HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

**CONVENIENCE TRANSLATION OF THE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2011
INTO ENGLISH (ORIGINALLY ISSUED IN TURKISH)**

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2011

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

	Note references	Current Period (Unaudited) 31 March 2011	Previous Period (Audited) 31 December 2010
ASSETS			
Current assets		**319.370.055**	**347.621.622**
Cash and cash equivalents	5	82.080.645	89.534.596
Financial assets	6	-	18.855.213
Trade receivables		192.190.626	186.504.364
-Due from related parties	32	29.455.650	24.729.830
-Other trade receivables	9	162.734.976	161.774.534
Other receivables	10	974.188	1.841.576
Inventories	11	16.977.366	17.650.386
Other current assets	21	27.147.230	33.235.487
Non-current assets		**1.269.042.972**	**1.231.304.652**
Other receivables	10	777.076	790.356
Financial assets	6	4.781.689	4.846.530
Investments accounted for by the equity method	12	4.592.575	6.593.636
Investment property	13	23.862.936	24.477.879
Property, plant and equipment	14	451.191.120	458.941.953
Intangible assets	15	534.001.398	502.672.400
Goodwill	16	222.182.066	206.177.957
Deferred tax assets	30	11.890.168	10.966.263
Other non-current assets	21	15.763.944	15.837.678
Total assets		**1.588.413.027**	**1.578.926.274**

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

CONSOLIDATED BALANCE SHEETS AT 31 MARCH 2011 AND 31 DECEMBER 2010

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

	Note references	Current Period (Unaudited) 31 March 2011	Previous Period (Audited) 31 December 2010
LIABILITIES			
Current liabilities		**427.486.269**	**390.538.264**
Financial liabilities	7	243.155.225	230.193.446
Other financial liabilities	8	62.465.413	57.082.687
Trade payables		41.689.842	37.424.202
-Due to related parties	32	3.719.665	3.429.863
-Other trade payables	9	37.970.177	33.994.339
Other payables	10	18.215.153	18.336.488
Current income tax liabilities	30	1.853.931	12.630.692
Provisions	18	5.924.110	10.412.228
Other current liabilities	21	54.182.595	24.458.521
Non-current liabilities		**381.784.496**	**415.354.903**
Financial liabilities	7	235.309.237	276.186.985
Other payables	10	168.281	147.519
Provision for employment termination benefits	20	22.302.135	21.660.771
Deferred tax liabilities	30	123.956.840	117.314.791
Other non-current liabilities	21	48.003	44.837
EQUITY			
Total Equity		**779.142.262**	**773.033.107**
Equity attributable to equity holders of the company		**686.324.825**	**684.850.101**
Share capital	22	552.000.000	552.000.000
Inflation adjustment to share capital	22	77.198.813	77.198.813
Share premium	22	76.944	76.944
Translation reserve		20.140.127	(7.405.735)
Restricted reserves	22	31.560.725	31.560.725
Retained earnings	22	31.419.354	71.498.758
Net loss for the period		(26.071.138)	(40.079.404)
Non-controlling interests		**92.817.437**	**88.183.006**
Total liabilities and equity		**1.588.413.027**	**1.578.926.274**

These consolidated financial statement as at and for the period ended 31 March 2011 were approved by the Board of Directors on 10 May 2011.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE INTERIM PERIODS ENDED 31 MARCH

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

	Note references	Current Period (Unaudited) 1 January- 31 March 2011	Previous Period (Unaudited) 1 January- 31 March 2010
Sales	23	190.288.560	177.605.729
Cost of sales (-)	23	(130.103.898)	(112.783.055)
Gross profit		**60.184.662**	**64.822.674**
Marketing, selling and distribution expenses (-)	24	(27.091.216)	(30.043.002)
General administrative expenses (-)	24	(36.741.128)	(35.241.484)
Other operating income	26	6.246.282	4.215.776
Other operating expenses (-)	26	(27.466.208)	(7.604.210)
Operating loss		**(24.867.608)**	**(3.850.246)**
Share of loss of investments accounted for by the equity method	12	(2.086.368)	(2.452.927)
Financial income	27	20.316.012	14.950.147
Financial expenses (-)	28	(19.859.327)	(8.815.198)
Loss before tax		**(26.497.291)**	**(168.224)**
Taxation			
Current tax for the period	30	(4.525.101)	(3.948.460)
Deferred tax income	30	2.903.242	1.513.989
Net loss for period		**(28.119.150)**	**(2.602.695)**
Other comprehensive income:			
Change in translation reserves		36.028.773	18.197.126
Other comprehensive income after tax		**36.028.773**	**18.197.126**
Total comprehensive income		**7.909.623**	**15.594.431**
Net loss for the period		**(28.119.150)**	**(2.602.695)**
Allocation of net loss for the period			
Attributable to non-controlling interests		(2.048.012)	(1.345.965)
Attributable to equity holders of the company		**(26.071.138)**	**(1.256.730)**
Allocation of total comprehensive income			
Attributable to non-controlling interests		6.434.899	(643.362)
Attributable to equity holders of the company		**1.474.724**	**16.237.793**
Loss per share (Kr)	31	**(4,72)**	**(0,23)**

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONSOLIDATED STATEMENTS OF CHANGE IN SHAREHOLDERS’ EQUITY
FOR THE PERIODS ENDED 31 MARCH

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

	Note References	Share Capital	Inflation adjustment to share capital	Share premiums	Translation reserves	Restricted reserves	Retained earnings	Net 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)**	**27.716.536**	**191.091.821**	**(35.079.806)**	**119.749.857**	**917.646.173**
Transfers		-	-	-	-	-	(35.079.806)	35.079.806	-	-
Subsidiaries’ dividend payments to non-group companies		-	-	-	-	-	-	-	(945.719)	(945.719)
Other (*)									261.815	261.815
Total comprehensive income		-	-	-	17.494.523	-	-	(1.256.730)	(643.362)	15.594.431
Change in translation reserves			-	-	*17.494.523*	-	-		*702.603*	*18.197.126*
Net loss for the period		-	-	-	-	-	-	*(1.256.730)*	*(1.345.965)*	*(2.602.695)*
Balances at 31 March 2010		**552.000.000**	**77.198.813**	**76.944**	**2.386.531**	**27.716.536**	**156.012.015**	**(1.256.730)**	**118.422.591**	**932.556.700**
Balances at 1 January 2011	**22**	**552.000.000**	**77.198.813**	**76.944**	**(7.405.735)**	**31.560.725**	**71.498.758**	**(40.079.404)**	**88.183.006**	**773.033.107**
Transfers		-	-	-	-	-	(40.079.404)	40.079.404	-	-
Subsidiaries’ dividend payments to non-group companies		-	-	-	-	-	-	-	(828.578)	(828.578)
Other (*)		-	-	-	-	-	-	-	(971.890)	(971.890)
Total comprehensive income		-	-	-	27.545.862	-	-	(26.071.138)	6.434.899	7.909.623
Change in translation reserves		-	-	-	*27.545.862*	-	-	-	*8.482.911*	*36.028.773*
Net loss for the period		-	-	-	-	-	-	*(26.071.138)*	*(2.048.012)*	*(28.119.150)*
Balances at 31 March 2011		**552.000.000**	**77.198.813**	**76.944**	**20.140.127**	**31.560.725**	**31.419.354**	**(26.071.138)**	**92.817.437**	**779.142.262**

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

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

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIODS ENDED 31 MARCH

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

	Note References	Current Period (Unaudited) 1 January- 31 March 2011	Previous Period (Unaudited) 1 January- 31 March 2010
Loss for the period		(28.119.150)	(2.602.695)
Adjustments:			
Depreciation	13,14	14.222.035	14.738.010
Amortization	15	7.550.582	6.631.800
Net loss on disposal of tangible and intangible assets and investment property	26	266.663	2.848.962
Tax expense	30	1.621.859	2.434.471
Provision for employment termination benefits and unused vacation rights	20,21	2.665.935	1.372.513
Income accruals		(271.742)	(660.401)
Interest income	27	(6.739.110)	(6.311.379)
Interest expenses	28	5.122.342	3.509.575
Unrealized foreign exchange losses from bank borrowings		6.507.187	2.013.936
Provision/(reversal) of the impairment of investment properties	13	192.577	(2.609.309)
Deferred income		(123.144)	(232.760)
Tax penalties provision expense	18,21	(3.467.127)	293.055
Provision for tax base increase	21	18.962.533	-
Provision for competition authority penalty	18	2.853.530	-
Loss from investments accounted for by the equity method	12	2.086.368	2.452.927
Provision for doubtful receivables	9	1.758.939	2.281.838
Change in other provisions		149.453	-
Reversals of provisions		(118.824)	(880.200)
Cash flows from operating activities before changes in operating assets and liabilities		25.120.906	25.280.343
Changes in operating assets and liabilities-net	35	(235.513)	3.115.586
Taxes paid		(3.413.178)	(2.625.493)
Doubtful receivables collected	9	118.824	880.200
Employment termination benefits paid	20	(1.349.089)	(834.695)
Net cash provided by operating activities		**20.241.950**	**25.815.941**
Cash flow from investing activities:			
Purchases of property, plant and equipment	14	(2.426.502)	(4.667.936)
Purchases of intangible assets	15	(1.495.057)	(1.130.592)
Proceeds from sales of property, plant and equipment, intangible assets and investment properties		1.904.849	6.628.840
Interests received		6.505.956	5.805.265
Change in securities		18.855.213	146.161
Share capital increase financial investments	12	(132.071)	-
Net cash used in investing activities		**23.212.388**	**6.781.738**
Cash used in financing activities:			
Dividends paid to non-controlling interests		(828.578)	(945.719)
Bank borrowings received		21.681.530	-
Bank borrowings paid		(62.090.262)	(46.114.182)
Change in financial liabilities to suppliers		(4.982.544)	(7.366.326)
Interests paid		(4.893.388)	(2.187.953)
Net cash used in financing activities		**(51.113.242)**	**(56.614.180)**
Exchange losses on cash and cash equivalents		80.915	(572.724)
Change in cash and cash equivalents		(7.577.989)	(24.589.225)
Cash and cash equivalents at the beginning of the period	5	88.918.222	276.974.548
Cash and cash equivalents at the end of the period	**5**	**81.340.233**	**252.385.323**

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

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

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

The address of the registered office is as follows:

Hürriyet Medya Towers
34212 Güneşli, İstanbul
Turkey

The Company is registered to the Capital Markets Board ("CMB") and its shares have been quoted on the Istanbul Stock Exchange ("ISE") since 1992. 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 21,40% of Hurriyet 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"). GDR generally means the guaranteeing of a company's shares, the making public of the certificates that can be transferred by negotiation, and their being listed in the stock exchange independent of company shares.

Subsidiaries

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

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

Subsidiaries (Continued)

Subsidiaries	Registered country	Geographic segment	Nature of business
OOO Pronto Aktobe	Kazakhstan	Russia and EE	Newspaper and internet publishing
OOO Pronto Atyrau	Kazakhstan	Russia and EE	Newspaper and internet publishing
Pronto Ust Kamenogorsk	Kazakhstan	Russia and EE	Newspaper publishing
ZAO Pronto Akzhol	Kazakhstan	Russia and EE	Newspaper and internet publishing
Expressz Magyarorszag Rt	Hungary	Europe	Newspaper and internet publishing
Impress Media Marketing 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	Broadcasting
OOO Pronto UlanUde	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Vladivostok	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Volgograd	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Voronezh	Russia	Russia and EE	Newspaper and internet publishing
OOO Rektcentr	Russia	Russia and EE	Investment
OOO Rosprint	Russia	Russia and EE	Printing services
OOO Rosprint Samara	Russia	Russia and EE	Printing services
OOO Tambov-Info	Russia	Russia and EE	Newspaper and internet publishing
OOO Tambukan	Russia	Russia and EE	Newspaper and internet publishing
OOO Utro Peterburga	Russia	Russia and EE	Newspaper and internet publishing
OOO Rukom	Russia	Russia and EE	İnternet 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
Mojo Delo spletni marketing d.o.o	Slovenia	Europe	Internet publishing
TOV E-Prostir	Ukraine	Russia and EE	Internet publishing
SP Pronto Kiev	Ukraine	Russia and EE	Newspaper and internet publishing

Joint Ventures

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

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Financial reporting standards

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

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

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

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

2.1.2 Financial statements of Subsidiaries and Associates operating in foreign countries

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

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

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

2.1.3 Consolidation principles

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

(a) Subsidiaries

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

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

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

	Proportion of voting power held by Hürriyet and its subsidiaries (%)		**Effective ownership interests (%)**	
Subsidiaries	**31 March 2011**	**31 December 2010**	**31 March 2011**	**31 December 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	100,00	100,00	100,00	100,00
Doğan Haber	50,01	50,01	50,01	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 Proje Geliştirme ve Yazılım Anonim Şirketi	100,00	100,00	100,00	100,00
TME(1)	71,14	71,14	71,14	71,14
Oglasnik d.o.o. (1)	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 Rt	100,00	100,00	71,14	71,14

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

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

2.1.3 Consolidation principles (Continued)

(a) Subsidiaries (Continued)

	Proportion of voting power held by Hürriyet and its subsidiaries (%)		Effective ownership interests (%)	
	31 March 2011	31 December 2010	31 March 2011	31 December 2010
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
OOO 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(3)	-	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 Krasnojarsk	100,00	100,00	71,14	71,14
OOO Pronto Nizhnij Novgorod	90,00	90,00	64,03	64,03
OOO Pronto Novosibirsk	100,00	100,00	71,14	71,14
OOO Pronto Oka(2)	100,00	100,00	71,14	71,14
OOO Pronto Peterburg	51,00	51,00	36,28	36,28
OOO Pronto Samara	89,90	89,90	63,95	63,95
OOO Pronto Stavropol	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	100,00	100,00	71,14	71,14
OOO Pronto Moscow	100,00	100,00	71,14	71,14
OOO Rosprint	100,00	100,00	71,14	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(2)	55,00	55,00	39,13	39,13
OOO Partner-Soft	90,00	100,00	64,03	71,14
Pronto Soft	90,00	90,00	64,03	64,03
OOO Pronto Astrakhan	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	100,00	100,00	71,14	71,14
OOO Pronto Voronezh	100,00	100,00	71,14	71,14
SP Belpronto OOO	60,00	60,00	42,68	42,68
OOO Tambov-Info	100,00	100,00	71,14	71,14
Impress Media Marketing LLC (1)	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
E-Prostir	50,00	50,00	35,57	35,57
Publishing House Pennsylvania Inc	100,00	100,00	71,14	71,14

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

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

2.1.3 Consolidation principles (Continued)

(a) Subsidiaries (Continued)

	Proportion of voting power held by Hürriyet and its subsidiaries (%)		Effective ownership interests (%)	
	31 March 2011	**31 December 2010**	**31 March 2011**	**31 December 2010**
OOO Rukom	100,00	100,00	71,14	71,14
Moje Delo, spletni marketing, d.o.o (1)	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
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.
(2) The subsidiaries were liquidated in 2010.
(3) The subsidiaries were sold in 2011.

(b) Joint Ventures

Joint ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by Hürriyet and its subsidiaries and one or more other parties. Proportionate consolidation is used for joint ventures; in other words, consolidation has been performed by including the parent company's asset, liability, income and expense share on the joint venture. Shares and efficiency ratios of Hürriyet and its subsidiaries as of 31 March 2011 and 31 December 2010 are as follows:

Joint Ventures	31 March 2011 Direct and indirect share of Hürriyet and its subsidiaries (%)	31 December 2010 Direct and indirect share of Hürriyet and its subsidiaries (%)
Tipeez İnternet Hizmetleri A.Ş. ("Tipeez")	29,99	29,99
LLC 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. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Net increases or decreases in the net assets of Associates are included in the consolidated financial statements in regards with the Group's share and classified under "Share of loss of investments accounted for by the equity method".

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

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

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

2.1.3 Consolidation principles (Continued)

(c) Investments in associates (Continued)

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

	31 March 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

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

2.1.4 Offsetting

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

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

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

2.1.5 Comparative Information and Restatement of Prior Period Financial Statements

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

- Cash flows from operating activities before changes in operating assets and liabilities amounting to TL 25.280.343 has been reported as TL 26.160.543, net cash provided by operating activities amounting to TL 25.815.941 has been reported as TL 27.453.648, net cash used in by investing activities amounting to TL 6.781.738 has been reported as TL 5.144.031 in the statement of cash flows.

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

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

2.1.6 Amendments and interpretations to existing standards

Standards Affecting Notes and Presentation of Financial Statements

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

New and Revised IFRSs applied as of 31 March 2011 but have no effect on the financial statements:

IAS 24(Revised 2009) ***Related Party Disclosures***

In November 2009, IAS 24 Related Party Disclosures was revised. The revision to the standard provides government-related entities with a partial exemption from the disclosure requirements of IAS 24. The revised standard is mandatory for annual periods beginning on or after 1 January 2011.

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

The amendments to IAS 32 and IAS 1 are effective for annual periods beginning on or after 1 February 2010. The amendments address the accounting for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer. Previously, such rights issues were accounted for as derivative liabilities. However, the amendment requires that, provided certain conditions are met, such rights issues are classified as equity regardless of the currency in which the exercise price is denominated.

IFRS 1 (amendments) ***First-time Adoption of IFRS – Additional Exemptions and Two Other Amendments***

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

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

Amendments to IFRIC 14 are effective for annual periods beginning on or after 1 January 2011. The amendments affect entities that are required to make minimum funding contributions to a defined benefit pension plan and choose to pre-pay those contributions. The amendment requires an asset to be recognized for any surplus arising from voluntary pre-payments made.

IFRIC 19 ***Extinguishing Financial Liabilities with Equity Instruments***

IFRIC 19 is effective for annual periods beginning on or after 1 July 2010. IFRIC 19 addresses only the accounting by the entity that issues equity instruments in order to settle, in full or part, a financial liability.

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

2.1.6 Amendments and interpretations to existing standards (Continued)

New and Revised IFRSs applied as of 31 March 2011 but have no effect on the consolidated financial statements (Cont'd):

Annual Improvements May 2010

Further to the above amendments and revised standards, the IASB has issued Annual Improvements to IFRSs in May 2010 that cover 7 main standards/intepretations as follow: IFRS 1 *First-time Adoption of International Financial Reporting Standards*; IFRS 3 *Business Combinations;* IFRS 7 *Financial Instruments: Disclosures*; IAS 27 *Consolidated and Separate Financial Statements*; IAS 34 *Interim Financial Reporting* and IFRIC 13 *Customer Loyalty Programmes*. With the exception of amendments to IFRS 3 and IAS 27 which are effective on or after 1 July 2010, all other amendments are effective on or after 1 January 2011.

The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years.

Standards and Interpretations that are not yet effective in March 2011 and have not been early adopted:

IFRS 1 (amendments) *First-time Adoption of IFRS – Additional Exemptions and Two Other Amendments*

On 20 December, IFRS 1 is amended to;

- provide relief for first-time adopters of IFRSs from having to reconstruct transactions that occurred before their date of transition to IFRSs.
- provide guidance for entities emerging from severe hyperinflation either to resume presenting IFRS financial statements or to present IFRS financial statements for the first time.

The amendment above will be effective for annual periods beginning on or after 1 July 2011. These amendments are not relevant to the Group, as it is an existing IFRS preparer.

IFRS 7 *Financial Instruments: Disclosures*

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

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

2.1.6 Amendments and interpretations to existing standards (Continued)

Standards and Interpretations that are not yet effective in March 2011 and have not been early adopted (Cont'd):

IFRS 9 *Financial Instruments: Classification and Measurement*

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

IAS 12 Income Taxes

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

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

2.2 Summary of significant accounting policies

2.2.1 Related parties

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

2.2.2 Financial assets at fair value through profit and loss

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

2.2.3 Trade receivables and provision for doubtful receivables

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

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

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

2.2.4 Impairment of assets

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

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

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

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

2.2.4 Impairment of assets (continued):

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

2.2.5 Inventories

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

Promotion materials

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

2.2.6 Investment properties

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

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

2.2.7 Property, plant and equipment and depreciation

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

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

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

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

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

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

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

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

2.2.8 Financial leases

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

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

2.2.9 Intangible assets and amortisation

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

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

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

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

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

2.2.9 Intangible assets and amortization (continued):

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

Web page development costs

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

2.2.10 Critical accounting estimates and judgments

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

Useful lives of intangible assets

Group estimates the useful lives of some trade names as indefinite. If these intangible assets' useful lives are finite (in case of useful lives of 20 years), their amortisation charge would have increased by TL 3.913.448 (31 March 2010: TL 3.607.761) and income before tax and non-controlling interests would have decreased by TL 3.913.448 (31 March 2010: TL 3.607.761).

Group amortises 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%, amortisation charges would have decreased by TL 440.326 and income before tax and non-controlling interests would have increased by TL 440.326 (31 March 2010: TL 343.632) or

- Had the useful lives been lower by 10%, amortisation charges would have increased by TL 538.176 and income before tax and non-controlling interests would have decreased by TL 538.176 (31 March 2010: TL 419.231).

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

2.2.10 Critical accounting estimates and judgments (continued):

Provisions

Group management sets a doubtful receivable provision amounting to TL 1.758.939 in the consolidated financial statements for the period ended 31 March 2011 (Note 9).

2.2.11 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 years' tax liabilities.

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

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

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

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

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

2.2.12 Borrowings

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

2.2.13 Employment termination benefits

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

2.2.14 Provisions

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

2.2.15 Share capital and dividends

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

2.2.16 Foreign currency transactions and translation

Functional currency

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

Foreign currency transactions and balances

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

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

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

2.2.16 Foreign currency transactions and translation (continued):

Foreign Group Companies

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

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

Country	Currency	31 March 2011	31 December 2010
Eurozone	Euro	2,1816	2,0491
Russia	Ruble	0,0545	0,0507
Hungary	Forint	0,0083	0,0074
Croatia	Kuna	0,2952	0,2776
Ukraine	Grivna	0,1945	0,1942
Romania	New Ley	0,5329	0,4826
Kazakhstan	Tenge	0,0105	0,0105
Belarus	Belarusian Ruble	0,0005	0,0005

2.2.17 Revenue recognition

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

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

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

Revenues from advertisement:

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

Revenues from newspaper sales:

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

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

2.2.17 Revenue recognition (continued):

Revenues from printing services:

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

Newspaper sales returns:

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

Interest income:

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

Rental income:

Rental income is recognised on an accrual basis.

Other income:

Other income is recognised on an accrual basis.

2.2.18 Barter agreements

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

2.2.19 Loss per share

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

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

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

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

2.2.20 Cash and cash equivalents

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

2.2.21 Subsequent events

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

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

2.2.22 Reporting of cash flows

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

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

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

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

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

2.2.23 Financial liabilities to non-controlling interests put options

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

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

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

2.2.24 Assets held for sale and discontinued operations

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

2.2.25 Business combinations

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

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

2.2.26 Segment reporting

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

2.2.27 Derivative financial instruments

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

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

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

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

NOTE 3 - BUSINESS COMBINATIONS

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

NOTE 4 - SEGMENT REPORTING

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

	Turkey	Russia and EE	Europe	Total
Sales	132.023.111	46.534.092	11.731.357	190.288.560
Cost of sales (-)	(94.967.695)	(26.509.174)	(8.627.029)	(130.103.898)
Gross operating profit	**37.055.416**	**20.024.918**	**3.104.328**	**60.184.662**
Marketing, selling and distribution expenses (-)	(21.371.091)	(4.875.444)	(844.681)	(27.091.216)
Losses from investments accounted for by equity method (-)	(2.086.368)	-	-	(2.086.368)
Net segment result	**13.597.957**	**15.149.474**	**2.259.647**	**31.007.078**
General administrative expenses (-)				(36.741.128)
Other operating income				6.246.282
Other operating expenses (-)				(27.466.208)
Financial income				20.316.012
Financial expense (-)				(19.859.327)
Operating loss before tax				**(26.497.291)**
Tax expenses for the period (-)				(4.525.101)
Deferred tax income				2.903.242
Net loss for the period				**(28.119.150)**

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

NOTE 4 - SEGMENT REPORTING (Continued)

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

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

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

NOTE 4 - SEGMENT REPORTING (Continued)

c) Segment assets:

	31 March 2011	31 December 2010
Turkey	669.031.769	701.272.070
Russia and EE	744.823.379	698.935.697
Europe	150.922.886	141.291.184
	1.564.778.034	**1.541.498.951**
Unallocated assets	19.042.418	30.833.687
Investments accounted for by the equity method	4.592.575	6.593.636
Total assets per consolidated financial statements	**1.588.413.027**	**1.578.926.274**

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 March 2011	31 December 2010
Turkey	122.156.912	79.964.681
Russia and EE	24.816.153	18.557.684
Europe	24.733.275	24.658.364
	171.706.340	**123.180.729**
Unallocated liabilities	637.564.425	682.712.438
Total liabilities per consolidated financial statements	**809.270.765**	**805.893.167**

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).

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

NOTE 4 - SEGMENT REPORTING (Continued)

e) Depreciation and amortisation charges and capital expenditures

Capital expenditures (excluding business combinations):

	31 March 2011	31 March 2010
Turkey	3.288.942	4.891.922
Russia and EE	2.085.248	1.081.145
Europe	276.125	1.317.007
Total	**5.650.315**	**7.290.074**

Depreciation and amortisation charges:

	31 March 2011	31 March 2010
Turkey	12.261.501	12.443.390
Russia and EE	7.269.177	6.544.193
Europe	2.241.939	2.382.227
Total	**21.772.617**	**21.369.810**

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

NOTE 4 - SEGMENT REPORTING (Continued)

f) Non-cash expenses:

	31 March 2011			
	Turkey	**Russia and EE**	**Europe**	**Total**
Provision for tax base (Note 26)	18.962.533	-	-	18.962.533
Provision for doubtful receivables (Note 9, 21)	1.356.866	300.206	101.867	1.758.939
Rediscount of interest expenses	1.176.644	1.533.501	41.104	2.751.249
Provision for employee termination benefits and unused vacation rights (Notes 20,21)	2.249.211	416.724	-	2.665.935
Provision for impairment of investment properties (Note 26)	192.577	-	-	192.577
Provision for impairment of available for sale financial assets (Note 6)	196.912	-	-	196.912
Provision for competition authority penalty (Note 18)	2.853.530	-	-	2.853.530
	26.988.273	**2.250.431**	**142.971**	**29.381.675**

	31 March 2010			
	Turkey	**Russia and EE**	**Europe**	**Total**
Provisions and accruals for tax penalties (Note 26)	293.055	-	-	293.055
Provision for doubtful receivables (Note 9)	2.047.498	91.702	142.638	2.281.838
Provision for employment termination benefits and unused vacation rights	1.244.322	128.191	-	1.372.513
Interest expense accruals	1.191.316	153.804	45.480	1.390.600
Provision for impairment of investment properties (Note 13)	2.609.309	-	-	2.609.309
Provision for impairment of available for sale financial assets (Note 6)	90.428	-	-	90.428
Provision for lawsuits (Note 18)	299.904	-	-	299.904
	7.775.832	**373.697**	**188.118**	**8.337.647**

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

NOTE 5 - CASH AND CASH EQUIVALENTS

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

	31 March 2011	**31 December 2010**
Cash	1.302.459	774.972
Banks		
- demand deposits	17.718.857	19.006.039
- time deposits	62.906.375	69.609.037
- blocked deposits	152.954	144.548
Total	**82.080.645**	**89.534.596**

The Group has blocked deposits amounting to TL 152.954 as of 31 March 2011 (31 December 2010: TL 144.548). The blocked deposits consist of demand deposits amounting to TL 10.908 (31 December 2010: TL 10.246).

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

	31 March 2011	**31 December 2010**	**31 March 2010**	**31 December 2009**
Cash and banks	82.080.645	89.534.596	254.273.792	278.383.288
Less: Blocked deposits	(152.954)	(144.548)	(372.893)	(274.793)
Less: Interest accruals	(587.458)	(471.826)	(1.515.576)	(1.133.947)
Total	**81.340.233**	**88.918.222**	**252.385.323**	**276.974.548**

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

	31 March 2011	**31 December 2010**
0-1 month	62.845.594	68.379.768
1-3 months	202.827	1.363.571
	63.048.421	**69.743.339**

There are no time deposits with variable interest rates at 31 March 2011 and 31 December 2010. The gross interest rate for TL time deposits is 7,5% for 31 March 2011 (31 December 2010: 7,3%). The gross interest rates of foreign currency denominated time deposits are 1,6% for USD and 3,2% for Euro as of 31 March 2011 (31 December 2010: USD: 2,3%, Euro: 2,9%).

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

NOTE 6 - FINANCIAL ASSETS

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

	31 March 2011	31 December 2010
Treasury bills and government bonds	-	18.855.213
	-	**18.855.213**

As of 31 March 2011 there is not nay 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

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

	Share %	31 March 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	-	295.716	-	286.141
		6.734.106		**6.602.035**
Impairment on Doğan Havacılık		(1.952.417)		(1.755.505)
Total		**4.781.689**		**4.846.530**

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

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

	2011	2010
1 January	**1.755.505**	**1.481.588**
Provision for impairment	196.912	90.428
31 March	**1.952.417**	**1.572.016**

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

NOTE 7 - FINANCIAL LIABILITIES

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

Short-term financial liabilities and short term portion of long term financial liabilities:	**31 March 2011**	**31 December 2010**
Bank borrowings	214.949.149	202.710.972
Financial liabilities to suppliers	27.457.519	26.562.545
Lease payables	748.557	919.929
Total	**243.155.225**	**230.193.446**

Long-term financial liabilities:	**31 March 2011**	**31 December 2010**
Bank borrowings	183.567.175	221.167.354
Financial liabilities to suppliers	51.742.062	54.991.092
Lease payables	-	28.539
Total	**235.309.237**	**276.186.985**

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

NOTE 7 - FINANCIAL LIABILITIES (Continued)

Bank borrowings:

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

	Effective interest rate (%)		Original foreign currency		TL	
	2011	2010	2011	2010	2011	2010
Short-term bank borrowings						
- Euro	1,7	1,7	11.050	2.970	24.107	6.086
Sub-total					**24.107**	**6.086**
Short-term portion of long-term bank borrowings						
- USD	3,7	3,3	93.227.480	93.194.435	144.344.107	144.078.596
- Euro	3,4	2,8	32.352.830	27.541.110	70.580.935	56.434.490
- CHF	-	2,4	-	1.333.374	-	2.191.800
Sub-total					**214.925.042**	**202.704.886**
Total short-term bank borrowings					**214.949.149**	**202.710.972**
Long-term bank borrowings						
- USD	4,5	4,4	117.545.968	138.664.540	181.996.424	214.375.379
- Euro	3,8	2,9	720.000	3.314.614	1.570.751	6.791.975
Total long-term bank borrowings					**183.567.175**	**221.167.354**

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

NOTE 7 - FINANCIAL LIABILITIES (Continued)

Bank borrowings (Continued):

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

Year	31 March 2011	31 December 2010
2012	43.853.879	116.281.690
2013	82.705.564	67.106.537
2014	25.785.020	25.730.549
2015 and after	31.222.712	12.048.578
Total	**183.567.175**	**221.167.354**

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

Period	31 March 2011	31 December 2010
Up to 6 months	396.661.964	423.878.326
6-12 months	1.854.360	-
Total	**398.516.324**	**423.878.326**

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

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

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

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

The Group has pledged 33.649.091 unit share certificates which comprise 67,3% of the shares of TME, one of its Subsidiaries, as securities to financial institutions related with the long-term bank borrowings (31 December 2010: 33.649.091 unit).

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

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

NOTE 7 - FINANCIAL LIABILITIES (Continued)

Bank borrowings (Continued):

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

In connection with the long-term bank loan used by OOO Pronto Moscow, the Group has some obligations for fulfilling some financial and operational requirements against the bank. Under the same loan agreement, OOO Pronto Moscow has given a royalty pledge in regards to one of its rights namely "IZ RUK V RUKI". Related bank loan was restructured on 15 April 2011. (Note 34)

Lease payables:

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

	31 March 2011	31 December 2010
Short-term lease payables	748.557	919.929
Long-term lease payables	-	28.539
Total	**748.557**	**948.468**

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

Year	31 March 2011	31 December 2010
2012	-	28.539
Total	**-**	**28.539**

The effective interest rate for long-term lease payables is 6,5 % for USD (31 December 2010: USD: 6,5%, Euro: 5,3%).

Financial liabilities to suppliers:

Short and long-term financial liabilities to suppliers are related with the purchase of machinery and equipment. The effective interest rates of short-term and long-term financial liabilities to suppliers are 0,9% for USD, 1,6% for Euro and 1,3% 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 March 2011	31 December 2010
2012	21.611.953	26.013.161
2013	23.702.092	22.940.320
2014 and after	6.428.017	6.037.611
Total	**51.742.062**	**54.991.092**

The Group's long-term financial liabilities to suppliers issued at variable interest rates are amounting to TL 51.742.062 as of 31 March 2011 (31 December 2010: TL 54.991.092).

(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 March 2011	31 December 2010
Up to 6 months	78.603.404	81.420.394
6-12 months	596.177	133.243
Total	**79.199.581**	**81.553.637**

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 471.523.316 at 31 March 2011 (31 December 2010: TL 499.025.964).

NOTE 8 - OTHER FINANCIAL LIABILITIES

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

	31 March 2011	31 December 2010
Derivative liabilities	8.231.560	4.602.171
Financial liabilities due to put options	54.233.853	52.480.516
- Short-term (Note 19)	*54.233.853*	*52.480.516*
Total	**62.465.413**	**57.082.687**

NOTE 9 - TRADE RECEIVABLES AND PAYABLES

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

	31 March 2011	31 December 2010
Trade receivables	211.865.100	207.076.298
Cheques and notes receivable	3.401.167	3.948.580
Receivables from credit cards	873.142	1.304.416
	216.139.409	**212.329.294**
Unearned credit finance income	(1.181.166)	(1.298.687)
Less: provision for doubtful receivables	(52.223.267)	(49.256.073)
Short-term trade receivables	**162.734.976**	**161.774.534**

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

NOTE 9 - TRADE RECEIVABLES AND PAYABLES (Continued)

Trade receivables resulting from advertisements, amounting to TL 121.366.358 (31 December 2010: TL 115.496.315) are followed up by Doğan Factoring Hizmetleri A.Ş. ("Doğan Factoring"). The due date of the Group's trade receivable followed up by Doğan Factoring is 92 days (31 December 2010: 91 days). The unearned credit finance income related with the receivables followed up by Doğan Factoring is TL 1.181.166 (31 December 2010: TL 1.298.687) and the effective interest rate is 10% (31 December 2010: 10%).

The movements of provision for doubtful receivables are as follows:

	2011	**2010**
1 January	**49.256.073**	**43.241.229**
Additions during the period (Note 26)	1.758.939	2.281.838
Collections during the period	(118.824)	(880.200)
Currency translation differences	1.327.079	(140.037)
31 March	**52.223.267**	**44.502.830**

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

	31 March 2011	**31 December 2010**
Short-term trade payables	37.905.176	33.994.339
Cheque and bill payable	65.001	-
	37.970.177	**33.994.339**

As of 31 March 2011, the due date of Group's trade receivables is 45 days (31 December 2010: 37 days). As of the 31 March 2011 and 31 December 2010, unearned financial expense has not been denominated in the financial statements due to the immateriality.

NOTE 10 - OTHER RECEIVABLES AND PAYABLES

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

	31 March 2011	**31 December 2010**
Receivables from tax authorities (*)	493.183	1.445.314
Deposits and guarantees given	481.005	396.262
Total	**974.188**	**1.841.576**

(*) Receivables from tax authorities of the Group as of 31 March 2011 consist of the tax receivable as a result of tax litigation resulted in favour of OOO Pronto Moscow, a subsidiary of the Group, which should be offset against future tax liabilities.

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

	31 March 2011	**31 December 2010**
Deposits and guarantees given	777.076	790.356
Total	**777.076**	**790.356**

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

NOTE 10 - OTHER RECEIVABLES AND PAYABLES (Continued)

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

	31 March 2011	31 December 2010
Taxes and funds payable	6.370.465	9.362.465
Due to personnel	6.605.048	4.615.369
Social security withholdings payable	4.321.368	3.357.710
Deposits and guarantees received	918.272	1.000.944
Total	**18.215.153**	**18.336.488**

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

	31 March 2011	31 December 2010
Deposits and guarantees received	168.281	147.519
Total	**168.281**	**147.519**

NOTE 11 - INVENTORIES

	31 March 2011	31 December 2010
Raw materials and supplies	13.269.528	13.113.625
Promotion materials (*)	3.687.914	3.609.190
Semi-finished goods	416.280	668.087
Finished goods and merchandise	871.951	1.527.791
	18.245.673	**18.918.693**
Impairment on promotion materials	(1.268.307)	(1.268.307)
Total	**16.977.366**	**17.650.386**

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

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

NOTE 12 - INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD

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

	Share %	31 March 2011	Share %	31 December 2010
Doğan Media	42,42	4.592.575	42,42	6.593.636
		4.592.575		**6.593.636**

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

31 March 2011	Total assets	Total liabilities	Net Sales	Net loss for the period
Doğan Media (*)	20.684.470	16.091.895	10.365.408	(2.086.368)
	20.684.470	**16.091.895**	**10.365.408**	**(2.086.368)**

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

The summary of Group's share of the financial statements of the investments accounted for by the equity method at 31 December 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)**

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

	2011	2010
1 January	**6.593.636**	**1.432.023**
Loss from associates	(2.086.368)	(2.452.927)
Currency translation differences	85.307	1.711.347
31 March	**4.592.575**	**690.443**

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

NOTE 13 - INVESTMENT PROPERTY

The movements in investment property and related accumulated depreciation for the period ended at 31 March 2011 is as follows:

	1 January 2011	Additions	Disposals	Reversal of/ Provision for impairment (net)	31 March 2011
Cost:					
Land	9.565.495	-	-	-	9.565.495
Buildings	15.512.554	1.728.756	(2.117.379)	(192.577)	14.931.354
	25.078.049	**1.728.756**	**(2.117.379)**	**(192.577)**	**24.496.849**
Accumulated depreciation:					
Buildings	600.170	33.743	-	-	633.913
	600.170	**33.743**	**-**	**-**	**633.913**
Net book value	**24.477.879**				**23.862.936**

The fair value of the investment property has been determined approximately as TL 37.617.525 at 31 March 2011 (31 December 2010: TL 38.276.681). Fair values of the investment properties as of 31 December 2010 have been arrived by an independent valuation company which is not connected with the Group and has accreditation of Capital Market Board.

Amortization expense of TL 33.743 (31 March 2010: TL 33.740) has been charged in general administrative expenses for the period ended 31 March 2011.

The Group does not earn rent revenue from investment properties. Direct operating expenses arising on the investment property in the period amounted to TL 6.402 (31 March 2010: TL 7.078).

The movements in investment property and related accumulated depreciation for the period 31 March 2010 are as follows:

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

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

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT

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

	1 January 2011	Currency translation differences	Additions	Disposals	Transfers (*)	31 March 2011
Cost						
Land and land improvements	52.576.391	531.043	-	-	-	53.107.434
Buildings	264.815.147	2.105.441	-	-	-	266.920.588
Machinery and equipments	707.726.344	3.528.650	205.298	(9.053)	-	711.451.239
Motor vehicles	11.023.178	77.778	19.225	(2.279)	-	11.117.902
Furniture and fixtures	102.152.751	563.337	1.515.937	(543.399)	-	103.688.626
Leasehold improvements	25.125.824	20.691	1.825	-	-	25.148.340
Other non-current assets	562.888	37.651	-	-	-	600.539
Construction in progress	1.625.141	188.324	684.217	(7.853)	(168.426)	2.321.403
	1.165.607.664	**7.052.915**	**2.426.502**	**(562.584)**	**(168.426)**	**1.174.356.071**
Accumulated depreciation						
Land and land improvements	517.078	-	18.265	-	-	535.343
Buildings	68.909.604	429.762	1.472.889	-	-	70.812.255
Machinery and equipments	521.076.293	2.084.542	10.460.939	(6.512)	-	533.615.262
Motor vehicles	8.406.510	72.432	210.617	(2.112)	-	8.687.447
Furniture and fixtures	84.264.437	214.366	1.906.265	(499.827)	-	85.885.241
Leasehold improvements	23.214.431	(513)	103.658	-	-	23.317.576
Other non-current assets	277.358	18.810	15.659	-	-	311.827
	706.665.711	**2.819.399**	**14.188.292**	**(508.451)**	**-**	**723.164.951**
Net book value	**458.941.953**					**451.191.120**

At 31 March 2011, net book value of the property, plant and equipment in machinery and equipment group obtained via financial leasing is amounting to TL 8.866.698 (31 December 2010: TL 8.852.044).
At 31 March 2011there were mortgages amounting to TL 15.624.681 (31 December 2010: TL 14.763.431).
At 31 March 2011construction in progress amounting to TL 2.321.403 (31 December 2010: TL 1.625.141) is related to computer programs and internet domain names.
At 31 March 2011amortization expense amounting TL 11.039.009 (31 March 2010: 11.340.204 TL) was added to cost of sales, and amounting TL 3.149.283 (31 March 2010: 3.364.066 TL) was added to marketing, selling and distribution and general administrative expenses.
(*) The amount TL 168.426 in transfer column is transferred to intangible assets.

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

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT (Continued)

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

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

At 31 March 2010 there were liens amounting TL 6.288.247 and mortgages amounting to TL 13.339.950 over the tangible assets.

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

NOTE 15 - INTANGIBLE ASSETS

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

	1 January 2011	Additions	Disposals	Transfers	Currency translation difference	31 March 2011
Cost						
Trade names	278.869.235	1.571	-	-	20.229.680	299.100.486
Customer list	269.731.647	-	-	-	21.204.616	290.936.263
Computer software and rights	52.275.949	1.125.243	(701.814)	168.426	2.079.966	54.947.770
Internet domain names	17.612.506	98.948	-	-	1.291.000	19.002.454
Other intangible assets	7.092.974	269.295	(993.901)	-	384.446	6.752.814
	625.582.311	**1.495.057**	**(1.695.715)**	**168.426**	**45.189.708**	**670.739.787**
Accumulated amortisation						
Trade names	17.117.127	330.607	-	-	358.642	17.806.376
Customer list	61.622.741	4.356.844	-	-	5.099.894	71.079.479
Computer software and rights	34.135.602	2.320.234	(659.561)	-	1.700.887	37.497.162
Internet domain names	3.792.122	438.506	-	-	401.824	4.632.452
Other intangible assets	6.242.319	104.391	(991.824)	-	368.034	5.722.920
	122.909.911	**7.550.582**	**(1.651.385)**	**-**	**7.929.281**	**136.738.389**
Net book value	**502.672.400**					**534.001.398**

As of 31 March 2011 there is a pledge amounting to TL 231.773.444 on the royalty of a trade name according to the extent of the loan agreement (31 December 2010: TL 215.878.227).

Amortization expense of TL 7.550.582 (31 March 2010: TL 6.631.800) has been charged in marketing, selling and distribution, and general administrative expenses as of 31 March 2011.

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

NOTE 15 - INTANGIBLE ASSETS (Continued)

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

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

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

NOTE 15 - INTANGIBLE ASSETS (Continued)

Intangible assets with indefinite useful lives amounted to TL 270.951.054 at 31 March 2011, (31 December 2010: TL 252.507.389). The useful lives of the assets with indefinite useful life, as expected by the Group, are determined based on the stability of the industry, changes in market demands as to the products and services provided through assets, control period over the assets and legal or similar restrictions on their utilisation.

NOTE 16 - GOODWILL

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

	2011	2010
1 January	**206.177.957**	**222.336.593**
Foreign currency translation difference	14.496.534	6.612.218
Other (*)	1.507.575	753.969
31 March	**222.182.066**	**229.702.780**

(*) Other represents the changes in the fair value of the put options (Note 2.2.23).

A part amounting TL 210.849.882 of goodwill is due to purchase of Group's subsidiary TME which has operations in abroad and a part amounting TL 11.332.184 is due to the purchase of Doğan Ofset.

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

NOTE 17 - GOVERNMENT GRANTS

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

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

NOTE 18 -PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

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

	31 March 2011	31 December 2010
Provision for tax penalty	-	7.294.189
Other provisions for lawsuit and compensation	3.070.580	3.118.039
Provision for competition authority penalty	2.853.530	-
Total	**5.924.110**	**10.412.228**

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

Based on the investigation undertaken by the Competition Authority with respect to Company, concerning the practices in the space (channel) sale for the field of press (journalism); has been decided to impose an administrative fine of TL 3.804.716. It has been considered that the practices, which are made subject to criticism in the decision of the Competition Authority, are in conformity with the legal arrangements and the Competition Authority's communiqué, circular letter and decisions; following the official notification of the reasoned decision of the Competition Authority to Company, all kind of legal rights against the said Decision shall be executed in due time. In accordance with the opinion of legal advisors, provision amounting to TL 2.853.530 has been accounted in the financial statements as at 31 March 2011.

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

	2011	2010
1 January	**7.294.189**	**2.393.095**
Additions in the period (Note 26)	-	107.228
Payments related to provisions	(47.459)	-
31 March	**3.070.580**	**2.500.323**

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

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

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

	31 March 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	3.589.746	3.589.746	4.835.628	4.835.628
Euro	25.000	54.540	25.000	51.228
Ruble	4.255.692.000	231.773.444	4.255.692.000	215.878.227
-Mortgages				
TL	1.444.281	1.444.281	1.444.281	1.444.281
Euro	6.500.000	14.180.400	6.500.000	13.319.150
-Pledges				
Other	-	-	4.255.692.000	215.878.227
B. CPM's given on behalf of the fully consolidated companies (*)				
-Commitments				
TL	667.008	667.008	1.080.648	1.080.648
Euro	-	-	468.563	960.132
USD	6.255.864	9.685.954	6.255.864	9.671.566
C. CPM's given on behalf of third parties for ordinary course of the business	-	-	-	-
D. Total amount of other CPM's given			-	-
i) Total amount of CPM's given on behalf of the majority shareholder	-	-	-	-
ii) Total amount of CPM's given on behalf of other group companies which are not in scope of B and C	-	-	-	-
iii) Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-	-	-
Total		**261.395.373**		**247.240.860**

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

CPMs given by the Group

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

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

NOTE 19 - COMMITMENTS

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

a) Barter agreements:

The Group, as is common practice in the media sector, has entered into barter agreements. These agreements involve the exchange of goods or services without cash collections or payments. As of 31 March 2011, in connection with the barter agreements, the Group has advertisement commitment amounting to TL 10.787.503 (31 December 2010: TL 3.804.414) and goods and services purchase rights amounting to TL 6.910.644 (31 December 2010: TL 6.230.238).

b) Lawsuits against the Group:

The lawsuits against the Group amount to TL 28.153.032 (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 March 2011 the Group has set a provision of TL 3.070.580 for lawsuits (31 December 2010: TL 3.118.039).

As at 31 March 2011 and 31 December 2010 the Group's ongoing lawsuits are as follows;

	31 March 2011	31 December 2010
Legal lawsuits	19.077.862	19.529.609
Trade lawsuits	4.491.240	4.485.240
Labor lawsuits	3.545.466	3.547.528
Administrative lawsuits	1.038.464	1.038.464
Total	**28.153.032**	**28.600.841**

c) Derivative financial instruments:

i) Swap transactions in foreign exchange

As of 31 March 2011 the Group accounted expense amounting to TL 4.073.480 based on euro swap transactions related to the bank loan amounting USD 40.180.00. (31 March 2010: nil)

ii) Interest rate interval swap transactions

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

NOTE 19 - COMMITMENTS (Continued)

ii) Interest rate interval swap transactions (continued)

As of 31 March 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 65.727 (31 March 2010: TL 95.794).

iii) Interest rate swap transactions

Group has interest rate swap agreement in order to convert variable interest rate (Libor) of its loan debt, amounting to USD 80.282.530, to fixed interest rate. According to that agreement, interest cost of that loan, which is depending on 6-months Libor rate, is fixed until 5 July 2011. Financial expense recognised during the period regarding these agreements amounted to TL 176.323 (31 March 2010: TL 464.571).

d) Non-controlling shares put options:

The Group has the right to purchase 13% of non-controlling shares from non-controlling shareholders, provided that certain conditions are met related to the Group's subsidiary, Impress Media Marketing LLC ("Impress Media") which was acquired by OOO Pronto Moscow in January 2007. The Group has signed a new put option agreement valid between August 2011 and August 2015 for the remaining non-controlling shares of 10%. Net fair value of such option shall be calculated based on Impress Media's EBITDA or net sales revenue. Group, pursuant to an agreement signed in September of 2010, has had the option to purchase the remaining non-controlling shares of 3%. The fair value of the option will be determined based on calculation over the EBITDA of Impress Media, Based on the EBITDA of Impress Media, Group would gradually have a put option until 14% and a call option until 14%. As of 31 March 2011, the short-term portion of the fair value of the put option is TL 879.434 (31 December 2010: TL 763.724), long-term portion is nil as of 31 March 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. As of 31 March 2011, the fair value of this option is TL 12.386.400 (USD 8.000.000) (31 December 2010: TL 12.366.454 (USD 8.000.000)) and classified in "other short-term financial liabilities". The negotiations related with using that put option is still continuing as of the date which the financial statements publicly announced.

The Group acquired a 55% interest in Moje Delo d.o.o. ("Moje Delo") in Slovenia. The Group paid an earn-out amounting to EUR 1 million. The Group has the right to buy put options from non-controlling interest owners from January 2009 to January 2012. Also, the Group presented call options to non-controlling interest owners exercisable from January 2011 to January 2014. Exercise price shall be calculated based on EBITDA and the net financial debt of Moje Delo. The fair value of the put option is TL 2.260.518 as of 31 March 2011 (31 December 2010: TL 700.338) and classified in "short-term financial liabilities".

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

NOTE 19 - COMMITMENTS (Continued)

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

Based on a protocol signed in the year 2010, the put option liability in relation to the 3,84% shares of non-controlling interests in Trader Media East Limited is exercisable until 2013. The "put option" exercise price is US $ 13. The Company will make a payment of US $ 1 million for each year the put option right is not exercised until 2013. Considering facts that the protocol signed in the current period the put option liability in relation to the 3,84% shares of non-controlling interests in Trader Media East Limited, the Group has presented TL 38.650.000 of put option liability under the "Other Financial Liabilities" account in the accompanying consolidated financial statements as of and for the period then ended 31 December 2010; and accordingly has recognized foreign currency translation difference and loss for the period by increasing TL 253.309 and TL 680.830 and its non-controlling interest and retained earnings/accumulated losses by decreasing TL 12.753.411 and TL 25.469.068 million, respectively. As of 31 March 2011 the value of the put option is TL 38.707.501.

NOTE 20 – PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

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

	31 March 2011	31 December 2010
Provision for employment termination benefits	22.302.135	21.660.771
Total	**22.302.135**	**21.660.771**

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 March 2011 the amount payable maximum TL 2.623,23 (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.

No 19 "Employee Benefits" accounting standard (IAS 19) described by IASC, require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly the following actuarial assumptions were used in the calculation of the total provision.

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

NOTE 20 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS (Continued)

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

The principal assumption is that the maximum liability of TL 2.623,23 (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 TL 2.623,23 (1 January 2010: TL 2.427,04), which is effective from 1 January 2011, has been taken into consideration in calculating the reserve for employment termination benefit of the Group. As of 31 March 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 March are as follows:

	2011	2010
1 January	**21.660.771**	**14.196.159**
Current period service charge	963.834	384.247
Interest expenses	1.009.392	840.412
Payments during the period and provisions terminated	(1.331.862)	(834.695)
31 March	**22.302.135**	**14.586.123**

NOTE 21 - OTHER ASSETS AND LIABILITIES

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

	31 March 2011	31 December 2010
Prepaid taxes and deductions (Note 30)	4.726.820	16.615.504
Prepaid expenses (*)	9.216.045	6.061.075
Advances given to personnel	5.082.695	5.090.448
Value Added Tax ("VAT") receivables	1.932.247	1.806.606
Job advance	853.065	748.070
Order advance given	307.820	292.464
Income accruals	540.454	268.712
Provision for other doubtful receivable (-) (Note 26)	(559.652)	(559.652)
Other	5.047.736	2.912.260
Total	**27.147.230**	**33.235.487**

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

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

NOTE 21 - OTHER ASSETS AND LIABILITIES (Continued)

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

	31 March 2011	31 December 2010
Advance given for tangible assets purchase	191.144	221.532
Blocked deposit with maturity more than one year (*)	15.483.000	15.460.000
Other	89.800	156.146
Total	**15.763.944**	**15.837.678**

(*) As of 31 March 2011, the Company has time deposits amounting to USD 10.000.000 which is blocked as collateral for the loans belonging to the subsidiaries until 2013, the maturity date of the loan (31 December 2010: USD 10.000.000). Blocked deposits due to the restructuring of the loan were solved on 3 May 2011(Note 34).

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

	31 March 2011	31 December 2010
Provision for unused vacation	11.190.956	10.351.123
Tax penalty accruals (*)	3.827.062	-
Provision for tax base increase (*)	18.962.533	-
Deferred revenue	11.903.417	8.918.189
VAT payables	4.997.912	3.897.466
Expense accruals	2.524.818	645.807
Due to non-controlling partnerships	-	367.948
Other	775.897	277.988
Total	**54.182.595**	**24.458.521**

(*)To be announced publicly on April 19, 2011, Company have decided to benefit from the provisions "tax base increase" as well as "disputed tax debts being at the stage of action and not having become final" of the Law Number 6111 which has become effective upon publication in the Official Gazette number 27857 (I. repeated) dated 25 February 2011.

In accordance with the provisions of the Law number 6111 related to tax base increase, the tax bases being the foundation of taxation for the calendar years 2006, 2007, 2008 and 2009 of Company and its eight subsidiaries have been increased; as a result of this transaction, a total cash outflow amounting to TL 18.962.533 together from Company and its subsidiaries has been decided.

On the other hand, cancelation lawsuit which is due to given tax/penalty notifications amounting TL 30.895.416 related to 2004, 2005, and 2006 account periods by the Company by the Tax Office, was filed by the Company. In accordance with the provision of the third article of the Law number 6111; the part amounting TL 24.949.826 of Company's "disputed tax debts being at the stage of action and not having become final" amounting to TL 30.895.416 has been restructured and thus the dispute has been terminated, and ultimately, there shall be a cash outflow amounting to TL 3.827.062 from Company.

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

NOTE 21 - OTHER ASSETS AND LIABILITIES (Continued)

The Group will pay the total liability which regarding to the tax base increase and the restructuring of the tax debts being at the stage of action and not having become final amounting to TL 22.789.595 as at 30 June 2011. Therefore, the Group has recognized TL 22.789.595 of liability in the accompanying financial statements prepared as of 31 March 2011.

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

	2011	**2010**
1 January	**10.351.123**	**9.428.016**
Addition during the period	692.709	562.158
Termination of previously set provisions	-	(414.304)
Payments related to provision	(17.227)	-
Currency translation difference	164.351	105.035
31 March	**11.190.956**	**9.680.905**

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

NOTE 21 - OTHER ASSETS AND LIABILITIES (Continued)

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

	31 March 2011	31 December 2010
Other long-term liabilities	48.003	44.837
Total	**48.003**	**44.837**

NOTE 22 - EQUITY

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

	31 March 2011	31 December 2010
Historical authorised and paid-in share capital	552.000.000	552.000.000
Limit on registered share capital (historical)	800.000.000	800.000.000

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

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

	31 March 2011	Share (%)	31 December 2010	Share (%)
Doğan Yayın Holding	367.415.960	66,56	367.415.960	66,56
Doğan Holding	61.200.274	11,09	61.200.274	11,09
Other	74.979	0,01	74.979	0,01
Publicly owned	123.308.787	22,34	123.308.787	22,34
	552.000.000	**100**	**552.000.000**	**100**
Adjustment to share capital	77.198.813		77.198.813	
Total share capital	**629.198.813**		**629.198.813**	

As of 31 March 2011 6,56 % (31 December 2010: 6,56%) of publicly owned shares belong to Doğan Yayın which is the main shareholder of the Group, and 11,09 % (31 December 2010: 11,09%) by Doğan Holding, which is the ultimate parent of the Group.

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

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

NOTE 22 - EQUITY (Continued)

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

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 divide into first and second reserves appropriated in accordance with the Turkish Commercial Code (TCC). According to the 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 share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital. In accordance with the CMB Financial Reporting Standards as of 31 March 2011 Company's restricted reserves amounting TL 31.560.725 (31 December 2010: TL 31.560.725) is consisting of legal reserves.

Restricted reserves:	**31 March 2011**	**31 December 2010**
1. Composition restricted reserves	24.151.879	24.151.879
2. Composition restricted reserves	7.408.846	7.408.846
Total	**31.560.725**	**31.560.725**

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

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

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

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

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

NOTE 22 - EQUITY (Continued)

Dividend distribution

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

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

Ordinary General Meeting held on 20 April 2011, according to Company's consolidated financial statements which have been prepared in conformity with the IAS and IFRS; taking into consideration the "period's tax expense", "deferred tax income" as well as the minority interests together, a "Consolidated Net Term Profit" amounting to TL 40.079.404 has occurred, in the scope of the arrangements of the Capital Markets Board related to profit distribution, there cannot be realized any profit distribution related to the fiscal term 2010, and in Company's financial records kept in the framework of the Turkish Commercial Code and the Tax Procedure Law, the term profit consists of TL 30.800.152, that upon having deducted the corporate tax payable from this amount the net term profit amounts to TL 18.387.447, and upon having made provision for the "I. Series Statutory Reserves" pursuant to article 466/1 of the Turkish Commercial Code from this amount, the remaining amount of TL 17.468.075 was decided to carry over to the extraordinary reserve fund.

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

NOTE 23 - SALES AND COST OF SALES

Sales

	31 March 2011	31 March 2010
Advertisement sales	122.730.661	110.770.267
Circulation and publishing sales	54.741.062	55.428.988
Other	12.816.837	11.406.474
Net Sales	**190.288.560**	**177.605.729**
Cost of sales	(130.103.898)	(112.783.055)
Gross profit	**60.184.662**	**64.822.674**

Cost of sales

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

	31 March 2011	31 March 2010
Raw materials	49.731.689	43.810.312
Paper	*33.762.389*	*27.117.236*
Printing and ink	*11.751.981*	*11.909.524*
Other	*4.217.319*	*4.783.552*
Payroll	45.975.115	37.715.706
Depreciation and amortization charges (Note 14)	11.039.009	11.340.204
Commission	4.399.232	3.743.416
Distribution, storage and travel	2.082.625	1.754.036
Fuel, electricity and water and office expenses	1.693.135	1.693.861
Maintenance expenses	2.387.026	1.765.369
Packaging expenses	1.302.782	1.581.017
Rent expense	1.107.141	1.031.105
Communication	1.216.441	932.535
News agency expenses	754.249	748.240
Insurance expenses	237.929	257.456
Other	8.177.525	6.409.798
Total	**130.103.898**	**112.783.055**

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

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

a) Marketing, selling and distribution expenses:

	31 March 2011	31 March 2010
Advertisement	10.809.251	14.026.884
Transportation, storage and travel	6.213.293	5.471.716
Payroll	2.966.023	2.602.760
Promotion	4.796.615	4.616.491
Sponsorship	596.012	944.407
Outsourced services	460.354	685.561
Other	1.249.668	1.695.183
Total	**27.091.216**	**30.043.002**

b) General administrative expenses:

	31 March 2011	31 March 2010
Payroll	11.748.491	11.627.097
Depreciation and amortization charges (Notes 13,14,15)	10.610.591	9.909.410
Consultancy	4.200.641	3.874.456
Rent	2.891.537	2.708.486
Fuel, electricity and water	1.595.804	1.479.642
Transportation, storage and travel	1.094.624	1.186.828
Communication	867.023	1.018.825
Maintenance expenses	692.024	581.945
Other	3.040.393	2.854.795
Total	**36.741.128**	**35.241.484**

NOTE 25 - EXPENSES BY NATURE

The expenses as of 31 March 2011 and 2010 are shown based on the functions and the details are given in Notes 23 and 24.

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

NOTE 26 - OTHER OPERATING INCOME/EXPENSES

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

	31 March 2011	31 March 2010
Reversal of impairment on investment property	-	2.881.353
Rent and building service fees	1.233.091	710.814
Reversal of provision for tax penalty (*)	3.467.127	-
Reserved provisions	298.770	175.436
Gain on sale of property, plant and equipment	5.378	144.307
Other	1.241.916	303.866
Total	**6.246.282**	**4.215.776**

(*) The part amounting TL 24.949.826 of Company's "disputed tax debts being at the stage of action and not having become final" amounting to TL 30.895.416 has been restructured. The provision which was accounted in the financial statements as of 31 December 2010 was amounting to TL 7.294.189. TL 3.467.127 of provision for tax penalty has been reversed and TL 3.827.062 has been subjected as tax liability (Note 21)

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

	31 March 2011	31 March 2010
Provision for tax base increase (Note 21)	18.962.533	-
Provision for competition authority penalty (Note 18)	2.853.530	-
Provision for doubtful receivables (Note 9)	1.758.939	2.281.838
Loss on sale of property, plant, equipment and investment properties	272.041	2.993.269
Impairment on investment properties	192.577	272.046
Punishment and compensation expense	1.469.233	206.002
Aids and donations	107.997	137.624
Provision for lawsuits (Note 18)	-	107.228
Other	1.849.358	1.606.203
Total	**27.466.208**	**7.604.210**

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

NOTE 27 - FINANCIAL INCOME

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

	31 March 2011	31 March 2010
Foreign exchange income	13.098.170	7.838.311
Time deposits interest income	679.793	3.382.041
Due date difference income	2.709.255	2.587.280
Finance income from trade receivables	356.086	714.957
Interest income on financial assets at fair value through profit and loss, net	3.350.062	342.058
Other	122.646	85.500
Total	**20.316.012**	**14.950.147**

NOTE 28 – FINANCIAL EXPENSES

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

	31 March 2011	31 March 2010
Foreign exchange loss	12.500.381	3.098.707
Interest expenses on borrowings	5.122.342	3.509.575
Credit commission, banking and factoring expenses	496.387	336.491
Other	1.740.217	1.870.425
Total	**19.859.327**	**8.815.198**

NOTE 29 - ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

As of 31 March 2011 and 31 December 2010, the Group has no non-current assets held for sale and discontinued operations.

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

NOTE 30 - TAX ASSETS AND LIABILITIES

	31 March 2011	31 December 2010
Corporate and income taxes payable	1.853.931	12.630.692
Less: Prepaid taxes (Note 21)	(4.726.820)	(16.615.504)
Taxes receivables	**(2.872.889)**	**(3.984.812)**
Deferred tax liabilities	123.956.840	117.314.791
Deferred tax assets	(11.890.168)	(10.966.263)
Deferred tax liabilities, net	**112.066.672**	**106.348.528**

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, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital 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.

NOTE 30 - TAX ASSETS AND LIABILITIES (Continued)

Turkey (continued):

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

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses can not be carried back to offset profits from previous periods. Based on the publicly announcement on 19 April 2011, Company have decided to benefit from the provisions "tax base increase" as well as "disputed tax debts being at the stage of action and not having become final" of the Law Number 6111, as a corporate tax payers, depending on the right, Company could not be able to set off 50% of losses related to years which tax base used, against profit in 2010 and subsequent years.

As of 31 March 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.

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

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

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

NOTE 30 - TAX ASSETS AND LIABILITIES (Continued)

Turkey (continued):

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

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

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

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

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

Russian Federation

The corporate tax rate effective in Russian Federation is 20% (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 organisation is subject to withholding tax at 15%. This standard rate may, however, be reduced under the provisions of applicable double tax treaty.

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

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.

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

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

NOTE 30 - TAX ASSETS AND LIABILITIES (Continued)

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

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

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

	Total temporary differences		Deferred tax assets/ (liabilities)	
	2011	2010	2011	2010
Carry forward tax losses (*)	8.357.086	6.862.952	1.671.612	1.372.807
Difference between tax base and carrying value of trade receivables	15.112.363	14.481.175	2.929.621	2.812.282
Provision for employment termination benefits and unused vacation rights	33.493.091	32.011.894	6.433.884	6.192.819
Difference between tax base and carrying value of leasing payables	748.557	948.468	214.087	271.262
Deferred revenue	1.535.877	1.220.548	294.834	253.889
Difference between tax bases and carrying value of property, plant and equipment and intangibles	(643.928.906)	(609.650.118)	(129.000.397)	(121.648.625)
Other	(28.351.116)	(32.475.228)	5.389.687	4.397.038
Total	**(613.033.048)**	**(586.600.309)**	**(112.066.672)**	**(106.348.528)**

Deferred tax assets:	31 March 2011	31 December 2010
To be recovered after one year	11.464.052	10.581.204
To be recovered within one year	426.116	385.059
Total	**11.890.168**	**10.966.263**

Deferred tax liabilities:	31 March 2011	31 December 2010
To be recovered after more than one year	(124.244.837)	(117.029.983)
To be recovered within one year	287.997	(284.808)
Total	**(123.956.840)**	**(117.314.791)**

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

NOTE 30 - TAX ASSETS AND LIABILITIES (Continued)

(*) Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. As of 31 March 2011, carry forward tax losses for which no deferred income tax asset was recognised amounted to TL 83.798.131 (31 December 2010: TL 75.873.386).

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

	31 March 2011 (*)	31 March 2011 (**)	31 December 2010
2011	156.542	313.084	313.083
2012			
2013	757.688	1.515.376	1.515.376
2014 and after	7.442.856	11.526.844	5.034.493
Total	**8.357.086**	**13.355.304**	**6.862.952**

(*) Balances and utilization periods of carried forward tax losses have presented in accordance with the scope of Law No. 6111.

(**) Balances and utilization periods of carried forward tax losses have not presented in accordance with the scope of Law No. 6111.

The movements in deferred tax liabilities for the periods ended 31 March 2011 is as follows:

	2011	2010
1 January	**106.348.528**	**124.616.282**
Deferred tax income at the consolidated statement of income	(2.903.242)	(1.513.989)
Currency translation differences	8.621.386	2.242.366
31 March	**112.066.672**	**125.344.659**

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

	31 March 2011	31 March 2010
Current	4.525.101	3.948.460
Deferred	(2.903.242)	(1.513.989)
Total	**1.621.859**	**2.434.471**

(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 March and the taxation on income calculated with the current tax rate over income before tax and non-controlling interest is as follows:

	31 March 2011	**31 March 2010**
Loss before taxes and non-controlling non-controlling shares	(26.497.291)	(168.224)
Current period tax income calculated at the effective tax rates of countries	(3.471.929)	(279.054)
Expenses not deductible for tax purposes	4.327.070	4.057.597
Current period financial losses	864.027	4.395.665
Carry forward losses utilised	-	57.222
Effect of financial losses which the deferred tax assets not calculated	167.316	-
Income exempt from tax	(552.282)	(2.791.496)
Withholding tax relating to dividend distribution	181.135	630.851
Other, net	106.522	(3.636.314)
Tax expense	**1.621.859**	**2.434.471**

NOTE 31 - LOSS PER SHARE

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

	31 March 2011	**31 March 2010**
Loss for the period	(26.071.138)	(1.256.730)
Number of ordinary shares in issue (with nominal value of TL 1 each)	552.000.000	552.000.000)
Loss per share (Kr)	**(4,72)**	**(0,23)**

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

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

NOTE 32 - RELATED PARTY DISCLOSURES

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

i) Balances of Related parties

Short term receivables due to related parties

	31 March 2011	31 December 2010
Doğan Yayın Holding	-	86.676
Doğan Gazetecilik A.Ş. ("Doğan Gazetecilik")	9.947.553	9.205.838
Medyanet İletişim Reklam Pazarlama ve Turizm A.Ş. ("Medyanet")	6.279.508	3.992.543
DTV Haber ve Görsel Yayıncılık A.Ş. ("Kanal D")	2.323.829	3.795.275
Doğan Dağıtım Satış ve Pazarlama A.Ş. ("Doğan Dağıtım")	2.803.766	2.020.401
Milliyet Verlags und Handels GmbH ("Milliyet Verlags")	-	332
Doğan Media International GmbH ("DMI")	2.649.059	292.002
Bağımsız Gazeteciler Yayıncılık A.Ş. ("Bağımsız Gazeteciler")	1.363.874	1.202.107
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş. ("Doğan Burda")	1.050.547	1.271.363
Doğan Portal ve Elektronik Ticaret A.Ş. ("Doğan Portal")	634.384	116.610
Milta Turizm İşletmeleri A.Ş. ("Milta")	-	621.823
Other	2.403.130	2.124.860
	29.455.650	**24.729.830**

Short term due to related parties

	31 March 2011	31 December 2010
Doğan Yayın Holding	512.661	105.274
Doğan Dış Ticaret ve Mümessillik A.Ş. ("Doğan Dış Ticaret")	1.531.952	1.843.857
Milta	223.375	179.721
D-Market Elektronik Hizmetleri Ticaret A.Ş. ("D Market")	12.428	1.622
Doğan İletişim Elektronik Servis Hizmetler ve Yayıncılık A.Ş. ("Doğan İletişim")	406.921	529.440
Işıl İthalat İhracat Mümessillik A.Ş. ("Işıl İthalat")	2.571	-
Other	1.029.757	769.949
	3.719.665	**3.429.863**

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

NOTE 32 - RELATED PARTY DISCLOSURES (Continued)

ii) Significant transactions with related parties:

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

Significant service and product sales to related parties:

	31 March 2011	**31 March 2010**
Doğan Yayın Holding	579.645	578.729
Doğan Dağıtım	24.878.958	24.840.036
Doğan Gazetecilik	7.991.000	7.999.350
Medyanet	1.856.627	1.607.282
DMI	3.438.172	3.393.636
Doğan Burda	1.401.357	1.359.968
Bağımsız Gazeteciler	886.602	1.224.989
Milliyet Verlags	-	510.872
Doğan ve Egmont Yayıncılık ve Yapımcılık Ticaret A.Ş. ("Doğan Egmont")	332.960	314.397
Doğan İletişim	113.179	304.733
Turner Doğan Prodüksiyon ve Satış A.Ş. ("Turner Doğan")	-	436.028
Doğan Müzik Kitap Mağazacılık Pazarlama A.Ş.	76.938	50.540
Eko Televizyon Yayıncılık A.Ş. ("TNT")	-	66.670
Doğan TV Holding A.Ş. ("Doğan TV")	19.154	10.277
Petrol Ofisi (*)	-	9.950
Other	2.625.205	2.789.619
	44.199.797	**45.497.076**

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

(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
Doğan Dış Ticaret (*)	15.263.841	12.395.227
Işıl İthalat (*)	16.070.384	11.177.193
Doğan Dağıtım (**)	5.116.086	5.098.074
Kanal D	25.500	2.287.543
Doğan Yayın	1.813.643	1.467.779
Star TV	3.200	1.169.552
Doğan İletişim	1.047.752	902.191
D Yapım Reklamcılık ve Dağıtım A.Ş. ("D Yapım Reklamcılık")	185.623	538.059
Petrol Ofisi (***)	-	455.167
Milta	370.211	323.946
Diğer	1.755.308	1.041.265
	41.651.548	**36.855.996**

(*) 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 577 per tones to USD 730 per tones.

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

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

Other income:	**2011**	**2010**
Doğan Dağıtım	217.803	254.396
Işıl İthalat	232.344	215.793
Doğan Dış Ticaret	161.782	184.138
Doğan Burda	181.255	162.899
Doğan Media	92.496	99.867
Doğan Yayın	25.074	72.360
Doğan İletişim	2.116	40.124
Diğer	99.750	184.403
	1.012.620	**1.213.980**

(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:	2011	2010
Doğan Online	11.863	279.676
D-Market	4.155	127.372
Doğan Yayın Holding	-	47.560
	16.018	**454.608**

Financial income:	2011	2010
Kanal D	-	319.398
Medyanet	94.385	136.849
Bağımsız Gazetecilik	-	41.089
Doğan Yayın Holding	1.280	-
Other	-	10.294
	95.665	**507.630**

Financial expenses:	2011	2010
Doğan Faktoring (*)	189.533	174.377
Doğan Dış Ticaret	63.974	423
Doğan Yayın Holding	263	-
	253.770	**174.800**

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

Key Management Personnel:

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

	2011	2010
Salaries and other short term benefits	1.270.833	1.012.664
Post-employment benefits	-	14.450
Total	**1.270.833**	**1.027.114**

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

NOTE 33 - FINANCIAL RISK MANAGEMENT

33.1 Financial Risk Management

(i) Interest rate risk

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

	31 March 2011	31 December 2010
Financial instruments with fixed interest rate		
Loans and receivables	63.048.421	69.743.339
Financial Assets		
- Designated at fair value through profit or loss (*)	-	*18.855.213*
Financial Liabilities	6.941.146	7.354.467
Financial instruments with floating interest rate		
Financial liabilities	471.523.316	499.025.964

(*) 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 March 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 820.724 (31 March 2010: TL 684.745).

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

NOTE 33 - FINANCIAL RISK MANAGEMENT (Continued)

(ii) Liquidity risk

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

31 March 2011	**Carrying value**	**Total contractual cash outflow**	**Less than 3 months**	**3-12 months**	**1-5 years**	**More than 5 years**
Non-derivative financial liabilities						
Financial liabilities (Note 7)	478.464.462	507.438.237	75.056.218	180.384.589	251.542.790	454.640
Other financial liabilities (Note 8)	62.465.413	62.465.413	-	62.465.413	-	-
Trade payables						
- Related party (Note 32)	*3.719.665*	*3.719.665*	*3.719.665*	-	-	-
- Other (Note 9)	*37.970.177*	*37.970.177*	*36.353.751*	*1.616.426*	-	-
Other payables						
- Related party (Note 32)	-	-	-	-	-	-
- Other (Note 10)	*18.383.434*	*18.383.434*	*18.215.153*	-	*168.281*	-

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

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

NOTE 33 - FINANCIAL RISK MANAGEMENT (Continued)

(ii) Liquidity risk (Continued)

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

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

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

At 31 March 2011, the Group has long-term financial liabilities amounting to TL 183.567.175 (31 December 2010: TL 221.167.354) and long-term trade payables to suppliers amounting to TL 51.742.062 (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 diversified due to the large number of entities comprising the customer bases.

Aging analysis for trade receivables:

As of 31 March 2011 there are past due but not impaired trade receivables amounting to TL 70.052.301 (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 March 2011, the amount of mortgage and indemnity received is TL 13.163.108 for the related receivables.

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

	31 March 2011		**31 December 2010**	
	Related party	**Other receivables**	**Related party**	**Other receivables**
0-1 months	2.380.149	17.160.244	940.023	18.755.712
1-3 months	3.300.760	19.307.581	290.467	12.784.980
3-6 months	947.999	6.408.410	-	8.806.217
6-12 months	-	9.378.388	-	7.396.581
1-2 years	-	11.168.770	-	5.873.263
	6.628.908	**63.423.393**	**1.230.490**	**53.616.753**

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

NOTE 33 - FINANCIAL RISK MANAGEMENT (Continued)

(iii) Credit Risk (Continued)

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

Impaired	**31 March 2011**	**31 December 2010**
Past due 0 - 3 months	907.305	687.970
Past due 3 - 6 months	1.055.941	1.600.110
Past due 6 months and over	50.260.021	46.967.993
Less: Provision for impairment	(52.223.267)	(49.256.073)

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

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

NOTE 33 - FINANCIAL RISK MANAGEMENT (Continued)

(iii) Credit Risk (Continued)

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

	Trade receivables		Other receivables		Bank	Other
31 March 2011	**Related party**	**Other**	**Related party**	**Other**	**deposits**	**assets**
Maximum credit risk exposure as of balance sheet date	**29.455.650**	**162.734.976**	**-**	**2.310.916**	**80.778.186**	**15.483.000**
- The part of maximum credit risk under guarantee with collateral	***-***	***30.834.929***	***-***	***-***	***-***	***-***
A. Net book value of financial assets that are not past due/impaired	22.826.742	99.311.583	-	2.310.916	80.778.186	15.483.000
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)	6.628.908	63.423.393	-	-	-	-
- The part under guarantee with collateral	-	*4.424.929*	-	-	-	-
D. Net book value of impaired asset						
- Past due (gross carrying amount)	-	52.223.267	-	559.652	-	-
- Impairment (-)	-	(52.223.267)	-	(559.652)	-	-
- The part of net value under guarantee with collateral						
- Not over due (gross carrying amount)						
- Impairment (-)	-	-	-	-	-	-
- The part of net value under guarantee with collateral	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

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

NOTE 33 - FINANCIAL RISK MANAGEMENT (Continued)

(iii) Credit Risk (Continued)

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

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

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

NOTE 33 - FINANCIAL RISK MANAGEMENT (Continued)

(iv) Foreign currency risk

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

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

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

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

	31 March 2011	31 December 2010
Assets	99.613.249	128.188.093
Liabilities	(581.357.704)	(593.426.277)
Net foreign currency position	**(481.744.455)**	**(465.238.184)**

Following exchange rates have been used in the translation of foreign currency denominated balance sheet items as of 31 March 2011: 1,5483 TL= 1 USD and 2,1816 TL=1 Euro (31 December 2010: 1,546 TL= 1 USD and 2,0491 TL=1 Euro).

Assets denominated in foreign currency amounting TL 99.613.249 as of 31 March 2011, hedged 17 % naturally by the existence of liabilities denominated in foreign currency amounting TL 581.357.704. 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 593.426.277.

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

NOTE 33 - FINANCIAL RISK MANAGEMENT (Continued)

(iv) Foreign currency risk (Continued)

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

31 March 2011

	USD Original amount	TL	Euro Original amount	TL	Other TL	Total
Assets:						
Cash and cash equivalents	21.990.125	34.047.311	3.730.673	8.138.837	16.461.131	58.647.279
Trade receivables	280.107	433.690	1.649.360	3.598.243	8.472.334	12.504.267
Other receivables and current assets	226.000	349.916	31.937	69.674	12.456.073	12.875.663
Other non-current assets	10.008.550	15.496.238	6.388	13.935	75.867	15.586.040
	32.504.782	**50.327.155**	**5.418.358**	**11.820.689**	**37.465.405**	**99.613.249**
Liabilities:						
Short-term portion of long-term financial liabilities (Note 7)	95.853.690	148.410.269	36.720.876	80.110.262	14.634.694	243.155.225
Trade payables	661.323	1.023.927	1.134.939	2.475.983	9.204.644	12.704.554
Other payables and short-term liabilities	26.736.000	41.395.349	4.196.827	9.155.798	39.589.538	90.140.685
Long-term financial liabilities	120.599.741	186.724.579	10.213.977	22.282.813	26.301.845	235.309.237
Other non-current liabilities (Note 21)	-	-	-	-	48.003	48.003
	243.850.754	**377.554.124**	**52.266.619**	**114.024.856**	**89.778.724**	**581.357.704**
Net foreign currency position	**(211.345.972)**	**(327.226.969)**	**(46.848.261)**	**(102.204.167)**	**(52.313.319)**	**(481.744.455)**

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

NOTE 33 - FINANCIAL RISK MANAGEMENT (Continued)

(iv) Foreign currency risk (Continued)

31 December 2010

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

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

NOTE 33 - FINANCIAL RISK MANAGEMENT (Continued)

(iv) Foreign currency risk (Continued)

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

31 March 2011	**Profit/Loss**	
	Foreign currency appreciation	**Foreign currency depreciation**
If the US dollar had changed by 10% against the TL		
USD net (liabilities)/assets	(32.390.741)	32.390.741
Hedging amount of USD	-	-
USD net effect on (loss)/income	**(32.390.741)**	**32.390.741**
If the EUR had changed by 10% against the TL		
Euro net (liabilities)/assets	(8.792.472)	8.792.472
Hedging amount of Euro	-	-
Euro net effect on (loss)/income	**(8.792.472)**	**8.792.472**
If the CHF had changed by 10% against the TL		
CHF denominated net (liabilities)/assets	(5.231.332)	5.231.332
Hedging amount of CHF	-	-
CHF net effect on (loss)/income	**(5.231.332)**	**5.231.332**

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

NOTE 33 - FINANCIAL RISK MANAGEMENT (Continued)

33.2 Fair value of financial instruments

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

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

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

(i) Monetary assets

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

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

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

(ii) Monetary liabilities

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

33.3 Capital risk management

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

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

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

NOTE 33 - FINANCIAL RISK MANAGEMENT (Continued)

33.4 Capital risk management (continued)

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

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

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

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

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

		Fair Value as of Reporting Date		
	31 March	Level 1	Level 2	Level 3
Financial Liabilities	2011	TL	TL	TL
Financial liabilities at FVTPL				
Trading derivatives	8.231.560	-	8.231.560	-
Other financial liabilities	-	-	-	-
	8.231.560	-	8.231.560	-

NOTE 34 - SUBSEQUENT EVENTS

The proposal of the Board of Directors as to not perform any profit distribution for the period 1 January 2010 – 31 December 2010. Since according to the consolidated financial statements prepared in conformity with the International Accounting and International Financial Reporting Standards; taking into consideration the "current tax expense", "deferred tax income" as well as non-controlling interests together, it has been seen that the "Consolidated Net Loss for the Period" of 40.079.404 TL has arisen, in the scope of the arrangements of the Capital Markets Board related to profit distribution, it shall not be possible to realize any profit distribution related to the for the period 1 January 2010 – 31 December 2010; whereas, in Company's solo financial records kept in the framework of the Turkish Commercial Code and the Tax Procedure Law a term profit of 30.800.152 TL has arisen, and that upon deduction of the Corporate Tax payable from this amount the net term profit amounting to 18.387.447 TL has resulted and upon provision made for the "1st Legal Reserves" from this amount pursuant to article 466/1 of the Turkish Commercial Code, the remaining amount of 17.468.075 TL shall be carried over to the "Extraordinary legal reserves" has been discussed and accepted.

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

NOTE 34 - SUBSEQUENT EVENTS (Continued)

Based on the publicly announcement on April 19, 2011, Company have decided to benefit from the provisions "tax base increase" as well as "disputed tax debts being at the stage of action and not having become final" of the Law Number 6111 which has become effective upon publication in the Official Gazette number 27857 (I. repeated) dated 25 February 2011. According to this, both the tax base increase as well as the restructuring of the "disputed tax debts being at the stage of action and not having become final", the arising tax liability amounting to a total of 22.789.595 TL has to be paid, in financial statements as at 31 March 2011 provision has been accounted.(Note 26)

In accordance with the Competition Authority's decision which was announced on 5 April 2011, the Company was sentenced to an administrative fine amounting TL 3.804.716 regarding to advertisement sales practices in press media (journalism) has been decided with the right of appealing Council to State. The Company management decided to account the necessary provision amount to the financial statements, with the necessity of the conservatism. (Note 26)

On 15 April 2011 the Group's indirect subsidiary OOO Pronto Moscow, restructured the existing long term bank loan amounting USD 70.000.000 which was reclassified as long term bank loan as of 31 March 2011. The related bank loan was paid back on 21 April 2011 and the blocked deposit amounting USD 10.000.000 was unblocked on 3 May 2011 (Note 21). Based on the restructured loan agreement, the deposit amounting USD 70.000.000 owned by Doğan Holding was blocked to guarantee for the loan.

The Group's indirect subsidiary OOO Pronto Samara's 10,1% shares was purchased back on 12 April 2011 and with the purchasing voting right of OOO Pronto Samara has been risen to 100%.

Financial statements prepared as of 31 March 2011 have been approved by Board of Directors on 10 May 2011. People except the Board of Director members have no authority to change the financial statements.

NOTE 35 - CASH FLOWS

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

	31 March 2011	31 March 2010
Change in blocked deposits and time deposits	(8.405)	(98.100)
Change in trade receivables and due from related parties	(10.575.550)	885.191
Change in inventories	462.496	1.841.382
Change in other current assets	(4.627.605)	(2.386.411)
Change in trade payables and due to related parties	4.265.640	5.245.861
Change in other current liabilities	7.338.028	(1.804.572)
Change in financial liabilities	2.837.340	(705.221)
Change in other non-current assets	72.543	137.456
	(235.513)	**3.115.586**