



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

**BOARD OF DIRECTORS QUARTERLY REPORT FOR THE PERIOD  
ENDING 30 JUNE 2009**

[www.hurriyetcorporate.com](http://www.hurriyetcorporate.com)

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## **A. Information Related to Hürriyet Gazetecilik ve Matbaacılık A.Ş**

### **1. Operations, organization and communication information**

Hürriyet Gazetecilik ve Matbaacılık A.Ş. (“Hürriyet” or “the Company”) has been established in 1960 and registered in Turkey. The company who has activities in the areas of newspaper, printing, advertisement and Internet publishing, has 7 printing plants in Istanbul, Ankara, Izmir, Adana, Antalya, Trabzon and Germany. On 29 March 2007, the company has purchased 67,30% shares of Trader Media East Limited (“TME”) through its subsidiary Hürriyet Invest B.V. established in the Netherlands. TME is a classified advertising company operating in Russia, CIS and Central Eastern European (CEE) countries through daily and weekly newspapers, magazines and internet sites mainly in the real estate, automotive and human resources sectors. The majority shareholder of Hürriyet is Doğan Yayın Holding A.Ş. established within the constitution of Doğan Şirketler Grubu Holdings A.Ş. (“Doğan Holding”).

#### **The address of the registered office is as follows:**

Hürriyet Medya Towers  
34212 Güneşli, Istanbul / Turkey

The company is registered to the Capital Market Board (“CMB”) and since 1992 its shares are in transaction in the Istanbul Stock Exchange (“ISE”). 40 % of the company capital is in the circulation in the ISE. 25.02 % of TME shares are in transaction in the London Stock Exchange as GDR.

#### **Communication Information:**

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## 2. Board of Directors

With the decision of the Company's Board of Directors dated 24 June 2009 and numbered 2009/45, the names, surnames and the qualifications of the members of our Board of Directors are as follows:

<b>Name Surname</b>	<b>Title</b>	<b>Explanation</b>
Aydın Doğan	Chairman	Non-Executive
Vuslat Doğan Sabancı	Vice-Chairman	Executive
Mehmet Ali Yalçındağ	Member	Non-Executive
Ertuğrul Özkök	Member	Executive
Soner Gedik	Member	Non-Executive
Ahmet Toksoy	Member	Executive
Cem M. Kozlu	Member	Independent
Kai Diekmann	Member	Independent
H. Hasan Yılmaz	Member	Independent

The detailed C.V's of the members of the Board of Directors can be found in our institutional website [www.hurriyetcorporate.com](http://www.hurriyetcorporate.com).

## 3. Audit Committee

With the decision of the Company's Board of Directors dated 24 June 2009 and numbered 2009/45, Hakkı Hasan Yılmaz and Soner Gedik among the members of the Board of Directors are elected as members for the Audit Committee and the mentioned committee is authorised to fulfil the tasks determined by the conditions of announcement of the Capital Market Board Serial: X numbered 22.

The Audit Committee has presented to the Board of Directors, on 25 August 2009, their decision stating that the financial tables and reports for the interim period of 1 January – 30 June 2009 reflects the reality; the accounting principles of the company are convenient to IFRS and CMB standards and they are correct.

## 4. Corporate Governance Committee

With the decision of the Company's Board of Directors dated 24 June 2009 and numbered 2009/45, the names, surnames and the qualifications of the members of Corporate Governance Committee are as follows:

<b>Name Surname</b>	<b>Title</b>	<b>Explanation</b>
Cem Kozlu	The President	Independent member of Board of Directors
H. Hasan Yılmaz	Member	Independent member of Board of Directors
Murat Doğu	Member	Non-Executive

## 5. Board of Auditors

In the Ordinary General Assembly Meeting of our Company on 24 June 2009, in accordance with the Turkish Trade Law, Mehmet Yörük and Fuat Arslan are elected as the auditors for

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the activity period of the year 2009. Our auditors are not company partners and they are not part of the Executive Board.

## **6. Company Managers**

Names, surnames and the titles of the managers in charge during 1 January – 30 June 2009 period are as follows:

<b>Name Surname</b>	<b>Title</b>
Vuslat Doğan Sabancı	Chairman, Executive Board
Ertuğrul Özkök	Editor in Chief
Ahmet Toksoy	Head of Financial Affairs Group
Ayşe Sözeri Cemal	Head of Advertising Group
Ahmet Özer	Head of Internet Group
Ayçin Bayraktaroğlu	Head of Marketing Group
Temuçin Tüzecan	Corporate Communications Coordinator
Ahmet N. Dalman	IT Director
Serdar Giral	Financial Affairs Coordinator
Kadri Enis Berberoğlu	Ankara Representative

## **7. Capital Structure**

The registered maximum capital limit of our company as of 30 June 2009 is TL 800.000.000.

With the decision of the Board of Directors dated 02 June 2009 and numbered 2009/35, the issued capital of our company has been increased from TL 460.000.000 to TL 552.000.000, an increase of 20%, to be totally covered in cash.

60% of our company shares belongs to Doğan Yayın Holding A.Ş. and the shares representing 40% of our capital are in transaction in the ISE. As of 30 June 2009, 6,56% of the shares in free float belongs to Doğan Yayın and 11,09% to main partner Doğan Holding. At the date of the report, through the purchases from ISE among the “open” status shares, Doğan Yayın and Doğan Holding have the shares equivalent to 6,56% and 11,09% of our company capital.

Taking into consideration the closing prices of ISE as of 30 June 2009, Hürriyet has a market value of USD 352 million.

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**B. Main developments for the period 1 January – 30 June 2009.**

<b>Main Factors Effecting the Business Performance</b>	<b>30.06.2009 (1H09)</b>	<b>30.06.2008 (1H08)</b>
Average daily net sales (Hürriyet newspaper)	483,000	514,000
Average page numbers (Hürriyet newspaper)	72	91
Newsprint utilised (tons)	37,282	52,155
Average newsprint price (USD/ton)	868	784
Inflation (year-on-year CPI change)	5.7	10.6
GDP growth (2009 estimated)	-%4.0	%4.3
USD/YTL rate (close)	1.5301	1.2237
USD/YTL (average)	1.6064	1.2262
USD/YTL increase (compared to the same period of previous year)	%31.0	-%10.4

On July 23, 27 and 31, our company obtained 6 “Investment Incentive Certificates”, in the amount of USD 24,700,361, for the modernization of the printing plants located in İstanbul, Ankara, İzmir, Adana, Antalya and Trabzon. The completion time indicated on these Incentive Certificates is 2 years and all imports of machinery that will be made in accordance with said certificates during these two will be exempt of customs duty and VAT. In accordance with these certificates, machinery worth of USD 17,844,555 has been imported during 1 January – 30 June 2009 period.

Board of Directors of the company has met on 10.04.2009. According to consolidated financial statements belonging to 2008 accounting period that is checked by independent audit, the presentation rules that determined in accordance with Decision of Capital Markets Board (CMB) dated 17.04.2008 and with number 11/467 that is arranged in harmony with International Financial Reporting Standards and inclusive of the provisions of Communique of CMB Serie:XI No:29; when "fiscal charge for the period" "deferred tax revenue" and minority interest" are considered all in one, it was understood that "Consolidated Net Loss for the Period" of TL 38.093.867 was formed, it was decided by the board of directors to keep shareholders advised of no distribution of dividend regarding accounting period 2008 within arrangements regarding profit sharing of CMB and this respect to present for approval of General Assembly; also keep shareholders advised of loss for the period of TL 32.131.261 was formed according to financial records kept within the scope Turkish Commercial Code and Tax Procedure Law.

In the meeting of our Board of Directors dated 02.06.2009 with number 35; it has been decided that within registered capital ceiling of 800.000.000.- TL, our capital of 460.000.000.- TL to be risen by 20% to TL 552.000.000, by means of all to cover in cash. Shares in the nominal amount of TL 92.000.000 were recorded by Capital Market Board with the date of 21 July 2009 and the number 74/573.

Ordinary General Meeting of our company for the activities of the year 2008 was held at the registered office located in Hürriyet Medya Towers Güneşli/İstanbul on 24.06.2009 at 10:30 A.M. Accordingly it was resolved as follows;

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- Acceptance of Activity Report of the Board of Directors, Report of the Auditing Board, Independent Auditing Reports and Financial Statements for the accounting period of 01.01.2008 –31.12.2008,
- Discharge of the members of the Board of Directors and Auditing board due to the activities, transactions and accounts of the year 2008,
- In the direction of the suggestion by the Board of Directors regarding the distribution of profits for the accounting year 2008; non distribution of profits to the shareholders for the accounting year 2008 due to loss for the financial year,
- Re-election of Aydın Doğan, Vuslat Doğan Sabancı, Mehmet Ali Yalçındağ, Soner Gedik, Ertuğrul Özkök and Ahmet Toksoy as well as the independent members Hakkı Hasan Yılmaz, Mehmet Cem Kozlu and Kai Georg Diekmann to hold office for the accounting year of 2009,
- Re-election of Fuat Arslan and Mehmet Yörük as members of the Auditing Board to hold office until the General Assembly during which the account and activities of the year 2009 will be discussed,
- Approval of the selection Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (PricewaterhouseCoopers) to conduct an independent auditing for our accounts for the year 2009 within the framework of Securities Legislation and Capital Markets Board Regulation,
- Authorization of the Board of Directors under Article 30 of the Articles of Incorporation for share exchange, acquiring and/or selling assets in one go at a value that exceeds 10% of the total corporate assets, for leasing and hiring out the same; for aiding and making donation in the amount that exceeds 1% of the company assets until the Ordinary General Meeting during which the activities of the year 2009 will be discussed, for giving guarantee (hypothecc, security, deposit, guarantee etc.) in favor of the 3rd parties up to 50% of the total assets on the latest balance sheet made known to the public. Besides, with the “Profit Distribution Policy”, “Information Policy” prepared as per CMB Resolution and approved by the Board of Directors, it was presented to the further information of the General Assembly that 995.314,69,-TL was donated during the accounting period of 01.01.2008 - 31.12.2008; that the provision amount reserved for the libel suits against the company was 2.172.814,-TL, and the paid amount was 252.527,-TL.

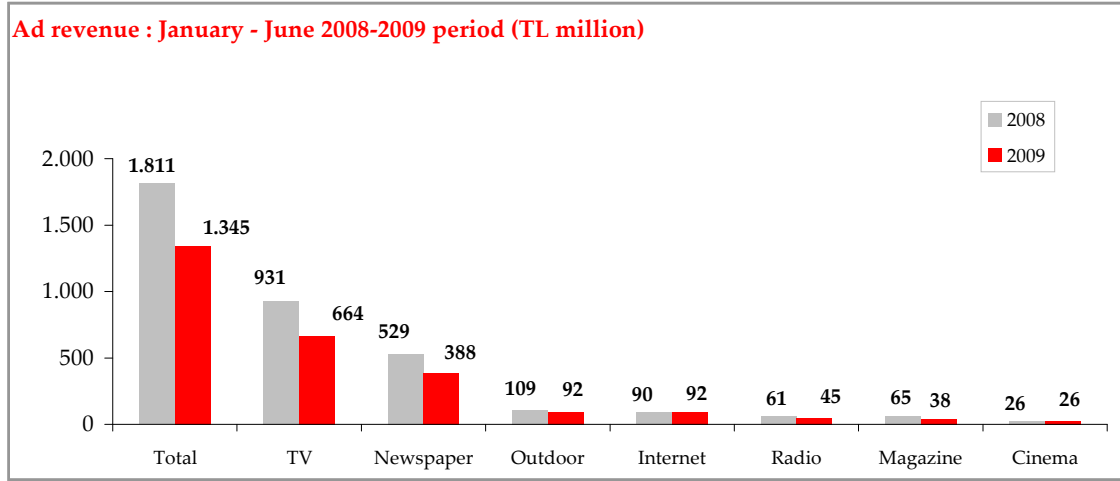
## C. Activities for the 1 January – 30 July 2009 Interim Accounting Period

### 1. Advertising

#### 1.1 Ad Sector in Turkey

It's estimated that the ad market in Turkey contracted by 26% in the first half of 2009 with respect to the same period of 2008 and amounted to TL 1,371 million.

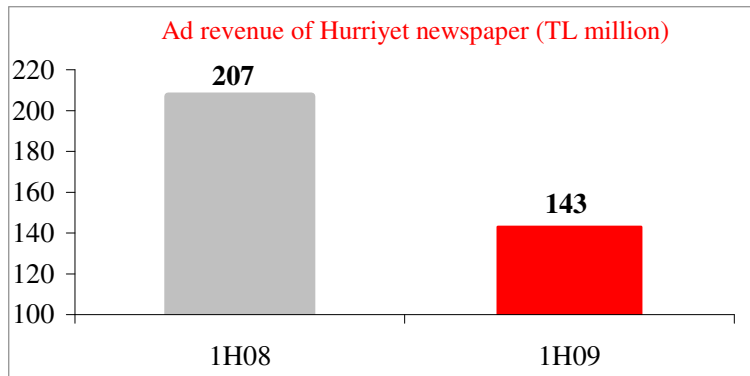
Ad revenue of TV's, which was TL 931 million in 1H08, is estimated to have contracted by 29% to the TL 664 million level in 1H09. Meanwhile, ad revenue of newspapers is estimated to have declined by 27%<sup>1</sup>.



#### 1.3. Total Ad Revenue of Hürriyet

Total ad revenue of Hürriyet (excluding TME) amounted to TL 151.1 million in 1H09, compared to TL 212.4 in 1H08.<sup>2</sup>

#### 1.2 Ad Revenue of Hürriyet Newspaper



<sup>1</sup> Newspaper ad revenue is estimated based on 28 national newspapers.

<sup>2</sup> Total ad revenues consists of Hürriyet newspaper, Hürriyet Daily News, Referans ad revenues, and internet ad revenues.



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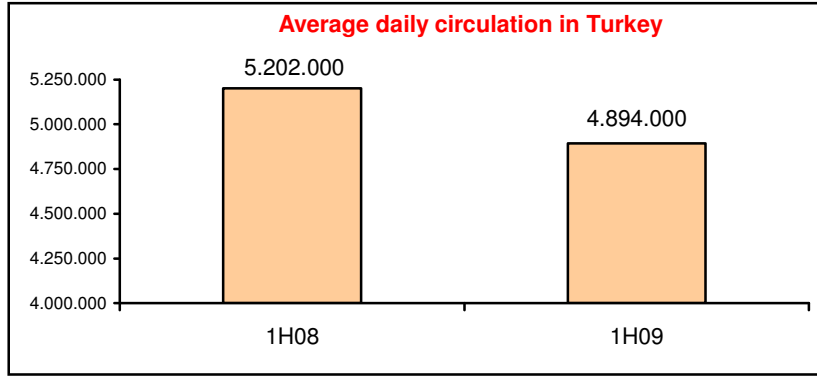
Hürriyet newspaper ad revenue declined by 31% in the first half of 2009 compared to the same period of the previous year.

#### 1.4 Ad Revenue of TME

TME has realised TL 95 million of ad revenue in 1H09, compared to TL 156.5 million in 1H08.

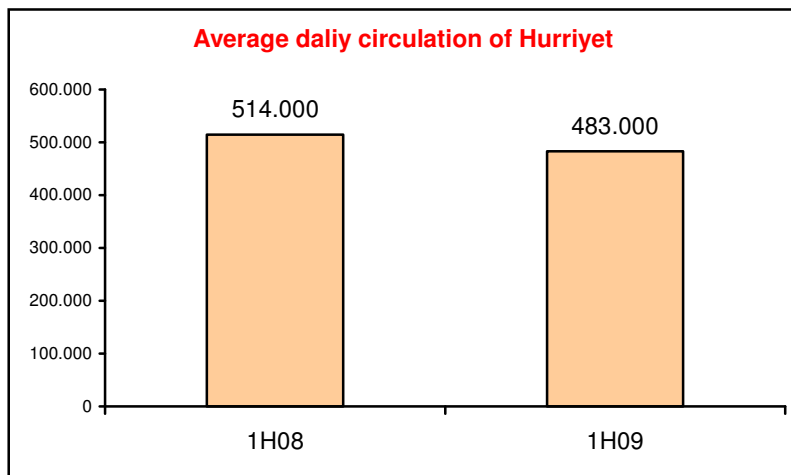
### 2. Circulation of Newspapers

#### 2.1 Circulation in Turkey



According to Dogan Dagitim data, the average daily net newspaper sales in Turkey was 5.202.000 in the first half of 2008 and it has declined to 4.894.000 in the first half of 2009. This represents a 5.9% decline in circulation.

#### 2.2 Circulation of Hürriyet



In the first half of 2008, Hürriyet's average daily circulation was 514,000 and its market share was 9.9%. In the first half of 2009, Hürriyet's average daily circulation declined by 6.0% to 483,000. During this period, Hurriyet preserved its circulation market share of 9.9%.

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During the first half of 2009, Hürriyet newspaper cover price for İstanbul-Ankara-İzmir editions for the weekdays was increased from TL 0.40 to TL 0.50, while the price in other cities was increased from TL 0.35 to TL 0.50. The price of the week-end edition, on the other hand, has been raised from TL 0.60 to TL 0.75 in all regions.

Circulation revenue of Hurriyet rose to TL 42.9 million in 1H09, from TL 37.5 million in 1H08.

### 2.3 Circulation Revenue of TME

The circulation revenue of TME has been TL 13.9 million in the first 6 months of 2009, compared to TL 17.6 million in the first 6 months of 2008.

### 3. Earnings before interest, tax and depreciation (EBITDA)

The consolidated earnings before interest, tax and depreciation (EBITDA), which was TL 114.4 million in the first half of 2008, fell by 36% in the first half of 2009 and it has been realised as TL 72.7 million. TL 13.4 million of the EBITDA in 1H09 stemmed from TME operations (TL 31.2 million in 1H08).

Consolidated EBITDA (TL million)	1H09	1H08	change (%)
NET SALES	386.2	506.4	-23.7%
-Ad revenue	226.6	346.2	-34.6%
-Internet revenue (online)	19.6	22.6	-13.5%
-Circulation revenue	56.7	55.1	2.9%
-Printing revenue	59.3	56.8	4.4%
-Other revenues	24.1	25.7	-6.2%
COST OF GOODS SOLD	-251.8	-286.9	-12.2%
OPERATING EXPENSES	-111.1	-150.2	-26.1%
OTHER OPERATING INCOME/EXPENSES (NET)	-23.0	0.2	-
<b>OPERATING PROFIT</b>	<b>0.3</b>	<b>69.4</b>	<b>-99.6%</b>
<b>EBITDA</b>	<b>72.7</b>	<b>114.4</b>	<b>-36.4%</b>
EBITDA Margin	18.8%	22.6%	-

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## **D. Summarised Financial Results and Profitability**

### **1. Main Financial Indicators**

According to the consolidated balance sheet and consolidated income tables dated 30 June 2009 of our company, **audited by the independent auditors**, main financial indicators are as follows:

<b>Main Financial indicators (million TL)</b>	<b>30.06.2009</b>	<b>30.06.2008</b>
Current assets	518.4	537.1
Non-current assets	1,344.5	1,458.3
Total assets	1,862.8	1,995.3
Short-term liabilities	328.4	295.8
Long-term liabilities	687.8	714.8
Majority interest	846.6	984.7
Net sales	386.2	506.4
Operating profit	0.3	69.4
Profit/ loss before tax (continued operations)	-14.5	46.7
Net profit/ loss	518.4	537.1

### **2. Financial Ratios**

According to the data of the first half of the last two years and being convenient to the announcement of the Capital Market Board Serial: XI numbered: 25, the ratios related to the financial structure and the profitability of the company have been realised as follows:

<b>Financial ratios</b>	<b>30.06.2009</b>	<b>30.06.2008</b>
Current ratio (Current assets/short-term liabilities)	1.58	1.82
Net sales /total assets	0.21	0.26
Foreign assets/ shareholder's equity	1.20	1.03
Financial expenses/ total assets	-0.01	-0.02
Operating profit/ total assets	0.0002	0.03
Operating profit/ net sales	0.001	0.14
Gross profit margin	0.35	0.43

## **E. Subsequent Events**

- 1- In the meeting of our Board of Directors dated 02.06.2009 with number 35; it has been decided that within registered capital ceiling of 800.000.000.- TL, our capital of 460.000.000.- TL to be rised by 20% to TL 552.000.000, by means of all to cover in cash. Shares in the nominal amount of TL 92.000.000 were recorded by Capital Market Board with the date of 21 July 2009 and the number 74/573.

The rights issue process has been carried out during 05.08.2009-19.08.2009 period and purchase rights has been exercised for a nominal amount of TL 91.829.036 out of the total TL 92.000.000 shares. The purchase rights for the nominal amount of TL 170.963 has not been exercised by shareholders, which constitutes 0.19% of the TL 92.000.000 of the rights issue. The Company offered the remaining shares in the nominal amount of TL 170.963 for sale in the primary market of Istanbul Stock Exchange in 25-26 August and all the shares offered has been sold as of 25 August 2009.

- 2- Relating to 2004, 2005 and 2006 years' tax auditings by Ministry of Finance Income Auditors; 9 items tax auditing reports communicated on 7 August 2009 involves TL 12.292.167 of base tax, TL 12.292.167 of tax penalty and TL 165.000 of special irregularity penalty.

Our company evaluates that the implementations included in Tax Auditing Reports are appropriate to the legal arrangements and Ministry of Finance announcements, circular and requirements, and our legal rights against the claims in the Reports will be used, including tax reconciliation.

In accordance with the views of legal advisers and experts, TL 15.209.000 of provisions has been booked as of 30 June 2009, related to the base tax, tax penalty included in the Tax Auditing Reports and the estimated overdue interest.

- 3- As part of the inquiry into Doğan Yayın Holding assets in connection with the notices of delinquent tax and tax fine by the Halkali Tax Office, a cautionary attachment has been placed on 66,56% of the share capital of Hürriyet Gazetecilik ve Matbaacılık, which is owned by Doğan Yayın Holding, and kept under the issuer/investment accounts with the Central Registry Agency. As previously announced by Doğan Yayın Holding, to release the cautionary attachment on Hurriyet shares, the valuation process on other Doğan Yayın Holding assets continues.