HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONVENIENCE TRANSLATION OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INETIM PERIOD 1 JANUARY – 31 MARCH 2012 INTO ENGLISH

(ORIGINALLY ISSUED IN TURKISH)

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES FOR THE PERIOD 1 JANUARY- 31 MARCH 2012

CONTENTS **PAGE**

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONSOLIDATED BALANCE SHEETS
AS AT 31 MARCH 2012 AND 31 DECEMBER 2011

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

	Note references	Current Period (Unaudited) 31 March 2012	Previous Period (Audited) 31 December 2011
ASSETS			
Current assets		**458.575.987**	**556.766.674**
Cash and cash equivalents	5	107.391.817	281.604.096
Trade receivables			
-Due from related parties	32	20.618.221	21.769.432
-Other trade receivables	9	196.677.629	119.991.368
Other receivables	10	78.820.573	496.145
Inventories	11	17.196.685	18.571.696
Other current assets	21	31.886.572	33.646.618
Subtotal		**452.591.497**	**476.079.355**
Assets held for sale	29	5.984.490	80.687.319
Non-current assets		**1.215.499.311**	**1.082.006.456**
Other receivables	10	113.890.161	910.363
Financial assets	6	4.471.702	4.534.498
Investments accounted for by the equity method	12	4.772.626	7.423.271
Investment property	13	26.309.614	26.604.917
Property, plant and equipment	14	332.569.006	336.713.652
Intangible assets	15	573.583.758	549.337.936
Goodwill	16	141.835.605	136.195.646
Deferred tax assets	30	13.273.074	13.524.076
Other non-current assets	21	4.793.765	6.762.097
Total assets		**1.674.075.298**	**1.638.773.130**

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONSOLIDATED BALANCE SHEETS
AS AT 31 MARCH 2012 AND 31 DECEMBER 2011

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

	Note references	Current Period (Unaudited) 31 March 2012	Previous Period (Audited) 31 December 2011
LIABILITIES			
Current liabilities		**487.795.942**	**549.788.007**
Financial liabilities	7	266.580.783	265.185.490
Other financial liabilities	8	20.880.809	66.738.105
Trade payables			
-Due to related parties	32	13.149.026	11.972.022
-Other trade payables	9	42.176.980	40.926.693
Other payables			
-Due to related parties	32	60.741.692	97.434.767
-Other payables	10	22.091.230	22.445.256
Current income tax liabilities	30	9.975.520	638.448
Provisions	18	3.501.232	2.813.326
Other current liabilities	21	48.698.670	41.633.900
Non-current liabilities		**412.212.594**	**493.807.074**
Financial liabilities	7	251.005.290	337.956.619
Other payables	10	147.674	132.529
Provision for employment termination benefits	20	27.080.074	26.158.276
Deferred tax liabilities	30	127.533.245	121.127.342
Other non-current liabilities	21	6.446.311	8.432.308
EQUITY			
Total Equity		**774.066.762**	**595.178.049**
Equity attributable to equity holders of the company		**698.566.251**	**514.097.873**
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		76.756.491	57.382.651
Restricted reserves	22	34.266.877	34.266.877
Retained (losses) / earnings		(191.679.689)	28.856.851
Net income / (loss) for the period		149.946.815	(235.684.263)
Non-controlling interests		**75.500.511**	**81.080.176**
Total liabilities and equity		**1.674.075.298**	**1.638.773.130**

These consolidated financial statements as at and for the period ended 31 March 2012 were approved by the Board of Directors on 15 May 2012.

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 31 MARCH 2012 AND 201

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

	Note References	**Current Period (Unaudited) 1 January- 31 March 2012**	**Previous Period (Unaudited) 1 January- 31 March 2011**
Sales	23	199.074.070	190.288.560
Cost of sales (-)	23	(130.415.324)	(123.196.278)
Gross profit		**68.658.746**	**67.092.282**
Marketing, selling and distribution expenses (-)	24	(33.024.985)	(31.067.505)
General administrative expenses (-)	24	(39.655.467)	(39.672.459)
Other operating income	26	146.213.621	6.246.282
Other operating expenses (-)	26	(4.813.053)	(27.466.208)
Operating profit / (loss)		**137.378.862**	**(24.867.608)**
Share of loss of associates	12	(2.707.491)	(2.086.368)
Financial income	27	60.162.654	20.316.012
Financial expenses (-)	28	(26.414.786)	(19.859.327)
Profit / (loss) before tax		**168.419.239**	**(26.497.291)**
Tax income / (expense)			
Current tax expense for the period	30	(14.174.539)	(4.525.101)
Deferred tax (expense) / income	30	(3.384.170)	2.903.242
Net profit / (loss) for period		**150.860.530**	**(28.119.150)**
Other comprehensive income:			
Change in translation reserves		24.690.098	36.028.773
Other comprehensive income after tax		**24.690.098**	**36.028.773**
Total comprehensive income		**175.550.628**	**7.909.623**
Net profit / (loss) for the period		**150.860.530**	**(28.119.150)**
Allocation of net profit / (loss) for the period			
Attributable to non-controlling interests		913.715	(2.048.012)
Attributable to equity holders of the company		**149.946.815**	**(26.071.138)**
Allocation of total comprehensive income			
Attributable to non-controlling interests		6.229.973	6.434.899
Attributable to equity holders of the company		**169.320.655**	**1.474.724**
Earnings / (loss) per share (TL)	**31**	**0,2716**	**(0,0472)**

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

CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY
FOR THE INTERIM PERIODS ENDED 31 MARCH 2012 AND 2011

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

	Note References	Share Capital	Inflation adjustment to share capital	Share premiums	Translation reserves	Restricted reserves	Retained earnings	Net profit / (loss) for the period	Non-controlling interests	Total equity
Balances at 1 January 2011	**22**	**552.000.000**	**77.198.813**	**76.944**	**(7.405.735)**	**33.347.505**	**69.711.978**	**(40.079.404)**	**88.183.006**	**773.033.107**
Transfer		-	-	-	-	-	(40.079.404)	40.079.404	-	-
Subsidiaries' dividend payments to non-group companies		-	-	-	-	-	-	-	(828.578)	(828.578)
Other (1)		-	-	-	-	-	-	-	(971.890)	(971.890)
Total comprehensive income		-	-	-	27.545.862	-	-	(26.071.138)	6.434.899	7.909.623
- *Change in translation reserves*		-	-	-	*27.545.862*	-	-	-	*8.482.911*	*36.028.773*
- *Net loss for the period*		-	-	-	-	-	-	*(26.071.138)*	*(2.048.012)*	*(28.119.150)*
Balances at 31 March 2011	**22**	**552.000.000**	**77.198.813**	**76.944**	**20.140.127**	**33.347.505**	**29.632.574**	**(26.071.138)**	**92.817.437**	**779.142.262**
Balances at 1 January 2012	**22**	**552.000.000**	**77.198.813**	**76.944**	**57.382.651**	**34.266.877**	**28.856.851**	**(235.684.263)**	**81.080.176**	**595.178.049**
Transfer		-	-	-	-	-	(235.684.263)	235.684.263	-	-
Capital increase of subsidiaries		-	-	-	-	-	-	-	2.814.070	2.814.070
Subsidiaries' dividend payments to non-group companies		-	-	-	-	-	-	-	(686.342)	(686.342)
Option adjustment for non-controlling interests (Note 19)		-	-	-	-	-	35.114.191	-	12.017.025	47.131.216
Other (1)		-	-	-	-	-	-	-	(108.233)	(108.233)
Purchase of subsidiary shares (Note 2.1.3)		-	-	-	-	-	(19.966.468)	-	(25.846.158)	(45.812.626)
Total comprehensive income		-	-	-	19.373.840	-	-	149.946.815	6.229.973	175.550.628
- *Change in translation reserves*		-	-	-	*19.373.840*	-	-	-	*5.316.258*	*24.690.098*
- *Net profit for the period*		-	-	-	-	-	-	*149.946.815*	*913.715*	*150.860.530*
Balances at 31 March 2012	**22**	**552.000.000**	**77.198.813**	**76.944**	**76.756.491**	**34.266.877**	**(191.679.689)**	**149.946.815**	**75.500.511**	**774.066.762**

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

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE INTERIM PERIODS ENDED 31 MARCH 2012 AND 2011

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

	Note references	Current Period (Unaudited) 1 January-31 March 2012	Previous Period (Unaudited) 1 January-31 March 2011
Net profit / (loss) for the period		150.860.530	(28.119.150)
Adjustments:			
Depreciation	13,14	12.095.550	14.222.035
Amortization	15	7.343.944	7.550.582
Net (profit) / loss on disposal of tangible, intangible assets and investment property	26	(141.711.141)	266.663
Tax expense	30	17.558.709	1.621.859
Provision for employment termination benefits and unused vacation rights	20,21	5.708.971	2.665.935
Change in income accruals	21	(328.828)	(271.742)
Interest income	27	(5.963.716)	(6.739.110)
Interest expenses	28	7.590.447	5.122.342
Unrealized foreign exchange (income) / expense from bank borrowings		(19.525.243)	6.507.187
(Reversal) / provision of the impairment of investment properties	13	(1.388.952)	192.577
Deferred expenses / (income)		110.502	(123.144)
Loss from sales of subsidiary	26	332.086	-
Reversal of tax provision	26	-	(3.467.127)
6111 tax base increase expenses	26,28	442.050	18.962.533
Competition authority penalty expenses	26	-	2.853.530
Loss from investments accounted for by the equity method	12	2.707.491	2.086.368
Provision for doubtful receivables	9,21	900.313	1.758.939
Change in other provisions		753.228	149.453
Reversal of provisions		(965.492)	(118.824)
Cash flows from operating activities before changes in operating assets and liabilities		36.520.449	25.120.906
Net changes in operating assets and liabilities	36	(253.178.540)	(235.513)
Taxes paid		(8.787.553)	(3.413.178)
Expenses paid to the tax penalty and tax base increase		(6.811.635)	-
Doubtful receivables collected	9	965.492	118.824
Employment termination benefits paid	20,21	(3.441.711)	(1.349.089)
Net cash (used) / provided by operating activities		**(234.733.498)**	**20.241.950**
Cash flow from investing activities:			
Purchases of property, plant and equipment	14	(12.616.806)	(2.426.502)
Purchases of intangible assets	15	(1.677.453)	(1.495.057)
Proceeds from sales of property, plant and equipment, intangible assets and investment properties		227.546.866	1.904.849
Interests received		4.049.092	6.505.956
Change in securities	6	-	18.855.213
Change in blocked deposit		(160.445)	-
Share capital increase in investments accounted for by the equity method	6, 12	(2.526)	(132.071)
Net cash provided by investing activities		**217.138.728**	**23.212.388**
Cash flow from financing activities:			
Changes in financial payables to related parties		36.693.075	-
Changes in advances received from related parties		(45.812.626)	-
Proceeds of issuance of share capital to non-controlling interests		2.814.070	-
Dividends paid to non-controlling interests		(686.342)	(828.578)
Bank borrowings received		12.389.068	21.681.530
Bank borrowings paid		(63.002.596)	(62.090.262)
Change in financial liabilities to suppliers		(3.410.429)	(4.982.544)
Interests paid		(11.436.848)	(4.893.388)
Changes in financial receivables from related parties		(78.368.608)	-
Net cash used in financing activities		**(150.821.236)**	**(51.113.242)**
Exchange (losses) / gains on cash and cash equivalents		(5.517.074)	80.915
Change in cash and cash equivalents		(173.933.080)	(7.577.989)
Cash and cash equivalents at the beginning of the period	5	281.056.151	88.918.222
Cash and cash equivalents at the end of the period	**5**	**107.123.071**	**81.340.233**

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

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Hürriyet Gazetecilik ve Matbaacılık A.Ş. ("Hürriyet" or the "Company") was established in 1960 and is registered in Turkey. The Company which undertakes journalism, printing and advertising activities operates seven printing plants in Turkey with locations in İstanbul, Ankara, İzmir, Adana, Antalya, Trabzon and in Germany. The Company acquired 67,30% shares of Trader Media East Ltd. ("TME") through its Subsidiary Hürriyet Invest B.V. located in the Netherlands on 29 March 2007. The Company increased its shareholding rate to 74,28% an 7 March 2012. TME undertakes classified advertising mainly for real estate, automotive and human resources businesses through daily and weekly newspapers, periodicals, magazines and internet services, primarily in Russia and various Eastern European ("EE") countries. The Company is a member of Doğan Şirketler Grubu Holding A.Ş. ("Doğan Holding") through the investment of Doğan Yayın Holding A.Ş. ("Doğan Yayın"), which has a majority ownership in the Company (Note 22). Aydın Doğan and Doğan Family are ultimate shareholders of the Company.

The address of the registered office is as follows:

Hürriyet Medya Towers
34212 Güneşli, İstanbul
Turkey

The Company is registered to the Capital Markets Board ("CMB") and its shares have been quoted on the Istanbul Stock Exchange ("ISE") since 25 February 1992. In accordance with the resolution numbered 21/655 on 23 July 2010 of CMB; according to the records of Central Registry Agency (CRA); shares representing 21,21% (31 December 2011: 21,21%) 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
Yenibiriş İnsan Kaynakları Hizmetleri Danışmanlık ve Yayıncılık A.Ş. ("Yenibir")	Turkey	Turkey	Internet publishing
Refeks Dağıtım ve Kurye Hizmetleri A.Ş ("Refeks") in liquidation	Turkey	Turkey	Distribution and courier services
Doğan Haber Ajansı A.Ş. ("Doğan Haber")	Turkey	Turkey	News agency
E Tüketici Internet ve Danışmanlık Hizmetleri Elektronik Yayıncılık A.Ş. ("E Tüketici")	Turkey	Turkey	Internet publishing
Nartek Bilişim Turizm ve Pazarlama Hizmetleri Ticaret A.Ş. ("Nartek")	Turkey	Turkey	Internet publishing
TME Teknoloji Proje Geliştirme ve Yazılım A.Ş. ("TME Teknoloji")	Turkey	Turkey	Software development
Hürriyet Zweigniederlassung GmbH. ("Hürriyet Zweigniederlassung")	Germany	Europe	Newspaper publishing
Trader Media East ("TME")	Jersey	Europe	Investment
Publishing House Pennsylvania Inc	USA	Russia and EE	Investment
Pronto Soft	Belarus	Russia and EE	Internet publishing
OOO SP Belpronto	Belarus	Russia and EE	Newspaper and internet publishing
Bolji Posao d.o.o. Bosnia	Bosnia-Herzegovina	Europe	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
TOO Pronto Akmola	Kazakhstan	Russia and EE	Newspaper and internet publishing
OOO Pronto Aktau	Kazakhstan	Russia and EE	Newspaper and internet publishing

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

Subsidiaries (Continued)

Subsidiaries	Registered country	Geographic segment	Nature of business
OOO Pronto Aktobe	Kazakhstan	Russia and EE	Newspaper and internet publishing
OOO Pronto Atyrau	Kazakhstan	Russia and EE	Newspaper and internet publishing
Pronto Ust Kamenogorsk	Kazakhstan	Russia and EE	Newspaper publishing
ZAO Pronto Akzhol	Kazakhstan	Russia and EE	Newspaper and internet publishing
Expressz Magyarorszag 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 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 UlanUde	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Vladivostok	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Volgograd	Russia	Russia and EE	Newspaper and internet publishing
OOO Pronto Voronezh	Russia	Russia and EE	Newspaper and internet publishing
OOO Rektcentr	Russia	Russia and EE	Investment
OOO Rosprint	Russia	Russia and EE	Printing services
OOO Rosprint Samara	Russia	Russia and EE	Printing services
OOO Tambov-Info	Russia	Russia and EE	Newspaper and internet publishing
OOO Tambukan	Russia	Russia and EE	Newspaper and internet publishing
OOO Utro Peterburga	Russia	Russia and EE	Newspaper and internet publishing
OOO Rukom	Russia	Russia and EE	İnternet publishing
ZAO NPK	Russia	Russia and EE	Call center
Bolji Posao d.o.o. Serbia	Serbia	Europe	Internet publishing
Moje Delo spletni marketing d.o.o	Slovenia	Europe	Internet publishing
TOV E-Prostir	Ukraine	Russia and EE	Internet publishing
SP Pronto Kiev	Ukraine	Russia and EE	Newspaper and internet publishing
Sklad Dela Prekmurje NGO	Slovenia	Europe	Internet publishing

Joint Ventures

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

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Financial reporting standards

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

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

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

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

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

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

2.1 Basis of presentation (Continued)

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

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

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

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

When a foreign operation is partially disposed of or sold, exchange differences recorded in equity are recognised in the income statement as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

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

Index and the conversion factors used to adjust the financial statements of the subsidiaries operating in Belarus for the effect of inflation as at 31 March 2012 are given below:

Dates	**Index**	**Conversion Factor**
31 December 2008	1,3524	2,6482
31 December 2009	1,4856	2,4108
31 December 2010	1,6345	2,1912
31 December 2011	3,4109	1.0500
31 March 2012	3,5814	1.0000

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

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

2.1 Basis of presentation (Continued):

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

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

Years	**2010**	**2011**	**2012**
Change in USD/BYR (%)	5	178	4
Change in Euro/BYR (%)	(3)	172	(1)
Belarus Consumer Price Index (%)	10	109	5

As of 31 March 2012 the exchange rate announced by the National Bank of the Republic of Belarus was BYR 8.020 = USD 1, BYR 10.712 = Euro 1 (31 December 2011: BYR 8.350 = USD 1, BYR 10.800 = Euro 1)

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

- All items of financial statements of subsidiaries operating in Belarus, except for the ones already presented at the current purchasing power level, are restated by applying a general price index.

- Monetary assets and liabilities of the subsidiaries operating in Belarus are not restated because they are already expressed in terms of the current measuring unit at the balance sheet date. Monetary items presents money held and items to be received or paid in cash and cash equivalents.

- Non-monetary assets and liabilities of the subsidiaries operating in Belarus are restated by applying, to the initial acquisition cost and any accumulated depreciation, the change in the general price index from the date of acquisition or initial recording to the balance sheet date. Hence, property, plant and equipment, investments and similar assets are restated from the date of their purchase, not to exceed their market value. Depreciation is similarly restated. The components of shareholders' equity are restated by applying the applicable general price index from the dates the components were contributed or arose otherwise.

- All items in the statement of income of the subsidiaries operating in Belarus, except non-monetary items in the statement of financial position that have effect over statement of income, are restated by applying the relevant conversion factors from the dates when the income and expense items were initially recorded in the financial statements.

- The gain or loss on the net monetary position is the result of the effect of general inflation and is the difference resulting from the restatement of non-monetary assets, shareholders' equity and statement of income items. The gain or loss on the net monetary position is included in net loss.

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

2.1 Basis of presentation (Continued):

2.1.3 Consolidation principles

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

Consolidation principles used in the preparation of these consolidated financial statements are summarized below:

(a) Subsidiaries

Subsidiaries are companies in which the Company has power to control the financial and operating policies for the benefit of the Company either (a) through the power to exercise more than 50% voting rights relating to shares in the companies as a result of shares owned directly and indirectly by itself, or (b) although not having the power to exercise more than 50% of the voting rights, through the power to govern the financial and operating policies. Following the transfer of ownership to the Group, subsidiaries are consolidated on the basis of full consolidation. They are excluded in the consolidated financial statements within the date that control ceases. Proportion of ownership interest represents the effective shareholding of the Group through the shares held by Hürriyet and indirectly by its subsidiaries.

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

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

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

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

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

2.1 Basis of presentation (Continued):

2.1.3 Consolidation principles (Continued)

(a) Subsidiaries (Continued)

The Subsidiaries and their effective ownership interests at 31 March 2012 and 31 December 2011 are as follows:

	Proportion of voting power held by Hürriyet and its Subsidiaries (%)		**Effective ownership interests (%)**	
Subsidiaries	**31 March 2012**	**31 December 2011**	**31 March 2012**	**31 December 2011**
Hürriyet Medya Basım	99,99	99,99	99,99	99,99
Doğan Ofset	99,93	99,93	99,93	99,93
Yenibir	100,00	100,00	100,00	100,00
Refeks [(5)]	100,00	100,00	100,00	100,00
Doğan Haber	53,01	53,01	53,01	53,01
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 [(1) (6)]	74,28	71,14	74,28	71,14
Oglasnik d.o.o. [(1)]	100,00	100,00	74,28	71,14
TCM Adria d.o.o.	100,00	100,00	74,28	71,14
Internet Posao d.o.o.	100,00	100,00	52,00	49,80
Expressz Magyarorszag Media Zrt.	100,00	100,00	74,28	71,14
Mirabridge International B.V.	100,00	100,00	74,28	71,14
Pronto Invest B.V.	100,00	100,00	74,28	71,14
ZAO Pronto Akzhol	80,00	80,00	59,42	56,91
TOO Pronto Akmola	100,00	100,00	74,28	71,14
OOO Pronto Atyrau	100,00	100,00	59,42	56,91
OOO Pronto Aktobe	80,00	80,00	47,54	45,53
OOO Pronto Aktau	100,00	100,00	59,42	56,91
OOO Pronto Rostov	100,00	100,00	74,28	71,14
OOO Novoprint	100,00	100,00	74,28	71,14
ZAO NPK	100,00	100,00	74,28	71,14
OOO Delta-M	55,00	55,00	40,85	39,13
OOO Pronto Baikal	100,00	100,00	74,28	71,14
OOO Pronto DV	100,00	100,00	74,28	71,14
OOO Pronto Ivanovo	100,00	100,00	74,28	71,14
OOO Pronto Kaliningrad	95,00	95,00	70,57	67,58
OOO Pronto Kazan	72,00	72,00	53,48	51,22
OOO Pronto Krasnodar	80,00	80,00	59,42	56,91
OOO Pronto Krasnoyarsk [(5)]	100,00	100,00	74,28	71,14
OOO Pronto Nizhny Novgorod	90,00	90,00	66,85	64,03
OOO Pronto Novosibirsk	100,00	100,00	74,28	71,14
OOO Pronto Oka [(4)]	100,00	100,00	74,28	71,14
OOO Pronto Samara	100,00	100,00	74,28	71,14
OOO Pronto Stavropol [(2)]	100,00	100,00	74,28	71,14
OOO Pronto UlanUde	90,00	90,00	66,85	64,03
OOO Pronto Vladivostok	90,00	90,00	66,85	64,03
OOO Pronto Volgograd [(5)]	100,00	100,00	74,28	71,14
OOO Pronto Moscow	100,00	100,00	74,28	71,14

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

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

2.1 Basis of presentation (Continued)

2.1.3 Consolidation principles (Continued)

(a) Subsidiaries (Continued)

	Proportion of voting power held by Hürriyet and its Subsidiaries (%)		Effective ownership interests (%)	
	31 March 2012	31 December 2011	31 March 2012	31 December 2011
OOO Rosprint [3]	100,00	100,00	74,28	71,14
OOO Rosprint Samara	100,00	100,00	74,28	71,14
OOO Tambukan	85,00	85,00	63,14	60,47
OOO Utro Peterburga [4]	55,00	55,00	40,85	39,13
OOO Partner-Soft	90,00	90,00	66,85	64,03
Pronto Soft	90,00	90,00	66,85	64,03
OOO Pronto Astrakhan [5]	100,00	100,00	74,28	71,14
OOO Pronto Kemerovo	100,00	100,00	74,28	71,14
OOO Pronto Smolensk	100,00	100,00	74,28	71,14
OOO Pronto Tula	100,00	100,00	74,28	71,14
OOO Pronto Voronezh	100,00	100,00	74,28	71,14
OOO SP Belpronto	60,00	60,00	44,57	42,68
OOO Tambov-Info	100,00	100,00	74,28	71,14
Impress Media Marketing LLC [1]	100,00	100,00	74,28	71,14
OOO Pronto Obninsk	100,00	100,00	74,28	71,14
OOO Rektcentr	100,00	100,00	74,28	71,14
OOO Pronto Neva	100,00	100,00	74,28	71,14
SP Pronto Kiev	50,00	50,00	37,14	35,57
TOV E-Prostir	50,00	50,00	37,14	35,57
Publishing House Pennsylvania Inc	100,00	100,00	74,28	71,14
OOO Rukom	100,00	100,00	74,28	71,14
Moje Delo, spletni marketing, d.o.o [1]	100,00	100,00	74,28	71,14
Bolji Posao d.o.o. Serbia	100,00	100,00	40,85	39,13
Bolji Posao d.o.o. Bosnia	100,00	100,00	40,85	39,13
Sklad Dela Prekmurje NGO	100,00	100,00	40,85	39,13
Pronto Ust Kamenogorsk	100,00	100,00	59,42	56,91

(1) Related rates include put-options regarding non-controlling shares explained in detail in Note 19.
(2) Related subsidiary has been in the merger process with Pronto Rostov.
(3) Related subsidiary was sold in 2012.
(4) Related subsidiary has ceased its operations before the year 2010.
(5) Related subsidiary has been in the liquidation process in 2011.
(6) The group acquired 6,98% shares corresponding to 3.490.691 share certificates of TME from a legal entity outside the group in consideration of USD 26.250.000 based on the valuation report prepared by an independent valuation company on 7 March 2012. The effect of these transactions are accounted under equity.

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

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

2.1 Basis of presentation (Continued):

2.1.3 Consolidation principles (Continued)

(b) Joint ventures

Joint ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by Hürriyet and its subsidiaries and one or more other parties. Proportionate consolidation is used for joint ventures except when the investment is classified as asset held for sale, in which case it is accounted for under IFRS 5; in other words, consolidation has been performed by including the parent company's asset, liability, income and expense share on the joint venture. Where the Group transacts with its jointly controlled entities, unrealized profits and losses are eliminated to the extent of the Group's interest in the joint venture. The joint-ventures, the proportion of voting power held by Hürriyet and its subsidiaries and effective ownership interests at 31 March 2012 and 31 December 2011 are follows:

Joint Ventures	31 March 2012 Direct and indirect share of Hürriyet and its Subsidiaries (%)	31 December 2011 Direct and indirect share of Hürriyet and its Subsidiaries (%)
Tipeez İnternet Hizmetleri A.Ş. ("Tipeez")	29,99	29,99
OOO Autoscout24	36,28	36,28
ASPM Holding B.V.	36,28	36,28

(c) Investments in associates

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

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

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

2.1 Basis of presentation (Continued):

2.1.3 Consolidation principles (Continued):

***(c) Investments in associates* (Continued)**

Equity accounting is discountinued when the carrying amount of the investment in an associated undertaking reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associated undertaking. Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value.

The Associates and the proportion of ownership interests at 31 March 2012 and 31 December 2011 are as follows:

	31 March 2012 Direct and indirect control by Hürriyet and its Subsidiaries (%)	31 December 2011 Direct and indirect control by Hürriyet and its Subsidiaries (%)
Doğan Media International GmbH ("Doğan Media")	42,42	42,42

(d) Non-controlling interestss

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

(e) Financial investments

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

2.1.4 Offsetting

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

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

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

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

2.1 Basis of presentation (Continued):

2.1.5 Comparative information and restatement of prior period financial statements

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

- "Cost of sales" amounting to TL 6.907.620 is classified in "Marketing, selling and distribution expenses" and in "General administrative expenses" in amounts TL 3.976.289 and TL 2.931.331, respectively.

These reclassifications do not have any impact on the consolidated net profit for the period.

2.1.6 Significant Accounting Policies and Changes in Accounting Estimates and Errors

Changes in accounting policies arising from the first time adaptation of a new IAS/IFRS are applied retrospectively or prospectively in accordance with the respective IASs/IFRSs transition requirements, if any. Where there are no transition requirements for any changes or optional significant changes in accounting policies and identified accounting errors, those are applied retrospectively and prior period financial statements are restated accordingly. Accounting policies used in the current period are applied in the preparation of the consolidated financial statements for the year ended 31 December 2011.

The preparation of consolidated financial statements requires the use of estimations and assumptions that may have an effect over the assets and liabilities reported at the balance sheet date, contingent assets and liabilities disclosures and income and expenses reported during the accounting period. The estimates and assumptions are based on the best available information on the current circumstances and operations; however, they may differ from the actual results. If changes in accounting estimates only relate to one period, the change is reflected in the current period in which the change is made, if they relate to future periods, the change is both reflected in the current period in which the change is made and prospectively for future periods. Significant accounting policies used in the current period are consistent with those that are used in the preparation of the consolidated financial statements for the year ended 31 December 2011. The accounting estimations and assumptions which may have a significant effect on the carrying amounts of assets, liabilities and operational results are stated below.

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

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

2.1 Basis of presentation (Continued):

2.1.7 Amendments in the CMB Financial Reporting Standards

The following new and revised Standards and Interpretations have been adopted in the accompanying consolidated financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

(a) Standards and Interpretations that are effective as of 2012 but have no effect on financial statements:

Amendments to IAS 12 *Deferred Taxes – Recovery of Underlying Assets*

The amendment is effective for annual periods beginning on or after 1 January 2012. 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, through sale. The Group does not have investment property. The amendment did not have any effect on the financial statements.

Amendments to IFRS 7 *Disclosures – Transfers of Financial Assets*

The amendments to IFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

These amendments to IFRS 7 did not have a significant effect on the Group's disclosures. However, if the Group enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

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

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

Amendments to IFRS 7	*Disclosures – Offsetting of Financial Assets and Financial Liabilities*
IFRS 9	*Financial Instruments*
IFRS 10	*Consolidated Financial Statements*
IFRS 11	*Joint Arrangements*
IFRS 12	*Disclosure of Interests in Other Entities*
IFRS 13	*Fair Value Measurement*
Amendments to IAS 1	*Presentation of Items of Other Comprehensive Income*
IAS 19 (as revised in 2011)	*Employee Benefits*
IAS 27 (as revised in 2011)	*Separate Financial Statement*

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

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

2.1 Basis of presentation (Continued):

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

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

IAS 28 (as revised in 2011)	*Investments in Associates and Joint Ventures*
IFRIC 20	*Stripping Costs in the Production Phase of a Surface Mine*
Amendments to IAS 32	*Financial Instruments: Presentation - Offsetting of Financial Assets and Financial Liabilities*

The amendments to IFRS 7 require an entity to disclose information about rights of offset and related agreements for financial instruments under an enforceable master netting agreement or similar arrangement. The new disclosures are required for annual or interim periods beginning on or after 1 January 2013.

IFRS 9 issued in November 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 amended in October 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9 are described as follows:

- IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

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

2.1 Basis of presentation (Continued):

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

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

IFRS 9 was amended to defer the mandatory effective date of both the 2009 and 2010 versions of IFRS 9 to annual periods beginning on or after 1 January 2015. Prior to the amendments, application of IFRS 9 was mandatory for annual periods beginning on or after 1 January 2013. The amendments continue to permit early application. The amendments modify the existing comparative transition disclosures in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and IFRS 7 Financial Instruments: Disclosures. Instead of requiring restatement of comparative financial statements, entities are either permitted or required to provide modified disclosures on transition from IAS 39 Financial Instruments: Recognition and Measurement to IFRS 9 depending on the entity's date of adoption and whether the entity chooses to restate prior periods.

The Group management anticipates that IFRS 9 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2015 and that the application of IFRS 9 may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities (e.g. the Group's investments in redeemable notes that are currently classified as available-for-sale investments will have to be measured at fair value at the end of subsequent reporting periods, with changes in the fair value being recognized in profit or loss). However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

In May 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011).

Key requirements of these five Standards are described below:

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. SIC-12 Consolidation – Special Purpose Entities has been withdrawn upon the issuance of IFRS 10. Under IFRS 10, there is only one basis for consolidation, which is control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

IFRS 11 replaces IAS 31 Interests in Joint Ventures. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Venturers has been withdrawn upon the issuance of IFRS 11. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

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

2.1 Basis of presentation (Continued):

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

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

In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The Group management anticipates that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The application of these five standards may have significant impact on amounts reported in the consolidated financial statements. The application of IFRS 10 may result in the Group no longer consolidating some of its investees, and consolidating investees that were not previously consolidated. In addition, the application of IFRS 11 may result in changes in the accounting of the Group's jointly controlled entity that is currently accounted for using proportionate consolidation. Under IFRS 11, a jointly controlled entity may be classified as a joint operation or joint venture, depending on the rights and obligations of the parties to the joint arrangement. However, the directors have not yet performed a detailed analysis of the impact of the application of these Standards and hence have not yet quantified the extent of the impact.

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 Financial Instruments: Disclosures will be extended by IFRS 13 to cover all assets and liabilities within its scope.

IFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that IFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

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

2.1 Basis of presentation (Continued):

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

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

The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

The amendments to IAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application with certain exceptions. The directors anticipate that the amendments to IAS 19 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the amendments to IAS 19 may have impact on amounts reported in respect of the Groups' defined benefit plans. However, the directors have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.

On 19 October 2011 the IASB issued an Interpretation, IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine, clarifying the requirements for accounting for stripping costs in the production phase of a surface mine. The Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. The Interpretation is effective for annual periods beginning on or after 1 January 2013 with earlier application permitted.

The amendments to IAS 32 are intended to clarify existing application issues relating to the offsetting rules and reduce the level of diversity in current practice. The amendments are effective for annual periods beginning on or after 1 January 2014.

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

2.2. Summary of significant accounting policies

2.2.1 Related parties

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

2.2.2 Financial assets

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

In accordance with IAS 39, the Group classifies its financial instruments as assets held at fair value through profit or loss, held-to-maturity, available-for-sale and loans and receivables. Classification is determined based on the acquisition purpose and specifications of the financial asset at the initial recognition. All financial assets are recognised at cost including transaction costs in the initial measurement. Group's financial assets as of 31 March 2012 and 31 December 2011 consist of *"Financial assets at fair value through profit or loss"* and *"Financial assets held-for sale"*.

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

2.2 Summary of significant accounting policies (Continued):

2.2.2 Financial assets (Continued)

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

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

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

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

2.2.3 Trade receivables and provision for doubtful receivables

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

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

2.2 Summary of significant accounting policies (Continued):

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

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

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

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

At each balance sheet date, the Group evaluates whether there are any indications that an asset other than goodwill or intangible assets with indefinite useful lives may be impaired. When an indication of impairment exists, carrying value of the assets is compared with the net realizable value which is the higher of value in use and fair value less costs to sell. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Impairment exists if the carrying value of an asset or a cash generating unit including that asset is greater than its recoverable amount which is the higher of value in use or fair value less costs to sell. Impairment losses are recognised in the consolidated statement of income.

2.2.5 Inventories

Inventories are valued at the lower of cost or estimated selling price less estimated costs necessary to make a sale. Cost elements included in inventory are purchase costs and other costs necessary to prepare the asset for its intended use. Cost elements included in inventories are materials, labor and production overheads. The unit cost of inventories is determined on the moving weighted average basis (Note 11).

Promotion materials

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

2.2.6 Investment properties

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

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

2.2 Summary of significant accounting policies (Continued):

2.2.6 Investment properties (Continued)

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

2.2.7 Property, plant and equipment and depreciation

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses. Depreciation is provided using the straight-line method based on the estimated useful lives of tangible assets (except lands) (Note 14).

The depreciation periods for property and equipment, which approximate the economic useful lives of assets concerned, are as follows:

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

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

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

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

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

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

2.2 Summary of significant accounting policies (Continued):

2.2.8 Financial leases

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

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

2.2.9 Intangible assets and related amortization

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

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

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

Intangible assets with finite useful lives are carried at their acquisition cost and amortised using the straight-line method over their estimated useful lives (Note 15).

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

Web page development costs

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

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

2.2 Summary of significant accounting policies (Continued):

2.2.10 Goodwill

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

2.2.11 Critical accounting estimates and judgments

Useful lives of intangible assets

Group estimates the useful lives of some trade names as indefinite. If these intangible assets' useful lives are finite (in case of useful lives of 20 years), their amortization charge would have increased by TL 3.562.233 (31 March 2011: TL 3.913.448) and income before tax and non-controlling interests would have decreased by TL 3.562.233 (31 March 2011: TL 3.913.448).

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 768.468 and loss before tax and non-controlling interests would have decreased by TL 768.468 (31 March 2011: TL 440.326 increase in profit) or
- Had the useful lives been lower by 10%, amortization charges would have increased by TL 939.238 and loss before tax and non-controlling interests would have increased by TL 939.238 (31 March 2011: TL 538.176 decrease in profit).

Impairment of goodwill and intangible assets

The group has carried out its analysis of impairment of goodwill for the period ended 31 March 2012 and 31 December 2011 as explained in detail below:

In accordance with the accounting policy, property, plant and equipment are annually tested for impairment by the Group.

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

2.2 Summary of significant accounting policies (Continued):

2.2.12 Taxes

Taxation on income includes current period income taxes and deferred taxes. Current year tax liability consists of tax liability on period income calculated according to currently enacted tax rates and tax legislation in force as of balance sheet date and includes adjustments related to previous year's tax liabilities. Turkish tax legislation does not permit a parent company, its subsidiaries and joint ventures to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the consolidated financial statements, have been calculated on a separate-entity basis.

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

Deferred tax liabilities are recognised for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized (Note 30). Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

2.2.13 Financial borrowings and borrowing costs

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective interest method. Any difference between proceeds, net of transaction costs, and the redemption value is recognised in the income statement as finance expense over the period of the borrowings (Note 7). The borrowing costs which are directly related with the acquisition, manufacturing or production of a specialty good (means that a long period of time is required to make available for sale and use as purposed) are capitalized as a part of the related asset. The Group has no borrowing costs capitalized in 2012.

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

2.2 Summary of significant accounting policies (Continued):

2.2.14 Employment termination benefits

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

2.2.15 Provisions, contingent assets and liabilities

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

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

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

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

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

2.2.16 Share capital and dividends

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

2.2.17 Foreign currency transactions

<u>Functional currency</u>

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

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

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

2.2 Summary of significant accounting policies (Continued):

2.2.17 Foreign currency transactions (Continued)

Foreign currency transactions and balances

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

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

A significant portion of the Group's foreign operations are performed in Russia, Europe and Eastern Europe countries (Note 4). Foreign currencies and exchange rates at 31 March 2012 and 31 December 2011 are summarized below:

Country	Currency	31 March 2012	31 December 2011
Russia	Ruble	0,0605	0,0587
Eurozone	Euro	2,3679	2,4438
Hungary	Forint	0,0080	0,0078
Crotia	Kuna	0,3153	0,3246
Ukraine	Grivna	0,2220	0,2364
Romania	New Ley	0,5419	0,5677
Kazakhstan	Tenge	0,0120	0,0127
Belarus	Belarusian Ruble	0,0002	0,0002

2.2.18 Revenue recognition

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

Revenue is initially recognized at the fair value of the consideration received or receivable when it can be measured reliably and when there is an inflow of economic benefits. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest.The interest rate used in discounting, is the rate to discount nominal amount of the receivable to the amortised cost of the related goods or services given.

The difference between the fair value and the nominal amount of the consideration is recognized as financing income.

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

2.2 Summary of significant accounting policies (Continued):

2.2.18 Revenue recognition (Continued)

Revenues from advertisement:

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

Revenues from newspaper sales:

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

Revenues from printing services:

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

Newspaper sales returns:

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

Interest income:

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

Rental income:

Rental income is recognized on an accrual basis.

Other income:

Other income is recognized on an accrual basis.

2.2.19 Barter agreements

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

2.2.20 Profit / (loss) per share

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

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

2.2 Summary of significant accounting policies (Continued):

2.2.20 Profit / (loss) per share (Continued)

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

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

2.2.21 Cash and cash equivalents

Cash and cash equivalents are carried at cost in the balance sheet. Cash and cash equivalents comprise cash in hand, bank deposits and highly liquid investments without a significant risk over the change in their value, whose maturity at the time of purchase is three months or less (Note 5).

2.2.22 Subsequent events

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

In the case that events requiring a correction to be made occur subsequent to the balance sheet date, the Company makes the necessary corrections to the consolidated financial statements. In the case that events not requiring a correction to be made occur subsequent to the balance sheet date, those events are disclosed in the notes of consolidated financial statement.

2.2.23 Reporting of cash flows

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

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

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

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

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

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

2.2 Summary of significant accounting policies (Continued):

2.2.24 Financial liabilities to non-controlling interests put options

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

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

2.2.25 Assets held for sale

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

2.2.26 Business combinations

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

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

2.2.27 Segment reporting

The chief operating decision maker of the Group is the Executive Committee or Management Committee. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group has selected the geographical segment as the Group's primary segment reporting format based on the risks and returns in geographical areas reflecting the primary source of the enterprise's risks and returns (Note 4).

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

2.2 Summary of significant accounting policies (Continued):

2.2.28 Derivative financial instruments

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

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

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

NOTE 3 - BUSINESS COMBINATIONS

There are no business combinations as of 31 March 2012 and 31 December 2011.

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

NOTE 4 - SEGMENT REPORTING

a) Segmental analysis for the period between 1 January – 31 March 2012:

	Turkey	Russia and EE	Europe	Total
Sales	141.124.918	46.605.377	11.343.775	199.074.070
Cost of sales (-)	(97.474.398)	(24.323.930)	(8.616.996)	(130.415.324)
Gross operating profit	**43.650.520**	**22.281.447**	**2.726.779**	**68.658.746**
Marketing, selling and distribution expenses (-)	(26.844.460)	(5.435.490)	(745.035)	(33.024.985)
Losses from investments accounted for by equity method (-)	(2.707.491)	-	-	(2.707.491)
Net segment result	**14.098.569**	**16.845.957**	**1.981.744**	**32.926.270**
General administrative expenses (-)				(39.655.467)
Other operating income				146.213.621
Other operating expenses (-)				(4.813.053)
Financial income				60.162.654
Financial expense (-)				(26.414.786)
Profit before tax				**168.419.239**
Tax expenses for the period (-)				(14.174.539)
Deferred tax expense				(3.384.170)
Net profit for the period				**150.860.530**

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

NOTE 4 - SEGMENT REPORTING (Continued)

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

	Turkey	Russia and EE	Europe	Total
Sales	132.023.111	46.534.092	11.731.357	190.288.560
Cost of sales (-)	(88.060.075)	(26.509.174)	(8.627.029)	(123.196.278)
Gross operating profit	**43.963.036**	**20.024.918**	**3.104.328**	**67.092.282**
Marketing, selling and distribution expenses (-)	(25.347.380)	(4.875.444)	(844.681)	(31.067.505)
Losses from investments accounted for by equity method (-)	(2.086.368)	-	-	(2.086.368)
Net segment result	**16.529.288**	**15.149.474**	**2.259.647**	**33.938.409**
General administrative expenses (-)				(39.672.459)
Other operating income				6.246.282
Other operating expense (-)				(27.466.208)
Financial income				20.316.012
Financial expense (-)				(19.859.327)
Loss before tax				**(26.497.291)**
Tax expenses for the period (-)				(4.525.101)
Deferred tax income				2.903.242
Net loss for the period				**(28.119.150)**

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

NOTE 4 - SEGMENT REPORTING (Continued)

c) Segment assets:

	31 March 2012	31 December 2011
Turkey	786.967.682	790.017.123
Russia and EE	703.072.678	670.571.735
Europe	154.689.067	143.341.507
	1.644.729.427	**1.603.930.365**
Unallocated assets	24.573.245	27.419.494
Investments accounted for by the equity method	4.772.626	7.423.271
Total assets per consolidated financial statements	**1.674.075.298**	**1.638.773.130**

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

d) Segment liabilities:

	31 March 2012	31 December 2011
Turkey	100.670.132	205.501.037
Russia and EE	25.159.924	19.894.020
Europe	67.184.890	45.980.903
	193.014.946	**271.375.960**
Unallocated liabilities	706.993.590	772.219.121
Total liabilities per consolidated financial statements	**900.008.536**	**1.043.595.081**

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

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

NOTE 4 - SEGMENT REPORTING (Continued)

e) Depreciation and amortization charges and capital expenditures

Capital expenditures (Excluding business combinations):

	31 March 2012	31 March 2011
Turkey	17.150.177	3.288.942
Russia and EE	1.299.627	2.085.248
Europe	553.828	276.125
Total	**19.003.632**	**5.650.315**

Depreciation and amortization charges:

	31 March 2012	31 March 2011
Turkey	10.903.089	12.261.501
Russia and EE	6.493.027	7.269.177
Europe	2.043.378	2.241.939
Total	**19.439.494**	**21.772.617**

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

NOTE 4 - SEGMENT REPORTING (Continued)

f) Non-cash expenses:

	31 March 2012			
	Turkey	**Russia and EE**	**Europe**	**Total**
Provision for employee termination benefits and unused vacation rights (Note 20,21)	3.933.226	1.781.767	-	5.714.993
Provision for doubtful receivables (Note 9, 21)	485.114	524.030	6.408	1.015.552
Provision for lawsuits (Note 18)	687.906	-	-	687.906
Tax base increase expenses under Law No. 6111 (Note 26, 28)	442.050	-	-	442.050
Provision for impairment of available for sale financial assets (Note 6)	65.322	-	-	65.322
	5.613.618	**2.305.797**	**6.408**	**7.925.823**

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

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

NOTE 5 - CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents at 31 March 2012 and 31 December 2011 are as follows:

	31 March 2012	31 December 2011
Cash	1.152.710	564.177
Banks		
- time deposits	86.775.063	265.071.251
- demand deposits	19.450.703	15.933.364
- blocked deposits	13.341	35.304
Total	**107.391.817**	**281.604.096**

The Group has blocked deposits amounting to TL 13.341 as of 31 March 2012 (31 December 2011: TL 35.304). The blocked deposits consist of demand deposits amounting to TL 7.658 (31 December 2011: TL 7.658).

Cash and cash equivalents included in the consolidated statements of cash flows as of 31 March 2012 and 31 December 2011 are as follows:

	31 March 2012	31 December 2011	31 March 2011	31 December 2010
Cash and banks	107.391.817	281.604.096	82.080.645	89.534.596
Less: Blocked deposits	(13.341)	(35.304)	(152.954)	(144.548)
Less: Interest accruals	(255.405)	(512.641)	(587.458)	(471.826)
Total	**107.123.071**	**281.056.151**	**81.340.233**	**88.918.222**

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

	31 March 2012	31 December 2011
0-1 month	86.764.173	265.098.897
1-3 months	16.573	-
	86.780.746	**265.098.897**

There are no time deposits with variable interest rates at 31 March 2012 and 31 December 2011. The gross interest rate for TL time deposits is 11,08% for 31 March 2012 (31 December 2011: 10,7%). The gross interest rates of foreign currency denominated time deposits are 4,06% for USD and 4,02% for Euro as of 31 March 2012 (31 December 2011: USD: 5,3%, Euro: 4,2%).

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

NOTE 6 - FINANCIAL ASSETS

Financial assets available for sale:

The details of financial assets available for sales as of 31 March 2012 and 31 December 2011 are as presented below:

	Share %	31 March 2012	Share %	31 December 2011
Doğan Havacılık Sanayi ve Ticaret A.Ş. ("Doğan Havacılık")	9,00	4.513.093	9,00	4.513.093
Doğan Factoring Hizmetleri A.Ş. ("Doğan Factoring")	5,11	1.029.747	5,11	1.029.747
Doğan Dış Ticaret ve Mümessillik A.Ş. ("Doğan Dış Ticaret")	1,75	468.534	1,75	468.534
Coats İplik Sanayi A.Ş.	0,50	257.850	0,50	257.850
Hür Servis Sosyal Hizmetler ve Ticaret A.Ş. ("Hürservis")	19,00	169.167	19,00	169.166
Other	-	306.826	-	304.301
		6.745.217		**6.742.691**
Impairment		(2.273.515)		(2.208.193)
Total		**4.471.702**		**4.534.498**

Financial investments are carried at cost less provision for impairment since they are not being traded in an active market.

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

	2012	2011
1 January	**(2.208.193)**	**(1.755.505)**
Provision for impairment	(65.322)	(196.912)
31 March	**(2.273.515)**	**(1.952.417)**

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

NOTE 7 - FINANCIAL LIABILITIES

The details of financial liabilities at 31 March 2012 and 31 December 2011 are as follows:

Short-term financial liabilities and short term portion of long term financial liabilities:	**31 March 2012**	**31 December 2011**
Bank borrowings (Note 34.ii)	236.969.046	233.422.745
Financial liabilities to suppliers (Note 34.ii)	29.611.737	31.762.745
Total	**266.580.783**	**265.185.490**

Long-term financial liabilities:	**31 March 2012**	**31 December 2011**
Bank borrowings (Note 34.ii)	219.153.398	302.962.338
Financial liabilities to suppliers (Note 34.ii)	31.851.892	34.994.281
Total	**251.005.290**	**337.956.619**

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

NOTE 7 - FINANCIAL LIABILITIES (Continued)

Bank borrowings:

The details of bank borrowings at 31 March 2012 and 31 December 2011 are as follows:

	Effective interest rate (%)		Original foreign currency		TL	
	31 March 2012	**31 December 2011**	**31 March 2012**	**31 December 2011**	**31 March 2012**	**31 December 2011**
Short-term bank borrowings						
- USD	-	5,3	-	25.317.188	-	47.821.636
- Euro	4,2	4,8	10.441.228	10.079.694	24.708.122	24.632.756
Sub-total					**24.708.122**	**72.454.392**
Short-term portion of long-term bank borrowings						
- USD	4,3	2,9	112.064.218	83.785.878	198.678.653	158.263.144
- Euro	5,0	5,9	5.739.635	1.106.968	13.582.271	2.705.209
Sub-total					**212.260.924**	**160.968.353**
Total short-term bank borrowings					**236.969.046**	**233.422.745**
Long-term bank borrowings						
- USD	6,7	6,0	120.000.000	156.763.252	212.748.000	296.110.107
- Euro	3,8	3,8	2.706.811	2.803.925	6.405.398	6.852.231
Total long-term bank borrowings					**219.153.398**	**302.962.338**

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

NOTE 7 - FINANCIAL LIABILITIES (Continued)

Bank borrowings (Continued):

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

Year	31 March 2012	31 December 2011
2013	1.008.322	70.720.736
2014	1.268.743	133.533.241
2015 and after	216.876.333	98.708.361
Total	**219.153.398**	**302.962.338**

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

Period	31 March 2012	31 December 2011
Up to 6 months	454.418.636	534.625.546
6-12 months	1.703.808	1.759.537
Total	**456.122.444**	**536.385.083**

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

Group borrows loans on fixed and floating interest rates.

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

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

The Group has given guarantees amounting to 33.649.091 shares, which represents 67,3% of TME, one of the subsidiaries of the Group, to financial institutions in regards to long term loans (31 December 2011: 33.649.091 shares).

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

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

NOTE 7 - FINANCIAL LIABILITIES (Continued)

Bank borrowings (Continued):

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

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

Financial liabilities to suppliers:

Short and long-term financial liabilities to suppliers are related with the purchase of machinery and equipment. Effective interest rates of short-term and long-term financial liabilities to suppliers are 1,11% for USD, 1,54% for Euro and 1,18% for CHF (31 December 2011: USD: 0,9%, Euro: 2,1%, CHF: 1,7%).

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

Year	31 March 2012	31 December 2011
2013	24.879.367	27.793.699
2014 and after	6.972.525	7.200.582
Total	**31.851.892**	**34.994.281**

The Group's short-term and long-term financial liabilities to suppliers issued at variable interest rates are amounting to TL 29.611.737 (31 December 2011: TL 31.762.745) and TL 31.851.892 as of 31 March 2012 (31 December 2011: TL 34.994.281) respectively.

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

NOTE 7 - FINANCIAL LIABILITIES (Continued)

Financial liabilities to suppliers (Continued):

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

Period	**31 March 2012**	**31 December 2011**
Up to 6 months	61.463.629	66.757.026
Total	**61.463.629**	**66.757.026**

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 341.208.065 at 31 March 2012 (31 December 2011: TL 412.596.245).

NOTE 8 - OTHER FINANCIAL LIABILITIES

Other financial liabilities at 31 March 2012 and 31 December 2011 are as follows:

	31 March 2012	**31 December 2011**
Derivative financial liabilities	295.667	299.825
Financial liabilities due to put options	20.585.142	66.438.280
- Short term (Note 19)	*20.585.142*	*66.438.280*
Total	**20.889.044**	**66.738.105**

NOTE 9 - TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables net of unearned credit finance income at 31 March 2012 and 31 December 2011 are as follows:

	31 March 2012	**31 December 2011**
Trade receivables	243.448.135	169.184.737
Notes and cheques receivable	5.105.421	5.370.271
Receivables from credit cards	1.956.309	1.717.436
	250.509.865	**176.272.444**
Unearned credit finance expense / (income)	1.764.348	(843.052)
Less: provision for doubtful receivables	(55.596.584)	(55.438.024)
Short-term trade receivables	**196.677.629**	**119.991.368**

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

NOTE 9 - TRADE RECEIVABLES AND PAYABLES (Continued)

Trade receivables resulting from advertisements, amounting to TL 133.512.133 (31 December 2011: TL 67.437.309) are followed up by Doğan Factoring Hizmetleri A.Ş. ("Doğan Factoring"). These receivables are related to commercial advertisements and some of reclassified ads. The due date of the Group's trade receivable followed up by Doğan Factoring is 94 days (31 December 2011: 91 days). The unearned finance income related with the receivables followed up by Doğan Factoring is TL 950.028 (31 December 2011: TL 407.511) and the effective interest rate is 10% (31 December 2011: 10%).

The movements of provision for doubtful receivables are as follows:

	2012	2011
1 January	**(55.438.024)**	**(49.256.073)**
Additions during the period (Note 26)	(900.313)	(1.758.939)
Collections during the period	965.492	118.824
Currency translation differences	(223.739)	(1.327.079)
31 March	**(55.596.584)**	**(52.223.267)**

Trade payables at 31 March 2012 and 31 December 2011 are as follows:

	31 March 2012	31 December 2011
Short-term trade payables (net)	42.322.768	40.263.936
Cheques and notes payable	-	854.298
	42.322.768	**41.118.234**
Unrealized financial expenses	(145.788)	(191.541)
Total	**42.176.980**	**40.926.693**

As of 31 March 2012, the due date of Group's trade payables is 53 days (31 December 2011: 53 days). As of 31 March 2012, unearned financial income is TL 145.788.

NOTE 10 - OTHER RECEIVABLES AND PAYABLES

Other receivables at 31 March 2012 and 31 December 2011 are as follows:

	31 March 2012	31 December 2011
Notes and cheques receivable	78.368.608	-
Deposits and guarantees given	451.965	496.145
Total	**78.820.573**	**496.145**

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

NOTE 10 - OTHER RECEIVABLES AND PAYABLES (Continued)

Other long-term receivables at 31 March 2012 and 31 December 2011 are as follows:

	31 March 2012	31 December 2011
Notes and cheques receivable	112.914.048	-
Deposits and guarantees given	976.113	910.363
Total	**113.890.161**	**910.363**

Other payables at 31 March 2012 and 31 December 2011 are as follows:

	31 March 2012	31 December 2011
Taxes and funds payable	8.955.462	10.193.204
Due to personnel	3.667.303	3.861.276
Social security withholdings payable	6.460.365	5.924.599
Deposits and guarantees received	3.008.100	2.466.177
Total	**22.091.230**	**22.445.256**

Other long-term payables at 31 March 2012 and 31 December 2011 are as follows:

	31 March 2012	31 December 2011
Deposits and guarantees received	147.674	132.529
Total	**147.674**	**132.529**

NOTE 11 - INVENTORIES

	31 March 2012	31 December 2011
Raw materials and supplies	12.408.254	13.579.627
Promotion materials (1)	4.724.173	4.492.163
Semi-finished goods	464.134	354.242
Finished goods and merchandise	1.541.932	2.087.472
	19.138.493	**20.513.504**
Provision for impairment on inventory (-)	(1.941.808)	(1.941.808)
Total	**17.196.685**	**18.571.696**

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

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

NOTE 12 - INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD

The investments accounted for by the equity method as of 31 March 2012 and 31 December 2011 are as follows:

	Share %	31 March 2012	Share %	31 December 2011
Doğan Media (1)	42,42	4.772.626	42,42	7.423.271
		4.772.626		**7.423.271**

The summary of Group's share of the financial statements of the investments accounted for by the equity method at 31 March 2012 is as follows:

31 March 2012	Total assets	Total liabilities	Net sales	Net loss for the period
Doğan Media (1)	22.399.961	17.627.337	11.556.056	(2.707.491)
	22.399.961	**17.627.337**	**11.556.056**	**(2.707.491)**

(1) Net loss for the period of Doğan Media mainly stems from the loss of its subsidiary Doğan Media International SA established in Romania. Doğan Media is coordinating the Group's operations 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 2011 is as follows:

31 December 2011	Total assets	Total liabilities	Net sales	Net loss for the period
Doğan Media	21.977.900	15.384.264	45.039.790	(8.944.812)
	21.977.900	**15.384.264**	**45.039.790**	**(8.944.812)**

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

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

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

	2012	2011
1 January	**7.423.271**	**6.593.636**
Loss from associates	(2.707.491)	(2.086.368)
Currency translation differences	56.846	85.307
31 March	**4.772.626**	**4.592.575**

NOTE 13 - INVESTMENT PROPERTY

The movements in investment property and related accumulated depreciation for the period ended at 31 March 2012 and 31 March 2011 are as follows:

	1 January 2011	Additions	Disposals	(Provision)/reversal for impairment (net)	31 March 2012
Cost:					
Land	9.565.495	1.964.442	-	-	11.529.937
Buildings	17.778.810	2.744.931	(6.359.713)	1.388.952	15.552.980
	27.344.305	**4.709.373**	**(6.359.713)**	**1.388.952**	**27.082.917**
Accumulated depreciation:					
Buildings	(739.388)	(33.915)	-	-	(773.303)
	(739.388)	**(33.915)**	**-**	**-**	**(773.303)**
Net book value	**26.604.917**				**26.309.614**

The fair value of the investment property has been determined approximately as TL 45.187.662 at 31 March 2012 (31 December 2011: TL 43.223.220). Fair values of the investment properties as of 31 December 2011 have been determined based on the valuation studies of independent valuation companies which are given authorization by the Capital Market Board.

Amortization expense of TL 33.915 (31 March 2011: TL 33.743) has been charged in general administrative expenses for the period ended 31 March 2012 (Note 24).

The Group does not earn rent revenue from investment properties. Direct operating expenses arising on the investment property in the period amounted to TL 27.423 (31 March 2011: TL 6.402).

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

NOTE 13 - INVESTMENT PROPERTY (Continued)

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

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

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT

The movements in property, plant and equipment and related accumulated depreciation for the period ended 31 March 2012 are as follows:

	1 January 2012	Currency translation differences	Additions	Disposals	Transfers	31 March 2012
Cost						
Land and land improvements	40.852.448	252.250	-	(8.382.233)	-	32.722.465
Buildings	165.179.647	(657.321)	-	(150.718)	-	164.371.608
Machinery and equipments	693.924.022	(217.275)	4.584.004	(650.463)	26.862	697.667.150
Motor vehicles	11.573.299	(118.838)	-	(191.673)	-	11.262.788
Furniture and fixtures	106.612.494	(236.879)	898.293	(1.290.130)	-	105.983.778
Leasehold improvements	25.052.071	15.405	26.043	(44.354)	-	25.049.165
Other non-current assets	685.177	(20.885)	65.594	-	-	729.886
Construction in progress	414.290	(54.671)	7.042.872	(48.450)	-	7.327.179
	1.044.293.448	**(1.038.214)**	**12.616.806**	**(10.758.021)**	**26.862**	**1.045.114.019**
Accumulated depreciation						
Land and land improvements	(272.438)	-	(14.702)	265.304	-	(21.836)
Buildings	(41.892.377)	75.099	(1.118.724)	3.342.849	-	(39.593.153)
Machinery and equipments	(543.029.694)	290.002	(8.785.420)	464.622	-	(551.060.490)
Motor vehicles	(8.545.165)	122.604	(40.308)	172.886	-	(8.289.983)
Furniture and fixtures	(89.859.756)	572.731	(1.890.685)	1.751.871	-	(89.425.839)
Leasehold improvements	(23.580.234)	4.289	(122.209)	17.655	-	(23.680.499)
Other non-current assets	(400.132)	16.506	(89.587)	-	-	(473.213)
	(707.579.796)	**1.081.231**	**(12.061.635)**	**6.015.187**	**-**	**(712.545.013)**
Net book value	**336.713.652**					**332.569.006**

At 31 March 2012, net book value of the property, plant and equipment included in machinery and equipments and acquired through financial leases is amounting to TL 7.197.837 (31 December 2011: TL 7.188.520).
At 31 March 2012 there are mortgages on property, plant and equipment amounting to TL 16.825.881 (31 December 2011: TL 17.328.981).
For the period ended at 31 March 2012 depreciation expense amounting to TL 9.567.534 (31 March 2011: TL 11.039.009) is added to cost of sales (Note 23), amounting to TL 2.494.101 (31 December 2011: TL 3.149.283) is added to marketing, selling and distribution and general administrative expenses.

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

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT (Continued)

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

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

At 31 March 2011, net book value of the property, plant and equipment included in machinery and equipments and acquired through financial leases is amounting to TL 8.866.698 (31 December 2010 TL 8.852.044).
At 31 March 2011 there were mortgages on property, plant and equipment amounting to TL 15.624.681 (31 December 2010: TL 14.763.431).
At 31 March 2011construction in progress amounting to TL 2.321.403 (31 December 2010: TL 1.625.141) is related to computer programs and internet domain names.
At 31 March 2011depreciation expense amounting to TL 11.039.009 (31 March 2010: 11.340.204 TL) was added to cost of sales, and amounting to TL 3.149.283 (31 March 2010: 3.364.066 TL) was added to marketing, selling and distribution and general administrative expenses.

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

NOTE 15 - INTANGIBLE ASSETS

The movements in intangible assets and related accumulated amortization for the period ended 31 March 2012 is as follows:

	1 January 2012	Currency translation differences	Additions	Disposals	Transfers	31 March 2012
Cost						
Trade names and licenses	311.871.261	7.591.423	-	-	-	319.462.684
Customer list	309.421.118	9.094.647	-	-	-	318.515.765
Computer software and rights	65.428.382	(772.009)	1.043.397	(36.755)	-	65.663.015
Internet domain names	23.783.299	616.350	563.026	-	-	24.962.675
Other intangible assets	6.041.315	51.630	34.919	(11.091)	-	6.116.773
Construction in progress	1.127.673	115.423	36.111	(26.445)	-	1.252.762
	717.673.048	**16.697.464**	**1.677.453**	**(74.291)**	**-**	**735.973.674**
Accumulated amortization						
Trade names and licenses	(19.324.214)	3.887.308	(345.658)	-	-	(15.782.564)
Customer list	(88.936.526)	8.520.596	(4.434.038)	-	-	(84.849.968)
Computer software and rights	(47.314.546)	584.710	(1.833.164)	31.743	-	(48.531.257)
Internet domain names	(6.959.178)	269.529	(625.959)	-	-	(7.315.608)
Other intangible assets	(5.800.648)	(46.945)	(105.125)	12.199	-	(5.910.519)
	(168.335.112)	**13.215.198**	**(7.343.944)**	**43.942**	**-**	**(162.389.916)**
Net book value	**549.337.936**					**573.583.758**

Amortization expense of TL 7.343.944 (31 March 2011: TL 7.550.582) has been charged in marketing, selling and distribution and general administrative expenses as of 31 March 2012.

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

NOTE 15 - INTANGIBLE ASSETS (Continued)

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

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

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

NOTE 15 - INTANGIBLE ASSETS (Continued)

The cost of intangible assets with indefinite useful lives amounted to TL 262.284.645 as of 31 March 2012, (31 December 2011: TL 282.379.493). The utilization period of the assets with indefinite useful lives is determined based on the stability of the industry, changes in market demands as to the products and services provided through assets, control period over the assets and legal or similar restrictions on their utilization.

NOTE 16 - GOODWILL

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

	2012	2011
1 January	**136.195.646**	**206.177.957**
Foreign currency translation difference	3.298.770	14.496.534
Other (1)	2.341.189	1.507.575
31 March	**141.835.605**	**222.182.066**

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

As of 31 March 2012, the goodwill amounting to TL 141.835.605 (31 December 2011: TL 136.195.646) is arising from the acquisition of Group's subsidiary TME which operates in abroad.

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. Investment incentives certificates were ceased between the dates of 19 June – 3 July 2011 and processes regarding closure of incentive certificates were finished.

The Group obtained six Investment Incentives Certificate for the imported equipments amounting to USD 10.291.169 and domestic equipments amounting to TL 1.078.214 for the modernization of its printing plants in Istanbul, Ankara, Izmir, Adana, Antalya and Trabzon on 28 October, 2, 4 November and 30 December 2011. The agreements are valid for two years and equipment imported within the scope of the certificate is exempt from Customs Duty and VAT. The investments amounting to USD 6.644.661 for imported equipments and TL 597.540 for domestic equipments are realized within these certificates as of 31 March 2012 (31 December 2011: nil).

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

NOTE 18 -PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

As of 31 March 2012 and 31 December 2011, short term provisions are as follows:

	31 March 2012	31 December 2011
Other provisions for lawsuit and compensation	3.501.232	2.813.326
Total	**3.501.232**	**2.813.326**

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

There is no provision for tax litigations in the Company's financial statements as of 31 March 2012 (31 December 2011: TL nil).

The lawsuits against the Group amount to TL 20.464.412 (31 December 2011: TL 26.879.011). The Group recognises provision related to cases when there is a legal or valid liability resulting from past event and it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimation can be made of the amount of the obligation. As a result of these analyses, as of 31 March 2012 the Group has set a provision of TL 3.501.232 for lawsuits (31 December 2011: TL 2.813.326).

As at 31 March 2012 the Group's ongoing lawsuits are as follows:

	31 March 2012	31 December 2011
Legal lawsuits	12.482.779	18.447.404
Labor lawsuits	3.301.418	3.226.840
Commercial lawsuits	3.996.320	4.197.040
Administrative lawsuits	683.895	1.007.727
Total	**20.464.412**	**26.879.011**

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

	2012	2011
1 January	**(2.813.326)**	**(3.118.039)**
Additions in the period (Note 26)	(687.906)	-
Payments related to provisions	-	47.459
31 March	**(3.501.232)**	**(3.070.580)**

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

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

Group’s collaterals/pledge/mortgage (“CPM”) position as of 31 March 2012 and 31 December 2011 are as follows:

	31 March 2012		31 December 2011	
	Foreign Currency	TL Equivalent	Foreign Currency	TL Equivalent
A. CPM’s given in the name of its own legal personality				
-Collaterals				
TL	2.771.083	2.771.083	2.756.984	2.756.984
Euro	25.000	59.160	25.000	61.095
HRK	2.701.054	851.539	2.482.230	805.624
-Mortgages				
TL	1.444.281	1.444.281	1.444.281	1.444.281
Euro	6.500.000	15.381.600	6.500.000	15.884.700
B. CPM’s given on behalf of the fully consolidated companies (1)				
-Commitments				
TL	884.686	884.686	884.686	884.686
USD	1.179.702	2.091.494	5.079.702	9.595.049
Euro	75.000	177.480	75.000	183.285
C. CPM’s given on behalf of third parties for ordinary course of the business	-	-	-	-
D. Total amount of other CPM’s given	-	-	-	-
i) Total amount of CPM’s given on behalf of the majority shareholder	-	-	-	-
ii) Total amount of CPM’s given on behalf of other group companies which are not in scope of B and C	-	-	-	-
iii) Total amount of CPM’s given on behalf of third parties which are not in scope of C	-	-	-	-
Total		**23.661.323**		**31.615.704**

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

CPM’s given by the Group

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

NOTE 19 - COMMITMENTS

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

a) Barter agreements:

The Group, as a common practice in the media sector, enters into barter agreements which involve the exchange of goods or services without cash collections or payments. As of 31 March 2012, the Group has a commitment for the publication of advertisements amounting to TL 10.866.728 (31 December 2011: TL 12.588.598) in exchange for purchasing goods and services and has an option to purchase goods and services amounting to TL 18.363.810 (31 December 2011: 14.106.053) in exchange of the goods or services sold.

b) Derivative financial instruments:

i) Forward transactions in foreign exchange

As of 31 March 2012 the Group has made Euro forward transactions related to the bank loan amounting USD 14.821.500 (31 December 2011: USD 46.080.000). As of 31 March 2012, financial liability due to transactions which has open status is TL 295.667 (31 December 2011: TL 230.035).

ii) Interest rate interval swap transactions

As of 31 March 2012, the Group has two CAP and collar agreements amounting to USD 4.750.000 (31 December 2011: two CAP and collar amounting to USD 4.750.000) with the purpose of hedging the interest rate risk. The agreements have fixed floor and ceiling rates. Accordingly, at the dates defined in agreements, if the LIBOR rate is below the floor rate, the Group has to compensate for the difference between the floor rate and the actual rate. If the LIBOR rate is above the ceiling rate, banks have to compensate for the difference to the Group.

As of 31 March 2012 fixed floor and ceiling rates change between 3,0% and 5,6% (31 December 2011: 3,0% - 5,6%) and the main floating interest rate is LIBOR. Financial expense recognised during the period regarding these agreements amounting to TL 71.595 (31 March 2011: TL 65.727).

NOTE 19 – COMMITMENTS (Continued)

c) Put options:

The Group has the right to purchase 13% of non-controlling shares from non-controlling shareholders, provided that certain conditions are met related to the Group's subsidiary, Impress Media Marketing LLC ("Impress Media") which was acquired by OOO Pronto Moscow in January 2007. In February 2010, the Group has signed a new 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. The Group, pursuant to an agreement signed in September of 2010, has had the option to purchase the remaining non-controlling shares of 3%. The fair value of the option will be determined based on calculation over the EBITDA of Impress Media. Based on the EBITDA of Impress Media, Group would gradually have a put option until 14% and a call option until 14%. As of 31 March 2012, the short-term portion of the fair value of the put option is TL 1.102.744 (31 December 2011: TL 1.205.118), long-term portion is nil as of 31 March 2012 (31 December 2011: nil).

The Group was granted a put option, on the remainder of 30% of non-controlling shares during the acquisition of 70% interest of the shares in its subsidiary Oglasnik d.o.o. located in Croatia. The negotiations related with using that put option is still continuing as of the date which the financial statements publicly announced. As of 31 March 2012, the fair value of this option is TL 14.183.200 (USD 8.000.000) (31 December 2011: TL 15.111.200 (USD 8.000.000)) and classified in "other short-term financial liabilities". There is a dispute about the protocol between the parties concerned and an arbitration process is in progress in the presence of Zagreb Court of Arbitration. A lawsuit has been filed by the non-controlling shareholders against the Group since non-controlling shareholders could not exercise this put option. Non-controlling sharholders have been demanding EUR 3.500.000 in order to compensate their loss due to not having exercised of put option and the declining share value of shares caused by the poor management. Subpoena related to the lawsuit has been submitted to the Group on March 5, 2012.

The Group acquired a 55% interest in Moje Delo d.o.o. ("Moje Delo") in Slovenia. The Group paid an earn-out amounting to EUR 1 million. The Group has the right to exercise a call option from non-controlling interest owners valid 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 5.299.198 as of 31 March 2012 (31 December 2011: TL 2.899.462) and classified in "short-term other financial liabilities".

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

NOTE 19 – COMMITMENTS (Continued)

c) Put options (Continued):

Since the counter party has transferred and sold its Global Depository Receipts ("GDR") on 21 March , 2012 amounting to 25 Million USD to legal entity that is not related with the company and decleared to the Company about its withdrawal of appeal for arbitration, the Company has no liability regarding to the protocol. The effect of this transaction is accounted under the equity.

NOTE 20 – PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

Provision for employment termination benefits at 31 March 2012 and 31 December 2011 are as follows:

	31 March 2012	31 December 2011
Provision for employment termination benefits	27.080.074	26.158.276
Total	**27.080.074**	**26.158.276**

Except the legal requirements other than Turkey in which the Group operates, there are no pension plans and benefits.

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). At 31 March 2012, the amount payable maximum equals to one month of salary is TL 2.805,04 (31 December 2011: TL 2.731,85) 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.

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

NOTE 20 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS (Continued)

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

	31 March 2012	31 December 2011
Discount rate (%)	4,67	4,67
Turnover rate to estimate the probability of retirement (%)	92	92

The principal assumption is that the maximum liability of TL 2.805,04 (31 December 2011: TL 2.731,85) for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of 2.805,04 (1 January 2011: TL 2.805,04), which is effective from 1 January 2012, has been taken into consideration in calculating the reserve for employment termination benefit of the Group. As of 31 March 2012, the salaries have been taken into consideration in calculation for the employees under the Regulations with regards to Employees employed in the Press Sector.

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

	2012	2011
1 January	**(26.158.276)**	**(21.660.771)**
Current period service charge (Note 4.f)	(2.233.964)	(963.834)
Interest expenses (Note 4.f)	(1.218.978)	(1.009.392)
Payments during the period and provisions terminated	2.531.144	1.331.862
31 March	**(27.080.074)**	**(22.302.135)**

NOTE 21 - OTHER ASSETS AND LIABILITIES

Other Current Assets

Other current assets at 31 March 2012 and 31 December 2011 are as follows:

	31 March 2012	31 December 2011
Prepaid taxes and deductions (Note 30, 4.c)	8.573.346	11.332.784
Prepaid expenses (1)	8.263.141	5.537.173
Advances given to personnel	4.636.474	5.240.788
Value added tax ("VAT") receivables (Note 4.c)	2.726.825	2.562.634
Income accruals	839.020	510.192
Job advances	614.840	572.996
Order advances given	255.539	1.045.101
Blocked deposit	160.445	3.263.451
Other	6.579.290	4.414.504
Provision for other doubtful receivable (-)	(762.348)	(833.005)
Total	**31.886.572**	**33.646.618**

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

(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:

	2012	2011
1 January	**(833.005)**	**(559.652)**
Additions during the period (Note 26)	(115.239)	-
Collections during the period	185.896	-
31 March	**(762.348)**	**(559.652)**

Other Non-Current Assets

Other current assets at 31 March 2012 and 31 December 2011 are as follows:

	31 March 2012	31 December 2011
Advance given for property, plant and equipment	4.752.990	6.705.433
Other	40.775	56.664
Total	**4.793.765**	**6.762.097**

Other Short-Term Liabilities

Other short-term liabilities at 31 March 2012 and 31 December 2011 are as follows:

	31 March 2012	31 December 2011
Provision for unused vacation	16.870.566	15.430.714
Deferred revenues	13.448.321	11.072.505
Expense accruals	8.052.110	2.499.088
Liabilities under the law No: 6111 (1)	5.747.274	5.670.819
VAT payable	4.446.880	2.908.906
Payables to personnel	10.430	3.954.251
Other	123.089	97.617
Total	**48.698.670**	**41.633.900**

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

NOTE 21 - OTHER ASSETS AND LIABILITIES (Continued)

Other long-term Liabilities

Other long-term liabilities at 31 March 2012 and 31 December 2011 are as follows:

	31 March 2012	31 December 2011
Liabilities under the law No: 6111 (1)	6.400.216	8.385.086
Other long-term liabilities	46.095	47.222
Total	**6.446.311**	**8.432.308**

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

In accordance with the provisions of Law No. 6111 related to increase of tax base, the Company and its 8 subsidiaries increased their tax bases for the fiscal years 2006, 2007, 2008 and 2009. As a result, the total cash outflow will be TL 21.627.956 including interest. Ultimately, TL 1.193.051 of this total amount has been paid in cash and registered as "other operating expense". An amount of TL 2.665.423 re-discount has been made with the remaining TL 20.434.905, amount which will be paid in 36 months, in 18 equal installments and the first 4 installments were paid within 2011. As of 31 March 2012, in accordance with the scope of Law No. 6111, TL 5.402.170 principal and TL 1.409.465 interest payment, a total amount of TL 6.811.635 has been paid in cash and the amount of remaining short term and long term capital liability is TL 12.147.490.

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

	2012	2011
1 January	**(15.430.714)**	**(10.351.123)**
Additions during the period (Note 4.f)	(2.262.051)	(692.709)
Payments during the period	916.589	17.227
Currency translation difference	(94.390)	(164.351)
31 March	**(16.870.566)**	**(11.190.956)**

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

NOTE 22 - EQUITY

The Company adopted the registered share capital system available to companies registered with the CMB and set a ceiling on its registered share capital representing registered type shares with a nominal value of TL 1. There are no privileged shares. The Company's historical authorised and paid-in share capital at 31 March 2012 and 31 December 2011 are as follows:

	31 March 2012	31 December 2011
Paid-in share capital	552.000.000	552.000.000
Registered share capital	800.000.000	800.000.000

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

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

	31 March 2012	Share (%)	31 December 2011	Share (%)
Doğan Yayın Holding (1)	367.416.250	66,56	367.416.194	66,56
Doğan Holding (1)	61.200.274	11,09	61.200.274	11,09
Other	74.979	0,01	86.443	0,01
Publicly owned	123.308.497	22,34	123.297.089	22,34
Issued share capital	**552.000.000**	**100**	**552.000.000**	**100**
Adjustment to share capital	77.198.813		77.198.813	
Total share capital	**629.198.813**	**100**	**629.198.813**	**100**

(1) As of 31 March 2012, 6,56% (31 December 2011: 6,56%) of Hürriyet's share capital belonging to Doğan Yayın Holding which is the main shareholder of the Group, and 11,09% (31 December 2011: 11,09%) of Hürriyet's share capital belonging to Doğan Holding, have open status and are in circulation in stock market.

In accordance with the Capital Markets Board's (the "CMB") Resolution No: 21/655 issued on 23 July 2010, it is regarded that 21,21% of the shares (31 December 2011: 21,11%) are outstanding as of 31 March 2012 based on the Central Registry Agency's ("CRA") records. 39,98% of Hürriyet's shares are publicly available.

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

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

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

NOTE 22 – EQUITY (Continued)

Restricted reserves

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

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (TCC). The first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in capital. In accordance with the CMB Financial Reporting Standards, Company's restricted reserves amounting TL 38.393.732 (31 December 2011: TL 34.266.877) consist of legal reserves and gain on sales of real estate as of 31 March 2012.

Restricted reserves:	**31 March 2012**	**31 December 2011**
1. Composition restricted reserves	26.262.948	25.071.251
2. Composition restricted reserves	10.334.004	7.408.846
Gain on sales of real estate	1.786.780	1.786.780
Total	**38.393.732**	**34.266.877**

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

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

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

Other equity items shall be carried at the amounts valued in accordance with CMB Financial Reporting Standards.

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

NOTE 23 - SALES AND COST OF SALES

Sales

	31 March 2012	31 March 2011
Advertisement sales	126.189.734	122.730.661
Circulation and publishing sales	61.220.365	54.741.062
Other	11.663.971	12.816.837
Net Sales	**199.074.070**	**190.288.560**
Cost of sales	(130.415.324)	(123.196.278)
Gross Profit	**68.658.746**	**67.092.282**

Cost of Sales

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

	31 March 2012	31 March 2011
Raw material	55.679.025	49.731.689
Paper	*38.088.407*	*33.762.389*
Printing and ink	*12.637.457*	*11.751.981*
Other	*4.953.161*	*4.217.319*
Payroll	41.111.235	39.067.495
Depreciation and amortization charges (Note 14)	9.567.534	11.039.009
Commissions	4.580.354	4.399.232
Distribution, storage and travel	2.145.670	2.082.625
Fuel, electiricity, and water and office expenses	1.914.411	1.693.135
Rent expenses	1.596.191	1.107.141
Maintenance expenses	1.491.408	2.387.026
Packaging expenses	1.429.905	1.302.782
Communication	1.024.484	1.216.441
News agency expenses	1.073.993	754.249
Other	8.801.114	8.415.454
Total	**130.415.324**	**123.196.278**

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

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

a) Marketing, selling and distribution expenses:

	31 March 2012	31 March 2011
Advertisement	13.231.137	10.809.251
Transportation, storage and travel	6.268.688	6.213.293
Payroll	5.783.909	6.942.312
Promotion	4.751.186	4.796.615
Outsourced services	536.625	460.354
Sponsorship	277.850	596.012
Depreciation and amortization charges (Note 14)	78.985	-
Other	2.096.605	1.249.668
Total	**33.024.985**	**31.067.505**

b) General administrative expenses:

	31 March 2012	31 March 2011
Payroll	15.603.677	14.679.822
Depreciation and amortization charges (Note 13,14,15)	9.792.975	10.610.591
Consultancy	4.273.524	4.200.641
Rent	2.355.272	2.891.537
Fuel, electricity, water and office expenses	1.603.750	1.595.804
Communication	1.010.331	867.023
Transportation, storage and travel	927.278	1.094.624
Maintenance expenses	641.430	692.024
Other	3.447.230	3.040.393
Total	**39.655.467**	**39.672.459**

NOTE 25 - EXPENSES BY NATURE

As at 31 March 2012 and 31 March 2011, expenses are disclosed by function and the details of the expenses are given in Note 23 and Note 24.

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

NOTE 26 - OTHER OPERATING INCOME/EXPENSES

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

	31 March 2012	31 March 2011
Gain on sales of property, plant and equipment (2)	142.934.922	5.378
Rent and building service incomes	1.429.547	1.233.091
Reversal of provision for impairment of investment properties (Note 4)	1.388.952	-
Reversal of provision for tax penalty (1)	-	3.467.127
Reversed provisions	135.018	298.770
Other	325.182	1.241.916
Total	**146.213.621**	**6.246.282**

(1) Company has restructured TL 27.100.503 portion of its total "undue and on trial tax liabilities in dispute" of TL 30.895.416 and reconciled its dispute with the tax Office. The Company has offset TL 3.467.127 of which is a part of TL 7.294.198 of the provision amount for tax penalty.
(2) Amounting to TL 142.905.241 is resulted from sales of Hürriyet building realized on 1 Febuary 2012.

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

	31 March 2012	31 March 2011
Loss on sale of property, plant, equipment and investment properties	1.223.781	272.041
Provision for doubtful receivables (Note 9,21)	1.015.552	1.758.939
Provision for lawsuits (Note 18)	687.906	-
Punishment and compensation expense	465.596	1.469.233
Aids and donations	197.404	107.997
Tax base increase expense under Law: 6111 (Note 21,4)	79.919	18.962.533
Competition authority penalty expense(1)	-	2.853.530
Impairment on investment properties (Note 4)	-	192.577
Other	1.142.895	1.849.358
Total	**4.813.053**	**27.466.208**

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

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

NOTE 27 - FINANCIAL INCOME

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

	31 March 2012	31 March 2011
Foreign exchange income	51.949.844	13.098.170
Finance income from term sales	3.920.561	2.709.255
Finance income from trade receivables	2.249.094	356.086
Time deposits interest income	2.043.155	679.793
Interest income on financial assets at fair value through profit and loss, net	-	3.350.062
Other	-	122.646
Total	**60.162.654**	**20.316.012**

NOTE 28 – FINANCIAL EXPENSES

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

	31 March 2012	31 March 2011
Foreign exchange loss	13.760.477	2.500.381
Interest expenses on borrowings	7.590.447	5.122.342
Credit commission, banking and factoring expenses	1.035.864	496.387
Tax base increase interest expense under Law: 6111 (Note 21,4)	362.131	-
Other	3.665.867	1.740.217
Total	**26.414.786**	**19.859.327**

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

NOTE 29 - ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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

As of 31 March 2012 and 31 December 2011, detail of the mentioned property, plant and equipment which classified into assets held for sale, are as follows:

Property, plant and equipment	**31 March 2012**	**31 December 2011**
Cost		
Land and land improvements	1.349.519	1.424.507
Buildings	3.161.691	3.231.093
Machinery and equipment	14.232.594	13.598.892
Furniture and fixtures	99.282	93.558
Construction in progress	156.015	147.022
	18.999.101	**18.495.072**
Accumulated amortization:		
Land and land improvements	-	-
Buildings	(468.046)	(441.065)
Machinery and equipment	(12.447.283)	(11.716.619)
Furniture and fixtures	(99.282)	(93.559)
	(13.014.611)	**(12.251.243)**
Net book value	**5.984.490**	**6.243.829**

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

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

b) In 2011, the Company began its disposal operations relating to its investment properties including the building that the has been used for Company headquarters for 28 years and used in the segmental reporting of Turkey and completed the disposal operations on 31 January 2012 for the purpose of reducing financial liabilities (Note 35). The Company reclassified the related properties as assets held for sale under IFRS 5 in the IFRS financial statements.

For held for sale investments, no impairment loss is recognized in cases where profit on sale exceeds the carrying value of related asset.

Property, plant and equipment reclassified as asset held for sale as of 31 March 2012 and 31 December 2011 are as follows:

Property, plant and equipment	**31 March 2012**	**31 December 2011**
Cost		
Land and land improvements	8.116.930	10.475.819
Buildings	100.005.902	97.647.013
	108.122.832	**108.122.832**
Accumulated amortization:		
Land and land improvements	(317.700)	(317.700)
Buildings	(33.361.642)	(33.361.642)
	(33.679.342)	**(33.679.342)**
Net book value		**74.443.490**
Change in net book value (1)	4.275.740	-
Net book value of asset disposed of	(78.719.230)	-
Net book value	**-**	**74.443.490**
Amount of property plant and equipment disposed of	**221.624.471**	**-**
Gain on sales of property, plant and equipment (Dipnot 26)	**142.905.241**	**-**

(1) On 1 Febuary 2012, the Entity has sold its building used as headquarter (Hürriyet Medya Towers) to Nurol Gayrimenkul Yatırım Ortaklığı A.Ş in return for USD 127,5 M. Consequent to reconsideration of all fixed assets regarding the building, additional net book value of TL 4.275.740 was subject to disposal.

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

NOTE 30 - TAX ASSETS AND LIABILITIES

	31 March 2012	31 December 2011
Corporate and income taxes payable	9.975.520	638.448
Less: Prepaid taxes (Note 21)	(8.573.346)	(11.332.784)
Taxes receivables	**1.402.174**	**(10.694.336)**

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 2012 (2011: 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 2011 and 2012.

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

NOTE 30 - TAX ASSETS AND LIABILITIES (Continued)

Turkey (continued):

Tax 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 2011 and subsequent periods.

As of 31 March 2012, 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.

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% (2011: 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.

Tax returns are filed till the 28th of March, following the close of the financial 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 (2011: 30%). Rights related to tax losses that have not been utilized in the related periods will be lost.

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

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

NOTE 30 - TAX ASSETS AND LIABILITIES (Continued)

Hungary

The corporate tax rate effective in Hungary is 19% (2011: 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% (2011: 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% (2011: 20%).

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

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

As of 31 March 2012, tax rate used in calculation of deferred taxes for the companies operating in Turkey is 20% (31 December 2011: 20%)

NOTE 30 - TAX ASSETS AND LIABILITIES (Continued)

Ukraine

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

The tax that companies pay is known as corporate income tax (CIT). Currently, this tax is calculated at a flat rate of 21% (2011: 23%). The most recent changes to Ukrainian tax legislation envisage a gradual reduction in CIT rates, as follows:

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

According to domestic tax accounting rules, taxable items are normally recognized on the basis of the accrual method. In accordance with this method, taxable income is generally recognized in the reporting period, in which it was accrued. Cost of sold goods / services is recognized in the period when income is recognized (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 (10 May, 9 August, 9 November, 9 February). Quarterly tax payments should be made within 50 days of the end of a reporting period.

NOTE 30 - TAX ASSETS AND LIABILITIES (Continued)

Belarus

The corporate tax rate effective in Belarus is 18% (2011: 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 (2011: %20).

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

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

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

- Taxpayers whose gross annual income after adjustments for the tax period preceding the previous tax period, did not exceed 325 times the monthly calculation index set by the law on the state budget and effective at January 1 of the relevant financial year;

- Newly created taxpayers – during the tax period in which state registration (record of registration) was carried out with the justice authorities, and also during the subsequent tax period.

- Non-resident legal entities newly registered with the tax authorities as taxpayers, and operating in Kazakhstan through a permanent establishment (PE) without a branch or representative office – during the tax period in which registration with the tax bodies was carried out, and also during the subsequent tax period.

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

NOTE 30 - TAX ASSETS AND LIABILITIES (Continued)

The tax rates at 31 March 2012, which are used in the calculation of deferred tax, taking each country's tax legislations into consideration are as follows:

Country	Tax rates (%)	Country	Tax rates (%)
Germany	28,0	Kazakhstan	20,0
Croatia	20,0	Hungary	19,0
Belarus	18,0	Holland	25,5
Russia	20,0	Ukraine	21,0
Slovenia	20,0		

Deferred Tax

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

	31 March 2012	31 December 2011
Deferred tax liabilities	127.533.245	121.127.342
Deferred tax assets (Note 4.c)	(13.273.074)	(13.524.076)
Deferred tax liabilities, net	**114.260.171**	**107.603.266**

The temporary differences giving rise to deferred income tax assets / (liabilities) using the enacted tax rates as of 31 March 2012 and 31 December 2011 are as follows:

	Total temporary differences		Deferred tax assets / (liabilities)	
	2012	2011	2012	2011
Carry forward tax losses (1)	15.062.911	21.331.398	2.729.755	4.267.086
Difference between tax base and carrying value of trade receivables	19.255.683	18.889.450	3.760.657	3.688.852
Provision for employment termination benefits and unused vacation rights	43.950.640	41.588.990	8.762.940	8.264.891
Deferred revenue	1.345.027	1.333.578	269.005	266.716
Difference between tax bases and carrying value of property, plant and equipment and intangibles	(652.920.760)	(640.559.152)	(132.973.482)	(128.458.572)
Other, net	68.397.174	74.362.633	3.190.954	4.367.761
Total	**(504.909.325)**	**(483.053.103)**	**(114.260.171)**	**(107.603.266)**

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

NOTE 30 - TAX ASSETS AND LIABILITIES (Continued)

Deferred tax assets:	**31 March 2012**	**31 December 2011**
To be recovered in more than one year	12.397.668	12.650.960
To be recovered within one year	875.406	873.116
Total	**13.273.074**	**13.524.076**

Deferred tax liabilities:	**31 March 2012**	**31 December 2011**
To be recovered in more than one year	(127.848.292)	(121.795.184)
To be recovered within one year	315.047	667.842
Total	**(127.533.245)**	**(121.127.342)**

(1) As of 31 March 2012, carry forward tax losses for which no deferred income tax asset was recognised amounted to TL 87.722.809 (31 December 2011: TL 102.172.441).

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

	31 March 2012	**31 December 2011**
2013	757.688	757.688
2014 and after	14.305.223	20.573.710
Total	**15.062.911**	**21.331.398**

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

	2012	**2011**
1 January	**(107.603.266)**	**(106.348.528)**
Deferred tax (expense) / income at the consolidated statement of income	(3.384.170)	2.903.242
Currency translation differences	(3.272.735)	(8.621.386)
31 March	**(114.260.171)**	**(112.066.672)**

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

	31 March 2012	**31 March 2011**
Current	14.174.539	4.525.101
Deferred	3.384.170	(2.903.242)
Total	**17.558.709**	**1.621.859**

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

NOTE 30 - TAX ASSETS AND LIABILITIES (Continued)

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

	31 March 2012	31 March 2011
Income / (loss) before taxes and non-controlling interests	179.269.273	(26.497.291)
Current period tax expense / (income) calculated at the effective tax rates of countries	37.308.381	(3.471.929)
Expenses not deductible for tax purposes	3.710.378	4.327.070
Current period financial losses	-	864.027
Carry forward losses utilized	(186.200)	-
Effect of financial (income) / losses which the deferred tax assets not calculated	(1.946.929)	167.316
Income exempt from tax	(20.995.988)	(552.282)
Withholding tax relating to dividend distribution	-	181.135
Effect of share losses investments accounted for by the equity method	541.498	-
Other, net	(872.431)	106.522
Tax expense	**17.558.709**	**1.621.859**

NOTE 31 – PROFIT / (LOSS) PER SHARE

Basic profit / (loss) per shares are calculated by dividing the net profit / (loss) for the period by the weighted average number of ordinary shares in issue. Profit / (loss) per share as of 31 March is as follows:

	31 March 2012	31 March 2011
Profit / (loss) for the period	149.946.815	(26.071.138)
Number of ordinary shares in issue (with nominal value of TL 1 each)	552.000.000	552.000.000
Profit / (loss) per share (TL)	**0,2716**	**(0,0472)**

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

NOTE 32 - RELATED PARTY DISCLOSURES

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

i) Balances of Related parties:

Short term receivables due from related parties:

	31 March 2012	31 December 2011
Doğan Gazetecilik A.Ş. ("Doğan Gazetecilik")	9.072.885	8.586.098
Doğan Dağıtım Satış ve Pazarlama A.Ş. ("Doğan Dağıtım")	3.402.052	3.803.890
Doğan Media International GmbH ("Doğan Media")	2.767.416	868.315
Medyanet İletişim Reklam Pazarlama ve Turizm A.Ş. ("Medyanet")	2.343.414	3.729.408
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş. ("Doğan Burda")	1.616.758	1.505.663
Doğan TV Digital Platform İşl. A.Ş.	488.287	1.041.999
Doğan ve Egmont Yayıncılık ve Yapımcı Ticaret A.Ş. ("Doğan Egmont")	390.587	-
Doğan Dış Ticaret	-	486.115
Diğer	536.822	1.747.944
	20.618.221	**21.769.432**

Short term payables to related parties:

	31 March 2012	31 December 2011
Kanal D	5.345.136	2.496.676
Doğan Holding	2.599.138	-
Doğan Yayın Holding	1.676.950	1.555.565
Doğan İletişim Elektronik Servis Hizmetler ve Yayıncılık A.Ş. ("Doğan İletişim")	681.454	862.649
Doğan Dış Ticaret ve Mümessillik A.Ş. ("Doğan Dış Ticaret")	664.615	94.134
Milpa Ticari ve Sınai Ürünler Paz. San. ve Tic. A.Ş. ("Milpa")	483.926	-
Işıl İthalat	318.663	3.716.363
Milta Turizm İşletmeleri A.Ş. ("Milta")	247.972	227.848
Doğan Media	5.411	2.032.797
Diğer	1.125.761	985.990
	13.149.026	**11.972.022**

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

NOTE 32 - RELATED PARTY DISCLOSURES (Continued)

i) Balances of related parties (Continued):

Non-trade short-term payables to related parties:

	31 March 2012	31 December 2011
Doğan Holding	39.890.250	97.434.767
DHI Investment BV	20.851.442	-
	60.741.692	**97.434.767**

The Group has borrowed a financial loan amounting to TL 39.890.250 and reclassified this amount to non-trade payables to related parties as of 31 March 2012. Effective interest rate applied for the non-trade short term payable to related parties is 4,99% and TL 902.573 finance expense is recognized regarding this amount.

ii) Significant transactions with related parties:

Transactions in related parties for the periods ended as of 31 March 2012 and 2011 are as follows:

Significant service and product sales to related parties:

	2012	2011
Doğan Dağıtım	25.290.327	24.878.958
Doğan Gazetecilik	7.218.284	7.991.000
Doğan Media	3.735.528	3.438.172
Medyanet	2.161.729	1.856.627
Doğan Burda	1.201.543	1.401.357
Kanal D	800.016	838.104
Lapis Televizyon ve Radyo Yayincılık A.Ş	403.610	385.372
Doğan ve Egmont Yayıncılık ve Yapımcı Ticaret A.Ş. ("Doğan Egmont")	339.314	332.960
Doğan İletişim	152.333	113.179
Doğan TV Digital Platform İşl. A.Ş.	77.906	308.023
Bağımsız Gazeteciler (1)	-	886.602
Doğan Yayın Holding A.Ş.	19.022	579.645
Other	312.643	1.189.798
	41.712.255	**44.199.797**

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

(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:

	2012	2011
Doğan Dış Ticaret (1)	18.146.815	15.263.841
Işıl İthalat (1)	18.028.721	16.070.384
Doğan Dağıtım (2)	5.250.270	5.116.086
Kanal D	3.221.319	2.042.989
Doğan Holding	1.781.464	101.514
Doğan İletişim	808.527	1.047.752
Milta	405.940	370.211
D Yapım Reklamcılık ve Dağıtım A.Ş. ("D Yapım Reklamcılık")	157.078	185.623
Doğan Yayın Holding A.Ş.	18.112	1.813.643
Işıl Televizyon Yayıncılık A.Ş. ("Star TV") (3)	-	3.200
Other	1.683.633	1.740.661
	49.501.879	**43.755.904**

(1) The Group purchases raw materials primarily from Doğan Dış Ticaret and Işıl İthalat. The increase in current period is related to the increase of unit price of paper from USD 732 per tones to USD 811 per tones and 14% increase in average USD rate.

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

(3) Star TV is considered as a related party until 3 November 2011 which is the date of completion of share sales to Doğuş Yayın Group. The amounts ended on the date of 31 March consisted of promotional sellings.

Other income:	**2012**	**2011**
Işıl İthalat	252.811	232.344
Doğan Dağıtım	236.809	217.803
Doğan Burda	196.477	181.255
Doğan Dış Ticaret	184.879	161.782
Doğan Media	101.024	92.496
Doğan İletişim	23.346	2.116
Doğan Yayın Holding	-	25.074
Diğer	198.661	99.750
	1.194.007	**1.012.620**

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

(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:

	2012	**2011**
Milpa	1.964.442	-
Doğan Online	-	11.863
D-Market	2.051	4.155
	1.966.493	**16.018**

Financial income:	**2012**	**2011**
Doğan Holding	6.578.650	-
Medyanet	-	94.385
Doğan Yayın Holding	-	1.280
Other	9.765	-
	6.588.415	**95.665**

Financial expenses:	**2012**	**2011**
Doğan Factoring	1.871.541	189.533
Doğan Holding	1.313.892	-
Doğan Yayın Holding	209	263
Doğan Dış Ticaret	-	63.974
	3.185.642	**253.770**

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.

	2012	**2011**
Salaries and other short term benefits	1.079.009	1.270.833
Post-employment benefits	142.766	-
	1.221.775	**1.270.833**

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

NOTE 33 - DISPOSAL OF SUBSIDIARY

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

Book value of net assets disposed of	**31 December 2011**
Current assets	
Cash and cash equivalents	84.000
Trade receivables	225.000
Inventories	28.000
Other receivables	45.000
Other current assets	95.000
Non-current assets	
Tangible assets	85.000
Intagible assets	15.000
Deferred tax assets	108.000
Short-term liabilities	
Trade payables	(208.000)
Provisions	(168.000)
Other short-term liabilities	(317.000)
Net assets disposed of	(8.000)
Consideration:	
Consideration paid in cash and cash equivalents	-
Deferred sales proceeds	100.000
Net cash inflow on disposal:	
Consideration paid in cash and cash equivalents	-
Less cash and cash equivalent balances disposed of	(84.000)

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

NOTE 34 - FINANCIAL RISK MANAGEMENT

34.1 Financial Risk Management

(i) Interest rate risk

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

	31 March 2012	31 December 2011
Financial instruments with fixed interest rate		
Loans and receivables	86.780.746	265.246.503
Financial assets - *Designated at fair value through profit or loss (1)*	-	-
Financial liabilities	176.378.008	190.545.864
Financial instruments with floating interest rate		
Financial liabilities	341.208.065	412.596.245

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

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

At 31 March 2012, 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 higher / lower by TL 905.655 (31 March 2011: TL 820.724).

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

NOTE 34 - FINANCIAL RISK MANAGEMENT (Continued)

(ii) Liquidity risk

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

31 March 2012	Carrying value	Total contractual cash outflow	Less than 3 months	3-12 months	1-5 years	More than 5 years
Non-derivative financial liabilities						
Financial liabilities (Note 7)	517.586.073	546.702.708	86.944.538	201.078.810	258.679.360	-
Other financial liabilities (Note 8)	20.889.044	20.889.044	-	20.889.044	-	-
Trade payables						
- Related party (Note 32)	*13.149.026*	*13.149.026*	*13.149.026*	-	-	-
- Other (Note 9)	*42.176.980*	*42.176.980*	*25.811.550*	*16.365.430*	-	-
Other payables (Note 10)						
- Related party (Note 32	*60.741.692*	*60.741.692*	*60.741.692*	-	-	-
- Other (Note 10)	*22.238.904*	*22.238.904*	*22.091.230*	-	*147.674*	-
Other short and long term liabilities (Note 21)	12.147.490	12.147.490	5.747.274	-	6.400.216	-

31 December 2011	Carrying value	Total contractual cash outflow	Less than 3 months	3-12 months	1-5 years	More than 5 years
Non-derivative financial liabilities						
Financial liabilities (Note 7)	603.142.109	638.223.180	84.336.625	205.644.961	347.732.312	509.282
Other financial liabilities (Note 8)	66.738.105	66.738.105	-	66.738.105	-	-
Trade payables						
- Related party (Note 32)	*11.972.022*	*11.972.022*	*11.972.022*	-	-	-
- Other (Note 9)	*40.926.693*	*40.926.693*	*24.561.263*	*16.365.430*	-	-
Other payables (Note 10)						
- Related party (Note 32)	*97.434.767*	*97.434.767*	*97.434.767*	-	-	-
- Other (Note 10)	*22.577.785*	*22.577.785*	*22.445.256*	-	*132.529*	-
Other short and long term liabilities (Note 21)	14.055.905	14.055.905	5.670.819	-	8.385.086	-

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

NOTE 34 - FINANCIAL RISK MANAGEMENT (Continued)

(ii) Liquidity risk (Continued)

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

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

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

At 31 March 2012, the Group has long-term bank borrowings amounting to TL 219.153.398 (31 December 2011: TL 302.962.338) and long-term trade payables to suppliers amounting to TL 31.851.892 (31 December 2011: TL 34.994.281) (Note 7).

(iii) Credit Risk

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

Aging analysis for trade receivables:

As of 31 March 2012 there are past due but not impaired trade receivables amounting to TL 98.796.179 (31 December 2011: TL 58.941.699). The Group does not foresee any collection risk for the delay up to one month due to sector dynamics and conditions. The Group restructures the trade receivables by applying due date differences which are due over one month and/or the Group does not foresee any collection risk since they are under coverage of guarantees such as mortgage, indemnity or guarantee notes. As of 31 March 2012, the amount of mortgage and indemnity received is TL 14.513.960 for the related receivables.

As of 31 March 2012 and 31 December 2011, aging analysis for trade receivables that are past due but not impaired are as follows:

	31 March 2012		31 December 2011	
	Related party	**Other receivables**	**Related party**	**Other receivables**
0-1 month	6.659.020	28.108.855	764.631	17.604.585
1-3 months	2.793.079	34.448.185	1.676.235	14.985.587
3-6 months	27.255	13.390.639	957.178	10.357.384
6-12 months	57.459	8.134.231	316.061	6.677.239
1-2 years	-	5.177.456	-	5.602.799
	9.536.813	**89.259.366**	**3.714.105**	**55.227.594**

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

NOTE 34 - FINANCIAL RISK MANAGEMENT (Continued)

(iii) Credit Risk (Continued)

As of 31 March 2012 and 31 December 2011, aging analysis for trade receivables that are past due and impaired is as follows:

Impaired	**31 March 2012**	**31 December 2011**
Past due 0 - 3 months	1.616.886	1.796.345
Past due 3 - 6 months	1.088.561	1.235.341
Past due 6 months and over	52.891.137	52.406.338
Less: Provision for impairment	(55.596.584)	(55.438.024)

The balance of related party receivables that are past due and impaired as of 31 March 2012 is TL 799.004 (31 December 2011: TL 799.004). There is no trade receivable which is over due and impaired as at 31 March 2012.

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

NOTE 34 - FINANCIAL RISK MANAGEMENT (Continued)

(iii) Credit Risk (Continued)

The Group's credit risk of financial instruments as of 31 March 2012 is as follows:

	Trade receivables		Other receivables		Bank	Other
31 March 2012	**Related party**	**Other**	**Related party**	**Other**	**deposits**	**assets**
Maximum credit risk exposure as of balance sheet date	**20.618.221**	**196.677.629**	**-**	**1.428.079**	**106.239.107**	**17.514**
- The part of maximum credit risk under guarantee with collateral	*-*	***73.178.960***	-	-	-	-
A. Net book value of financial assets that are not past due/impaired	11.081.408	107.418.263	-	1.428.079	106.239.107	17.514
B. Net book value of financial assets that are renegotiated if not that will be accepted as past due or impaired	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired (Note 9)	9.536.813	89.259.366	-	-	-	-
- The part under guarantee with collateral	-	*14.513.960*	-	-	-	-
D. Net book value of impaired asset						
- Past due (gross carrying amount)	799.004	55.596.584	-	762.348	-	-
- Impairment (-)	(799.004)	(55.596.584)	-	(762.348)	-	-
- The part of net value under guarantee with collateral	-	-	-	-	-	-
- Not over due (gross carrying amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- The part of net value under guarantee with collateral	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

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

NOTE 34 - FINANCIAL RISK MANAGEMENT (Continued)

(iii) Credit Risk (Continued)

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

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

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

NOTE 34 - FINANCIAL RISK MANAGEMENT (Continued)

(iv) Foreign currency risk

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

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

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

TL equivalents of assets and liabilities denominated in foreign currencies at 31 March 2012 and 31 December 2011 are as follows:

	31 March 2012	**31 December 2011**
Assets	307.739.420	195.343.653
Liabilities	(580.169.650)	(705.684.773)
Net asset / (liability) position of off-balance sheet derivatives	(1.597.700)	3.304.844
Net foreign currency position	**(274.027.930)**	**(507.036.276)**

Following exchange rates have been used in the translation of foreign currency denominated balance sheet items as of 31 March 2012: 1,7729 TL= 1 USD and 2,3664 TL=1 Euro (31 December 2011: 1,8889 TL= 1 USD and 2,4438 TL=1 Euro).

Assets denominated in foreign currency amounting TL 307.739.420 as of 31 March 2012, hedged 53% naturally by the existence of liabilities denominated in foreign currency amounting TL 581.767.350. Assets denominated in foreign currency amounting TL 198.648.497 as of 31 December 2011, hedged 28% naturally by the existence of liabilities denominated in foreign currency amounting to TL 705.648.773.

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

NOTE 34 - FINANCIAL RISK MANAGEMENT (Continued)

(iv) Foreign currency risk (Continued)

The table summarizes the foreign currency position risk as of 31 March 2012 and 31 December 2011. The carrying amount of foreign currency denominated assets and liabilities of the Group are as follows:

31 March 2012	**TL Equivalent**	**USD**	**Euro**	**Other**
1. Trade Receivables	16.396.494	440.151	6.143.341	9.813.002
2a. Monetary Financial Assets (Cash, Banks included)	82.460.344	44.186.422	17.067.020	21.206.902
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	95.903.735	78.654.597	137.107	17.112.031
4. Current Assets (1+2+3)	**194.760.573**	**123.281.170**	**23.347.468**	**48.131.935**
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	112.978.847	112.938.070	-	40.777
8. Non-Current Assets (5+6+7)	**112.978.847**	**112.938.070**	**-**	**40.777**
9. Total Assets (4+8)	**307.739.420**	**236.219.240**	**23.347.468**	**48.172.712**
10. Trade Payables	16.127.482	1.659.378	4.258.861	10.209.243
11. Financial Liabilities	266.580.784	205.478.399	44.057.375	17.045.010
12a. Other Monetary Financial Liabilities	46.409.999	5.774.335	1.348.200	39.287.464
12b. Other Non-Monetary Financial Liabilities	-	-	-	-
13. Current Liabilities (10+11+12))	**329.118.265**	**212.912.111**	**49.664.437**	**66.541.717**
14. Trade Payables	-	-	-	-
15. Financial Liabilities	251.005.290	214.297.531	22.872.277	13.835.482
16a. Other Monetary Financial Liabilities	46.095	-	-	46.095
16b. Other Non-Monetary Financial Liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	**251.051.385**	**214.297.531**	**22.872.277**	**13.881.577**
18. Total Liabilities (13+17)	**580.169.650**	**427.209.643**	**72.536.713**	**80.423.294**
19. Net asset / liability position of Off-balance sheet derivatives (19a-19b)	**(1.597.700)**	**33.475.898**	**(35.073.598)**	**-**
19a. Off-balance sheet foreign currency derivative assets	**33.475.898**	**33.475.898**	**-**	**-**
19b. Off-balance sheet foreign currency derivative liabilities	**35.073.598**	**-**	**35.073.598**	**-**
20. Net foreign currency asset liability position (9-18+19)	**(274.027.930)**	**(157.514.504)**	**(84.262.844)**	**(32.250.582)**
21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	**(481.312.811)**	**(382.583.069)**	**(49.326.352)**	**(49.403.390)**
22. Fair value of foreign currency hedged financial assets	**-**	**-**	**-**	**-**
23. Exports	**-**	**-**	**-**	**-**
24. Imports	**-**	**-**	**-**	**-**

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

NOTE 34 - FINANCIAL RISK MANAGEMENT (Continued)

(iv) Foreign currency risk (Continued)

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

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

NOTE 34 - FINANCIAL RISK MANAGEMENT (Continued)

(iv) Foreign currency risk (Continued)

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

31 March 2012	**Profit / Loss**	
	Foreign currency appreciation	**Foreign currency depreciation**
If the US dollar had changed by 10% against the TL		
USD net (liabilities) / assets	(19.099.040)	19.099.040
Hedging amount of USD	-	-
USD net effect on (loss) / income	**(19.099.040)**	**19.099.040**
If the EUR had changed by 10% against the TL		
Euro net (liabilities) / assets	(4.918.925)	4.918.925
Hedging amount of Euro	-	-
Euro net effect on (loss) / income	**(4.918.925)**	**4.918.925**
If the CHF had changed by 10% against the TL		
CHF net (liabilities) / assets	(3.225.058)	3.225.058
Hedging amount of CHF	-	-
CHF net effect on (loss) / income	**(3.225.058)**	**3.225.058**

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

NOTE 34 - FINANCIAL RISK MANAGEMENT (Continued)

34.2 Fair value of financial instruments

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

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

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

(i) Monetary assets

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

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

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

(ii) Monetary liabilities

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

34.3 Capital risk management

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

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

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

NOTE 34 - FINANCIAL RISK MANAGEMENT (Continued)

34.4 Capital risk management (Continued)

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

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

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

- Level 3: The fair values of the financial assets and financial liabilities are determined in accordance with the unobservable current market data.

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

		Fair Value as of reporting date		
Financial liabilities	31 March 2012	Level 1 TL	Level 2 TL	Level 3 TL
Financial liabilities at FVTPL				
Derivative instruments	295.667	-	295.667	-
Total	295.667	-	295.667	-

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

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

NOTE 35 - SUBSEQUENT EVENTS

The consolidated financial statements for the period ended 31 March 2012 were approved by the Board of Directors on 15 May 2012. Only Board of Directors has the authority to change financial statements.

It was decided to fully exercise the right to purchase new shares of Hürriyet Invest BV, a %100 owned subsidiary of the Company which is located in Holland. The purchase right of the company amounts to Euro 12.500.000 and arises from the capital increase of Hürriyet Invest BV from Euro 254.586.422 to Euro 267.086.421, which should be paid in cash. Board of Directors is duly authorized and empowered to serve notifications to the competent authorities so that necessary procedures related with this purchase are performed.

NOTE 36 - CASH FLOWS

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

	31March 2012	**31 March 2011**
Change in blocked deposits	21.963	(8.405)
Change in trade receivables and due from related parties	(79.704.814)	(10.575.550)
Change in inventories	2.660.225	462.496
Change in other current assets	(104.584.635)	(4.627.605)
Change in trade payables and due to related parties	(1.103.478)	4.265.640
Change in other current liabilities	(73.907.064)	7.338.028
Change in financial liabilities	(5.639.351)	2.837.340
Change in other non-current assets	2.151.740	72.543
	(260.105.414)	**(235.513)**