265.343)	(1.852.503)
Other, net	23.470.681	9.946.043
<b>Tax expense / (income)</b>	<b>8.947.531</b>	<b>(5.938.036)</b>

### 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. Loss per share as of 31 December is as follows:

	2011	2010
Loss for the period	(235.684.263)	(40.079.404)
Number of ordinary shares in issue (with nominal value of TL 1 each)	552.000.000	552.000.000
<b>Loss per share (TL)</b>	<b>(0,4270)</b>	<b>(0,0726)</b>

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

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

#### NOTE 32 - RELATED PARTY DISCLOSURES

For the purpose of those consolidated financial statements, shareholders that have control or joint control over the Company, other individuals that have direct or indirect control over those shareholders, other group companies that are directly or indirectly controlled by these individuals, key management personnel and Board members, in each case together with their families and companies controlled by or affiliated with them, associates and joint ventures are considered and referred to as related parties. Related party balances and transactions are listed below.

##### i) Balances of Related parties:

##### Short term receivables due from related parties:

	31 December 2011	31 December 2010
Doğan Gazetecilik A.Ş. ("Doğan Gazetecilik")	8.586.098	9.205.838
Doğan Dağıtım Satış ve Pazarlama A.Ş. ("Doğan Dağıtım")	3.803.890	2.020.401
Medyanet İletişim Reklam Pazarlama ve Turizm A.Ş. ("Medyanet")	3.729.408	3.992.543
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş. ("Doğan Burda")	1.505.663	1.271.363
Doğan TV Digital Platform İşl. A.Ş.	1.041.999	-
Doğan Media International GmbH ("Doğan Media")	868.315	292.002
Doğan Dış Ticaret	486.115	-
Doğan Portal ve Elektronik Ticaret A.Ş. ("Doğan Portal")	12.514	621.823
Bağımsız Gazeteciler Yayıncılık A.Ş. ("Bağımsız Gazeteciler") (1)	-	1.202.107
Doğan Yayın Holding	-	86.676
DTV Haber ve Görsel Yayıncılık A.Ş. ("Kanal D")	-	3.795.275
Other	1.735.430	2.241.802
	<b>21.769.432</b>	<b>24.729.830</b>

(1) Bağımsız Gazeteciler is not considered as related party as of 31 December 2011 since the shares have been transferred to DK Gazetecilik ve Yayıncılık A.Ş. on 2 May 2011.

##### Short term payables to related parties:

	31 December 2011	31 December 2010
İşıl İthalat	3.716.363	-
Kanal D	2.496.676	-
Doğan Media	2.032.797	161.336
Doğan Yayın Holding	1.555.565	105.274
Doğan İletişim Elektronik Servis Hizmetler ve Yayıncılık A.Ş. ("Doğan İletişim")	862.649	529.440
Milta Turizm İşletmeleri A.Ş. ("Milta")	227.848	179.721
Doğan Dış Ticaret ve Mümessillik A.Ş. ("Doğan Dış Ticaret")	94.134	1.843.857
Doğan Factoring	24.437	-
D-Market Elektronik Hizmetleri Ticaret A.Ş. ("D Market")	9.115	1.622
Other	952.438	608.613
	<b>11.972.022</b>	<b>3.429.863</b>

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

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

#### NOTE 32 - RELATED PARTY DISCLOSURES (Continued)

##### i) Balances of related parties (Continued):

###### Non-trade short-term payables to related parties:

	31 December 2011	31 December 2010
Doğan Holding	97.434.767	-
	<b>97.434.767</b>	<b>-</b>

The Group has borrowed a financial loan amounting to TL 97.434.767 and reclassified this amount to non-trade payables to related parties as of 31 December 2011. Effective interest rate applied for the non-trade short term payable to related parties is 5,43% and TL 130.246 finance expense is recognized regarding this amount.

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

Transactions in related parties for the periods ended as of 31 December 2011 and 2010 are as follows:

###### Significant service and product sales to related parties:

	2011	2010
Doğan Dağıtım	98.369.336	95.214.238
Doğan Gazetecilik	29.075.730	33.012.595
Doğan Media	14.849.800	12.641.512
Medyanet	9.925.392	8.130.309
Doğan Burda	5.723.472	5.577.032
Kanal D	3.924.176	3.505.774
Lapis Televizyon ve Radyo Yayıncılık A.Ş.	1.816.758	1.217.696
Doğan TV Digital Platform İşl. A.Ş.	1.275.601	1.356.061
Bağımsız Gazeteciler (1)	1.238.620	4.578.419
Doğan ve Egmont Yayıncılık ve Yapımcı Ticaret A.Ş. ("Doğan Egmont")	1.163.928	1.103.369
Doğan Yayın Holding A.Ş.	1.038.856	2.385.799
Doğan İletişim	228.059	776.681
Milliyet Verlags	-	676.475
Turner Doğan Prodüksiyon A.Ş. ("Turner")	-	436.028
Doğan Müzik Kitap Mağazacılık Pazarlama A.Ş.	457.282	242.918
Eko Televizyon Yayıncılık A.Ş.	-	109.190
Petrol Ofisi A.Ş. (2)	-	19.272
Other	3.747.241	5.445.676
	<b>172.834.251</b>	<b>176.429.044</b>

(1) Bağımsız Gazeteciler is considered as a related party until 2 May 2011 which is the date of the completion of the shares sales to DK Gazetecilik ve Yayıncılık A.Ş.

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

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

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

#### NOTE 32 - RELATED PARTY DISCLOSURES (Continued)

##### ii) Significant transactions with related parties (Continued):

##### Significant service and product purchases from related parties:

	2011	2010
Işıl İthalat (1)	74.268.406	56.003.059
Doğan Dış Ticaret (1)	69.640.568	58.941.156
Doğan Dağıtım (2)	21.412.616	18.942.110
Doğan Yayın Holding A.Ş.	7.022.638	6.898.473
Doğan İletişim	3.698.604	3.356.667
Milta	2.051.842	2.127.750
D Yapım Reklamcılık ve Dağıtım A.Ş. ("D Yapım Reklamcılık")	592.456	1.159.667
Kanal D	120.531	2.307.503
Işıl Televizyon Yayıncılık A.Ş. ("Star TV") (3)	22.720	1.173.512
Petrol Ofisi (4)	-	1.287.378
Other	9.275.029	3.341.363
	<b>188.105.410</b>	<b>155.538.638</b>

- (1) The Group purchases raw materials primarily from Doğan Dış Ticaret and Işıl İthalat. The increase in current period is related to the increase of unit price of paper from USD 632 per tones to USD 762 per tones and 11% increase in average USD rate.
- (2) 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.
- (3) Star TV is considered as a related party until 3 November 2011 which is the date of completion of share sales to Doğuş Yayın Group. The amounts ended on the date of 31 December 2011 and 2010 consisted of promotional sellings.
- (4) Petrol Ofisi is considered as a related party until 22 December 2010 which is the date of completion of the Doğan Holding's Petrol Ofisi shares sales to OMV.

Other income:	2011	2010
Işıl İthalat	929.375	863.109
Doğan Dağıtım	877.014	866.165
Doğan Burda	724.323	643.585
Doğan Dış Ticaret	657.032	692.114
Doğan Media	339.284	342.713
Doğan İletişim	161.426	145.619
Doğan Egmont	152.319	141.481
Doğan Yayın Holding	83.584	228.678
Diğer	406.354	630.416
	<b>4.330.711</b>	<b>4.553.880</b>

Most part of the other income from related parties consists of rental income.

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

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

#### NOTE 32 - RELATED PARTY DISCLOSURES (Continued)

##### ii) Significant transactions with related parties (Continued):

##### Purchase of property, plant and equipment and intangible asset:

Purchase of property, plant and equipment and intangible asset:	2011	2010
Doğan Online	177.848	723.151
D-Market	32.780	461.637
Doğan Yayın Holding	-	47.560
Doğan Gazetecilik (1)	-	5.111.854
Other	-	16.726
	<b>210.628</b>	<b>6.360.928</b>

(1) At 31 December 2010, the Group purchased the royalty of Radikal for TL 5.095.000 in accordance with the price in the valuation report.

Financial income:	2011	2010
Doğan Media	458.750	-
Medyanet	105.538	356.667
Doğan Yayın Holding	1.280	-
Kanal D	-	700.485
Bağımsız Gazeteciler (2)	-	41.089
Other	9.992	14.832
	<b>575.560</b>	<b>1.113.073</b>

Financial expenses:	2011	2010
Doğan Factoring (1)	3.308.902	865.334
Doğan Holding	696.746	-
Doğan Dağıtım	107.219	-
Doğan Yayın Holding	89.562	1.480
Bağımsız Gazeteciler (2)	1.474	28.657
Diğer	1.251	-
	<b>4.205.154</b>	<b>895.471</b>

(1) Invoicing and controlling of Group's commercial advertisement and collection of these commercial advertisement receivables are made by Doğan Factoring, commissions paid for these services are accounted in financial expenses. According to the factoring contract signed by Doğan Factoring on 27 December 2011, the Group's receivable amounting to TL 77.000.000 has issued to irrevocable commitment with Doğan Factoring. As per the agreement, the Group has born TL 2.000.000 interest expense.

(2) Bağımsız Gazeteciler is considered as a related party until 2 May 2011 which is the date of completion of Doğan Holding's Bağımsız Gazeteciler shares sales.

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

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

#### NOTE 32 - RELATED PARTY DISCLOSURES (Continued)

##### ii) Significant transactions with related parties (Continued)

###### Key Management Personnel:

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

	2011	2010
Salaries and other short term benefits	8.677.874	7.771.494
Post-employment benefits	-	105.837
	<b>8.677.874</b>	<b>7.877.331</b>

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

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

#### NOTE 33 - DISPOSAL OF SUBSIDIARY

The Group has transferred its entire shares in its subsidiary, Pronto Peterburg to the company according to the Russian statutory legislation in the current period.

<b>Book value of net assets disposed of</b>	<b>31 December 2011</b>
Current assets	
Cash and cash equivalents	158.668
Trade receivables	425.003
Inventories	52.889
Other receivables	85.001
Other current assets	179.446
Non-current assets	
Tangible assets	160.557
Intangible assets	28.334
Deferred tax assets	204.001
Short-term liabilities	
Trade payables	(392.891)
Provisions	(317.335)
Other short-term liabilities	(598.781)
<b>Net assets disposed of</b>	<b>(15.108)</b>
Consideration:	
Consideration paid in cash and cash equivalents	-
Deferred sales proceeds	188.890
Net cash inflow on disposal:	
Consideration paid in cash and cash equivalents	-
Less cash and cash equivalent balances disposed of	(158.668)



## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

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

#### NOTE 34 - FINANCIAL RISK MANAGEMENT

##### 34.1 Financial Risk Management

###### (i) Interest rate risk

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

	31 December 2011	31 December 2010
<b>Financial instruments with fixed interest rate</b>		
Loans and receivables	265.246.503	69.743.339
Financial Assets		
- Designated at fair value through profit or loss (1)	-	18.855.213
Financial Liabilities	190.545.864	7.354.467
<b>Financial instruments with floating interest rate</b>		
Financial liabilities	412.596.245	499.025.964

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

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

At 31 December 2011, had the interest rates on USD and Euro denominated borrowings been 100 basis point higher/lower with all other variables held constant, mainly as a result of higher/lower interest expense on floating rate borrowings; net loss for the period before tax and non-controlling interests would have been lower/higher by TL 4.125.962 (31 December 2010: TL 4.990.260).

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2011**

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

**NOTE 34 - FINANCIAL RISK MANAGEMENT (Continued)**

(ii) Liquidity risk

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

31 December 2011	Carrying value	Total contractual cash outflow	Less than 3 months	3-12 months	1-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>						
Financial liabilities (Note 7)	603.142.109	638.223.180	84.336.625	205.644.961	347.732.312	509.282
Other financial liabilities (Note 8)	66.738.105	66.738.105	-	66.738.105	-	-
Trade payables						
- Related party (Note 32)	11.972.022	11.972.022	11.972.022	-	-	-
- Other (Note 9)	40.926.693	40.926.693	24.561.263	16.365.430	-	-
Other payables (Note 10)						
- Related party (Note 32)	97.434.767	97.434.767	97.434.767	-	-	-
- Other (Note 10)	22.577.785	22.577.785	22.445.256	-	132.529	-
Other short and long term liabilities (Note 21)	14.055.905	14.055.905	5.670.819	-	8.385.086	-
<b>31 December 2010</b>	<b>Carrying value</b>	<b>Total contractual cash outflow</b>	<b>Less than 3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>More than 5 years</b>
<b>Non-derivative financial liabilities</b>						
Financial liabilities (Note 7)	506.380.431	538.185.034	80.569.514	160.025.751	296.894.616	695.153
Other financial liabilities (Note 8)	57.082.687	57.082.687	-	57.082.687	-	-
Trade payables						
- Related party (Note 32)	3.429.863	3.429.863	3.429.863	-	-	-
- Other (Note 9)	33.994.339	33.994.339	32.743.625	1.250.714	-	-
Other payables						
- Related party (Note 32)	-	-	-	-	-	-
- Other (Note 10)	18.484.007	18.484.007	18.336.488	-	147.519	-

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

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

### NOTE 34 - FINANCIAL RISK MANAGEMENT (Continued)

#### (ii) Liquidity risk (Continued)

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

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

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

At 31 December 2011, the Group has long-term bank borrowings amounting to TL 302.962.338 (31 December 2010: TL 221.167.354) and long-term trade payables to suppliers amounting to TL 34.994.281 (31 December 2010: TL 54.991.092) (Note 7).

#### (iii) Credit Risk

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

#### Aging analysis for trade receivables:

As of 31 December 2011 there are past due but not impaired trade receivables amounting to TL 58.941.699 (31 December 2010: TL 54.847.243). The Group does not foresee any collection risk for the delay up to one month due to sector dynamics and conditions. The Group restructures the trade receivables by applying due date differences which are due over one month and/or the Group does not foresee any collection risk since they are under coverage of guarantees such as mortgage, indemnity or guarantee notes. As of 31 December 2011, the amount of mortgage and indemnity received is TL 10.666.992 for the related receivables.

As of 31 December 2011 and 31 December 2010, aging analysis for trade receivables that are past due but not impaired are as follows:

	<u>31 December 2011</u>		<u>31 December 2010</u>	
	<u>Related party</u>	<u>Other receivables</u>	<u>Related party</u>	<u>Other receivables</u>
0-1 month	764.631	17.604.585	940.023	18.755.712
1-3 months	1.676.235	14.985.587	290.467	12.784.980
3-6 months	957.178	10.357.384	-	8.806.217
6-12 months	316.061	6.677.239	-	7.396.581
1-2 years	-	5.602.799	-	5.873.263
	<b>3.714.105</b>	<b>55.227.594</b>	<b>1.230.490</b>	<b>53.616.753</b>

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

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#### NOTE 34 - FINANCIAL RISK MANAGEMENT (Continued)

##### (iii) Credit Risk (Continued)

As of 31 December 2011 and 31 December 2010, aging analysis for trade receivables that are past due and impaired is as follows:

<i>Impaired</i>	<b>31 December 2011</b>	<b>31 December 2010</b>
Past due 0 - 3 months	1.796.345	687.970
Past due 3 - 6 months	1.235.341	1.600.110
Past due 6 months and over	52.406.338	46.967.993
Less: Provision for impairment	(55.438.024)	(49.256.073)

The balance of related party receivables that are past due and impaired as of 31 December 2011 is TL 799.004 (31 December 2010: TL 899.004). There is no trade receivable which is overdue and impaired as at 31 December 2011.

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**NOTE 34 - FINANCIAL RISK MANAGEMENT (Continued)**

**(iii) Credit Risk (Continued)**

The Group's credit risk of financial instruments as of 31 December 2011 is as follows:

31 December 2011	Trade receivables		Other receivables		Bank deposits	Other assets
	Related party	Other	Related party	Other		
Maximum credit risk exposure as of balance sheet date	21.769.432	119.991.368	-	1.406.508	281.039.919	3.263.451
- <i>The part of maximum credit risk under guarantee with collateral</i>	-	50.699.876	-	-	-	-
A. Net book value of financial assets that are not past due/impaired	18.055.327	64.763.774	-	1.406.508	281.039.919	3.263.451
B. Net book value of financial assets that are renegotiated if not that will be accepted as past due or impaired	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired (Note 9)	3.714.105	55.227.594	-	-	-	-
- <i>The part under guarantee with collateral</i>	-	10.666.992	-	-	-	-
D. Net book value of impaired asset						
- Past due (gross carrying amount)	799.004	55.438.024	-	833.005	-	-
- Impairment (-)	(799.004)	(55.438.024)	-	(833.005)	-	-
- The part of net value under guarantee with collateral	-	-	-	-	-	-
- Not overdue (gross carrying amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- The part of net value under guarantee with collateral	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

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

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**NOTE 34 - FINANCIAL RISK MANAGEMENT (Continued)**

**(iii) Credit Risk (Continued)**

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

31 December 2010	Trade receivables		Other receivables		Bank deposits	Other assets
	Related party	Other	Related party	Other		
Maximum credit risk exposure as of balance sheet date	24.729.830	161.774.534	-	3.191.584	88.759.624	15.460.000
- <i>The part of maximum credit risk under guarantee with collateral</i>	-	30.833.701	-	-	-	-
A. Net book value of financial assets that are not past due/impaired	23.499.340	108.157.781	-	3.191.584	88.759.624	15.460.000
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired (Note 9)	1.230.490	53.616.753	-	-	-	-
- <i>The part under guarantee with collateral</i>	-	13.162.212	-	-	-	-
D. Net book value of impaired asset	-	-	-	-	-	-
- Past due (gross carrying amount)	899.004	49.256.073	-	559.652	-	-
- Impairment (-)	(899.004)	(49.256.073)	-	(559.652)	-	-
- The part of net value under guarantee with collateral	-	-	-	-	-	-
- Not overdue (gross carrying amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- The part of net value under guarantee with collateral	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

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### NOTE 34 - 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 by the analysis of foreign currency position.

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

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

TL equivalents of assets and liabilities denominated in foreign currencies at 31 December 2011 and 31 December 2010 are as follows:

	31 December 2011	31 December 2010
Assets	195.343.653	128.188.093
Liabilities	(705.684.773)	(593.426.277)
Net asset / (liability) position of Off-balance sheet derivatives	3.304.844	(2.578.448)
<b>Net foreign currency position</b>	<b>(507.036.276)</b>	<b>(467.816.632)</b>

Following exchange rates have been used in the translation of foreign currency denominated balance sheet items as of 31 December 2011: 1,8889 TL= 1 USD and 2,4438 TL=1 Euro (31 December 2010: 1,546 TL= 1 USD and 2,0491 TL=1 Euro ).

Assets denominated in foreign currency amounting TL 198.648.497 as of 31 December 2011, hedged 28% naturally by the existence of liabilities denominated in foreign currency amounting TL 705.684.773. Assets denominated in foreign currency amounting TL 128.188.093 as of 31 December 2010, hedged 22% naturally by the existence of liabilities denominated in foreign currency amounting to TL 596.004.725.

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

**NOTE 34 - FINANCIAL RISK MANAGEMENT (Continued)**

**(iv) Foreign currency risk (Continued)**

The table summarizes the foreign currency position risk as of 31 December 2011 and 31 December 2010. The carrying amount of foreign currency denominated assets and liabilities of the Group are as follows:

<b>31 December 2011</b>	<b>TL Equivalent</b>	<b>USD</b>	<b>Euro</b>	<b>Other</b>
1. Trade Receivables	15.533.154	452.474	5.632.402	9.448.278
2a. Monetary Financial Assets (Cash, Banks included)	157.886.059	123.918.569	18.706.305	15.261.185
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	21.851.623	679.097	3.201.400	17.971.126
<b>4. Current Assets (1+2+3)</b>	<b>195.270.836</b>	<b>125.050.140</b>	<b>27.540.107</b>	<b>42.680.589</b>
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	72.817	16.150	-	56.667
<b>8. Non-Current Assets (5+6+7)</b>	<b>72.817</b>	<b>16.150</b>	-	<b>56.667</b>
<b>9. Total Assets (4+8)</b>	<b>195.343.653</b>	<b>125.066.290</b>	<b>27.540.107</b>	<b>42.737.256</b>
10. Trade Payables	15.312.902	1.401.056	5.724.463	8.187.383
11. Financial Liabilities	265.185.490	211.028.195	36.742.620	17.414.675
12a. Other Monetary Financial Liabilities	87.182.541	50.633.854	1.228.146	35.320.541
12b. Other Non-Monetary Financial Liabilities	-	-	-	-
<b>13. Current Liabilities (10+11+12)</b>	<b>367.680.933</b>	<b>263.063.105</b>	<b>43.695.229</b>	<b>60.922.599</b>
14. Trade Payables	-	-	-	-
15. Financial Liabilities	337.956.618	297.761.023	22.874.466	17.321.129
16a. Other Monetary Financial Liabilities	47.222	-	-	47.222
16b. Other Non-Monetary Financial Liabilities	-	-	-	-
<b>17. Non-Current Liabilities (14+15+16)</b>	<b>338.003.840</b>	<b>297.761.023</b>	<b>22.874.466</b>	<b>17.368.351</b>
<b>18. Total Liabilities (13+17)</b>	<b>705.684.773</b>	<b>560.824.128</b>	<b>66.569.695</b>	<b>78.290.950</b>
<b>19. Net asset / liability position of</b>				
<b>Off-balance sheet derivatives (19a-19b)</b>	<b>3.304.844</b>	<b>(11.357.956)</b>	<b>14.662.800</b>	-
19a. Off-balance sheet foreign currency derivative assets	18.264.932	3.602.132	14.662.800	-
19b. Off-balance sheet foreign currency derivative liabilities	14.960.088	14.960.088	-	-
<b>20. Net foreign currency     asset liability position (9-18+19)</b>	<b>(507.036.276)</b>	<b>(447.115.794)</b>	<b>(24.366.788)</b>	<b>(35.553.694)</b>
<b>21. Net foreign currency asset / liability     position of monetary items     (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(532.265.560)</b>	<b>(436.453.085)</b>	<b>(42.230.988)</b>	<b>(53.581.487)</b>
<b>22. Fair value of foreign currency     hedged financial assets</b>	-	-	-	-
<b>23. Exports</b>	-	-	-	-
<b>24. Imports</b>	-	-	-	-



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**NOTE 34 - FINANCIAL RISK MANAGEMENT (Continued)**

**(iv) Foreign currency risk (Continued)**

31 December 2010	TL Equivalent	USD	Euro	Other
1. Trade Receivables	11.115.092	443.281	3.508.072	7.163.739
2a. Monetary Financial Assets (Cash, Banks included)	91.050.860	58.516.583	18.970.619	13.563.658
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	10.390.535	330.210	71.619	9.988.706
<b>4. Current Assets (1+2+3)</b>	<b>112.556.487</b>	<b>59.290.074</b>	<b>22.550.310</b>	<b>30.716.103</b>
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	15.631.606	15.475.460	12.368	143.778
<b>8. Non-Current Assets (5+6+7)</b>	<b>15.631.606</b>	<b>15.475.460</b>	<b>12.368</b>	<b>143.778</b>
<b>9. Total Assets (4+8)</b>	<b>128.188.093</b>	<b>74.765.534</b>	<b>22.562.678</b>	<b>30.859.881</b>
10 Trade Payables	13.398.588	674.286	4.790.230	7.934.072
11. Financial Liabilities	230.193.446	148.813.255	64.868.831	16.511.360
12a. Other Monetary Financial Liabilities	73.602.421	39.820.350	835.265	32.946.806
12b. Other Non-Monetary Financial Liabilities	-	-	-	-
<b>13. Current Liabilities (10+11+12)</b>	<b>317.194.455</b>	<b>189.307.891</b>	<b>70.494.326</b>	<b>57.392.238</b>
14. Trade Payables	-	-	-	-
15. Financial Liabilities	276.186.985	219.792.531	28.009.973	28.384.481
16a. Other Monetary Financial Liabilities	44.837	-	-	44.837
16b. Other Non-Monetary Financial Liabilities	-	-	-	-
<b>17. Non-Current Liabilities (14+15+16)</b>	<b>276.231.822</b>	<b>219.792.531</b>	<b>28.009.973</b>	<b>28.429.318</b>
<b>18. Total Liabilities (13+17)</b>	<b>593.426.277</b>	<b>409.100.422</b>	<b>98.504.299</b>	<b>85.821.556</b>
<b>19. Net asset / liability position of Off-balance sheet derivatives (19a-19b)</b>	<b>(2.578.448)</b>	<b>62.118.280</b>	<b>(64.696.728)</b>	<b>-</b>
<b>19a. Off-balance sheet foreign currency derivative assets</b>	<b>62.118.280</b>	<b>62.118.280</b>	<b>-</b>	<b>-</b>
<b>19b. Off-balance sheet foreign currency derivative liabilities</b>	<b>64.696.728</b>	<b>-</b>	<b>64.696.728</b>	<b>-</b>
<b>20. Net foreign currency asset liability position (9-18+19))</b>	<b>(467.816.632)</b>	<b>(272.216.608)</b>	<b>(140.638.349)</b>	<b>(54.961.675)</b>
<b>21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(491.260.325)</b>	<b>(350.140.558)</b>	<b>(76.025.608)</b>	<b>(65.094.159)</b>
<b>22. Fair value of foreign currency hedged financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>23. Exports</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>24. Imports</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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**NOTE 34 - FINANCIAL RISK MANAGEMENT (Continued)****(iv) Foreign currency risk (Continued)**

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

31 December 2011	Profit / Loss	
	Foreign currency appreciation	Foreign currency depreciation
<b>If the US dollar had changed by 10% against the TL</b>		
USD net (liabilities) / assets	(40.841.790)	40.841.790
Hedging amount of USD	-	-
<b>USD net effect on (loss) / income</b>	<b>(40.841.790)</b>	<b>40.841.790</b>
<b>If the EUR had changed by 10% against the TL</b>		
Euro net (liabilities) / assets	(3.520.198)	3.520.198
Hedging amount of Euro	-	-
<b>Euro net effect on (loss) / income</b>	<b>(3.520.198)</b>	<b>3.520.198</b>
<b>If the CHF had changed by 10% against the TL</b>		
CHF denominated net (liabilities) / assets	(3.555.370)	3.555.370
Hedging amount of CHF	-	-
<b>CHF net effect on (loss) / income</b>	<b>(3.555.370)</b>	<b>3.555.370</b>
<b>31 December 2010</b>		
	Profit / Loss	
	Foreign currency appreciation	Foreign currency depreciation
<b>If the US dollar had changed by 10% against the TL</b>		
USD net (liabilities) / assets	(33.304.243)	33.304.243
Hedging amount of USD	-	-
<b>USD net effect on (loss) / income</b>	<b>(33.304.243)</b>	<b>33.304.243</b>
<b>If the EUR had changed by 10% against the TL</b>		
Euro net (liabilities) / assets	(6.863.492)	6.863.492
Hedging amount of Euro	-	-
<b>Euro net effect on (loss) / income</b>	<b>(6.863.492)</b>	<b>6.863.492</b>
<b>If the CHF had changed by 10% against the TL</b>		
CHF denominated net (liabilities) / assets	(5.496.167)	5.496.167
Hedging amount of CHF	-	-
<b>CHF net effect on (loss) / income</b>	<b>(5.496.167)</b>	<b>5.496.167</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

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### NOTE 34 - FINANCIAL RISK MANAGEMENT (Continued)

#### 34.2 Fair value of financial instruments

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

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

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

##### (i) Monetary assets

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

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

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

##### (ii) Monetary liabilities

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

#### 34.3 Capital risk management

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

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

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

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### NOTE 34 - FINANCIAL RISK MANAGEMENT (Continued)

#### 34.4 Capital risk management (Continued)

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

- Level 1: The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- Level 2: The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions;
- Level 3: The fair values of the financial assets and financial liabilities are determined in accordance with the unobservable current market data.

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

	31 December	Fair value as of reporting date		
		Level 1	Level 2	Level 3
Financial liabilities	2011	TL	TL	TL
Financial liabilities at FVTPL				
Derivative instruments	299.825	-	299.825	-
Total	299.825	-	299.825	-

	31 December	Fair value as of reporting date		
		Level 1	Level 2	Level 3
Financial assets	2010	TL	TL	TL
Available-for-sale financial assets				
Trading securities	18.855.213	-	18.855.213	-
Total	18.855.213	-	18.855.213	-

	31 December	Fair value as of reporting date		
		Level 1	Level 2	Level 3
Financial liabilities	2011	TL	TL	TL
Financial liabilities at FVTPL				
Derivative instruments	4.602.171	-	4.602.171	-
Total	4.602.171	-	4.602.171	-

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

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#### NOTE 35 - SUBSEQUENT EVENTS

In accordance with the Board's resolution, Hürriyet has signed a "Sales Agreement" with Nurol Gayrimenkul Yatırım Ortaklığı A.Ş. on 31 January 2012 before a notary regarding the properties that consist of 58.609,45 m2 land and buildings, including the building that has been used as company headquarters for 28 years (Hürriyet Media Towers) in Bağcılar, Istanbul.

- Immovable property, including the company headquarters of massive business place A1, A2, A3, A4, A5, A7, A8, A9, A10, A12, A14, B1, B2, B3, C1, C2, C3, D1, D2 upon 31.224 m2,45 dm2 and registered in the map section number 245DS4b, block number 3153 and parcel number 10 in Kirazlı village, Bağcılar district in the province of İstanbul (Hürriyet Medya Towers) in return for USD 92.728.139,
- Immovable qualified as 16.973.00 m2 massive plant and premises registered in the map section number 1, parcel number 14 in Kirazlı village, Bağcılar district in the province of İstanbul in return for USD 24.071.704,
- Immovable qualified as 5.197 m2 field registered the map section number 1, parcel number 23 in Güneşli Çiftliği Locality, in Kirazlı village, Bağcılar district in the province of İstanbul in return for USD 5.915.597,
- Immovable qualified as 5.215 m2 field registered the map section number 245DS4B, block number 3153 and parcel number 7 in Bağcılar village, Bağcılar district in the province of İstanbul in return for USD 4.784.560,

The foregoing items were sold to Nurol Gayrimenkul Yatırım Ortaklığı A.Ş. in return for USD 127.500.000, late interest excluded, provided USD 17.500.000 is paid in advance (payable on the date of deed transfer), the remaining sum is paid in equal installments in 32 months as from 6 March 2012 and the outstanding balance that remains after the installment payments is charge with 3,5% interest.

Cited immovable properties will have been delivered to the buyer latest by 1 July 2012, no rental or such usage fee shall be paid to the buyer until the date of delivery.

As resolved by Board of Directors on 30 January 2012 with the meeting number of 2012/07, 4 real estates were sold and conveyance of title was completed on 1 February 2012; afterwards 'real estate profit on sale' amounting to TL 137.210.372 appeared in legal records. It was, hence, resolved that tax-exempt amount (75%) of the cited 'real estate profit on sale' referred to in Article 5-1/e of the Corporate Tax Law will not be involved in allocation of profits for periods 1 January 2012 – 31 December 2012 in compliance with the Tax Legislation, Capital Market Legislation and any other fiscal legislations, and will be deposited in a special fund account in liabilities.

As stated in detail in Note 19(c), after the balance sheet date, the Company was informed by the counter party that it has sold its Global Depository Receipts ("GDR") to a legal entity which is not a shareholder of the Company and it withdraw the appeal of arbitration; hence the Company has no liability regarding the protocol. The effect of this event has not been reflected to the financial statements since it took place after the balance sheet date.

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

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

#### NOTE 35 - SUBSEQUENT EVENTS (Continued)

- A lawsuit has been filed against the Group by the 30% non-controlling interest shareholders of its subsidiary Oglasnik d.o.o located in Croatia, since non-controlling shareholders are unable to exercise the share put option. Non-controlling shareholders have been demanding EUR 3.500.000 in order to compensate their loss due to not exercising of put option and the decrease in the value of shares caused by poor management. Related subpoena reached to the Group on 5 March 2012. It is considered that the event occurred after the balance sheet date has no significant effect on the financial statements in the current circumstances.
- The Group (Hurriyet Invest BV) acquired 6,98% shares corresponding to 3,490.691 share certificates of Trader Media East Ltd from a legal entity outside the Group in consideration of USD 26.250.000 based on the valuation report prepared by an independent valuation company. The effect of the event has not been reflected to the balance sheet since it took place after the balance sheet date.
- The consolidated financial statements for the period ended 31 December 2011 were approved by the Board of Directors on 30 March 2012. Other than Board of Directors has no authority to change financial statements.

#### NOTE 36 - CASH FLOWS

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

	31 December 2011	31 December 2010
Change in blocked deposits	109.244	130.245
Change in trade receivables and due from related parties	10.922.488	(12.784.391)
Change in inventories	(2.967.403)	426.997
Change in other current assets	(6.481.551)	912.414
Change in trade payables and due to related parties	25.021.214	(3.138.515)
Change in other current liabilities	11.707.125	(5.726.648)
Change in financial liabilities	12.740.557	3.618.142
Change in other non-current assets	12.306.863	834.892
	<b>63.358.537</b>	<b>(15.726.864)</b>