



HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

BOARD OF DIRECTORS QUARTERLY REPORT FOR THE PERIOD
ENDING 30 JUNE 2010

www.hurriyetcorporate.com

27 August 2010

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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 67.3% 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 04 June 2010 and numbered 2010/27, the names, surnames and the qualifications of the members of our Board of Directors are as follows:

Name Surname	Title	Explanation
Vuslat Doğan Sabancı	Chairman	Non-Executive
Hanzade Vasfiye Doğan Boyner	Vice-Chairman	Non-Executive
Hakkı Hasan Yılmaz	Member	Executive
Kadri Enis Berberoğlu	Member	Executive
Soner Gedik	Member	Non-Executive
Ahmet Toksoy	Member	Non-Executive
Leonid Makaron	Member	Non-Executive
Kai Diekmann	Member	Independent
Ahmet Burak	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.

3. Audit Committee

With the decision of the Company's Board of Directors dated 4 June 2010 and numbered 2010/27, Soner Gedik and Ahmet Toksoy 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 26 August 2009, their decision stating that the financial tables and reports for the interim period of 1 January – 30 June 2010 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 4 June 2010 and numbered 2010/27, the names, surnames and the qualifications of the members of Corporate Governance Committee are as follows:

Name Surname	Title	Explanation
Ahmet Burak	The President	Independent member of Board of Directors
Ahmet Toksoy	Member	Member of Board of Directors
Murat Doğu	Member	Non-Executive

5. Board of Auditors

In the Ordinary General Assembly Meeting of our Company on 26 May 2010, in accordance with the Turkish Trade Law, Mehmet Yörük and Fuat Arslan are elected as the auditors for the activity period of the year 2010. 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 2010 period are as follows:

Name Surname	Title
Hakkı Hasan Yılmaz	Chairman, Executive Board
Kadri Enis Berberoğlu	Editor in Chief
Dursun Ali Yılmaz	Head of Financial Affairs Group
Ayşe Sözeri Cemal	Head of Advertising Group
Ahmet Özer	Head of Internet Group
Ayçin Bayraktaroğlu	Head of Marketing Group
Ahmet N. Dalman	Head of Information Technologies

Ahmet Özer, Head of Internet Group and member of Executive Comitee has resigned as of 1 July 2010.

7. Capital Structure

The registered maximum capital limit of our company as of 30 June 2010 is TL 800 million, and the issued capital of our company is TL 552 million.

	30 June 2010	Share (%)	30 June 2009	Share (%)
Doğan Yayın Holding A.Ş.	367,411,200	66.56%	367,411,200	66.56%
Doğan Holding A.Ş.	61,216,800	11.09%	61,216,800	11.09%
Free float	123,372,000	22.35%	123,372,000	22.35%
Total	552,000,000	100%	552,000,000	100%

As of 30 June 2010, 6.56% (31 December 2009: 6.56%) of the shares in free float belongs to Doğan Yayın and 11.09% (31 December 2009: 11.09%) to main partner Doğan Holding.

B. Main developments for the period 1 January – 30 June 2010

Main Factors Effecting the Business Performance	30.06.2010 (1H10)	30.06.2009 (1H09)
Average daily net sales (Hürriyet newspaper)	462,000	483,000
Average page numbers (Hürriyet newspaper)	83	72
Newsprint utilised (tons)	42,497	37,282
Average newsprint price (USD/ton)	593	868
Inflation (year-on-year CPI change)	8.37	5.73
GDP growth (1Q growth)	%11.7	-%14.5
USD/YTL rate (average)	1.5167	1.6056
USD/YTL increase (compared to the same period of previous year)	-%5.54	%31.21

- The proposal, made by our Board of Directors, for the distribution of net profit to our shareholders has been accepted at the ordinary General Assembly Meeting of our Company, held on May 26, 2010. Within this scope, a dividend payment in cash referring to a total sum of TL 55.200.000 has been made to our shareholders on the basis of our legal entries in accordance with the provisions of the Capital Market Law, Capital Markets Board (SPK) Arrangements and Turkish Commercial Code. A cash dividend at a proportion of 10 % (10,00 Turkish Piaster gross=net for a share having a value of TRL 1) was paid to the full fledged taxpayer and our limited taxpayer shareholders having entitled to the dividend by means of a workplace or permanent representative in Turkey; and other shareholders were paid at a proportion of 8,50 (8,50 Turkish Piaster gross=net for a share having a value of TRL 1).

- The articles 9, 10, 13, 20, 21, 26, 29 and the Provisional article 1 of the Company's Articles of Incorporation, in the framework of the permission number 2264 dated 19.04.2010 of the Ministry of Industry and Trade, General Directorate of Domestic Trade, as found appropriate by the letter number 3940 dated 16.04.2010 of the Capital Markets Board, have been approved, at the ordinary General Assembly Meeting of our Company, held on May 26, 2010.

- All trademark and royalty rights of the newspaper Radikal, owned by Doğan Gazetecilik A.S., together with their internet site domain names has been purchased by our company in consideration of 5.095.000,-TL, excl. VAT. The transfer of related personel is an ongoing process and will be completed in a short period of time. Meanwhile, Radikal newspaper and its website will continue to be published by Dogan Gazetecilik.

C. Activities for the 1 January – 30 July 2010 Interim Accounting Period

1. Advertising

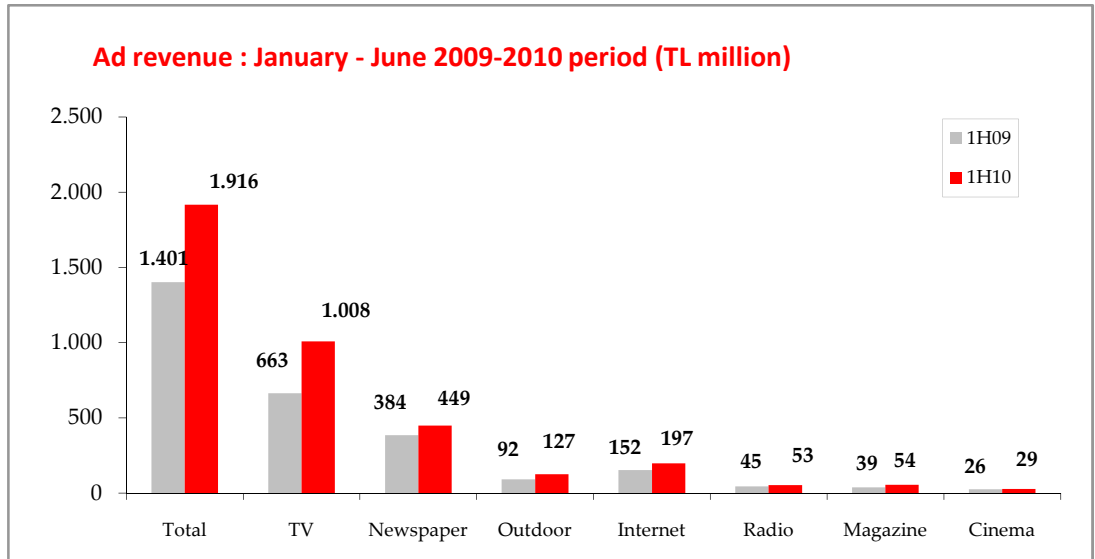
1.1. Ad Sector in Turkey

It's estimated that the ad market in Turkey grew by 37% in the first half of 2010 with respect to the same period of 2009 and amounted to TL 1,916 million.

Ad revenue of TV's, which was TL 663 million in 1H09, is estimated to have increased by 52% to the TL 1,008 million level in 1H10.

Meanwhile, ad revenue of newspapers(*) is estimated to have grown by 17% and to have amounted to TL 449 million in 1H10.

During the period under consideration, all other advertising segments registered growth. The internet advertising is estimated to have increased by 29%, while to growth in magazine and radio advertising are estimated as 41% and "9% respectively.



Source: DYH ad platform

(*) Newspaper ad market is estimated based on 28 national newspapers, out of the existing 45.

1.2. Total Ad Revenue of Hürriyet

Total ad revenue of Hürriyet (excluding TME) is increased 18.2% and amounted to TL 178.6 million in 1H10, compared to TL 151.1 in 1H09. ¹

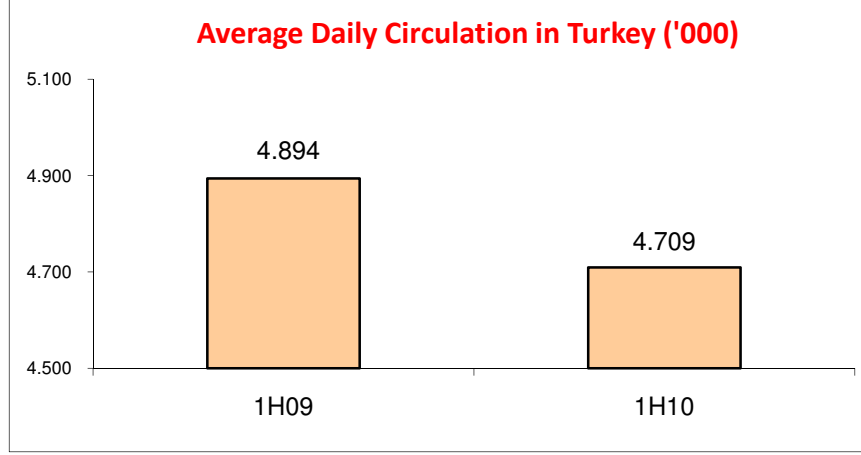
1.3. Ad Revenue of TME

TME has realised TL 82.3 million of ad revenue in 1H10 (TL 95.0 million in 1H09), which reflects 13.4% increase compared to 1H09.

¹ Total ad revenues consists of Hürriyet newspaper, Hürriyet Daily News, Referans ad revenues, and internet ad revenues.

2. Circulation of Newspapers

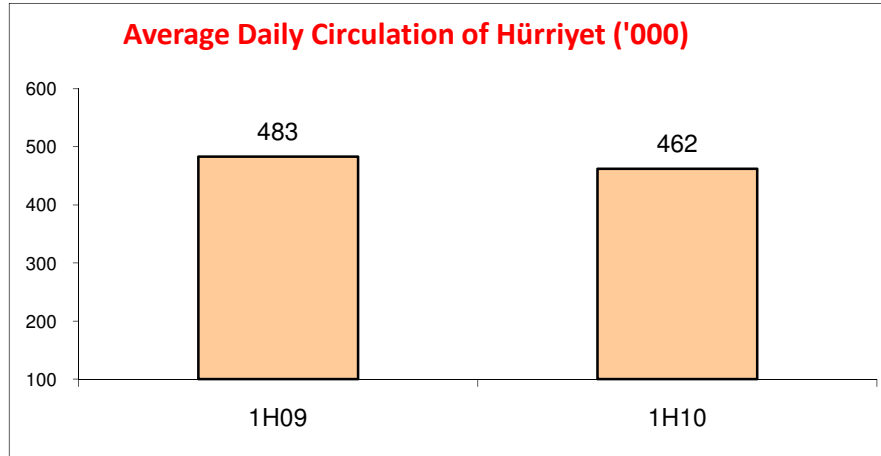
2.1. Circulation in Turkey



According to Press Advertising Agency data, the average daily net newspaper sales in Turkey was 4,894,000 in the first half of 2009 and it has declined to 4,709,000 in the first half of 2010. This represents a 3.8% decline in circulation.

2.2. Circulation of Hürriyet

In the first half of 2009, Hürriyet's average daily circulation was 483,000 and its market share was 9.9%. In the first half of 2010, Hürriyet's average daily circulation declined by 4.3% to 462,000. During this period, Hürriyet's circulation market share also decreased to 9.8%.



During the first half of 2010, there was no change in Hürriyet newspaper cover price.

Circulation revenue of Hürriyet rose to TL 46.3 million in 1H10 (7.9% increase), from TL 42.9 million in 1H09.

2.3. Circulation Revenue of TME

The circulation revenue of TME has been TL 12.2 million in 1H10 (11.8% decrease), compared to TL 13.9 million in 1H09.

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

The consolidated earnings before interest, tax and depreciation (EBITDA), which was TL 72.7 million in the first half of 2009, increased by 7.2% in the first half of 2010 and it has been realised as TL 77.9 million. TL 12.0 million of the EBITDA in 1H10 stemmed from TME operations (TL 13.9 million in 1H09).

Consolidated EBITDA (TL million)	1H10	1H09	Change (%)
NET SALES	397.0	386.2	2.8%
-Ad revenue	235.4	226.6	3.9%
-Internet revenue (online)	25.5	19.6	30.2%
-Circulation revenue	58.5	56.7	3.1%
-Printing revenue	55.1	59.3	-7.0%
-Other revenues	22.5	24.1	-6.8%
COST OF GOODS SOLD	-234.0	-251.8	-7.1%
OPERATING EXPENSES	-131.9	-111.1	18.7%
OTHER OPERATING INCOME/EXPENSES (NET)	-8.0	-23.0	-65.2%
OPERATING PROFIT	23.2	0.3	
EBITDA	77.9	72.7	7.2%
EBITDA Margin	19.6%	18.8%	

D. Summarised Financial Results and Profitability

1. Main Financial Indicators

According to the consolidated balance sheet and consolidated income tables dated 30 June 2010 of our company, audited by the independent auditors, main financial indicators are as follows:

Main Financial indicators (million TL)	30.06.2010	30.06.2009	Change (%)
Current assets	423.9	518.4	-18.20%
Non-current assets	1,295.7	1,344.5	-3.60%
Total assets	1,719.6	1,862.9	-7.70%
Short-term liabilities	405.9	328.4	23.60%
Long-term liabilities	486.9	687.9	-29.20%
Majority interest	826.8	846.6	-2.30%
Net sales	397.0	386.2	2.80%
Operating profit / loss	23.2	0.3	7633.30%
Net profit / loss	3.7	-15	-124.70%

2. Financial Ratios

The ratios related to the financial structure and the profitability of the company have been realised as follows:

Financial ratios	30.06.2010	30.06.2009
Current ratio (Current assets/short-term liabilities)	1.04	1.58
Net sales /total assets	0.23	0.21
Foreign assets/ shareholder's equity	1.08	1.20
Operating profit/ total assets	0.013	0.0002
Operating profit/ net sales	0.06	0.001
Gross profit margin	0.41	0.35

E. Subsequent Events

- A part of the cases filed for the cancellation of the tax/fine notifications amounting to a total of 30.895.416,-TL, consisting of original tax amounting to 12.292.166,-TL and fine for loss of tax revenue amounting to 18.603.250,-TL, served to our Company by the Tax Department, to which we are associated, related to the fiscal terms 2004, 2005 and 2006 (a total of 4.435.803,-TL consisting of 1.774.321,-TL original tax and 2.661.482,-TL fine for loss of tax revenue), have resulted in favour of us, and the Tax Department has sent to our Company a tax/fine notification for a total of 7.311.475,-TL including default interest and judgment duty. This amount (7.311.475,-TL) is payable until September 3rd, 2010, and the necessary legal objections for the appeal of the case with the superior court shall be made in due time.

Of the said cases amounting to 30.895.416,-TL, of those cases amounting to 26.459.613,-TL remaining outside the cases amounting to 4.435.803,-TL expressed to have resulted against our company; the cases amounting to 10.094.183,-TL comprising 4.037.673,-TL original tax and 6.056.510,-TL fine for loss of tax revenue, have resulted “partly in favour and partly against”. Related to this case result, the grounded decree has not been served to our Company yet, and a separate declaration shall be made to the public if the notice reaches our Company. Whereas the legal objections related to these case results shall be made with the superior court in due time.

Again, for the part of a total of 16.365.430,-TL comprising 6.480.172,-TL original tax and 9.885.258,-TL fine for loss of tax revenue of the same notifications, regarding the notices served to our Company by the relevant Tax Department, the court hearing of the objections made by us with the Tax-Courts have not been held yet.

- On 23 August 2010, our Board of Directors has decided to participate in the joint-stock company Nartek Bilişim Pazarlama Hizmetleri Ticaret Anonim Şirketi, with the head offices situated in Istanbul and a capital of 2.000.000,-TL, as founding partner with a capital share of 1.199.999,-TL (60%) as counterpart for 1.199.999 shares each having a nominal value of 1,-TL.

Nartek Bilişim Pazarlama Hizmetleri Ticaret A.S. shall realize the publicity and marketing of campaigns and promotions providing price group advantage, through the internet.