

Hürriyet

HÜRRİYET ANNUAL REPORT 2009





2009 was the 20th anniversary of the adoption of the UN Convention on the Rights of the Child. As a catalyst for this event, the Liberty Train set off two years ago to promote the concept of “right” into people’s daily lives, to keep it on the agenda and to enhance it, focusing on the Rights of the Child in the year 2009.

As the Hürriyet Family, we believe that all segments of society and all institutions are under obligation to prevent the abuse and neglect of children. This year, at every stop, the Liberty Train organized activities and gatherings with adults and local agencies to raise awareness of the fulfillment of society’s duties to its youngest citizens. Naturally, many of the events were oriented towards children where they learned about their rights through games and activities such as concerts, plays or exhibitions right at the train stations. From across the country, they made their voices heard, saying “Liberty is our right; it is our right to grow up in a healthy environment, to receive quality education and to be happy individuals.”

Contents

2

Field of Activity, Organization and Contact Details 3

4 Financial Highlights

Main Factors Affecting Operational Performance 5

8 Message from the Chairman

Message from the CEO 10

12 Message from the Editor-in-Chief

Management 16

30 Principles

Review of 2009 Operations 34

71 General Assembly

2009 Report on Compliance with Corporate Governance Principles 72

88 Audit Committee Resolution

Resolution of the Board of Directors on Approval of the Financial Statements 89

90 Resolution Regarding Approval of the Annual Report and Report on Compliance to Corporate Governance Principles

Statement of Responsibility on Financial Statements 91

92 Statutory Auditors' Report

Statement of Responsibility for the Annual Report 93

95 Consolidated Financial Statements and Independent Auditor's Report

Field of Activity, Organization and Contact Details

Aside from journalism, its main field of activity, Hürriyet has operations in printing, advertising, publicity and online publishing.

Hürriyet Gazetecilik ve Matbaacılık A.Ş. was founded and registered in Turkey in 1960. Operating in the fields of journalism, printing, advertising, publicity and online publishing, the Company has seven printing centers located in Istanbul, Ankara, Izmir, Adana, Antalya, Trabzon and Germany. The majority of Hürriyet's shares are owned by Doğan Yayın Holding A.Ş. (Doğan Yayın), founded under Doğan Şirketler Grubu Holding A.Ş. On March 29, 2007, it acquired a 67.3% equity stake in Trader Media East Limited (TME) through its subsidiary, Hürriyet Invest B.V., based in the Netherlands. TME is a classified advertising publisher, focused primarily on the real estate, automotive and recruitment segments, operating mainly in Russia and Eastern European countries by publishing various daily and weekly classified newspapers, magazines and websites.

The address of the registered offices (Headquarters) is as stated below:

Hürriyet Medya Towers
34212 Güneşli, Istanbul/Turkey

The Company is registered with the Capital Markets Board (CMB) and has been listed on the Istanbul Stock Exchange (ISE) since 1992. Of the Company's total capital, 40% is floated on the ISE, whereas 25.02% of TME stocks are traded on the London Stock Exchange as GDR.

Contact Details

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Financial Highlights

4

Hürriyet has the most robust financial structure among newspapers published in Turkey and is the only media company to have received a credit rating from an international credit rating agency.

| (TL) | December 31, 2009 | December 31, 2008 |
|--|-------------------|-------------------|
| Total Current Assets | 539,009,243 | 649,946,695 |
| Total Fixed Assets | 1,314,994,660 | 1,394,403,127 |
| Total Assets | 1,854,003,903 | 2,044,349,822 |
| Total Short-term Liabilities | 462,224,009 | 374,320,532 |
| Total Long-term Liabilities | 474,133,721 | 783,830,147 |
| Shareholders' Equity | 917,646,173 | 886,199,143 |
| Net Sales | 784,132,862 | 998,446,338 |
| Operating Profit | (5,909,362) | 77,605,423 |
| Profit / (Loss) Before Tax | (20,968,072) | (46,306,494) |
| Net Profit / (Loss)(After Minority Interests | (35,079,806) | (38,093,867) |

Main Factors Affecting Operational Performance

Hürriyet is the leader in its sector both in terms of average daily net sales and advertising revenue.

| | 2009 | 2008 |
|--|---------|---------|
| Average daily net sales (Hürriyet) | 474,000 | 518,000 |
| Average number of pages (Hürriyet) | 74.1 | 86.7 |
| Newsprint usage (tons) | 76,961 | 101,592 |
| Average paper price (US\$/ton) | 737 | 817 |
| 12-month CPI inflation (%) | 6.53 | 10.06 |
| Annual GNP growth (%) | (4.7) | 0.9 |
| TL/US\$ exchange rate (annual average) | 1.5466 | 1.3358 |
| TL/US\$ exchange rate (year-end) | 1.5057 | 1.5123 |
| Change in TL/US\$ exchange rate (based on annual averages) | 19.2 | (2.7) |

The impact of the global economic crisis was felt strongly in the first two quarters of 2009. In the first and second quarters of the year, GNP contracted by 14.7% and 7.9% respectively. By the third quarter, economic contraction had geared down and dropped to 3.3%. Together with the 6% growth in the last quarter, the overall yearly GNP contraction came to 4.7%. On a US dollar basis, the Turkish economy decreased 16% from the 2008 figure of US\$ 732 billion to US\$ 620 billion in 2009.

As a result of the economic slowdown, advertising market volume is estimated to have decreased around 14% over the

previous year to TL 2.97 billion. However, a certain recovery was observed in the market from the last quarter of 2009 onwards.

Imports dropped 30% to US\$ 140 billion in 2009, while exports declined by 23% to US\$ 102 billion. Consequently, foreign deficit decreased by 45% to US\$ 39 billion in 2009 from US\$ 70 billion in 2008. The most favorable outcome of the narrowing foreign deficit was observed in the current account balance, with the deficit falling from US\$ 42 billion in 2008 to US\$ 14 billion as of the end of 2009.

The annual average for the industrial production index fell by 10% in 2009 compared to 2008. Nevertheless, industrial production picked up considerably in the last quarter of 2009. The same trend is expected to continue into the first two quarters of 2010.

With an average daily net sales figure of 474,000 in 2009, Hürriyet is the leader in its sector both in terms of average daily net sales and advertising revenue. According to 2009 estimates, Hürriyet received 10.1% of total advertising revenue and 37.2% of all newspaper advertising revenue.

Hürriyet has the most robust financial structure among newspapers published in Turkey and it is the only media company to have received a credit rating from an international credit rating agency. The international credit rating agency Fitch Ratings (Fitch) revised the Company's local and foreign currency credit ratings with an announcement on September 11, 2009 and did not change its outlook. Accordingly, the Company's local and foreign currency credit ratings were revised upwards from "BB-" to "B+" and its outlook was confirmed to be negative.



Convention on the Rights of the Child

Principle 1

The child shall enjoy all the rights set forth in this Convention. Every child, without any exception whatsoever, shall be entitled to these rights, without distinction or discrimination on account of race, color, sex, language, religion, political or other opinion, national or social origin, property, birth or other status, whether of himself or of his family.



Principle 2

The child shall enjoy special protection and shall be given opportunities and facilities, by law and by other means, to enable him/her to develop physically, mentally, morally, spiritually and socially in a healthy and normal manner and under conditions of freedom and dignity. In the enactment of laws for this purpose, the best interests of the child shall be the paramount consideration.

Message from the Chairman

8

In 2009, Hürriyet Group succeeded in preserving its strong market position, while the Hürriyet stock price gained 200% in value.

Esteemed Members of the Hürriyet Family,
Distinguished Shareholders,

In 2009, the global crisis continued to deeply impact all countries and extensive efforts were made to repair the damage done, just like in 2008. The bailout plans launched by governments formed the basis for exit strategies and from the second half of the year onwards the first signals of recovery became visible. The global crisis caused critical problems in the financial sector, as well as in the real sector, while the social impact of the crisis revealed itself through rising unemployment with higher social costs and decreasing consumption expenditures. In this regard, the support of governments is still crucial for the management and sustainability of the exit process.

Although the Turkish economy was relatively more resilient to the crisis compared to numerous other economies, it continued to contract during the last four quarters. The economy entered recovery in the final quarter of the year and is predicted to maintain its growth in the years ahead. As the largest economy in its region, with a GDP of US\$ 600 billion, Turkey's major challenges are the high budget deficit and the rising unemployment rate. On the other hand, Turkey has figured among a handful of countries whose credit rating was revised upwards by rating agencies and the country has the potential to manage the crisis with consistent economic policies and decisive steps as it creates new opportunities for growth and expansion.

The economic contraction had its toll on the advertising sector, which contracted 14% in 2009, over the previous year. According to data from the Press Advertising Agency, there has been a 6.4% drop in nationwide newspaper sales. Hürriyet, too, was affected by this drop in newspaper sales and its net sales regressed 8.5% over the previous year. Circulation revenue grew 18% over 2008 figures to reach TL 89.9 million and the newspaper maintained its competitive edge in the sector.

Hürriyet Gazetecilik, which overcame the 2001 crisis with success, preserved its strong financial performance

during the current global crisis. Hürriyet Newspaper's advertising revenue dropped; however, the newspaper maintained its leadership position in the sector. The ISE-100 index rose 97%, whereas the stock price of Hürriyet gained 200% in value.

ISS Corporate Services, an international rating agency, confirmed the Company's corporate governance rating as 8.5 out of ten, as in the previous year. ISS valued Hürriyet Gazetecilik's practices under the "public disclosure and transparency" subcategory with a high rating of 9.13 out of ten.

As a trailblazer for the establishment of the corporate governance culture in Turkey, Hürriyet's high ratings in this area elate us as much as its financial performance does.

Social issues have been among Hürriyet's top priorities since its establishment. In addition to the No! to Domestic Violence Campaign, entering its sixth year, Hürriyet continues its pioneering and leading role in the area of social responsibility with the Liberty is Our Right Train project initiated in 2008. Launched as an extensive joint social responsibility project with Turkish State Railways (TCDD), the project has focused mainly on children's rights in acknowledgement the 20th anniversary of the adoption of the International Convention on the Rights of the Child.

Standing out with its high quality publishing philosophy, the value given to its employees and the importance assigned to social responsibility, Hürriyet will continue operations by maintaining its pioneering role to support the public good. I would like to take this opportunity to express my gratitude to all of our employees, shareholders and readers who brought Hürriyet to the point where it stands today.



Aydın Doğan
Chairman



Message from the CEO

10

In 2009, the Company focused on sector and region-based activities and thus supported advertisers to overcome the problems of the economic recession.

Distinguished Shareholders,
Dear Colleagues,

Turkey bore the brunt of global economic contraction in 2009, a year in which the effects of the crisis persisted. Media was among the heaviest hit sectors, with circulation figures and advertising revenue plummeting throughout the sector. As the economy picked up in the last quarter of 2009 onwards, the media sector also displayed a more favorable trend and the Company's expectations for 2010 became fairly positive.

Despite all the adversities, the crisis period brought new opportunities and broader horizons. As the leader of the pack with innovative vision and numerous groundbreaking practices, Hürriyet Gazetecilik became stronger due to its experience in formulating extraordinary solutions and projects.

During 2009, the Company not only made an effort to preserve its profitability and growth, but also worked diligently to launch brand new products and services. Numerous supplementary publications, regional supplements and various projects aimed at different sectors helped Hürriyet maintain its leadership in the sector; whereas websites and mobile communication applications enabled stronger communication with the readership and increased the efficiency and advertising market share in this constantly evolving medium. In 2009, the Company focused on sector and region-based activities and supported advertisers' efforts to overcome the economic recession.

Turnover declined from TL 998.4 million in 2008 to TL 784.1 million in 2009. With an average daily sales figure of 474,000 and a 9.9% market share, Hürriyet continued its leadership in the sector. According to 2009 data, Hürriyet accounts for 10.1% of total advertising revenue and 37.1% of total newspaper advertising revenue.

Investment expenditure rose from US\$ 20 million in 2008 to US\$ 26 million in 2009, in order to render the production process more efficient.

In 2009, Hürriyet reached its readers through a total of 25,550 sales points; 63.2% of total newspaper sales occurred in Istanbul, Ankara and Izmir. The circulation revenue of TME, which began to be consolidated into the Company's financial statements from the second quarter of 2007 onwards, attained TL 27.8 million in 2009.

Since its first issue, Hürriyet has been evolving, along with the society in which it is rooted. From a perspective of corporate citizenship, Hürriyet considers the social responsibility approach as an indispensable component of its activities. Hürriyet continued its social responsibility projects at full speed in 2009 as the constantly expanding No! to Domestic Violence and Liberty is Our Right Train Project campaigns reached out to the masses. In the No! to Domestic Violence campaign, training activities were in high demand; the newly established Emergency Hotline drastically expanded its area of influence and the number of calls received increased considerably. The campaign became a significant force in mobilizing public agencies for the creation of protection and prevention strategies. In 2009, the Liberty is Our Right Train made a journey of 51 days and was welcomed and embraced by thousands of children and adults at 42 stations. These investments in Turkey's future undoubtedly make a significant contribution to the nation's social and cultural life. The Company shall continue its efforts with the same sense of responsibility.

First of all, I would like to thank all members of the Hürriyet Family for the effort they have made since the very beginning. Additionally, I would like to express my gratitude to all shareholders for their support and to the readers and stakeholders for their trust and loyalty.



Vuslat Doğan Sabancı
CEO



Message from the Editor-in-Chief

12

Hürriyet figured among those companies that passed the test in 2009. While banks across the globe followed one another into bankruptcy, dragging media corporations down into the abyss, Hürriyet's importance grew in the eyes of its investors.

The economic crisis is something very horrific.

It is bad for companies and even worse for people.

Nevertheless, the economic crisis also served as an endurance test for companies.

The 2009 crisis was one of the heaviest economic defeats inflicted on the world since the crisis of 1929.

We have all seen how legendary finance companies came tumbling down like a house of cards, one after another.

Hürriyet was among the companies that succeeded in the test of 2009.

During the 2001 crisis too, Hürriyet managed to stand upright.

While banks across the world followed one another into bankruptcy, dragging media corporations into the abyss, Hürriyet's importance grew in the eyes of its investors.

In addition, Hürriyet struggled not only against the financial crisis, but also against some of the most serious injustices ever seen.

In 2008, the Newspaper launched an important renewal of its 60 year history.

Both the content and layout of the Newspaper were transformed radically.

The following year it proved its success to everyone.

While Turkish media companies became increasingly uniform and monotonous, Hürriyet shot ahead of the pack, leaving others behind to continue their usual game.

The Newspaper kept its more traditional journalists, while at the same time creating a new generation of journalists.

Hürriyet brought together the most brilliant team of writers in Turkey.

Hürriyet left its mark on creative and innovative discussions in every sphere in the country.

In the past few years, especially in Europe, there was increasing talk about the "Hürriyet model."

Hürriyet is frequently cited as an example of the "best practice" in the "hybrid newspaper" genre.

That is to say, Hürriyet became a successful role model, made up of not only very popular news elements, but also the nation's best political columnists, the most successful economics section, as well as social and scientific pages.

2009 bore witness to two important steps taken by Hürriyet regarding content.

The Newspaper launched a successful culture and arts page in the Turkish media.

In addition, Hürriyet made an almost revolutionary breakthrough in sports journalism. The Newspaper brought a manager outside of the media to the helm of the sports pages. This manager and another manager with a more conventional journalism background entered into a creative relationship.

This new model was one of the hottest topics on the agenda of the Turkish media last year. Hürriyet thereby came to lead the pack also in sports journalism, an area long considered its weakest.

Hürriyet far outpaced its competitors in the market during 2009. In terms of circulation, efficiency and journalistic performance, the supremacy of Hürriyet over the Sabah Newspaper attained a degree that is impossible to reverse.

Hürriyet further reinforced its pioneering role for weekend supplements and consolidated its market leadership in this area.

For years, Hürriyet has been a Company appreciated for its transparent management principles and has been the corporation to set the rules of media management standards and performance criteria.

Both in terms of management, financial administration and social responsibility campaigns, it has been considered one of the world's most thriving media companies.

Throughout the 2009 crisis, Hürriyet's superior performance was established in the eyes of the whole world.

In addition, it put into practice a successful management change, rarely seen anywhere else.

This has been clear proof of the degree of institutionalization attained by the Company.



Ertuğrul Özkök





Principle 3

The child shall be entitled from birth to have a name and a nationality.



Principle 4

The child shall enjoy the benefits of social security. He/she shall be entitled to grow and develop in good health. To this end, special care and protection shall be provided both to the child and to its mother, including adequate pre-natal and post-natal care. The child shall have the right to adequate nutrition, housing, recreation and medical services.

Board of Directors

16



Aydın Doğan
Chairman of the Board

Born in 1936 in Kelkit, Aydın Doğan completed his primary education there and his secondary education in Erzincan. From 1956 to 1960, he attended the Academy of Economics and Commerce in Istanbul and established his first industrial enterprise in 1974. In the years that followed, he was first a member of the Istanbul Chamber of Commerce (ITO) Assembly, where he later served as a Board member and subsequently a Member of the Board on the Turkish Union of Chambers and Commodity Exchanges (TOBB). Doğan entered the publishing business in 1979 when he took over Milliyet newspaper; today he is the most experienced national newspaper owner in Turkey. He served as the Chairman of the Turkish Union of Newspaper Owners between 1986 and 1996. In 1998, at the meeting of the World Association of Newspapers (WAN) held in Tokyo, Doğan was elected to the Association's Board, becoming the first Turkish citizen to serve in this capacity. In 1999, he was awarded the Outstanding Service Medal from the Republic of Turkey. Doğan has received honorary doctorates from Girne American University (1999), Aegean University (2000), Baku State University (2001) and Marmara University (2005).



Vuslat Doğan Sabancı
Deputy Chairman

Born in 1971, Vuslat Doğan Sabancı graduated from the Department of Economics at Bilkent University. She continued her education at Columbia University in New York, where she received an MA in International Media and Communications. Sabancı worked at the editorial department of the New York Times for a year, then joined The Wall Street Journal, where she helped in the formation of the Asian Business World News Channel and the Latin American Edition of the Journal. In 1996, she joined Hürriyet newspaper as Vice President in charge of advertising. Three years later, she was promoted to Group President for Marketing Operations, where her responsibilities included marketing, sales, human resources and IT operations. Vuslat Doğan Sabancı is currently serving as Hürriyet's CEO and Deputy Chairman and is responsible for the newspaper's administrative operations, in addition to strategic planning and business development. She is also a Board member of the International Press Institute (IPI).



Mehmet Ali Yalçındağ
Board Member

Born in Istanbul in 1964, Mehmet Ali Yalçındağ graduated with honors from the American College in London in 1989. In 1990, he joined Doğan Dış Ticaret, responsible for the international purchases of the Doğan Group. The following year, he became a member of the Executive Committee of Doğan Holding and in 1992 was appointed Assistant General Manager of Milliyet. Yalçındağ established the Simge Group and launched five new publications.

In 1996, when the media companies of Doğan Group consolidated into Doğan Yayın Holding, he was appointed Vice President of this new organization; in 1999 he became Chairman of the Executive Committee. In 1998, Yalçındağ assumed a role in the public offering of the holding, coordinating the introduction of the Group at several meetings around the country. He played a leading role in the creation of the corporate identities of all affiliated companies and also helped Group companies establish partnerships with foreign corporations. Yalçındağ also serves as Chairman of the International Advertising Association (IAA).



Ertuğrul Özkök Board Member

Born in 1947 in İzmir, Ertuğrul Özkök graduated from İzmir Namık Kemal High School and entered the College of Journalism and Broadcasting at the Ankara Faculty of Political Sciences. Following his graduation in 1969, he worked as a reporter at TRT for a year and later continued his studies in France, where he earned a PhD in communications science. Upon his return to Turkey, Özkök began working as a lecturer at Hacettepe University. In 1986, he became an associate professor and left the university to join Hürriyet newspaper, where he served as the Ankara and Moscow representative. He currently serves as Hürriyet Board member, Doğan Yayın Holding Board member and Executive Committee Vice President and as a daily political commentator. Özkök began his writing career in 1982 with the publication of his first book entitled Art, Communication and Power, followed by The Unraveling of the Masses in 1984, Farewell to Rebellion in 1987 and Stalin Baroque in 1989.

Soner Gedik Board Member

Born in 1958 in Eskişehir, Soner Gedik earned his BA in Economics and Public Finance at Ankara University. Passing the entrance examination in 1981, he became a Tax Specialist at the Ministry of Finance in 1985 where he finished first in his class. Gedik enhanced his experience in financial issues in the six months he spent inspecting Turkey's leading private and government institutions as a civil servant. He later joined the Finance Department of Hürriyet Holding A.Ş. to work as a financial advisor under the Group's CEO. In 1989, he was appointed Vice President of the Executive Board and subsequently served as a Board member of Hürriyet, as well as Head of Finance for the organization. Currently, Gedik is Board member and Vice President in charge of financial affairs at Doğan Yayın Holding, as well as a Board member for several DYH affiliates.

Ahmet Toksoy Board Member

Born in 1959 in İstanbul, Ahmet Toksoy graduated from the Finance Department of İstanbul University in 1981. Having worked as an auditor for the Ministry of Finance between 1984 and 1989, he joined Hürriyet Holding as a member of the Supervisory Board in 1989. He worked as Assistant Finance Manager between 1990 and 1991 and as a Finance Manager between 1991 and 1995 for the Hürriyet Newspaper. Following three years at Aktif Denetim Yeminli Mali Müşavirlik as a Certified Public Accountant between 1995 and 1998, he worked as Executive Board member and Finance Group Manager at Hürriyet Newspaper from February 1, 1998 to February 8, 2010; he was then appointed Audit and Risk Management Group Manager at Doğan Şirketler Grubu Holding A.Ş.

According to the Board of Directors' decision Number 2009/45, taken on June 29, 2009, the distribution of responsibilities between members of the Board is as follows:

| Name | Title | Explanation |
|----------------------|-----------------|--------------------|
| Aydın Doğan | Chairman | Non-executive |
| Vuslat Doğan Sabancı | Deputy Chairman | Executive |
| Mehmet Ali Yalçındağ | Board Member | Non-executive |
| Ertuğrul Özkök | Board Member | Executive |
| Soner Gedik | Board Member | Non-executive |
| Ahmet Toksoy | Board Member | Executive |
| H. Hasan Yılmaz | Board Member | Independent Member |
| Cem M. Kozlu | Board Member | Independent Member |
| Kai Diekmann | Board Member | Independent Member |

Board of Directors

18



H. Hasan Yılmaz
Board Member (Independent)

Hakkı Hasan Yılmaz was born in 1957 in Ankara. Following his high school education at TED, Ankara College, Yılmaz received his BSc in industrial engineering from Middle Eastern Technical University in 1979. In 1991, he was appointed Chairman and CEO of Lever and Elida Cosmetic business. He was then appointed Regional Leader for Unilever's East Asia detergent business in 1994. Following his return to Turkey in 1995, Yılmaz was assigned as Chairman-CEO of Uzay Gıda, a subsidiary of Pepsi-Co/FritoLay. In 1996, he was called to duty by Unilever as Chairman and CEO of all nine legal entities in Turkey with a majority Unilever shareholding. In 2000, Yılmaz resigned from this post in order to teach MBA and EMBA students at Koç University. Yılmaz joined Koç Holding as President - Food, Retailing and Tourism in 2002 and served as Chairman or Vice Chairman of 21 companies under the Koç Holding umbrella. Since 2005, he has taught various classes at Koç University and contributes to the MBA and EMBA programs. Hakkı Hasan Yılmaz has been an independent Board member of the Company since June 1, 2008.



Cem M. Kozlu
Board Member (Independent)

Born in 1946 in Istanbul, Cem M. Kozlu lectured in International Marketing and Export Management at Boğaziçi University between 1978 and 1981. He then became a Visiting Professor at the Economics Department of Denison University in 1985. Kozlu has held executive positions at various national and international companies and served in the Turkish public sector as Chairman of Turkish Airlines until 2003 and as a Member of Parliament following the 1991 general elections.

Beginning in 1996, Kozlu worked in various positions at Coca-Cola and until his retirement in 2006 as Group Chief for the Central Europe, Eurasia and Middle East divisions. He still serves as a consultant for Coca-Cola in the Northern Asia, Eurasia and Middle East Groups. Kozlu has published several books; "International Marketing," "Seeking a Vision for the Turkish Miracle and Asian Models," "Organizational Culture," "Sogo-Shosha [A Japanese Lesson on Eliminating Borders]" and "From Anger to Solution." Kozlu has also published numerous articles and writes columns for daily newspapers.



Kai Diekmann
Board Member (Independent)

Kai Diekmann was born in 1964 in Germany. Following his graduation from high school and completion of his military service in 1985, Diekmann began his career as an intern at Axel-Springer Publishing. In a short time, he became the Bonn representative for this company and then served as News Editor at Bunte Magazine from 1989 until 1991. He transferred to Bild in 1992 after working briefly at Berliner Zeitung. Making a big career leap in 1998, Diekmann became Editor-in-Chief of the Welt am Sonntag newspaper and in 2001, was appointed Editor-in-Chief of Bild, the best-selling newspaper in Germany. In 2004, he became Bild's publisher and presently serves as the publisher of Bild am Sonntag. After his appointment, Bild newspaper became one of the best-selling, most efficient and most profitable publishing organizations in Europe. In 2004, Diekmann wrote the biography of Helmut Kohl, a close friend.

Information on the Board of Directors and Management

- a.** In 2009, no commercial and/or non-commercial transactions took place between the Company and other companies in which it owns a 5% interest or more, or companies which, regardless of the aforesaid ownership, are controlled by members of the Board of Directors, executives and/or shareholders who directly or indirectly own a 5% interest or more.
- b.** Members of the Board of Directors and executives do not own an interest in the Company.
- c.** Members of the Board of Directors and executives do not own any securities of the Company.
- d.** External duties of Board members did not violate the relevant rules of the Company.
- e.** H. Hasan Yılmaz, Cem M. Kozlu and Kai Diekmann are assigned as Independent Board members, in accordance with the Capital Markets Board's (CMB) Corporate Governance Principles. All of these members have submitted their independence statements.
- f.** Members of the Board of Directors did not receive any financial benefits, cash or non-cash, other than their monthly salaries.
- g.** No lawsuits were brought against the members of the Board of Directors with regard to the Company's activities.

Duties and Responsibilities of Board Members and Executives

The duties and responsibilities of Board members are stipulated in Article 14 of the Company's Articles of Association.

According to this, the Board of Directors is obliged to perform the duties specified in the Turkish Commercial Code, the Capital Markets Law and the Articles of Association. The Board of Directors performs all actions that do not require a decision of the General Meeting of Shareholders pursuant to the law or the Articles of Association.

In order to be valid and binding on the Company, all transactions, documents, contracts, general powers of attorney, sureties and debentures must be signed by two authorized first-degree signatories of the Company. However, from these transactions, those related to a purchase or sale of property, the sale and transfer of the Company's concessions, broadcasting rights and all kinds of patents, brands, licenses and other intellectual property rights and the establishment of encumbrances thereon, mortgages, accessory contracts and liens on real estate and securities that belong to the Company, the purchase or sale of an interest in another company, the issuing of shares, bills and bonds require a resolution by the Board of Directors, taken with the affirmative vote of the Chairman or the Deputy Chairman of the Board of Directors.

Information on the Board of Directors and Management

20

The term of office for Board members and the authorization terms of executives who have been granted first and second-degree signature rights by the Board of Directors is one fiscal year and these terms continue until the date of the next Ordinary General Meeting of Shareholders.

Changes during the Reporting Period

According to the consolidated financial statements of the 2008 accounting period, prepared pursuant to the CMB Communiqué Series: XI, No. 29 and in accordance with the International Financial Reporting Standards, there was a TL 38,093,867 “consolidated net loss for the period” and therefore, no dividend distribution for the accounting period of 2008 under CMB’s relevant regulations of profit distribution were made. The issue was brought to the attention of shareholders at the Ordinary General Assembly held on June 24, 2009 and was approved by the General Assembly.

The accrual of a TL 32,131,261 loss for the period according to financial records kept in accordance with Turkish Commercial Code and Tax Procedure Law was also brought to the attention of shareholders.

Other Important Changes after the Period

With a Resolution dated 03/22/2010, the Board of Directors decided to present to the approval of shareholders the amendments of Articles 9, 10, 13, 20, 21, 26, 29 and Temporary Article 1 of the Articles of Association in order to adapt to recent changes in Capital Markets Legislation during the first General Assembly following the obtainment of the necessary legal permissions.

Information on the Capital Structure of Shareholders and Changes

a. The registered capital ceiling of the Company is TL 800 million.

b. The Company’s issued capital was raised from TL 460,000,000 to TL 552,000,000 in 2009 with a TL 92,000,000 increase. The transaction was funded entirely with cash and it was recorded in the Trade Registry on September 17, 2009. The rights issue process was carried out between August 5, 2009 and August 19, 2009. Out of the shares with a total nominal value of TL 92,000,000, purchase rights were exercised for an amount of TL 91,829,036 and the non-exercised rights corresponded to a nominal value of TL 170,963 - 0.19% of the total amount. After the rights issue, the Company offered the remaining TL 170,963 for sale in the primary market of the Istanbul Stock Exchange on August 25, 2009 and all the shares offered have been sold.

Corporate Governance Rating Score

ISS Corporate Services Inc. (RiskMetrics Group), an international rating agency licensed to perform corporate governance assessments in Turkey in accordance with the Capital Markets Board (CMB) Corporate Governance Principles, revised the corporate governance rating score of the Company as 8.5 out of 10 (84.31%) on September 24, 2009. Pursuant to the Resolution of the CMB on the subject, the final rating score is determined by taking a weighted average of the grades of four subcategories. Within this context, the distribution of the corporate governance rating score under the relevant sub-categories can be seen below.

| Sub-categories | Weighting | 2009 | | 2008 | |
|------------------------------------|-------------|-----------------|-----------------|-----------------|-----------------|
| | | Rating Obtained | Rating Assigned | Rating Obtained | Rating Assigned |
| Shareholders | 0.25 | 8.32 | 8.50 | 8.32 | 8.50 |
| Public Disclosure and Transparency | 0.35 | 9.13 | 9.00 | 9.11 | 9.00 |
| Stakeholders | 0.15 | 8.32 | 8.50 | 7.63 | 7.50 |
| Board of Directors | 0.25 | 7.63 | 7.50 | 7.63 | 7.50 |
| Total | 1.00 | 8.43 | 8.50 | 8.32 | 8.50 |

Following the publication of the CMB Corporate Governance Principles in 2003, Hürriyet undertook efforts to comply with the Corporate Governance Principles and developed its organization accordingly. Hürriyet Gazetecilik was among the pioneering companies who made their Articles of Associations compatible with the CMB Corporate Governance Principles.

At that stage, Hürriyet, with an inherent, well-established corporate culture, decided to have its management practices assessed by independent entities as well. The world's leading corporate governance rating company, ISS, assessed the corporate governance practices of Hürriyet based on more than 530 criteria and assigned a national rating of 8.5 out of 10. ISS assigned a very high rating, 9.13 out of 10 to Hürriyet Gazetecilik's practices in the public disclosure and transparency subcategory.

There is general widespread belief that media companies fall short of expectations in their corporate governance practices and that they ignore developments in this area. Having been assigned a good corporate governance rating in contrast to this general belief, Hürriyet became the first print media company

in the world to announce its national corporate governance rating assigned by an internationally-acclaimed and respected rating agency.

Lawsuits against the Company

Due to tax inspections related to previous accounting periods, the Ministry of Finance communicated Tax Inspection Reports on August 7, 2009, indicating TL 12,292,167 for the tax, TL 18,438,250 for tax loss fine and TL 165,000 for the special irregularity penalty. Due legal processes were started and lawsuits were filed for the cancellation of these penalties and notifications.

On March 15, 2010, the Ministry of Finance communicated additional tax inspection reports indicating TL 22,569,005 for tax-comprised of TL 12,155,173 corporate tax and TL 10,413,832 for temporary tax - as well as TL 22,569,005 for tax loss fine. Regarding these reports, a settlement was reached prior to assessment on April 6, 2010. Accordingly, the total tax and tax penalty was set at TL 8,000,000 and a total liability of TL 17,200,000 was accrued, including default interest.

Information on the Board of Directors and Management

22

Conflicts of Interest

The Company did not have any conflict of interest with institutions providing investment consulting, investment analysis and rating services.

Administrative Matters and Changes in Management Structure

In accordance with the Resolution No. 2009/45 of the Board of Directors of the Company, dated June 29, 2009;

- Aydın Doğan was elected Chairman of the Board of Directors and Vuslat Doğan Sabancı was elected Deputy Chairman; Vuslat Doğan Sabancı was also appointed Chairman of Executive Board (Executive Committee), Ertuğrul Özkök was appointed Executive Committee Member in charge of Editorial Affairs, Ayşe Cemal Sözeri was appointed Executive Committee Member in charge of the Advertising Group, Ahmet Toksoy was appointed Executive Committee Member in charge of Financial Affairs and Temuçin Tüzecan was appointed Executive Committee Member in charge of Corporate Communications, Ayçin Bayraktaroğlu was appointed Executive Committee Member in charge of Marketing, Ahmet Nafi Dalman was appointed Executive Committee Member in charge of Information Technologies, Ahmet Özer was appointed Executive Committee Member in charge of Internet operations and Kadri Enis Berberoğlu was appointed Executive Committee Member in charge of the Ankara Representative Office;

- Board Members Hakkı Hasan Yılmaz and Soner Gedik were reelected Members of the Audit Committee and this Committee was authorized to perform the duties set forth in the provisions of the Capital Markets Board's Communiqué Series X, No. 22;
- Independent Board Member Cem Kozlu was reelected Chairman of the Corporate Governance Committee, with Hakkı Hasan Yılmaz, Independent Board Member and Murat Doğu, Capital Markets and Corporate Governance Coordinator of Doğan Yayın Holding A.Ş. elected as committee members.

In accordance with the Board of Directors' Resolution on December 29, 2009;

Kadri Enis Berberoğlu, Executive Committee Member and Ankara Representative of the Company was appointed Editor-in-Chief, to take effect on December 12, 2009.

In accordance with the Board of Directors' Resolution on February 8, 2010;

- Chairman Aydın Doğan's statement expressing his decision to resign from this post after the General Assembly where results of the 2009 accounting period will be discussed was accepted,
- The Deputy Chairman and CEO Vuslat Doğan Sabancı's statement on her assumption of the post of Chairman after the General Assembly where results of the 2009 accounting period will be discussed was accepted,
- It has been decided that, following the General Assembly where results of the 2009 accounting period will be discussed, Vuslat Doğan Sabancı will resign from her present position as CEO and Hakkı Hasan Yılmaz will be appointed CEO.

Executive Committee (Executive Board)

| Name | Title |
|-----------------------|---|
| Vuslat Doğan Sabancı | CEO |
| Kadri Enis Berberoğlu | Executive Committee Member/Editor-in-Chief |
| Ayşe Sözeri Cemal | Executive Committee Member /Head of Advertising Group |
| Ahmet Toksoy | Executive Committee Member / Head of Finance Group |
| Ayçin Bayraktaroğlu | Executive Committee Member / Head of Marketing Group |
| Ahmet N. Dalman | Executive Committee Member / Head of Technology Group |
| Ahmet Özer | Executive Committee Member /Head of Internet Group |

The Executive Committee has been established in accordance with Article 19 of the Articles of Association.

“The Board of Directors shall form and appoint an Executive Committee comprised of a sufficient number of members to ensure that the Company’s activities and transactions are performed in accordance with the work program and budget it has determined. The appointment decision shall specify in detail the authorities of the Executive Committee and their limits. The Chairman of the Executive Committee shall be authorized to manage and direct the activities of the Executive Committee and the Company and shall be elected from among the directors. However, the Chairman of the Board of Directors may not be elected Chairman of the Executive Committee at the same time. In electing the members of the Executive Committee, the Board of Directors shall take into account the suggestions and proposals of the Chairman of the Executive Committee. The Executive Committee shall meet upon the invitation of its Chairman at intervals required by the Company’s business. Company executives and third parties approved by the Executive Committee Chairman may also attend the meetings. All activities of the Executive Committee shall be put into writing and in each meeting of the Board of Directors,

the Chairman of the Executive Committee shall provide information about the work of the committee.”

Therefore, following their reelection to the Board of Directors at the Ordinary General Meeting of Shareholders on June 24, 2009, the Board of Directors resolved to appoint Vuslat Doğan Sabancı as Chairperson of the Executive Committee (Executive Board), Ertuğrul Özkök as Executive Committee Member in charge of Editorial Affairs, Ayşe Cemal Sözeri as Executive Committee Member in charge of the Advertising Group, Ahmet Toksoy as Executive Committee Member in charge of Financial Affairs, Temuçin Tüzecan as Executive Committee Member in charge of Corporate Communications, Ayçin Bayraktaroğlu as Executive Committee Member in charge of Marketing, Ahmet N. Dalman as Executive Committee Member in charge of Information Technology, Ahmet Özer as Executive Committee Member in charge of Internet operations and Kadri Enis Berberoğlu as Executive Committee Member in charge of the Ankara Representative Office.

The Executive Committee, comprising executive Board Members and Group heads, meets at least once a month.

The Company’s Executive Committee (Executive Board) member in charge of Corporate Communications, Temuçin Tüzecan, resigned from this position as of December 29, 2009.

Ertuğrul Özkök, Executive Committee (Executive Board) member in charge of Editorial Affairs and Editor-in-Chief, resigned from these positions as of December 29, 2009.

Ahmet Toksoy, Executive Committee member and Head of Finance Group resigned from these positions as of February 8, 2010.

Audit Committee

With the Resolution No. 2009/45, dated June 29, 2009, the Board of Directors of the Company agreed to appoint Independent Board Members Hakkı Hasan Yılmaz and Soner Gedik as members of the Audit Committee and to authorize the said Committee to perform the duties set forth in the provisions of Capital Markets Board’s Communiqué Series X, No. 22.

Executive Board

24



Vuslat Doğan Sabancı
Chairperson of the
Executive Committee



Kadri Enis Berberoğlu
Executive Committee
Member Editor-in-chief



Ayşe Sözeri Cemal
Executive Committee Member
Head of Advertising Group



Ahmet Toksoy
Executive Committee Member
Head of Finance Group

The details on duties and essential work practices of the Audit Committee can be found on the corporate website of the Company (www.hurriyetkurumsal.com).

Chairman of the Audit Committee, Hakkı Hasan Yılmaz and Committee Member, Soner Gedik, are both non-executive Board members.

The Audit Committee carries out its activities regularly in compliance with Capital Markets Legislation and pursuant to CMB's Corporate Governance Principles. In 2009, the Company's financial statements and their notes as well as the independent audit report of the interim period were reviewed prior to their public disclosure, meetings were held with the Independent Audit Firm and the independent audit contract was revised.

On April 5, 2010, the Audit Committee submitted its Resolution to the Board of Directors, stating that the consolidated financial statements, notes and independent audit reports for the period between January 1 and December 31, 2009 fairly and accurately reflected the operational results of the Company in accordance with the Company's accounting principles and the IFRS and CMB standards.

Announcement as per CMB Communiqué Series XI, No. 29

The annual consolidated financial statements and reports of Hürriyet Gazetecilik ve Matbaacılık A.Ş. for the period January 1, 2009 - December 31, 2009, prepared pursuant to the International Financial Reporting Standards and according to Communiqué Series XI, No. 29 of the Capital Markets Board and audited by independent auditors, were examined by Board Member Soner Gedik, Board member and Head of Finance Group Ahmet Toksoy and Financial Affairs Manager Halil Özkan.

The above-mentioned persons announced that, to the best of their knowledge, the information contained in the report was, as of the relevant date, in full compliance with the facts and did not omit anything likely to result in any misleading information.

Furthermore, to the best of their knowledge, the auditors observed that the financial statements and other information contained in the report accurately reflected the financial position of the Company, as well as the operational results, for the period covered by the report. The above-mentioned persons signed the report on April 7, 2010. A copy of this statement is attached hereto.



Ayçin Bayraktaroğlu
Executive Committee Member
Head of Marketing Group



Ahmet N. Dalman
Executive Committee Member
Head of Information
Technology Group



Ahmet Özer
Executive Committee Member
Head of Internet Group

In its Resolution of April 7, 2010, the Board of Directors approved the Company's financial statements and notes to the financial statements as of December 31, 2009.

Corporate Governance Committee

Through the Resolution No. 2009/45 of June 29, 2009, the Board of Directors agreed to establish the Corporate Governance Committee comprised of the Chairman and members as shown below.

| Name | Title | Explanation |
|-----------------|----------|---|
| Cem Kozlu | Chairman | Independent Board Member/ Non-executive |
| H. Hasan Yılmaz | Member | Independent Board Member/ Non-executive |
| Murat Doğu | Member | Non-executive |

Member of the Corporate Governance Committee, Murat Doğu, also serves as the Corporate Governance Committee member of Doğan Yayın Holding A.Ş.

The details on duties and essential work practices of the Corporate Governance Committee can be seen at the corporate website of the Company (www.hurriyetkurumsal.com).

Board of Auditors

According to the Turkish Commercial Code, it is the duty of the Audit Committee to audit and inspect the transactions, accounts, books, treasury and dividend distribution proposals of the Company to ensure their compliance with all applicable laws and the Articles of Association.

The Audit Committee audits the books and documents of the Company quarterly and submits its Auditors' Report. It is also responsible for deciding if the balance sheet and profit-and-loss statement require approval and if the Board of Directors should be released from liability and for presenting these decisions to the General Meeting of Shareholders for approval. At the Ordinary General Meeting of Shareholders held on June 29, 2009 in accordance with the Turkish Commercial Code, Mehmet Yörük and Fuat Arslan were elected auditors. They are not shareholders of the Company and do not serve on the Executive Board.



Principle 5

The child who is physically, mentally or socially handicapped shall be given the special treatment, education and care required by his/her particular condition.



Principle 6

The child, for the full and harmonious development of his/her personality, needs love and understanding. He/She shall, wherever possible, grow up in the care and under the responsibility of his/her parents and, in any case, in an atmosphere of affection and of moral and material security; a child of tender years shall not, save in exceptional circumstances, be separated from his/her mother. Society and the public authorities shall have the duty to extend particular care to children without a family and to those without adequate means of support. Payment of State and other assistance towards the maintenance of children of large families is desirable.

Mission, Vision, Strategy

28

Playing an active role in Turkey's modernization, Hürriyet stands out with its high-quality publishing and its focus on social responsibility.

Mission: Hürriyet's mission is to provide accurate news and information, as well as honest analyses and assessments to all Turkish-speaking people around the globe. To accomplish this objective, the main task of the directors of Hürriyet and its affiliates is to maintain the independence of both the Company and the newspaper and to manage the Company in a way that will provide maximum value to shareholders.

Vision: Playing an active role in Turkey's modernization, Hürriyet stands out with its high-quality publishing, employee focus and social responsibility. Hürriyet has always been and will continue to be guided by its commitment to serving the public good and maintaining its role as a pioneer.

Strategic Objectives: Hürriyet's strategy involves providing customer-focused service, developing reader-oriented specialty products, producing content for traditional brands, keeping abreast of advances in technology and innovatively diversifying and expanding content distribution channels, tailoring information and educational products and tools to individuals, diversifying and expanding its sales and distribution channels and cooperating with the world's leading media enterprises.

The Board of Directors and management continuously review Hürriyet's position in line with its strategic objectives. At regular and frequent board meetings, the Company reviews its position in the market and devises new targets and strategies responding to changing conditions.



Values

Conscious of the role a free press plays in strengthening democracy, Hürriyet supports the expression of political preferences in free elections subject to democratic principles.

Hürriyet;

Is Democratic: Conscious of the role a free press plays in strengthening democracy, Hürriyet supports the expression of political preferences in free elections subject to democratic principles and the manifestation of these preferences in government.

Is an Advocate of Freedom: Hürriyet opposes racism and all forms of discrimination. It supports the free expression and publication of all views that do not involve a call to violence and opposes any restriction of these basic freedoms; it is against the obstruction of these freedoms.

Is Secular: Hürriyet is opposed to basing social, economic, political or legal systems on religious principles.

Respects Differences: Hürriyet does not discriminate against any group based on language, faith, nationality, race or gender. It respects people who speak different languages or identify themselves differently, as long as these freedoms do not promote discriminatory political views.

Complies with Media Ethics: Hürriyet is committed to the universal principles of journalism as defined in the Editorial Principles released by the Doğan Editorial Council and the Hürriyet Journalism Handbook.

Is Committed to Carrying Out Its Social Responsibility: Hürriyet offers itself as a solution provider to help overcome social problems. It supports all efforts to improve quality, particularly in the field of newspaper journalism.



Hürriyet's Editorial Principles

30

All Hürriyet employees are obliged to abide by the Editorial Principles aiming to protect journalism ethics and the public good.

1. The primary function of journalism is to convey to the public the most complete information available in the shortest possible time without any distortion of the truth, exaggeration or any kind of external pressure.
2. A journalist shall not allow his/her profession to be influenced by any other interests or forces. As such, a journalist cannot play an active role in any political party. Employees who work at divisions of Doğan Yayın Holding (DYH) that prepare economic or financial reports shall not own stocks and shall not directly or indirectly deal in stock markets.
3. A journalist must avoid methods and attitudes that might cast doubt on the respectability of his or her title. DYH employees cannot accept travel invitations from and cannot travel with third parties without the consent of their division heads.
4. Employees shall not accept gifts or benefits that are not compatible with the ethics and traditions of the profession from persons or organizations that are actual or potential subjects of publications.
5. Publications shall not disparage or condemn anyone on the basis of race, gender, social status, religious belief or physical handicap.
6. Publications that limit freedom of expression or freedom of conscience, or threaten the general tenets of morality, religious sentiments and family values are unacceptable.
7. Epithets and expressions that mock, disparage or falsely accuse persons or organizations beyond the limits of legitimate criticism are unacceptable. Writers shall personally pay 20% of any damages arising from verbal attacks or false accusations in their columns. (No such damages have been paid by columnists in line with this principle).
8. No one shall be depicted as guilty unless convicted by the judicial system.
9. News whose content can reasonably be investigated shall only be published after conducting and announcing the results of such investigation and/or verifying the accuracy of the story. Any journalist at a Doğan Yayın Holding company who provides misleading information or publishes an inaccurate story shall be subject to sanctions ranging from a warning to dismissal.
10. No one shall be accused of criminal actions unless credible and reasonable grounds are presented.
11. The private lives of individuals shall not be covered in news reports, except for cases where the lifestyle of the individual in question constitutes an express or implied consent and except where the publication would serve the public good.

12. Unless they serve the public good, methods of investigation that violate civil liberties, such as the use of hidden cameras and secret audio recordings, as well as unauthorized entry into private property, are unacceptable.
 13. The identities of relatives or acquaintances of persons convicted or charged with a crime shall not be made public unless they are themselves involved or their exposure is necessary for accurate reporting.
 14. Unless this would serve the public good materially, information obtained subject to a confidentiality condition shall not be disclosed.
 15. All news sources shall be kept strictly confidential, except where the source intends to deceive the public.
 16. News stories must at all times be investigated, prepared and published in a balanced, accurate and objective manner:
 - a) The views of the accused party must be included in the story. It must also be specified when the relevant party has not responded or could not be reached.
 - b) Quotations cannot be summarized and/or changed in a way that would result in the source being portrayed as incomprehensible or preposterous. The source and date must be clearly specified in published quotations.
 - c) All public surveys must specify the name of the surveying agency, the party ordering the survey, funding sources, survey dates, the number of people surveyed and the survey method.
 17. Reports that encourage or incite violence and the use of force, that influence children negatively or incite hatred and enmity between persons, communities and nations shall be avoided.
 18. Announcements and advertorials must be explicitly identified as such.
 19. Embargo dates and times shall be observed.
 20. The right to respond to and refute inaccurate publications shall be respected and necessary steps shall be taken accordingly.
- Doğan Yayın Holding companies have in place regular intervention mechanisms to correct mistakes.



Principle 7

The child is entitled to receive education, which shall be free and compulsory, at least in the elementary stages. He/She shall be given an education which will promote general culture and enable him/her, on a basis of equal opportunity, to develop his/her abilities, individual judgment and a sense of moral and social responsibility and to become a useful member of society.

The best interests of the child shall be the guiding principle of those responsible for the child's education and guidance; that responsibility lies in the first place with the parents.

The child shall have full opportunity for play and recreation, which should be directed to the same purposes as education; society and the public authorities shall endeavor to promote enjoyment of this right.



Principle 8

The child shall in all circumstances be among the first to receive protection and relief.

Review of 2009 Operations

34

The Turkish advertising sector contracted 14% over the previous year, in parallel with the contraction in the economy.

ADVERTISING SECTOR AND ADVERTISING REVENUES IN TURKEY

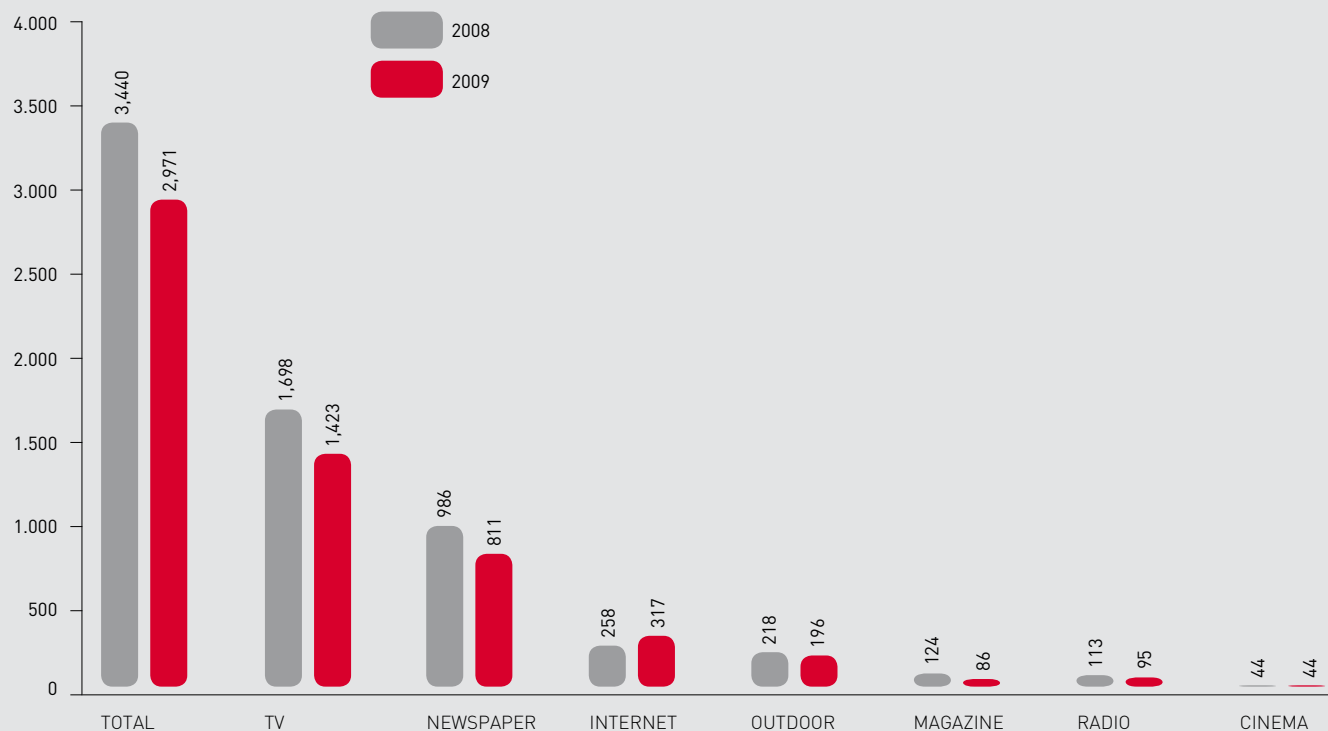
In 2009, the Turkish advertising sector had its share of the contraction in the overall economy. The Turkish ad market is estimated to have contracted by 14% and to have amounted to TL 2,971 million in 2009, down from TL 3,440 million in 2008.

In 2009, the most preferred advertising segments were, as in previous years, newspapers and televisions. Advertisers channeled 75% of their expenditures to these two segments.

The television advertising revenue, which stood at TL 1.7 billion in 2008, is estimated to have declined by 16% in 2009 to TL 1.4 billion. Newspaper advertising revenue is estimated to have dropped 18% over the 2008 figure of TL 986 million to TL 811 million in 2009.

The fastest growing segment in the advertising sector was the Internet. The 2009 Internet advertising revenue is estimated at TL 317 million; this figure corresponds to a 23% growth over the previous year, as well as a rise in its share in total advertising revenue from 7.5% to 10.7%. Internet figures comprise the estimated figures of banner, classified ads, mobile advertising and search engine ads, but do not include tourism and shopping websites.

2008 - 2009 TOTAL ADVERTISING REVENUE (TL MILLIONS)



ADVERTISING REVENUE BY INDUSTRY (TL MILLIONS)

In 2009, the industries with the highest advertising expenditure were food, telecommunications and finance. The smallest decline in advertising was in the construction industry, which thereby increased its share among the top ten industries.

| INDUSTRIES | 2008 | 2009 | Change (%) |
|--------------------------------|--------------|--------------|-------------|
| Food | 345 | 280 | (19) |
| Finance | 305 | 248 | (19) |
| Telecommunications | 307 | 263 | (14) |
| Automotive, Transport Vehicles | 212 | 155 | (27) |
| Publishing | 191 | 170 | (11) |
| Cosmetics and Personal Care | 190 | 148 | (22) |
| Retail | 157 | 141 | (10) |
| Beverages | 154 | 110 | (29) |
| Construction and Decoration | 140 | 138 | (1) |
| Home Care and Cleaning | 125 | 98 | (22) |
| Other | 1.056 | 903 | (14) |
| TOTAL | 3.182 | 2.654 | (17) |

Source: DYH Reklam Araştırma (Doğan Media Group Ad Research) - Internet ads excluded.



Review of 2009 Operations

36

HÜRRİYET'S TOTAL ADVERTISING REVENUE

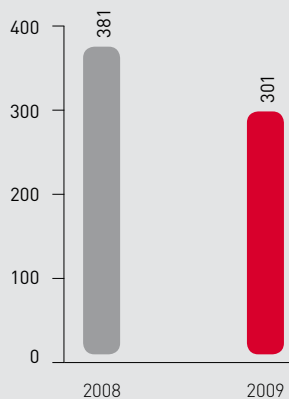
The Hürriyet Group's (Hürriyet, Referans, Hürriyet Daily News, Internet) total advertising revenue for 2009 declined by 20% over the previous year to TL 313.3 million (TL 391.4 million in 2008).

ADVERTISING REVENUE OF HÜRRİYET NEWSPAPER

During the last year, Hürriyet Newspaper took its toll of the economic recession and its advertising income declined 20.9% over the previous year, closing 2009 with an advertising revenue figure of TL 301.3 million. Hürriyet Newspaper maintained its leadership position among newspapers in terms of 2009 revenue figures.

In 2009, Hürriyet maintained its leadership position in numerous fields such as classified ads, human resources, education, construction, automotive, retail, textile, tourism, entertainment, finance, culture and arts, social ads, inserts, etc. and continued to be the favorite newspaper for advertisers. Hürriyet's competitive edge in various areas and regions was also reinforced with its subsidiary publications and regional supplements.

Hürriyet Newspaper Advertising Revenue (TL millions)

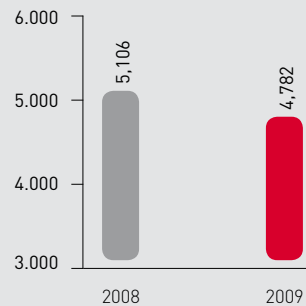


TME Total Advertising Revenue

TME's 2009 advertising revenue declined by 42% over the previous year to TL 185.8 million (TL 321.4 million in 2008).

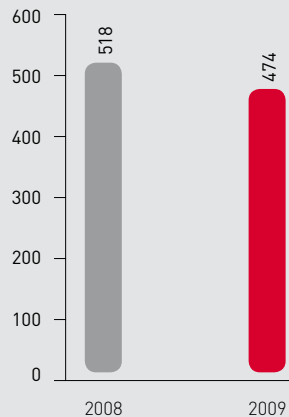
SALES OF PUBLICATIONS

Average Daily Nationwide Sales of Newspapers (thousands)



According to Press Advertising Agency data, daily average net newspaper sales dropped 6.4% from 5,106,000 in 2008 to 4,782,000 in 2009.

Hürriyet Newspaper Daily Average Net Sales (thousands)



In 2008, Hürriyet's daily average net sales was 518,000, corresponding to a market share of 10.1%. In 2009, net sales contracted by 8.5% to 474,000. The market share stood at 9.9%.

In 2009, Hürriyet Newspaper increased its cover price in Istanbul, Ankara and Izmir from 40 Kr. to 50 Kr. and in other regions first from 35 Kr. to 40 Kr. and then to 50 Kr. in April 2009. Meanwhile, the weekend price rose from 60 Kr. to 75 Kr.

While Hürriyet reached its readers through 24,850 sales points in 2008, this number rose to 25,550 as of the end of 2009.

Turkey's three largest cities, the urban centers of Istanbul, Ankara and Izmir, accounted for 63.2% of Hürriyet's total sales volume.

Compared to the weekday editions, Hürriyet sold 85,000 additional copies on Saturdays and 188,000 additional copies on Sundays in 2009.

The total circulation revenue of Hürriyet increased by 18% over the previous year to TL 89.9 million in 2009 (TL 76.4 million in 2008).

TME circulation revenue

TME's circulation revenue declined by 17% in 2009 over the previous year, down to TL 27.8 million (TL 33.4 million in 2008).



Review of 2009 Operations

38

HÜRRİYET'S OBJECTIVES FOR 2010

It is expected that the Turkish advertising market will again grow in 2010. Hürriyet set its 2010 objectives accordingly and devised strategies and tactics that will prevent it from staying behind the market growth.

Hürriyet, which had not increased its advertising prices since January 2008, finally raised weekend prices, as well as prices for regional editions and certain supplements as of January 15, 2010.

Hürriyet Advertising Group's priority target is to provide customers with solutions tailored to their needs. Therefore, in 2009 the Group developed sector-based projects meant to help customers overcome the economic recession. This sector-based approach will continue in 2010 with sector and customer focused solutions and projects.

In 2009, Hürriyet focused on regional fieldwork and gained more than 2000 new small and medium scale advertisers throughout the year. Hürriyet Advertising Group increased customer visits by 8% in 2009, with more than 15,000 appointments with customers throughout the year. The close contact and communication with advertisers will continue in 2010.

According to surveys carried out by independent research companies, Hürriyet is the newspaper with the highest reach among people over 25 years of age, belonging to the AB socioeconomic segment and having a high propensity to consume. Its readership profile differentiates Hürriyet from other newspapers, since it yields significant outcomes for advertisers' image and sales campaigns and maintains its leadership in ad efficiency.

HÜRRİYET'S SUPPLEMENTS

Reaching 2,400,000 people each day, Hürriyet is not satisfied with catering only to its readers' need for accurate news and trustworthy comments. Led by the conviction that contemporary publishing should embrace all aspects of life, Hürriyet publishes supplements to create added value in its readers' lives. These supplements are a major factor that sets Hürriyet apart from its competitors in the Turkish media. Another significant aspect of these supplements is the creation of a new opening for ad clients. Reinforcing the leading position of Hürriyet in the field of Human Resources, the İK (HR) supplement has resonated well with companies as well as professionals seeking to create a new breakthrough in their lives. For that reason it has become a major advertising channel.



Kelebek

Reaching Hürriyet readers for 33 years, despite some interruptions, Kelebek (Butterfly), one of the largest brands under Hürriyet, joined readers once again as a Hürriyet supplement on March 15, 2004. With its extensive content and distinctive columnists, Kelebek seeks to present a snapshot of all aspects of life and aims to embrace the whole readership of Hürriyet. The latest trends in fashion, issues of interest for women, social trends and health are among the leading topics of Kelebek.

Hürriyet İK

Ever since its first issue in October 1995, Hürriyet İK (HR) is the most effective medium to bring employers and job seekers together. A small ad in Hürriyet İK can lead to the development of a robust career.

For 15 years, Hürriyet İK has undertaken a very significant role for the establishment of professional human resource management, contributing to the development of a qualified workforce by propagating the concept of Human Resources.

Hürriyet Cumartesi

Hürriyet has been publishing a Saturday supplement since 1994. Initially called Hürriyet Tatil (Holiday), the supplement's name was soon changed to Hürriyet Cumartesi. With a predominantly lifestyle-oriented content, Hürriyet Cumartesi presents news stories, interviews and comments on fashion, music, books, pets, relationships between mother and child, women, sex, features on people and venues. Doğan Hızlan, Ayşe Arman, Kanat Atkaya and Figen Batur figure among the columnists of Hürriyet Cumartesi, while the style pages by Sibel Arna have been a trailblazer in the field and are followed by other newspapers' Saturday supplements. Launched by Hürriyet seven years ago, the "Top 10" page, which grew into a distinct trademark, is now published in Hürriyet Cumartesi.



Hürriyet Pazar

Published since 1994, Hürriyet Pazar is an unrivalled pioneer in its field. All Sunday supplements currently published follow the route of Hürriyet Pazar. Designed entirely as a current affairs publication, Hürriyet Pazar is designed with the joint aim of reflecting on the week's news while creating its own agenda. Presenting a rich and limitless content of Turkish and international news, interviews, people features, special files and debates, Hürriyet Pazar is also remarkable for its photographs, notable for their relevance to the topics they accompany and the detailed production that they sometimes require. Ayşe Arman with her interviews, Uğur Cebeci with his pieces on aviation, Prof. Osman Müftüoğlu with his health page, Prof. Arman Kırım with the food and cuisine section, Yorgo Kırbaki and Tolga Tanış with their dispatches and opinion pieces from Athens and New York respectively, have become trademarks of Hürriyet Pazar. Latif Demirci's cartoon character Press Bey (Mr. Press) constitutes the humorous side of Hürriyet Pazar.

Review of 2009 Operations

40

Hürriyet Seyahat

Hürriyet's travel supplement was launched on June 26, 2003. Published on Thursdays until March 1, 2004, Seyahat has since been offered to readers on Mondays.

Featuring domestic and overseas travel and holiday alternatives with articles and photographs, Hürriyet Seyahat also offers the reader relevant tips and information about their destinations. The supplement provides Hürriyet readers guidance on travelling culture with a wide range of issues from local cuisine to travelling with children, or from the latest in the tourism sector to budget holiday options. Seyahat features a selected destination in Turkey or abroad on its cover for each issue. Acclaimed travel writer, Mehmet Yaşın's dispatches have appeared in this supplement since 2008.

Hürriyet Otoyaşam

Since October 8, 2003, Hürriyet Otoyaşam has been a weekly free supplement published with Hürriyet. Hürriyet Otoyaşam offers extensive content from innovations in the automotive industry to motor sports and from financial services to technology updates.

Hürriyet Keyif Cumartesi/Hürriyet Keyif Pazar

Predominantly featuring pieces on cinema, culture and the arts, the Saturday and Sunday editions of Keyif (Leisure) are published in tabloid format in Istanbul. Both supplements contain reviews on newly released books and albums, as well as news about exhibitions, theater plays, concerts and new films. Exclusive interviews with acclaimed figures dominating the arts and culture scene during that week also appear in these supplements.

Trendy

Published as the supplement for youth in Hürriyet since December 23, 2002, Trendy offers a gateway to a range of issues from interviews with celebrities, fashion and beauty tips, the latest in culture and the arts, to real-life stories from readers. Trendy is published every Monday and is available the entire week.

Emlak Yaşam Seri İlanlar

With its finger firmly on the pulse of Istanbul's real estate market since March 24, 2005, Emlak Yaşam is published every Thursday. Re-branded as Emlak Yaşam Seri İlanlar in June 2008, this publication also carries classified ads for real estate. It aims to be a reference point for anyone looking to purchase, sell or rent a place to live in Istanbul.



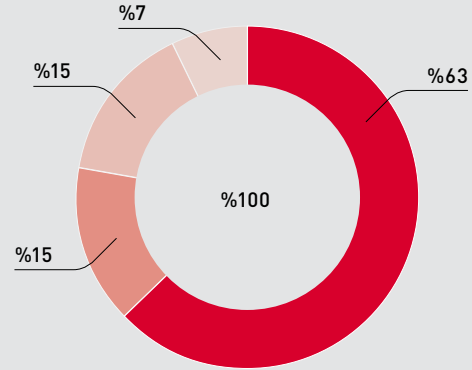
INVESTMENTS

In 2009, investment expenditures amounted to US\$ 26 million.

- A Goss Ht-70 printing machine was replaced with a newly purchased Goss Uniliner printing machine at the Doğan Printing Center (DPC). Goss Uniliner is able to print 40 pages in color. A new newspaper conveyor system, NGR (Müller Martini) was established to serve this machine.

Two new towers were added to the second Goss Ht-70 printing machine, its software system was completely changed, some units were revised and its color printing capacity was raised from 24 colored pages to 40. With this revision and the addition of the towers, in 2009, Istanbul DPC's total printing capacity for colored pages increased by 25% over 2008, rising from a total of 160 to 200 pages in color.

INVESTMENT SPENDING 1997-2009 (%)



Machinery: US\$ 273 million

Land: US\$ 67 million

Building: US\$ 63 million

Other: US\$ 28 million

Total: US\$ 431 million

Other(*): Furniture, fixtures, computers, software and vehicles.



Review of 2009 Operations

42

The third Ht-70 printing machine will also be enhanced with two additional towers in 2010, thereby bringing its colored printing capacity up from 24 to 40 pages. Consequently, the total colored printing capacity will rise 8% over 2009.

- In 2009, **at Ankara DPC**, a new Agfa CTP plate output channel was added to the present line, boosting plate output by 50%. In 2010, an industrial waste water treatment facility will be commissioned.
- **At Izmir DPC**, a new Agfa CTP plate output channel was added to the present line, enhancing plate output by 50%.
- **At Adana DPC**, a new Ingersoll Rand compressor was purchased and installed. The construction of a chemical treatment facility was started. The construction of the chemical treatment facility will be completed in 2010.
- **At Antalya DPC**, a third Agfa CTP plate output channel began to be constructed in 2009 and was commissioned in January 2010, enhancing plate output by 50%. In April 2010, a waste water treatment facility will be commissioned.
- **At Trabzon DPC**, in 2009, two new Agfa CTP plate output channels were installed, thus enabling all plates to come out from CTP. In 2010, the cylinders of the printing machine units will be revised and double plates will be replaced with single plates.

PRINTING OPERATIONS AND PRINTING CENTERS (DPC)

Hürriyet is printed at Doğan Printing Center (DPC) facilities in Istanbul, Ankara, Izmir, Adana, Antalya, Trabzon and Frankfurt.

Doğan Printing Centers (DPC) refers to the newspaper production facilities printing all newspapers under Doğan Medya Group. Operating under Hürriyet, Doğan Printing Centers are located in six cities in Turkey, with one other facility in Germany.

Hürriyet is printed at DPC facilities in Istanbul, Ankara, Izmir, Adana, Antalya, Trabzon and Frankfurt. In addition to Hürriyet and its supplements, these printing facilities also provide services to other companies regardless of whether they are part of the group.

Furthermore, Doğan Printing Centers also print weekly and monthly periodicals and other newspapers and supplements of non-group companies on a contractual basis. As the unparalleled leader in the field in Turkey, Doğan Printing Center facilities also rank among the top organizations in the worldwide newspaper industry in terms of technology, production techniques, equipment pools and production volumes.



DPC İstanbul

With a covered space of 18,000 square meters and a storage area of 15,000 square meters, İstanbul DPC is the largest newspaper printing center in Turkey. In terms of the equipment pool and capacity, DPC İstanbul also ranks among the three largest printing centers in Europe. The installed transformer capacity is 10,000 KVA and the existing generator capacity is 11,000 KVA. Daily paper consumption at the facility is between 280 and 380 tons; monthly ink consumption ranges between 160 and 180 tons. DPC İstanbul accounts for 49% of the total printing output.

DPC Ankara

With the second largest area after DPC İstanbul, the DPC Ankara Facility extends over an area of approximately 58,000 square meters - including 16,000 square meters of covered space - located by the Esenboğa Airport Road. The facility is of steel construction; the installed transformer capacity is 4,500 KVA and existing generator capacity is 4,500 KVA. DPC Ankara Facility accounts for 17% of the total printing output.

DPC İzmir

DPC İzmir Facility moved into its new premises in January 2007. The new facility is 20 kilometers from İzmir city center and two kilometers from İzmir Adnan Menderes Airport. The facilities extend over an area of approximately 35,000 square meters, with a covered area of approximately 16,000 square meters and 12,000 square meters of green space. The total installed power capacity of the facility is five MVA. There are two 2,500 KVA transformers and two power generators of 2,000 KVA and 2,500 KVA. DPC İzmir Facility accounts for 15% of the total printing output.

DPC Adana

As a result of the upgrade and renovation at Hürriyet's Adana Facility, DPC Adana started print production in a total covered area of 5,800 square meters, established on a plot of approximately 11,000 square meters. The installed transformer capacity of the facility is 2,000 KVA and existing generator capacity is 1,600 KVA. DPC Adana Facility accounts for 9% of the total printing output.

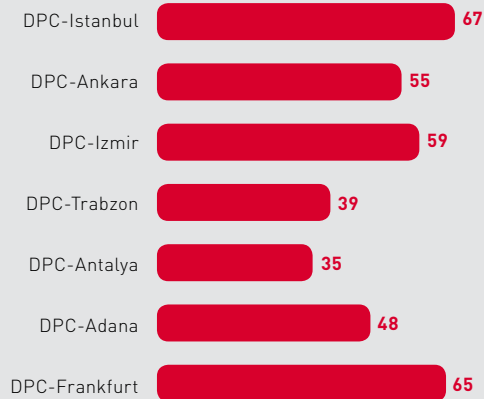
DPC Antalya

DPC Antalya Facility consists of a total covered area of 4,900 square meters on a plot of approximately 11,000 square meters. The transformer capacity of the facility is 2,000 KVA, with existing generator capacity of 1,600 KVA. DPC Antalya Facility accounts for 6% of the total printing output.

DPC Trabzon

The first facility to be founded during the organization of Doğan Printing Centers, the DPC Trabzon Facility is situated on a plot of approximately 24,000 square meters, with 3,500 square meters of covered area. The installed transformer capacity of the facility is 1,000 KVA and existing generator capacity is 1,054 KVA. DPC Trabzon Facility accounts for 4% of the total printing output.

CAPACITY UTILIZATION RATE * [%]



* These calculations assume printing presses would operate an average 16 hours per day.

Printing Operations

| Total Pages in 2009 | Total Pages in 2008 | Change (%) |
|---------------------|---------------------|------------|
| 36,372,643,312 | 44,462,867,280 | (18.20) |

Review of 2009 Operations

44

HÜRRİYET IN EUROPE AND AROUND THE WORLD

As the only Turkish newspaper with global access, Hürriyet is a pioneer in Europe not only with regard to journalism, but also social campaigning.



Operating in Europe from its editorial office and printing center in Mörfelden Walldorf, near Frankfurt, Germany, Hürriyet is the only Turkish newspaper with global access.

Hürriyet reached its first readers in Europe in 1960's with the start of Turkish labor migration to Europe. At present, Hürriyet is the Turkish newspaper to have served Turkish citizens living in Europe and people of Turkish origin for the longest amount of time. Printed in its modern printing center located in Mörfelden Walldorf, near Frankfurt, Hürriyet has been leading the pack in the Turkish newspaper market in Europe for many years. In addition, Hürriyet is the only Turkish publication to be a member of IVW, an official circulation measurement company that monitors newspaper circulation and sales. Hürriyet's European circulation is audited by this agency. Hürriyet is also the best known Turkish newspaper brand in Europe.

Distributed to almost 20,000 sales points in Germany and 30,000 sales points across Europe through the Axel-Springer distribution network, Hürriyet is also printed in New York and marketed in prominent US states. It is dispatched to remote regions via subscription.

Hürriyet carries out operations beyond Turkey's borders under the umbrella of Doğan Media International GmbH, founded in 1999 as Doğan Yayın Holding's (DYH) gateway to Europe. Doğan Media International manages most DYH publications and broadcasts targeting Turks living in Europe. It plays an important role in enhancing DYH's relations and dialogue with the leading media companies in their respective countries, thereby extending DYH's market leader position in Turkey towards Europe.

Supremacy in journalism

For almost half a century, Hürriyet has been the indispensable news source of the Turkish community in Europe. It has its finger on the pulse of current events with numerous news bureaus, representatives and correspondents across Europe. Whenever an event occurs in Europe concerning people of Turkish origin, Hürriyet is there to offer the news and photos to its readership in great detail the following day. In addition to successful journalism, Hürriyet offers people of Turkish origin living abroad, particularly in Germany, information on updates in daily life, legislation and retirement practices in the relevant countries and provides them consultancy services via experts. Moreover, it ardently supports Turkish immigrants' integration with the host country and their participation in social, cultural and political life with various campaigns and events.

Leader in advertising

Hürriyet is a leading pioneer in Europe in terms of both publishing and advertising. Hürriyet established a network of advertisers via advertising agencies and representative offices located in major cities in Germany and Europe and it plays a crucial role in facilitating the promotion of Turkish companies, as well as their access to Europe. Aside from Turkish companies, Hürriyet is also the most important channel of access for German companies to consumers of Turkish origin. A special advertising service serves numerous well-known foreign brands. The advertising revenue of Hürriyet Avrupa newspaper was € 5.3 million for the year 2009.

Bilingual publication in German and Turkish

Hürriyet launched a German supplement, Hürriyet Europa, in 2001, thereby becoming the first Turkish newspaper with a regular German language publication in Germany. This supplement was renamed "Young Hürriyet" in 2007. Distributed together with Hürriyet on Thursdays, Young Hürriyet has become an indispensable source for youth of Turkish origin, especially in Germany.

Distributed as a complimentary copy with Hürriyet for many years, the cuisine supplement, Ziyafet, has been published bilingually in Turkish and German since the beginning of 2009 under the name Türk Mutfağı - Türkische Küche; in 2010, it was renamed Lezzet Dünyası - Kulinarische Genüsse by diversifying its concept with practical cooking insights and various recipes prepared by chefs from famous European restaurants. The bilingual quality of the cuisine supplement is a contribution to intergenerational communication, as well as to harmonizing with German relatives, friends and neighbors.

From time to time Hürriyet also prepares special supplements for tourism, book fairs or other important events.

Another bilingual publication in German and Turkish is the www.anneyizbiz.de website. Published under the Hürriyet umbrella in Turkey, the website opened its window on Europe in May 2008. Serving Turkish mothers and prospective mothers in Europe, especially in Germany, the website arouses ample interest. This bilingual publication by Hürriyet is a breakthrough in Germany and points at Hürriyet's diligent approach towards integration.

Internet journalism

Serving people of Turkish origin in Europe since the 1960's, Hürriyet is the first brand to adapt itself to new technology and launch regular Internet journalism in Europe. Inaugurated in 2004, www.hurriyet.de appeals to European Turks of all age categories. At www.hurriyet.de, readers can obtain news and events of the Turkish community living in Europe and write down their comments and share them with society at large. It is possible to subscribe to Hürriyet and e-newspaper versions via the website. In addition, classified ads published in Hürriyet can be monitored online. Companies in Europe can access consumers of Turkish origin via classified ads in Hürriyet and on www.hurriyet.de.

Review of 2009 Operations

46

Subscription and e-newspaper

Readers can buy Hürriyet at newsstands and sales points or via subscription. They can also have the newspaper delivered to their homes by mail. European publications also reach the readership via e-newspaper subscription. This allows readers residing in places where the newspaper is not distributed to read the European publications in an e-newspaper format.

No! to Domestic Violence Campaign

Hürriyet extended the No! to Domestic Violence Campaign that it organized in Turkey to Europe. Launched in Europe on May 22, 2005, the campaign reached thousands of people via events organized with the cooperation of Turkish-German healthcare donations. This led to the establishment of the first Turkish language emergency hotline in Germany, which aims to help and provide counseling to victims of violence. The campaign was organized under the auspices of Maria Böhmer, Minister of State in the Federal Chancellery and Federal Government Commissioner for Migration, Refugees and Integration.

Hürriyet Yanınızda and HürDanış

In addition, Hürriyet lends an ear to the problems of people of Turkish origin with assemblies titled, Hürriyet Yanınızda (Hürriyet is on Your Side) and with the column HürDanış; Hürriyet makes these issues public via its publications and contributes to their solution. In Europe, in centers with significant populations of Turkish origin, meetings are organized with the

participation of hundreds of people. HürDanış on the other hand, provides guidance and answers to various questions on issues such as retirement via Hürriyet's print and online versions. Columnists based in various European cities pen regular articles exclusively for Hürriyet Avrupa. Hürriyet's famous Güzin Abla (Agony Aunt) who seeks solutions to emotional matters reserves her column in the European editions exclusively for European readers.

Support for social campaigns

Via its publications, Hürriyet provides support not only to its own social campaigns, but also to social campaigns organized by various German or Turkish associations in Germany. Dual citizenship, Turkish courses, family reunions and integration are some of the issues taken up at these events. In addition, foundations such as the Türk-Alman Sağlık Vakfı (Turkish-German Healthcare Foundation), Tema and Lösev (Foundation for Children with Leukemia) are supported via film festivals, April 23 Children's Day and theatre festivals organized in various cities. The Company also supports Turkish, German or bilingual campaigns against violence, organized by ministries of federal and state governments, municipalities and various private associations; campaigns for the promotion of the German vocational education system to parents and youth, or for drawing the attention of Turkish youngsters to professions such as police; campaigns for prompting healthy nutrition, environmental protection or heat conservation; campaigns for informing parents and children against children's addiction to modern media such as TV, Internet, mobile phones or computer games.

Charta der Vielfalt/ Diversity as a Chance Charter and Campaign

Doğan Media International signed the Charta der Vielfalt charter under the auspices of Chancellor Angela D. Merkel in 2008. Based on the concept of Diversity as a Chance, the Charter aims to support women in the workplace, safeguard diversity in businesses, encourage people of foreign origin in working life, provide employment opportunities for



disabled people to enable cohesion and improve efficiency. Hürriyet also participates in the Integration Summit convened for the last four years by Chancellor Merkel. In this summit, seeking ways of living together, Hürriyet serves as the voice of people of Turkish origin.

The Company also provides ample support to the activities of Foundation for Integration (Uyum Vakfı) founded in Germany in 2009.

Hürriyet Printing Facility

DYH's European branch operates in the printing segment, as well as publishing. The printing facility that operates under the name, Hürriyet Zweigniederlassung Deutschland, produces 21 publications from four continents in seven languages.

Located in Mörfelden-Walldorf, near Frankfurt, the Doğan Printing Center is one of the largest Turkish investments in Europe. The facility has 5,282 square meters of covered space and all its printing, pre-press and insert machines are state-of-the-art.

In the pre-press section, two Agfa Polaris XTV machines that can produce 100 plates per hour and a Nela VCP 2002 that can place data sent in PDF format from anywhere in the world onto a plate ready for print, without the use of film.

The facility counts three GOSS Universal printing presses, able to print 45,000 newspapers per hour (a total of 135,000 newspapers per hour). The machines possess a state-of-the-art in-feed system, remote ink control function, motorized compensator system, automatic registry, automatic lateral calibration and spray bar system. The folding process is carried out by Müller Martini Newsgrip conveyance and insert machines. Six different products can be placed as inserts inside a printed newspaper.

Aside from providing standard customer services, the printing facilities can apply perfumed ink, print on half cover pages or transparent paper and also stick CDs, DVDs, business cards or flyers to cover pages, albeit at a slower pace.

Newspapers printed

Endowed with the latest technology, the printing facilities can print the Group's newspapers Hürriyet, Milliyet and Fanatik as well as international financial newspapers such as The Wall Street Journal and The Financial Times, the American daily Stars & Stripes, the German sports newspaper Sportwelt and Arabic newspapers Al-Ahram and Asharq Al-Awsat. Other periodicals include the Polish newspaper Info & Tips, Rhein Hunsrück from the Rheinland-Pfalz province, along with The German Times, The Asia Pacific Times and New Europe, seen as significant sources for opinion makers. Together with these publications, the total number of newspaper copies printed daily at this facility approach 300,000.

Published in 25 different facilities around the world and designated the "World's Best Economics Newspaper" in successive years, The Financial Times described Hürriyet's Printing Center facilities as the most successful printing house in 2007, 2008 and 2009.



Review of 2009 Operations

48

ONLINE SERVICES

Hürriyet Gazetecilik constantly expands its readership via websites with different content and mobile communications applications.



hurriyet.com.tr

One of Hürriyet's main business goals is to expand its leading position in print media to online news coverage. With this goal in mind, hurriyet.com.tr was launched on January 1, 1997, being one of the earliest instances of an online newspaper in Turkey. Moving beyond the function of appearing as the online version of Hürriyet newspaper, the website grew into a full-fledged news portal offering a continuous stream of the latest news 24-hours a day, as of October 2000.

According to data from Alexa, hurriyet.com.tr was the most visited Turkish-content portal in Turkey and the world's 350th most visited website in 2009. The number of registered users reached 1,370,000 in 2009.

hurriyet.com.tr continued to enhance its contents and sections in 2009 and added many novelties on the websites. The new features are as follows:

- Planet and Ekonet channels were launched to provide political and economic news from world media.
- Webtv was launched.
- The Benimsayfam ("My Page") Project was completed and launched.
- Kültür Sanat Rehberi ("Culture and Arts Guide") channel was launched.
- Yerel Seçim Aday Ekranı Projesi (Local Elections Candidate Screen Project) was completed and launched.
- The Hürriyet Tatil (Vacation) Project was launched in cooperation with gezisitesi.com.
- The sports channel was enriched with projects such as horse racing, "iddaa" betting, live game results and live narration.
- hurriyet.com.tr search engine was completely renewed and launched.
- Cep.hurriyet.com.tr mobile website attained 400,000 individual users as of the end of 2009.
- Google optimization operations continued. Incoming traffic from Google increased from 10.5 million in 2008 to 16 million in 2009. Sitewide PR levels reached 9.

hurriyetemlak.com

In 2009, the housing supply in the real estate sector grew on an average of 10%, whereas the number of new houses decreased 20% over 2008. The number of ads in the second hand housing market almost doubled and prices of houses on sale declined by an average of 5% and that of houses to rent by 11%. According to these indicators, the housing supply increased, whereas the demand contracted.

Hürriyet Emlak managed to attain significant improvement in operational indicators in 2009, a difficult period for all businesses.



Hurriyetemlak.com attained the following figures as of year end 2009:

- a total of 7,367 paid corporate members (13% increase),
- a total of 736,801 current classifieds (27% increase),
- a total of 304,126 individual members (49% increase).

In 2009, Hürriyet Emlak enhanced its leadership position in the market and boosted customer satisfaction and loyalty with value added services. During 2009, Hürriyet Emlak cooperated with Netron to launch the Gayrimenkul Danışmanlığı Sertifika Programı (Certified Real Estate Consultancy Program), approved by the Ministry of Education and allowing real estate agents to better adapt themselves to the requirements of the sector.

In addition, the Emlak Endeksi (Real Estate Index), prepared in collaboration with GFK in order to bring together the values of the real estate in the market, had a face lift and was launched at www.emlakendeksi.com.

Hürriyet Emlak launched a new search/filtering infrastructure in 2009 to allow users to conduct more rapid and efficient searches.

Additionally, 2009 became the year of initiation of mobile projects when it was possible to check ads via SMS. Mobile services will be further enhanced in 2010.

In 2009, Hürriyet Emlak solidified its quality as a vertical portal focused on the real estate sector by the Sana Ne /Bana Ne ("What do you care; what do I care?") campaign and during the campaign the number of individual users soared by 30%.

These efforts bore fruit among consumers, too. In Turkey's Digital Lovemarks survey carried out by IPSOS KMG, Hürriyet Emlak was chosen as the most preferred brand in the real estate website category. In 2010, Hürriyet Emlak shall continue to reinforce its leadership with new services and user friendly structure.

hurriyetoto.com

The automotive sector shrank 20% in the first quarter of 2009; however, from the second quarter onwards, thanks to a temporary reduction in the Private Consumption Tax (ÖTV), the sector picked up and closed the year with an overall increase of 13%. As sales of new automobiles picked up, second hand sales started to struggle; nevertheless, with the termination of the tax incentives, the second hand market, too, started to recover.

Review of 2009 Operations

50

Hürriyet Oto changed strategy in 2010 to focus more on individual sales. As a result of this strategy, the year 2009 was designated as a period of change and user friendly practices were geared up. The search and filtering infrastructure in the website was brought to the highest level possible, screens for posting or listing ads were enhanced with user friendly practices and a vehicle rating system was launched in order to allow consumers to share their experiences on a common platform.

www.hurriyetoto.com is being renewed in parallel with this change in strategy and the re-launch is planned for the beginning of 2010.

As was the case for the the real estate portal Hürriyet Emlak, Hürriyet Oto also chose searching ads via SMS as a strategic introduction to mobile services; such services will be diversified in 2010.

In 2009, Hürriyet Oto attained considerable increases within all indicators, except the category of corporate customers with packages. Especially the 98% increase in the number of ads and the 152% boost in the number of individual members are all remarkable achievements for the general strategy, financial returns, as well as the vision of becoming sector leader in two years.

Hürriyet Kıyasla

Launched in December 2009, with the purpose of raising consumer awareness by helping them to find the most suitable options rapidly, Hürriyet Kıyasla (www.hurriyetkiasla.com) currently brings together sector wide data regarding consumer loans, allows for user friendly calculations and comparisons and finally, prepares loan applications for the end user.

The website was inspired by websites abroad and its short term business plan includes the incorporation of more consumer financing products (time deposits, credit cards, etc) and other services (insurance, telecommunications, tickets, etc).

The number of online personal loan applications increased in 2009 and this trend is predicted to strengthen in 2010. Hürriyet Kıyasla aims to become first among all such comparative websites active in Turkey since 2006.

yenibiris.com

Yenibiris.com offers 54,000 firms - from large scale multinational companies to medium and small scale firms - online personnel selection and evaluation services. Yenibiris.com has more than 10,300,000 resumes registered.



Yenibiris.com's vision is to become the main address for job seeking in the business world. Its mission is to provide added value to the business world by applying its innovative ideas via up-to-date technology to shape the labor market.

Yenibiris.com constitutes an interactive platform among employees and job seekers and thereby facilitates the recruitment and job seeking processes. It functions as an intermediary for corporations trying to access the labor force that they need and to develop appropriate human resource selection and evaluation strategies.

In 2009 yenibiris.com attained;

- 54,283 corporate members,
- 10,350,000 resumes,
- 48,790 new ads,
- 1,057,034 average daily page views,
- 65,888 average unique daily users.

In 2009, the employment market was one of the sectors worst hit by the crisis. The total market for job and HR sites contracted by 26%; nevertheless, Yenibiriş closed the year as the website least influenced by this contraction. According to the results of the Selas Turkey Internet Use Habits Survey November 2009, Yenibiriş is the first website that comes to mind and the most used website.

Yenibiriş transformed the crisis into an opportunity for improving business processes and restructured its Product Development, Software Development, Marketing and Sales Departments.

anneyiz.biz

- The online TV Project, www.anneyizbiz.tv continued broadcasting with numerous new videos added.
- The magazines Anneyiz.biz and Hamileyiz.biz and the pages in Kelebek continued to be published.
- Four website writers published books: İkiz Aynası (Mirror of Twins), Öteki (The Other), Çocukla Birlikte Büyümek (Growing Up With Your Kid) and Ev Kokusu (Scent of Home).
- In the "Gourmand Cookbook Awards 2009" the title Ev Kokusu was designated "Book with the Best Story" in the "Family and Child" category from Turkey. Its second edition will appear in 2010.
- Anneyiz.biz continued to be sold in supermarkets; new suppliers allowed for product diversification.
- Numerous interactive projects were initiated to boost website traffic and the number of members. On Mother's Day, a Mother's Day Festivity was organized in Bebek Park, Istanbul. During this event, data was gathered and advertisers had the chance to carry out direct market research.
- The Anneyiz.biz Baby Care Rooms Project is ongoing.
- The website on test tube babies continued online and is up-dated by Anneyiz.biz editors.

Review of 2009 Operations

52

HUMAN RESOURCES

Hürriyet Gazetecilik aims to reward success, creativity and diversity and offers employees equal opportunities in personal and career development.

Hürriyet Human Resources Coordination Unit has adopted the approach of offering modern and transparent HR practices to all employees and constantly improving these practices.

Accordingly, the following are the targets of the Human Resources Coordination Unit:

- Ensuring that all employees engage in an open and loyal communication with the Company and work with contentment,
- contributing to the continuous development of employees and ensuring that the Company can train its own managers,
- monitoring and rewarding success, creativity and diversity,
- becoming the company of choice for highly qualified employees,

Recruitment

Hürriyet Human Resources Coordination Unit believes that working with select, talented youth will make a significant contribution to the Company and, therefore, tries to contact such youth on career days and during internship periods.

In 2009, numerous promotional activities were organized on university campuses, especially in Anatolian universities. The reason for the prioritization of universities in Anatolia was providing human resources to the Company's branches in different locations.



As is the case every year, in 2009 Hürriyet newspaper provided internship opportunities in various fields for university undergraduates, students of Aydın Doğan Vocational School for Communication and winners of the Aydın Doğan Young Communicators Award. Selected students who completed their internship successfully, distinguished themselves with their talent, creativity and achievements will be offered job opportunities in the Company at the end of their internship.

Within this framework, 184 university undergraduates and a total of 56 high school students - 24 from Aydın Doğan Vocational School and the remaining 32 from other high schools - were offered internship opportunities in 2009.

In 2009, executive, managerial and specialist recruitments were made as required for the various units of Hürriyet.

Training

Personal and professional development training sessions were devised in accordance with the needs of the employees through meetings with line managers. Employees receive external training and foreign language training in addition to the in-house training. In this regard, a total of 211 employees received training - with 128 of them receiving external and in-house training and 83 of them receiving foreign language training.

All newly recruited employees join an orientation program involving an orientation presentation and introductory tours for the executives.

Organization

All functions in the organization were reviewed and duties were updated accordingly.

The structure and content of all job descriptions were revised.

During the review of the organizational structure, job groups and the position of all duties under the structure were studied. Work is ongoing concerning job groups and career paths.

Performance Evaluation System

The principles and operation process for the 360 Degree performance evaluation system had been reviewed in 2008 and the new system was launched in 2009. Job descriptions were assessed at the level of individual employees as part of this effort. Therefore, job details, new competencies attributed to the particular position and performance indicators to measure the output of the job were revised across all positions.

Rewarding Performance

In 2009, Hürriyet revised its monthly award program, "The Best", meant to ensure the recognition of the work and pieces created by the publishing group. In this regard, the winners are selected by an evaluation committee and rewarded in categories comprising the best page, the best photograph and the best interview. The names of the award winners are announced to all employees of the Company.

LABOR RELATIONS

The number of consolidated Hürriyet employees went from 8,043 in 2008 to 8,199 in 2009.

A severance pay obligation of TL 14.2 million was calculated in relation to employees subject to Law No. 1475 and Law No. 5953 (212), taking gross salaries as a basis in accordance with CMB Communiqué Series XI, No. 25.





Principle 9

The child shall be protected against all forms of neglect, cruelty and exploitation and shall not be the subject of traffic, in any form.

The child shall not be admitted to employment before an appropriate minimum age; he/she shall in no case be caused or permitted to engage in any occupation or employment which would prejudice his/her health or education, or interfere with his/her physical, mental or moral development.



Principle 10

The child shall be protected from practices which may foster racial, religious and any other form of discrimination and shall be brought up in a spirit of understanding, tolerance, friendship among peoples, peace and universal brotherhood and in full consciousness that his/her energy and talents should be devoted to the service of his/her fellow citizens.

Review of 2009 Operations

56

SOCIAL RESPONSIBILITY AND ENVIRONMENTAL PRACTICES

Assuming a pioneering and leading role in Turkey through social responsibility projects, Hürriyet organized numerous noteworthy events in 2009.

Social Responsibility Projects

No! to Domestic Violence Campaign in its sixth year

The Corporate Communications Department of Hürriyet Newspaper carried the No! to Domestic Violence Campaign to its sixth year in 2009. The department has been organizing this campaign with the methods of a non-governmental organization, in compliance with the principles of corporate citizenship and with devotion to scientific and legal criteria.

One of the best examples of corporate social responsibility projects organized in Turkey up to now, the No! to Domestic Violence Campaign went far beyond those campaigns that serve to strengthen brand image and are limited to promotional activities.

For over five years, the Campaign used its media power to raise awareness of the domestic violence issue, put into practice sustainable projects and contributed to the exposure and discussion of this issue, as well as the establishment of the fact that domestic violence is not a "family affair" but a social crime - via publications, international conferences, training activities and other events. The Campaign continued to mobilize public agencies toward preventive and protective action in 2009.

The first large event of the No! to Domestic Violence Campaign in 2009 was the Güldünya Songs concert organized during the week of March 8th, International Women's Day. On November 25th, 2009, the End Violence Against Women day, Hürriyet released the





Güldünya Songs Album, bringing together 13 prominent Turkish female singers for the first time and on March 9, 2009, the songs in the album were performed in concert.

The 13 musicians who contributed to the album were Sezen Aksu, Ajda Pekkan, Nazan Öncel, Emel Müftüoğlu, Aynur, Zuhale Olcay, Aylin Aslım, Nilüfer, Şebnem Ferah, Şevval Sam, Rojin, Ayten Alpman and Funda Arar. Eight of these singers (Sezen Aksu, Ajda Pekkan, Funda Arar, Şebnem Ferah, Aylin Aslım, Şevval Sam, Aynur and Rojin), came together and sang in Istanbul at the Güldünya Concert to put an end to violence toward women. They reaffirmed their support to the campaign and gave a message on domestic violence.

The fact that Ajda Pekkan and ethnic Kurdish singer Aynur together sang a song in Kurdish and that all singers sang the Kadınlar Vardır ("Women Exist") together, made news in all newspapers and TV channels.

The proceeds of the concert were donated to the association Aralık Derneği to be transferred to the Domestic Violence Emergency Hotline.

The Campaign visits a prison

In 2009, the No! to Domestic Violence Campaign organized a gathering in the Bakırköy Women's Prison on March 8th, International Women's Day, in order to boost the morale and hope of both the prisoners and the guards. Ajda Pekkan and Aylin Aslım also joined this event. Campaign officers, Pekkan and Aslım took up the issues of women's rights and the struggle against domestic violence in this gathering, attended by hundreds of female inmates.

The Campaign at the Bilge Village

After the massacre which took place in May 2009 in the village of Bilge in the province of Mardin, Hürriyet's No! to Domestic Violence Campaign organizers took their place among the experts who flocked to the village in order to relieve the trauma. The Campaign formed a psychological support group of the experts with whom

it collaborates and for two days it gave its support to the victims in the village of Bilge, sometimes by talking to them, sometimes only by just being there for them. The team also took various other actions in cooperation with public authorities.

Record rise in the number of incoming calls to the Emergency Hotline

One of the most important pillars of Hürriyet's No! to Domestic Violence Campaign, the Emergency Hotline was established on October 15, 2007 with the support of the Istanbul Governorship; it constitutes Turkey's only 24/7 emergency hotline. The Emergency Hotline augmented its area of influence and the number of calls received in 2009. At the end of two years the Emergency Hotline had received 18,000 calls and offered information and legal and psychological support to 8,573 people; whereas it helped nearly 500 victims of violence with the immediate collaboration of police or the gendarmerie.

The hotline has an Istanbul phone number and was initially directed at victims living in Istanbul; however, in 2009 it received calls from 78 of the 81 provinces of Turkey and from 12 different countries, as proof to the rise in its recognition among women.

The Emergency Hotline responds to incoming calls exclusively with trained psychologists and lawyers. During 2009, the hotline strengthened its ties and collaboration with the Ministry for Women and Family, as well as the Social Services Child Protection Agency General Directorate functioning under the Ministry. The hotline received invitations to collaborate from many governorships across Turkey and most of these demands were met.

Serving as a model for all institutions in the field, the hotline issued statistics concerning the cases dealt with and published the book "Alo Orada Mısınız?" (Hello, Are You There?), presenting Turkey's panorama of domestic violence.

The revision of the www.aileicisiddeteson.com website was launched in 2009.

Review of 2009 Operations

58

Explosive demand for training

The nation wide demand for the training program organized by the No! to Domestic Violence Campaign increased day by day.

- On January 7 and 8, 2009, public officers who work in this field and police academy students received awareness training on domestic violence, in the city of Yozgat.
- On January 14, 2009, in the framework of an organization by the NGO Çağdaş Yaşamı Destekleme Derneği (Association for the Promotion of Modern Living) an awareness meeting was organized with women from Istanbul's Esenler district.
- On January 29, 2009, members of the Istanbul Nurtepe Women's Cooperative received trainers' training, to be able to train the women living in their neighborhood.
- The Campaign participated in the Women's Human Rights Workshop organized on March 4, 2009 by the Istanbul Governorship.
- On March 5, 2009, faculty and students of Aydın University received training on domestic violence.
- In the framework of a campaign by the Union of Istanbul Women's Associations, various public training events on domestic violence were organized in Unkapanı on January 20, 2009, in Küçükyalı on February 17, 2009, in Fatih on March 10, 2009, in Gaziosmanpaşa on March 17, 2009 in Ümraniye on April 7, 2009 and in Maltepe on April 28, 2009.
- On April 30, 2009, women of Nurtepe, Istanbul received training.
- From May 4 to 8 in Adana and from May 25 to 28 in Malatya, police, gendarmerie, personnel of the Agency for Social Services and Protection of Children, psychological consultants and members of NGOs were trained on domestic violence. In an effort to carry out more productive research with all authorized personnel from the agencies active in these cities, two days of interagency collaboration training was organized.



The Project Coordinator participated in training sessions organized on May 12, 15, 22, June 8-12 and November 2-17, 2009 organized jointly by the United Nations Population Fund, General Directorate for the Status of Women and Ministry of Justice in order to train judges and prosecutors on domestic violence.

Campaign on the Liberty is Our Right Train

No! to Domestic Violence Campaign visited 38 cities and eight districts on the Liberty is Our Right Train, launched for the second time on the 9th of September and ending on October 29, 2009.

The Campaign team organized an event that complemented the domestic violence awareness activity of the previous year. In every city, team members met with officers from those agencies that deal directly with domestic violence cases. In interactive discussions aimed at creating collaboration between agencies, issues such as the cooperation and communication between different agencies against domestic violence, the division of tasks, the identification of strengths and weakness and the overall perspective for the solution of the problem were discussed.

Members of the police departments and gendarmerie, riot police, children's agencies, domestic violence units of provincial Social Services Directorate, shelter directors, mental health units from the Health Directorate, bar associations, transfer and consulting units of National Education Directorates, province and district branches of the Sosyal Yardımlaşma ve Dayanışma Vakfı (Social Assistance and Solidarity Foundation), social assistance units of municipalities, Aile Danışma Merkezleri (Family Consultancy Centers), NGOs active in issues concerning women and violence, as well as women's studies departments from a number of universities took part.

The Campaign team prepared a report that will provide a holistic picture of Turkey, outlining the bottlenecks and challenges faced by these agencies or caused by these agencies.

Liberty is Our Right Train

In recognition of the 60th anniversary of both Hürriyet Newspaper and the issuance of the Universal Declaration of Human Rights, Hürriyet initiated a wide scale social responsibility project for human rights in 2008 and launched the "Liberty is Our Right / Train is Freedom" Train to bring the concept of "rights" to the citizens' daily awareness. The train started touring Turkey once again in 2009.

Through collaboration with Turkish State Railways, the Liberty is Our Right Train had made a 45 day journey the previous year, starting in Kars and ending in Edirne, going from the East to the West of the country. In 2009, the train started its journey in Izmir on September 9, 2009 and reached its final destination in Istanbul on October 29, 2009, after crossing through all regions of Turkey.

The previous year, the Hürriyet Train traveled through 43 cities and two districts in 45 days, placing human rights on its agenda as the priority issue. In 2009, 51 days of travel were organized with events in 34 city centers and eight districts to emphasize children's rights because the year 2009 was the 20th anniversary of the adoption of the International Convention on the Rights of the Child.

The Liberty is Our Right Train 2009 is made up of one locomotive pulling 14 cars from which many colorful and animated events take place from train stations along the route such as concerts, plays, exhibitions, seminars and courses. These events are presented with the participation of the public, local authorities, NGOs, educational experts, writers, journalists and artists.

Amnesty International, continuing its participation from the previous year, reached out to the children visiting the train with a gigantic box game explaining children's rights, thus conveying to them their rights through an experimental game.

Review of 2009 Operations

60

Coca-Cola, a Project partner in 2009, organized an exhibition on the environment as part of its Hayata Artı Gençlik Projesi (Life Plus Youth Project), played environmental games with children and measured the ecological footprint and the degree of environmental awareness of visitors to "Ecological Footprint" kiosks. Under the slogan "Happiness, too, is a right," Coca Cola officials organized fun events with their Band and Karaoke Wagon.

Carried out jointly by Hürriyet Newspaper and the Platform for the Prevention of Neglect and Abuse of Children, the exhibition titled "Your Turn to Keep Quiet and Do Your Homework" explained to parents, authorities and the public what they should do to avoid the neglect and abuse of children. The "Working Children Photography Exhibition" organized by the Fişek Institute exposed the exploitation of children with regard to labor. The Akbank Children's Theatre staged En Mutlu Kim ("Who is the Happiest?") at every stop.

Faculty and students of Kültür University photographed and video taped the 2009 journey.

Turkish Catastrophe Insurance Pool (DASK) was another partner joining the train in 2009 and it raised awareness about the need for obligatory earthquake insurance.

Free concerts were organized in eight cities as part of the train project. Mazlum Çimen and Pinhani took the stage in Elazığ, Yeni Türkü and Grup Gündoğarken in Gaziantep, Aylin Aslım in Antakya, Luxus and Sabahat Akkiraz in Adana, Fuat Saka and Marsis in Samsun, Buhran Öçal in Kırklareli and Baba Zula and Nabız in Edirne.

The joint concert by super stars Ajda Pekkan and Yüksek Sadakat in Hasankeyf next to the Dicle River demonstrated the true spirit of the train concerts. The concert was organized in order to oppose a dam project slated to inundate Hasankeyf and nearly 10,000 people attended this event.

Having spearheaded the Liberty is Our Right Train, Hürriyet visited a total of 42 locations in the Aegean, Eastern, Southeastern, Southern and Central regions of Anatolia. At every station, exhibitions and stalls were set up, bands performed at concerts, theatre and karaoke stages were built, seminar wagons opened their doors, free concerts were organized in city squares and thousands of children and adults embraced the train.

National Education Directorates from regional cities almost competed with one another to bring flocks of children to the stations. In every town, the train crew exchanged information with governors, mayors, provincial directors and NGO officials on issues such as human, women and children's rights, domestic violence and environmental protection.

All of the activities of the train were announced immediately on the www.hurriyettreni.org website, serving as a historical log for Turkey's journey of human rights.

Other Organizations

As the department responsible for all Hürriyet events, including New Year's Eve parties, cocktails, conferences etc., the Corporate Communications Department organized once again the grand celebration that takes place every year in the first week of May since the newspaper's establishment on May 1, 1948. Hürriyet employees and the top management of the Doğan Group participated in this traditional event. Once again, successful employees were rewarded and employees having served the company for over ten years received badges and awards; the CEO and the Editor-in-Chief made assessments of the past year, all employees enjoyed themselves. The same joy was visible at Hürriyet's traditional New Year's Eve Party with singer Göksel taking the stage.

Altın Kelebek (Golden Butterfly)

In 2009, the 36th edition of Hürriyet's traditional Altın Kelebek (Golden Butterfly) TV Stars Competition took place. Artists selected by the voting public received their awards, with the participation of more than 1,000 guests. The event was carried beyond Hürriyet Medya Towers and since 2006 has assumed the status of Turkey's Oscars. Altın Kelebek 2009 was held at TİM Show Center and broadcast live on Star TV.

A Breakthrough in the Media: Readers' Assembly

Constituting a breakthrough in Turkish media history, Hürriyet Readers' Assembly united for the second time in Istanbul, on April 18, 2009.

On its 60th anniversary, Hürriyet had made a call for a Reader's Assembly, made up of 50 Hürriyet readers from the seven regions of Turkey with the goal of improving communication with its readership. Hürriyet received 11,000 applications from readers via fax, mail and e-mail to participate in this first reader's assembly in Turkey. The applications were evaluated by a jury comprised of Hürriyet managers and consultants; 50 members were ultimately selected to represent Turkey in terms of sex, age, education, profession, income category and geographic location.

Elected for a term of one year, members of the Reader's Assembly were hosted once in Ankara and once in Istanbul, with all travel and accommodation costs covered by Hürriyet.

In the second gathering of 2009, members of the Assembly visited Hürriyet and Doğan Printing Center. They participated in the editorial meeting of the day and part of this meeting was broadcasted live on CNN Türk.



Review of 2009 Operations

62

ENVIRONMENTAL HEALTH

Environmental Health and Protection at the Printing Facilities

Paper Consumption

Recycled paper accounts for 34% of the paper consumed at the Hürriyet facilities. Approximately 64,000 tons of recycled paper was used in newspaper printing in 2009.

Biological Treatment

Production at the DYH facilities creates industrial waste water, which is sent to special wastewater collection channels. After physical treatment (oil filters), the industrial waste water is gradually mixed with household waste water produced at the same facilities and later it is treated biologically.

After biological treatment, the treated water is discharged into appropriate environments from discharge points approved by official bodies.

The treatment facilities are managed by the Company; the relevant official bodies take water samples and make the necessary controls.

The waste generated at the treatment facilities is kept in dangerous waste depositories constructed in line with the standards set by the Ministry of Environment and it is later sent to licensed firms for disposal.

Waste paper

Waste paper generated during production is stacked at collection points and disposed of as scrap for recycling.



Waste aluminum plates

Aluminum plates used in printing are stacked at collection points and disposed of as scrap for recycling.

Waste Chemicals

The reservoir water and solvents used in printing are not sent to treatment facilities, but put in drums and kept in dangerous waste depositories constructed in line with the standards set by the Ministry of Environment and later sent to licensed firms for disposal.

Waste plastic drums and metal barrels

Drums and barrels of chemicals used in production, such as reservoir water, solvents and oils are stored at waste collection points and later sent to licensed firms for disposal.

Used mineral oil

Mineral oils to be replaced are not discharged to the sewage system but are sent for analysis at laboratories licensed by the Ministry of Environment and are given or sold to license firms, according to report results.

Used Electronic Equipment

Used PC and monitors, printer cartridges, etc. are given or sold to recycling firms licensed by the Ministry of Environment.

Used Fluorescent Bulbs

Used fluorescent bulbs are kept in dangerous waste depositories constructed in line with the standards set by the Ministry of Environment and later they are sent to licensed recycling firms for disposal.

Gas Emissions

The newspaper printing machines run on electricity; there is no gas emission to the atmosphere during production.

Environmental Cleanup

The cleanup of the environment surrounding the facilities is undertaken by cleaning firms every day, in a regular manner.

Maintenance of Green Space and Plantation of Trees

The greening of the area reserved as green space in all facilities is undertaken by specialist firms in a regular manner.

Environmental Health and Protection of the Environment in Administrative Buildings

The industrial waste water generated at the Company headquarters (Hürriyet Medya Towers) is regularly sent to a waste water treatment firm.

The cooling facilities at the Company headquarters were renewed four years ago and supplied with a new generation environment-friendly cooling gas, R 134. Special attention is paid to make sure that all newly purchased cooling devices utilize environment-friendly cooling gases.

The Halon fire-extinguishers on the premises' fire fighting system were removed and replaced by a system involving the FM 200 gas that is more environment-friendly and is in compliance with EU standards.

No law suits have been filed against the Company due to environmental damage claims.

Review of 2009 Operations

64

DISCLOSURES TO THE SHAREHOLDERS

Charitable Donations and Other Provisions

The composition of the TL 727,777 (2008: TL 985,315) of donations made by the Company to various foundations and associations working for the public good are as follows (TL):

| | |
|---|----------------|
| Aralık - Association for Voluntary Education and Cultural Research | 350,348 |
| Aydın Doğan Foundation | 186,480 |
| Zeynep Mutlu Education Foundation | 100,000 |
| Reklamcılık Mesleki Araştırma Gel. ve Eğitim Vakfı (Foundation for Professional Research, Development and Education of Advertising) | 20,000 |
| Other Donations | 70,949 |
| Total | 727,777 |

Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)

The consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) of TL 209.8 million achieved in 2008, decreased by 30.6% in 2009, dropping to TL 145.7 million. TME accounts for TL 32.6 million of the EBITDA (TL 71.6 million in 2008).

| Earnings before Interest, Taxes, Depreciation and Amortization (TL millions) | December 31, 2009 | December 31, 2008 | Change (%) |
|---|--------------------------|--------------------------|-------------------|
| NET SALES | 784.1 | 998.4 | (21.5) |
| - Advertising Revenue | 456.8 | 667.5 | (31.6) |
| - Online Revenue | 42.3 | 45.4 | (6.6) |
| - Circulation Revenue | 117.7 | 109.8 | 7.2 |
| - Printing Revenue | 121.1 | 119.8 | 1.1% |
| - Other Revenue | 46.2 | 56.0 | (17.5) |
| COST OF GOODS SOLD | (499.0) | (595.8) | (16.2) |
| OPERATIONAL EXPENDITURES | (242.7) | (323.3) | (24.9) |
| OTHER OPERATIONAL REVENUE / EXPENDITURES (NET) | (40.6) | (1.7) | - |
| OPERATING PROFIT | 1.8 | 77.6 | (97.7) |
| EBITDA | 145.7 | 209.8 | (30.6) |
| EBITDA Margin (%) | 18.6 | 21.0 | |

FINANCIAL RATIOS AND PROFITABILITY

Based on data from the last two years and produced in accordance with CMB Communiqué Series XI, No. 25, the financial structure and profitability ratios of the Company are as follows:

| Financial Ratios and Profitability | 2009 | 2008 |
|---|-------------|-------------|
| Current Ratio (Current assets/Short-term liabilities) | 1.17 | 1.74 |
| Asset Turnover Ratio (Net sales revenue/Total assets) | 0.42 | 0.49 |
| Liabilities/Shareholders' Equity | 1.02 | 1.31 |
| Financing Expenses/Total Assets | 0.003 | 0.077 |
| Operating Profit/Total Assets | (0.003) | 0.04 |
| Operating Profit/Net Sales Revenue | (0.008) | 0.08 |
| Gross Profit Margin | 0.36 | 0.40 |

INSURANCE VALUE OF SURETIES, COMMITMENTS, MORTGAGES AND ASSETS

Assets excluded from the consolidated financial statements prepared in accordance with IFRS and the Capital Market Board's Communiqué Series XI, No. 25 are as follows (TL):

| | 2009 | 2008 |
|-------------------------------|--------------------|--------------------|
| Letters of Guarantee Issued | 1,541,251 | 2,110,269 |
| Additional Bills Issued | 202,223 | 202,223 |
| Security Bonds Issued | 1,714 | 1,714 |
| Total | 1,745,188 | 2,314,206 |
| Insurance Value of Assets | 339,068,698 | 397,104,860 |
| Letters of Guarantee Received | 11,914,363 | 13,619,675 |
| Total | 350,983,061 | 410,724,535 |
| Toplam | 410.724.535 | 350.983.061 |

INFORMATION ON SHAREHOLDER STRUCTURE

The structure of shareholders is detailed below:

| | 2009 | Share (%) | 2008 | Share (%) |
|------------------------------------|--------------------|---------------|--------------------|---------------|
| Doğan Yayın Holding A.Ş. | 367,416,016 | 66.56 | 305,624,000 | 66.44 |
| Doğan Şirketler Grubu Holding A.Ş. | 61,200,274 | 11.09 | 23,920,000 | 5.20 |
| Offered to the public (other) | 123,383,710 | 22.35 | 130,456,000 | 28.36 |
| Total | 552,000,000 | 100.00 | 460,000,000 | 100.00 |

As of December 31, 2009, 6.56% share of the main shareholder Doğan Yayın Holding in total capital (2008: 6.44%) and 11.09 % share of the ultimate parent company Doğan Holding (2008: 5.20%) are publicly floated stocks.

SUBSIDIARIES AND AFFILIATES

Subsidiaries are companies in which

- Hürriyet owns more than 50% of the voting rights through a direct and/or indirect shareholding; or
- Hürriyet does not own more than 50% of the voting rights, but possesses the authority or power to control financial and administrative policies in line with its interests. Affiliates are companies in which Hürriyet owns 20% to 50% of the voting rights or material influence, but are not controlled by Hürriyet. The equity method is used to consolidate subsidiaries into the Company's financial statements.

Primary Areas of Activity of Subsidiaries and Affiliates

Primary areas of activity of subsidiaries and affiliates are presented in the table below. Hürriyet Medya (Hürriyet Media), Doğan Ofset, Yenibiriş, Refeks, Doğan Haber (Doğan News), Doğan Daily News in liquidation, E Tüketici (E Consumer, formerly known as Emlaksimum), TME Technology, Yaysat and DYG İlan (DYG Advertisement) are registered in Turkey, whereas all other affiliates and subsidiaries are registered in Europe.

| Subsidiaries | Country | Field of Operation |
|--|-------------|--------------------------------------|
| Hürriyet Medya Basım Hizmetleri ve Tic.A.Ş. ("Hürriyet Medya Basım") | Turkey | Printing and Administrative Services |
| Doğan Ofset Yayıncılık ve Matbaacılık A.Ş. ("Doğan Ofset") | Turkey | Book and Magazine Printing |
| Yenibiriş İnsan Kaynakları Hizmetleri Danışmanlık ve Yay.A.Ş. ("Yenibir") | Turkey | Online Publishing |
| Refeks Dağıtım ve Kurye Hizmetleri A.Ş. ("Refeks") | Turkey | Distribution and Courier Services |
| Doğan Haber Ajansı A.Ş. ("Doğan Haber") | Turkey | News |
| Tasfiye Halinde Doğan Daily News Gazetecilik ve Matbaa A.Ş. ("Tasfiye Halinde Doğan Daily News") | Turkey | Newspaper Publishing |
| E Tüketici İnternet ve Danışmanlık Hizmetleri Elektronik Yayıncılık A.Ş.(E Tüketici) | Turkey | Online Publishing |
| TME Teknoloji Proje Geliştirme ve Yazılım A.Ş.("TME Teknoloji") | Turkey | Software Services |
| Hürriyet Zweigniederlassung GmbH. ("Hürriyet Zweigniederlassung") | Germany | Newspaper Printing |
| Hürriyet Invest B.V. ("Hürriyet Invest") | Netherlands | Investment |
| Trader Media East Limited ("TME") | Jersey | Investment |

Affiliates

| | | |
|---|---------|-------------------------------------|
| Doğan Media International GmbH ("Doğan Media") | Germany | Publishing and Classifieds (Europe) |
| Yaysat Yayın Satış Pazarlama ve Dağıtım A.Ş. ("Yaysat") | Turkey | Distribution |
| DYG İlan ve Reklam Hizmetleri A.Ş. ("DYG İlan") | Turkey | Advertising |

Review of 2009 Operations

66

Shareholding in Subsidiaries and Affiliates

Shares owned directly or indirectly by the Company in subsidiaries and affiliates as of December 31, 2009 are shown below:

| Subsidiaries | Country | Rights of the Company and Subsidiaries (%) |
|---|-------------|--|
| Hürriyet Medya Basım | Turkey | 99.99 |
| Doğan Ofset | Turkey | 99.89 |
| Yenibir | Turkey | 100.00 |
| Refeks | Turkey | 100.00 |
| Doğan Haber | Turkey | 50.01 |
| Doğan Daily News in liquidation | Turkey | 94.25 |
| E Tüketici | Turkey | 98.41 |
| TME Teknoloji Proje Geliştirme ve Yazılım | Turkey | 100.00 |
| Hürriyet Zweigniederlassung | Germany | 100.00 |
| Hürriyet Invest | Netherlands | 100.00 |
| TME | Jersey | 67.30 |

| Affiliates | | |
|-------------|---------|-------|
| Doğan Media | Germany | 42.42 |
| Yaysat | Turkey | 25.00 |
| DYG İlan | Turkey | 20.00 |

Number of Employees and Severance Pay Obligations

As of December 31, 2009, the Company and its subsidiaries had 8,199 employees; severance pay obligation is calculated at TL 14,196,159.

DIVIDEND POLICY AND PROPOSED DIVIDEND DISTRIBUTION FOR 2009

Dividend Policy

The Company determines its dividend policy in accordance with the relevant provisions of the Turkish Commercial Code (TCC), the Capital Markets Law, regulations and Resolutions of the Capital Markets Board (CMB), tax laws, other applicable legislation and its Articles of Association.

Accordingly;

- 1) In principle, a minimum of 50% of “net distributable profit” based on Financial Statements prepared in line with International Financial Reporting Standards (IFRS) and Capital Market Board Regulations are distributed.
- 2) In case of an intention to distribute 50% to 100% of the “net distributable profit,” the dividend payout ratio is determined considering the financial structure and budget of the Company.
- 3) The dividend distribution proposal is made public taking into consideration legal time frames and in accordance with Capital Markets Law and regulations and Resolutions of the Capital Markets Board.

- 4) In the event that the “net distributable profit” based on financial statements prepared in line with the Turkish Commercial Code and Tax Laws is;
- a) lower than the amount calculated according to Article 1, the amount calculated within the framework of this article (Article 4) is applied and all the distributable amount is distributed,
 - b) higher than the amount calculated according to Article 2, this article is the guideline for the action to be taken.
- 5) In the case that there is no distributable profit based on financial statements prepared in accordance with the Turkish Commercial Code and Tax Laws, no dividend distribution is made, even if there is a “net distributable profit” based on financial statements prepared in accordance with IFRS and Capital Markets Legislation.
- 6) In the case that the “net distributable profit” is below 5% of the Company’s issued capital, it may be decided not to make any dividend distribution.
- 7) The dividend distribution is evaluated in the presence of investment plans that require considerable fund outflow, events that may affect the Company’s financial structure and uncertainty and adverse developments in the economy and market conditions.

Proposed Dividend Distribution for 2009

The Board of Directors of the Company convened on April 7, 2010 and decided;

- That according to consolidated financial statements of the 2009 accounting period prepared pursuant to CMB Communiqué Series XI, No. 29 and in accordance with International Financial Reporting Standards, presented in line with the principles set forth in the CMB’s Decision No. 11/467 dated April 17, 2008 and audited independently, when tax expenses for the period, deferred tax revenue and minority interest were considered together, there was a resultant TL 35,079,806 consolidated net loss for the period. Therefore, the shareholders were advised that there can be no dividend distribution for the accounting period of 2008 under CMB’s relevant regulations of profit distribution and to submit the issue for approval of the General Meeting of Shareholders;
- To confirm accrual of a TL 62,009,423 profit for the period according to financial records kept in accordance with Turkish Commercial Code and Tax Procedure Law and to advise the General Assembly that following the deduction of the payable corporate tax, the net profit for the period is TL 53,830,610 and after the deduction of the First Legal Reserve in accordance with the Article 466/1 of TCC, the remaining balance of TL 51,139,080 be transferred to the extraordinary reserves.

Review of 2009 Operations

68

RISK MANAGEMENT

In a rapidly changing economic environment, companies feel compelled to manage uncertainties swiftly and effectively. Identification and control of risks emerge at the forefront of attaining the goals. In order to address this exigency, a Corporate Risk Department was established within the Company.

Management of financial risk is under the authority and responsibility of the Head of the Financial Affairs Group and monitored under the supervision of the Financial Affairs, Financing, Budget and Corporate Risk Departments. The Audit Committee and the Corporate Governance Committee also advise the Board of Directors about issues concerning risk management and the internal control mechanism, along with their proposed solutions as and when required.

The Company took on the current crisis in the most effective, efficient and robust manner owing to already prepared reports. Compiled to facilitate rapid adoption of necessary measures, the reports included briefings and proposals ranging from routing investments only to areas with a fast rate of return, to curtailing all kinds of expenses, from employing available resources in an efficient and maximized way, to draw short and medium-term contingency planning, thereby enabling the Company to take quick action.

The Corporate Risk Department ensures that all kinds of risk (Financial, Operational, Strategic and Compliance) that might pose a threat to the Company is kept up-to-date on a risk radar; the Company is safeguarded from adverse effects, turning risk into benefits and advantages.

The Corporate Risk Department is designed as a unit identifying critical risk, measuring the impact, balancing the strategies and business processes of the organization and generating solutions.

Financial Risks that the Company is subject to

Interest rate risk: Hürriyet and its subsidiaries are subject to interest rate risk due to their interest-sensitive assets and liabilities. This risk is managed through balancing interest rate-sensitive assets and liabilities.

Funding risk: Existing and forward-looking borrowing requirements are performed by securing sufficient funding commitments from lending companies with high funding capability and quality.

Credit risk: Financial asset ownership comes with counterparty risk. This risk is managed by limiting credit exposure to each debtor. The Company's credit risk is dispersed to a great extent thanks to the large number of debtors and the fact that they operate in diverse business lines.

Exchange rate risk: Hürriyet and its subsidiaries are subject to exchange rate risk due to the changes of the exchange rate used in converting their foreign currency-denominated debt to the Turkish lira. This risk is monitored through foreign currency position analysis.

Operational Risks

Receivables risk: During the current financial global crisis, a collection risk emerged. A package of necessary measures was drawn up to avert this risk.

Compliance risk: Concerning the risk arising from contracts drawn up for the purchase of goods and services, the Company is supplied with relevant legal provisions to vindicate its rights. Measures are taken to ensure that the contracts are kept up-to-date and regularly monitored.

Tax Risk: Hürriyet Gazetecilik ve Matbaacılık A.Ş. was subjected to tax inspection during 2004, 2005, 2006 and 2008 and received nine tax inspection reports in 2009. According to these reports, the Company was asked to pay TL 12,292,166 of taxes and TL 18,438,250 of tax loss fine. The Company has demanded a settlement prior to assessment; however, no settlement was reached during the talks. Consequently, lawsuits were filed against all the said reports on December 9, 2009 and the Company spared TL 15,554,695 of provisions (including default interest) after consulting with certified public accountants and lawyers. The Company abided by the relevant legal process and all developments have been closely monitored by the Department of Legal Affairs.

INTERNAL CONTROL

In Turkey, internal control activities are now a legal obligation; with the new Turkish Commerce Code, the duties and responsibilities of Board of Directors and top management have increased considerably. In this regard, the Company's Internal Control Department provides independent and objective consultancy to the management, in line with the new control perspective.

The Department aims to enhance and provide added value to the Company's activities and analyzes cost/benefit balance, productivity and efficiency of the Company's activities. Systematic analyses have resulted in an active control over expenditures, expense

reducing activities and saving measures. In this regard, the Department has adopted a risk-focused internal control perspective, thereby periodically analyzing financial tables, effectuating risk analysis studies and aiming to minimize risk and preventing present risk with the minimum cost, in coordination with all departments. As a result of joint efforts with the Risk Management Department, various reports have been prepared and rapid actions have been taken, thereby allowing the Company to assume an efficient, productive and robust position in today's risk environment.

In 2009, the Company's operations were expanded on a regional basis and control was broadened. Periodic reports have allowed for the administrative, managerial and financial control of regional representative offices and printing facilities and the establishment of coordination between the center and the regions. The Department's ultimate goal is to create added value; therefore, it has enacted control of processes with systematic controls and through procedures and regulations prepared and its process focused control perspective has allowed for all necessary actions to be taken in a timely manner.

In 2009, the operations of the Internal Control Department consolidated managerial accountability and its new perspective resulted in a risk-focused and preventive control approach.

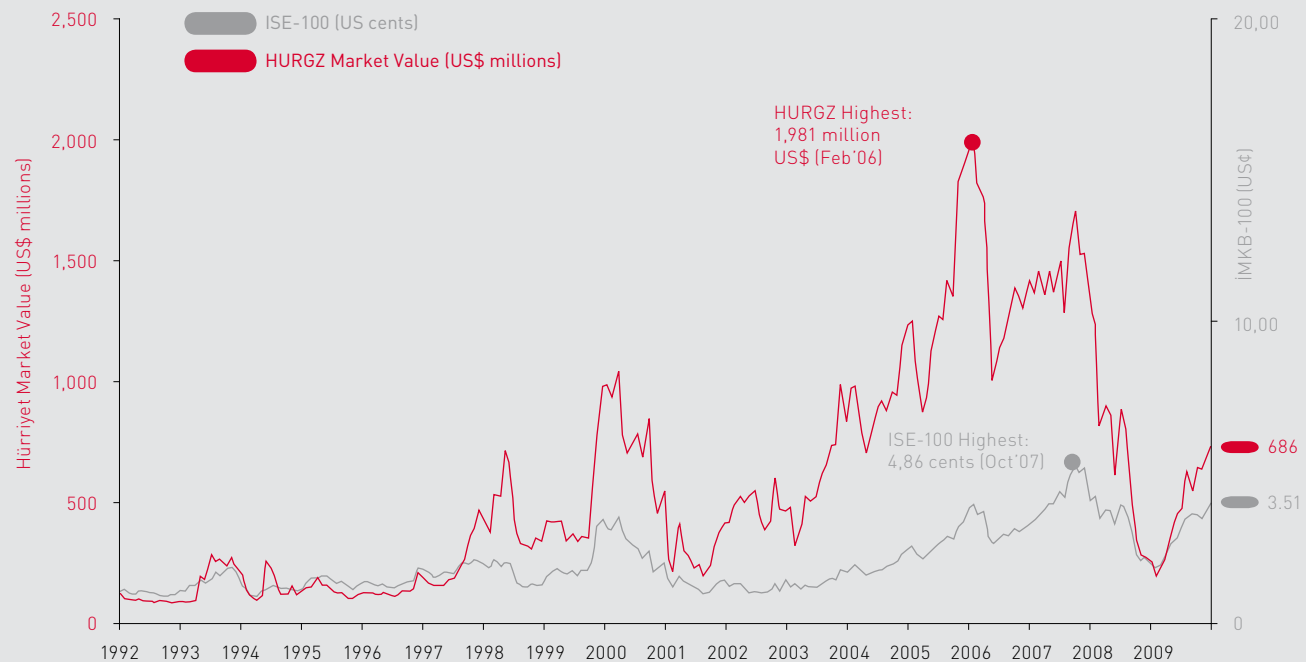
Review of 2009 Operations

70

HÜRRİYET STOCK PRICES AND PERFORMANCE

During 2009, whereas the ISE-100 index rose by 97%, Hürriyet stock prices gained 200% in value.

HÜRRİYET MARKET VALUE (US\$ millions) / ISE-100 Index (US¢) February 1992- December 2009 (Monthly Closings)



General Assembly

General Meeting of Shareholders

Functioning at the General Meeting of Shareholders

- a) At the General Meeting of Shareholders, all shareholders shall be entitled to one vote for each share.
- b) Shareholders of the Company shall meet at a General Meeting of Shareholders at least once a year. When convened in accordance with applicable laws and the Articles of Association, the General Meeting of Shareholders shall represent all shareholders. Decisions taken during the General Meeting of Shareholders shall be binding also upon those who oppose such decisions and upon shareholders not present at the meeting.

The General Meeting of Shareholders shall hold ordinary and extraordinary meetings and make the necessary decisions.

General Meetings shall be attended by directors, candidates for Board membership and internal auditors, as well as Company officials who are in charge of and are required to make explanations about agenda items. If any Company official who has been invited to a meeting cannot attend the meeting, the reasons of non-attendance shall be announced by the Chairman of the General Meeting of Shareholders.

With regard to persons nominated to the Board of Directors for the first time, the following information must be submitted to the General Meeting of Shareholders: personal data, educational level, duties and jobs in the last five years, extent and nature of their relationship with the Company, past experience as a board member, past duties and jobs as a civil servant, financial situation, declaration of assets as a civil servant, whether they are independent or not and other information that may affect the Company's business.

Unless otherwise decided by the General Meeting of Shareholders, all General Meetings shall be open to media members and interested parties, provided, however, that other than the shareholders or their proxies, none of the participants in a General Meeting of Shareholders shall be entitled to speak and vote at the General Meeting of Shareholders.

Shareholders' Rights at General Meetings

- a) At General Meetings of Shareholders, shareholders may exercise their voting rights through a proxy. There are no limitations with regard to the number of votes shareholders can cast at the General Meeting of Shareholders. Forms for exercising voting rights by proxy are available at the Company's Headquarters and at www.hurriyetkurumsal.com.
- b) Shareholders representing at least one-twentieth of the Company's capital can apply to the auditors to call for a General Meeting of Shareholders, provided that they also specify the agenda of the meeting (Article 24).
- c) Unless otherwise decided by the General Meeting of Shareholders, all General Meetings shall be open to media members and interested parties, provided, however, that, other than the shareholders or their proxies, none of the participants in a General Meeting of Shareholders shall be entitled to speak and vote at the General Meeting of Shareholders (Article 27).
- d) Unless otherwise decided by the General Meeting of Shareholders, a decision of the General Meeting of Shareholders shall be required for changes in shares, the acquisition and/or sale of assets in excess of 10% of total assets of the Company in one transaction, the leasing or renting of such assets, grants and donations made in one accounting period subject to the conditions specified in Article 3 of the Articles of Association in excess of 1% of total assets of the Company, mortgages, pledges, guarantees, sureties and similar guarantees established or given in favor of third parties in one accounting period in excess of 25% of the total assets contained in the last publicly-disclosed balance sheet (50% in the case of non-cash credits of banks). If the business of the Company requires, the General Meeting of Shareholders may authorize the Board of Directors in relation to such issues in advance, by increasing the aforementioned percentages (Article 30).
- e) Representation of 5% of the capital shall be sufficient for the exercise of minority shareholders' rights specified in applicable legislation and the Articles of Association (Article 32).
- f) At General Meetings of Shareholders, voting shall take place by a show of hands, provided that voting shall take place by balloting upon the request of at least 5% of the shareholders present at the meeting (Article 33).
- g) Each share duly represented in person or by proxy at an ordinary or extraordinary General Meeting of Shareholders shall be entitled to one vote (Article 33).

Corporate Governance Principles Compliance Report

72

1. Declaration of Compliance with the Corporate Governance Principles

Following the publication of the CMB Corporate Governance Principles in 2003, Hürriyet continued its efforts to comply with the Principles and developed its organization accordingly. Hürriyet is, therefore, among the companies to align their Articles of Association with the CMB Corporate Governance Principles.

In essence, the Amendments in the Articles of Association stipulates:

- For at least one-third of the Board of Directors to be independent members,
- The establishment of Board of Directors Committees, the specification of their duties and responsibilities and their organization,
- The regulation of the principles governing the Executive Committee (Executive Board),
- Board members' transactions with or in competition with the Company be contingent upon a ¾ majority ratification by the General Assembly,
- Specification of minority shares as 5%.

Additionally, the Board of Directors on March 22, 2010 decided to amend Articles 9, 10, 13, 20, 21, 26, 29 and Temporary Article 1 of the Articles of Association, in order to adapt to updates in the Capital Markets Law. Accordingly, the issue will be brought to the attention of shareholders in the first General Assembly Meeting following the obtainment of the necessary legal permission.

Hürriyet Gazetecilik has a deep-seated corporate culture, such that an evaluation of managerial practices by independent organizations became the order of the day. The world's leading corporate governance rating company, ISS Corporate Services Inc. (RiskMetrics Group), evaluated Hürriyet's corporate governance practices according to 530 criteria. ISS revised Hürriyet's corporate governance rating on September 24, 2009 and confirmed it as 8.5 out of 10 (84.31%). ISS granted a high rating of 9.13 out of 10 to Hürriyet's practices in the "public disclosure and transparency" subcategory.

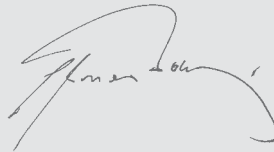
Consequently, the Company preserved its place in the Corporate Governance Index of the ISE.

Corporate Governance Rating and Corporate Governance Compliance Reports can be accessed via www.hurriyetkurumsal.com.

In the accounting period ending on December 31, 2009, Company management analyzed in detail the issues in which the Company does not comply with the Principles and came to the conclusion that these issues do not lead to a significant conflict of interest.



Vuslat Doğan Sabancı
Deputy Chairman



Ahmet Toksoy
Board Member

SECTION I – SHAREHOLDERS

2. Investor Relations Unit

2.1. All provisions of applicable legislation, the Articles of Association and other Company policies regarding the exercise of shareholders' rights are being complied with and every precaution is being taken to ensure the exercise of these rights.

2.1.1. An "Investors Relations Unit" has been established in the Company. Main duties of this unit are:

- to ensure that shareholder records are accurate, safe and up-to-date,
- to respond to written requests for information by all shareholders about the Company in accordance with Capital Markets Legislation,
- to observe that General Meetings of Shareholders are held in compliance with relevant procedures,
- to prepare the documents to be submitted to shareholders at General Meetings of Shareholders,
- to take the necessary precautions to ensure that the minutes of the meetings are kept properly and
- to ensure that all public disclosures are made properly.

The Investor Relations Unit uses electronic means of communication, as well as the Company's website, in all of its activities.

2.1.2. The Company's Investor Relations Unit is made up of the following individuals: Investor Relations Coordinator Suzi Apalaçi Dayan, Financial Control and Investor Relations Manager İnci Şencan, Doğan Yayın Holding A.Ş. Capital Markets Group Head Murat Doğu, Doğan Yayın Holding A.Ş. Investor Relations Coordinator Alpay Güler, Financial Affairs Manager Halil Özkan. Contact information for the Investor Relations Unit is as follows:

Hürriyet Gazetecilik ve Matbaacılık A.Ş. (Headquarters)
Hürriyet Medya Towers 34212 Güneşli, İstanbul/Turkey
Tel: +90 212 677 00 00
Fax: +90 212 677 01 82
<http://www.hurriyetkurumsal.com>

Investor Relations Unit

Suzi Apalaçi Dayan

Investor Relations Coordinator
Tel: +90 212 449 60 30
e-mail: sapalaci@hurriyet.com.tr

İnci Şencan

Financial Control and Investor Relations Manager
Tel: +90 212 449 65 54
Fax: +90 212 677 08 92
e-mail: yatirimciiliskileri@hurriyet.com.tr

2.1.3. 40% of the Company's shares are traded on the ISE. The Company is one of the ISE's leaders in terms of foreign ownership; consequently, the Company is frequently invited to meetings hosted by foreign institutional investors.

2.1.4. All of Hürriyet shares are included in the Central Registry Agency system. Formalities related to the Central Registry Agency are managed by the Company internally.

2.1.5. Maximum care is taken to reply to inquiries in accordance with applicable legislation and the Articles of Association. To the best of the Company's knowledge, no written or verbal complaints concerning the exercise of shareholders' rights were received in 2009, nor were there any official investigations launched against the Company.

3. Exercise of Shareholders' Right to Information

3.1. The Company does not discriminate against different groups of shareholders in terms of their rights to information.

3.1.1. All necessary information and documents to ensure the proper exercise of shareholders' rights are available on the Company's website at www.hurriyetkurumsal.com.

Corporate Governance Principles Compliance Report

74

3.1.2. Several written and verbal requests for information were received from shareholders in 2009. These requests were responded to without delay, under the supervision of the Investor Relations Unit and in accordance with the Capital Market Law.

3.1.3. The Articles of Association do not yet provide for an individual's right to appoint a special auditor. However, this right might be included in the Articles of Association in the future, depending on changes in relevant legislation. No special auditors were appointed during the reporting period.

3.2. In order to improve the shareholders' right to obtain information, any information that might affect the exercise of these rights is made available to shareholders electronically and without delay.

4. Information on General Meetings of Shareholders

4.1. All of the Company's shares are registered shares. The transfer and re-issue of these shares is subject to Article 9 of the Articles of Association.

4.2. The Articles of Association do not specify a timeframe for entering shareholders into the stock ledger, with a view to ensuring the participation of holders of registered shares in General Meetings.

4.3. In accordance with the relevant amendment to the Articles of Association, a document containing agenda items is prepared and announced to the public prior to the General Meeting of Shareholders.

4.3.1. In accordance with applicable legislation, the General Meeting of Shareholders is announced at www.hurriyetkurumsal.com at least 21 days in advance and advertisements are published in Hürriyet and Referans to ensure maximum participation by shareholders.

4.3.2. All announcements comply with the CMB Principles.

4.3.3. Following the announcement of the General Meeting of Shareholders, the following documents are made available to all shareholders for scrutiny at the Company's headquarters, branches and websites: The Annual Report, financial statements and reports, dividend distribution proposals, the agenda of the General Meeting of Shareholders, any documents supporting the agenda and the most recent version of the Articles of Association, any amendments and their reasons.

4.3.4. No important changes occurred in the Company's management or operational organization during the accounting period and no changes are expected in the near future. Any such changes will be disclosed to the public in accordance with applicable legislation.

4.3.5. Prior to the General Meeting of Shareholders, forms of proxy statements are made available on the website for those desiring to be represented by proxy.

4.3.6. Prior to the General Meeting of Shareholders, the voting procedure is announced to shareholders on the website and through announcements in newspapers.

4.3.7. In 2009, shareholders did not request the Company to make any additions to the agenda.

4.4. The meeting procedure for the General Meeting of Shareholders ensures maximum participation of shareholders.

4.4.1. General Meetings of Shareholders are designed to prevent any inequalities among shareholders and are held in the most economical and least complicated manner possible.

4.4.2. General Meetings of Shareholders are held at the Company's headquarters. An amendment to the Articles of Association allows for meetings to be held at another location in the city where most of the shareholders are residing. Any future requests in this regard will be duly considered.

4.4.3. The venue of General Meetings of Shareholders facilitates maximum participation of shareholders.

4.4.4. Ordinary General Meetings of Shareholders are held within the statutory timeframes following their announcement. The Ordinary General Meeting of Shareholders to discuss the activities of the year 2008 was held on June 29, 2009, within the statutory timeframe. 2009 financial statements were announced at the end of the 15th week (April 5, 2010) following the end of the accounting period. In this regard, the meeting will be held in full compliance with applicable capital markets legislation and the spirit of the principles.

The Extraordinary General Meeting of Shareholders held on March 20, 2009, was also compliant to all declaration dates.

4.4.5. Unless otherwise decided by the General Meeting of Shareholders, all General Meetings are open to media members and interested parties. However, shareholders or proxies who attend a General Meeting of Shareholders without an entrance card are not entitled to speak and vote at the meeting.

4.5. At the General Meeting of Shareholders, agenda items are explained in an unbiased, detailed and clear manner and shareholders are allowed to explain their views, ask questions and discuss related issues in a democratic environment.

4.5.1. Minutes of General Meetings of Shareholders are made available at www.hurriyetkurumsal.com.

4.5.2. Two General Meetings of Shareholders were held in 2009. At the Ordinary General Meeting of Shareholders of June 24, 2009, where 2008 operations were discussed, 71.17% or 327,386,203 shares out of the 460,000,000 shares of the Company were present. No new suggestions or questions on agenda items were raised by shareholders or their proxies.

At the Extraordinary General Meeting of Shareholders of March 20, 2009, 60.04% or 276,218,300 shares out of the 460,000,000 shares of the Company were present.

4.6. According to the Articles of Association, a decision of the General Meeting of Shareholders is required for changes in shares, the acquisition and/or sale of assets in excess of 10% of total assets of the Company, the leasing or renting of such assets, grants and donations made as per Article 3 of the Articles of Association, sureties and similar guarantees issued in favor of third parties. The General Meeting of Shareholders may authorize the Board of Directors for such actions in advance, provided that it specifies an upper limit.

5. Voting Rights and Minority Rights

5.1. The Company avoids any act that might compromise the exercise of voting rights. All shareholders are allowed to exercise their voting rights in the easiest and most convenient way.

5.2. The Company does not have any preferential shares or classes of shares.

5.3. Each share is entitled to one vote.

5.4. There exist no provisions that postpone voting rights until a specific date following the acquisition of a share.

5.5. The Articles of Association do not contain any provisions that prevent a non-shareholder from voting as a proxy.

5.6. In the event the beneficial interests and rights of disposal of a share belong to different persons, they may have them represented as they deem fit, upon mutual agreement. However, if they fail to agree, the right to participate in and vote at the General Meeting of Shareholders shall be given to the beneficial owner.

5.7. The Company's capital does not involve any cross-shareholding.

Corporate Governance Principles Compliance Report

76

5.8. Minority rights are granted to shareholders who own at least 5% of the capital (Article 32 of the Articles of Association).

5.8.1. Utmost care is taken in relation to the exercise of minority rights. No criticisms or complaints were voiced in this regard in 2009.

5.9. The Articles of Association do not provide for cumulative voting. The advantages and disadvantages of this practice are assessed in view of changes in relevant legislation.

6. Dividend Policy and the Timing of Distributions

6.1. The Company's dividend policy has been designed in accordance with the relevant Capital Markets Legislation and the provisions of the Articles of Association.

6.2. Dividends are distributed within the timeframe prescribed by the legislation and as soon as possible after the General Meeting of Shareholders.

6.2.1. At the Ordinary General Assembly dated June 24, 2009, in accordance with the Board of Directors' proposition on the distribution of the 2008 accounting period profit, no dividends have been distributed to the shareholders due to the accrual of an accounting period loss.

6.3. According to the Company's Articles of Association, the Board of Directors is entitled to distribute dividends in advance, provided that it is authorized by the General Meeting of Shareholders in this regard and further provided that this complies with Article 15 of the Capital Markets Law and the regulations issued by the Capital Markets Board. The authorization granted by the General Meeting of Shareholders to the Board of Directors to distribute dividends in advance is restricted to the corresponding year of the Board's authorization. Until the advance dividend payments of the previous year are fully settled, further advance payments cannot be made and decisions to distribute dividends cannot be made.

6.4. The Company determines its dividend policy in accordance with the relevant provisions of the Turkish Commercial Code (TCC), the Capital Markets Law, regulations and Resolutions of the Capital Markets Board (CMB), tax laws, other applicable legislation and its Articles of Association.

Accordingly;

- 1-** In principle, a minimum 50% of net distributable profit based on Financial Statements prepared in line with International Financial Reporting Standards (IFRS) and Capital Market Board Regulations are distributed.
- 2-** In case of an intention to distribute 50% to 100% of the net distributable profit, the dividend payout ratio is determined considering the financial structure and budget of the Company.
- 3-** The dividend distribution proposal is made public taking into consideration legal time frames and in line with Capital Markets Law and CMB regulations and Resolutions.
- 4-** In the event that the net distributable profit based on financial statements prepared in line with the Turkish Commercial Code and Tax Laws is;
 - a. Lower than the amount calculated according to Article 1, the amount calculated within the framework of this article (Article 4) is applied and all the distributable amount is distributed,
 - b. Higher than the amount calculated according to Article 2, this article is the guideline for the action to be taken.
- 5-** In the case that there is no distributable profit based on financial statements prepared in accordance with the Turkish Commercial Code and Tax Laws, no dividend distribution is made even if there is a net distributable profit based on financial statements prepared in accordance with IFRS and Capital Markets Legislation.
- 6-** In the case that the net distributable profit is below 5% of the Company's issued capital, it may be decided not to make any dividend distribution.

7- Dividend distribution is evaluated in the presence of investment plans that require considerable fund outflow, events that may affect the Company's financial structure and uncertainty and adverse developments in the economy and market conditions.

6.5. In accordance with the January 27, 2006 decision of the CMB, the dividend policy of the Company was revised for 2006 and onwards. Information about this policy was provided at the General Meeting of Shareholders and was also publicly announced.

6.6. The Company's dividend policy is stated in its annual report and publicly announced on its website.

7. Transfer of Shares

The Articles of Association do not contain any provisions that restrict the free transfer of shares by shareholders.

SECTION II - PUBLIC DISCLOSURE AND TRANSPARENCY

8. Disclosure Policy of the Company

8.1. A disclosure policy to provide necessary information to the public was prepared and announced on the Company's website. This policy is available at www.hurriyetkurumsal.com.

8.2. The disclosure policy was approved by the Board of Directors and presented to the General Meeting of Shareholders. The Board of Directors is in charge of monitoring, revising and improving the disclosure policy. The Corporate Governance Committee informs the Board of Directors, the Executive Board, the Audit Committee and the CFO on issues related to the disclosure policy and makes suggestions.

8.3. A Capital Markets and Corporate Governance Unit was set up to monitor and supervise all issues related to public disclosures. Questions of third parties are responded to by the CEO, the CFO, the Investor

Relations Coordinator or the Investor Relations Director, depending on the content of the question. In responding to questions, utmost care is taken to avoid any violation of the equal rights of stakeholders to obtain information.

8.4. Except where applicable legislation requires otherwise, data distribution companies and the website of the Company are used effectively for public disclosures.

8.5. The Company's disclosure policy contains guidelines for the disclosure of forward-looking information. This information is disclosed together with all relevant statistical data and evidence regarding the Company's financial position and its operational results. Only the CEO and the CFO are authorized to make such disclosures.

8.6. Board Members, executives and shareholders who directly or indirectly own 5% of the Company's capital are required to disclose all their dealings in the Company's securities, in accordance with applicable Capital Market Law.

8.6.1. There were no transactions or material disclosures in 2009 regarding this issue.

8.6.2. Since all material disclosures are available on the website, those regarding this issue automatically become available there as well.

8.6.3. The Company does not have any stock-based derivatives.

8.7. In 2009, no commercial and/or non-commercial transactions took place between Hürriyet and other companies in which Board Members, executives or shareholders who directly or indirectly own 5% or more of Hürriyet's capital and 5% or more of the other company, Hürriyet and other companies in which Hürriyet, its Board members, executives or shareholders who have management control irrespective of the amount of shares owned in this company.

Corporate Governance Principles Compliance Report

78

8.8. The financial statements and footnotes of 2009 were prepared on a consolidated basis in accordance with International Financial Reporting Standards, audited by independent auditors pursuant to the International Auditing Standards and were publicly disclosed.

8.9. The 2009 Annual Report was prepared in accordance with the Capital Market Law, CMB regulations and CMB Principles.

9. Material Disclosures

9.1. The Company's material disclosures comply with the Capital Market Law, regulations of CMB and the stock exchange and CMB principles.

9.1.1. In 2009, there were a total of 40 material disclosures. The Capital Markets Board and the Stock Exchange did not issue any notifications, amendments or requests for additional material disclosures regarding the public disclosures the Company made in 2009.

9.1.2. All material disclosures sent to the Stock Exchange were signed by the CFO and the Financial Affairs Manager. Public disclosures are prepared in close cooperation with the Audit Committee and the Corporate Governance Committee.

9.2. Since the Company's securities are not traded on international stock exchanges, no additional disclosures were required.

10. The Website and Its Contents

10.1. In accordance with the CMB Principles, the Company's website at www.hurriyetkurumsal.com is actively used for public disclosures.

10.1.1. The content and layout of the Turkish and English pages of the website were redesigned in accordance with CMB principles.

10.1.2. The website is being continuously improved.

10.1.3. The address of the website is clearly indicated on the Company's letterhead.

10.1.4. Guidelines related to the management of the website are included in the disclosure policy.

11. Ultimate Controlling Individual Shareholders

11.1. Changes in the Company's capital structure and/or management are disclosed to the public in accordance with capital markets legislation and CMB regulations.

11.2. Ultimate controlling individual shareholders and the shares they own are shown in the table below, after eliminating any indirect shareholdings:

| Shareholder | Number of Shares | Amount of Shares | (%) |
|------------------------|--------------------|--------------------|---------------|
| Doğan Family | 229,383,943 | 229,383,943 | 41.56 |
| Aydın Doğan Foundation | 3,107,871 | 3,107,871 | 0.56 |
| Other | 81,742 | 81,742 | 0.01 |
| Publicly traded | 319,426,444 | 319,426,444 | 57.87 |
| Total | 552,000,000 | 552,000,000 | 100.00 |

11.3. To the best of the Company's knowledge, shareholders did not enter into any voting agreements in 2009 for increasing their role in the management of the Company.

12. Persons with Access to Insider Information

All necessary measures are taken to prevent insider trading. A list of executives who had access to information that might affect the price of the Company's securities in 2009, as well as a list of all other persons and institutions that provide services for the Company were publicly disclosed on our corporate website (www.hurriyetkurumsal.com). Investor Relations Coordination Department, Human Resources Coordination Department, Financial Affairs and Internal Audit departments work together in coordination under the

Executive Board to avert any possibility of people with access to trade secrets or insider information to use these against the Company or the investors. Criminal sanctions to be applied under such circumstances are clearly stated in the personnel regulations of the Company.

The full names and titles of individuals with access to trade secrets and insider information are as follows:

| Name | Title |
|----------------------|---|
| Aydın Doğan | Chairman of the Board |
| Vuslat Doğan Sabancı | Deputy Chairman of the Board /CEO |
| Mehmet Ali Yalçındağ | Board Member |
| Ertuğrul Özkök | Board Member |
| Soner Gedik | Board Member |
| Ahmet Toksoy | Board Member |
| H. Hasan Yılmaz | Board Member (Independent) |
| Cem Kozlu | Board Member (Independent) |
| Kai Diekmann | Board Member (Independent) |
| Ayşe Sözeri Cemal | Head of Advertising Group/Member of the Executive Board |
| Ahmet Özer | Head of Internet Group/ Member of the Executive Board |
| Ahmet N. Dalman | Head of Information Technology Group /Member of the Executive Board |
| Ayçin Bayraktaroğlu | Head of Marketing Group/Member of the Executive Board |
| Murat Doğu | Member of the Corporate Governance Committee |
| Alpay Güler | DYH Investor Relations Coordinator and Financial Advisor |
| Suzi Apalaçi Dayan | Investor Relations Coordinator |
| S. Serdar Giral | Financial and Administrative Affairs Coordinator |
| Halil Özkan | Financial Affairs Manager |
| Cem Baykara | Finance Manager |
| Fuat Arslan | Member of the Audit Board |
| Mehmet Yörük | Member of the Audit Board |
| Hakan Çömlekçioğlu | Accounting Manager |
| Gülhan Meral | Budget Manager |

Aside from the names indicated above the following officers, although their names have not been written out, are considered as insiders;

- Employees of the Independent Audit Firm,
- Certified Public Accountants serving the Company,
- Employees with duties in accounting, financial control and audit processes.

SECTION III - STAKEHOLDERS

13. Disclosures to Stakeholders

Disclosures to stakeholders and investors are made in accordance with the Capital Markets Law and the Regulations and Principles of the CMB, using tools that are determined in advance. Management is encouraged to join NGOs formed by stakeholders. Participation in such endeavors together with advertisers helps the Company understand their needs and ensures sustainable growth and financial strength.

14. Participation of Stakeholders in Management

Hürriyet is in constant contact with the stakeholders mentioned above. Feedback received from stakeholders is evaluated and submitted to senior management, to assist the development of solutions and policies.

15. Human Resources Policy

15.1. The human resources policy of the Company has been defined in writing. According to this policy, the Company recruits individuals with superior knowledge and skills, easily adaptable to the corporate culture, possessing a highly developed sense of business ethics, honesty, coherence and openness, knowing how to unite the Company's future with their own.

Corporate Governance Principles Compliance Report

80

15.2. The human resources policy requires the Company to provide equal recruitment and career planning opportunities to individuals with similar backgrounds.

15.2.1. All recruitment criteria have been specified in writing and are efficiently implemented.

15.2.2. All employees are treated equally with regard to education and promotion. Training is designed to enhance the knowledge and skill of each employee.

15.3. Decisions or developments within the Company that may affect employees are shared through the internal website set up to promote communication.

15.4. The principles and the operation process of the 360 Degrees performance evaluation system were reviewed. Within this scope, evaluation criteria and performance indicators were revised in accordance with the updated job descriptions. Job descriptions were assessed at the level of individual employees as part of this effort. Therefore, job detail descriptions, new competencies attributed to the particular position and performance indicators to measure the job's output were revised across all positions. To ensure recognition of the works and pieces created by the publishing group, 20 employees are regularly selected each month to receive awards by the evaluation committee. The awards are assigned in nine categories, including the best page, the best photograph and the best interview. The award winners are announced to all employees of the Company.

15.5. The Company's workplace is designed to ensure the highest level of safety and facilitate maximum efficiency.

15.6. Employee relations are conducted by the Human Resources Coordination Department. There are no trade union members in the Company.

15.7. The Company does not discriminate against any employees and all are treated equally. In order to ensure these conditions, the Human Resources

Coordination Department holds regular meetings with all the department heads and employees. A penalty clause concerning the issue is applicable under the Personnel Regulations of the Company. No complaints were brought to the Company management and/or the Committees under the Board of Directors in this regard.

16. Customer and Supplier Relations

As a pioneer in the field of print media, Hürriyet believes that customer (readers and advertisers) satisfaction is of vital importance. For this reason, editorial quality and social responsibilities are taken very seriously. With this objective in mind, Doğan Yayın Holding's Editorial Principles are clearly stated on the website and enforced at the highest level.

The Company's most important raw material is newsprint. Newsprint is supplied by Doğan Dış Ticaret ve Mümessillik A.Ş., a subsidiary of Doğan Holding and Işıl İthalat İhracat Mümessillik A.Ş.

The newspapers and their supplements are printed at company-owned Doğan Printing Centers in Istanbul, Ankara, Izmir, Adana, Antalya, Trabzon and Frankfurt. The printing of supplements on offset paper is subcontracted to Doğan Ofset A.Ş., another subsidiary of the group. The newspapers are distributed by Doğan Dağıtım A.Ş. nationwide.

A substantial portion of revenue consists of advertisements. The Company makes its best efforts to ensure the satisfaction of advertisers. Advertisements that are not published in accordance with the customer's requests are compensated for in the shortest possible time.

17. Social Responsibility

Social responsibility activities Hürriyet carried out are given in detail in the Social Responsibility and Environmental Activities portion of the Annual Report. No lawsuits were brought against the Company in relation to harming the environment in the term.

SECTION IV - BOARD OF DIRECTORS

18. Structure and Formation of the Board of Directors and Independent Members

18.1. The composition and election of the Board of Directors are subject to the Turkish Commercial Code and related provisions are set forth in the Articles of Association. Some arrangements have been made to comply with the CMB Principles.

18.1.1. The Company is managed and represented by a Board of Directors that consists of nine members elected from among the shareholders at the General Meeting of Shareholders.

18.1.2. At least one-third of the Board Members must be independent members who meet the qualifications specified in the CMB's Corporate Governance Principles. Individuals who have served on the Board for seven years cannot be elected independent members.

18.1.3. The number of executive directors cannot exceed half of the Board of Directors and this point is taken into consideration, especially when defining the duties of Board Members.

18.2. Members of the Board of Directors and their status are as follows:

| Name | Title | Note |
|----------------------|------------------------------|---------------|
| Aydın Doğan | Chairman | Non-executive |
| Vuslat Doğan Sabancı | Deputy Chairman of the Board | Executive |
| Mehmet Ali Yalçındağ | Member | Non-executive |
| Ertuğrul Özkök | Member | Executive |
| Soner Gedik | Member | Non-executive |
| Ahmet Toksoy | Member | Executive |
| H. Hasan Yılmaz | Member | Independent |
| Cem M. Kozlu | Member | Independent |
| Kai Diekmann | Member | Independent |

18.2.1. There are three independent members on the Board of Directors. The obligation of constituting at least one-third of Board Members from independent members for meeting the requirements set forth by the CMB in the Corporate Governance Principles has been fulfilled.

18.2.2. The Chairman and the Chief Executive Officer of the Company are different persons.

18.2.3. Of the directors, more than half are non-executive members.

18.2.4. Cem Kozlu, born in 1946, was appointed Independent Board Member and he is a consultant for the North Asia, Eurasia and the Middle East Group of the Coca-Cola Company. Before joining the Coca-Cola Company, Kozlu served as a Member of Parliament for four years and as the Chairman of Turkish Airlines. He has written four books on economics and business, one of which is a university textbook on international marketing.

The second independent member, Kai Diekmann, born in 1964, served as News Editor at Bunte Magazine and as Editor-in-Chief of the Welt am Sonntag newspaper. In 2001, he was appointed Editor-in-Chief of Bild, Germany's best-selling newspaper; he became Bild's publisher in 2004. Presently he serves as the publisher of Bild am Sonntag. After his appointment, Diekmann turned the Bild newspaper into one of the best-selling, most efficient and most profitable publishing organizations in Europe. In 2004, he wrote the biography of former German Chancellor Helmut Kohl, a close friend.

The third independent Board member Hakkı Hasan Yılmaz was born in 1957. Having served in executive positions in the private sector for many years, Yılmaz was appointed President of Food, Retailing and Tourism businesses of Koç Holding in 2002. He served as Chairman and Vice Chairman of 21 companies under the Koç Group. Since 2005, he has been Adjunct Professor/Distinguished Executive in Residence at Koç University, teaching several courses and supporting the MBA and EMBA programs.

Corporate Governance Principles Compliance Report

82

18.2.5. There are no rules and/or restrictions regarding the employment of Board members outside the Company.

18.3. The independent members of the Board of Directors provide written statements regarding their independence that meet the criteria specified in the CMB Principles. As of the date of this report, there existed no circumstances that would cause any Board member to lose his/her independent status.

19. Qualifications of Board Members

19.1. The Board of Directors is constituted to ensure maximum efficiency and effectiveness. CMB Principles are complied with in this regard and relevant guidelines are specified in the Articles of Association.

19.1.1. Members of the Board of Directors shall be elected from among individuals who have basic knowledge of the legal environment in the Company's line of business, are professional and experienced in management, can review financial statements and, preferably, hold relevant university degrees.

19.1.2. To better perform its obligations and duties, every year the Board of Directors may designate members responsible for financial, monetary and legal issues; also they may delegate part of its duties by assigning executive directors to oversee the implementation of the Board's Resolutions.

19.1.3. The compliance program shall be led by the Corporate Governance Committee and implemented under the responsibility of the CEO. Every new member joining the Board of Directors receives an information folder prepared by the Secretariat of the Board of Directors and attends meetings organized by the Secretariat, obtaining information on such issues as the Company's operations, the situation of the industry as a whole, the competitive environment and reader profiles.

19.2. Resumes of Board Members are available in the annual report and at www.hurriyetkurumsal.com.

20. Mission, Vision, Strategic Objectives

20.1. Mission: Hürriyet's mission is to provide accurate news and information, as well as honest analyses and assessments to all Turkish-speaking people around the globe. To accomplish this objective, the main task of the executives of Hürriyet and its subsidiaries is to maintain the independence of both the Company and the newspaper and to manage the Company in a way that will provide maximum value to shareholders.

20.2. Vision: Playing an active role in Turkey's modernization, Hürriyet stands out with its high-quality publishing, employee focus and social responsibility. Hürriyet has always been and will continue to be guided by its commitment to serving the public good and maintaining its role as a pioneer.

20.3. Strategic Objectives: Hürriyet's strategy involves providing customer-focused service, developing reader-oriented specialty products, producing content for traditional brands, keeping abreast of advances in technology, innovatively diversifying and expanding content distribution channels, tailoring information and educational products and tools to individuals, diversifying and expanding its sales and distribution channels, as well as cooperating with the world's leading media enterprises.

The Board of Directors and the management continuously review Hürriyet's position in line with its strategic objectives. At regular and frequent Board meetings, the Company reviews its position in the market and devises new targets and strategies responding to changing conditions. The strategic targets defined by executives are implemented following the approval of the Board of Directors. The Chairman of the Executive Board reports on progress in achieving the targets and past performance to the Board of Directors.

21. Risk Management and Internal Control Mechanism

21.1 Risk Management

Risk management, operational and financial risk the Company is exposed to and efforts by the Corporate Risk Management unit are described in detail under the Risk Management section of the Annual Report.

21.2. Internal Control

The internal audit and internal control system of the Company is described in detail under the Internal Control section of the Annual Report.

22. Authorities and Responsibilities of Board Members and Executives

22.1. The authorities and responsibilities of the Board members and executives are set forth in the Company's Articles of Association, in a manner that is consistent with their functions and is clearly identifiable and distinguishable beyond suspicion from the authority and the responsibilities of the General Meeting of Shareholders.

22.2. The agenda of the Board of the Directors meeting drafted by the CEO is submitted to all Board members by the Secretariat of the Board of Directors at least one week before the date of the meeting. It is revised in accordance with the suggestions of Board members. As a rule, the Board of Directors convenes upon the invitation of either the Chairman or the Deputy Chairman. It is also mandatory for the Board of Directors to convene upon the joint request of at least three of its members.

Any internal auditor or minority shareholder may invite the Board to a meeting, by determining its agenda in advance. In this case, the Chairman of the Board of Directors evaluates the emergency of the matter specified in the request. Eventually, the Chairman may either call for a meeting immediately or decide to postpone the discussion of the matter until the next ordinary meeting of the Board of Directors, assuming the responsibility of this decision and explaining its reasons.

Except for situations that require emergency meetings, meeting calls must be made at least seven days before the meeting date and shall also include the agenda of the meeting and all documents and information on agenda items.

22.3. If there are dissenting opinions and negative votes, the reasons for the negative votes are entered into the minutes of the meeting. In 2009, no material disclosures were made due to the absence of dissenting opinions and negative votes.

22.4. Personal presence of all members at board meetings is ensured for decisions on matters that require personal presence, as per the Corporate Governance Principles of the Capital Markets Board.

23. Fundamentals of Activities of the Board of Directors

23.1. Members of the Board of Directors are promptly provided all information they may need to adequately perform their duties.

23.2. The Board of Directors makes a separate decision for the approval of the financial statements, their footnotes and the Independent Audit Report, the Corporate Governance Compliance Report and the Annual Report.

23.3. Meetings of the Board of Directors are organized by the Chairman, the Deputy Chairman or the CEO, who is also a Board Member. Communication between Board Members is facilitated by the Secretariat of the Board of Directors, which is responsible for keeping all documents regarding the meetings of the Board of Directors. The duties and responsibilities of the Secretariat of the Board of Directors, which directly reports to the Chairman of the Board, are stated in the Articles of Association.

23.4. In 2009, the Board of Directors held 70 meetings and approved all Resolutions unanimously, without any opposing votes.

Corporate Governance Principles Compliance Report

84

23.5. Meetings of the Board of Directors are planned effectively and efficiently. As stated in the Articles of Association:

23.5.1. The Board of Directors meets whenever required by the business of the Company and at least once every month.

23.5.2. As a rule, the Board of Directors meets when requested by the Chairman, the Deputy Chairman or the CEO, who is also a Board member. The meeting date may be decided by the Board of Directors as well. In case the Chairman or Deputy Chairman does not call for a meeting upon the request of one of the Board members, then the members shall have the right to call for a Board meeting. Any internal auditor may call for a Board meeting, by determining its agenda in advance.

23.5.3. Meeting calls are made at least seven days before the meeting date and include the agenda and all documents and information related to agenda items.

23.5.4. As a rule, meetings of the Board of Directors take place at the Company's Headquarters. However, upon a decision of the Board of Directors, meetings can be held in a different location in the same city or in another city.

23.5.5. Members of the Board of Directors primarily attend meetings in person. However, it is also possible to utilize remote access technology. Written opinions of members who cannot attend the meetings in person are conveyed to the other members.

23.5.6. All documents of the meeting are duly filed by the Secretariat of the Board of Directors. Detailed opinions and the reasons of opposition of dissenting independent members are also disclosed to the public.

23.5.7. Board of Directors meetings require the presence of at least one more than half of the full number of members and decisions require a simple majority of members present at the meeting. In case of equality of votes, the subject matter is added to the agenda of the next Board meeting and if it cannot be

approved and decided upon by a majority of the votes at the next Board meeting, the relevant motion is deemed to have been disapproved. Each member is entitled to one vote, irrespective of their position and duties in the Board of Directors.

23.5.8. Pursuant to the second paragraph of Article 330 of the Turkish Commercial Code, Board decisions may be taken by receiving the written consent or approval of other members for a written proposal of a member. However, this method does not apply to decisions on matters that require personal presence at the meeting pursuant to the Principles. When important aspects of the Company's operations are discussed, all Board members personally attend the meeting.

23.6. Meetings and travel expenses of the Board of Directors, special studies it may request in relation to its duties and related expenses are paid out of the general budget without any restriction.

23.7. According to the Articles of Association, members of the Board of Directors do not have weighted voting and/or veto rights.

24. Restrictions on Dealing and Competing with the Company

According to the Articles of Association, members of the Board of Directors are not allowed to deal or compete with the Company. An exception can be granted at the General Meeting of Shareholders upon the affirmative vote of shareholders who represent at least three-fourths of the capital.

In 2009, no Board Member, executive or controlling shareholder, including those who may have access to insider information, conducted business in the Company's line of business on behalf of themselves.

25. Ethical Rules

Hürriyet adheres to the "Values" it has announced on its website and Annual Report, as well as the "Editorial Principles" announced to the public by Doğan Yayın Holding.

In addition to these rules, the Company has also adopted the Code of Conduct of Doğan Yayın Holding, with which all Doğan Media Group personnel should comply. Doğan Holding Editorial Principles and the Code of Conduct are available on Doğan Yayın Holding' website at www.dyh.com.tr.

26. Number, Structure and Independence of the Committees Constituted by the Board of Directors

26.1. In line with the Company's current position and needs, an Audit Committee, a Corporate Governance Committee and an Executive Committee (Executive Board) have been established to ensure that the Board of Directors properly fulfils its duties and responsibilities.

26.2. The charters of the Audit Committee and the Corporate Governance Committee have been approved by the Board of Directors and are available at www.hurriyetkurumsal.com. These charters have been carefully designed in light of the Capital Markets Law, CMB Regulations, the Principles, the Articles of Association as well as practices in other countries. Both committees meet on a monthly basis, on specific days and at specific hours.

26.3. The Audit Committee is a committee established by the Articles of Association and the relevant information is as follows:

26.3.1. The Audit Committee consists of the following members:

| Name | Title | Note |
|-----------------|----------|--|
| H. Hasan Yılmaz | Chairman | Independent Board Member/Non-executive |
| Soner Gedik | Member | Board Member/Non-executive |

26.3.2. The Chairman of the Audit Committee is not an Independent Board member. However, his position complies with CMB regulations because he is a non-executive member.

26.3.3. The Board of Directors held a meeting on June 29, 2009 and decided that H. Hasan Yılmaz and Soner Gedik, Board Members, concurrently Committee members responsible for auditing, be re-elected and authorized to perform the duties specified in the Capital Markets Board Communiqué Series X, No. 22.

26.3.4. All members of the Audit Committee are non-executive Board members.

26.3.5. The Audit Committee makes regular efforts in compliance with the Capital Market Law and in light of the CMB's Corporate Governance Principles.

In this regard, in 2009:

The Company's financial statements and their footnotes, as well as the independent audit report of the previous year were reviewed prior to their public disclosure and meetings were held with the Independent Audit Firm, The Company's independent audit contract was revised, Results of the internal controls performed by the Internal Control Department and the measures taken have been reviewed, Emphasis was given to risk management activities. The Audit Committee held four meetings during 2009.

26.4. Information on the Corporate Governance Committee, established by the Articles of Association:

26.4.1. According to Board Decision No. 2009/45 dated June 29, 2009, the Corporate Governance Committee shall consist of the following chairperson and members:

| Name | Title | Note |
|-----------------|----------|--|
| Cem Kozlu | Chairman | Independent Board Member/Non-executive |
| H. Hasan Yılmaz | Member | Independent Board Member/Non-executive |
| Murat Doğu | Member | Non-executive |

Corporate Governance Principles Compliance Report

86

26.4.2. Corporate Governance Committee member Murat Doğu is also a member of the DYH Corporate Governance Committee.

26.4.3. All of the committee members are non-executive. The Chairman and member H. Hasan Yılmaz are Independent Board members

26.4.4. Since its inception, the Committee has been continuing its activities in a regular manner.

Accordingly:

- Corporate governance rating studies were carried out,
- Corporate governance compliance reports prepared by the Company were reviewed,
- Annual reports prepared by the Company were reviewed,
- It was ensured that the Ordinary General Meeting of Shareholders, where the activities of 2009 were discussed, was held in compliance with related legislation and principles,
- It was ensured that relations with shareholders and investors are pursued in compliance with related legislation and principles,
- Public disclosures of the Company were reviewed,
- The website was regularly updated and improved.
- The Corporate Governance Committee held four meetings during 2009.

26.5. The Executive Committee has been established pursuant to Article 19 of the Articles of Association as follows:

“The Board of Directors shall form and appoint an Executive Committee comprised of a sufficient number of members in order to ensure that the Company’s activities and transactions are performed in accordance with the work program and budget it has determined. The appointment decision shall specify in detail the authorities of the Executive Committee and their limits.

The Chairman of the Executive Committee shall be authorized to manage and direct the activities of the Executive Committee and the Company and shall be elected from among the Directors. However, the Chairman of the Board of Directors may not be elected Chairman of the Executive Committee at the same time. In electing the members of the Executive Committee, the Board of Directors shall take into account the suggestions and proposals of the Chairman of the Executive Committee.

The Executive Committee shall meet upon the invitation of its Chairman at intervals required by the Company’s business. Company executives and third parties approved by the Executive Committee Chairman may also attend the meetings.

All activities of the Executive Committee shall be put into writing and in each meeting of the Board of Directors, the Chairman of the Executive Committee shall provide information about the work of the committee.”

Accordingly, the Board of Directors resolved to appoint Vuslat Doğan Sabancı as Chairman of the Executive Board (Executive Committee) and the following as Executive Board members with the particular responsibilities: Ertuğrul Özkök for Editorial Issues, Ayşe Cemal Sözeri for the Advertising Group, Ahmet Toksoy for Financial Affairs, Temuçin Tüzecan for Corporate Communications, Ayçin Bayraktaroğlu for Marketing Affairs, Ahmet N. Dalman for Hürriyet Information Technology, Ahmet Özer for Internet Group and Kadri Enis Berberoğlu for Ankara representative office.

Ertuğrul Özkök, Executive Committee (Executive Board) member in charge of Editorial Affairs and Editor-in-Chief, resigned from these positions as of December 29, 2009.

The Company’s Executive Committee (Executive Board) member in charge of Corporate Communications, Temuçin Tüzecan resigned from this position as of December 29, 2009.

The Executive Committee, which is comprised of Executive Board members and Group heads, meets weekly or at least once a month.

| Name | Title |
|-----------------------|---|
| Vuslat Doğan Sabancı | Executive Committee Chairman (CEO) |
| Kadri Enis Berberoğlu | Executive Committee Member/Editor-in-Chief |
| Ayşe Sözeri Cemal | Executive Committee Member/Head of the Advertising Group |
| Ahmet Toksoy | Executive Committee Member/Head of the Finance Group |
| Ayçin Bayraktaroğlu | Executive Committee Member/Head of the Marketing Group |
| Ahmet N. Dalman | Executive Committee Member/Head of the Information Technology Group |
| Ahmet Özer | Executive Committee Member/Head of Internet Group |

26.6. The Company's committees act within their authority and responsibility and make recommendations to the Board of Directors. All final decisions are made by the Board of Directors.

26.6.1 All managers of technical and administrative departments in the Company regularly generate workflow reports every month on what was achieved in and planned for in the month to be submitted to their Group Leaders. These reports are then presented to the Executive Board for approval.

26.6.2 Penalties to be applied in cases of losses arising from the failure or underperformance of managers serving in the technical and administrative organization are specified in the Personnel Regulations.

27. Remuneration of the Board of Directors

27.1. The Chairman, Deputy Chairman and members of the Board of Directors are paid remuneration as decided upon by the General Assembly of Shareholders. The decision regarding this remuneration is based on the time Board Members spend for meetings and the time involved in pre and post-meeting preparations and the duties assumed, as well as the CEO's salary. The attendance fee to be paid to Board Members for each meeting is also decided upon by the General Assembly of Shareholders.

Whether the chairmen and members of the committees are to be paid any fees and the amounts and conditions of such fees, if any, are decided by the Board of Directors together with the resolution regarding the establishment of the particular committee. If the chairman and members of a committee are at the same time the chairman or members of the Board of Directors, it is the duty of the General Assembly of Shareholders to determine whether they are to be paid any fees and the amounts and conditions of such fees, if any.

27.2. At the Ordinary General Assembly Meeting of Shareholders held on June 24, 2009, it was unanimously resolved that the Chairman of the Board of Directors be paid a monthly net fee of TL 7,500, the Deputy Chairman a monthly net fee of TL 6,500 and Members of the Board a monthly net fee of TL 5,000 each. Furthermore, it was resolved that Independent Members H. Hasan Yılmaz, M. Cem Kozlu and Kai Georg Diekmann each be paid a monthly net fee equal to the TL equivalent of US\$ 5,000. There exists no additional bonus mechanism based on performance for members of the Board of Directors.

No loans or credits are extended by the Company to any of its Board Members or executives, either directly or indirectly.

Audit Committee Resolution

88

AUDIT COMMITTEE RESOLUTION OF HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

DATE : April 5, 2010
SUBJECT : Financial Statements for the Accounting
Period between 01/01/2009-12/31/2009

The Company's independently audited consolidated financial statements for the fiscal year January 1, 2009-December 31, 2009, were prepared in comparison with the previous year, in light of the CMB Communiqué Series XI, No. 29 and in compliance with International Financial Reporting Standards and presented in the form specified by CMB Resolutions, and have been examined, taking into consideration the comments of the executives responsible for the preparation of the Company's financial statements.

Based on the information we have and that has been provided to us, we have transmitted our opinion on the subject matter of the financial statements to the executives who had responsibility in the preparation of the Company's financial statements. Based on this opinion, we have concluded that these financial statements accurately reflect the results of the Company's operations and do not contain any major deficiency that would result in these financial statements being misleading and comply with the CMB regulations.



Hakkı Hasan Yılmaz
Chairman of the Audit Committee



Soner Gedik
Audit Committee Member

Resolution of the Board of Directors on the Approval of Financial Statements

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş. RESOLUTION OF THE BOARD OF DIRECTORS

Date of Meeting : April 5, 2010
Meeting Number : 2010/15
Attending : Aydın Doğan (Chairman)
Vuslat Doğan Sabancı (Deputy Chairman)
Mehmet Ali Yalçındağ (Member)
Ertuğrul Özkök (Member)
Soner Gedik (Member)
Ahmet Toksoy (Member)

Convening on the abovementioned date at the Company Headquarters, the Board of Directors of Hürriyet Gazetecilik ve Matbaacılık A.Ş. unanimously resolved;

To approve and submit for the General Assembly's approval the Company's independently audited consolidated financial statements and the accompanying footnotes for the accounting period of January 1, 2009-December 31, 2009, which were presented to the Board of Directors by the Audit Committee with a compliance opinion along with adjustment recommendations, prepared pursuant to the CMB Communiqué Series XI, No. 29 and in compliance with the International Financial Reporting Standards, presented as specified by CMB Resolutions.



Aydın DOĞAN
Chairman



Vuslat DOĞAN SABANCI
Deputy Chairman



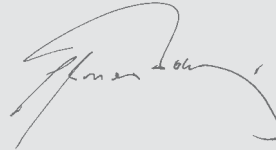
Mehmet Ali YALÇINDAĞ
Member



Ertuğrul ÖZKÖK
Member



Soner GEDİK
Member



Ahmet TOKSOY
Member

Resolution of the Board of Directors on the Approval of the Annual Report and the Corporate Governance Compliance Report

90

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş. RESOLUTION OF THE BOARD OF DIRECTORS

Date of Meeting : April 7, 2010
Meeting Number : 2010/16
Attending : Aydın Doğan (Chairman)
Vuslat Doğan Sabancı (Deputy Chairman)
Mehmet Ali Yalçındağ (Member)
Ertuğrul Özkök (Member)
Soner Gedik (Member)
Ahmet Toksoy (Member)

The Hürriyet Gazetecilik ve Matbaacılık A.Ş. Board of Directors convened on the above-mentioned date at Company Headquarters and unanimously resolved;


- To approve and present to the shareholders the attached 2009 Annual Report submitted for the approval of the Board of Directors by the Executive Committee with a compliance opinion.
- To approve and present to the shareholders the attached "Corporate Governance Compliance Report", submitted by the Corporate Governance Committee with a compliance opinion to be incorporated in the 2009 Annual Report, prepared in accordance with the Capital Markets Board (CMB) Decision No. 48/1588 dated December 10, 2004 and with the CMB Corporate Governance Principles.
- To advise the shareholders and present for approval at the General Meeting of Shareholders that according to the independently audited consolidated financial statements for the accounting period of January 1, 2009-December 31, 2009, prepared pursuant to CMB regulations on dividend distribution and in accordance with International Financial Reporting Standards, presented in line with the principles set forth in the CMB's relevant Resolutions, when tax expenses for the period, deferred tax revenue and minority interest were considered together, there was a resultant TL 35,079,806 of Consolidated Net Loss for the Period; therefore, there can be no dividend distribution for the accounting period of 2009 under CMB's relevant regulations of profit distribution.
- To confirm accrual of a TL 62,009,423 profit for the period according to financial records kept in accordance with Turkish Commercial Code and Tax Procedure Law and to advise the General Assembly that following the deduction of the payable corporate tax, the net profit for the period is TL 53,830,610 and after the deduction of the First Legal Reserve in accordance with the Article 466/1 of TCC, the remaining balance of TL 51,139,080 be transferred to the extraordinary reserves.



Aydın DOĞAN
Chairman



Vuslat DOĞAN SABANCI
Deputy Chairman



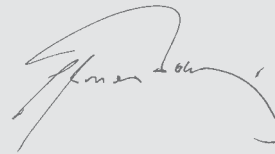
Mehmet Ali YALÇINDAĞ
Member



Ertuğrul ÖZKÖK
Member



Soner GEDİK
Member



Ahmet TOKSOY
Member

Statement of Responsibility for Financial Reports

RESOLUTION OF THE BOARD OF DIRECTORS REGARDING THE APPROVAL OF THE FINANCIAL REPORTS

Resolution date: April 07, 2010
Resolution no: 2010/15

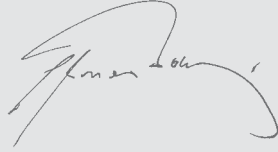
STATEMENT OF RESPONSIBILITY PURSUANT TO CAPITAL MARKETS BOARD COMMUNIQUE SERIES XI, NO. 29, SECTION THREE, ARTICLE 9

Having examined the independently audited consolidated financial report of Hürriyet Gazetecilik ve Matbaacılık A.Ş. for the January 1, 2009-December 31, 2009 accounting period, prepared in accordance with the CMB Communiqué Series XI, No. 29 and in compliance with the International Financial Reporting Standards, presented in the form specified by CMB Resolutions, within the framework of information available to us in so far as our duties and responsibilities are concerned, we have concluded that:


- a- The financial report does not contain any misrepresentation of the facts on major issues or any deficiency that may be construed as misleading as from the date of the disclosure;
- b- The financial report, prepared in accordance with the applicable financial reporting standards, fairly reflects the facts on the assets, liabilities, financial condition and profit and loss of the Company along with those subsidiaries in the scope of consolidation as well as the significant risk and uncertainty that the Company faces.



Soner Gedik
Board Member



Ahmet Toksoy
Board Member



Halil Özkan
Financial Affairs Manager

Statutory Auditors' Report

92

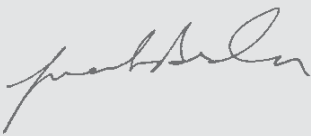
TO THE HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş. GENERAL ASSEMBLY PRESIDENCY

We hereby present our conclusions regarding the findings of our annual audit of the Company's 2009 fiscal year for your information.

1. We have observed that the books, files and records that are required to be kept based on the nature and the importance of the business were duly kept and that the Company complied with laws, accounting principles, the Articles of Association and the provisions of the Turkish Commercial Code in keeping these books.
2. The values shown in the Inventory, Balance Sheet and Income Statement are consistent with accounting records and the Company complied with the Articles of Association and the provisions of the Turkish Commercial Code in preparing these statements. We have observed that the Balance Sheet and the Income Statement of the Company presented to the General Assembly by the Board of Directors were prepared in accordance with the transparency and accuracy principles stipulated in Article 75 of the Turkish Commercial Code and that they are identical to the official accounting records.
3. All decisions regarding the Company's Management were recorded in the Company's Resolution Book, which was kept in accordance with the laws and regulations.

In conclusion, we hereby recommend that the General Assembly approve the Company's operations summarized in the report prepared by the Board of Directors and the resulting Balance Sheet and Income Statement.

April 8, 2010



Fuat Arslan
Auditor



Mehmet Yörük
Auditor

Statement of Responsibility for the Annual Report

RESOLUTION OF THE BOARD OF DIRECTORS REGARDING THE APPROVAL OF THE ANNUAL REPORT

Resolution date: April 05, 2010
Resolution no: 2010/16

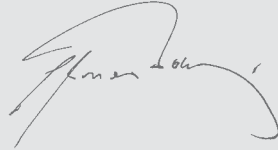
STATEMENT OF RESPONSIBILITY PURSUANT TO CAPITAL MARKETS BOARD COMMUNIQUE SERIES XI, NO. 29, SECTION THREE, ARTICLE 9

Having examined the independently audited consolidated financial report of Hürriyet Gazetecilik ve Matbaacılık A.Ş. for the January 1, 2009-December 31, 2009 accounting period; within the framework of information available to us in so far as our duties and responsibilities are concerned, we have concluded that,

- a-** The Annual Report does not contain any misrepresentation of the facts on major issues or any deficiency that may be construed as misleading as from the date of the disclosure;
- b-** The Annual Report fairly reflects the development and performance of the business as well as the financial condition, the significant risk and uncertainty the Company along with those subsidiaries in the scope of consolidation face.



Soner Gedik
Board Member



Ahmet Toksoy
Board Member



Halil Özkan
Financial Affairs Manager

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT
(ORIGINALLY ISSUED IN TURKISH)



**Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.**
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CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH

INDEPENDENT AUDITOR'S REPORT

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

1. We have audited the accompanying consolidated financial statements of Hürriyet Gazetecilik ve Matbaacılık A.Ş. (the "Company") and its subsidiaries (collectively referred as, the "Group") which comprise the consolidated balance sheet as of 31 December 2009 and the consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

4. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Hürriyet Gazetecilik ve Matbaacılık A.Ş. and its subsidiaries as of 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with the financial reporting standards endorsed by the CMB (Note 2).

Matter of emphasis

5. As discussed in Note 18 in detail, the tax inspection reports, regarding the tax reviews of the prior financial periods of the Company, imposed payment of an income tax principal of TRY12.3 million, a tax loss penalty of TRY12.3 million and a special irregularity penalty of TRY165 thousand. In accordance with the opinions of its legal counsel and tax experts on the tax inspection reports, the Company has accounted for a provision amounting to TRY15.6 million, including the estimated late payment interest, in the accompanying consolidated financial statements in connection with such tax inspection reports. There is uncertainty as to the outcome of the legal proceedings in connection with such tax inspection reports.

Additional paragraph for convenience translation into English

6. The accounting principles described in Note 2 to the accompanying consolidated financial statements (defined as the "CMB Financial Reporting Standards") differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January-31 December 2005. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

ORIGINALLY ISSUED IN TURKISH

Gökhan Yüksel, SMMM
Partner

Istanbul, 7 April 2010

| CONTENTS | PAGE |
|--|---------|
| CONSOLIDATED BALANCE SHEETS | 98-99 |
| CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME | 100 |
| CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY | 101 |
| CONSOLIDATED STATEMENTS OF CASH FLOW | 102 |
| NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | 103-176 |
| NOTE 1 ORGANISATION AND NATURE OF OPERATIONS | 103-104 |
| NOTE 2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS | 105-120 |
| NOTE 3 BUSINESS COMBINATIONS | 120 |
| NOTE 4 SEGMENT REPORTING | 120-123 |
| NOTE 5 CASH AND CASH EQUIVALENTS | 123-124 |
| NOTE 6 FINANCIAL ASSETS | 124-125 |
| NOTE 7 FINANCIAL LIABILITIES | 125-129 |
| NOTE 8 OTHER FINANCIAL LIABILITIES | 129 |
| NOTE 9 TRADE RECEIVABLES AND PAYABLES | 129-130 |
| NOTE 10 OTHER RECEIVABLES AND PAYABLES | 130-131 |
| NOTE 11 INVENTORIES | 131-132 |
| NOTE 12 INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD | 132-133 |
| NOTE 13 INVESTMENT PROPERTY | 133-134 |
| NOTE 14 PROPERTY, PLANT AND EQUIPMENT | 135-136 |
| NOTE 15 INTANGIBLE ASSETS | 137-138 |
| NOTE 16 GOODWILL | 139 |
| NOTE 17 GOVERNMENT GRANTS | 139 |
| NOTE 18 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES | 139-141 |
| NOTE 19 COMMITMENTS | 141-143 |
| NOTE 20 PROVISION FOR EMPLOYMENT TERMINATION BENEFITS | 143-144 |
| NOTE 21 OTHER CURRENT/NON CURRENT ASSETS AND OTHER CURRENT/NON CURRENT LIABILITIES | 144-145 |
| NOTE 22 SHAREHOLDERS' EQUITY | 146-148 |
| NOTE 23 SALES AND COST OF SALES | 148-149 |
| NOTE 24 RESEARCH AND DEVELOPMENT, MARKETING, SELLING AND DISTRIBUTION AND GENERAL ADMINISTRATIVE EXPENSES | 149-150 |
| NOTE 25 EXPENSES BY NATURE | 150 |
| NOTE 26 OTHER OPERATING INCOME/EXPENSES | 150-151 |
| NOTE 27 FINANCIAL INCOME | 151 |
| NOTE 28 FINANCIAL EXPENSES | 151 |
| NOTE 29 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS | 152 |
| NOTE 30 TAX ASSETS AND LIABILITIES | 153-159 |
| NOTE 31 LOSS PER SHARE | 160 |
| NOTE 32 RELATED PARTY DISCLOSURES | 161-164 |
| NOTE 33 FINANCIAL RISK MANAGEMENT | 165-175 |
| NOTE 34 SUBSEQUENT EVENTS | 176 |
| NOTE 35 CASH FLOW STATEMENT | 176 |

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER**

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

| | Notes references | 2009 | 2008 |
|--|------------------|----------------------|----------------------|
| ASSETS | | | |
| Current assets | | 539.009.243 | 649.946.695 |
| Cash and cash equivalents | 5 | 278.383.288 | 370.325.965 |
| Financial assets | 6 | 18.363.709 | - |
| Trade receivables | | 191.192.846 | 186.925.592 |
| Due from related parties | 32 | 41.087.373 | 35.893.074 |
| Other trade receivables | 9 | 150.105.473 | 151.032.518 |
| Other receivables | 10 | 2.606.113 | 16.693.096 |
| Inventories | 11 | 18.446.122 | 23.450.512 |
| Other current assets | | 30.017.165 | 52.551.530 |
| Advances due from related parties | 32 | - | 1.135.207 |
| Other current assets | 21 | 30.017.165 | 51.416.323 |
| Non-current assets | | 1.314.994.660 | 1.394.403.127 |
| Trade receivables | 9 | - | 7.348.295 |
| Other receivables | 10 | 666.652 | 300.753 |
| Financial assets | 6 | 4.886.604 | 4.995.077 |
| Investments accounted for by the equity method | 12 | 1.432.023 | 316.468 |
| Investment property | 13 | 26.595.563 | 21.976.902 |
| Property, plant and equipment | 14 | 507.257.327 | 529.130.300 |
| Intangible assets | 15 | 546.245.704 | 581.187.362 |
| Goodwill | 16 | 222.336.593 | 236.449.857 |
| Deferred tax assets | 30 | 4.361.353 | 4.389.893 |
| Other non-current assets | 21 | 1.212.841 | 8.308.220 |
| Total assets | | 1.854.003.903 | 2.044.349.822 |

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER**

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

| | Notes references | 2009 | 2008 |
|---|------------------|----------------------|----------------------|
| LIABILITIES | | | |
| Current liabilities | | 462.224.009 | 374.320.532 |
| Short-term financial liabilities | 7 | 320.334.615 | 275.661.409 |
| Other financial liabilities | 8 | 15.123.251 | 13.686.315 |
| Trade payables | | 40.556.178 | 45.024.266 |
| Due to related parties | 32 | 2.267.076 | 6.211.157 |
| Other trade payables | 9 | 38.289.102 | 38.813.109 |
| Other payables | 10 | 16.265.351 | 15.568.257 |
| Current income tax liabilities | 30 | 8.627.512 | 2.159.564 |
| Provisions | 18 | 27.375.806 | 6.731.599 |
| Other current liabilities | 21 | 33.941.296 | 15.489.122 |
| Non-current liabilities | | 474.133.721 | 783.830.147 |
| Long-term financial liabilities | 7 | 329.951.107 | 627.937.892 |
| Other financial liabilities | 8 | 742.310 | 6.043.151 |
| Other payables | 10 | 188.213 | 189.038 |
| Provision for employment termination benefits | 20 | 14.196.159 | 11.744.969 |
| Deferred tax liabilities | 30 | 128.977.635 | 137.530.974 |
| Other non-current liabilities | 21 | 78.297 | 384.123 |
| TOTAL EQUITY | | | |
| Shareholders' equity | | 917.646.173 | 886.199.143 |
| Equity attributable to equity holders of the company | | 797.896.316 | 753.057.582 |
| Share capital | 22 | 552.000.000 | 460.000.000 |
| Inflation adjustment to share capital | 22 | 77.198.813 | 77.198.813 |
| Share premium | 22 | 76.944 | - |
| Translation reserve | | (15.107.992) | (2.949.588) |
| Restricted reserves | 22 | 27.716.536 | 27.310.182 |
| Retained earnings | 22 | 191.091.821 | 229.592.042 |
| Net loss for the period | | (35.079.806) | (38.093.867) |
| Minority interests | | 119.749.857 | 133.141.561 |
| Total liabilities and shareholders' equity | | 1.854.003.903 | 2.044.349.822 |

These consolidated financial statements as at and for the period ended 31 December 2009 were approved by the Board of Directors on 7 April 2010. These financial statements are also subject to the approval of the shareholders of the Company at General Assembly regarding the year 2009.

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 YEARS ENDED 31 DECEMBER

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

| | Notes references | 2009 | 2008 |
|---|------------------|---------------------|---------------------|
| Continued operations | | | |
| Sales | 23 | 784.132.862 | 998.446.338 |
| Cost of sales (-) | 23 | (499.032.419) | (595.814.088) |
| Gross profit | | 285.100.443 | 402.632.250 |
| Marketing, selling and distribution expenses (-) | 24 | (85.646.463) | (118.789.807) |
| General administrative expenses (-) | 24 | (157.036.566) | (204.550.093) |
| Other operating income | 26 | 7.561.155 | 22.668.854 |
| Other operating expenses (-) | 26 | (55.887.931) | (24.355.781) |
| Operating income | | (5.909.362) | 77.605.423 |
| Share of loss of investments accounted for by the equity method | 12 | (15.189.329) | (8.765.400) |
| Financial income | 27 | 141.939.022 | 106.896.257 |
| Financial expenses (-) | 28 | (147.863.593) | (264.470.597) |
| Loss before tax from continuing operations | | (27.023.262) | (88.734.317) |
| Taxation from continuing operations | | | |
| Current tax for the year | 30 | (18.798.776) | (24.396.599) |
| Deferred tax income | 30 | 4.687.042 | 32.609.226 |
| Loss from continuing operations | | (41.134.996) | (80.521.690) |
| Discontinued operations | | | |
| Discontinued operations income after tax | 29 | - | 59.189.456 |
| Net loss for period | | (41.134.996) | (21.332.234) |
| Other comprehensive (loss)/income: | | | |
| Change in translation reserves | | (15.133.434) | 58.777.256 |
| Other comprehensive (loss)/income after tax | | (15.133.434) | 58.777.256 |
| Total comprehensive (loss)/income | | (56.268.430) | 37.445.022 |
| Net loss for the period | | (41.134.996) | (21.332.234) |
| Attributable to minority interests | | (6.055.190) | 16.761.633 |
| Attributable to equity holders of the company | | (35.079.806) | (38.093.867) |
| Allocation of net comprehensive (loss)/income for the period | | | |
| Attributable to minority interests | | (9.030.220) | 27.630.765 |
| Attributable to equity holders of the company | | (47.238.210) | 9.814.257 |
| Loss per share (Kır) | 31 | (7,21) | (8,28) |

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED 31 DECEMBER

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

| | Share Capital | Inflation adjustment to share capital | Share premiums | Translation reserves | Restricted reserves | Retained earnings | Net loss for the period | Minority interests | Total shareholders' equity |
|--|--------------------|---|-------------------|-------------------------|------------------------|----------------------|----------------------------|-----------------------|----------------------------------|
| Balances at 1 January 2008 | 421.000.000 | 77.198.813 | - | (50.857.712) | 22.516.607 | 179.198.476 | 94.187.141 | 110.582.454 | 853.825.779 |
| Transfers | - | - | - | - | 4.793.575 | 89.393.566 | (94.187.141) | - | - |
| Capital increase | 39.000.000 | - | - | - | - | (39.000.000) | - | 1.861.343 | 1.861.343 |
| Subsidiaries' dividend payments to non-group companies | - | - | - | - | - | - | - | (6.933.000) | (6.933.000) |
| Total comprehensive income | - | - | - | 47.908.124 | - | - | (38.093.867) | 27.630.765 | 37.445.022 |
| Change in translation reserves | - | - | - | 47.908.124 | - | - | - | 10.869.132 | 58.777.256 |
| Net income for the period | - | - | - | - | - | - | (38.093.867) | 16.761.633 | (21.332.234) |
| Balances at 31 December 2008 | 460.000.000 | 77.198.813 | - | (2.949.588) | 27.310.182 | 229.592.042 | (38.093.867) | 133.141.562 | 886.199.144 |
| Balances at 1 January 2009 | 460.000.000 | 77.198.813 | - | (2.949.588) | 27.310.182 | 229.592.042 | (38.093.867) | 133.141.561 | 886.199.143 |
| Transfers | - | - | - | - | 406.354 | (38.500.221) | 38.093.867 | - | - |
| Capital increase | 92.000.000 | - | 76.944 | - | - | - | - | 910.152 | 92.987.096 |
| Subsidiaries' dividend payments to non-group companies | - | - | - | - | - | - | - | (4.484.964) | (4.484.964) |
| Other (*) | - | - | - | - | - | - | - | (786.672) | (786.672) |
| Total comprehensive income | - | - | - | (12.158.404) | - | - | (35.079.806) | (9.030.220) | (56.268.430) |
| Change in translation reserves | - | - | - | (12.158.404) | - | - | - | (2.975.030) | (15.133.434) |
| Net loss for the period | - | - | - | - | - | - | (35.079.806) | (6.055.190) | (41.134.996) |
| Balances at 31 December 2009 | 552.000.000 | 77.198.813 | 76.944 | (15.107.992) | 27.716.536 | 191.091.821 | (35.079.806) | 119.749.857 | 917.646.173 |

(*) Represents fair value changes of put option liabilities and acquisition of shares from minority shareholders in the period.

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**CONSOLIDATED STATEMENTS OF CASH FLOW****FOR THE YEARS ENDED 31 DECEMBER**

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

| | Note references | 2009 | 2008 |
|---|-----------------|----------------------|--------------------|
| Net loss for the period | | (35.079.806) | (37.580.216) |
| Minority interests | | (6.055.190) | 16.761.633 |
| Income from discontinued operations | 29 | - | (59.189.456) |
| Adjustments: | | | |
| Depreciation | 13,14 | 60.652.549 | 57.907.135 |
| Amortisation | 15 | 26.431.006 | 26.210.983 |
| Net loss on disposal of property, plant and equipment and intangible assets | 26 | 3.457.179 | 1.012.799 |
| Taxation | 30 | 14.111.734 | (8.212.627) |
| Provision for employment termination benefits and unused vacation rights | | 6.830.362 | 3.517.030 |
| Actuarial loss | 20 | 4.528.505 | 3.209.092 |
| Income accruals | | 8.569.414 | (8.075.749) |
| Interest income | 27 | (31.117.421) | (38.590.488) |
| Interest expenses | 28 | 25.924.295 | 50.520.134 |
| Foreign exchange losses from bank borrowings | | 16.797.387 | 137.047.729 |
| Provision for impairment of investment properties | 13 | 3.340.892 | 4.725.638 |
| Deferred income | | (2.459.296) | (2.074.651) |
| Gain on sale of discontinued operations | 26 | (3.320.737) | - |
| Tax penalties | 18 and 21 | 32.754.695 | - |
| Loss from investments accounted for by the equity method | 12 | 15.189.329 | 8.765.400 |
| Provision for impairment of goodwill and intangible assets | 16 and 24 | 6.690.546 | 32.795.581 |
| Provision for doubtful receivables | 9 | 11.956.047 | 12.633.233 |
| Other | | (280.393) | 1.217.188 |
| Cash flows from operating activities before changes in operating assets and liabilities | | 158.921.097 | 202.600.388 |
| Changes in operating assets and liabilities-net | 35 | 961.797 | 8.677.962 |
| Income taxes paid | | (5.250.252) | (49.038.339) |
| Doubtful receivables collected | 9 | 1.121.392 | 4.231.752 |
| Employment termination benefits paid | 20 | (4.038.446) | (3.374.040) |
| Net cash provided by operating activities | | 151.715.588 | 163.097.723 |
| Cash flow from investing activities: | | | |
| Purchases of investment properties | 13 | (22.626.227) | (22.174.427) |
| Purchases of property, plant and equipment | 14 | (41.723.721) | (32.347.357) |
| Purchases of intangible assets | 15 | (5.343.868) | (13.463.704) |
| Proceeds from sales of property, plant and equipment, intangible assets and investment properties | | 12.989.530 | 14.931.695 |
| Interests received | | 30.358.375 | 37.684.336 |
| Acquisition of minority shares | | (700.895) | - |
| Acquisition of subsidiaries, net paid | | - | (631.162) |
| Proceeds from sales of subsidiaries | | 3.295.324 | 66.141.473 |
| Share capital increase in associates and financial assets | 12 | (16.723.846) | (5.063.838) |
| Net cash (used in)/provided by investing activities | | (40.475.328) | 45.077.016 |
| Cash used in financing activities: | | | |
| Proceeds of issuance of share capital to minority interests | | 910.152 | 1.861.343 |
| Dividends paid to minority interests | | (4.484.964) | (6.933.000) |
| Bank borrowings received | | - | 158.468.588 |
| Bank borrowings paid | | (254.201.254) | (117.470.671) |
| Change in trade payables to suppliers | | (11.223.087) | 15.530.250 |
| Interests paid | | (24.866.439) | (43.910.201) |
| Share premiums | | 76.944 | - |
| Increase in share capital | | 92.000.000 | - |
| Net cash (used in)/provided by financing activities | | (201.788.648) | 7.546.309 |
| Exchange (losses)/gains on cash and cash equivalents | | (696.155) | 15.981.563 |
| Change in cash and cash equivalents | | (91.244.543) | 231.702.611 |
| Cash and cash equivalents at the beginning of the period | 5 | 368.219.091 | 136.516.480 |
| Cash and cash equivalents at the end of the period | 5 | 276.974.548 | 368.219.091 |

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009**

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

The address of the registered office is as follows:

Hürriyet Medya Towers
34212 Güneşli, Istanbul
Turkey

The Company is registered to the Capital Markets Board ("CMB") and its shares have been quoted on the Istanbul Stock Exchange ("ISE") since 1992. 40% share capital of the Company is circulated on the ISE. 25,02% capital of the TME is circulated on London Stock Exchange as Global Depository Receipts ("GDR"). GDR generally means the guaranteeing of a company's shares, the making public of the certificates that can be transferred by negotiation, and their being listed in the stock exchange independent of company shares.

Subsidiaries

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

| Subsidiaries | Registered country | Geographic segment | Nature of business |
|---|---------------------------|---------------------------|--------------------------------------|
| Hürriyet Medya Basım Hizmetleri ve Ticaret A.Ş. ("Hürriyet Medya Basım") | Turkey | Turkey | Printing and administrative services |
| Doğan Ofset Yayıncılık ve Matbaacılık A.Ş. ("Doğan Ofset") | Turkey | Turkey | Magazine and book publishing |
| Yenibirış İnsan Kaynakları Hizmetleri Danışmanlık ve Yayıncılık A.Ş. ("Yenibir") | Turkey | Turkey | Internet publishing |
| Refeks Dağıtım ve Kurye Hizmetleri A.Ş. ("Refeks") | Turkey | Turkey | Advertisement |
| Doğan Haber Ajansı A.Ş. ("Doğan Haber") | Turkey | Turkey | News agency |
| Tasfiye halinde Doğan Daily News Gazetecilik ve Matbaacılık A.Ş. ("Doğan Daily News") | Turkey | Turkey | Newspaper publishing |
| E Tüketici İnternet ve Danışmanlık Hizmetleri Elektronik Yayıncılık A.Ş. ("E Tüketici") | Turkey | Turkey | Internet publishing |
| TME Teknoloji Proje Geliştirme ve Yazılım A.Ş. ("TME Teknoloji") | Turkey | Turkey | Software development |
| Hürriyet Zweigniederlassung GmbH. ("Hürriyet Zweigniederlassung") | Germany | Europe | Newspaper publishing |
| Hürriyet Invest B.V. ("Hürriyet Invest") | Netherlands | Europe | Investment |
| TME | Jersey | Europe | Investment |
| Oglasnik d.o.o. | Croatia | Europe | Newspaper and internet publishing |
| Oglasnik Nekretnine d.o.o. | Croatia | Europe | Newspaper and internet publishing |
| TCM Adria d.o.o. | Croatia | Europe | Investment |
| Internet Posao d.o.o. | Croatia | Europe | Internet publishing |
| Expressz Magyarorszag Rt | Hungary | Europe | Newspaper and internet publishing |
| International Ssuarts Holding B.V. | Netherlands | Europe | Investment |
| Mirabridge International B.V. | Netherlands | Europe | Investment |
| Trader Classified Media Croatia Holdings B.V. | Netherlands | Europe | Investment |
| Trader East Holdings B.V. | Netherlands | Europe | Investment |
| ZAO Pronto Akzhol | Kazakhstan | Russia and EE | Newspaper and internet publishing |
| 000 Pronto-Akmola | Kazakhstan | Russia and EE | Newspaper and internet publishing |

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009

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

| Subsidiaries | Registered country | Geographic segment | Nature of business |
|-----------------------------------|--------------------|--------------------|-----------------------------------|
| 000 Pronto Atyrau | Kazakhstan | Russia and EE | Newspaper and internet publishing |
| 000 Pronto Aktobe | Russia | Russia and EE | Newspaper and internet publishing |
| 000 Pronto Aktau | Kazakhstan | Russia and EE | Newspaper and internet publishing |
| Informatsia Vilniusa | Lithuania | Russia and EE | Newspaper and internet publishing |
| 000 Pronto Rostov | Belarus | Russia and EE | Newspaper and internet publishing |
| ZAO Avtotehsnab | Russia | Russia and EE | Newspaper and internet publishing |
| 000 Novoprint | Russia | Russia and EE | Newspaper and internet publishing |
| ZAO NPK | Russia | Russia and EE | Call center |
| 000 Balt-Pronto Kaliningrad | Russia | Russia and EE | Newspaper and internet publishing |
| 000 Delta-M | Russia | Russia and EE | Newspaper and internet publishing |
| 000 Gratis | Russia | Russia and EE | Newspaper and internet publishing |
| 000 Pronto Baikal | Russia | Russia and EE | Newspaper and internet publishing |
| 000 Pronto DV | Russia | Russia and EE | Newspaper and internet publishing |
| 000 Pronto Ivanovo | Russia | Russia and EE | Newspaper and internet publishing |
| 000 Pronto Kaliningrad | Russia | Russia and EE | Newspaper and internet publishing |
| 000 Pronto Kazan | Russia | Russia and EE | Newspaper and internet publishing |
| 000 Pronto Krasnodar | Russia | Russia and EE | Newspaper and internet publishing |
| 000 Pronto Krasnojarsk | Russia | Russia and EE | Newspaper and internet publishing |
| 000 Pronto Nizhnij Novgorod | Russia | Russia and EE | Newspaper and internet publishing |
| 000 Pronto Novosibirsk | Russia | Russia and EE | Newspaper and internet publishing |
| 000 Pronto Oka | Russia | Russia and EE | Newspaper and internet publishing |
| 000 Pronto Petersburg | Russia | Russia and EE | Newspaper and internet publishing |
| 000 Pronto Print | Russia | Russia and EE | Printing services |
| 000 Pronto Samara | Russia | Russia and EE | Newspaper and internet publishing |
| 000 Pronto Stavropol | Russia | Russia and EE | Newspaper and internet publishing |
| 000 Pronto UlanUde | Russia | Russia and EE | Newspaper and internet publishing |
| 000 Pronto Vladivostok | Russia | Russia and EE | Newspaper and internet publishing |
| 000 Pronto Volgograd | Russia | Russia and EE | Newspaper and internet publishing |
| 000 Pronto Moscow | Russia | Russia and EE | Newspaper and internet publishing |
| 000 Rosprint | Russia | Russia and EE | Printing services |
| 000 Rosprint Samara | Russia | Russia and EE | Printing services |
| 000 Tambukan | Russia | Russia and EE | Newspaper and internet publishing |
| 000 Utro Peterburga | Russia | Russia and EE | Newspaper and internet publishing |
| 000 Partner-Soft | Russia | Russia and EE | Internet publishing |
| Pronto Soft | Russia | Russia and EE | Internet publishing |
| 000 Pronto Astrakhan | Russia | Russia and EE | Newspaper and internet publishing |
| 000 Pronto Kemerovo | Russia | Russia and EE | Newspaper and internet publishing |
| 000 Pronto Sever | Russia | Russia and EE | Newspaper and internet publishing |
| 000 Pronto Smolensk | Russia | Russia and EE | Newspaper and internet publishing |
| 000 Pronto Tula | Russia | Russia and EE | Newspaper and internet publishing |
| 000 Pronto TV | Russia | Russia and EE | TV publishing |
| 000 Pronto Voronezh | Russia | Russia and EE | Newspaper and internet publishing |
| SP Belpronto 000 | Belarus | Russia and EE | Newspaper and internet publishing |
| 000 Tambov-Info | Russia | Russia and EE | Newspaper and internet publishing |
| Impress Media Marketing LLC | Russia | Russia and EE | Publishing |
| 000 Pronto Obninsk | Russia | Russia and EE | Newspaper and internet publishing |
| 000 Pronto Komi | Russia | Russia and EE | Newspaper and internet publishing |
| 000 Rektcentr | Russia | Russia and EE | Investment |
| Impress Media Marketing BVI | Russia | Russia and EE | Publishing |
| SP Pronto Kiev | Ukraine | Russia and EE | Newspaper and internet publishing |
| E-Prostir | Ukraine | Russia and EE | Internet publishing |
| Publishing House Pennsylvania Inc | USA | Russia and EE | Investment |
| 000 Optoprint | Russia | Russia and EE | Printing Services |
| RU.com 000 | Russia | Russia and EE | Internet publishing |
| SP Bel Pronto 000 BYR | Russia | Russia and EE | Newspaper and internet publishing |
| Mojo Delo spletni marketing d.o.o | Slovenia | Europe | Internet publishing |
| Bolji Posao d.o.o. Serbia | Serbia | Europe | Internet publishing |
| Bolji Posao d.o.o. Bosnia | Bosnia | Europe | Internet publishing |

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009

[Amounts expressed in Turkish Lira ["TL"] unless otherwise indicated.]

NOTE 2-BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Financial reporting standards

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

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

Within the scope of CMB's Communiqué Serial XI, No: 29 and its announcements clarifying this communiqué the consolidated financial statements have been prepared in accordance with the CMB's Financial Reporting Standards which are based on IAS/IFRS, as the differences of IAS/IFRS, adopted by the European Union, from those published by IASB have not yet been announced by Turkish Accounting Standards Board as of the date of these financial statements. Consolidated financial statements and accompanying notes have been presented in accordance with the format, recommended to be implemented by CMB through its announcements dated 17 April 2008 and 9 January 2009, and by including the mandatory information (Note 2.1.5).

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009

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

2.1.2 Financial statements of Subsidiaries and Associates operating in foreign countries

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

2.1.3 Consolidation principles

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

(a) Subsidiaries

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

All business combinations have been accounted for by applying the purchase method by the Group. The cost of a business combination includes, the fair value at the date of exchange of monetary assets given, capital instruments written-down, equity instruments issued, liabilities incurred or assumed by the acquirer in exchange for control of the acquiree and costs directly attributable to the combination. The acquirer recognises the acquiree's identifiable assets, liabilities and contingent liabilities at their fair values at the acquisition date, without considering any minority interest. Goodwill is measured as the residual cost of the business combination after recognizing the acquiree's identifiable assets, liabilities and contingent liabilities. If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the Group reassess the identification and measurement of the identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination and recognise immediately in statement of income any excess remaining after that reassessment.

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009**

[Amounts expressed in Turkish Lira ["TL"] unless otherwise indicated.]

The Subsidiaries and their effective ownership interests at 31 December 2009 and 2008 are as follows:

| | Proportion of voting power held by Hürriyet and its subsidiaries (%) | | Effective ownership interests (%) | |
|--|---|--------|-----------------------------------|--------|
| | 2009 | 2008 | 2009 | 2008 |
| Subsidiaries | | | | |
| Hürriyet Medya Basım | 99,99 | 99,99 | 99,99 | 99,99 |
| Doğan Ofset | 99,89 | 99,89 | 99,89 | 99,89 |
| Yenibir | 100,00 | 100,00 | 100,00 | 100,00 |
| Refeks | 100,00 | 100,00 | 100,00 | 100,00 |
| Doğan Haber | 50,01 | 50,01 | 50,01 | 50,01 |
| Doğan Daily News | 94,25 | 94,25 | 94,25 | 94,25 |
| Emlaksimum | 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 | 67,30 | 67,30 | 67,30 | 67,30 |
| Oglasnik d.o.o. (*) | 100,00 | 100,00 | 67,30 | 67,30 |
| Oglasnik Nekretnine d.o.o. | 100,00 | 100,00 | 67,30 | 67,30 |
| TCM Adria d.o.o. | 100,00 | 100,00 | 67,30 | 67,30 |
| Internet Posao d.o.o. | 100,00 | 100,00 | 47,11 | 47,11 |
| TME Teknoloji Proje Geliştirme ve Yazılım Anonim Şirketi | 100,00 | 100,00 | 100,00 | 100,00 |
| Expressz Magyarorszag Rt | 100,00 | 100,00 | 67,30 | 67,30 |
| Szuperinfo Magyarorszag Kft (**) | - | 100,00 | - | 67,30 |
| International Ssuarts Holding B.V. | 100,00 | 100,00 | 67,30 | 67,30 |
| Mirabridge International B.V. | 100,00 | 100,00 | 67,30 | 67,30 |
| Trader Classified Media Croatia Holdings B.V. | 100,00 | 100,00 | 67,30 | 67,30 |
| Trader East Holdings B.V. | 100,00 | 100,00 | 67,30 | 67,30 |
| Pronto Invest B.V. | 100,00 | 100,00 | 67,30 | 67,30 |
| Siodemka Sp. Z.o.o. (***) | - | 100,00 | - | 67,30 |
| Ssuarts Holding GmbH (****) | - | 100,00 | - | 67,30 |
| ZAO Pronto Akzhol | 80,00 | 80,00 | 53,84 | 53,84 |
| 000 Pronto-Akmola | 100,00 | 100,00 | 67,30 | 67,30 |
| 000 Pronto Atyrau | 100,00 | 100,00 | 53,84 | 53,84 |
| 000 Pronto Aktobe | 80,00 | 80,00 | 43,07 | 43,07 |
| 000 Pronto Aktau | 100,00 | 100,00 | 53,84 | 53,84 |
| Informatsia Vilniusa | 100,00 | 100,00 | 67,30 | 67,30 |
| 000 Pronto Rostov | 100,00 | 100,00 | 67,30 | 67,30 |
| ZAO Avtotehsnab | 85,00 | 85,00 | 57,21 | 57,21 |
| 000 Novoprint | 100,00 | 100,00 | 67,30 | 67,30 |
| ZAO NPK | 100,00 | 100,00 | 67,30 | 67,30 |
| 000 Balt-Pronto Kaliningrad | 100,00 | 100,00 | 67,30 | 67,30 |
| 000 Delta-M | 55,00 | 55,00 | 37,02 | 37,02 |
| 000 Gratis (****) | - | 90,00 | - | 60,57 |
| 000 Pronto Baikal | 100,00 | 100,00 | 67,30 | 67,30 |
| 000 Pronto DV | 100,00 | 100,00 | 67,30 | 67,30 |
| 000 Pronto Ivanovo | 86,00 | 86,00 | 57,88 | 57,88 |
| 000 Pronto Kaliningrad | 95,00 | 95,00 | 63,94 | 63,94 |
| 000 Pronto Kazan | 72,00 | 72,00 | 48,46 | 48,46 |

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009

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

| | Proportion of voting power held by Hürriyet and its subsidiaries (%) | | Effective ownership interests (%) | |
|---|---|--------|-----------------------------------|-------|
| | 2009 | 2008 | 2009 | 2008 |
| 000 Pronto Krasnodar | 80,00 | 80,00 | 53,84 | 53,84 |
| 000 Pronto Krasnojarsk | 100,00 | 100,00 | 67,30 | 67,30 |
| 000 Pronto Nizhnij Novgorod | 90,00 | 90,00 | 60,57 | 60,57 |
| 000 Pronto Novosibirsk | 100,00 | 100,00 | 67,30 | 67,30 |
| 000 Pronto Oka | 100,00 | 100,00 | 67,30 | 67,30 |
| 000 Pronto Petersburg | 51,00 | 51,00 | 34,32 | 34,32 |
| 000 Pronto Print | 54,00 | 54,00 | 36,34 | 36,34 |
| 000 Pronto Samara | 89,90 | 89,90 | 60,50 | 60,50 |
| 000 Pronto Stavropol | 100,00 | 100,00 | 67,30 | 67,30 |
| 000 Pronto UlanUde | 90,00 | 90,00 | 60,57 | 60,57 |
| 000 Pronto Vladivostok | 90,00 | 90,00 | 60,57 | 60,57 |
| 000 Pronto Volgograd | 100,00 | 100,00 | 67,30 | 67,30 |
| 000 Pronto Moscow | 100,00 | 100,00 | 67,30 | 67,30 |
| 000 Rosprint (****) | 100,00 | 70,00 | 67,30 | 47,11 |
| 000 Rosprint Samara (****) | 99,50 | 59,50 | 67,30 | 40,04 |
| 000 Tambukan | 85,00 | 85,00 | 57,21 | 57,21 |
| 000 Utro Peterburga | 55,00 | 55,00 | 37,02 | 37,02 |
| 000 Partner-Soft | 100,00 | 100,00 | 67,30 | 67,30 |
| Pronto Soft | 90,00 | 90,00 | 60,57 | 60,57 |
| 000 Pronto Astrakhan | 100,00 | 100,00 | 67,30 | 67,30 |
| 000 Pronto Kemerovo | 100,00 | 100,00 | 67,30 | 67,30 |
| 000 Pronto Sever | 90,00 | 90,00 | 60,57 | 60,57 |
| 000 Pronto Smolensk | 100,00 | 100,00 | 67,30 | 67,30 |
| 000 Pronto Tula | 100,00 | 100,00 | 67,30 | 67,30 |
| 000 Pronto TV | 70,00 | 70,00 | 47,11 | 47,11 |
| 000 Pronto Voronezh | 100,00 | 100,00 | 67,30 | 67,30 |
| SP Belpronto 000 | 60,00 | 60,00 | 40,38 | 40,38 |
| 000 Tambov-Info | 100,00 | 100,00 | 67,30 | 67,30 |
| Impress Media Marketing LLC (*) | 100,00 | 100,00 | 67,30 | 67,30 |
| 000 Pronto Obninsk | 100,00 | 100,00 | 67,30 | 67,30 |
| 000 Pronto Komi | 70,00 | 70,00 | 47,11 | 47,11 |
| 000 Rektcentr | 100,00 | 100,00 | 67,30 | 67,30 |
| Impress Media Marketing BVI (*) | 100,00 | 100,00 | 67,30 | 67,30 |
| SP Pronto Kiev | 50,00 | 50,00 | 33,65 | 33,65 |
| Ssuarts Trading Ltd (*****) | - | 55,00 | - | 37,02 |
| E-Prostir | 50,00 | 50,00 | 33,65 | 33,65 |
| Publishing House Pennsylvania Inc | 100,00 | 100,00 | 67,30 | 67,30 |
| 000 Optoprint | 100,00 | 100,00 | 67,30 | 67,30 |
| RU.com 000 | 100,00 | 100,00 | 67,30 | 67,30 |
| SP Bel Pronto 000 BYR | 60,00 | 60,00 | 40,38 | 40,38 |
| Moje Delo, spletni marketing, d.o.o (*) | 100,00 | 100,00 | 67,30 | 67,30 |
| Bolji Posao d.o.o. Serbia | 100,00 | 100,00 | 37,02 | 37,02 |
| Bolji Posao d.o.o. Bosnia | 100,00 | 100,00 | 37,02 | 37,02 |

(*) Related rates include put-options regarding minority shares explained in Note 19.

(**) Shares of the subsidiary were sold on 28 October 2009.

(***) Shares of the subsidiary were sold on 27 March 2009.

(****) The subsidiaries were liquidated in 2009.

(*****) Shares of related subsidiaries were purchased on 29 May 2009 at the rate of 30% and 40% respectively.

(*****) All shares of the subsidiary were sold on 4 March 2009.

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009**

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

(b) Investments in associated undertakings

Investments in associated undertakings are consolidated by the equity method of accounting. These are undertakings over which the Group generally has between 20% and 50% of the voting rights, or over which the Group has significant influence, but no controlling power. Unrealised gains on transactions between the Group and its associated undertakings are eliminated to the extent of the Group's interest in the associated undertakings; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Net increases or decreases in the net assets of Associates are included in the consolidated financial statements in regards with the Group's share and classified under "Share of loss of investments accounted for by the equity method".

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

The Associates and the proportion of ownership interests at 31 December 2009 and 2008 are as follows:

| Name | 2009 | 2008 |
|---|--|--|
| | Direct and indirect control by Hürriyet and its Subsidiaries (%) | Direct and indirect control by Hürriyet and its Subsidiaries (%) |
| Doğan Media International GmbH ("Doğan Media") | 42,42 | 42,42 |
| Yaysat Yayın Satış Pazarlama ve Dağıtım A.Ş. ("Yaysat") | 25,00 | 25,00 |
| DYG İlan ve Reklam Hizmetleri A.Ş. ("DYG İlan") | 20,00 | 20,00 |

(c) Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss in which the Group has controlling interests below 20%, or above 20% over which the Company does not exercise a significant influence, or which are immaterial and that do not have quoted market price in active markets and whose fair values cannot be measured reliably, are carried at cost less any provision for diminution in value and for the periods which inflation accounting is applied are carried at cost and restated to the equivalent purchasing power at the balance sheet date less any provision for diminution in value (Note 6).

(d) Minority interest

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

The losses applicable to the minority in a consolidated subsidiary may exceed the minority interest in the equity of the subsidiary. The excess, and any further losses applicable to the minority, are charged against the majority interest except to the extent that the minority has a binding obligation to, and is able to make good the losses. If the subsidiary subsequently reports profits, the majority interest is allocated all such profits until the minority's share of losses previously absorbed by the majority has been recovered.

2.1.4 Offsetting

All items, significant in terms of content and amount, are stated separately in the consolidated financial statements even if they bear the same characteristics. Insignificant amounts or items displaying similar characteristics are stated collectively. As a consequence, situations that arise due to the content of transactions and events make offsetting necessary, as the stating of the transaction or event over the net values or recognizing assets after the deduction for impairment, is not regarded as a violation of the rule of non-offsetting. Income obtained, other than revenue, defined under the title "Proceeds" as a result of the Group's transactions realised within the normal course of business, is accounted for over the net values, provided that they are related to the essence of the transaction or event.

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009

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

2.1.5 Comparatives

In order to enable the determination of the consolidated financial position and performance trends, the Group's consolidated financial statements have been presented comparatively with the prior period. The Group presented the balance sheet as of 31 December 2009 comparatively with the balance sheet as of 31 December 2008 and presented the statement of income, statement of cash flows and statement of change in equity for the period 1 January-31 December 2009 comparatively with the prior period 2008.

2.1.6 Amendments and interpretations to existing standards

a) Amendments and interpretations that are effective from the year 2009 and relevant to the Group's financial statements:

- IAS 1, "Presentation of financial statements" Significant changes in comprehensive income statements IAS 1 (Revised), "Presentation of financial statements" (effective from 1 January 2009). The revised standard will prohibit the presentation of items of income and expenses (that is, "non-owner changes in equity") in the statement of changes in equity, requiring "non-owner changes in equity" to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. Accordingly, the Group has presented comprehensive income statements for the nine-month periods ended 31 December 2009 and 2008.
- IAS 23 (Amendment), "Borrowing costs" (effective from 1 January 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs is removed. IAS 23 (Amendment) is applied by the Group, effectively starting from 1 January 2009.
- IFRS 8, "Operating segments" (effective from 1 January 2009). IFRS 8 replaces IAS 14, "Segment reporting", and aligns segment reporting with the requirements of the US standard SFAS 131, "Disclosures about segments of an enterprise and related information". The new standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The group applies IFRS 8 (Amendment) effectively from 1 January 2009 however, the management approach adopted by the Group did not create a differentiation in segment reporting.

Following amendments did not have a material impact on consolidated financial statements.

- UMS 19 (Amendment), "Employee Benefits"
- UMS 28 (Amendment), "Investments in Associates" (and as result of this, amendments on IAS 32 "Financial instruments: Presentation" and IFRS 7 Financial instruments: Disclosures"
- IAS 32, "Financial instruments: Presentation"
- IAS 36 (Amendment) "Impairment of assets"
- UMS 38 (Amendment), "Intangible Assets"
- IAS 39 "Financial instruments: Recognition and measurement" Changes in hedging instruments
- IFRS 1, (Amendment), "First-time adoption of International Financial Reporting Standards" Change in cost of investment in the first time adoption of IFRSs
- IFRS 2, (Amendment), "Share-based payment"
- IFRIC 15, "Agreements for the construction of real estate"
- IFRIC 16 "Hedges of a Net Investment in a Foreign Operation"

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009

[Amounts expressed in Turkish Lira ["TL"] unless otherwise indicated.]

b) Amendments and interpretations which are mandatory for the accounting periods beginning on or after 1 January 2010:

- IAS 27 (Amendment), "Consolidated and Separate Financial Statements"
- IFRS 3 (Amendment), "Business Combinations"
- IAS 31 (Amendment), "Interests in Joint Ventures"
- IFRS 5 (Amendment), "Non-current Assets Held for Sale and Discontinued Operations"
- IFRIC 17, "Distributions of Non-cash Assets to Owners"
- IFRIC 18 "Transfer of assets from customers"

2.2 Summary of significant accounting policies

2.2.1 Related parties

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

2.2.2 Financial assets at fair value through profit and loss

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

2.2.3 Trade receivables and provision for doubtful receivables

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

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

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

2.2.4 Impairment of assets

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009**

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

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

The recoverable amounts of cash generating units have been determined using fair value less costs to sell valuation model. Fair value is measured based on post-tax discounted cash flows based on financial budgets covering a five-year period and estimated EBITDA (budgeted operating profit before interest, tax, depreciation and amortization, impairment charges and other non-recurring operating expenses) has a significant impact on these valuations. Cash flows beyond the five-year period are extrapolated using the EBITDA growth rates and discount rates stated below.

| | EBITDA growth rate (%) (*) | Discount rate (%) |
|---|-------------------------------|-------------------|
| Russia and Commonwealth of Independent States | 3,73 | 14,0 |
| Hungary | 20,46 | 13,4 |
| Croatia | 7,97 | 13,9 |
| Eastern Europe | 10,66 | 10,3 |
| Turkey | 0,81 | 14,5 |

(*) Weighted average EBITDA growth rates used to extrapolate cash flows beyond the budget period.

2.2.5 Inventories

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

2.2.6 Investment properties

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

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009

[Amounts expressed in Turkish Lira ["TL"] unless otherwise indicated.]

2.2.7 Property, plant and equipment and depreciation

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

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

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of fair value less costs to sell or value in use. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Impairment losses are recognised in the consolidated statement of income of the same year.

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

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

2.2.8 Financial leases

Assets acquired under finance lease agreements are capitalised at the inception of the lease at fair value of the leased asset or at present value of the lease payment, whichever is the lower, less accumulated depreciation. Minimum lease payments are treated as comprising capital and interest elements.

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

2.2.9 Goodwill and amortisation

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009

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

2.2.10 Intangible assets and amortisation

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

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

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

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

2.2.11 Critical accounting estimates and judgements

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

Useful lives of intangible assets

Group estimates the useful lives of some trade names as indefinite as described in Note 2.2.10. If these intangible assets' useful lives are finite (in case of useful lives of 20 years), their amortisation charge would have increased by TL 13.980.752 (2008: TL 14.574.695) and loss before tax and minority interests would have increased by TL 13.980.752 (2008: TL 14.574.695).

Group amortises trade names, customer lists and domain names with definite useful lives over the useful lives specified in Note 2.2.10.

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

- Had the useful lives been higher by 10%, amortisation charges would have decreased by TL 1.302.968 and loss before tax and minority interests would have decreased by TL 1.302.968 (2008: TL 1.697.945) or
- Had the useful lives been lower by 10%, amortisation charges would have increased by TL 1.592.516 and loss before tax and minority interests would have increased by TL 1.592.516 (2008: TL 2.075.266).

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009**

[Amounts expressed in Turkish Lira ["TL"] unless otherwise indicated.]

Impairment of assets

If the estimated post-tax discount rate applied to the discounted cash flows for the CGU in Hungary had been 1% higher than management's estimates, the Group would have recognised a further impairment against intangible assets by TL 54.990.976 and loss before tax and minority interests would have increased by TL 54.990.976.

As explained in detail in Note 18, the Group management has accounted for a provision amounting to TL 15.554.695 in the consolidated financial statements at 31 December 2009 in accordance with the opinions of the Group's legal counsel and tax experts on the tax inspection reports.

2.2.12 Taxation on income

Taxation on income includes current period income taxes and deferred taxes. Current year tax liability consists of tax liability on period income calculated according to currently enacted tax rates and tax legislation in force as of balance sheet date and includes adjustments related to previous years' tax liabilities.

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

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

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

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

2.2.13 Borrowings

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

2.2.14 Employment termination benefits

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

2.2.15 Provisions

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009**

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

2.2.16 Share capital and dividends

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

116

2.2.17 Foreign currency transactions and translation**Functional currency**

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

Foreign currency transactions and balances

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

Foreign Group companies

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

A significant portion of the Group's foreign operations are performed in Russia, Europe and Eastern Europe countries (Note 4). Foreign currencies and exchange rates at 31 December 2009 and 2008 are summarized below:

| Country | Currency | 2009 | 2008 |
|----------|----------|--------|--------|
| Eurozone | Euro | 2,1603 | 2,1408 |
| Russia | Ruble | 0,0500 | 0,0516 |
| Hungary | Forint | 0,0079 | 0,0080 |
| Croatia | Kuna | 0,2966 | 0,2927 |
| Ukraine | Grivna | 0,1895 | 0,2011 |
| Romania | New Ley | 0,5090 | 0,5346 |

2.2.18 Revenue recognition

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

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009

[Amounts expressed in Turkish Lira ["TL"] unless otherwise indicated.]

Revenues from advertisement:

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

Revenues from newspaper sales:

Revenues from newspaper sales are recognised on an accrual basis at the time of delivery of the newspapers by the distribution company to the vendor at the invoiced values.

Revenues from printing services:

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

Newspaper sales returns:

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

Interest income:

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

Rental income:

Rental income is recognised on an accrual basis.

Other income:

Other income is recognised on an accrual basis.

2.2.19 Barter agreements

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

2.2.20 Loss per share

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

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

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009

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

2.2.21 Cash and cash equivalents

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

2.2.22 Subsequent events

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

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

2.2.23 Reporting of cash flows

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

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

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

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

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

2.2.24 Accounting for put options

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

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009

[Amounts expressed in Turkish Lira ["TL"] unless otherwise indicated.]

2.2.25 Assets held for sale and discontinued operations

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

2.2.26 Web page development costs

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

2.2.27 Business combinations

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

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

2.2.28 Segment reporting

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

2.2.29 Derivative financial instruments

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

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009

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

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

120

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

NOTE 3-BUSINESS COMBINATIONS

There are no significant business combinations for the periods 1 January-31 December 2009 and 2008.

NOTE 4-SEGMENT REPORTING

a) Segmental analysis for the period between 1 January-31 December 2009:

| | Turkey | Russia and EE | Europe | Total |
|---|--------------------|--------------------|-------------------|---------------------|
| Sales | 515.663.785 | 199.771.901 | 68.697.176 | 784.132.862 |
| Cost of sales | (352.804.154) | (97.072.103) | (49.156.162) | (499.032.419) |
| Gross operating profit | 162.859.631 | 102.699.798 | 19.541.014 | 285.100.443 |
| Marketing, selling and distribution expenses | (66.147.108) | (13.010.205) | (6.489.150) | (85.646.463) |
| Losses from investments accounted for by equity method, net (-) | (15.189.329) | - | - | (15.189.329) |
| Net segment result | 81.523.194 | 89.689.593 | 13.051.864 | 184.264.651 |
| General administrative expenses (-) | | | | (157.036.566) |
| Other operating income | | | | 7.561.155 |
| Other operating expenses | | | | (55.887.931) |
| Financial income | | | | 141.939.022 |
| Financial expense (-) | | | | (147.863.593) |
| Operating loss before tax from continued operations | | | | (27.023.262) |
| Tax expenses for the period | | | | (18.798.776) |
| Deferred tax income | | | | 4.687.042 |
| Net loss for the period | | | | (41.134.996) |

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009**

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

b) Segmental analysis for the period between 1 January-31 December 2008:

| | Turkey | Russia and EE | Europe | Total |
|---|--------------------|----------------------|-------------------|---------------------|
| Sales | 583.475.736 | 321.915.554 | 93.055.048 | 998.446.338 |
| Cost of sales | (383.625.514) | (153.663.354) | (58.525.220) | (595.814.088) |
| Gross operating profit | 199.850.222 | 168.252.200 | 34.529.828 | 402.632.250 |
| Marketing, selling and distribution expenses | (79.459.140) | (26.132.164) | (13.198.503) | (118.789.807) |
| Losses from investments accounted for by equity method, net (-) | (8.765.400) | - | - | (8.765.400) |
| Net segment result | 111.625.682 | 142.120.036 | 21.331.325 | 275.077.043 |
| General administrative expenses (-) | | | | (204.550.093) |
| Other operating income | | | | 22.668.854 |
| Other operating expense | | | | (24.355.781) |
| Financial income | | | | 106.896.257 |
| Financial expense (-) | | | | (264.470.597) |
| Operating loss before tax from continued operations | | | | (88.734.317) |
| Tax expenses for the period | | | | (24.396.599) |
| Deferred tax income | | | | 32.609.226 |
| Net loss for the period | | | | (80.521.690) |

c) Segment assets

| | 2009 | 2008 |
|---|----------------------|----------------------|
| Turkey | 914.214.989 | 959.466.845 |
| Russia and EE | 703.837.308 | 762.622.969 |
| Europe | 213.150.768 | 279.831.253 |
| | 1.831.203.065 | 2.001.921.067 |
| Unallocated assets | 21.368.815 | 42.112.287 |
| Investments accounted for by the equity method | 1.432.023 | 316.468 |
| Total assets per consolidated financial statements | 1.854.003.903 | 2.044.349.822 |

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009

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

d) Segment liabilities

| | 2009 | 2008 |
|--|--------------------|----------------------|
| Turkey | 35.464.909 | 37.021.622 |
| Russia and EE | 21.024.131 | 23.869.382 |
| Europe | 28.559.419 | 30.617.363 |
| | 85.048.459 | 91.508.367 |
| Unallocated liabilities | 851.309.271 | 1.066.642.312 |
| Total liabilities per consolidated financial statements | 936.357.730 | 1.158.150.679 |

e) Depreciation and amortisation charges and capital expenditures

Capital expenditures (excluding business combinations):

| | 2009 | 2008 |
|---------------|-------------------|-------------------|
| Turkey | 60.985.408 | 53.324.230 |
| Russia and EE | 5.822.162 | 7.004.740 |
| Europe | 2.886.246 | 7.656.518 |
| | 69.693.816 | 67.985.488 |

Depreciation and amortisation charges:

| | 2009 | 2008 |
|---------------|-------------------|-------------------|
| Turkey | 48.296.621 | 46.001.620 |
| Russia and EE | 25.596.637 | 24.824.396 |
| Europe | 13.190.297 | 13.292.102 |
| | 87.083.555 | 84.118.118 |

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009**

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

f) Non-cash expenses:

| | 2009 | | | |
|--|---------------|----------------------|---------------|--------------|
| | Turkey | Russia and EE | Europe | Total |
| Provisions and accruals for tax penalties (Note 26) | 32.754.695 | - | - | 32.754.695 |
| Provision for doubtful receivables (Note 9) | 7.624.746 | 1.649.965 | 2.681.336 | 11.956.047 |
| Provision for employment termination benefits and unused vacation rights | 11.391.635 | - | - | 11.391.635 |
| Interest expense accruals | 6.428.778 | 1.200.192 | 96.423 | 7.725.393 |
| Provision for impairment of goodwill | - | 6.690.546 | - | 6.690.546 |
| Provision for impairment of investment properties (Note 13) | 3.340.892 | - | - | 3.340.892 |
| Provision for impairment of inventories (Note 11) | 331.983 | - | - | 331.983 |
| Provision for impairment of available for sale financial assets (Note 6) | 316.828 | - | - | 316.828 |
| Provision for lawsuits (Note 18) | 220.281 | - | - | 220.281 |

| | 2008 | | | |
|--|---------------|----------------------|---------------|--------------|
| | Turkey | Russia and EE | Europe | Total |
| Provision for impairment of goodwill and intangible assets | - | - | 32.795.581 | 32.795.581 |
| Provision for doubtful receivables (Note 9) | 7.447.498 | 1.620.273 | 3.595.462 | 12.663.233 |
| Provision for employment termination benefits and unused vacation rights | 6.726.122 | - | - | 6.726.122 |
| Interest expense accruals | 5.560.775 | 1.200.192 | 96.423 | 6.857.390 |
| Provision for impairment of investment property (Note 13) | 4.725.638 | - | - | 4.725.638 |
| Provision for impairment of available for sale financial assets (Note 6) | 1.164.760 | - | - | 1.164.760 |
| Provision for lawsuits (Note 18) | 128.676 | - | - | 128.676 |

NOTE 5-CASH AND CASH EQUIVALENTS

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

| | 2009 | 2008 |
|-------------------|--------------------|--------------------|
| Cash | 918.524 | 994.054 |
| Banks | | |
| -demand deposits | 16.062.493 | 20.827.847 |
| -time deposits | 261.127.478 | 348.438.613 |
| -blocked deposits | 274.793 | 65.451 |
| | 278.383.288 | 370.325.965 |

The Group has blocked deposits amounting to TL 274.793 as of 31 December 2009 (2008: TL 65.451).

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009**

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

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

| | 2009 | 2008 | 2007 |
|--|--------------------|--------------------|--------------------|
| Cash and banks | 278.383.288 | 370.325.965 | 137.938.512 |
| Less: Blocked deposits and time deposits with maturity of more than three months | (274.793) | (65.451) | (887.160) |
| Less: Interest accruals | (1.133.947) | (2.041.423) | (534.872) |
| Total | 276.974.548 | 368.219.091 | 136.516.480 |

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

| | 2009 | 2008 |
|------------|--------------------|--------------------|
| 0-1 month | 224.751.911 | 348.477.992 |
| 1-3 months | 36.601.786 | - |
| | 261.353.697 | 348.477.992 |

There are no time deposits with variable interest rates at 31 December 2009 and 2008. The effective interest rate for TL time deposits is 9,6% (2008: 21,4%). The effective interest rates of foreign currency denominated time deposits are 2,6% for USD and 2,9% for Euro as of 31 December 2009. (2008: USD: 6,3%, Euro: 6,8%).

NOTE 6-FINANCIAL ASSETS

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

| | 2009 | 2008 |
|-------------------------------------|-------------------|----------|
| Treasury bills and government bonds | 18.363.709 | - |
| | 18.363.709 | - |

All treasury bills and government bonds are on USD currency and the effective interest rate is 3,8% as of 31 December 2009 (2008: None).

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009

[Amounts expressed in Turkish Lira ["TL"] unless otherwise indicated.]

The details of financial assets available for sales are as presented below:

| | Share % | 2009 | Share % | 2008 |
|--|---------|------------------|---------|------------------|
| Doğan Havacılık Sanayi ve Ticaret A.Ş. ("Doğan Havacılık") | 9,00 | 4.513.096 | 9,00 | 4.513.093 |
| Doğan Factoring Hizmetleri A.Ş. ("Doğan Factoring") | 5,00 | 736.422 | 5,00 | 736.422 |
| Doğan Dış Ticaret ve Müessillik A.Ş. ("Doğan Dış Ticaret") | 2,00 | 346.038 | 2,00 | 346.038 |
| Coats İplik Sanayi A.Ş. | 0,50 | 257.850 | 0,50 | 257.850 |
| Hür Servis Sosyal Hizmetler ve Ticaret A.Ş. ("Hürservis") | 19,00 | 169.166 | 19,00 | 169.166 |
| Other | | 345.620 | | 137.268 |
| | | 6.368.192 | | 6.159.837 |
| Impairment on Doğan Havacılık | | (1.481.588) | | (1.164.760) |
| | | 4.886.604 | | 4.995.077 |

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

| | 2009 | 2008 |
|--------------------------|------------------|------------------|
| 1 January | 1.164.760 | - |
| Provision for impairment | 316.828 | 1.164.760 |
| 31 December | 1.481.588 | 1.164.760 |

NOTE 7-FINANCIAL LIABILITIES

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

| Short-term financial liabilities: | 2009 | 2008 |
|------------------------------------|--------------------|--------------------|
| Bank borrowings | 291.847.714 | 244.438.603 |
| Financial liabilities to suppliers | 25.786.590 | 28.530.162 |
| Lease payables | 2.700.311 | 2.692.644 |
| Total | 320.334.615 | 275.661.409 |
| Long-term financial liabilities: | 2009 | 2008 |
| Bank borrowings | 250.730.351 | 537.552.557 |
| Financial liabilities to suppliers | 77.615.157 | 86.094.672 |
| Lease payables | 1.605.599 | 4.290.663 |
| Total | 329.951.107 | 627.937.892 |

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009

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

Bank borrowings:

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

| | Effective interest rate per annum (%) | | Original foreign currency | | TL | |
|--|--|------|---------------------------|-------------|--------------------|--------------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Short-term bank borrowings | | | | | | |
| -Euro | 1,7 | 4,8 | 3.320 | 1.772.924 | 7.172 | 3.795.474 |
| -USD | - | 5,9 | - | 1.195.817 | - | 1.808.434 |
| -TL | - | - | - | 1.799.088 | - | 1.799.088 |
| -CHF | - | 5,1 | - | 320.582 | - | 458.432 |
| Sub-total | | | | | 7.172 | 7.861.428 |
| Short-term portion of long-term bank borrowings | | | | | | |
| -USD | 2,8 | 4,5 | 173.307.371 | 149.664.115 | 260.948.911 | 226.337.042 |
| -Euro | 2,7 | 4,9 | 12.297.145 | 2.953.910 | 26.565.523 | 6.323.731 |
| -CHF | 2,4 | 5,1 | 2.985.170 | 2.738.742 | 4.326.108 | 3.916.402 |
| Sub-total | | | | | 291.840.542 | 236.577.175 |
| Total short-term bank borrowings | | | | | 291.847.714 | 244.438.603 |
| Long-term bank borrowings: | | | | | | |
| -USD | 2,7 | 4,7 | 136.161.196 | 305.472.521 | 205.017.913 | 461.966.094 |
| -Euro | 3,2 | 5,3 | 20.271.373 | 32.446.832 | 43.792.248 | 69.462.178 |
| -CHF | 2,5 | 5,1 | 1.325.000 | 4.282.717 | 1.920.190 | 6.124.285 |
| Total long-term bank borrowings | | | | | 250.730.351 | 537.552.557 |

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

| Year | 2009 | 2008 |
|---------------|--------------------|--------------------|
| 2010 | - | 156.687.824 |
| 2011 | 121.605.367 | 176.681.512 |
| 2012 | 88.939.474 | 144.318.584 |
| 2013 | 39.191.773 | 58.879.869 |
| 2014 and over | 993.737 | 984.768 |
| | 250.730.351 | 537.552.557 |

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009

[Amounts expressed in Turkish Lira ["TL"] unless otherwise indicated.]

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

| Year | 2009 | 2008 |
|----------------|--------------------|--------------------|
| Up to 6 months | 540.460.971 | 778.576.974 |
| 6-12 months | 2.117.094 | 3.414.186 |
| | 542.578.065 | 781.991.160 |

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

The Group has entered into a credit facility amounting to USD 240.850.000 to finance the acquisition of TME shares. The Group has some covenants related with these bank borrowings.

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

Furthermore, the Group committed that there will be no business combinations or disposals or sales of assets or liabilities in aggregate which may indicate a change in the control or in the major operations in one of the Group's Subsidiary, TME.

The Group has pledged 33.649.091 unit share certificates which comprise 67,3% of the shares of TME, one of its Subsidiaries, as securities to financial institutions related with the long-term bank borrowings (2008: 33.649.091 unit).

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

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

Furthermore, the Group's subsidiary TME has signed a senior credit agreement in 2007 which amounts to a total facility of USD 200.000.000. The Group has drawn USD 144.800.000 of the credit facility in 2007, the remaining part of the credit facility amounted USD 55.200.000 has been drawn in October 2008.

Since TME has breached some covenants of the credit agreement, borrowings as of 31 December 2009 have been classified as short-term. However the Group has signed a preliminary borrowing agreement with a different financial institution in order to pay the related bank borrowings.

The Group's borrowings issued at variable interest amount to TL 635.097.710 at 2009 (2008: TL 682.526.838).

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009

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

Lease payables:

Lease payables at 31 December are as follows:

| | 2009 | 2008 |
|---------------------------|------------------|------------------|
| Short-term lease payables | 2.700.311 | 2.692.644 |
| Long-term lease payables | 1.605.599 | 4.290.663 |
| | 4.305.910 | 6.983.307 |

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

| Year | 2009 | 2008 |
|------|------------------|------------------|
| 2010 | - | 2.687.916 |
| 2011 | 1.575.913 | 1.572.833 |
| 2012 | 29.686 | 29.914 |
| | 1.605.599 | 4.290.663 |

The effective interest rate for long-term lease payables is 6,5% for USD and 5,0% for Euro (2008: USD: 6,5%, Euro: 5,0%).

Financial liabilities to suppliers:

Short and long-term financial liabilities to suppliers are related with the purchase of machinery and equipment. The effective interest rates of long-term financial liabilities to suppliers are 1,3 % for USD, 1,5% for Euro and 1,4 % for CHF (2008: USD: 3,4 %, Euro: 4,5 %, CHF: 3,0 %).

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

| Year | 2009 | 2008 |
|---------------|-------------------|-------------------|
| 2010 | - | 21.889.481 |
| 2011 | 24.973.355 | 21.985.081 |
| 2012 | 24.650.174 | 21.664.817 |
| 2013 | 21.626.371 | 18.633.226 |
| 2014 and over | 6.365.257 | 1.922.067 |
| | 77.615.157 | 86.094.672 |

The Group's long-term financial liabilities to suppliers issued at variable interest rates are amounting to TL 77.615.157 (2008: TL 86.094.672).

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009**

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

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

| Period | 2009 | 2008 |
|----------------|--------------------|--------------------|
| Up to 6 months | 103.120.800 | 113.654.109 |
| 6-12 months | 280.947 | 970.725 |
| | 103.401.747 | 114.624.834 |

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.

NOTE 8-OTHER FINANCIAL LIABILITIES

Other financial liabilities at 31 December are as follows:

| | 2009 | 2008 |
|--|-------------------|-------------------|
| Financial liabilities due to put options | | |
| Short-term (Note 19) | 15.123.251 | 13.686.315 |
| Long-term (Note 19) | 742.310 | 6.043.151 |
| | 15.865.561 | 19.729.466 |

NOTE 9-TRADE RECEIVABLES AND PAYABLES

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

| | 2009 | 2008 |
|--|--------------------|--------------------|
| Trade receivables | 189.523.390 | 176.236.809 |
| Cheques and notes receivable | 4.018.704 | 8.682.318 |
| Receivables from credit cards | 672.611 | 312.739 |
| | 194.214.705 | 185.231.866 |
| Unearned credit finance income | (868.003) | (1.540.031) |
| Less: provision for doubtful receivables | (43.241.229) | (32.659.317) |
| Short-term trade receivables | 150.105.473 | 151.032.518 |

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009

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

Long-term trade receivables net of unearned credit finance income at 31 December are as follows:

| | 2009 | 2008 |
|------------------------------------|----------|------------------|
| Long-term trade receivables | - | 8.342.790 |
| Unearned credit finance income | - | (994.495) |
| Long-term trade receivables | - | 7.348.295 |

Trade receivables resulting from advertisement and publications, amounting to TL 110.849.486 (2008: TL 105.416.417) are followed up by Doğan Factoring Hizmetleri A.Ş. ("Doğan Factoring") in accordance with the factoring agreement signed between the Group and Doğan Factoring. The average due date of the Group's trade receivable followed up by Doğan Factoring is between 3 and 4 months (2008: Between 3 and 4 months). The unearned credit finance income related with the receivables followed up by Doğan Factoring is TL 800.396 (2008: TL 1.879.645) and the effective interest rate is 12% (2008: 19%).

The movements of provision for doubtful receivables are as follows:

| | 2009 | 2008 |
|-------------------------------------|-------------------|-------------------|
| 1 January | 32.659.317 | 23.199.576 |
| Additions during the year (Note 26) | 11.956.047 | 12.663.233 |
| Collections during the year | (1.121.392) | (4.231.752) |
| Currency translation differences | (252.743) | 1.450.437 |
| Disposal of discontinued operations | - | (422.177) |
| 31 December | 43.241.229 | 32.659.317 |

Trade payables at 31 December are as follows:

| | 2009 | 2008 |
|---------------------------|-------------------|-------------------|
| Short-term trade payables | 38.289.102 | 38.813.109 |
| | 38.289.102 | 38.813.109 |

NOTE 10-OTHER RECEIVABLES AND PAYABLES

Other receivables at 31 December are as follows:

| | 2009 | 2008 |
|--------------------------------------|------------------|-------------------|
| Receivables from tax authorities (*) | 2.240.314 | 15.975.462 |
| Deposits and guarantees given | 365.799 | 717.634 |
| | 2.606.113 | 16.693.096 |

(*) Receivables from tax authorities of the Group consist of the tax receivable as a result of tax litigation resulted in favour of 000 Pronto Moscow, a subsidiary of the Group, which should be offset against future tax liabilities.

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009**

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

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

| | 2009 | 2008 |
|-------------------------------|----------------|----------------|
| Deposits and guarantees given | 666.652 | 300.753 |
| | 666.652 | 300.753 |

Other payables at 31 December are as follows:

| | 2009 | 2008 |
|--------------------------------------|-------------------|-------------------|
| Taxes and funds payable | 8.336.619 | 5.851.429 |
| Due to personnel | 3.808.965 | 5.498.759 |
| Social security withholdings payable | 2.940.133 | 3.026.814 |
| Deposits and guaranties received | 1.179.634 | 1.191.255 |
| | 16.265.351 | 15.568.257 |

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

| | 2009 | 2008 |
|----------------------------------|----------------|----------------|
| Deposits and guarantees received | 188.213 | 189.038 |
| | 188.213 | 189.038 |

NOTE 11-INVENTORIES

| | 2009 | 2008 |
|--------------------------------|-------------------|-------------------|
| Raw materials and supplies | 13.005.309 | 18.589.869 |
| Promotion stocks (*) | 4.571.959 | 3.769.347 |
| Semi-finished goods | 398.838 | 386.636 |
| Finished goods and merchandise | 1.281.512 | 1.184.173 |
| | 19.257.618 | 23.930.025 |
| Impairment on promotion stocks | (811.496) | (479.513) |
| | 18.446.122 | 23.450.512 |

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009

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

The movements about the impairment on the promotion stocks as it follows;

| | 2009 | 2008 |
|--|----------------|----------------|
| 1 January | 479.513 | 542.306 |
| Provision for/(reversal of) impairment | 331.983 | (62.793) |
| 31 December | 811.496 | 479.513 |

NOTE 12-INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD

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

| | Share % | 2009 | Share % | 2008 |
|-----------------|---------|------------------|---------|----------------|
| Doğan Media (*) | 42,42 | 1.114.319 | 42,42 | - |
| Yaysat | 25,00 | 225.906 | 25,00 | 224.731 |
| DYG İlan | 20,00 | 91.798 | 20,00 | 91.737 |
| | | 1.432.023 | | 316.468 |

The summary Group's share of the financial statements of the investments accounted for by the equity method at 31 December 2009 is as follows:

| 2009 | Total assets | Total liabilities | Net sales | Net (loss)/income for the period |
|-----------------|-------------------|-------------------|-------------------|----------------------------------|
| Doğan Media (*) | 23.047.312 | 21.932.993 | 56.375.629 | (15.190.498) |
| Yaysat | 244.245 | 18.339 | 122.275 | 1.175 |
| DYG İlan | 91.798 | - | 19.365 | (6) |
| | 23.383.355 | 21.951.332 | 56.517.269 | (15.189.329) |

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

The summary of Group's share of the financial statements of the investments accounted for by the equity method at 31 December 2008 is as follows:

| 2008 | Total assets | Total liabilities | Net sales | Net (loss)/income for the period |
|-------------|-------------------|-------------------|-------------------|----------------------------------|
| Doğan Media | 28.644.684 | 28.663.897 | 60.017.547 | (8.841.057) |
| Yaysat | 405.904 | 181.173 | 713.736 | 75.262 |
| DYG İlan | 100.165 | 8.428 | 85.263 | 395 |
| | 29.150.753 | 28.853.498 | 60.816.546 | (8.765.400) |

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009**

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

The movements in associates during the years ended at 31 December are as follows:

| | 2009 | 2008 |
|----------------------------------|------------------|----------------|
| 1 January | 316.468 | 4.380.092 |
| Share capital increase | 16.723.846 | 5.063.838 |
| Loss from associates | (15.189.329) | (8.765.400) |
| Currency translation differences | (418.962) | (362.062) |
| 31 December | 1.432.023 | 316.468 |

NOTE 13-INVESTMENT PROPERTY

The movements in investment property and related accumulated depreciation for the year ended at 31 December 2009 are as follows:

| | 1 January 2008 | Additions | Disposals | Provision of impairment | Transfers | 31 December 2009 |
|----------------------------------|-------------------|-------------------|---------------------|----------------------------|------------------|---------------------|
| Cost: | | | | | | |
| Land | 9.565.495 | - | - | - | - | 9.565.495 |
| Buildings | 12.803.169 | 22.626.227 | (15.704.085) | (3.340.892) | 1.110.866 | 17.495.285 |
| | 22.368.664 | 22.626.227 | (15.704.085) | (3.340.892) | 1.110.866 | 27.060.780 |
| Accumulated depreciation: | | | | | | |
| Buildings | 391.762 | 73.455 | - | - | - | 465.217 |
| | 391.762 | 73.455 | - | - | - | 465.217 |
| Net book value | 21.976.902 | | | 26.595.563 | | |

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

The fair value of the investment property has been determined as TL 42.631.610 at 31 December 2009 (2008: TL 34.180.558).

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009**

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

The movements in investment property and related accumulated depreciation for the year ended 31 December 2008 are as follows:

| | 1 January 2008 | Additions | Disposals | Provision of impairment | 31 December 2008 |
|----------------------------------|-------------------|-------------------|--------------------|----------------------------|---------------------|
| Cost: | | | | | |
| Land | 9.565.495 | - | - | - | 9.565.495 |
| Buildings | 3.444.900 | 22.174.427 | (8.090.520) | (4.725.638) | 12.803.169 |
| | 13.010.395 | 22.174.427 | (8.090.520) | (4.725.638) | 22.368.664 |
| Accumulated depreciation: | | | | | |
| Buildings | 318.307 | 73.455 | - | - | 391.762 |
| | 318.307 | 73.455 | - | - | 391.762 |
| Net book value | 12.692.088 | | | | 21.976.902 |

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009**

(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 year ended 31 December 2009 are as follows:

| | 1 January 2009 | Currency translation differences | Additions | Disposals | Transfers | 31 December 2009 |
|---------------------------------|----------------------|--|-------------------|--------------------|--------------------|----------------------|
| Cost | | | | | | |
| Land and land improvements | 52.609.400 | (10.839) | 209.360 | - | 1.258 | 52.809.179 |
| Buildings | 265.032.446 | (275.027) | 918.371 | (157.358) | (1.141.945) | 264.376.487 |
| Machinery and equipments | 672.717.143 | 68.072 | 13.338.997 | (317.274) | 21.339.082 | 707.146.020 |
| Motor vehicles | 11.312.260 | (43.374) | 61.110 | (579.700) | - | 10.750.296 |
| Furniture and fixtures | 97.252.560 | (1.038.275) | 5.060.290 | (1.707.960) | 686.544 | 100.253.159 |
| Leasehold improvements | 25.036.022 | (13.308) | 371.841 | (454.624) | - | 24.939.931 |
| Other non-current assets | 408.167 | (3.872) | 174.312 | - | - | 578.607 |
| Construction in progress | 2.593.055 | 15.003 | 21.589.440 | - | (22.763.750) | 1.433.748 |
| | 1.126.961.053 | (1.301.620) | 41.723.721 | (3.216.916) | (1.878.811) | 1.162.287.427 |
| Accumulated depreciation | | | | | | |
| Land and land improvements | 376.114 | | 69.252 | - | - | 445.366 |
| Buildings | 57.650.434 | (134.746) | 5.788.104 | (27.077) | - | 63.276.715 |
| Machinery and equipments | 435.282.503 | (229.519) | 45.574.747 | (160.255) | - | 480.467.476 |
| Motor vehicles | 7.012.582 | (152.934) | 1.498.918 | (371.723) | - | 7.986.843 |
| Furniture and fixtures | 74.819.814 | (344.369) | 6.847.636 | (1.508.636) | - | 79.814.445 |
| Leasehold improvements | 22.500.100 | 1.554 | 753.019 | (449.985) | - | 22.804.688 |
| Other non-current assets | 189.206 | (2.057) | 47.418 | - | - | 234.567 |
| | 597.830.753 | (862.071) | 60.579.094 | (2.517.676) | - | 655.030.100 |
| Net book value | 529.130.300 | | | | | 507.257.327 |

Net book value of the property, plant and equipment in machinery and equipment group obtained via financial leasing is amounting to TL 11.605.840 (2008: TL 13.888.186).

At 31 December 2009 there were liens amounting to TL 6.619.159 (2008: TL 6.559.411) and mortgages amounting to TL 14.041.950 (2008: TL 13.915.200).

Construction in progress amounting to TL 1.433.748 is related to computer programs and internet domain names.

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009

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

The movements in property, plant and equipment and related accumulated depreciation for the period ended 31 December 2008 are as follows:

| | 1 January 2008 | Currency translation differences | Additions | Disposals | Transfers | Acquisitions | 31 December 2008 |
|---------------------------------|----------------------|--|-------------------|--------------------|--------------------|--------------------|----------------------|
| Cost | | | | | | | |
| Land and land improvements | 52.246.932 | 1.470.878 | 4.794.982 | (5.903.392) | - | - | 52.609.400 |
| Buildings | 258.805.088 | 5.049.487 | 1.000.168 | - | 177.703 | - | 265.032.446 |
| Machinery and equipments | 644.183.292 | 8.594.975 | 9.052.644 | (495.982) | 11.382.214 | - | 672.717.143 |
| Motor vehicles | 9.750.872 | 584.521 | 1.585.914 | (609.047) | - | - | 11.312.260 |
| Furniture and fixtures | 92.068.472 | 1.179.925 | 7.489.884 | (753.029) | 17.114 | (2.749.806) | 97.252.560 |
| Leasehold improvements | 24.629.038 | 39.580 | 416.405 | (12.971) | 30.216 | (66.246) | 25.036.022 |
| Other non-current assets | 325.592 | 82.575 | - | - | - | - | 408.167 |
| Construction in progress | 8.502.573 | (101.363) | 8.007.360 | - | (13.730.867) | (84.648) | 2.593.055 |
| | 1.090.511.859 | 16.900.578 | 32.347.357 | (7.774.421) | (2.123.620) | (2.900.700) | 1.126.961.053 |
| Accumulated depreciation | | | | | | | |
| Land and land improvements | 325.667 | - | 50.447 | - | - | - | 376.114 |
| Buildings | 51.139.088 | 762.566 | 5.748.780 | - | - | - | 57.650.434 |
| Machinery and equipment | 390.229.388 | 3.017.555 | 42.278.924 | (243.364) | - | - | 435.282.503 |
| Motor vehicles | 5.131.167 | 215.591 | 2.082.047 | (416.223) | - | - | 7.012.582 |
| Furniture and fixtures | 68.536.761 | 940.643 | 7.315.546 | (222.525) | - | (1.750.611) | 74.819.814 |
| Leasehold improvements | 22.171.037 | 7.735 | 349.544 | - | - | (28.216) | 22.500.100 |
| Other non-current assets | 143.371 | 37.443 | 8.392 | - | - | - | 189.206 |
| | 537.676.479 | 4.981.533 | 57.833.680 | (882.112) | - | (1.778.827) | 597.830.753 |
| Net book value | 552.835.380 | | | | | | 529.130.300 |

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009**

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

NOTE 15-INTANGIBLE ASSETS

The movements in intangible assets and related accumulated amortisation for the year ended 31 December 2009 are as follows:

| | 1 January 2009 | Additions | Disposals | Transfers | Currency translation differences | 31 December 2009 |
|---------------------------------|--------------------|-------------------|-----------------|----------------|--|---------------------|
| Costs | | | | | | |
| Trade names | 318.260.471 | - | - | - | (7.098.280) | 311.162.191 |
| Customer list | 274.413.483 | - | - | - | (7.111.663) | 267.301.820 |
| Computer software and rights | 41.071.047 | 3.879.240 | (94.038) | (1.284.049) | (697.446) | 42.874.754 |
| Internet domain names | 12.129.468 | 1.229.341 | - | 2.051.994 | 117.469 | 15.528.272 |
| Other intangible assets | 6.878.293 | 235.287 | - | - | (35.083) | 7.078.497 |
| | 652.752.762 | 5.343.868 | (94.038) | 767.945 | (14.825.003) | 643.945.534 |
| Accumulated amortisation | | | | | | |
| Trade names | 14.610.793 | 1.219.650 | - | - | (43.759) | 15.786.684 |
| Customer list | 29.421.115 | 16.052.542 | - | - | (334.013) | 45.139.644 |
| Computer software and rights | 20.472.996 | 7.254.628 | (50.654) | - | (167.313) | 27.509.657 |
| Internet domain names | 1.039.278 | 1.016.943 | - | - | 316.620 | 2.372.841 |
| Other intangible assets | 6.021.218 | 887.243 | - | - | (17.457) | 6.891.004 |
| | 71.565.400 | 26.431.006 | (50.654) | - | (245.922) | 97.699.830 |
| Net book value | 581.187.362 | | | | | 546.245.704 |

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009

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

The movements in intangible assets and related accumulated amortisation for the year ended 31 December 2008 are as follows:

| | 1 January 2008 | Additions | Disposals | Currency translation difference | Impairment (*) | Acquisitions | Transfers | 31 December 2008 |
|---------------------------------|--------------------|-------------------|--------------------|---------------------------------------|-------------------|--------------------|------------------|---------------------|
| Cost | | | | | | | | |
| Trade names | 289.768.125 | 552.565 | (3.891) | 27.485.638 | - | (1.964.070) | - | 315.838.367 |
| Customer list | 252.681.895 | - | - | 22.041.963 | - | (310.375) | - | 274.413.483 |
| Computer software and rights | 23.876.159 | 12.036.361 | (1.142.490) | 5.718.627 | - | (1.283.209) | 1.865.599 | 41.071.047 |
| Internet domain names | 16.696.590 | 111.551 | - | 2.065.738 | - | (4.579.133) | 256.826 | 14.551.572 |
| Other intangible assets | 6.076.417 | 763.227 | (749.724) | 787.177 | - | - | 1.196 | 6.878.293 |
| | 589.099.186 | 13.463.704 | (1.896.105) | 58.099.143 | - | (8.136.787) | 2.123.621 | 652.752.762 |
| Accumulated amortisation | | | | | | | | |
| Trade names | 915.911 | 1.294.041 | - | 30.421 | 12.370.420 | - | - | 14.610.793 |
| Customer list | 11.833.877 | 17.583.612 | - | 219.539 | - | (215.913) | - | 29.421.115 |
| Computer software and rights | 12.264.010 | 5.395.960 | (184.716) | 4.050.317 | - | (1.052.575) | - | 20.472.996 |
| Internet domain names | 650.523 | 775.054 | - | 22.698 | - | (408.997) | - | 1.039.278 |
| Other intangible assets | 4.797.870 | 1.162.316 | (749.724) | 810.756 | - | - | - | 6.021.218 |
| | 30.462.191 | 26.210.983 | (934.440) | 5.133.731 | 12.370.420 | (1.677.485) | - | 71.565.400 |
| Net book value | 558.636.995 | | | | | | | 581.187.362 |

(*) Impairment is related with trade names with indefinite useful lives in Group's subsidiary Expressz Magyarország Rt. which is operating in Hungary.

Intangible assets with indefinite useful lives amounted to TL 286.386.140 at 31 December 2009, (2008: TL 292.613.040). The useful lives of the assets with indefinite useful life, as expected by the Group, are determined based on the stability of the industry, changes in market demands as to the products and services provided through assets, control period over the assets and legal or similar restrictions on their utilisation.

Amortisation charges amounting to TL 26.431.006 for the year ended 31 December 2009 have been included in operating expenses (2008: TL 26.210.983).

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009

[Amounts expressed in Turkish Lira ["TL"] unless otherwise indicated.]

NOTE 16-GOODWILL

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

| | 2009 | 2008 |
|-------------------------------------|--------------------|--------------------|
| 1 January | 236.449.857 | 236.129.473 |
| Provision for impairment (**) | (6.690.546) | (20.425.161) |
| Currency translation differences | (5.757.140) | 24.553.549 |
| Additions (Note 3) | - | 625.962 |
| Disposal of discontinued operations | - | (191.961) |
| Other (*) | (1.665.578) | (4.242.005) |
| 31 December | 222.336.593 | 236.449.857 |

(*) Other represents the changes in the fair value of the put options (Note 2.2.24).

(**) Goodwill allocated to Russia segment amounting to TL 6.690.546 has been impaired due to the significant impact of global economic crisis on local markets of such geographies.

Goodwill is tested annually for impairment at year-ends and carried at cost less accumulated impairment losses.

Goodwill is not subject to amortisation starting from 1 January 2005, within the framework of IFRS 3 "Business Combinations", and the carrying value of goodwill is tested for impairment.

NOTE 17-GOVERNMENT GRANTS

The Group obtained six Investment Incentives Certificate for the imported equipments amounting to USD 24.700.361 and domestic equipments amounting to TL 151.800 due to the modernization of its printing plants in Istanbul, Ankara, Izmir, Adana, Antalya and Trabzon on 23, 27 and 31 July 2008. The agreements are valid for two years and equipment imported within the scope of the certificate is exempt from Customs Duty, Collective Housing Fund and VAT. The investments amounted to USD 18.963.690 within these certificates as at 31 December 2009.

NOTE 18-PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

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

| | 2009 | 2008 |
|-------------------------------|-------------------|------------------|
| Provision for tax penalty | 15.554.695 | - |
| Provision for unused vacation | 9.428.016 | 4.558.785 |
| Provision for lawsuit | 2.393.095 | 2.172.814 |
| | 27.375.806 | 6.731.599 |

The tax inspection reports notified by the Ministry of Finance as of 7 August 2009 regarding the tax reviews of the prior financial periods of the Group consists a tax principal of TL 12.292.167, a tax loss penalty of TL 18.438.250 and a special irregularity penalty of TL 165.000. The Group has proposed settlement after assessment from the Tax Office regarding the tax principals and penalties notified. The Group has filed a lawsuit for the cancellation of related penalties.

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009

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

The Group went to court for the deferral of those tax penalties.

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

140

The movements in provision for unused vacation rights during the year is as follows:

| | 2009 | 2008 |
|---------------------------|------------------|------------------|
| 1 January | 4.558.785 | 2.582.860 |
| Additions during the year | 4.901.999 | 1.981.925 |
| Provisions reversed | (32.768) | (6.000) |
| 31 December | 9.428.016 | 4.558.785 |

The movements in provision for lawsuit during the year are as follows:

| | 2009 | 2008 |
|-------------------------------------|------------------|------------------|
| 1 January | 2.172.814 | 2.564.660 |
| Additions during the year (Note 26) | 220.281 | 128.676 |
| Provisions reversed | - | (520.522) |
| 31 December | 2.393.095 | 2.172.814 |

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009

[Amounts expressed in Turkish Lira ["TL"] unless otherwise indicated.]

Collaterals, pledges and mortgages "CPM" given by the parent Company, Hürriyet Gazetecilik ve Matbaacılık A.Ş. as of 31 December 2009 and 2008 are as follows:

| | 2009 | 2008 |
|--|--------------------|--------------------|
| A. CPM's given in the name of its own legal personality | 2.368.213 | 6.162.561 |
| B. CPM's given on behalf of the fully consolidated companies (*) | 152.305.018 | 210.770.014 |
| C. CPM's given on behalf of third parties for ordinary course of the business | - | - |
| D. Total amount of other CPM's given | - | - |
| i) Total amount of CPM's given on behalf of the majority shareholder | - | - |
| ii) Total amount of CPM's given on behalf of other group companies which are not in scope of B and C | - | - |
| iii) Total amount of CPM's given on behalf of third parties which are not in scope of C | - | - |
| | 154.673.231 | 216.932.575 |

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

Collaterals, pledges and mortgages given by the Group

Total value of the CPM's given by the Group is TL 24.876.693 (2008: TL 28.257.086).

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

NOTE 19-COMMITMENTS

a) Barter agreements:

The Group, as is common practice in the media sector, has entered into barter agreements. These agreements involve the exchange of goods or services without cash collections or payments. As of 31 December 2009, in connection with the barter agreements, the Group has advertisement commitment amounting to TL 11.656.393 (2008: TL 7.209.486) and goods and services purchase rights amounting to TL 5.697.293 (2008: TL 5.251.718).

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009

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

b) Lawsuits against the Group:

The lawsuits against the Group amount to TL 28.135.832 (2008: TL 31.493.679). The Group accounts for provisions in cases when there is a legal or valid liability resulting from past operations and it may be necessary for resources to flow out in order to fulfil these liabilities and when a reliable estimation can be made for the amount. As a result of these analyses, as of 31 December 2009, the Group has set a provision of TL 2.393.095 for trade and administrative lawsuits (2008: TL 2.172.814).

142

| | 2009 | 2008 |
|-------------------------|-------------------|-------------------|
| Legal lawsuits | 21.490.966 | 23.117.282 |
| Trade lawsuits | 3.810.076 | 3.858.640 |
| Administrative lawsuits | 1.093.377 | 1.072.186 |
| Tax lawsuits | 900.896 | 926.347 |
| Labor lawsuits | 840.517 | 2.514.224 |
| Penal lawsuits | - | 5.000 |
| | 28.135.832 | 31.493.679 |

c) Derivative financial instruments:

i) Swap transactions in foreign exchange

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

ii) Interest rate swap transactions

The Group entered into eight collar agreements totaling to USD 46.000.000 and purchased one CAP amounting to USD 37.000.000 to hedge the interest rate risk arising from borrowings as of 31 December 2009. The agreements have fixed floor and ceiling rates. Accordingly, at the dates defined in agreements, if the LIBOR rate is below the floor rate, the Group has to compensate for the difference between the floor rate and the actual rate. Similarly, if the LIBOR rate is above the ceiling rate, banks compensate for the difference to the Group.

As of 31 December 2009 fixed floor and ceiling rates change between 3,0% and 5,6% (2008: 2,8%-5,6%) and the main floating interest rate is LIBOR.

Financial expense recognised during the period regarding these agreements amounted to TL 165.889 (2008: TL 367.003).

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009

[Amounts expressed in Turkish Lira ["TL"] unless otherwise indicated.]

d) Put options:

In January 2007, 000 ProntoMoscow, a subsidiary of the Group, acquired the majority shares of Impress Media Marketing LLC. Accordingly, the Group has the right to purchase 20,7% of minority shares from minority shareholders without a time constraint, provided that certain conditions are met. The Group exercised 10,7% portion of the put option from minority shareholders during 2010 and classified as other short term financial liabilities. Additionally, the Group has signed a new put option agreement valid between August 2011 and August 2015 for the remaining minority shares of 10%. As of 31 December 2009, the short-term portion of the fair value of the put option is TL 2.359.432(2008: TL 1.218.914), long-term portion is TL 742.310 (2008: TL 4.405.330) according to various valuation techniques and assumptions.

The Group has granted a put option, on the remainder of 30% shares during the acquisition of 70% interest of the shares in its subsidiary Oglasnik d.o.o. located in Croatia. As of 31 December 2009, the fair value of this option is TL 12.044.094 according to various valuation techniques and assumptions and and classified in "other short-term financial liabilities" (2008: TL 12.467.401).

The Group has acquired a 55% interest in Moje Delo d.o.o. ("Moje Delo") in Slovenia. The Group paid an earn-out amounting to EUR 1 million during the period. The Group has granted to the selling shareholders a put option on the remainder of the shares exercisable from January 2009 to January 2012 and has a call option 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 719.725 as of 31 December 2009 (2008: TL 1.637.821) and classified in "short-term financial liabilities".

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

| | 2009 | 2008 |
|---|-------------------|-------------------|
| Provision for employment termination benefits | 14.196.159 | 11.744.969 |
| | 14.196.159 | 11.744.969 |

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

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). At 31 December 2009 the amount payable maximum TL 2.365,16 (2008: TL 2.173,18) 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.

NOTE 20-PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

Employment termination benefit liabilities are not subject to any funding and there are no legal requirements for funding of these liabilities.

The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees.

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009

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

Accounting principles described in Note 24, require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly the following actuarial assumptions were used in the calculation of the total provision.

144

| | 2009 | 2008 |
|---|------|------|
| Discount rate (%) | 5,92 | 6,26 |
| Turnover rate to estimate the probability of retirement (%) | 89 | 89 |

The principal assumption is that the maximum liability of TL 2.365,16 (2008: TL 2.173,18) for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of TL 2.423,88 (1 January 2009: TL 2.260,05), which is effective from 1 January 2010, has been taken into consideration in calculating the reserve for employment termination benefit of the Group. As of 31 December 2009, the salaries have been taken into consideration in calculation for the employees under the Regulations with regards to Employees Employed in the Press Sector.

Movements in the provision for employment termination benefits during the year are as follows:

| | 2009 | 2008 |
|--|-------------------|-------------------|
| 1 January | 11.744.969 | 10.115.141 |
| Current period service charge | 1.265.829 | 1.161.568 |
| Interest expenses | 695.302 | 633.208 |
| Payments during the year and provisions terminated | (4.038.446) | (3.374.040) |
| Actuarial losses | 4.528.505 | 3.209.092 |
| 31 December | 14.196.159 | 11.744.969 |

NOTE 21-OTHER CURRENT/NON-CURRENT ASSETS AND OTHER CURRENT/NON-CURRENT LIABILITIES

Other current assets at 31 December are as follows:

| | 2009 | 2008 |
|-------------------------------------|-------------------|-------------------|
| Prepaid taxes (Note 30) | 12.482.673 | 19.476.471 |
| Prepaid expenses (*) | 6.371.657 | 10.052.544 |
| Advances given to personnel | 4.529.002 | 4.134.020 |
| Value Added Tax ("VAT") receivables | 2.284.475 | 2.270.461 |
| Job advances | 726.571 | 1.359.241 |
| Order advances given | 489.043 | 584.150 |
| Income accruals | 161.025 | 8.730.439 |
| Other | 2.972.719 | 4.808.997 |
| | 30.017.165 | 51.416.323 |

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009**

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

Other non-current assets at 31 December are as follows:

| | 2009 | 2008 |
|---|------------------|------------------|
| Advances given for put option liabilities | 1.005.808 | - |
| Advances given for fixed asset purchases | 201.438 | 7.146.327 |
| Prepaid expenses | - | 710.168 |
| Other | 5.595 | 451.725 |
| | 1.212.841 | 8.308.220 |

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

| | 2009 | 2008 |
|----------------------|-------------------|-------------------|
| Tax penalty accruals | 17.200.000 | - |
| Deferred revenue | 8.401.888 | 9.310.846 |
| VAT payables | 4.386.104 | 4.021.327 |
| Expense accruals | 3.468.897 | 1.074.257 |
| Other | 484.407 | 1.082.692 |
| | 33.941.296 | 15.489.122 |

The tax inspection reports released by the Ministry of Finance as of 15 March 2009 regarding the tax reviews mentioned in Note 18, consist of corporate tax in the amount of TL 12.155.173 and temporary tax of TL 10.413.832 (together totalling TL 22.569.005), as well as a tax loss penalty in the amount of TL 22.569.005. Settlement after assessment from the Tax Office regarding the tax principals and penalties was reached on 6 April 2010. The principal and penalty for the tax were determined as TL 8.000.000 after this settlement and a tax liability amounting to TL 17.200.000, together with the late payment interest has been accrued in the consolidated financial statements.

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

| | 2009 | 2008 |
|-----------------------------|---------------|----------------|
| Other long-term liabilities | 78.296 | 384.123 |
| | 78.296 | 384.123 |

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009**

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

NOTE 22-SHAREHOLDERS' EQUITY

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

| | 2009 | 2008 |
|---|-------------|-------------|
| Historical authorised and paid-in share capital | 552.000.000 | 460.000.000 |
| Limit on registered share capital (historical) | 800.000.000 | 800.000.000 |

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

The shareholding structures are as follows:

| | 2009 | Share (%) | 2008 | Share (%) |
|-----------------------------|--------------------|------------|--------------------|------------|
| Doğan Yayın | 367.411.200 | 66,56 | 305.624.000 | 66,44 |
| Doğan Holding | 61.216.800 | 11,09 | 23.920.000 | 5,20 |
| Publicly owned | 123.372.000 | 22,35 | 130.456.000 | 28,36 |
| | 552.000.000 | 100 | 460.000.000 | 100 |
| Adjustment to share capital | 77.198.813 | | 77.198.813 | |
| Total share capital | 629.198.813 | | 537.198.813 | |

As of 31 December 2009, 6,56% (2008: 6,44%) of publicly owned shares belong to Doğan Yayın which is the main shareholder of the Group, and 11,09% (2008: 5,20%) by Doğan Holding, which is the ultimate parent of the Group.

Adjustment to share capital represents the restatement effect of cash contributions to share capital at year-end equivalent purchasing power.

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (TCC). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

The amounts stated above should be reclassified under "Restricted Reserves" in accordance with the CMB Financial Reporting Standards.

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009

[Amounts expressed in Turkish Lira ["TL"] unless otherwise indicated.]

Due to tax principal and tax penalty notices communicated by the Tax Office, the shares that Doğan Yayın has in the share capital of Hürriyet Gazetecilik ve Matbaacılık A.Ş. at a rate of 66,56% and which are maintained in the export/ investment accounts of the Central Registry Institution and Intermediary Institution have been made inactive, accordingly their transfer has been restricted. In the Public Announcement of Doğan Yayın, dated 1 February 2010, it was mentioned that a significant portion of the lawsuits filed for the aforementioned original tax amounts and notices has been finalised in favour of Doğan Yayın. Since it is thought that there is a lien placed on the public receivables accrued by Doğan Yayın, the liens exceeding the amount of public receivables are expected to be removed after evaluation by the relevant Tax Office.

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

| Restricted reserves: | 2009 | 2008 |
|------------------------------------|-------------------|-------------------|
| 1. Composition restricted reserves | 23.067.690 | 23.067.690 |
| 2. Composition restricted reserves | 4.648.846 | 4.242.492 |
| | 27.716.536 | 27.310.182 |

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

Again, relative to the execution valid due to 1 January 2008, according to the result of inflation adjusted first financial statement arrangement, equity accounts of "Share Capital, Share Premium, Legal Reserves, Statutory Reserves, Special Reserves and Extraordinary reserves" are booked as their balance sheet values and total of the adjusted values of these accounts were booked in equity group "equity inflation adjustment differences" account. For all equity accounts, "equity inflation adjustment differences" could only be used for stock split or loss account; booked amounts of extraordinary reserves could only be used for stock split, cash dividend distribution or loss accounts.

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

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

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

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009

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

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

Moreover, in accordance with the CMB decision no 7/242, dated 25 February 2005, in the event that the entire profit distribution amount calculated pursuant the minimum profit distribution amount calculated over the net distributable profit found in accordance with CMB regulations can be covered by the distributable profit in the statutory records, it shall be distributed completely, and if the relevant amount cannot be covered by that amount, all of the net distributable profit in the statutory records shall be distributed. In the event that there is any period loss in financial statements or statutory records prepared in accordance with the CMB regulations, no profit shall be distributed.

148

Dividend Payment

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

In accordance with the CMB Decision dated 27 January 2010, concerning distribution basis of net profit obtained from the operations of the year 2008, no limit for the profit distribution shall be applied as for the companies quoted in the stock exchange (2008: 20%). According to the Board's decision and Communiqué IV No:27 issued by CMB regarding allocation basis of profit of publicly owned companies, the distribution of the relevant amount may be realised as cash or as bonus shares or partly as cash and bonus shares; and in the event that the first dividend amount to be specified is less than 5% of the paid-up capital, the relevant amount can be retained within the company. However, companies that made capital increases before distributing dividends related to the prior period and whose shares are therefore classified as "old" and "new" and that will distribute dividends from the profit made from operations are required to distribute the initial amount in cash.

Based on the board minutes taken on 7 April 2010, the Company will propose not paying dividends to the shareholders in the General Assembly.

NOTE 23-SALES AND COST OF SALES

Sales

| | 2009 | 2008 |
|----------------------------------|--------------------|--------------------|
| Advertisement sales | 497.840.650 | 709.596.398 |
| Circulation and publishing sales | 236.711.657 | 225.564.717 |
| Other | 49.580.555 | 63.285.223 |
| Net sales | 784.132.862 | 998.446.338 |
| Cost of sales | (499.032.419) | (595.814.088) |
| Gross profit | 285.100.443 | 402.632.250 |

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009**

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

Cost of sales

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

| | 2009 | 2008 |
|---------------------------------------|--------------------|--------------------|
| Raw materials | 212.514.999 | 274.141.266 |
| Paper | 141.529.674 | 176.836.679 |
| Printing and ink | 52.098.365 | 76.282.881 |
| Other | 18.886.960 | 21.021.706 |
| Payroll | 158.910.980 | 177.298.712 |
| Depreciation and amortization charges | 47.820.969 | 44.528.987 |
| Commission | 15.969.059 | 30.134.808 |
| Distribution, storage and travel | 7.702.048 | 9.001.936 |
| Fuel, electricity and water | 6.690.104 | 6.912.865 |
| Maintenance expenses | 6.353.448 | 6.842.193 |
| Packaging expenses | 5.543.340 | 6.011.705 |
| Rent expenses | 4.062.018 | 3.889.834 |
| Communication | 3.967.588 | 5.395.430 |
| News agency expenses | 2.935.402 | 2.801.481 |
| Other | 26.562.464 | 28.854.871 |
| | 499.032.419 | 595.814.088 |

NOTE 24-RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SELLING AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATION EXPENSES**a) Marketing, selling and distribution expenses:**

| | 2009 | 2008 |
|------------------------------------|-------------------|--------------------|
| Advertisement | 30.025.584 | 55.620.448 |
| Transportation, storage and travel | 20.726.358 | 27.445.324 |
| Promotion | 12.024.910 | 9.188.905 |
| Payroll | 11.296.485 | 11.112.118 |
| Sponsorship | 1.774.063 | 2.222.147 |
| Outsourced services | 1.766.686 | 3.075.696 |
| Other | 8.032.377 | 10.125.169 |
| | 85.646.463 | 118.789.807 |

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009**

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

b) General administrative expenses:

| | 2009 | 2008 |
|--|--------------------|--------------------|
| Payroll | 50.308.101 | 55.248.169 |
| Depreciation and amortization charges | 38.664.728 | 39.239.302 |
| Consultancy | 17.859.503 | 21.976.583 |
| Rent | 12.119.840 | 15.405.586 |
| Provision for impairment of goodwill and intangible assets | 6.690.546 | 32.795.581 |
| Fuel, electricity and water | 6.592.937 | 12.431.627 |
| Transportation, storage and travel | 4.737.255 | 7.448.394 |
| Communication | 4.218.913 | 4.062.874 |
| Maintenance and repairment | 2.007.145 | 2.815.239 |
| Other | 13.837.598 | 13.126.738 |
| | 157.036.566 | 204.550.093 |

NOTE 25-EXPENSES BY NATURE

The expenses as of 31 December 2009 and 2008 are shown based on the functions and the details are given in Notes 23 and 24.

NOTE 26-OTHER OPERATING INCOME-EXPENSES

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

| | 2009 | 2008 |
|---|------------------|-------------------|
| Gains on sale of subsidiaries (*) | 3.320.737 | - |
| Rent and building service fees | 2.467.414 | 2.192.355 |
| Reversed provisions | 489.087 | 1.500.191 |
| Gain on sale of property, plant and equipment | 66.547 | 2.544.399 |
| Tax settlement income (Note 18) | - | 14.146.135 |
| Other | 1.217.370 | 2.285.774 |
| | 7.561.155 | 22.668.854 |

(*) Gain on sales of subsidiaries resulted from the disposal of shares of Szuperinfo Magyarország Kft at 28 October 2009.

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009**

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

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

| | 2009 | 2008 |
|--|-------------------|-------------------|
| Tax penalties (Note 18 and 21) | 32.754.695 | - |
| Provision for doubtful receivables (Note 9) | 11.956.047 | 12.663.233 |
| Loss on sale of property, plant, equipment and investment properties | 3.523.726 | 3.557.198 |
| Provision for impairment on investment properties (Note 13) | 3.340.894 | 4.725.638 |
| Penalty and fines paid | 1.109.241 | 998.490 |
| Aids and donations | 731.342 | 985.655 |
| Provision for lawsuits (Note 18) | 220.281 | 128.676 |
| Other | 2.251.705 | 1.296.891 |
| | 55.887.931 | 24.355.781 |

NOTE 27-FINANCIAL INCOME

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

| | 2009 | 2008 |
|--|--------------------|--------------------|
| Foreign exchange income | 108.811.322 | 65.131.305 |
| Time deposits interest income | 20.277.957 | 21.561.281 |
| Due date difference income | 9.509.073 | 13.631.996 |
| Credit finance income from receivables | 1.671.632 | 3.234.577 |
| Interest income on financial assets at fair value through profit and loss, net | 1.330.390 | 162.634 |
| Other | 338.648 | 3.174.464 |
| | 141.939.022 | 106.896.257 |

NOTE 28-FINANCIAL EXPENSES

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

| | 2009 | 2008 |
|---|--------------------|--------------------|
| Foreign exchange loss | 107.697.326 | 199.412.147 |
| Interest expenses on bank borrowings | 25.924.295 | 50.520.134 |
| Banking commission and factoring expenses | 7.270.305 | 3.260.322 |
| Other | 6.971.667 | 11.277.994 |
| | 147.863.593 | 264.470.597 |

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009**

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

NOTE 29-NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

As of 31 December 2009, the Group has no non-current assets held for sale and discontinued operations.

The Group classified the wholly owned shares of its subsidiary Trader.com (Polska) Sp. Z.o.o. as discontinued operation. Discontinued operations were disposed for cash consideration amounting to TL 66.508.000 as equivalent of USD 54.350.000 on 25 June 2008.

Discontinued operations

| | 2008 |
|--|--------------------|
| Sales | 6.188.464 |
| Cost of sales | (3.860.170) |
| Gross profit | 2.328.294 |
| Operating expenses | (1.804.266) |
| Other operating income | 18.159 |
| Financial expenses | (28.536) |
| Income from discontinued operations | 513.651 |
| Gain on sales of discontinued operations | 58.675.805 |
| Net Income after tax from discontinued operations | 59.189.456 |

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009**

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

NOTE 30-TAX ASSETS AND LIABILITIES

| | 2009 | 2008 |
|--------------------------------------|--------------------|---------------------|
| Corporate and income taxes payable | 8.627.512 | 2.159.564 |
| Less: Prepaid taxes (Note 21) | (12.482.673) | (19.476.471) |
| Taxes payable, net | (3.855.161) | (17.316.907) |
| Deferred tax liabilities | 136.958.525 | 152.434.565 |
| Deferred tax assets | (12.342.243) | (19.293.484) |
| Deferred tax liabilities, net | 124.616.282 | 133.141.081 |

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

Deferred income taxes are calculated on temporary differences that are expected to be realised or settled based on the taxable income in coming years under the liability method using a principal tax rate of 20% (2008: 20%).

The tax rates (%) at 31 December 2009, which are used in the calculation of deferred tax, taking each country's tax legislations into consideration are as follows:

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009

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

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

| | Temporary differences | | Deferred tax assets/(liabilities) | |
|--|-----------------------|---------------|-----------------------------------|----------------------|
| | 2009 | 2008 | 2009 | 2008 |
| Carry forward tax losses (*) | 2.248.419 | 52.161.867 | 449.155 | 9.986.699 |
| Difference between tax base and carrying value of trade receivables | 19.569.646 | 18.410.048 | 3.824.951 | 3.376.827 |
| Provision for employment termination benefits and unused vacation rights | 23.197.679 | 16.303.754 | 4.640.086 | 3.260.751 |
| Difference between tax base and carrying value of leasing payables | 4.305.910 | 6.976.631 | 1.231.490 | 1.953.457 |
| Deferred revenue | 1.355.905 | 1.250.152 | 271.182 | 250.031 |
| Other, net | 7.773.175 | 2.328.594 | 1.925.379 | 465.719 |
| Deferred tax assets | | | 12.342.243 | 19.293.484 |
| Difference between tax bases and carrying value of property, plant and equipment and intangibles | (689.529.646) | (688.508.892) | (135.423.679) | (148.228.187) |
| Other, net | (6.561.254) | (20.228.274) | (1.534.846) | (4.206.378) |
| Deferred tax liabilities | | | (136.958.525) | (152.434.565) |
| Deferred tax liabilities, net | | | (124.616.282) | (133.141.081) |
| Deferred tax assets: | | | 2009 | 2008 |
| Deferred tax asset to be recovered after more than 12 months | | | 5.769.360 | 18.206.512 |
| Deferred tax asset to be recovered within 12 months | | | 6.572.883 | 1.086.972 |
| Total | | | 12.342.243 | 19.293.484 |
| Deferred tax liabilities: | | | 2009 | 2008 |
| Deferred tax liability to be recovered after more than 12 months | | | (135.423.679) | (151.855.668) |
| Deferred tax liability to be recovered within 12 months | | | (1.534.846) | (578.897) |
| Total | | | (136.958.525) | (152.434.565) |

(*) Deferred income tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. As of 31 December 2009, carry forward tax losses for which no deferred income tax asset was recognised amounted to TL 26.678.778 (2008: TL 22.897.094).

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009**

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

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

| | 2009 | 2008 |
|---------------|------------------|-------------------|
| 2011 | 313.083 | 313.083 |
| 2012 | - | - |
| 2013 | 1.515.376 | 40.712.963 |
| 2014 and over | 419.960 | 11.135.821 |
| | 2.248.419 | 52.161.867 |

The movements in deferred income tax assets/(liabilities) for the years ended 31 December 2009 and 2008 are as follows:

| | 2009 | 2008 |
|---|--------------------|--------------------|
| 1 January | 133.141.081 | 153.284.770 |
| Deferred tax income at the consolidated statement of income | (4.687.042) | (32.609.226) |
| Disposal of discontinued operations | - | (797.487) |
| Currency translation differences | (3.837.757) | 13.263.024) |
| 31 December | 124.616.282 | 133.141.081 |

The analysis of the tax expenses for the years ended at 31 December are as follows:

| | 2009 | 2008 |
|----------|-------------------|--------------------|
| Current | 18.798.776 | 24.396.599 |
| Deferred | (4.687.042) | (32.609.226) |
| | 14.111.734 | (8.212.627) |

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009

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

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

| | 2009 | 2008 |
|--|-------------------|--------------------|
| Loss before taxes and minority from continuing operations | (27.023.262) | (88.734.317) |
| Current period tax income calculated at the effective tax rates of countries | (3.543.871) | (16.753.078) |
| Expenses not deductible for tax purposes | 15.065.485 | 11.883.994 |
| Effect of tax rate change | - | (18.240.156) |
| Current period financial losses | 4.924.104 | 9.523.590 |
| Carry forward losses utilised | 786.662 | 293.510 |
| Income not subject to tax | (460.377) | (492.895) |
| Withholding tax relating to dividend distribution | 1.605.795 | 6.876.485 |
| Other, net | (4.266.064) | (1.304.077) |
| Tax losses/(income) from continuing operations | 14.111.734 | (8.212.627) |

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

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

Turkey:

Turkish Corporate Tax Law has been amended by Law No. 5520 dated 13 June 2006. Most of the articles of this new Law No. 5520 have come into force effective from 1 January 2006. Corporation tax is 20% (2008: 20%). Corporation tax is payable on the total income of the companies after adjusting for certain disallowable expenses, corporate income tax exemptions (gain from associates' exemption, investment allowances etc) and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed (except withholding tax at the rate of 19,8% on the investment incentive allowance utilised within the scope of the Income Tax Law Transitional Article 61).

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% (2008: 20%) on their corporate income. Advance tax is to be declared by the 10th day of the second month following each calendar quarter end and is payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009**

[Amounts expressed in Turkish Lira ["TL"] unless otherwise indicated.]

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

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

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

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

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

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

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

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

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 the liabilities and it must not be withdrawn from the entity for a period of five years. The sales consideration has to be collected up until the end of the second calendar year following the year the sale was realised.

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009

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

158

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 March 2006. However, in accordance with the temporary article 69 of the Income Tax Law, income and corporate taxpayers can deduct the amounts in relation to below mentioned allowances from their income for the years 2006 and 2008 as well as the investment allowances amounts they could not offset against 2006 gains which were present as of 2006, in accordance with the legislation (including the provisions related to tax rates) in force as of 2006:

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

The Companies can utilize the investment allowance exemption, for their investments performed according to provisions of the legislation as of that date and for their subsequent investments in line with the provisions of the legislation (including provisions regarding tax rates) in calculating tax on their profits for only 2008.

Accordingly, above mentioned profits within trade income/loss are considered in the calculation of corporate income tax.

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

Russian Federation

The corporate tax rate effective in Russian Federation is 20% (2008: 24%).

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

The annual balance is due by 28 March of the following year.

According to Russian Federation's tax system, losses may be carried forward for 10 years to be deducted from future taxable income. Starting from 2007 there is no limitation as to the maximum amount that can be deducted in each particular year. Maximum amount that can be deducted in any year is limited to 30% of the taxable income (2008: 30%). Rights related to tax losses that have not been utilized in the related periods will be lost.

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

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009

[Amounts expressed in Turkish Lira ["TL"] unless otherwise indicated.]

Hungary

The corporate tax rate effective in Hungary is 19% (2008: 20%).

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

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

Croatia

The corporate tax rate effective in Croatia is 20% (2008: 20%).

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

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

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009**

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

NOTE 31-LOSSES PER SHARE

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

| | 2009 | 2008 |
|--|---------------|----------------|
| Net loss from continuing operations | (41.134.996) | (80.521.690) |
| Net loss of minority shareholders from continuing operations | (6.055.190) | 16.761.633 |
| Net loss for the period attributable to equity holders of the company from continuing operations | (35.079.806) | (97.283.323) |
| Weighted average number of ordinary shares in issue (with nominal value of TL 1 each) | 486.465.753 | 460.000.000 |
| Loss per share (Kr) | (7,21) | (21,15) |
| Net income from discontinuing operations | - | 59.189.456 |
| Weighted average number of ordinary shares in issue (with nominal value of TL 1 each) | 486.465.753 | 460.000.000 |
| Earnings per share (Kr) | - | 12,87 |
| Net loss for the period | (35.079.806) | (38.093.867) |
| Weighted average number of ordinary shares in issue (with nominal value of TL 1 each) | 486.465.753 | 460.000.000 |
| Loss per share (Kr) | (7,21) | (8,28) |

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009

[Amounts expressed in Turkish Lira ["TL"] unless otherwise indicated.]

NOTE 32-RELATED PARTY DISCLOSURES

i) Balances with related parties:

a) Short-term due from related parties:

| | 2009 | 2008 |
|---|-------------------|-------------------|
| Doğan TV ("Kanal D") | 14.466.840 | - |
| Doğan Gazetecilik A.Ş. ("Doğan Gazetecilik") | 9.813.236 | 10.180.754 |
| Medyanet A.Ş. ("Medyanet") | 5.850.608 | 3.081.240 |
| Doğan Dağıtım Satış ve Pazarlama A.Ş. ("Doğan Dağıtım") | 2.815.538 | 2.462.713 |
| Milliyet Verlags und Handels GmbH ("Milliyet Verlags") | 2.250.172 | 1.151.197 |
| Bağımsız Gazeteciler Yayıncılık A.Ş. ("Bağımsız Gazeteciler") | 1.687.476 | 9.144.437 |
| Doğan Burda Yayıncılık ve Pazarlama A.Ş. ("Doğan Burda") | 1.318.186 | 1.099.608 |
| Katalog Yayın Tanıtım Hizmetleri A.Ş. ("Katalog") | 899.004 | 1.068.516 |
| Milta Seyahat Acentası İşletmeciliği A.Ş. | 535.285 | |
| Doğan Media | 399.895 | 3.274.216 |
| Doğan Müzik Kitapçılık A.Ş. ("DMK") | - | 2.794.431 |
| Doğan Yayın Holding A.Ş. | 73.823 | |
| Doğan Portal ve Elektronik Ticaret A.Ş. ("Doğan Portal") | 16.922 | 578.322 |
| Other | 960.388 | 1.057.640 |
| | 41.087.373 | 35.893.074 |

b) Short-term due to related companies:

| | 2009 | 2008 |
|---|------------------|------------------|
| Doğan İletişim Elektronik Servis Hizmetleri ve Yayıncılık A.Ş. ("Doğan İletişim") | 614.567 | 202.401 |
| Doğan Yayın | 415.392 | 1.960.599 |
| Doğan Dış Ticaret | 305.443 | 125.040 |
| Petrol Ofisi A.Ş. ("Petrol Ofisi") | 197.185 | 126.372 |
| Milta Seyahat Acentası İşletmeciliği A.Ş. ("Milta") | 12.605 | 624.053 |
| D-Market Elektronik Hizmetleri Ticaret A.Ş. ("D Market") | - | 131.850 |
| Işıl İthalat İhracat Mümessillik A.Ş. ("Işıl İthalat") | - | 2.148.488 |
| DTV Haber ve Görsel Yayıncılık A.Ş. ("Kanal D") | - | 120.576 |
| Other | 721.884 | 771.778 |
| | 2.267.076 | 6.211.157 |

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009

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

c) Advances given to related parties:

| | 2009 | 2009 |
|-------------------|------|-----------|
| Doğan Dış Ticaret | - | 1.135.207 |
| | - | 1.135.207 |

ii) Significant transactions with related parties:**a) Significant service and product sales to related parties:**

| | 2009 | 2008 |
|--|-------------|-------------|
| Doğan Dağıtım | 92.337.568 | 77.623.544 |
| Doğan Gazetecilik | 30.534.140 | 29.347.650 |
| Doğan Media | 15.156.765 | 14.632.726 |
| Bağımsız Gazeteciler | 5.974.108 | 4.154.839 |
| Medyanet | 5.840.663 | 4.331.672 |
| Doğan Burda | 5.200.662 | 6.827.813 |
| Doğan TV Holding A.Ş. ("Doğan TV") | 4.291.123 | 4.058.119 |
| Milliyet Verlags | 2.144.302 | 2.304.851 |
| Doğan Yayın | 2.112.234 | 3.436.620 |
| Turner Doğan Prodüksiyon A.Ş. ("Turner") | 1.651.728 | 2.166.278 |
| Doğan İletişim | 1.021.779 | 1.198.162 |
| Doğan ve Egmont Yayıncılık ve Yapımcılık Ticaret A.Ş. ("Doğan Egmont") | 986.554 | 1.094.271 |
| Eko TV | 479.015 | 984.115 |
| Petrol Ofisi | 244.913 | 1.089.030 |
| DMK | 129.478 | 1.061.063 |
| Other | 5.514.482 | 5.222.585 |
| | 173.619.514 | 159.533.338 |

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009

[Amounts expressed in Turkish Lira ["TL"] unless otherwise indicated.]

b) Significant service and product purchases from related parties:

| | 2009 | 2008 |
|---|--------------------|--------------------|
| Doğan Dış Ticaret (*) | 71.030.313 | 66.605.335 |
| Işıl İthalat | 55.154.458 | 79.707.841 |
| Doğan Dağıtım (**) | 17.313.195 | 22.477.037 |
| Doğan Yayın | 6.968.500 | 11.051.886 |
| Kanal D | 5.264.077 | 12.277.460 |
| Star TV | 3.231.027 | 1.966.729 |
| Doğan İletişim | 2.708.361 | 1.913.492 |
| Milta | 1.675.805 | 7.789.260 |
| Petrol Ofisi | 1.575.230 | 1.643.972 |
| D Yapım Reklamcılık ve Dağıtım A.Ş. ("D Yapım Reklamcılık") | 763.835 | 1.834.785 |
| Other | 4.348.148 | 7.146.909 |
| | 170.032.949 | 214.414.706 |

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

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

c) Other significant transactions with related parties:

| Other income: | 2009 | 2008 |
|-------------------|------------------|------------------|
| Işıl İthalat | 813.176 | 813.176 |
| Doğan Dış Ticaret | 797.214 | 751.435 |
| Doğan Dağıtım | 599.015 | 812.670 |
| Doğan Burda | 475.919 | 515.699 |
| Doğan Media | 370.591 | 323.931 |
| Doğan Yayın | 186.876 | 187.065 |
| Doğan İletişim | 137.991 | 134.752 |
| Milliyet Verlags | - | 24.352 |
| Other | 540.011 | 615.919 |
| | 3.920.793 | 4.178.999 |

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009

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

| Other expenses: | 2009 | 2008 |
|------------------------|---------------|----------------|
| Petrol Ofisi | 22.623 | - |
| Doğan Gazetecilik | - | 119.283 |
| Diğer | 3.824 | 65.648 |
| | 26.447 | 184.931 |

| Purchase of property, plant and equipment: | 2009 | 2008 |
|---|------------------|----------------|
| D-Market | 661.962 | 625.326 |
| Doğan İletişim | 208.242 | 30.077 |
| D Yapı | - | 228.428 |
| Diğer | 198.110 | 72.692 |
| | 1.068.314 | 956.523 |

| Financial expenses: | 2009 | 2008 |
|----------------------------|------------------|------------------|
| Doğan Factoring | 1.075.618 | 910.454 |
| Doğan Yayın | 202.482 | 1.932 |
| Katalog Yayın | - | 99.693 |
| Diğer | 31.495 | 126.063 |
| | 1.309.595 | 1.138.142 |

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

| | 2009 | 2008 |
|---------------------|------------------|------------------|
| Board of directors | 4.605.121 | 2.133.735 |
| Executive committee | 2.719.105 | 1.318.415 |
| | 7.324.226 | 3.452.150 |

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009**

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

NOTE 33-FINANCIAL RISK MANAGEMENT**33.1 Financial Risk Management****(i) Interest rate risk**

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

| | 2009 | 2008 |
|--|-------------|-------------|
| Financial instruments with fixed interest rate | | |
| Financial Assets | | |
| -Designated at fair value through profit or loss (*) | 261.353.697 | 348.438.613 |
| Financial liabilities | 15.232.176 | 109.398.581 |
| Financial instruments with floating interest rate | | |
| Financial liabilities | 635.053.546 | 794.200.720 |

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

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

At 31 December 2009, had the interest rates on USD and Euro denominated borrowings been 100 basis point higher/lower with all other variables held constant, mainly as a result of higher/lower interest expense on floating rate borrowings; net loss for the period before tax and minority would have been lower/higher by TL 824.957 (2008: TL 1.088.091).

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009**

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

(ii) Liquidity risk

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

166

| 31 December 2009 | Carrying value | Total contractual cash outflow | Less than 3 months | 3-12 months | 1-5 years | More than 5 years |
|---|-----------------------|---------------------------------------|---------------------------|--------------------|------------------|--------------------------|
| Non-derivative financial liabilities | | | | | | |
| Financial liabilities | 650.285.722 | 675.603.865 | 77.725.911 | 171.947.446 | 423.249.273 | 2.681.235 |
| Other financial liabilities | 15.865.561 | 15.865.561 | - | 15.123.251 | 742.310 | - |
| Trade payables | | | | | | |
| -Related party | 2.267.076 | 2.267.076 | 2.267.076 | - | - | - |
| -Other | 38.289.102 | 38.289.102 | 38.289.102 | - | - | - |
| Other payables | | | | | | |
| -Related party | - | - | - | - | - | - |
| -Other | 16.453.565 | 16.453.565 | 16.265.352 | - | 188.213 | - |

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009**

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

| 31 December 2008 | 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 | 903.599.301 | 983.127.947 | 146.187.880 | 159.073.025 | 674.442.779 | 3.424.263 |
| Other financial liabilities | 19.729.466 | 20.567.280 | - | 14.215.620 | 6.351.660 | - |
| Trade payables | | | | | | |
| -Related party | 6.211.157 | 6.211.157 | 6.211.157 | - | - | - |
| -Other | 38.813.109 | 38.813.109 | 38.813.109 | - | - | - |
| Other payables | | | | | | |
| -Related party | - | - | - | - | - | - |
| -Other | 15.757.295 | 15.757.295 | 15.568.257 | - | 189.038 | - |

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

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

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

At 31 December 2009, the Group has long-term financial liabilities amounting to TL 250.730.351 (2008: TL 537.552.557) and long-term trade payables amounting to TL 77.615.157 (2008: TL 86.094.672) (Note 7). The Group has no marketable securities with a maturity over one year at 31 December 2009 (2008: None) (Note 6).

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009

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

(iii) Credit Risk

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

168

Aging analysis for trade receivables:

As of 31 December 2009 there are past due but not impaired trade receivables amounting to TL 56.582.094 (2008: TL 52.265.614). The Group does not foresee any collection risk for the delay up to one month due to sector dynamics and conditions. The Group restructures its trade receivables by applying due date differences which are due over one month and/or are not under coverage of a guarantee such as mortgage, indemnity or guarantee notes.

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

| | 2009 | | 2008 | |
|------------------|------------------|-------------------|-------------------|-------------------|
| | Related party | Other receivables | Related party | Other receivables |
| 0-1 months | 1.140.380 | 18.998.634 | 833.543 | 18.023.894 |
| 1-3 months | 2.076.813 | 9.608.021 | 316.044 | 10.937.072 |
| 3-6 months | 1.766.512 | 3.105.679 | 957.279 | 5.800.697 |
| 6-12 months | 776.371 | 6.769.789 | 5.915.327 | 2.327.315 |
| 1-2 years | 3.590.160 | 8.749.737 | 2.639.937 | 4.514.506 |
| 2-5 years | - | - | - | - |
| 5 years and over | - | - | - | - |
| | 9.350.236 | 47.231.860 | 10.662.130 | 41.603.484 |

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

| Impaired | 2009 | 2008 |
|--------------------------------|--------------|--------------|
| Past due 0-3 months | 2.262.103 | 2.873.413 |
| Past due 3-6 months | 2.530.329 | 914.567 |
| Past due 6 months and over | 38.448.797 | 28.871.337 |
| Less: Provision for impairment | (43.241.229) | (32.659.317) |
| | - | - |

There are no related party receivables that are past due and impaired. There are no trade receivables that are not due but impaired.

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009**

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

The Group's credit risk of financial instruments as of 31 December 2008 is as follows:

| 31 December 2009 | Trade receivables | | Other receivables | | Bank deposits | Derivative instruments |
|---|-------------------|--------------------|-------------------|------------------|--------------------|------------------------|
| | Related party | Other | Related party | Other | | |
| Maximum credit risk exposure as of balance sheet date | 41.087.373 | 150.105.473 | - | 3.272.765 | 277.464.764 | - |
| -The part of maximum credit risk under guarantee with collateral | - | 31.700.510 | - | - | - | - |
| A. Net book value of financial assets that are not past due/impaired | 31.737.138 | 102.873.613 | - | 3.272.765 | 277.464.764 | - |
| B. Net book value of financial assets that are negotiated, if not that will be accepted as past due or impaired | - | - | - | - | - | - |
| C. Carrying value of financial assets that are past due but not impaired (Note 9) | 9.350.235 | 47.231.860 | - | - | - | - |
| -The part under guarantee with collateral | - | 4.355.510 | - | - | - | - |
| D. Net book value of impaired asset | - | - | - | - | - | - |
| -Past due (gross carrying amount) | - | 43.241.229 | - | - | - | - |
| -Impairment (-) | - | (43.241.229) | - | - | - | - |
| -The part of net value under guarantee with collateral | - | - | - | - | - | - |
| -Not over due (gross carrying amount) | - | - | - | - | - | - |
| -Impairment (-) | - | - | - | - | - | - |
| -The part of net value under guarantee with collateral | - | - | - | - | - | - |
| E. Off-balance sheet items with credit risk | | | | | | |

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009**

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

The Group's credit risk of financial instruments as of 31 December 2008 is as follows:

| 31 December 2008 | Trade receivables | | Other receivables | | Bank deposits | Derivative instruments |
|---|-------------------|--------------------|-------------------|-------------------|--------------------|------------------------|
| | Related party | Other | Related party | Other | | |
| Maximum credit risk exposure as of balance sheet date | 35.893.074 | 158.380.813 | - | 16.993.849 | 369.331.911 | - |
| -The part of maximum credit risk under guarantee with collateral | - | 32.336.169 | - | - | - | - |
| A. Net book value of financial assets that are not past due/impaired | 25.230.944 | 116.777.329 | - | 16.993.849 | 369.331.911 | - |
| B. Net book value of financial assets that are negotiated, if not that will be accepted as past due or impaired | - | - | - | - | - | - |
| C. Carrying value of financial assets that are past due but not impaired (Note 9) | 10.662.130 | 41.603.484 | - | - | - | - |
| -The part under guarantee with collateral | - | 5.991.169 | - | - | - | - |
| D. Net book value of impaired asset | - | - | - | - | - | - |
| -Past due (gross carrying amount) | - | 32.659.317 | - | - | - | - |
| -Impairment (-) | - | (32.659.317) | - | - | - | - |
| -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 | | | | | | |

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009**

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

(iv) Foreign currency risk

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

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

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

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

| | 2009 | 2008 |
|--------------------------------------|----------------------|----------------------|
| Assets | 197.584.526 | 318.394.991 |
| Liabilities | (707.182.082) | (964.275.645) |
| Net foreign currency position | (509.597.556) | (645.880.654) |

Following exchange rates have been used in the translation of foreign currency denominated balance sheet items as of 31 December 2009: TL 1,5057 = USD 1 and TL 2,1603 =Euro 1 (2008: TL 1,5123 = USD 1 and TL 2,1408 = Euro 1).

| | 2009 | 2008 |
|--------------------------|------|------|
| Total export amount (TL) | - | - |
| Total import amount (TL) | - | - |

Assets denominated in foreign currency amounting TL 197.584.526 as of 31 December 2009, hedged 28% naturally by the existence of liabilities denominated in foreign currency amounting TL 707.182.082. Assets denominated in foreign currency amounting TL 318.394.991 as of 31 December 2008, hedged 33% naturally by the existence of liabilities denominated in foreign currency amounting to TL 964.275.645.

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009**

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

The table summarizes the foreign currency position risk as of 31 December 2009 and 2008. The carrying amount of foreign currency denominated assets and liabilities of the Group are as follows:

31 December 2009

| | USD Original amount | TL | Euro Original amount | TL | Other TL | Total |
|---|------------------------|----------------------|-------------------------|---------------------|---------------------|----------------------|
| Assets: | | | | | | |
| Cash and cash equivalents | 73.838.568 | 111.178.732 | 9.333.025 | 20.162.134 | 14.249.971 | 145.590.837 |
| Trade receivables | 294.956 | 444.115 | 3.064.956 | 6.621.224 | 8.823.302 | 15.888.641 |
| Financial Investments | 12.196.127 | 18.363.709 | - | - | - | 18.363.709 |
| Other receivables | 346.784 | 522.153 | 9.758 | 21.080 | 16.192.298 | 16.735.531 |
| Other current assets | 595.000 | 895.892 | - | - | 109.916 | 1.005.808 |
| | 87.271.435 | 131.404.601 | 12.407.739 | 26.804.438 | 39.375.487 | 197.584.526 |
| Liabilities: | | | | | | |
| Short-term portion of long-term financial liabilities | 176.638.676 | 265.964.854 | 17.285.083 | 37.340.965 | 17.028.795 | 320.334.614 |
| Trade payables | 1.567.096 | 2.359.576 | 3.270.601 | 7.065.480 | 10.419.444 | 19.844.500 |
| Other payables and short-term liabilities | 870.500 | 1.310.712 | 337.504 | 729.109 | 34.191.434 | 36.231.255 |
| Long-term financial liabilities | 142.721.077 | 214.895.125 | 34.994.900 | 75.599.483 | 39.456.499 | 329.951.107 |
| Other non-current liabilities | - | - | - | - | 820.606 | 820.606 |
| | 321.797.349 | 484.530.267 | 55.888.088 | 120.735.037 | 101.916.778 | 707.182.082 |
| Net foreign currency position | (234.525.914) | (353.125.666) | (43.480.349) | (93.930.599) | (62.541.291) | (509.597.556) |

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009**

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

31 December 2008

| Assets: | USD Original amount | TL | Euro Original amount | TL | Other TL | Total |
|---|--------------------------------|----------------------|---------------------------------|---------------------|---------------------|----------------------|
| Cash and cash equivalents | 137.313.859 | 207.659.749 | 17.939.468 | 38.404.813 | 19.503.111 | 265.567.673 |
| Trade receivables | 290.390 | 439.157 | 4.828.736 | 10.337.358 | 16.008.071 | 26.784.586 |
| Other receivables | 833.000 | 1.259.746 | 27.983 | 59.905 | 24.276.952 | 25.596.603 |
| Other current assets | - | - | 3.532 | 7.562 | 438.567 | 446.129 |
| | 138.437.249 | 209.358.652 | 22.799.719 | 48.809.638 | 60.226.701 | 318.394.991 |
| Liabilities: | | | | | | |
| Short-term portion of long-term financial liabilities | 156.669.806 | 236.931.747 | 8.960.838 | 19.183.363 | 17.036.836 | 273.151.946 |
| Trade payables | 1.962.371 | 2.967.695 | 3.826.839 | 8.192.497 | 11.527.070 | 22.687.262 |
| Other payables and short-term liabilities | 1.205.000 | 1.822.322 | 357.051 | 764.374 | 31.484.573 | 34.071.269 |
| Long-term financial liabilities | 315.354.463 | 476.910.554 | 44.617.768 | 95.517.718 | 55.509.621 | 627.937.893 |
| Other non-current liabilities | 1.140.000 | 1.724.022 | - | - | 4.703.253 | 6.427.275 |
| | 476.331.640 | 720.356.340 | 57.762.496 | 123.657.952 | 120.261.353 | 964.275.645 |
| Net foreign currency position | (337.894.391) | (510.997.688) | (34.962.777) | (74.848.314) | (60.034.652) | (645.880.654) |

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009

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

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

| 31 December 2009 | Profit/Loss | |
|---|-------------------------------|-------------------------------|
| | Foreign currency appreciation | Foreign currency depreciation |
| If the US dollar had changed by 10% against the TL | | |
| USD net (liabilities)/assets | (38.437.496) | 38.437.496 |
| Hedging amount of USD | - | - |
| USD net effect on (loss)/income | (38.437.496) | 38.437.496 |
| If the EUR had changed by 10% against the TL | | |
| Euro net (liabilities)/assets | (8.065.633) | 8.065.633 |
| Hedging amount of Euro | - | - |
| Euro net effect on (loss)/income | (8.065.633) | 8.065.633 |
| If the CHF had changed by 10% against the TL | | |
| CHF denominated net (liabilities)/assets | (6.164.540) | 6.164.540 |
| Hedging amount of CHF | - | - |
| CHF net effect on (loss)/income | (6.164.540) | 6.164.540 |
| 31 December 2008 | Profit/Loss | |
| | Foreign currency appreciation | Foreign currency depreciation |
| If the US dollar had changed by 10% against the TL | | |
| USD net (liabilities)/assets | (56.311.728) | 56.311.728 |
| Hedging amount of USD | - | - |
| USD net effect on (loss)/income | (56.311.728) | 56.311.728 |
| If the EUR had changed by 10% against the TL | | |
| Euro net (liabilities)/assets | (5.716.264) | 5.716.264 |
| Hedging amount of Euro | - | - |
| Euro net effect on (loss)/income | (5.716.264) | 5.716.264 |
| If the CHF had changed by 10% against the TL | | |
| CHF denominated net (liabilities)/assets | (7.217.751) | 7.217.751 |
| Hedging amount of CHF | - | - |
| CHF net effect on (loss)/income | (7.217.751) | 7.217.751 |

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009

[Amounts expressed in Turkish Lira ["TL"] unless otherwise indicated.]

33.2 Fair value of financial instruments

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

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

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

(i) Monetary assets

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

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

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

(ii) Monetary liabilities

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

33.3 Capital risk management

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

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE PERIOD 1 JANUARY-31 DECEMBER 2009**

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

NOTE 34-SUBSEQUENT EVENTS

- a) The tax inspection reports released by the Ministry of Finance as of 15 March 2009 regarding the tax reviews mentioned in Note 18, consist of corporate tax in the amount of TL 12.155.173 and temporary tax of TL 10.413.832 (together totalling TL 22.569.005), as well as a tax loss penalty in the amount of TL 22.569.005. Settlement after assessment from the Tax Office regarding the tax principals and penalties was reached on 6 April 2010. The principal and penalty for the tax were determined as TL 8.000.000 after this settlement and a tax liability amounting to TL 17.200.000, together with the late payment interest has been accrued in the consolidated financial statements.
- b) TME has signed a preliminary borrowing agreement with a different financial institution in order to pay its bank borrowings disclosed in Note 7.

NOTE 35-CASH FLOWS

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

| | 2009 | 2008 |
|--|----------------|------------------|
| Change in blocked deposits and time deposits with maturity of more than three months | (209.342) | 821.709 |
| Change in trade receivables and due from related parties | (7.722.329) | 6.139.340 |
| Change in financial investments | (18.363.709) | 2.093.720 |
| Change in inventories | 4.543.581 | (139.465) |
| Change in other non-current assets | 19.415.276 | (14.309.336) |
| Change in trade payables and due to related parties | (4.468.088) | 2.719.160 |
| Change in other current liabilities | 562.214 | 17.017.148 |
| Change in other non-current assets | 7.204.194 | (5.664.314) |
| | 961.797 | 8.677.962 |

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