

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

**CONVENIENCE TRANSLATION  
OF THE CONSOLIDATED FINANCIAL  
STATEMENTS AND THE REVIEW  
REPORT FOR THE INTERIM PERIOD  
1 JANUARY - 30 JUNE 2011 INTO ENGLISH**

**(ORIGINALLY ISSUED IN TURKISH)**

## CONVENIENCE TRANSLATION OF THE REVIEW REPORT AND THE FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

### REVIEW REPORT ON THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the Board of Directors of  
Hürriyet Gazetecilik ve Matbaacılık A.Ş.,

#### *Introduction*

We have reviewed the accompanying consolidated financial statements of Hürriyet Gazetecilik ve Matbaacılık A.Ş. (the “Company”) and its subsidiaries (together the “Group”) which comprise the consolidated balance sheet as of 30 June 2011 and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six-month period then ended and a summary of significant accounting policies and other explanatory notes. The Group management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with the financial reporting standards published by the Capital Markets Board. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review.

#### *Scope of Review*

We conducted our review in accordance with auditing standards published by the Capital Markets Board. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards published by the Capital Markets Board and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion based on our review.

## *Basis for Qualified Conclusion*

As explained in Note 19d, the Group has recognized a liability arising from the put option on 3,84% shares of Trader Media East Limited owned by “non-controlling interests”, through a protocol signed in 2010 by increasing other liabilities by TL 39,4 million, decreasing non-controlling interests by TL 13,9 million and retained earnings/accumulated losses by TL 25,5 million in the accompanying consolidated financial statements as of and for the six-month period then ended 30 June 2010.

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

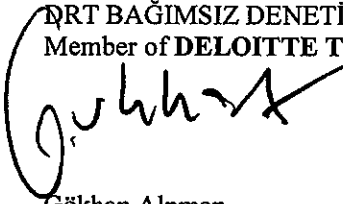
If the said put option liability of non-controlling interests had been recognized retrospectively in the accompanying consolidated financial statements, the opening equity figure as of 1 January 2010 presented in the accompanying comparative statement of changes in equity for the interim period ended 1 January-30 June would have been decreased by TL 37.1 million.

## *Qualified Conclusion*

Based on our review, except for the effects of the matter described above to the accompanying consolidated interim financial statements presented for comparative purposes, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material aspects, the financial position of Hürriyet Gazetecilik ve Matbaacılık A.Ş. and its subsidiaries as at 30 June 2010, and its financial performance and cash flows for the six-month period then ended in accordance with the financial reporting standards issued by the Capital Markets Board.

İstanbul, 23 August 2011

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

  
Gökhan Alpman  
Partner

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## CONSOLIDATED FINANCIAL STATEMENTS AND NOTES FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2011

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# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## CONSOLIDATED BALANCE SHEETS AT 30 JUNE 2011 AND 31 DECEMBER 2010

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

	Note references	(Reviewed) 30 June 2011	(Audited) 31 December 2010
<b>ASSETS</b>			
<b>Current assets</b>		<b>451.900.263</b>	<b>347.621.622</b>
Cash and cash equivalents	5	179.522.276	89.534.596
Financial assets	6	-	18.855.213
Trade receivables			
-Due from related parties	32	19.609.594	24.729.830
-Other trade receivables	9	203.635.436	161.774.534
Other receivables	10	3.982.239	1.841.576
Inventories	11	16.901.418	17.650.386
Other current assets	21	27.070.665	33.235.487
<b>Subtotal</b>		<b>450.721.628</b>	<b>347.621.622</b>
Assets held for sale	29	1.178.635	-
<b>Non-current assets</b>		<b>1.287.862.315</b>	<b>1.231.304.652</b>
Other receivables	10	808.811	790.356
Financial assets	6	4.746.253	4.846.530
Investments accounted for by the equity method	12	1.807.353	6.593.636
Investment property	13	23.250.466	24.477.879
Property, plant and equipment	14	445.056.807	458.941.953
Intangible assets	15	562.188.843	502.672.400
Goodwill	16	235.912.731	206.177.957
Deferred tax assets	30	13.312.777	10.966.263
Other non-current assets	21	778.274	15.837.678
<b>Total assets</b>		<b>1.739.762.578</b>	<b>1.578.926.274</b>

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

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## CONSOLIDATED BALANCE SHEETS AT 30 JUNE 2011 AND 31 DECEMBER 2010

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

	Note references	(Reviewed) 30 June 2011	(Audited) 31 December 2010
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>497.352.533</b>	<b>390.538.264</b>
Financial liabilities	7	237.890.718	230.193.446
Other financial liabilities	8	66.422.819	57.082.687
Trade payables			
-Due to related parties	32	8.045.721	3.429.863
-Other trade payables	9	48.028.627	33.994.339
Other payables			
-Due to related parties	32	35.242.405	-
-Other payables	10	19.827.760	18.336.488
Current income tax liabilities	30	2.714.551	12.630.692
Provisions	18	5.944.395	10.412.228
Other current liabilities	21	71.758.576	24.458.521
<b>Subtotal</b>		<b>495.875.572</b>	<b>390.538.264</b>
Liabilities related to assets held for sale	29	1.476.961	-
<b>Non-current liabilities</b>		<b>432.352.927</b>	<b>415.354.903</b>
Financial liabilities	7	269.168.268	276.186.985
Other payables	10	175.229	147.519
Provision for employment termination benefits	20	22.889.122	21.660.771
Deferred tax liabilities	30	128.837.725	117.314.791
Other non-current liabilities	21	11.282.583	44.837
<b>EQUITY</b>			
<b>Total Equity</b>		<b>810.057.118</b>	<b>773.033.107</b>
<b>Equity attributable to equity holders of the company</b>		<b>712.835.333</b>	<b>684.850.101</b>
Share capital	22	552.000.000	552.000.000
Inflation adjustment to share capital	22	77.198.813	77.198.813
Share premium		76.944	76.944
Translation reserve		48.392.459	(7.405.735)
Restricted reserves	22	34.266.877	33.347.505
Retained earnings		28.713.202	69.711.978
Net loss for the period		(28.557.240)	(40.079.404)
<b>Non-controlling interests</b>		<b>97.966.063</b>	<b>88.183.006</b>
<b>Total liabilities and equity</b>		<b>1.739.762.578</b>	<b>1.578.926.274</b>

These consolidated financial statement as at and for the period ended 30 June 2011 were approved by the Board of Directors on 23 August 2011.

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

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE INTERIM PERIODS ENDED 30 JUNE

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

	Note references	(reviewed) 1 January- 30 June 2011	(not reviewed) 1 April- 30 June 2011	(reviewed) 1 January- 30 June 2010	(not reviewed) 1 April- 30 June 2010
Sales	23	429.767.213	239.478.653	396.978.955	219.373.226
Cost of sales (-)	23	(266.849.302)	(136.745.404)	(233.982.052)	(121.198.997)
<b>Gross Profit</b>		<b>162.917.911</b>	<b>102.733.249</b>	<b>162.996.903</b>	<b>98.174.229</b>
Marketing, selling and distribution expenses (-)	24	(60.716.415)	(33.625.199)	(60.617.110)	(30.574.108)
General administrative expenses (-)	24	(80.024.759)	(43.283.631)	(71.239.318)	(35.997.834)
Other operating income	26	7.989.707	1.743.425	7.654.702	3.438.926
Other operating expenses (-)	26	(30.433.318)	(2.967.110)	(17.094.462)	(9.490.252)
<b>Operating (Loss)/profit</b>		<b>(266.874)</b>	<b>24.600.734</b>	<b>21.700.715</b>	<b>25.550.961</b>
Share of loss of investments accounted for by the equity method	12	(4.771.725)	(2.685.357)	(4.950.826)	(2.497.899)
Financial income	27	33.732.347	13.416.335	22.994.368	8.044.221
Financial expenses (-)	28	(57.736.232)	(37.876.905)	(30.929.028)	(22.113.830)
<b>(Loss)/profit before tax</b>		<b>(29.042.484)</b>	<b>(2.545.193)</b>	<b>8.815.229</b>	<b>8.983.453</b>
<b>Taxation</b>					
Current tax for the period	30	(7.973.777)	(3.448.676)	(13.413.246)	(9.464.786)
Deferred tax income	30	5.859.387	2.956.145	3.732.551	2.218.562
<b>Net (loss)/ profit for period</b>		<b>(31.156.874)</b>	<b>(3.037.724)</b>	<b>(865.466)</b>	<b>1.737.229</b>
<b>Other comprehensive income/(expense):</b>					
Change in translation reserves		71.942.652	35.913.879	3.579.097	(14.618.029)
<b>Other comprehensive income/(expense) after tax</b>		<b>71.942.652</b>	<b>35.913.879</b>	<b>3.579.097</b>	<b>(14.618.029)</b>
<b>Total comprehensive income/(expense)</b>		<b>40.785.778</b>	<b>32.876.155</b>	<b>2.713.631</b>	<b>(12.880.800)</b>
<b>Net (loss)/profit for the period</b>		<b>(31.156.874)</b>	<b>(3.037.724)</b>	<b>(865.466)</b>	<b>1.737.229</b>
<b>Allocation of net (loss)/profit for the period</b>					
Attributable to non-controlling interests		(2.599.634)	(551.622)	(4.784.260)	(3.438.295)
Attributable to equity holders of the company		(28.557.240)	(2.486.102)	3.918.794	5.175.524
<b>Allocation of total comprehensive income/(expense)</b>					
Attributable to non-controlling interests		13.544.824	7.109.925	(7.030.730)	(6.387.368)
Attributable to equity holders of the company		27.240.954	25.766.230	9.744.361	(6.493.432)
<b>(Loss)/earning per share (TL)</b>	31	<b>(0,0517)</b>	<b>(0,0045)</b>	<b>0,0071</b>	<b>0,0094</b>

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

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

**CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY  
FOR THE PERIODS ENDED 30 JUNE**

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

References	Note	Share Capital	Inflation adjustment to share capital	Share premiums	Translation reserves	Restricted reserves	Retained earnings	Net loss for the period	Non-controlling interests	Total equity
<b>Balances at 1 January 2010</b>	<b>22</b>	<b>552.000.000</b>	<b>77.198.813</b>	<b>76.944</b>	<b>(15.107.992)</b>	<b>29.503.316</b>	<b>189.305.041</b>	<b>(35.079.806)</b>	<b>119.749.857</b>	<b>917.646.173</b>
Transfers		-	-	-	-	3.844.189	(38.923.995)	35.079.806	-	-
Parent company's dividend payment		-	-	-	-	-	(55.200.000)	-	-	(55.200.000)
Subsidiaries' dividend payments to non-group companies		-	-	-	-	-	-	-	(1.648.732)	(1.648.732)
Adjustment effect of non-controlling shares put options (Note 19)		-	-	-	-	-	(25.469.068)	-	(13.898.432)	(39.367.500)
Other (*)		-	-	-	-	-	-	-	255.628	255.628
Total comprehensive income		-	-	-	5.825.567	-	-	3.918.794	(7.030.730)	2.713.631
<i>Change in translation reserves</i>		-	-	-	<i>5.825.567</i>	-	-	-	<i>(2.246.470)</i>	<i>3.579.097</i>
<i>Net loss for the period</i>		-	-	-	-	-	-	<i>3.918.794</i>	<i>(4.784.260)</i>	<i>(865.466)</i>
<b>Balances at 30 June 2010</b>	<b>22</b>	<b>552.000.000</b>	<b>77.198.813</b>	<b>76.944</b>	<b>(9.282.425)</b>	<b>33.347.505</b>	<b>69.711.978</b>	<b>3.918.794</b>	<b>97.427.591</b>	<b>824.399.200</b>
<b>Balances at 1 January 2011</b>	<b>22</b>	<b>552.000.000</b>	<b>77.198.813</b>	<b>76.944</b>	<b>(7.405.735)</b>	<b>33.347.505</b>	<b>69.711.978</b>	<b>(40.079.404)</b>	<b>88.183.006</b>	<b>773.033.107</b>
Transfers		-	-	-	-	919.372	(40.998.776)	40.079.404	-	-
Subsidiaries' dividend payments to non-group companies		-	-	-	-	-	-	-	(1.664.456)	(1.664.456)
Other (*)		-	-	-	-	-	-	-	(2.097.311)	(2.097.311)
Total comprehensive income		-	-	-	55.798.194	-	-	(28.557.240)	13.544.824	40.785.778
<i>Change in translation reserves</i>		-	-	-	<i>55.798.194</i>	-	-	-	<i>16.144.458</i>	<i>71.942.652</i>
<i>Net loss for the period</i>		-	-	-	-	-	-	<i>(28.557.240)</i>	<i>(2.599.634)</i>	<i>(31.156.874)</i>
<b>Balances at 30 June 2011</b>	<b>22</b>	<b>552.000.000</b>	<b>77.198.813</b>	<b>76.944</b>	<b>48.392.459</b>	<b>34.266.877</b>	<b>28.713.202</b>	<b>(28.557.240)</b>	<b>97.966.063</b>	<b>810.057.118</b>

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

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



# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIODS ENDED 30 JUNE

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

	Note References	Reviewed 1 January- 30 June 2011	Reviewed 1 January- 30 June 2010
Loss for the period		(31.156.874)	(865.466)
<b>Adjustments:</b>			
Depreciation	13,14	27.706.557	28.972.760
Amortization	15	15.487.940	13.366.915
Net loss on disposal of tangible and intangible assets and investment property	26	841.686	2.678.368
Tax expense	30	2.114.390	9.680.695
Provision for employment termination benefits and unused vacation rights	20,21	10.066.370	3.437.750
Income accruals	21	(372.117)	(375.177)
Interest income	27	(9.497.183)	(11.279.455)
Interest expenses	28	10.327.804	8.678.482
Unrealized foreign exchange losses from bank borrowings		31.822.769	12.893.361
Provision/(reversal) of the impairment of investment properties	13	279.293	(2.397.979)
Deferred income		(29.069)	1.091.327
Tax penalties (reversal)/provision expense	26	(3.467.127)	2.047.767
6111 tax base increase expenses	26	18.962.533	-
Competition authority penalty expenses	18	2.853.530	-
Loss from investments accounted for by the equity method	12	4.771.725	4.950.826
Provision for doubtful receivables	9	2.275.683	3.762.954
Change in other provisions		477.154	190.948
Reversals of provisions		(1.342.533)	(3.286.108)
Cash flows from operating activities before changes in operating assets and liabilities		82.122.531	73.547.968
Changes in operating assets and liabilities-net	35	(12.185.478)	(40.313.793)
Taxes paid		(5.156.636)	(5.754.740)
Expenses paid to the tax penalty and tax base increase due to The Law of 6111		(6.155.386)	(16.974.250)
Doubtful receivables collected	9	1.342.533	1.016.721
Employment termination benefits paid	20, 21	(6.585.138)	(1.688.951)
Net cash provided by operating activities of assets held for sale		14.082	-
<b>Net cash provided by operating activities</b>		<b>53.396.508</b>	<b>9.832.955</b>
<b>Cash flow from investing activities:</b>			
Purchases of property, plant and equipment	14	(6.118.070)	(8.218.359)
Purchases of intangible assets	15	(4.805.299)	(7.521.400)
Proceeds from sales of property, plant and equipment, intangible assets and investment properties		4.655.680	8.029.000
Interests received		9.808.370	11.326.455
Change in securities		18.855.213	(840.718)
Share capital increase financial investments	6	(139.961)	(3.834.217)
Cash flow of non-current assets held for sale used in investing activities		(14.082)	-
<b>Net cash used in investing activities</b>		<b>22.241.851</b>	<b>(1.059.239)</b>
<b>Cash used in financing activities:</b>			
Changes in advances from related parties		35.000.000	-
Changes in financial payables to related parties		35.242.405	-
Changes in financial receivables from related parties		(3.487.857)	-
Dividends paid to non-controlling interests		(1.664.456)	(1.648.732)
Bank borrowings received		187.533.869	110.808.832
Bank borrowings paid		(212.640.609)	(174.825.053)
Change in financial liabilities to suppliers		(13.713.497)	(16.344.998)
Dividends paid		-	(51.571.859)
Interests paid		(9.918.717)	(6.308.123)
<b>Net cash used in financing activities</b>		<b>16.351.138</b>	<b>(139.889.933)</b>
Exchange losses on cash and cash equivalents		(1.581.546)	(1.344.310)
Change in cash and cash equivalents		90.407.951	(132.460.527)
Cash and cash equivalents at the beginning of the period	5	88.918.222	276.974.548
<b>Cash and cash equivalents at the end of the period</b>	<b>5</b>	<b>179.326.173</b>	<b>144.514.021</b>

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

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

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

### NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Hürriyet Gazetecilik ve Matbaacılık A.Ş. ("Hürriyet" or the "Company") was established in 1960 and is registered in Turkey. The Company which undertakes journalism, printing and advertising activities operates 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 2011 of CMB; according to the records of Central Registry Agency (CRA); shares representing 21,56% (December 31, 2010: 21,11%) of Hürriyet are accepted as "in circulation". 25,02% capital of the TME, subsidiary of Company, is circulated on London Stock Exchange as Global Depository Receipts ("GDR").

### Subsidiaries

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

Subsidiaries	Registered country	Geographic segment	Nature of business
Hürriyet Medya Basım Hizmetleri ve Ticaret A.Ş. ("Hürriyet Medya Basım")	Turkey	Turkey	Printing and administrative services
Doğan Ofset Yayıncılık ve Matbaacılık A.Ş. ("Doğan Ofset")	Turkey	Turkey	Magazine and book publishing
Yenibirış İnsan Kaynakları Hizmetleri Danışmanlık ve Yayıncılık A.Ş. ("Yenibir")	Turkey	Turkey	Internet publishing
Refeks Dağıtım ve Kurye Hizmetleri A.Ş. ("Refeks") in liquidation	Turkey	Turkey	Distribution and Courier Services
Doğan Haber Ajansı A.Ş. ("Doğan Haber")	Turkey	Turkey	News agency
E Tüketici İnternet ve Danışmanlık Hizmetleri Elektronik Yayıncılık A.Ş. ("E Tüketici")	Turkey	Turkey	Internet publishing
Nartek Bilişim 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
OOO SP Belpronto	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

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

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

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

#### Subsidiaries (Continued)

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

#### 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
OOO Autoscout24	Russia	Russia and EE	Internet publishing
ASPM Holding B.V.	Holland	Europe	Investment

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED 30 JUNE 2011**

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

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

**2.1 Basis of presentation**

**2.1.1 Financial reporting standards**

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

With the decision taken on 17 December 2005, the CMB has announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with CMB Accounting Standards. Accordingly, IAS 29 "Financial Reporting in Hyperinflationary Economies" issued by 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.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

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

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

#### 2.1.3 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 (d) below. The financial statements of the companies included in the consolidation are based on historical cost of the statutory records and for the purpose of fair presentation in accordance with the accounting policies described in Note 2.1.1 and application of uniform accounting policies and presentations; adjustments and reclassifications.

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

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

#### *(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 recognized as expense at the time it is incurred. Liabilities incurred of identifiable assets purchased are recognized at fair value at the acquisition date.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

(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)

The Subsidiaries and their effective ownership interests at 30 June 2011 and 31 December 2010 are as follows:

Subsidiaries	Proportion of voting power held by Hürriyet and its subsidiaries (%)		Effective ownership interests (%)	
	30 June 2011	31 December 2010	30 June 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	100,00	100,00	100,00	100,00
TME <sup>(1)</sup>	71,14	71,14	71,14	71,14
Oglasnik d.o.o. <sup>(1)</sup>	100,00	100,00	71,14	71,14
TCM Adria d.o.o.	100,00	100,00	71,14	71,14
Internet Posao d.o.o.	100,00	100,00	49,80	49,80
Expressz Magyarorszag Media Zrt.	100,00	100,00	71,14	71,14
Mirabridge International B.V.	100,00	100,00	71,14	71,14
Pronto Invest B.V.	100,00	100,00	71,14	71,14
ZAO Pronto Akzhol	80,00	80,00	56,91	56,91
TOO Pronto Akmola	100,00	100,00	71,14	71,14
OOO Pronto Atyrau	100,00	100,00	56,91	56,91
OOO Pronto Aktobe	80,00	80,00	45,53	45,53
OOO Pronto Aktau	100,00	100,00	56,91	56,91
OOO Pronto Rostov	100,00	100,00	71,14	71,14
OOO Pronto Kurgan <sup>(2)</sup>	-	85,00	-	60,47
OOO Novoprint	100,00	100,00	71,14	71,14
ZAO NPK	100,00	100,00	71,14	71,14
OOO Delta-M	55,00	55,00	39,13	39,13
OOO Pronto Baikal	100,00	100,00	71,14	71,14
OOO Pronto DV	100,00	100,00	71,14	71,14
OOO Pronto Ivanovo	100,00	100,00	71,14	71,14
OOO Pronto Kaliningrad	95,00	95,00	67,58	67,58
OOO Pronto Kazan	72,00	72,00	51,22	51,22
OOO Pronto Krasnodar	80,00	80,00	56,91	56,91
OOO Pronto Krasnoyarsk	100,00	100,00	71,14	71,14
OOO Pronto Nizhny Novgorod	90,00	90,00	64,03	64,03
OOO Pronto Novosibirsk	100,00	100,00	71,14	71,14
OOO Pronto Oka <sup>(4)</sup>	100,00	100,00	71,14	71,14
OOO Pronto Peterburg <sup>(3)</sup>	51,00	51,00	36,28	36,28
OOO Pronto Samara <sup>(5)</sup>	100,00	89,90	71,14	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

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

(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 (%)	
	30 June	31 December	30 June	31 December
	2011	2010	2011	2010
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 <sup>(4)</sup>	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
OOO SP Belpronto	60,00	60,00	42,68	42,68
OOO Tambov-Info	100,00	100,00	71,14	71,14
Impress Media Marketing LLC <sup>(1)</sup>	100,00	100,00	71,14	71,14
OOO Pronto Obninsk	100,00	100,00	71,14	71,14
OOO Rektcentr	100,00	100,00	71,14	71,14
OOO Pronto Neva	100,00	100,00	71,14	71,14
SP Pronto Kiev	50,00	50,00	35,57	35,57
TOV E-Prostir	50,00	50,00	35,57	35,57
Publishing House Pennsylvania Inc	100,00	100,00	71,14	71,14
OOO Rukom	100,00	100,00	71,14	71,14
Moje Delo, spletni marketing, d.o.o <sup>(1)</sup>	100,00	100,00	71,14	71,14
Bolji Posao d.o.o. Serbia	100,00	100,00	39,13	39,13
Bolji Posao d.o.o. Bosnia	100,00	100,00	39,13	39,13
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) Related subsidiary's shares have been sold in 2011.

(3) Related subsidiary is classified as asset held for sale as mentioned in Note 29.

(4) Related subsidiary has ceased its operations before the year 2010.

(5) Related subsidiary has bought %10,1 of it's own share from non-controlling shares in 2011.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

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

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

#### 2.1.3 Consolidation principles (Continued)

##### (b) 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 30 June 2011 and 31 December 2010 are as follows:

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

##### (c) Investments in associates

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

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

The Associates and the proportion of ownership interests at 30 June 2011 and 31 December 2010 are as follows:

	30 June 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.



# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

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

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

#### 2.1.4 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:

- Retained earnings amount of TL 1.786.780 which is profit on sale of subsidiaries, is classified to "restricted reserves".
- Cash flows from operating activities before changes in operating assets and liabilities amounting to TL 73.547.968 has been reported as TL 74.564.689, net cash provided by operating activities amounting to TL 9.832.955 has been reported as TL 12.994.985, net cash used in by investing activities amounting to TL 1.059.239 has been reported as TL 4.221.269 in the statement of cash flows.

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

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

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

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

#### 2.1.6 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 30 June 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.

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

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

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

##### 2.1.6 Amendments and interpretations to existing standards (Continued)

##### *New and Revised IFRSs applied as of 30 June 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/interpretations as follow: IFRS 1 *First-time Adoption of International Financial Reporting Standards*; IFRS 3 *Business Combinations*; IAS 27 *Consolidated and Separate Financial Statements*; IAS 34 *Interim Financial Reporting*; IFRS 7 *Financial Instruments: Explanations*; IAS 1 *Presentation of Financial Statements* 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 June 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.

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### 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 June 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.

##### **IFRS 10 Consolidated Financial Statements**

IFRS 10 replaces the consolidation guidance in IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidation — Special Purpose Entities* by introducing a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e., whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in special purpose entities).

Under IFRS 10, control is based on whether an investor has 1) power over the investee; 2) exposure, or rights, to variable returns from its involvement with the investee; and 3) the ability to use its power over the investee to affect the amount of the returns. The new standard is mandatory for annual periods beginning on or after 1 January 2013. The Group has not yet had an opportunity to consider the potential impact of the adoption of this revised standard.

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### 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 June 2011 and have not been early adopted (Cont'd):*

#### **IFRS 11 Joint Arrangements**

IFRS 11 introduces new accounting requirements for joint arrangements, replacing IAS 31 *Interests in Joint Ventures*. The option to apply the proportional consolidation method when accounting for jointly controlled entities is removed. Additionally, IFRS 11 eliminates jointly controlled assets to now only differentiate between joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities.

A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets. The new standard is mandatory for annual periods beginning on or after 1 January 2013. The Group has not yet had an opportunity to consider the potential impact of the adoption of this revised standard.

#### **IFRS 12 Disclosure of Interest In Other Entities**

IFRS 12 requires extensive disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. An entity is required to disclose information that helps users of its financial statements evaluate the nature of and risks associated with its interests in other entities and the effects of those interests on its financial statements. The new standard is mandatory for annual periods beginning on or after 1 January 2013. The Group has not yet had an opportunity to consider the potential impact of the adoption of this revised standard.

#### **IAS 27 Separate Financial Statements (2011)**

The requirements relating to separate financial statements are unchanged and are included in the amended IAS 27. The other portions of IAS 27 are replaced by IFRS 10.

#### **IAS 28 Investments in Associates and Joint Ventures (2011)**

IAS 28 is amended for conforming changes based on the issuance of IFRS 10, IFRS 11 and IFRS 12.

#### **IFRS 13 Fair Value Measurements**

On 12 May 2011, IASB issued IFRS 13 Fair Value Measurement, which establishes a single source of guidance for fair value measurement under IFRSs. IFRS 13 defines fair value, provides guidance on its determination and introduces consistent requirements for disclosures on fair value measurements. The Standard does not include requirements on when fair value measurements is required; it prescribes how fair value is to be measured if another Standard requires it.

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### 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 June 2011 and have not been early adopted (Cont'd):*

#### **IFRS 13 Fair Value Measurements (Continued)**

The new standard is mandatory for annual periods beginning on or after 1 January 2013. The Group has not yet had an opportunity to consider the potential impact of the adoption of this revised standard.

#### **IAS 1 Presentation of Financial Statements (2011) – Presentation of Items of Other Comprehensive Income**

The amendments to IAS 1 provides guidance on the presentation of items contained in other comprehensive income (OCI) and their classification within OCI. The new standard is mandatory for annual periods beginning on or after 1 July 2012. The Group has not yet had an opportunity to consider the potential impact of the adoption of this revised standard.

#### **IAS 19 Employee Benefits (2011) (the “amendments”)**

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The new standard is mandatory for annual periods beginning on or after 1 January 2013. The Group has not yet had an opportunity to consider the potential impact of the adoption of this revised standard.

### **2.2 Summary of significant accounting policies**

#### **2.2.1 Related parties**

For the purposes of these consolidated financial statements, the ultimate owner Aydın Doğan and Doğan family, other group companies controlled by Doğan Holding, 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 recognized at cost of purchase including the transaction costs and subsequently re-measured at fair value. All related realized and unrealized gains and losses are included in the statement of income.

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

#### 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 amortized cost. Trade receivables, net of unearned financial income, are measured at amortized 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 recognized in a business combination is not amortized; 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 realizable value which is the higher of value in use and fair value less costs to sell. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Impairment exists if the carrying amount of the stated asset or the cash generating unit including the stated asset exceeds its net realizable value. Impairment losses are recognized 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.

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

#### 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

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 recognized 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 capitalized if they result in an enlargement or substantial improvement of the respective assets (Note 14).



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

#### 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).

Intangible assets with finite useful lives are evaluated for impairment losses and an impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized 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.

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

##### 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 recognized 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 amortization charge would have increased by TL 8.002.634 (30 June 2010: TL 7.705.629) and income before tax and non-controlling interests would have decreased by TL 8.002.634 (30 June 2010: TL 7.705.629).

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

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

- Had the useful lives been higher by 10%, amortization charges would have decreased by TL 905.817 and income before tax and non-controlling interests would have increased by TL 905.817 (30 June 2010: TL 809.004) or

- Had the useful lives been lower by 10%, amortization charges would have increased by TL 1.107.109 and income before tax and non-controlling interests would have decreased by TL 1.107.109 (30 June 2010: TL 989.639).

##### *Provisions*

Group management sets a doubtful receivable provision amounting to TL 2.275.683 (Note 9) and legal cases provision amounting to TL 283.318 (Note 18) in the consolidated financial statements for the period ended 30 June 2011.

##### 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.

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

#### 2.2.11 Taxes (Continued)

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

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

#### 2.2.12 Borrowings

Bank borrowings are recognized initially at proceeds received, net of transaction costs incurred. Bank borrowings are subsequently stated at amortized cost using the effective yield method in the consolidated financial statements. Any difference between the proceeds (excluding transaction charges) and redemption value is recognized 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 recognized in these financial statements as the benefits are earned. The total provision represents the present value of future probable obligation of the Group arising from the retirement of its employees regarding the actuarial projections (Note 20).

#### 2.2.14 Provisions

Provisions are recognized 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 Company.

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

#### 2.2.16 Foreign currency transactions and translation (continued)

##### Foreign currency transactions and balances

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

##### 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 30 June 2011 and 31 December 2010 are summarized below:

Country	Currency	30 June 2011	31 December 2010
Eurozone	Euro	2,3492	2,0491
Russia	Ruble	0,0581	0,0507
Hungary	Forint	0,0089	0,0074
Croatia	Kuna	0,3180	0,2776
Ukraine	Grivna	0,2045	0,1942
Romania	New Ley	0,5562	0,4826
Kazakhstan	Tenge	0,0111	0,0105
Belarus	Belarusian Ruble	0,0003	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.

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

##### 2.2.17 Revenue recognition (continued)

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

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

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

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

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

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

###### *Newspaper sales returns:*

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

###### *Interest income:*

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

###### *Rental income:*

Rental income is recognized on an accrual basis.

###### *Other income:*

Other income is recognized on an accrual basis.

##### 2.2.18 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) /Profit 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.

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

#### 2.2.19 (Loss) /Profit per share (continued)

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

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

#### 2.2.20 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).

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

#### 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).

#### 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.

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

#### 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.

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.

### NOTE 3 - BUSINESS COMBINATIONS

There are no business combinations as of 30 June 2011 and 31 December 2010.



# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

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

### NOTE 4 - SEGMENT REPORTING

#### a) Segmental analysis for the period between 1 January – 30 June 2011:

	Turkey	Russia and EE	Europe	Total
Sales	301.163.144	103.995.590	24.608.479	429.767.213
Cost of sales (-)	(191.949.713)	(56.564.201)	(18.335.388)	(266.849.302)
<b>Gross operating profit</b>	<b>109.213.431</b>	<b>47.431.389</b>	<b>6.273.091</b>	<b>162.917.911</b>
Marketing, selling and distribution expenses (-)	(48.343.138)	(10.637.344)	(1.735.933)	(60.716.415)
Losses from investments accounted for by equity method (-)	(4.771.725)	-	-	(4.771.725)
<b>Net segment result</b>	<b>56.098.568</b>	<b>36.794.045</b>	<b>4.537.158</b>	<b>97.429.771</b>
General administrative expenses (-)				(80.024.759)
Other operating income				7.989.707
Other operating expenses (-)				(30.433.318)
Financial income				33.732.347
Financial expense (-)				(57.736.232)
<b>Operating loss before tax</b>				<b>(29.042.484)</b>
Tax expenses for the period (-)				(7.973.777)
Deferred tax income				5.859.387
<b>Net loss for the period</b>				<b>(31.156.874)</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

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

### NOTE 4 - SEGMENT REPORTING (Continued)

#### b) Segmental analysis for the period between 1 April – 30 June 2011:

	Turkey	Russia and EE	Europe	Total
Sales	169.140.033	57.461.498	12.877.122	239.478.653
Cost of sales (-)	(96.982.018)	(30.055.027)	(9.708.359)	(136.745.404)
<b>Gross operating profit</b>	<b>72.158.015</b>	<b>27.406.471</b>	<b>3.168.763</b>	<b>102.733.249</b>
Marketing, selling and distribution expenses (-)	(26.972.047)	(5.761.900)	(891.252)	(33.625.199)
Losses from investments accounted for by equity method (-)	(2.685.357)	-	-	(2.685.357)
<b>Net segment result</b>	<b>42.500.611</b>	<b>21.644.571</b>	<b>2.277.511</b>	<b>66.422.693</b>
General administrative expenses (-)				(43.283.631)
Other operating income				1.743.425
Other operating expense (-)				(2.967.110)
Financial income				13.416.335
Financial expense (-)				(37.876.905)
<b>Operating loss before tax</b>				<b>(2.545.193)</b>
Tax expenses for the period (-)				(3.448.676)
Deferred tax income				2.956.145
<b>Net loss for the period</b>				<b>(3.037.724)</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

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

### NOTE 4 - SEGMENT REPORTING (Continued)

#### c) Segmental analysis for the period between 1 January – 30 June 2010:

	Turkey	Russia and EE	Europe	Total
Sales	277.776.952	93.860.583	25.341.420	396.978.955
Cost of sales (-)	(167.446.134)	(47.095.220)	(19.440.698)	(233.982.052)
<b>Gross operating profit</b>	<b>110.330.818</b>	<b>46.765.363</b>	<b>5.900.722</b>	<b>162.996.903</b>
Marketing, selling and distribution expenses (-)	(50.826.019)	(7.880.435)	(1.910.656)	(60.617.110)
Losses from investments accounted for by equity method (-)	(4.950.826)	-	-	(4.950.826)
<b>Net segment result</b>	<b>54.553.973</b>	<b>38.884.928</b>	<b>3.990.066</b>	<b>97.428.967</b>
General administrative expenses (-)				(71.239.318)
Other operating income				7.654.702
Other operating expense (-)				(17.094.462)
Financial income				22.994.368
Financial expense (-)				(30.929.028)
<b>Operating profit before tax</b>				<b>8.815.229</b>
Tax expenses for the period (-)				(13.413.246)
Deferred tax income				3.732.551
<b>Net loss for the period</b>				<b>(865.466)</b>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED 30 JUNE 2011**

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

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

**d) Segmental analysis for the period between 1 April – 30 June 2010:**

	Turkey	Russia and EE	Europe	Total
Sales	155.419.408	51.846.210	12.107.608	219.373.226
Cost of sales (-)	(86.453.381)	(25.443.100)	(9.302.516)	(121.198.997)
<b>Gross operating profit</b>	<b>68.966.027</b>	<b>26.403.110</b>	<b>2.805.092</b>	<b>98.174.229</b>
Marketing, selling and distribution expenses (-)	(24.688.668)	(4.759.815)	(1.125.625)	(30.574.108)
Losses from investments accounted for by equity method (-)	(2.497.899)	-	-	(2.497.899)
<b>Net segment result</b>	<b>41.779.460</b>	<b>21.643.295</b>	<b>1.679.467</b>	<b>65.102.222</b>
General administrative expenses (-)				(35.997.834)
Other operating income				3.438.926
Other operating expense (-)				(9.490.252)
Financial income				8.044.221
Financial expense (-)				(22.113.830)
<b>Operating profit before tax</b>				<b>8.983.453</b>
Tax expenses for the period (-)				(9.464.786)
Deferred tax income				2.218.562
<b>Net profit for the period</b>				<b>1.737.229</b>

**e) Segment assets:**

	30 June 2011	31 December 2010
Turkey	768.935.015	701.272.070
Russia and EE	790.173.879	698.935.697
Europe	159.247.011	141.291.184
	<b>1.718.355.905</b>	<b>1.541.498.951</b>
Unallocated assets	19.599.320	30.833.687
Investments accounted for by the equity method	1.807.353	6.593.636
<b>Total assets per consolidated financial statements</b>	<b>1.739.762.578</b>	<b>1.578.926.274</b>

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

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

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

### NOTE 4 - SEGMENT REPORTING (Continued)

#### f) Segment liabilities

	30 June 2011	31 December 2010
Turkey	204.189.389	79.964.681
Russia and EE	22.811.314	18.557.684
Europe	29.169.544	24.658.364
	<b>256.170.247</b>	<b>123.180.729</b>
Unallocated liabilities	673.535.213	682.712.438
<b>Total liabilities per consolidated financial statements</b>	<b>929.705.460</b>	<b>805.893.167</b>

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

#### g) Depreciation and amortisation charges and capital expenditures

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

	2011		2010	
	1 January- 30 June	1 April- 30 June	1 January- 30 June	1 April- 30 June
Turkey	9.962.451	6.673.509	15.144.888	10.252.966
Russia and EE	4.194.210	2.108.962	2.378.937	1.297.792
Europe	636.157	360.032	2.218.682	901.675
	<b>14.792.818</b>	<b>9.142.503</b>	<b>19.742.507</b>	<b>12.452.433</b>

##### Depreciation and amortisation charges:

	2011		2010	
	1 January- 30 June	1 April- 30 June	1 January- 30 June	1 April- 30 June
Turkey	23.718.258	11.456.757	24.806.110	12.362.720
Russia and EE	14.893.731	7.624.554	13.483.767	6.939.574
Europe	4.582.508	2.340.569	4.049.798	1.667.571
	<b>43.194.497</b>	<b>21.421.880</b>	<b>42.339.675</b>	<b>20.969.865</b>

**HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED 30 JUNE 2011**

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

**NOTE 4 - SEGMENT REPORTING (Continued)****h) Non-cash expenses:**

	30 June 2011			
	Turkey	Russia and EE	Europe	Total
Tax base increase expenses under Law No. 6111 (Note 26)	18.962.533	-	-	18.962.533
Provision for doubtful receivables (Note 9, 21)	1.724.925	365.088	185.670	2.275.683
Rediscount of interest expenses	2.013.621	1.519.143	141.633	3.674.397
Provision for employee termination benefits and unused vacation rights (Notes 20,21)	5.413.779	4.652.591	-	10.066.370
Provision for impairment of investment properties (Note 26)	279.293	-	-	279.293
Provision for impairment of available for sale financial assets (Note 6)	240.238	-	-	240.238
Provision for lawsuits (Note 18)	283.318	-	-	283.318
Provision for competition authority penalty (Note 18)	2.853.530	-	-	2.853.530
	<b>31.771.237</b>	<b>6.536.822</b>	<b>327.303</b>	<b>38.635.362</b>

	30 June 2010			
	Turkey	Russia and EE	Europe	Total
Provisions and accruals for tax penalties (Note 26)	2.047.767	-	-	2.047.767
Provision for doubtful receivables (Note 9)	3.159.444	257.620	345.890	3.762.954
Provision for employment termination benefits and unused vacation rights (Note 18,20)	3.437.750	-	-	3.437.750
Interest expense accruals	1.391.447	1.588.096	37.862	3.017.405
Provision for impairment of investment properties (Note 26)	533.208	-	-	533.208
Provision for impairment of available for sale financial assets (Note 6)	171.813	-	-	171.813
Provision for lawsuits (Note 18)	60.727	-	-	60.727
	<b>10.802.156</b>	<b>1.845.716</b>	<b>383.752</b>	<b>13.031.624</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

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

### NOTE 5 - CASH AND CASH EQUIVALENTS

The cash and cash equivalents at 30 June 2011 and 31 December 2010 are as follows:

	30 June 2011	31 December 2010
Cash	1.152.927	774.972
Banks		
- demand deposits	26.479.442	19.006.039
- time deposits	151.726.408	69.609.037
- blocked deposits	163.499	144.548
<b>Total</b>	<b>179.522.276</b>	<b>89.534.596</b>

The Group has blocked deposits amounting to TL 163.499 as of 30 June 2011 (31 December 2010: TL 144.548). The blocked deposits consist of demand deposits amounting to TL 11.746 (31 December 2010: TL 10.246).

Cash and cash equivalents included in the consolidated statements of cash flows as of 30 June 2011 and 31 December 2010 is as follows:

	30 June 2011	31 December 2010	30 June 2010	31 December 2009
Cash and banks	179.522.276	89.534.596	145.667.771	278.383.288
Less: Blocked deposits	(163.499)	(144.548)	(222.744)	(274.793)
Less: Interest accruals	(32.604)	(471.826)	(931.006)	(1.133.947)
<b>Total</b>	<b>179.326.173</b>	<b>88.918.222</b>	<b>144.514.021</b>	<b>276.974.548</b>

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

	30 June 2011	31 December 2010
0-1 month	151.845.557	68.379.768
1-3 months	32.604	1.363.571
	<b>151.878.161</b>	<b>69.743.339</b>

There are no time deposits with variable interest rates at 30 June 2011 and 31 December 2010. The gross interest rate for TL time deposits is 7,6% for 30 June 2011 (31 December 2010: 7,3%). The gross interest rates of foreign currency denominated time deposits are 2,9% for USD and 3,6% for Euro as of 30 June 2011 (31 December 2010: USD: 2,3%, Euro: 2,9%).

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

(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 30 June 2011 and 31 December 2010 are as follows:

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

As of 30 June 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 30 June 2011 and 31 December 2010 are as presented below:

	Share %	30 June 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 Müessellik 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	-	303.606	-	286.141
		<b>6.741.996</b>		<b>6.602.035</b>
Impairment on Doğan Havacılık		(1.995.743)		(1.755.505)
<b>Total</b>		<b>4.746.253</b>		<b>4.846.530</b>

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
<b>1 January</b>	<b>1.755.505</b>	<b>1.481.588</b>
Provision for impairment	240.238	171.813
<b>30 June</b>	<b>1.995.743</b>	<b>1.653.401</b>



# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

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

### NOTE 7 - FINANCIAL LIABILITIES

The details of financial liabilities at 30 June 2011 and 31 December 2010 are as follows:

<b>Short-term financial liabilities and short term portion of long term financial liabilities:</b>	<b>30 June 2011</b>	<b>31 December 2010</b>
Bank borrowings	206.825.923	202.710.972
Financial liabilities to suppliers	30.652.357	26.562.545
Lease payables	412.438	919.929
<b>Total</b>	<b>237.890.718</b>	<b>230.193.446</b>
<b>Long-term financial liabilities:</b>	<b>30 June 2011</b>	<b>31 December 2010</b>
Bank borrowings	220.655.400	221.167.354
Financial liabilities to suppliers	48.512.868	54.991.092
Lease payables	-	28.539
<b>Total</b>	<b>269.168.268</b>	<b>276.186.985</b>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED 30 JUNE 2011**

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

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

**Bank borrowings:**

The details of bank borrowings at 30 June 2011 and 31 December 2010 are as follows:

	Effective interest rate (%)		Original foreign currency		TL	
	2011	2010	2011	2010	2011	2010
<b>Short-term bank borrowings</b>						
- Euro	1,7	1,7	27.625	2.970	64.895	6.086
<b>Sub-total</b>					<b>64.895</b>	<b>6.086</b>
<b>Short-term portion of long-term bank borrowings</b>						
- USD	4,9	3,3	102.044.274	93.194.435	166.352.575	144.078.596
- Euro	2,8	2,8	17.200.941	27.541.110	40.408.453	56.434.490
- CHF	-	2,4	-	1.333.374	-	2.191.800
<b>Sub-total</b>					<b>206.761.028</b>	<b>202.704.886</b>
<b>Total short-term bank borrowings</b>					<b>206.825.923</b>	<b>202.710.972</b>
<b>Long-term bank borrowings</b>						
- USD	3,6	4,4	134.317.247	138.664.540	218.963.975	214.375.379
- Euro	6,1	2,9	720.000	3.314.614	1.691.425	6.791.975
<b>Total long-term bank borrowings</b>					<b>220.655.400</b>	<b>221.167.354</b>

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

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

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

##### **Bank borrowings (Continued):**

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

<b>Year</b>	<b>30 June 2011</b>	<b>31 December 2010</b>
2012	45.223.918	116.281.690
2013	60.236.851	67.106.537
2014	114.419.395	25.730.549
2015 and after	775.236	12.048.578
<b>Total</b>	<b>220.655.400</b>	<b>221.167.354</b>

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

<b>Period</b>	<b>30 June 2011</b>	<b>31 December 2010</b>
Up to 6 months	427.481.323	423.878.326
<b>Total</b>	<b>427.481.323</b>	<b>423.878.326</b>

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

Group borrows loans on fixed and floating interest rates.

The Group has obligation to fulfill financial conditions of the bank regarding the long-term bank loans used to purchase shares of TME. Accordingly, ratio of group's net debt to EBITDA identified by the bank which is included in consolidated financial statements for the last 12 months and shareholders' equity, must stay below a certain level.

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).

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

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

### NOTE 7 - FINANCIAL LIABILITIES (Continued)

#### Bank borrowings (Continued):

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.

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 restructured the bank loan amounting to USD 70.000.000 on 15 April 2011, which are reclassified to long-term financial liabilities as of 31 December 2010. OOO Pronto Moscow paid back a refund on 21 April 2011 therefore blocked deposits amounting to USD 10.000.000 was resolved on 3 May 2011 (Note 21). Based on the restructured loan agreement, amount of USD 70.000.000 have been blocked as a guarantee deposit of Doğan Holding.

#### Lease payables:

Lease payables at 30 June 2011 and 31 December 2010 are as follows:

	30 June 2011	31 December 2010
Short-term lease payables	412.438	919.929
Long-term lease payables	-	28.539
<b>Total</b>	<b>412.438</b>	<b>948.468</b>

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

Year	30 June 2011	31 December 2010
2012	-	28.539
<b>Total</b>	<b>-</b>	<b>28.539</b>

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 0,7% for USD, 2,2% for Euro and 1,2% 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	30 June 2011	31 December 2010
2012	14.807.832	26.013.161
2013	26.783.191	22.940.320
2014 and after	6.921.845	6.037.611
<b>Total</b>	<b>48.512.868</b>	<b>54.991.092</b>

The Group's short-term financial liabilities to suppliers issued at variable interest rates are amounting to TL 30.652.357 (31 December 2010: TL 26.562.545) and long-term financial liabilities TL 48.512.868 as of 30 June 2011 (31 December 2010: TL 54.991.092).

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

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

### NOTE 7 - FINANCIAL LIABILITIES (Continued)

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

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

Period	30 June 2011	31 December 2010
Up to 6 months	78.721.930	81.420.394
6-12 months	443.295	133.243
<b>Total</b>	<b>79.165.225</b>	<b>81.553.637</b>

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

The Group's borrowings with variable interest amount to TL 345.672.068 at 30 June 2011 (31 December 2010: TL 499.025.964).

### NOTE 8 - OTHER FINANCIAL LIABILITIES

Other financial liabilities at 30 June 2011 and 31 December 2010 are as follows:

	30 June 2011	31 December 2010
Derivative liabilities	9.274.528	4.602.171
Financial liabilities due to put options	57.148.291	52.480.516
- <i>Short-term (Note 19)</i>	57.148.291	52.480.516
<b>Total</b>	<b>66.422.819</b>	<b>57.082.687</b>

### NOTE 9 - TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables net of unearned credit finance income at 30 June 2011 and 31 December 2010 are as follows:

	30 June 2011	31 December 2010
Trade receivables	253.557.976	207.076.298
Cheques and notes receivable	2.643.901	3.948.580
Receivables from credit cards	1.020.150	1.304.416
	<b>257.222.027</b>	<b>212.329.294</b>
Unearned credit finance income	(1.170.653)	(1.298.687)
Less: provision for doubtful receivables	(52.415.938)	(49.256.073)
<b>Short-term trade receivables</b>	<b>203.635.436</b>	<b>161.774.534</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

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

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

Trade receivables resulting from advertisements, amounting to TL 152.125.458 (31 December 2010: TL 115.496.315) are followed up by Doğan Factoring Hizmetleri A.Ş. ("Doğan Factoring"). These receivables are related to commercial advertisements and some of reclassified ads. Group has received an advance amount of TL 35.000.000 (Note 32) which is reclassified as trade payables to related parties. The due date of the Group's trade receivable followed up by Doğan Factoring is 88 days (31 December 2010: 91 days). The unearned credit finance income related with the receivables followed up by Doğan Factoring is TL 1.170.653 (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
<b>1 January</b>	<b>49.256.073</b>	<b>43.241.229</b>
Additions during the period (Note 26)	2.275.683	3.762.954
Collections during the period	(1.342.533)	(1.016.721)
Currency translation differences	2.564.166	(1.381.483)
Provisions related to assets held for sale	(337.451)	-
<b>30 June</b>	<b>52.415.938</b>	<b>44.605.979</b>

Trade payables at 30 June 2011 and 31 December 2010 are as follows:

	30 June 2011	31 December 2010
Short-term trade payables	42.775.610	33.994.339
Cheque and bill payable	5.253.017	-
	<b>48.028.627</b>	<b>33.994.339</b>

As of 30 June 2011, the due date of Group's trade receivables is 45 days (31 December 2010: 37 days). As of the 30 June 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 30 June 2011 and 31 December 2010 are as follows:

	30 June 2011	31 December 2010
Non-trade receivables from related parties (Note 32)	3.487.857	-
Tax receivables (*)	-	1.445.314
Deposits and guarantees given	494.382	396.262
<b>Total</b>	<b>3.982.239</b>	<b>1.841.576</b>

(\*) Receivables from tax authorities of the Group as of 30 June 2011 consist of the tax receivable as a result of tax litigation resulted in favor of OOO Pronto Moscow, a subsidiary of the Group, which should be offset against future tax liabilities.

Other long-term receivables at 30 June 2011 and 31 December 2010 are as follows:

	30 June 2011	31 December 2010
Deposits and guarantees given	808.811	790.356
<b>Total</b>	<b>808.811</b>	<b>790.356</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

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

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

Other payables at 30 June 2011 and 31 December 2010 are as follows:

	30 June 2011	31 December 2010
Taxes and funds payable	8.217.142	9.362.465
Due to personnel	5.815.925	4.615.369
Social security withholdings payable	4.260.471	3.357.710
Deposits and guarantees received	1.534.222	1.000.944
<b>Total</b>	<b>19.827.760</b>	<b>18.336.488</b>

Other long-term payables at 30 June 2011 and 31 December 2010 are as follows:

	30 June 2011	31 December 2010
Deposits and guarantees received	175.226	147.519
<b>Total</b>	<b>175.229</b>	<b>147.519</b>

### NOTE 11 - INVENTORIES

	30 June 2011	31 December 2010
Raw materials and supplies	13.349.286	13.113.625
Promotion materials (*)	3.640.004	3.609.190
Semi-finished goods	372.622	668.087
Finished goods and merchandise	1.071.903	1.527.791
	<b>18.433.815</b>	<b>18.918.693</b>
Impairment on promotion materials	(1.532.397)	(1.268.307)
<b>Total</b>	<b>16.901.418</b>	<b>17.650.386</b>

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

Movement of the provision for impairment of promotion inventories are as follows:

	2011	2010
<b>1 January</b>	<b>1.268.307</b>	<b>811.496</b>
Provision of impairment	264.090	190.948
<b>30 June</b>	<b>1.532.397</b>	<b>1.002.444</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

(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 30 June 2011 and 31 December 2010 are as follows:

	Share %	30 June 2011	Share %	31 December 2010
Doğan Media (*)	42,42	1.807.353	42,42	6.593.636
		<b>1.807.353</b>		<b>6.593.636</b>

The summary of Group's share of the financial statements of the investments accounted for by the equity method at 30 June 2011 is as follows:

30 June 2011	Total assets	Total liabilities	Net Sales	Net loss for the period
Doğan Media (*)	24.943.187	23.135.834	22.222.430	(4.771.725)
	<b>24.943.187</b>	<b>23.135.834</b>	<b>22.222.430</b>	<b>(4.771.725)</b>

(\*) 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)
	<b>21.977.900</b>	<b>15.384.264</b>	<b>45.039.790</b>	<b>(8.944.812)</b>

The movements in investments accounted for by equity method during the periods ending at 30 June are as follows:

	2011	2010
1 January	6.593.636	1.432.023
Increase in share capital	-	3.834.217
Loss from associates	(4.771.725)	(4.950.826)
Currency translation differences	(14.558)	2.032.839
30 June	<b>1.807.353</b>	<b>2.348.253</b>



# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

(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 30 June 2011 is as follows:

	1 January 2011	Additions	Disposals	Reversal of Provision for impairment (net)	30 June 2011
<b>Cost:</b>					
Land	9.565.495	-	-	-	9.565.495
Buildings	15.512.554	3.869.449	(4.750.087)	(279.293)	14.352.623
	<b>25.078.049</b>	<b>3.869.449</b>	<b>(4.750.087)</b>	<b>(279.293)</b>	<b>23.918.118</b>
<b>Accumulated depreciation:</b>					
Buildings	600.170	67.482	-	-	667.652
	<b>600.170</b>	<b>67.482</b>	<b>-</b>	<b>-</b>	<b>667.652</b>
<b>Net book value</b>	<b>24.477.879</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23.250.466</b>

The fair value of the investment property has been determined approximately as TL 37.038.795 at 30 June 2011 (31 December 2010: TL 38.276.681). Fair values of the investment properties as of 31 December 2010 have been determined by an independent valuation company which is not connected with the Group and has accreditation of Capital Market Board.

Amortization expense of TL 67.482 (30 June 2010: TL 67.480) has been charged in general administrative expenses for the period ended 30 June 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 25.460 (30 June 2010: TL 13.369).

The movements in investment property and related accumulated depreciation for the period 30 June 2010 are as follows:

	1 January 2010	Additions	Disposals	Reversal of impairment	30 June 2010
<b>Cost:</b>					
Lands	9.565.495	-	-	-	9.565.495
Buildings	17.495.285	4.002.748	(10.043.998)	2.397.979	13.852.014
	<b>27.060.780</b>	<b>4.002.748</b>	<b>(10.043.998)</b>	<b>2.397.979</b>	<b>23.417.509</b>
<b>Accumulated depreciation:</b>					
Buildings	465.217	67.480	-	-	532.697
	<b>465.217</b>	<b>67.480</b>	<b>-</b>	<b>-</b>	<b>532.697</b>
<b>Net book value</b>	<b>26.595.563</b>				<b>22.884.812</b>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED 30 JUNE 2011**

(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 30 June 2011 are as follows:

	1 January 2011	Currency Translation differences	Additions	Disposals	Transfers (*)	Reclassified to assets held for sale	30 June 2011
<b>Cost</b>							
Land and land improvements	52.576.391	1.162.961	-	-	-	-	53.739.352
Buildings	264.815.147	4.451.620	3.600	(588.310)	-	(151.609)	268.530.448
Machinery and equipments	707.726.344	8.023.107	1.824.945	(27.829)	-	-	717.546.567
Motor vehicles	11.023.178	248.232	113.382	-	-	-	11.384.792
Furniture and fixtures	102.152.751	1.259.237	3.151.600	(1.254.092)	200.276	(860.746)	104.649.026
Leasehold improvements	25.125.824	34.414	1.825	-	-	-	25.162.063
Other non-current assets	562.888	84.251	2.564	-	-	-	649.703
Construction in progress	1.625.141	336.993	1.020.154	-	(368.702)	-	2.613.586
	<b>1.165.607.664</b>	<b>15.600.815</b>	<b>6.118.070</b>	<b>(1.870.231)</b>	<b>(168.426)</b>	<b>(1.012.355)</b>	<b>1.184.275.537</b>
<b>Accumulated depreciation</b>							
Land and land improvements	517.078	-	36.530	-	-	-	553.608
Buildings	68.909.604	990.057	2.952.862	(125.172)	-	(151.609)	72.575.742
Machinery and equipments	521.076.293	5.106.363	20.200.113	(17.466)	-	-	546.365.303
Motor vehicles	8.406.510	172.878	412.682	-	-	-	8.992.070
Furniture and fixtures	84.264.437	735.668	3.794.941	(1.127.032)	-	(714.028)	86.953.986
Leasehold improvements	23.214.431	1.184	207.895	-	-	-	23.423.510
Other non-current assets	277.358	43.101	34.052	-	-	-	354.511
	<b>706.665.711</b>	<b>7.049.251</b>	<b>27.639.075</b>	<b>(1.269.670)</b>	<b>-</b>	<b>(865.637)</b>	<b>739.218.730</b>
<b>Net book value</b>	<b>458.941.953</b>						<b>445.056.807</b>

At 30 June 2011, net book value of the property, plant and equipment in machinery and equipment group obtained via financial leasing is amounting to TL 8.947.287 (31 December 2010: TL 8.852.044).

At 30 June 2011 there were mortgages amounting to TL 15.269.800 (31 December 2010: TL 14.763.431).

At 30 June 2011 construction in progress amounting to TL 2.613.586 (31 December 2010: TL 1.625.141) is related to furniture and fixtures, computer programs and internet domain names.

At 30 June 2011 amortization expense amounting TL 20.743.135 (30 June 2010: 22.399.305 TL) was added to cost of sales, and amounting TL 6.895.940 (30 June 2010: 6.505.966 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.

**HÜRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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(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 30 June 2010 are as follows:

	1 January 2010	Currency translation differences	Additions	Disposals	Transfers(*)	30 June 2010
<b>Cost</b>						
Land and land improvements	52.809.179	(638.076)	29.080	-	-	52.200.183
Buildings	264.376.487	(1.676.275)	631.967	-	-	263.332.179
Machinery and equipments	707.146.020	(5.203.434)	2.610.507	(247.768)	-	704.305.325
Motor vehicles	10.750.296	100.201	41.130	(399.136)	-	10.492.491
Furniture and fixtures	100.253.159	82.643	2.584.192	(1.271.234)	163.764	101.812.524
Leasehold improvements	24.939.931	(43.546)	85.612	-	104.629	25.086.626
Other non-current assets	578.607	(65.225)	-	-	-	513.382
Construction in progress	1.433.748	(145.590)	2.235.871	-	(2.191.130)	1.332.899
	<b>1.162.287.427</b>	<b>(7.589.302)</b>	<b>8.218.359</b>	<b>(1.918.138)</b>	<b>(1.922.737)</b>	<b>1.159.075.609</b>
<b>Accumulated depreciation</b>						
Land and land improvements	445.366	-	35.182	-	-	480.548
Buildings	63.276.715	(518.507)	2.828.662	-	-	65.586.870
Machinery and equipments	480.467.476	(3.423.009)	21.833.481	(162.387)	-	498.715.561
Motor vehicles	7.986.843	56.909	423.055	(210.419)	-	8.256.388
Furniture and fixtures	79.814.445	53.442	3.558.804	(1.045.728)	-	82.380.963
Leasehold improvements	22.804.688	575	203.849	-	-	23.009.112
Other non-current assets	234.567	(24.515)	22.247	-	-	232.299
	<b>655.030.100</b>	<b>(3.855.105)</b>	<b>28.905.280</b>	<b>(1.418.534)</b>	<b>-</b>	<b>678.661.741</b>
<b>Net book value</b>	<b>507.257.327</b>					<b>480.413.868</b>

At 30 June 2010, net book value of the property, plant and equipment in machinery and equipment group obtained via financial leasing is amounting to TL 9.301.641.

At 30 June 2010 there were mortgages amounting to TL 12.491.050 and pledges amounting to TL 5.888.089.

At 30 June 2010 construction in progress amounting to TL 1.332.899 is related to computer programs and internet domain names.

(\*) The amount TL 1.922.737 in transfer column is transferred to intangible assets.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED 30 JUNE 2011**

(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 30 June 2011 is as follows:

	1 January 2011	Currency translation difference	Additions	Disposals	Transfers (*)	Reclassified to assets held for sale	30 June 2011
<b>Cost</b>							
Trade names	278.869.235	37.788.737	1.565	-	-	-	316.659.537
Customer list	269.731.647	40.449.437	-	-	-	-	310.181.084
Computer software and rights	52.275.949	4.625.670	2.763.697	(703.129)	168.426	(189.103)	58.941.510
Internet domain names	17.612.506	2.607.729	926.275	-	-	-	21.146.510
Other intangible assets	7.092.974	667.944	1.113.762	(993.901)	-	-	7.880.779
	<b>625.582.311</b>	<b>86.139.517</b>	<b>4.805.299</b>	<b>(1.697.030)</b>	<b>168.426</b>	<b>(189.103)</b>	<b>714.809.420</b>
<b>Accumulated amortisation</b>							
Trade names	17.117.127	729.175	681.841	-	-	-	18.528.143
Customer list	61.622.741	10.036.505	8.959.204	-	-	-	80.618.450
Computer software and rights	34.135.602	3.793.412	4.699.290	(659.436)	-	(164.650)	41.804.218
Internet domain names	3.792.122	834.919	843.907	-	-	-	5.470.948
Other intangible assets	6.242.319	644.625	303.698	(991.824)	-	-	6.198.818
	<b>122.909.911</b>	<b>16.038.636</b>	<b>15.487.940</b>	<b>(1.651.260)</b>	<b>-</b>	<b>(164.650)</b>	<b>152.620.577</b>
<b>Net book value</b>	<b>502.672.400</b>						<b>562.188.843</b>

Amortization expense of TL 15.487.940 (30 June 2010: TL 13.366.915) has been charged in marketing, selling and distribution, and general administrative expenses as of 30 June 2011.

(\*) Amount of TL 168.426 is transferred from tangible assets (Note 14).

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 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 30 June 2010 are as follows:

	1 January 2010	Currency translation difference	Additions	Disposals	Transfers(*)	30 June 2010
<b>Costs</b>						
Trade names	311.162.191	(3.914.725)	-	-	7.582	307.255.048
Customer list	267.301.820	(1.206.418)	-	-	-	266.095.402
Computer software and rights	42.874.754	(1.411.056)	7.023.635	(184.995)	1.035.669	49.338.007
Internet domain names	15.528.272	184.760	339.663	-	879.486	16.932.181
Other intangible assets	7.078.497	(58.493)	158.102	-	-	7.178.106
	<b>643.945.534</b>	<b>(6.405.932)</b>	<b>7.521.400</b>	<b>(184.995)</b>	<b>1.922.737</b>	<b>646.798.744</b>
<b>Accumulated amortisation</b>						
Trade names	15.786.684	49.305	628.103	-	-	16.464.092
Customer list	45.139.644	(811.427)	7.980.815	-	-	52.309.032
Computer software and rights	27.509.657	(1.385.271)	3.719.106	(21.229)	-	29.822.263
Internet domain names	2.372.841	8.808	712.945	-	-	3.094.594
Other intangible assets	6.891.004	(44.759)	325.946	-	-	7.172.191
	<b>97.699.830</b>	<b>(2.183.344)</b>	<b>13.366.915</b>	<b>(21.229)</b>	<b>-</b>	<b>108.862.172</b>
<b>Net book value</b>	<b>546.245.704</b>					<b>537.936.572</b>

(\*) Amount of TL 1.922.737 is transferred from tangible assets (Note 14).

## HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

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

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

Intangible assets with indefinite useful lives are amounting to TL 289.082.153 at 30 June 2011, (31 December 2010: TL 252.507.389). The useful lives of the assets with indefinite useful life are determined based on the expected usage period, 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 30 June are as follows:

	2011	2010
<b>1 January</b>	<b>206.177.957</b>	<b>222.336.593</b>
Foreign currency translation difference	28.293.728	1.852.701
Other (*)	1.441.046	424.579
<b>30 June</b>	<b>235.912.731</b>	<b>224.613.873</b>

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

The part of goodwill amounting to TL 224.580.547 stems from the acquisition of Group's subsidiary TME which has operations abroad and the part amounting to TL 11.332.184 stems from the acquisition of Doğan Ofset.

#### NOTE 17 - GOVERNMENT GRANTS

The Group obtained six Investment Incentives Certificate for the imported equipments amounting to USD 25.035.264 and domestic equipments amounting to TL 151.800 for the modernization of its printing plants in Istanbul, Ankara, Izmir, Adana, Antalya and Trabzon on 23, 27 and 31 July 2008. The 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 30 June 2011 (31 December 2010: USD 19.213.346 and TL 151.800). Investment incentives certificates (except Trabzon) are ceased between the dates of 19 June – 3 July 2011 and process to dissolve the certificate has started. Incentive received for Trabzon was cancelled as the investment project amounting to USD 1.031.800 was cancelled.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

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

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

As of 30 June 2011 and 31 December 2010, short term provisions are as follows:

	30 June 2011	31 December 2010
Provision for competition authority penalty (*)	2.853.530	-
Other provisions for lawsuit and compensation	3.090.865	3.118.039
Provision for tax penalty (**)	-	7.294.189
<b>Total</b>	<b>5.944.395</b>	<b>10.412.228</b>

(\*) Based on the investigation undertaken by the Competition Authority with respect to Company, concerning the practices in the advertisement area sales in the print media; it has been decided to impose an administrative penalty fee of TL 3.804.716. If the penalty is paid within 30 days after notification is received, penalty amount, after a discount of 25 %, will be TL 2.853.530. 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 reserving the right to sue, provision amounting to TL 2.853.530 has been accounted in the financial statements as at 30 June 2011.

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

There is no provision for tax litigations in the Company's financial statements as of 30 June 2011 (31 December 2010: TL 7.294.189).

The movement in provision for lawsuits for the periods ending 30 June is as follows:

	2011	2010
<b>1 January</b>	<b>3.118.039</b>	<b>2.393.095</b>
Additions in the period (Note 26)	283.318	60.727
Payments related to provisions	(310.492)	-
<b>30 June</b>	<b>3.090.865</b>	<b>2.453.822</b>

# HÜRRIYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

(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 30 June 2011 and 31 December 2010 are as follows:

	30 June 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	3.467.385	3.467.385	4.835.628	4.835.628
Euro	25.000	58.730	25.000	51.228
Ruble				
-Mortgages	1.444.281	1.444.281	1.444.281	1.444.281
TL	6.500.000	15.269.800	6.500.000	13.319.150
Euro				
-Pledges-				
RUR	-	-	4.255.692.000	215.878.227
B. CPM's given on behalf of the fully consolidated companies (*)				
-Commitments				
TL	553.970	553.970	1.080.648	1.080.648
USD	5.667.783	9.239.620	6.255.864	9.671.566
Euro	75.000	176.190	468.563	960.132
C. CPM's given on behalf of third parties for ordinary course of the business-	-	-	-	-
D. Total amount of other CPM's given	-	-	-	-
i) Total amount of CPM's given on behalf of the majority shareholder	-	-	-	-
ii) Total amount of CPM's given on behalf of other group companies which are not in scope of B and C	-	-	-	-
iii) Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-	-	-
<b>Total</b>		<b>30.209.976</b>		<b>247.240.860</b>

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

#### CPMs given by the Group

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



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED 30 JUNE 2011**

(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 a common practice in the media sector, enters into barter agreements. These agreements involve the exchange of goods or services without cash collections or payments. As of 30 June 2011, in connection with the barter agreements, the Group has advertisement commitment amounting to TL 8.420.123 (31 December 2010: TL 3.804.414) and goods and services purchase rights amounting to TL 9.683.392 (31 December 2010: TL 6.230.238).

**b) Lawsuits against the Group:**

The lawsuits against the Group amount to TL 28.311.139 (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 30 June 2011 the Group has set a provision of TL 3.090.865 for lawsuits (31 December 2010: TL 3.118.039).

As at 30 June 2011 and 31 December 2010 the Group's ongoing lawsuits are as follows:

	<b>30 June 2011</b>	<b>31 December 2010</b>
Legal lawsuits	19.451.270	19.529.609
Commercial lawsuits	4.050.505	4.485.240
Labor lawsuits	3.917.850	3.547.528
Administrative lawsuits	891.514	1.038.464
<b>Total</b>	<b>28.311.139</b>	<b>28.600.841</b>

**c) Derivative financial instruments:**

*i) Swap transactions in foreign exchange*

As of 30 June 2011 the Group accounted expense amounting to TL 5.122.706 based on euro swap transactions related to the bank loan amounting USD 40.180.000 (30 June 2010: nil).

*ii) Interest rate interval swap transactions*

As of 30 June 2011, the Group has four CAP and collar agreements (31 December 2010: six CAP and collar amounting to USD 27.750.000) amounting to USD 14.000.000 with the purpose of hedging the interest rate risk. The agreements have fixed floor and ceiling rates. Accordingly, at the dates defined in agreements, if the LIBOR rate is below the floor rate, the Group has to compensate for the difference between the floor rate and the actual rate. Similarly, if the LIBOR rate is above the ceiling rate, banks compensate for the difference to the Group.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED 30 JUNE 2011**

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

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**NOTE 19 - COMMITMENTS (Continued)**

*ii) Interest rate interval swap transactions (continued)*

As of 30 June 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 65.403 (30 June 2010: TL 67.554).

*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 166.626 (30 June 2010: TL 1.626.312).

**d) 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 30 June 2011, the short-term portion of the fair value of the put option is TL 922.693 (31 December 2010: TL 763.724), long-term portion is nil as of 30 June 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 30 June 2011, the fair value of this option is TL 13.041.600 (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 granted a buy put option to non-controlling interest owners from January 2009 to January 2012. Also, the Group presented call options to non-controlling interest owners exercisable from January 2011 to January 2014. Exercise price shall be calculated based on EBITDA and the net financial debt of Moje Delo. The fair value of the put option is TL 2.428.998 as of 30 June 2011 (31 December 2010: TL 700.338) and classified in "short-term financial liabilities".

# HÜRRIYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

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

### NOTE 19 - COMMITMENTS (Continued)

#### d) Put options (continued):

Based on a protocol signed by the Group in 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 USD 13 (exact). The Group will make a payment of US \$ 1million for each year the put option right is not exercised until 2013. Group has recognized a financial liability arising from the put option on 3,84% shares of Trader Media East Limited owned by "non-controlling interests", through a protocol signed during the current period by increasing other financial liabilities by TL 39.4 million, decreasing non-controlling interests by TL 13,9 million and also decreasing retained earnings/accumulated losses by TL 25,5 million in the accompanying consolidated financial statements as of and for the period ended 30 June 2010. As of 30 June 2011, fair value of this call option is TL 40.755.000 (31 December 2010: TL 38.650.000).

### NOTE 20 – PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

Provision for employment termination benefits at 30 June 2011 and 31 December 2010 are as follows:

	30 June 2011	31 December 2010
Provision for employment termination benefits	22.889.122	21.660.771
<b>Total</b>	<b>22.889.122</b>	<b>21.660.771</b>

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

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). At 30 June 2011, the amount payable maximum equals to one month of salary is 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.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

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

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

No 19 "Employee Benefits" accounting standard (IAS 19) described by IASC, 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.

	30 June 2011	31 December 2010
Discount rate (%)	4,66	4,66
Turnover rate to estimate the probability of retirement (%)	92	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 2.731,85 (1 January 2010: TL 2.623,23), which is effective from 1 July 2011, has been taken into consideration in calculating the reserve for employment termination benefit of the Group. As of 30 June 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 30 June are as follows:

	2011	2010
<b>1 January</b>	<b>21.660.771</b>	<b>14.196.159</b>
Current period service charge	2.647.087	2.419.668
Interest expenses	1.009.392	840.412
Payments during the period and provisions terminated	(2.428.128)	(1.688.951)
<b>30 June</b>	<b>22.889.122</b>	<b>15.767.288</b>

### NOTE 21 - OTHER ASSETS AND LIABILITIES

#### Other Current Assets

Other current assets at 30 June 2011 and 31 December 2010 are as follows:

	30 June 2011	31 December 2010
Prepaid expenses (*)	10.069.467	6.061.075
Advances given to personnel	5.225.358	5.090.448
Prepaid taxes and deductions (Note 30)	3.882.222	16.615.504
Value Added Tax ("VAT") receivables	2.404.321	1.806.606
Job advance	967.600	748.070
Income accruals	640.829	268.712
Order advance given	479.487	292.464
Provision for other doubtful receivable (-)	(622.736)	(559.652)
Other	4.024.117	2.912.260
<b>Total</b>	<b>27.070.665</b>	<b>33.235.487</b>

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

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

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

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

#### Other Current Assets (Continued)

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

	2011	2010
1 January	559.652	-
Currency translation difference	63.084	-
<b>30 June</b>	<b>622.736</b>	<b>-</b>

#### Other Non-Current Assets

Other current assets at 30 June 2011 and 31 December 2010 are as follows:

	30 June 2011	31 December 2010
Advance given for property, plant and equipment	711.440	221.532
Blocked deposit with maturity more than one year (*)	-	15.460.000
Other	66.834	156.146
<b>Total</b>	<b>778.274</b>	<b>15.837.678</b>

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

#### Other short-term Liabilities

Other short-term liabilities at 30 June 2011 and 31 December 2010 are as follows:

	30 June 2011	31 December 2010
Advances from related parties (Note 32)	35.000.000	-
Provision for unused vacation	12.585.644	10.351.123
Deferred revenue	10.924.479	8.918.189
VAT payables	6.021.959	3.897.466
Liabilities under the law No: 6111 (*)	5.402.173	-
Expense accruals	1.004.735	645.807
Due to non-controlling interests	-	367.948
Other	819.586	277.988
<b>Total</b>	<b>71.758.576</b>	<b>24.458.521</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

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

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

Other long-term liabilities at 30 June 2011 and 31 December 2010 are as follows:

	30 June 2011	31 December 2010
Liabilities under the law No: 6111 (*)	11.232.037	-
Other long-term liabilities	50.546	44.837
<b>Total</b>	<b>11.282.583</b>	<b>44.837</b>

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

In accordance with the provisions of Law No. 6111 related to increase of tax base, the Company and its 8 subsidiaries increased their tax bases for the fiscal years 2006, 2007, 2008 and 2009. As a result, the total cash out will be to TL 21.627.956 including interest. TL ,1.193.051 portion of the amount paid in cash on 30 June 2011, 20,434,905 TL will be paid over 36 months in 18 equal installments. As of 30 June 2011 the present value of payable related to the increase of the tax base value is TL 16.634.210.

The movements in provision for unused vacation during the periods ended at 30 June are as follows:

	2011	2010
<b>1 January</b>	<b>10.351.123</b>	<b>9.428.016</b>
Additions	6.409.891	177.670
Reversals	-	(1.252.666)
Payments made related to previous provisions	(4.157.010)	-
Currency translation difference	291.378	35.915
Reclassification of assets held for sale	(309.738)	-
<b>30 June</b>	<b>12.585.644</b>	<b>8.388.935</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

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

### NOTE 22 - EQUITY

The Company adopted the registered share capital system available to companies registered with the CMB and set a 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 30 June 2011 and 31 December 2010 are as follows:

	30 June 2011	31 December 2010
Paid-in share capital	552.000.000	552.000.000
Registered share capital	800.000.000	800.000.000

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

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

	30 June 2011	Share (%)	31 December 2010	Share (%)
Doğan Yayın Holding	367.416.194	66,56	367.415.960	66,56
Doğan Holding	61.200.274	11,09	61.200.274	11,09
Other	86.479	0,01	87.832	0,01
Publicly owned	123.297.053	22,34	123.295.934	22,34
	<b>552.000.000</b>	<b>100</b>	<b>552.000.000</b>	<b>100</b>
Adjustment to share capital	77.198.813		77.198.813	
<b>Total share capital</b>	<b>629.198.813</b>	<b>100</b>	<b>629.198.813</b>	<b>100</b>

As of 30 June 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.

CMB within the framework of Resolution No. 21/655 dated 23 July 2010, according to CRA records, as at 30 June 2011, 21,56 % is considered to be in circulation, 22,34% and has open status.

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

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

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

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

### NOTE 22 – EQUITY (Continued)

#### Restricted reserves

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

The legal reserves 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, Company's restricted reserves amounting TL 34.266.877 (31 December 2010: TL 33.347.505) is consisting of legal reserves and gain on sales of shares in associates as of 30 June 2011.

Restricted reserves:	30 June 2011	31 December 2010
1. Composition restricted reserves	25.071.251	24.151.879
2. Composition restricted reserves	7.408.846	7.408.846
Gain on sales of shares in associates	1.786.780	1.786.780
<b>Total</b>	<b>34.266.877</b>	<b>33.347.505</b>

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 valued in accordance with CMB Financial Reporting Standards.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED 30 JUNE 2011**

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

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**NOTE 22 – EQUITY (Continued)**

Capital adjustment differences can only be included to capital.

**Dividend distribution**

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

Upon the CMB's Resolution No: 02/51 issued on 27 January 2010, there is no minimum level of dividend distribution requirement for the listed companies at the stock exchange for profits arising from operations in 2009 (2009: 20%). In this respect, companies will distribute their profits under the scope of the requirements of the CMB's Communiqué No. IV-27, their own articles of association and their own publicly disclosed profit distribution policies.

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

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

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### NOTE 23 - SALES AND COST OF SALES

#### *Sales*

	2011		2010	
	1 January - 30 June	1 April - 30 June	1 January - 30 June	1 April - 30 June
Advertisement sales	286.562.219	163.831.558	260.232.723	149.462.456
Circulation and publishing sales	114.970.638	60.229.576	112.421.548	56.992.560
Other	28.234.356	15.417.519	24.324.684	12.918.210
<b>Net Sales</b>	<b>429.767.213</b>	<b>239.478.653</b>	<b>396.978.955</b>	<b>219.373.226</b>
Cost of sales	(266.849.302)	(136.745.404)	(233.982.052)	(121.198.997)
<b>Gross profit</b>	<b>162.917.911</b>	<b>102.733.249</b>	<b>162.996.903</b>	<b>98.174.229</b>

#### *Cost of sales*

The details of cost of sales for the periods ended 30 June are as follows:

	2011		2010	
	1 January - 30 June	1 April - 30 June	1 January - 30 June	1 April - 30 June
Raw materials	108.280.868	58.549.179	93.384.808	49.574.496
<i>Paper</i>	72.983.369	39.220.980	59.612.826	32.495.590
<i>Printing and ink</i>	25.868.481	14.116.500	23.597.490	11.687.966
<i>Other</i>	9.429.018	5.211.699	10.174.492	5.390.940
Payroll	88.119.202	42.144.087	77.360.555	39.644.849
Depreciation and amortization charges	20.743.135	9.704.126	22.399.305	11.059.101
Commission	9.905.819	5.506.587	7.898.683	4.155.267
Distribution, storage and travel	4.628.201	2.545.576	3.747.401	1.993.365
Fuel, electricity and water and office expenses	3.428.155	1.735.020	3.457.525	1.763.664
Maintenance expenses	4.645.266	2.258.240	3.567.068	1.801.699
Outsourcing expenses	3.649.631	1.787.212	3.666.149	2.070.160
Packaging expenses	2.903.804	1.601.022	3.145.524	1.564.507
Rent expense	2.651.167	1.544.026	2.013.452	982.347
Communication	2.187.951	971.510	1.861.308	928.773
News agency expenses	1.697.885	943.636	1.460.538	712.298
Other	14.008.218	7.455.183	10.019.736	4.948.471
	<b>266.849.302</b>	<b>136.745.404</b>	<b>233.982.052</b>	<b>121.198.997</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

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

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

#### a) Marketing, selling and distribution expenses:

	2011		2010	
	1 January - 30 June	1 April - 30 June	1 January - 30 June	1 April - 30 June
Advertisement	26.010.047	15.200.796	26.296.354	12.269.470
Transportation, storage and travel	13.283.155	7.069.862	11.860.953	6.389.237
Payroll	6.562.555	3.596.532	5.346.532	2.743.772
Promotion	9.642.435	4.845.820	10.676.348	6.059.857
Sponsorship	1.437.481	537.000	1.173.784	229.377
Outsourced services	997.354	841.469	1.299.766	614.205
Other	2.783.388	1.533.720	3.963.373	2.268.190
	<b>60.716.415</b>	<b>33.625.199</b>	<b>60.617.110</b>	<b>30.574.108</b>

#### b) General administrative expenses:

	2011		2010	
	1 January - 30 June	1 April - 30 June	1 January - 30 June	1 April - 30 June
Payroll	27.210.595	15.462.104	22.361.907	10.734.810
Depreciation and amortization charges	22.204.786	11.594.195	19.627.005	9.717.595
Consultancy	8.317.682	4.117.041	7.698.653	3.824.197
Rent	5.642.689	2.751.152	5.430.015	2.721.529
Fuel, electricity and water	3.461.013	1.865.209	3.381.468	1.901.826
Transportation, storage and travel	2.237.644	1.143.020	2.404.311	1.217.483
Communication	1.894.734	1.027.711	2.024.971	1.006.146
Maintenance expenses	1.520.481	828.457	1.160.425	578.480
Other	7.535.135	4.494.742	7.150.563	4.295.768
	<b>80.024.759</b>	<b>43.283.631</b>	<b>71.239.318</b>	<b>35.997.834</b>

### NOTE 25 - EXPENSES BY NATURE

The expenses as of 30 June 2011 and 2010 are shown based on the functions and the details are given in Notes 23 and 24.

# HÜRRIYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

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

### NOTE 26 - OTHER OPERATING INCOME/EXPENSES

The details of other income and gains for the periods ended at 30 June are as follows:

	2011		2010	
	1 January - 30 June	1 April - 30 June	1 January - 30 June	1 April - 30 June
Reversal of provision for tax penalty (*)	3.467.127	-	-	-
Rent and building service fees	2.608.525	1.375.434	1.461.947	751.133
Reversed provisions	1.488.326	1.189.556	2.269.387	2.093.951
Gain on sales of property, plant and equipment	29.238	23.860	756.908	612.601
Cancellation of provision for impairment of investment properties	-	-	2.931.187	49.834
Other	396.491	(845.425)	235.273	(68.593)
	<b>7.989.707</b>	<b>1.743.425</b>	<b>7.654.702</b>	<b>3.438.926</b>

(\*) The part amounting TL 27.100.503 of Company's "undue and on trial tax liability in dispute" 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 and TL 3.467.127 of provision for tax penalty has been reversed.

The details of other expenses and losses as at and for the periods ended at 30 June are as follows:

	2011		2010	
	1 January - 30 June	1 April - 30 June	1 January - 30 June	1 April - 30 June
Tax base increase expense under Law: 6111 (Note 21)	18.962.533	-	-	-
Competition authority penalty expense (Note 18)	2.853.530	-	-	-
Penalty and compensation expense	2.649.515	1.180.282	391.851	185.849
Provision for doubtful receivables (Note 9)	2.275.683	516.744	3.762.954	1.481.116
Loss on sale of property, plant, equipment and investment properties	870.924	598.883	3.435.276	442.007
Impairment on investment properties	279.293	86.716	533.208	261.162
Aids and donations	359.630	251.633	247.137	109.513
Provision for lawsuits (Note 18)	283.318	283.318	60.727	8.499
Provision for tax penalty	-	-	2.047.767	2.047.767
Other	1.898.892	49.534	6.615.542	4.954.339
	<b>30.433.318</b>	<b>2.967.110</b>	<b>17.094.462</b>	<b>9.490.252</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

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

### NOTE 27 - FINANCIAL INCOME

The details of financial income for the periods ended at 30 June are as follows:

	2011		2010	
	1 January - 30 June	1 April - 30 June	1 January - 30 June	1 April - 30 June
Foreign exchange income	22.477.218	9.379.048	9.875.000	2.036.689
Time deposits interest income	1.575.776	895.983	6.351.950	2.969.909
Due date difference income	4.571.345	1.862.090	4.244.225	1.656.945
Finance income from trade receivables	652.989	296.903	1.668.566	953.609
Interest income on financial assets at fair value through profit and loss, net	3.350.062	-	683.280	341.222
Other	1.104.957	982.311	171.347	85.847
	<b>33.732.347</b>	<b>13.416.335</b>	<b>22.994.368</b>	<b>8.044.221</b>

### NOTE 28 – FINANCIAL EXPENSES

The details of financial expenses for the periods ended at 30 June are as follows:

	2011		2010	
	1 January - 30 June	1 April - 30 June	1 January - 30 June	1 April - 30 June
Foreign exchange loss	43.058.880	30.558.499	18.537.469	15.438.762
Interest expenses on borrowings	10.327.804	5.205.462	8.678.482	5.168.907
Credit commission, banking and factoring expenses	2.291.241	1.794.854	685.287	348.796
Other	2.058.307	318.090	3.027.790	1.157.365
	<b>57.736.232</b>	<b>37.876.905</b>	<b>30.929.028</b>	<b>22.113.830</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

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

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

Group has launched legal procedures required to exit 51% owned subsidiary of the company OOO Pronto Peterburg. Related activities at the company are being continued at OOO Pronto Neva in Saint Petersburg.

As of 30 June 2011, assets held for sale and the breakdowns of asset and liabilities classified into liabilities regarding assets held for sale are as follows:

	30 June 2011
<b>Assets</b>	<b>1.178.635</b>
Cash and cash equivalents	143.458
Trade receivables	1.736.163
-Trade receivables from related parties	1.353.066
-Other trade receivables	383.097
Other receivables	88.031
Inventory	47.276
Other current assets	161.390
Tangible assets	146.718
Intangible assets	24.453
Deferred tax assets	184.212
Receivables disposed of from the scope of consolidation	(1.353.066)
<b>Liabilities</b>	<b>1.476.961</b>
Trade payables	2.944.141
-Trade payables to related parties	2.536.591
-Other trade payables	407.550
Other payables	216.817
Provisions	309.738
Other short term liabilities	542.856
Payables disposed of from the scope of consolidation	(2.536.591)

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

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

### NOTE 30 - TAX ASSETS AND LIABILITIES

	30 June 2011	31 December 2010
Corporate and income taxes payable	2.714.551	12.630.692
Less: Prepaid taxes (Note 21)	(3.882.222)	(16.615.504)
<b>Taxes receivables</b>	<b>(1.167.671)</b>	<b>(3.984.812)</b>
Deferred tax liabilities	128.837.725	117.314.791
Deferred tax assets	(13.312.777)	(10.966.263)
<b>Deferred tax liabilities, net</b>	<b>115.524.948</b>	<b>106.348.528</b>

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

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

#### Turkey:

In accordance with Turkish Corporate Tax Law has been amended by Law No. 5520 dated 13 June 2006, corporation tax is 20% for 2011(2010: 20%). Corporation tax is payable on the total income of the companies after adjusting for certain disallowable expenses, corporate income tax exemptions (gain from associates' exemption, investment allowances etc.) and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, having representative office in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital is not considered as a profit distribution.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% on their corporate income. Advance tax is to be declared by the 14th day of the second month following each calendar quarter end and is payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

In accordance with Tax Law No: 5024 "Law Related to Changes in Tax Procedure Law, Income Tax Law and Corporate Tax Law" that was published on the Official Gazette on 30 December 2003 to amend the tax base for non-monetary assets and liabilities, effective from 1 January 2004, the income and corporate taxpayers will prepare the statutory financial statements by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of the Turkish Lira. In accordance with the aforementioned law provisions, in order to apply inflation adjustment, cumulative inflation rate (TURKSTAT WPI) over last 36 months and 12 months must exceed 100% and 10%, respectively. Inflation adjustment has not been applied as these conditions were not fulfilled in the years 2010 and 2011.

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

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

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

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

#### Turkey (continued):

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

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses can not be carried back to offset profits from previous periods. As publicly disclosed on 19 April 2011, the Company plans to make use of the requirements set out in relation to "Tax Base Increase" in Law No: 6111 "Restructuring of some receivables and Social Security and General Health Insurance Law and Other Law Amending Certain Laws and Decrees"; therefore, 50% of losses attributable to the periods that are subject to tax base increase will not be offset against the income to be obtained in 2010 and subsequent periods.

As of 30 June 2011, the Company has offset its financial losses attributable to the calculation of offsetting of tax asset against deductible financial losses or current tax provision in accordance with the above-mentioned principles.

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

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

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

For companies participating in 10% or more of the capital of a non-resident limited liability or joint stock company,(except for those whose principal activity is financial leasing or investment property) for at least one year until the date of the income is generated and transferred to Turkey until the date of the filing of the corporate income tax return of the fiscal year in which the income is generated is exempt from corporation tax subject to those subsidiaries being subject to corporate income tax, or alike, in their country of legal residence or business centre at the rate of at least 15% (minimum corporate income tax applicable in Turkey for those whose principal activity is finance assurance or insurance)

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

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



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED 30 JUNE 2011**

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

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

Turkey (continued):

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

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

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

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

Russian Federation

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

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

The annual balance is due by 28 March of the following year. According to Russian Federation's tax system, losses may be carried forward for 10 years to be deducted from future taxable income. Starting from 2007 there is no limitation as to the maximum amount that can be deducted in each particular year. Maximum amount that can be deducted in any year is limited to 30% of the taxable income (2010: 30%). Rights related to tax losses that have not been utilized in the related periods will be lost.

Tax refunds are technically possible but are very difficult to obtain in practice. Often they can only be obtained through court action. Tax consolidations of tax reporting/ payments by different legal entities (or grouping) are not permitted in Russia at present. Generally, dividend income payable to a foreign 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED 30 JUNE 2011**

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

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

Hungary

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

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

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

Croatia

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

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

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

Slovenia

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

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

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

As of 30 June 2011 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%).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED 30 JUNE 2011**

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

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

Ukraine

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

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

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

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

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

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

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

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

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

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

#### Belarus

The corporate tax rate effective in Belarus is 24%.

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

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

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

The Belarus tax regulations change frequently.

#### Kazakhstan

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

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

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

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

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

The temporary differences giving rise to deferred income tax assets/ (liabilities) using the enacted tax rates as of 30 June 2011 and 31 December 2010 are as follows:

	<u>Total temporary differences</u>		<u>Deferred tax assets/ (liabilities)</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Carry forward tax losses (*)	10.410.454	6.862.952	2.082.103	1.372.807
Difference between tax base and carrying value of trade receivables	15.289.639	14.481.175	2.959.941	2.812.282
Provision for employment termination benefits and unused vacation rights	35.474.766	32.011.894	7.029.135	6.192.819
Difference between tax base and carrying value of leasing payables	412.438	948.468	117.957	271.262
Deferred revenue	1.713.141	1.220.548	328.162	253.889
Difference between tax bases and carrying value of property, plant and equipment and intangibles	(667.642.673)	(609.650.118)	(133.701.946)	(121.648.625)
Other	(27.186.706)	(32.475.228)	5.659.700	4.397.038
<b>Total</b>	<b>(631.528.941)</b>	<b>(586.600.309)</b>	<b>(115.524.948)</b>	<b>(106.348.528)</b>

<b>Deferred tax assets:</b>	<b>30 June 2011</b>	<b>31 December 2010</b>
To be recovered after one year	12.853.037	10.581.204
To be recovered within one year	459.740	385.059

<b>Total</b>	<b>13.312.777</b>	<b>10.966.263</b>
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<b>Deferred tax liabilities:</b>	<b>30 June 2011</b>	<b>31 December 2010</b>
To be recovered after more than one year	(129.080.997)	(117.029.983)
To be recovered within one year	243.272	(284.808)

<b>Total</b>	<b>(128.837.725)</b>	<b>(117.314.791)</b>
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(\*) 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 30 June 2011, carry forward tax losses for which no deferred income tax asset was recognised amounted to TL 85.276.996 (31 December 2010: TL 75.873.386).

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

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

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

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

	30 June 2011 (*)	30 June 2011 (**)	31 December 2010
2011	156.541	313.082	313.083
2013	757.688	1.515.376	1.515.376
2014 and after	9.496.225	13.580.211	5.034.493
<b>Total</b>	<b>10.410.454</b>	<b>15.408.669</b>	<b>6.862.952</b>

(\*) As of 30 June 2011 balances and utilization periods of carried forward tax losses have been presented in accordance with the scope of Law No. 6111.

(\*\*) As of 30 June 2011 balances and utilization periods of carried forward tax losses have been presented in accordance with requirements if Law No.6111 was not applied.

The movements in deferred tax liabilities for the periods ended 30 June are as follows:

	2011	2010
<b>1 January</b>	<b>106.348.528</b>	<b>124.616.282</b>
Deferred tax income at the consolidated statement of income	(5.859.387)	(3.732.551)
Currency translation differences	14.851.595	(3.046.926)
Reclassification of assets held for sale	184.212	-
<b>30 June</b>	<b>115.524.948</b>	<b>117.836.805</b>

The analysis of the tax expenses/(income) for the periods ended at 30 June are as follows:

	2011		2010	
	1 January - 30 June	1 April- 30 June	1 January- 30 June	1 April- 30 June
Current	7.973.777	3.448.676	13.413.246	9.464.786
Deferred	(5.859.387)	(2.956.145)	(3.732.551)	(2.218.562)
	<b>2.114.390</b>	<b>492.531</b>	<b>9.680.695</b>	<b>7.246.224</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

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

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

The reconciliation of the taxation on expense in the consolidated statement of income for the periods ended at 30 June and the taxation on income calculated with the current tax rate over income before tax and non-controlling interest is as follows:

	30 June 2011	30 June 2010
Loss before taxes and non-controlling interests	(29.042.484)	8.815.229
Current period tax income calculated at the effective tax rates of countries	(2.958.624)	2.038.677
Expenses not deductible for tax purposes	7.551.335	7.918.367
Current period financial losses	1.492.662	2.317.342
Carry forward losses utilised	(408.813)	-
Effect of financial losses which the deferred tax assets not calculated	1.433.590	418.211
Income exempt from tax	(69.035)	(1.133.521)
Withholding tax relating to dividend distribution	-	2.204.188
Effect of share losses investments accounted for by the equity method	954.345	990.165
Other, net	(5.881.070)	(5.072.734)
<b>Tax expense</b>	<b>2.114.390</b>	<b>9.680.695</b>

### NOTE 31 – (LOSS)/PROFIT 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:

	2011		2010	
	1 January - 30 June	1 April - 30 June	1 January - 30 June	1 April - 30 June
(Loss)/profit for the period	(28.557.240)	(2.486.102)	3.918.794	5.175.524
Number of ordinary shares in issue (with nominal value of TL 1 each)	552.000.000	552.000.000	552.000.000	552.000.000
<b>(Loss)/Profit Per share (TL)</b>	<b>(0,0517)</b>	<b>(0,0045)</b>	<b>0,0071</b>	<b>0,0094</b>

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

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

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

### NOTE 32 - RELATED PARTY DISCLOSURES

For the purposes of these consolidated financial statements, the ultimate owner Aydın Doğan and Doğan family, other group companies controlled by Doğan Holding, 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". Related party balances and transactions are listed below.

#### i) Balances of Related parties

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

	30 June 2011	31 December 2010
Doğan Media International GmbH ("Doğan Media")	4.083.201	292.002
Doğan Gazetecilik A.Ş. ("Doğan Gazetecilik")	5.780.255	9.205.838
Medyanet İletişim Reklam Pazarlama ve Turizm A.Ş. ("Medyanet")	4.026.599	3.992.543
Doğan Dağıtım Satış ve Pazarlama A.Ş. ("Doğan Dağıtım")	2.393.011	2.020.401
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş. ("Doğan Burda")	1.601.392	1.271.363
Doğan Portal ve Elektronik Ticaret A.Ş. ("Doğan Portal")	115.541	621.823
Bağımsız Gazeteciler Yayıncılık A.Ş. ("Bağımsız Gazeteciler")	32.652	1.202.107
Doğan Yayın Holding	-	86.676
DTV Haber ve Görsel Yayıncılık A.Ş. ("Kanal D")	-	3.795.275
Other	1.576.943	2.241.802
	<b>19.609.594</b>	<b>24.729.830</b>

##### Short term due to related parties:

	30 June 2011	31 December 2010
Doğan Dış Ticaret ve Mümessillik A.Ş. ("Doğan Dış Ticaret")	1.093.405	1.843.857
Milta	507.090	179.721
D-Market Elektronik Hizmetleri Ticaret A.Ş. ("D Market")	6.796	1.622
Doğan İletişim Elektronik Servis Hizmetler ve Yayıncılık A.Ş. ("Doğan İletişim")	1.046.975	529.440
İşıl İthalat İhracat Mümessillik A.Ş. ("İşıl İthalat")	3.773.920	-
Doğan Yayın Holding	-	105.274
Other	1.617.535	769.949
	<b>8.045.721</b>	<b>3.429.863</b>

##### Non-trade short-term receivables from related parties:

	30 June 2011	31 December 2010
Doğan Media (Note 10)	3.487.857	-
	<b>3.487.857</b>	<b>-</b>



# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

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

### NOTE 32 – RELATED PARTY DISCLOSURES (continued)

#### i) Related party disclosures (continued):

##### Short-term non-trade payables to related parties:

	30 June 2011	31 December 2010
Doğan Yayın Holding (Not 10) (*)	35.242.405	-
	<b>35.242.405</b>	<b>-</b>

(\*) Group received a financial debt amounting to TL 35.242.405 from Doğan Yayın Holding and presented this amount as short-term non-trade payables to related parties as of 30 June 2011. Annual effective interest rate applied to short-term non-trade payables to related parties is 9,6% and financial expense recognized during the period regarding this payable is TL 19.140.

##### Advances from related parties:

	30 June 2011	31 December 2010
Doğan Factoring (Note 21) (*)	35.000.000	-
	<b>35.000.000</b>	<b>-</b>

(\*) Group has received an advance from Doğan Factoring amounting to TL 35.000.000 for trade receivables resulting from advertisements (Note 9) and presented this amount as other short-term liabilities to related parties. This amount will be offset from trade receivables at the following period.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

(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 30 June 2011 and 30 June 2010 are as follows;

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

	2011		2010	
	1 January - 30 June	1 April - 30 June	1 January - 30 June	1 April - 30 June
Doğan Yayın Holding A.Ş.	969.277	389.632	1.178.342	599.613
Doğan Dağıtım	48.691.139	23.812.181	47.884.484	23.044.448
Doğan Gazetecilik	15.636.055	7.645.055	17.564.912	9.565.562
Medyanet	4.543.132	2.686.505	4.034.523	2.427.241
Doğan Media	7.068.379	3.630.207	6.441.368	3.047.732
Doğan Burda	2.945.758	1.544.401	2.806.452	1.446.484
Bağımsız Gazeteciler	1.181.807	295.205	2.414.360	1.189.371
Milliyet Verlags	-	-	685.700	174.828
Doğan ve Egmont Yayıncılık ve Yapımcılık Ticaret A.Ş. ("Doğan Egmont")	629.319	296.359	576.975	262.578
Doğan İletişim	208.748	95.569	507.970	203.237
Turner Doğan Prodüksiyon A.Ş. ("Turner")	-	-	436.028	-
Doğan Müzik Kitap Mağazacılık Pazarlama A.Ş.	273.355	196.417	106.510	55.970
Eko Televizyon Yayıncılık A.Ş.	-	-	103.604	36.934
Doğan TV Holding A.Ş. ("Doğan TV")	37.587	18.433	46.168	35.891
Lapis Televizyon ve Radyo Yayıncılık A.Ş.	921.528	-	-	-
Petrol Ofisi A.Ş. (*)	-	-	19.272	9.322
Other	3.973.711	1.348.506	5.314.035	2.524.416
	<b>87.079.795</b>	<b>41.958.470</b>	<b>90.120.703</b>	<b>44.623.627</b>

(\*) 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.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

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

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

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

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

	2011		2010	
	1 January - 30 June	1 April - 30 June	1 January - 30 June	1 April - 30 June
Doğan Yayın Holding A.Ş.	3.593.711	1.780.068	3.134.515	1.666.736
Işıl İthalat (*)	36.963.438	20.893.054	26.276.452	15.099.259
Doğan Dış Ticaret (*)	31.686.162	16.422.321	28.961.059	16.565.832
Doğan Dağıtım (**)	10.678.989	5.562.903	9.774.156	4.676.082
Kanal D	25.500	-	2.303.543	16.000
Doğan İletişim	2.115.905	1.068.153	1.739.706	837.515
Işıl Televizyon Yayıncılık A.Ş. ("Star TV")	3.200	-	1.169.552	-
Milta	1.014.738	644.527	1.161.900	837.954
Petrol Ofisi(***)	-	-	955.325	500.158
D Yapım Reklamcılık ve Dağıtım A.Ş. ("D Yapım Reklamcılık")	443.281	257.658	668.727	130.668
Other	2.667.560	912.252	1.810.058	768.793
	<b>89.192.484</b>	<b>47.540.936</b>	<b>77.954.993</b>	<b>41.098.997</b>

(\*) 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 610 per tones to USD 749 per tonnes.

(\*\*) 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	
	1 January - 30 June	1 April - 30 June	1 January - 30 June	1 April - 30 June
Doğan Dış Ticaret	327.769	165.987	374.971	190.833
Işıl İthalat	464.688	232.344	431.565	215.772
Doğan Dağıtım	437.003	219.200	458.715	204.319
Doğan Burda	361.269	180.014	328.516	165.617
Doğan Yayın Holding	47.705	22.631	144.720	72.360
Doğan Media	189.132	96.636	188.525	88.658
Doğan İletişim	69.368	67.252	75.270	35.146
Other	233.821	134.071	391.379	206.976
	<b>2.130.755</b>	<b>1.118.135</b>	<b>2.393.661</b>	<b>1.179.681</b>

# HÜRRIYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

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

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

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

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

Purchase of property, plant and equipment and intangible asset:	2011		2010	
	1 January - 30 June	1 April - 30 June	1 January - 30 June	1 April - 30 June
Doğan İletişim	177.848	165.985	545.817	266.141
D-Market	9.075	4.920	328.888	201.516
Doğan Yayın Holding	-	-	47.560	-
Doğan Gazetecilik	-	-	5.095.000	5.095.000
	<b>186.923</b>	<b>170.905</b>	<b>6.017.265</b>	<b>5.562.657</b>

Financial income:	2011		2010	
	1 January - 30 June	1 April - 30 June	1 January - 30 June	1 April - 30 June
Kanal D	-	-	500.054	180.656
Medyanet	94.385	-	356.667	219.818
Bağımsız Gazetecilik	-	-	41.089	-
Doğan Yayın Holding	1.280	-	-	-
Other	20.546	20.546	14.832	4.538
	<b>116.211</b>	<b>20.546</b>	<b>912.642</b>	<b>405.012</b>

Financial expenses:	2011		2010	
	1 January - 30 June	1 April - 30 June	1 January - 30 June	1 April - 30 June
Doğan Factoring(*)	498.498	308.965	409.254	234.877
Doğan Yayın Holding	19.140	18.877	847	424
Bağımsız Gazetecilik	1.474	1.474	28.657	28.657
Doğan Dağıtım	97.555	-	-	-
	<b>616.667</b>	<b>329.316</b>	<b>438.758</b>	<b>263.958</b>

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

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

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

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

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

##### Key Management Personnel:

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

	2011		2010	
	1 January - 30 June	1 April - 30 June	1 January - 30 June	1 April - 30 June
Salaries and other short term benefits	2.679.578	1.408.745	2.223.585	1.210.921
Post-employment benefits	-	-	47.045	32.595
<b>Total</b>	<b>2.679.578</b>	<b>1.408.745</b>	<b>2.270.630</b>	<b>1.243.516</b>

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

(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:

	30 June 2011	31 December 2010
<b>Financial instruments with fixed interest rate</b>		
Loans and receivables	151.878.161	69.743.339
Financial Assets - Designated at fair value through profit or loss (*)	-	18.855.213
Financial Liabilities	161.386.918	7.354.467
<b>Financial instruments with floating interest rate</b>		
Financial liabilities	345.672.068	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 30 June 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 619.710 (30 June 2010: TL 829.254).

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

(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:

30 June 2011	Carrying value	Total contractual cash outflow	Less than 3 months	3-12 months	1-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>						
Financial liabilities (Note 7)	507.058.986	529.437.726	58.791.211	193.176.830	276.980.117	489.568
Other financial liabilities (Note 8)	66.422.819	66.422.819	-	66.422.819	-	-
Trade payables						
- Related party (Note 32)	8.045.721	8.045.721	8.045.721	-	-	-
- Other (Note 9)	48.028.627	48.028.627	44.288.949	3.739.678	-	-
Other payables						
- Related party (Note 32)	35.242.405	35.242.405	35.242.405	-	-	-
- Other (Note 10)	20.002.989	20.002.989	19.827.760	-	175.229	-
Other short and long term liabilities	51.634.210	51.634.210	40.402.173	-	11.232.037	-
<b>31 December 2010</b>	<b>Carrying value</b>	<b>Total contractual cash outflow</b>	<b>Less than 3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>More than 5 years</b>
<b>Non-derivative financial liabilities</b>						
Financial liabilities (Note 7)	506.380.431	538.185.034	80.569.514	160.025.751	296.894.616	695.153
Other financial liabilities (Note 8)	57.082.687	57.082.687	-	57.082.687	-	-
Trade payables						
- Related party (Note 32)	3.429.863	3.429.863	3.429.863	-	-	-
- Other (Note 9)	33.994.339	33.994.339	32.743.625	1.250.714	-	-
Other payables						
- Related party (Note 32)	-	-	-	-	-	-
- Other (Note 10)	18.484.007	18.484.007	18.336.488	-	147.519	-

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011 (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 30 June 2011, the Group has long-term financial liabilities amounting to TL 220.655.400 (31 December 2010: TL 221.167.354) and long-term trade payables to suppliers amounting to TL 48.512.868 (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 30 June 2011 there are past due but not impaired trade receivables amounting to TL 76.660.596 (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 30 June 2011, the amount of mortgage and indemnity received is TL 13.163.108 for the related receivables.

As of 30 June 2011 and 31 December 2010, aging analysis for trade receivables that are past due but not impaired are as follows:

	<u>30 June 2011</u>		<u>31 December 2010</u>	
	<u>Related party</u>	<u>Other receivables</u>	<u>Related party</u>	<u>Other receivables</u>
0-1 months	2.323.854	29.993.327	940.023	18.755.712
1-3 months	1.686.949	18.078.456	290.467	12.784.980
3-6 months	900.378	7.980.330	-	8.806.217
6-12 months	-	8.902.440	-	7.396.581
1-2 years	-	6.794.862	-	5.873.263
	<b>4.911.181</b>	<b>71.749.415</b>	<b>1.230.490</b>	<b>53.616.753</b>



# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

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

### NOTE 33 - FINANCIAL RISK MANAGEMENT (Continued)

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

As of 30 June 2011 and 31 December 2010, aging analysis for trade receivables that are past due and impaired is as follows:

<i>Impaired</i>	30 June 2011	31 December 2010
Past due 0 - 3 months	1.579.665	687.970
Past due 3 - 6 months	1.274.816	1.600.110
Past due 6 months and over	49.561.457	46.967.993
Less: Provision for impairment	(52.415.938)	(49.256.073)

The balance of related party receivables that are past due and impaired as of 30 June 2011 is TL 899.004 (31 December 2010: TL 899.004). There is no trade receivable which is over due and impaired as at 30 June 2011.

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED 30 JUNE 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 30 June 2011 is as follows:

30 June 2011	Trade receivables		Other receivables		Bank deposits
	Related party	Other	Related party	Other	
Maximum credit risk exposure as of balance sheet date	19.609.594	203.635.436	3.487.857	1.925.929	178.369.349
- <i>The part of maximum credit risk under guarantee with collateral</i>	-	30.835.528	-	-	-
A. Net book value of financial assets that are not past due/impaired	14.698.413	131.886.021	3.487.857	1.925.929	178.369.349
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)	4.911.181	71.749.415	-	-	-
- <i>The part under guarantee with collateral</i>	-	4.425.528	-	-	-
D. Net book value of impaired asset	-	-	-	622.736	-
- Past due (gross carrying amount)	-	52.415.938	-	-	-
- Impairment (-)	-	(52.415.938)	-	(622.736)	-
- 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	-	-	-	-	-

HÜRRIYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED 30 JUNE 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 December 2010 is as follows:

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

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**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 30 June 2011 and 31 December 2010 are as follows:

	<b>30 June 2011</b>	<b>31 December 2010</b>
Assets	112.382.001	128.188.093
Liabilities	(614.633.461)	(593.426.277)
<b>Net foreign currency position</b>	<b>(502.251.460)</b>	<b>(465.238.184)</b>

Following exchange rates have been used in the translation of foreign currency denominated balance sheet items as of 30 June 2011: 1,6302 TL= 1 USD and 2,3492 TL=1 Euro (31 December 2010: 1,546 TL= 1 USD and 2,0491 TL=1 Euro ).

Assets denominated in foreign currency amounting TL 112.382.001 as of 30 June 2011, hedged 18 % naturally by the existence of liabilities denominated in foreign currency amounting TL 614.633.461. 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.

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**NOTE 33 - FINANCIAL RISK MANAGEMENT (Continued)**

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

The table summarizes the foreign currency position risk as of 30 June 2011 and 31 December 2010. The carrying amount of foreign currency denominated assets and liabilities of the Group are as follows:

	USD		Euro		Other TL	Total
	Original amount	TL	Original amount	TL		
<b>30 June 2011</b>						
<b>Assets:</b>						
Cash and cash equivalents	29.514.704	48.114.870	6.629.177	15.573.263	17.645.518	81.333.651
Trade receivables	204.011	332.578	3.346.289	7.861.102	10.126.802	18.320.482
Other receivables and current assets	235.000	383.097	47.188	110.854	12.153.141	12.647.092
Other non-current assets	8.550	13.938	6.246	14.672	52.166	80.776
	<b>29.962.265</b>	<b>48.844.483</b>	<b>10.028.900</b>	<b>23.559.891</b>	<b>39.977.627</b>	<b>112.382.001</b>
<b>Liabilities:</b>						
Short-term portion of long-term financial liabilities (Note 7)	104.662.510	170.620.824	21.397.141	50.266.164	17.003.730	237.890.718
Trade payables	820.599	1.337.740	1.648.774	3.873.299	8.623.758	13.834.797
Other payables and short-term liabilities	26.943.400	43.923.131	4.242.013	9.965.336	39.800.665	93.689.132
Long-term financial liabilities	136.497.010	222.517.426	9.081.184	21.333.518	25.317.324	269.168.268
Other non-current liabilities (Note 21)	-	-	-	-	50.546	50.546
	<b>268.923.519</b>	<b>438.399.121</b>	<b>36.369.112</b>	<b>85.438.317</b>	<b>90.796.023</b>	<b>614.633.461</b>
<b>Net foreign currency position</b>	<b>(238.961.254)</b>	<b>(389.554.638)</b>	<b>(26.340.212)</b>	<b>(61.878.426)</b>	<b>(50.818.396)</b>	<b>(502.251.460)</b>

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**NOTE 33 - FINANCIAL RISK MANAGEMENT (Continued)**

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

**31 December 2010**

	USD		Euro		Other		Total
	Original amount	TL	Original amount	TL	TL	TL	
<b>Assets:</b>							
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	
	<b>48.360.630</b>	<b>74.765.534</b>	<b>11.011.018</b>	<b>22.562.678</b>	<b>30.859.881</b>	<b>128.188.093</b>	
<b>Liabilities:</b>							
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	
	<b>264.618.643</b>	<b>409.100.422</b>	<b>48.071.982</b>	<b>98.504.299</b>	<b>85.821.556</b>	<b>593.426.277</b>	
<b>Net foreign currency position</b>	<b>(216.258.013)</b>	<b>(334.334.888)</b>	<b>(37.060.964)</b>	<b>(75.941.621)</b>	<b>(54.961.675)</b>	<b>(465.238.184)</b>	

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

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### NOTE 33 - FINANCIAL RISK MANAGEMENT (Continued)

#### (iv) Foreign currency risk (Continued)

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

30 June 2011	Profit/Loss	
	Foreign currency appreciation	Foreign currency depreciation
<b>If the US dollar had changed by 10% against the TL</b>		
USD net (liabilities)/assets	(38.313.165)	38.313.165
Hedging amount of USD	-	-
<b>USD net effect on (loss)/income</b>	<b>(38.313.165)</b>	<b>38.313.165</b>
<b>If the EUR had changed by 10% against the TL</b>		
Euro net (liabilities)/assets	(4.996.129)	4.996.129
Hedging amount of Euro	-	-
<b>Euro net effect on (loss)/income</b>	<b>(4.996.129)</b>	<b>4.996.129</b>
<b>If the CHF had changed by 10% against the TL</b>		
CHF denominated net (liabilities)/assets	(5.081.840)	5.081.839
Hedging amount of CHF	-	-
<b>CHF net effect on (loss)/income</b>	<b>(5.081.840)</b>	<b>5.081.839</b>
31 December 2010	Profit/Loss	
	Foreign currency appreciation	Foreign currency depreciation
<b>If the US dollar had changed by 10% against the TL</b>		
USD net (liabilities)/assets	(33.304.243)	33.304.243
Hedging amount of USD	-	-
<b>USD net effect on (loss)/income</b>	<b>(33.304.243)</b>	<b>33.304.243</b>
<b>If the EUR had changed by 10% against the TL</b>		
Euro net (liabilities)/assets	(6.863.492)	6.863.492
Hedging amount of Euro	-	-
<b>Euro net effect on (loss)/income</b>	<b>(6.863.492)</b>	<b>6.863.492</b>
<b>If the CHF had changed by 10% against the TL</b>		
CHF denominated net (liabilities)/assets	(5.496.167)	5.496.167
Hedging amount of CHF	-	-
<b>CHF net effect on (loss)/income</b>	<b>(5.496.167)</b>	<b>5.496.167</b>

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**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.



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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

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### 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:

	30 June 2011	Fair Value as of Reporting Date		
		Level 1 TL	Level 2 TL	Level 3 TL
Financial Liabilities				
Financial liabilities at FVTPL				
Trading derivatives	9.274.528	-	9.274.528	-
Other financial liabilities	-	-	-	-
	9.274.528	-	9.274.528	-

### NOTE 34 - SUBSEQUENT EVENTS

Financial statements prepared for the period ended 30 June 2011 were approved by Board of Directors on 23 August 2011. Other than the Board of Directors, no authority can change the financial statements.

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 and lien on the transfer of shares which had been restricted. On 9 August 2011, lien and inactivity were released by the notice made by Tax Office.

# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2011

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### NOTE 35 - CASH FLOWS

The details of changes in operating assets and liabilities at consolidated statement of cash flow for the period ended at 30 June are as follows:

	30 June 2011	30 June 2010
Change in blocked deposits and time deposits	(18.950)	(15.694.950)
Change in trade receivables and due from related parties	(48.216.947)	(27.462.282)
Change in inventories	485.615	791.928
Change in assets held for sale	298.327	-
Change in other current assets	(6.817.625)	(418.017)
Change in trade payables and due to related parties	18.650.146	(610.322)
Change in other current liabilities	5.469.893	1.954.141
Change in financial liabilities	2.856.627	53.874
Change in other non-current assets	15.107.436	1.071.835
	<b>(12.185.478)</b>	<b>(40.313.793)</b>