DOĞAN GAZETECİLİK A.Ş.

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

(ORIGINALLY ISSUED IN TURKISH)

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**CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDIT REPORT ORIGINALLY ISSUED IN TURKISH**

## REVIEW REPORT ON THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the Board of Directors of
Doğan Gazetecilik A.Ş.
İstanbul

*Introduction*

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

*Scope of Review*

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

*Conclusion*

3. Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material aspects, the financial position of the Group as at 30 June 2011, and its financial performance and cash flows for the six-month interim period then ended in accordance with the financial reporting standards issued by the Capital Market Board.

İstanbul, 23 August 2011

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

Gaye Şentürk

Gaye Şentürk
Partner

**CONTENTS** **PAGE**

## DOĞAN GAZETECİLİK A.Ş.

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

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

| | Note | *Reviewed* 30 June 2011 | *Audited* 31 December 2010 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | **103.388.003** | **91.887.122** |
| Cash and cash equivalents | 4 | 13.855.701 | 5.315.998 |
| Trade receivables | | | |
| - Due from related parties | 28 | 7.083.051 | 10.583.401 |
| - Other trade receivables | 7 | 64.729.156 | 63.949.874 |
| Other receivables | 8 | 12.583.540 | 62.450 |
| Inventories | 9 | 2.077.620 | 7.022.131 |
| Other current assets | 17 | 3.058.935 | 4.953.268 |
| **Non-current assets** | | **182.536.767** | **220.984.555** |
| Other receivables | 8 | 67.091.737 | 55.842 |
| Financial assets | 5 | 17.995 | 69.585 |
| Investment property | 10 | 14.034.207 | 14.230.530 |
| Property, plant and equipment | 11 | 20.511.326 | 22.788.329 |
| Intangible assets | 12 | 14.083.282 | 67.428.317 |
| Goodwill | 13 | 60.428.513 | 108.185.623 |
| Deferred income tax assets | 26 | 3.762.866 | 2.127.525 |
| Other non-current assets | 17 | 2.606.841 | 6.098.804 |
| **Total assets** | | **285.924.770** | **312.871.677** |

These consolidated financial statements as of and for the interim period ended 30 June 2011 has been approved by the Board of Directors on 23 August 2011.

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

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

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

| | Note | *Reviewed* 30 June 2011 | *Audited* 31 December 2010 |
|---|---|---|---|
| **LIABILITIES** | | | |
| **Current liabilities** | | **73.514.470** | **91.512.378** |
| Borrowings | 6 | 25.148.160 | 33.097.191 |
| Trade payables | | | |
| - Due to related parties | 28 | 17.718.548 | 29.543.699 |
| - Other trade payables | 7 | 9.017.492 | 10.860.335 |
| Other payables | 8 | 2.960.030 | 6.476.117 |
| Current income tax liabilities | 26 | 9.185.092 | 237.417 |
| Provisions | 14 | 4.722.427 | 4.174.090 |
| Other current liabilities | 17 | 4.762.721 | 7.123.529 |
| **Non-current liabilities** | | **7.218.032** | **13.364.200** |
| Provision for employment termination benefit | 16 | 7.218.032 | 13.364.200 |
| **EQUITY** | **18** | **205.192.268** | **207.995.099** |
| **Equity attributable to equity holders of the Company** | **18** | **204.949.608** | **207.710.099** |
| Share capital | 18 | 105.000.000 | 105.000.000 |
| Adjustment to share capital | 18 | 45.910.057 | 45.910.057 |
| Share premium | 18 | 82.060.000 | 82.060.000 |
| Restricted reserves | 18 | 2.085.963 | 1.619.190 |
| Accumulated losses | | (27.345.921) | (10.350.341) |
| Net income/ loss for the period | | (2.760.491) | (16.528.807) |
| **Non-controlling interests** | | **242.660** | **285.000** |
| **Total liabilities and equity** | | **285.924.770** | **312.871.677** |
| Provisions, contingent assets and liabilities | 14 | | |

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

## CONSOLIDATED STATEMENTS OF INCOME FOR THE INTERIM PERIODS ENDED 1 JANUARY – 30 JUNE 2011 AND 2010

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

| | Note | *Reviewed* 1 January- 30 June 2011 | *Not Reviewed* 1 April- 30 June 2011 | *Reviewed* 1 January- 30 June 2010 | *Not Reviewed* 1 April- 30 June 2010 |
|---|---|---|---|---|---|
| **Continued operations** | | | | | |
| Sales | 19 | 98.016.924 | 53.794.249 | 98.486.103 | 52.806.237 |
| Cost of sales (-) | 19 | (60.584.727) | (31.801.369) | (53.003.113) | (28.696.706) |
| **Gross profit** | | **37.432.197** | **21.992.880** | **45.482.990** | **24.109.531** |
| Marketing, sales and distribution expenses (-) | 20 | (21.992.791) | (12.774.475) | (25.465.066) | (13.976.716) |
| General administrative expenses (-) | 20 | (6.417.944) | (4.536.946) | (4.560.268) | (2.525.682) |
| Other operating income | 22 | 3.049.070 | 2.219.118 | 6.902.714 | 6.187.197 |
| Other operating expenses (-) | 22 | (4.723.907) | (787.617) | (1.264.892) | (961.428) |
| **Operating profit** | | **7.346.625** | **6.112.960** | **21.095.478** | **12.832.902** |
| Financial income | 23 | 6.839.855 | 6.148.997 | 989.556 | 607.660 |
| Financial expenses (-) | 24 | (2.990.070) | (2.167.638) | (861.687) | (451.195) |
| **Profit before income taxes from continued operations** | | **11.196.410** | **10.094.319** | **21.223.347** | **12.989.367** |
| **Tax expense from continued operations** | | **(4.527.411)** | **(4.546.581)** | **(3.205.053)** | **(3.186.566)** |
| Current income tax expense | 26 | (2.920.251) | (2.661.920) | (2.571.413) | (2.554.152) |
| Deferred tax expense | 26 | (1.607.160) | (1.884.661) | (633.640) | (632.414) |
| **Net income for the period from continued operations** | | **6.668.999** | **5.547.738** | **18.018.294** | **9.802.801** |
| **Discontinued operations** | | | | | |
| Net (loss)/ income for the period from discontinued operations[1] after income taxes | 25 | (9.471.830) | 10.982.666 | (17.378.389) | (8.162.157) |
| **Net (loss)/ income for the period** | | **(2.802.831)** | **16.530.404** | **639.905** | **1.640.644** |
| **Allocation of net (loss)/ income for the period** | | | | | |
| Attributable to non-controlling interests | | (42.340) | (5.855) | 25.832 | 47.886 |
| **Attributable to equity holders of the Parent Company** | | **(2.760.491)** | **16.536.259** | **614.073** | **1.592.758** |
| (Loss)/ earning per share attributable to equity holders of the Parent Company | 27 | (0,026) | 0,157 | 0,006 | 0,015 |
| Earning per share attributable to equity holders of the Parent Company from continued operations | | 0,064 | 0,053 | 0,172 | 0,093 |

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

## CONSOLIDATED STATEMENTS OF INCOME FOR THE INTERIM PERIODS ENDED 1 JANUARY – 30 JUNE 2011 AND 2010

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

| | Note | *Reviewed* 1 January-30 June 2011 | *Not Reviewed* 1 April-30 June 2011 | *Reviewed* 1 January-30 June 2010 | *Not Reviewed* 1 April-30 June 2010 |
|---|---|---|---|---|---|
| **Net (loss)/ income for the period** | | **(2.802.831)** | **16.530.404** | **639.905** | **1.640.644** |
| **Other comprehensive income:** | | | | | |
| Change in translation reserves | | - | - | - | - |
| **Total comprehensive (expense)/ income** | | **(2.802.831)** | **16.530.404** | **639.905** | **1.640.644** |
| **Allocation of total comprehensive (expense) / income:** | | | | | |
| Attributable to non-controlling interests | | (42.340) | (5.855) | 25.832 | 47.886 |
| Attributable to equity holders of the Parent Company | | (2.760.491) | 16.536.259 | 614.073 | 1.592.758 |

(1) The related transfer transactions of Bağımsız Gazeteciler Yayıncılık A.Ş., one of the subsidiaries of the Group and all brands, royalties and domain names ("Milliyet brand sale") pertaining to the Milliyet Newspaper under Doğan Gazetecilik A.Ş. to DK Gazetecilik ve Yayıncılık A.Ş. were completed as of 2 May 2011. Four months statements of income for the periods ended 1 January-30 April 2011 and the profit from the sale and tax expense calculated is shown under net loss after tax expense from discontinued operations.

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

## DOĞAN GAZETECİLİK A.Ş.

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE INTERIM PERIODS ENDED 1 JANUARY – 30 JUNE 2011 AND 2010

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

| | Note | Share capital | Adjustments to share capital | Share premium | Restricted reserves | Retained earnings/ (accumulated losses) | Net profit/(loss) for the period | Attributable to equity holders of the Company | Non-controlling interest | Total Equity |
|---|---|---|---|---|---|---|---|---|---|---|
| **Balances at 1 January 2010** | **18** | **105.000.000** | **45.910.057** | **82.060.000** | **1.279.827** | **6.543.318** | **(16.255.344)** | **224.537.858** | **384.248** | **224.922.106** |
| Transfers | | - | - | - | 339.363 | (16.594.707) | 16.255.344 | - | - | - |
| Total comprehensive income | | - | - | - | - | - | 614.073 | 614.073 | 25.832 | 639.905 |
| **Balances at 30 June 2010** | **18** | **105.000.000** | **45.910.057** | **82.060.000** | **1.619.190** | **(10.051.389)** | **614.073** | **225.151.931** | **410.080** | **225.562.011** |
| **Balances at 1 January 2011** | **18** | **105.000.000** | **45.910.057** | **82.060.000** | **1.619.190** | **(10.350.341)** | **(16.528.807)** | **207.710.099** | **285.000** | **207.995.099** |
| Transfers | | - | - | | 466.773 | (16.995.580) | 16.528.807 | - | | - |
| Total comprehensive loss | | - | - | | - | | (2.760.491) | **(2.760.491)** | **(42.340)** | **(2.802.831)** |
| **Balances at 30 June 2011** | **18** | **105.000.000** | **45.910.057** | **82.060.000** | **2.085.963** | **(27.345.921)** | **(2.760.491)** | **204.949.608** | **242.660** | **205.192.268** |

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

DOĞAN GAZETECİLİK A.Ş.

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE INTERIM PERIODS ENDED 1 JANUARY-30 JUNE 2011 AND 2010

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

| | Note | Current period (Reviewed) 1 January-30 June 2011 | Prior period (Reviewed) 1 January-30 June 2010 |
|---|---|---|---|
| Income before income taxes from continued operations | | 11.196.410 | 21.223.345 |
| Loss before income taxes from discontinued operations | | (2.930.563) | (17.906.400) |
| **Adjustments:** | | | |
| Depreciation expenses | 10,11 | 1.410.563 | 1.684.885 |
| Amortisation expenses | 12 | 1.470.906 | 1.900.119 |
| Loss/ (gain) on disposal of property, plant and equipment, intangible assets and investment property | 22 | 64.847 | (411.119) |
| Unearned finance income due to sales with maturity | 7 | 311.921 | 346.711 |
| Unearned finance expense due to purchases with maturity | 28 | (126.284) | (121.704) |
| Profit from barter transactions | | (1.646.436) | (1.815.418) |
| Interest expense | 24 | 809.575 | 1.789.624 |
| Interest income | 23 | (721.582) | (98.139) |
| Provision for doubtful receivables | 7 | 358.173 | 3.594.345 |
| Provision for unused vacation liability | 17 | 986.881 | 390.551 |
| Employment termination benefit provision | 16 | 5.502.000 | 2.128.149 |
| Reversal of provision expense for impairment on investment property | 10 | - | (147.600) |
| Giro premium liability | 17 | - | 2.403.140 |
| Provision/ (reversal) of impairment on inventory | 9 | (780.915) | - |
| Gain of sale of subsidiary | 32 | (19.459.165) | - |
| Unrealized foreign exchange expense | | 1.595.587 | - |
| Loss on sale of available for sale financial assets | 5 | 32.075 | - |
| **Adjustments to reconcile profit before income taxes to net cash (used in)/ provided by operating activities** | | **(1.926.007)** | **14.960.489** |
| Change in trade receivables | | (3.306.320) | (18.436.062) |
| Change in receivables from related parties | | 3.500.350 | 251.268 |
| Change in inventories | | 4.380.699 | (1.296.222) |
| Change in other current receivables | | (370.357) | (49.818) |
| Change in other current/non-current assets | | 735.877 | 6.354.107 |
| Change in trade payables | | 1.199.015 | 5.305.834 |
| Change in payable to related parties | | (11.698.867) | 1.327.112 |
| Change in other long term trade receivables | | (12.832.538) | - |
| Change in other payables | | 183.376 | 692.633 |
| Change in provisions | | 2.491.895 | 903.522 |
| Change in other current liabilities | | 3.537.242 | 1.731.007 |
| Income taxes paid | | (276.426) | (10.269.262) |
| Employment termination benefits paid | 16 | (555.890) | (1.437.438) |
| **Net cash (used in)/ provided by operating activities** | | **(14.937.951)** | **37.170** |
| **Investing activities:** | | | |
| Purchase of property, plant and equipment | 11 | (467.573) | (733.832) |
| Purchase of intangible assets | 12 | (77.109) | (104.517) |
| Proceeds from sale of property, plant and equipment, intangible assets and investment property | | 1.342.310 | 3.166.258 |
| Cash provided from sale of subsidiary | 32 | 27.423.596 | - |
| Proceeds from sale of available for sale financial assets | 5 | 19.515 | - |
| **Net cash provided by investing activities** | | **28.240.739** | **2.327.909** |
| **Financing activities:** | | | |
| Increase in borrowings | | (4.744.117) | 3.805.545 |
| Interest paid | | (762.489) | (1.630.880) |
| Interest received | | 721.582 | 97.710 |
| **Net cash (used in)/ provided by financing activities** | | **(4.785.024)** | **2.272.375** |
| Net increase/ (decrease) in cash and cash equivalents | 4 | 8.517.764 | 4.637.454 |
| **Cash and cash equivalents at the beginning of the period** | 4 | **5.315.413** | **1.230.535** |
| **Cash and cash equivalents at the end of the period** | 4 | **13.833.177** | **5.867.989** |

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

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

## NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Doğan Gazetecilik A.Ş. ("the Company"), its subsidiaries and its joint venture (together "the Group") operate in the media sector; mainly in newspaper and magazine publishing, and undertake related distribution and sales activities.

The Company's parent company is Doğan Yayın Holding A.Ş. ("Doğan Yayın Holding"), ultimate parent company is Aydın Doğan and Doğan Family.

The address of the registered office is as follows:

Doğan Gazetecilik A.Ş.
Yüzyıl Mahallesi Doğan Medya Center Bağcılar, İstanbul-Turkey

The Company is registered in the Capital Markets Board ("CMB") and its shares have been quoted on the Istanbul Stock Exchange ("ISE") since 1993. In accordance with the Capital Markets Board's (the "CMB") Resolution No: 21/655 issued on 23 July 2011, it is regarded that 5,24% (31 December 2010: 5,21%) of the shares are outstanding and 28,72% of the shares are publicly available as of 30 June 2011 based on the Central Registry Agency 's ("CRA") records.

*Subsidiaries*

The table below sets out all subsidiaries included in the scope of consolidation at 30 June 2011 and 31 December 2010:

| Subsidiaries | Registered country | Nature of business |
|---|---|---|
| Kemer Yayıncılık ve Gazetecilik A.Ş. ("Kemer Yayıncılık") | Turkey | Investment |
| Milliyet Haber Ajansı A.Ş. ("Milha")* | Turkey | News agency |
| Milliyet İnternet Hizmetleri ve Ticaret A.Ş. * ("Milliyet İnternet") | Turkey | Internet publishing |

The Group's filed application in relation to the transfer of all brands, royalties and domain names (milliyet.com.tr; milliyet.com; milliyetemlak.com.tr etc.) pertaining to the Milliyet Newspaper in consideration of USD 47.960.000 plus VAT and its 1.289.996 shares of Bağımsız Gazeteciler Yayıncılık A.Ş. with a nominal value of TRY 100 each, comprising all brands, royalties and domain names pertaining to the Vatan Newspaper, in which it holds 99,99% participation amounting to TRY 129.000.000 of capital in consideration of USD 26.000.000 to DK Gazetecilik ve Yayıncılık A.Ş., a joint venture company formed by Demirören and Karacan Group was approved by the Competition Authority on 28 April 2011 and the related transfer transactions were completed as of 2 May 2011 upon the satisfaction of all closing conditions.

* Corporate titles of Milliyet Haber Ajansı A.Ş. and Milliyet İnternet Hizmetleri ve Ticaret A.Ş. have been changed into and registered as Posta Haber Ajansı A.Ş and Doğan Gazetecilik İnternet Hizmetleri ve Ticaret A.Ş., respectively on 1 July 2011.

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

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

*Joint venture*

The table below sets out the joint venture included in the scope of consolidation at 30 June 2011 and 31 December 2010:

| | Registered country | Nature of business | Joint venture partner |
|---|---|---|---|
| Birey Seçme ve Değerlendirme Danışmanlık Ltd. Şti. | Turkey | Internet publishing | Doğan Portal ve Elektronik Tic. A.Ş. |

## 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") sets out principles and procedures on the preparation, presentation and disclosure of financial statements prepared by companies in accordance with the Communiqué No: XI-29, "Principles of Financial Reporting in Capital Markets" ("the Communiqué"). This Communiqué is effective for the annual periods beginning from 1 January 2008 and supersedes the Communiqué No: XI-25 "The Financial Reporting Standards of the Capital Markets". The Communiqué requires companies to prepare their financial statements in accordance with International Financial Reporting Standards ("IASs/IFRSs") adopted by the European Union. However companies will apply IASs/IFRSs issued by the IASB until the differences of the IAS/IFRS adopted by the European Union from those issued by the International Accounting Standards Board ("IASB") are announced by the Turkish Accounting Standards Board ("TASB"). Therefore, TASB's, Turkish Accounting Standards / Turkish Financial Reporting Standards ("TASs/TFRSs") that are in line with the aforementioned standards will be adopted in reporting.

CMB, with its resolution dated 17 March 2005 declared that companies operating in Turkey which prepare their financial statements in accordance with CMB Accounting Standards, effective 1 January 2005, will not be subject to the application of inflation accounting. Consequently, in the accompanying financial statements, IAS 29 "Financial Reporting in Hyperinflationary Economies" was not applied since 1 January 2005.

Until the differences between the standards accepted by the European Union and the standards issued by International Accounting Standards Board ("IASB") are announced by the TASB, financial statements are prepared in accordance with IAS/IFRS under the CMB's Decree Volume: XI, No: 29. The accompanying financial statements and notes are presented in accordance with the standard format required by the announcement of the CMB's Decree Volume: XI, No: 29. The Company, its subsidiaries and its joint venture registered in Turkey maintain their books of account and prepare their statutory financial statements in accordance with accounting principles in the Turkish Commercial Code ("TCC") and tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance.

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

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

### 2.1.1 Financial reporting standards (Continued)

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

### 2.1.2 Consolidation principles

The consolidated financial statements include the accounts of the parent company, Doğan Gazetecilik A.Ş., its subsidiaries and its joint venture according to the principles stated below from (a) to (d). The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements, and are prepared in accordance with CMB Financial Reporting Standards as explained in Note 2.1.1 and application of uniform accounting policies and presentations applied by the Group; adjustments and reclassifications. Significant accounting policies used in the preparation of these consolidated financial statements are summarized below.

***(a) Subsidiaries***

Subsidiaries are the companies over which the Company has the power to control the financial and operating policies for the benefit of itself, either (a) through the power to use more than 50% of the voting rights relating to shares in the companies owned directly and/or indirectly by itself; or (b) although not having the power to exercise more than 50% of the using rights, otherwise though the power to exercise control over financial and operating policies. The operational results of subsidiary are included in the financial statements according to the effective dates of the Company's acquisition.

The Subsidiaries' balance sheets and statements of income have been consolidated on a line-by-line basis and the carrying value of the investments held by the Company and its subsidiaries are eliminated against the related equity. Intercompany transactions and balances between the Company and its subsidiaries have been eliminated during the consolidation.

The table below sets out the subsidiaries included in the scope of consolidation and shows its shareholding structure at 30 June 2011 and 31 December 2010:

| | Proportion of voting power held by the Group (%) 30 June 2011 | Proportion of voting power held by the Group (%) 31 December 2010 |
|---|---|---|
| Kemer Yayıncılık | 99,98 | 99,98 |
| Bağımsız Gazeteciler (1) | - | 99,99 |
| Kemer Yayıncılık Pazarlama (1) | - | 99,96 |
| DYG İlan (2) | - | 50,02 |
| Milha | 81,62 | 81,62 |
| Milliyet İnternet | 98,81 | 98,81 |

(1) The sale and transfer procedures of Bağımsız Gazeteciler and direct subsidiary of Bağımsız Gazeteciler, Kemer Yayıncılık Pazarlama, to DK Gazetecilik Yayıncılık A.Ş. have been completed as of 2 May 2011. (Note 1, Note 32, Note 25).

(2) DYG ilan ve Reklam Hizmetleri A.Ş. was merged with Milliyet İnternet through a takeover in accordance with the requirements of the relevant law as of 31 December 2010. After the merger, DYG İlan continues to operate under the name of Milliyet İnternet Hizmetleri ve Ticaret A.Ş.

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

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

### 2.1.2 Consolidation principles (Continued)

*(b) 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 5).

*(c) Joint venture*

Joint ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by the Company and one or more other parties. The Group's interest in joint ventures is accounted for by way of proportionate consolidation. By this method, the Group includes its share of the assets, liabilities, income and expenses of each joint venture in the relevant components of the financial statements.

The table below sets out the joint venture included in the scope of consolidation and shows its shareholder structure at 30 June 2011 and 31 December 2010:

| | Proportion of joint management 30 June 2011 | Proportion of joint management 31 December 2010 | Joint venture partner |
|---|---|---|---|
| Birey Seçme ve Değerlendirme Danışmanlık Ltd. Şti. | 50 | 50 | Doğan Portal ve Elektronik Tic. A.Ş. |

*(d) Non-controlling interests*

The shares of non-controlling interests in the net assets and results for the period for subsidiaries are separately classified in the consolidated balance sheet and statements of income as non-controlling interests.

### 2.1.3 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheet when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

### 2.1.4 Comparative information

The financial statements of the Group are prepared comparatively with the previous period to enable the determination of the financial position and performance. The balance sheet of the Group at 30 June 2011 has been provided with the comparative financial information of 31 December 2010 and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the interim period ended 1 January-30 June 2011 have been provided with the comparative financial information for the interim period ended 1 January-30 June 2010.

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

### 2.1.5 Adoption of New and Revised Standards

The following new and revised Standards and Interpretations have been adopted by the Group in the current period and have affected the amounts reported and disclosures in these financial statements. Details of other standards and interpretations adopted in these financial statements but that have had no material impact on the financial statements are set out in the following sections.

**(a) New and Revised Standards affecting presentation and disclosures of the Group**

IAS 1 *Presentation of Financial Statements* (as part of Improvements to IFRSs issued in 2010)

The amendments to IAS 1 clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The amendments have been applied retrospectively.

IFRS 7 *Financial Instruments: Disclosures* (as part of Improvements to IFRSs issued in 2010)

The amendment encourages qualitative disclosures in the context of the quantitative disclosure required to help users to form an overall picture of the nature and extent of risks arising from financial instruments. The amendment also clarifies the required level of disclosure around credit risk and collateral held and provides relief from disclosure of renegotiated loans. The amendments have been applied retrospectively.

**(b) Standards affecting the financial performance and/or balance sheet of the Group**

None.

**(c) Standarts, amendments and interpretations to existing standarts that are effective as of 2011, but aren't relevant to the Group's operations;**

**IAS 24 (2009)** ***'Related Party Disclosures'***

In November 2009, IAS 24 "Related Party Disclosures" was revised. The revision to the standard provides government-related entities with a partial exemption from the disclosure requirements of IAS 24. The revised standard is mandatory for annual periods beginning on or after 1 January 2011.

**IAS 32 (Amendments)** ***Financial Instruments: Presentation and*** **IAS 1** ***Presentation of Financial Statements***

The amendments to IAS 32 and IAS 1 are effective for annual periods beginning on or after 1 February 2010. The amendments address the accounting for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer. Previously, such rights issues were accounted for as derivative liabilities. However, the amendment requires that, provided certain conditions are met, such rights issues are classified as equity regardless of the currency in which the exercise price is denominated.

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

### 2.1.5 Adoption of New and Revised Standards (Continued)

**(c) Standarts, amendments and interpretations to existing standarts that are effective as of 2011, but aren't relevant to the Group's operations (Continued);**

**IFRS 1 (Amendments)** ***First-time Adoption of IFRS – Additional Exemptions***

Amendments to IFRS 1 which are effective for annual periods on or after 1 July 2010 provide limited exemption for first time adopters to present comparative IFRS 7 fair value disclosures.

**IFRIC 14 (Amendments)** ***Pre-payment of a Minimum Funding Requirement***

Amendments to IFRIC 14 are effective for annual periods beginning on or after 1 January 2011. The amendments affect entities that are required to make minimum funding contributions to a defined benefit pension plan and choose to pre-pay those contributions. The amendment requires an asset to be recognised for any surplus arising from voluntary pre-payments made.

**IFRIC 19** ***'Extinguishing Financial Liabilities with Equity Instruments'***

IFRIC 19 is applicable for annual periods beginning on or after 1 July 2010. IFRIC 19 addresses only the accounting by the entity that issues equity instruments in order to settle, in full or part, a financial liability.

**Annual Improvements, May 2010**

Further to the above amendments and revised standards, the IASB has issued Annual Improvements to IFRS's in May 2010 that cover 6 main standards/interpretations as follows: IFRS 1 First-time Adoption of International Financial Reporting Standards; IFRS 3 Business Combinations; IFRS 7 Financial Instruments: Disclosures; IAS 27 Consolidated and Separate Financial Statements; IAS 34 Interim Financial Reporting and IFRIC 13 Customer Loyalty Programmes. With the exception of amendments to IFRS 3 and IAS 27 effective on or after 1 July 201, with the choice of early adoption, all other amendments are effective on or after 1 January 2011.

These standards, amendments and interpretations do not have a significant impact on the Group's financial performance or financial condition.

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

### 2.1.5 Adoption of New and Revised Standards (Continued)

**(d) New standards, interpretations and amendments to standards and interpretations that have not been early adopted by the Group;**

**IFRS 1 (amendments)** ***First-time Adoption of IFRS – Additional Exemptions***

On 20 December 2010, IFRS 1 is amended to provide relief for first-time adopters of IFRSs from having to reconstruct transactions that occurred before their date of transition to IFRSs and provide guidance for entities emerging from severe hyperinflation either to resume presenting IFRS financial statements or to present IFRS financial statements for the first time. The amendment above will be effective for annual periods beginning on or after 1 July 2011.

These amendments are not relevant to the Group, as it is an existing IFRS preparer.

**IFRS 7** ***"Financial Instruments: Disclosures"***

In October 2010, IFRS 7 *Financial Instruments: Disclosures* is amended by IASB as part of its comprehensive review of off balance sheet activities. The amendments will allow users of financial statements to improve their understanding of transfer transactions of financial assets including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. The amendment will be effective for annual periods beginning on or after 1 July 2011. The Group has not yet considered the potential impact of the adoption of this revised standard.

**IFRS 9** ***"Financial Instruments: Classification and Measurement"***

In November 2009, the first part of IFRS 9 relating to the classification and measurement of financial assets was issued by International Accounting Standarts Board (IASB). IFRS 9 will ultimately replace IAS 39 Financial Instruments: Recognition and Measurement. The standard requires an entity to classify its financial assets on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, and subsequently measure the financial assets as either at amortized cost or at fair value. The new standard is mandatory for annual periods beginning on or after 1 January 2013. The Group has not yet considered the potential impact of the adoption of this revised standard.

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

### 2.1.5 Adoption of New and Revised Standards (Continued)

**(d) New standards, interpretations and amendments to standards and interpretations that have not been early adopted by the Group (Continued);**

**IAS 12** ***"Income Taxes"***

In December 2010, IAS 12 "Income Taxes" is amended. IAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40 "Investment Property". The amendment provides a practical solution to the problem by introducing a presumption that recovery of the carrying amount will, normally be , be through sale. The amendment will be effective for annual periods beginning on or after 1 January 2012. The Group has not yet considered the potential impact of the adoption of this revised standard.

**IFRS 10** ***"Consolidated Financial Statements"***

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

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

**IFRS 11** ***"Joint Arrangements"***

IFRS 11 introduces new accounting requirements for joint arrangements, replacing IAS 31 "Interests in Joint Ventures". The option to apply the proportional consolidation method when accounting for jointly controlled entities is removed. Additionally, IFRS 11 eliminates jointly controlled assets to now only differentiate between joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets. The new standard is mandatory for annual periods beginning on or after 1 January 2013. The Group has not yet considered the potential impact of the adoption of this revised standard.

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

### 2.1.5 Adoption of New and Revised Standards (Continued)

**(d) New standards, interpretations and amendments to standards and interpretations that have not been early adopted by the Group (Continued);**

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

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

**IFRS 13** ***"Fair Value Measurements"***

On 12 May 2011, IASB issued IFRS 13 Fair Value Measurement, which establishes a single source of guidance for fair value measurement under IFRSs. IFRS 13 defines fair value, provides guidance on its determination and introduces consistent requirements for discloures on fair value measurements. The Standard does not include requirements on when fair value measurements is required; it prescribes how fair value is to be measured if another Standard requires it. The new standard is mandatory for annual periods beginning on or after 1 January 2013. The Group has not yet considered the potential impact of the adoption of this revised standard.

**IAS 19 Employee Benefits (2011)** ***"Amendments"***

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

### 2.2 Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below:

**Related parties**

For the purpose of those consolidated financial statements, the ultimate parent shareholder, Aydın Doğan, and Doğan Family, other group companies that are controlled by these individuals, key management personnel and Board members, in each case together with their families and companies controlled by or affiliated with them, associates and joint ventures are considered and referred to as related parties (Note 28).

**Segmental reporting**

The Group does not present segmental reporting since it operates in one business line and one geographical region.

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

### 2.2 Summary of Significant Accounting Policies (Continued)

**Trade receivables and provision for doubtful receivables**

Trade receivables that are created by the Group by way of 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 fixed interest rate are measured at cost unless the effect of imputing interest is significant (Note 7).

Provision is allocated for trade receivables if there is objective evidence that the Group will not be able to collect all amounts due. Additionally, the Group books provision for its receivables for which there are no guarantees or special agreements and which are overdue for more than one year. The amount of the provision is the difference between the carrying amount and the recoverable amount, being 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 there is a partial or whole collection over the doubtful receivable amount subsequent to the allocation of provision for doubtful receivables, the collected portion is recognised as other operating income following the write-down of the total provision amount.

**Financial assets**

Financial assets intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates are classified as "available-for-sale". The Group determines the appropriate classification of its financial assets at the time of the purchase and re-evaluates such designations on a regular basis.

All financial assets are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. Available-for-sale financial assets are subsequently re-measured at fair value if the fair values can be reliably measured.

Financial assets in which the Group has an interest below 20% that do not have a quoted market price in an active market or other methods of making a reasonable estimate of fair value are clearly inappropriate or unavailable and their fair value cannot be measured reliably are carried at cost less any impairment loss, if any.

Unrealized gains and losses arising from changes in the fair value of securities classified as available-for-sale are deferred in the equity until the financial asset is sold, collected or otherwise disposed of. When available for sale securities are sold, collected or otherwise disposed of, related deferred gains and losses in equity are released to the statement of income. The Management evaluates whether there is any impairment on inventories and the impairment amount if any, as of the balance sheet dates (Note 5).

**Inventories**

Inventories are valued at the cost or net realisable value. Cost elements included in inventories are materials, labour and an appropriate amount of factory overheads. The cost of inventories is determined using the moving weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. The Management evaluates whether there is any impairment on inventories and the impairment amount if any, as of the balance sheet dates (Note 9).

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

### 2.2 Summary of Significant Accounting Policies (Continued)

**Inventories (Continued)**

*Promotion stocks*

Evaluation of impairment on promotion stocks and in detection of an impairment; evaluation of the impairment amount is carried out by the group management. In this manner, an inventory impairment amount is set with the rates determined by the management by taking the purchase date and current status of the stocks into consideration.

**Investment property and related depreciation**

Buildings and land held to earn rent or for capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business are classified as investment property. Investment properties are carried at cost less accumulated depreciation. Investment properties (except land) are amortised on a straight-line basis. Depreciation is calculated over the investment properties' book values. The depreciation periods for investment properties, which approximate the economic useful lives of such assets, is 50 years.

At each balance sheet date, the Group evaluates whether an indication of impairment on investment property exists. Where an indication of impairment exists; 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 the asset's net selling price or value in use (Note 10).

**Property, plant, and equipment and related depreciation**

Property, plant and equipment are carried at cost less accumulated depreciation. They are amortised on a straight-line basis. The depreciation is calculated over tangible assets' purchasing power at the balance sheet date.

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

| | |
|---|---|
| Buildings, land and land improvements | 25-50 years |
| Machinery and equipment | 3-15 years |
| Furnitures and fixtures | 4-15 years |
| Motor vehicles | 5-10 years |
| Leasehold improvements | 5 years |

At each balance sheet date, the Group evaluates whether an indication of impairment exists. Where an indication of impairment exists; 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 asset net selling price or value in use.

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amounts and are included in operating profit.

Repair and maintenance expenses are charged to the income statement as they are incurred. Repair and maintenance expenditures are capitalized if they result in an enlargement or substantial improvement of the respective assets (Note 11).

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

### 2.2 Summary of Significant Accounting Policies (Continued)

**Goodwill**

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.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods (Note 13).

**Intangible assets and related amortisation**

Intangible assets comprise trademark, software, established information systems and other identified rights.

Intangible assets are recorded at their acquisition cost and amortised using the straight-line method over their estimated useful lives. Where an indication of impairment exists, the carrying amount of any intangible asset is assessed and written down immediately to its recoverable amount (Note 12).

At each balance sheet date, the Group evaluates whether an indication of impairment over the intangible assets exists. Where an indication of impairment exists; intangible assets 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.

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

| | |
|---|---|
| Trademark | 25 years |
| Rights | 15 years |
| Other intangible assets | 10 years |

**Web page development costs**

Costs associated with developing web pages are capitalized and are amortized over their estimated useful lives. Following the planning phase and operation; all costs are recognized as expense. Maintenance costs of web pages are accounted as operational expenses (Note 12)

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

### 2.2 Summary of Significant Accounting Policies (Continued)

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

Significant temporary differences arise from the difference between the carrying values of deductible tax losses, provisions, property, plant and equipment, intangible assets and provision for employment benefit and tax bases.

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

The Group management recognizes deferred tax assets based on taxable financial loss calculated by using the best estimates on projections (Note 26).

**Borrowings**

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method. Any difference between proceeds, net of transaction costs, and the redemption value is recognized in the income statement as financial expense over the period of the borrowings (Note 6).

**Provision for 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 16).

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

### 2.2 Summary of Significant Accounting Policies (Continued)

**Provisions, contingent assets and liabilities**

Provisions are recognised when the Group has a present legal or constructive obligation or a result of past events, it is probable that on outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Contingent liabilities are assessed continually to determine whether an outflow of resources comprising economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the financial statements of the period in which the change in probability occurs except in the extremely rare circumstances where no reliable estimate can be made.

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

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

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

Contingent assets mainly comprise of the possibility of an inflow of economic benefits, unplanned or other unexpected events. Contingent assets presented in the financial statements may result in the recognition of unrealized income, the aforementioned assets are not disclosed in the financial statements. Contingent assets are disclosed if where an inflow of economic benefits is probable. Contingent assets are assessed continuously in order to ensure related developments are presented fairly in the financial statements. If it has become virtually certain that an economic benefit will flow to the Group, the related income is disclosed in the financial statements in which the change occurs. The Group management makes calculations over the provisions disclosed in the financial statements using the best estimates.

**Share capital, dividends and share premium**

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

**Foreign currency transactions**

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

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

### 2.2 Summary of Significant Accounting Policies (Continued)

**Revenue recognition**

Revenue from newspaper sales is recognised on an accrual basis at the time of delivery of the newspapers by the distribution company to the vendor at the invoiced values. Revenue arising through advertising is recognised on an accrual basis at the time of publishing, at the invoiced values. Revenue from unpublished part of advertisements is recognized as deferred income in balance sheet. Revenue is initially recognized at the fair value of the consideration received or receivable when it can be measured reliably or when there is an inflow of economic benefits. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either the prevailing rate for a similar instrument of an issuer with a similar credit rating; or a rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services

The difference between the nominal value and the fair value of sales price is recognized as finance income to the related periods. Net sales represent the invoiced value of goods shipped less giro premiums given to advertising agencies as a result of discounts, allowances, commissions and advertising income. Provision for newspaper sale returns are recorded at the time of sale, based on previous experience and other relevant factors.

*Interest income:*

Interest income is recognized on an accrual basis that takes into account the effective yield on the asset.

*Rental income:*

Rental income is recognized on an accrual basis.

*Service income:*

Service income consists of service income such as building contribution shares, electricity, and recognised on an accrual basis at the time of the service date over the invoiced amounts.

**Discontinued operations**

Discontinued operations are components of an entity that either have been disposed of or represent a major part of an entity separately from the Group's operations and cash flows. Operating results as of the Group has ceased its control over its disposal groups are presented separately under "discontinued operations" in the consolidated income statement prepared for the period ended as of 30 June 2011. Prior period consolidated income statement is adjusted for comparative purposes and the results of discontinued operations for the period ended as of 30 June 2010 are also classified under the "discontinued operations" account.

The results of discontinued operations consist of profit/ (loss) from the related operation's sale proceed and related tax expenses. Profit/ (Loss) from the sale proceed is calculated as the difference between the carrying amount of net assets disposed of and sale price (Note 25).

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

### 2.2 Summary of Significant Accounting Policies (Continued)

**Barter agreements**

The Group provides advertising services in return for advertisement and other products and services. 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. When the fair values of goods and services received cannot be estimated reliably, 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 (Note 15).

**(Loss)/ Earning per share**

(Loss)/ Earning per share disclosed in the consolidated statements of income are determined by dividing net (loss)/ profit 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. For the purpose of earnings per share computations, such bonus share issuances are regarded as issued shares. Accordingly the weighted average number of shares used in earnings per share computations is derived by giving retroactive effect to the issuances of the shares without consideration (Note 27).

**Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, bank deposits and highly liquid assets, whose maturity at the time of purchase is three months or less (Note 4).

**Changes and errors in accounting policies and estimates**

Material changes in accounting policies and material errors are corrected retrospectively from previous periods' financial statements. If the accounting policy changes are only related with the current period, they are only reflected to the current period's financial statements; whereas if they are related with both the current and following periods, they are reflected to both periods in consideration of the definition of net income of the period.

**Subsequent events**

Subsequent events consist of all events between balance sheet date and date of authorization for validity, even if they have been existed after public explanation of an announcement about profit or other financial information.

The Group adjusts amounts in financial statements accordingly, when an operation or event to be adjusted exists after balance sheet date.

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

### 2.2 Summary of Significant Accounting Policies (Continued)

**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 three months or less to maturity (Note 4).

**Critical accounting estimates and judgments**

Preparation of financial statements require 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 revenue and expenses reported. Although, these estimates and assumptions rely on the Group 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 and operating results of the Group are specified in the related notes.

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

## NOTE 3 – JOINT VENTURES

The joint venture and the proportion joint management at 30 June 2011 and 31 December 2010 are as follows:

| | Proportion of joint management 30 June 2011 | Proportion of joint management 31 December 2010 | Joint venture partner |
|---|---|---|---|
| Birey Seçme ve Değerlendirme Danışmanlık Ltd. Şti. | 50 | 50 | Doğan Portal ve Elektronik Tic. A.Ş. |

The aggregate amounts of current assets, non-current assets, current liabilities, non-current liabilities of the joint venture included in the consolidated financial statements and note 2 in detail as of 30 June 2011 and 31 December 2010 by using the proportionate consolidation method are as follows:

| **Balance sheets:** | **30 June 2011** | **31 December 2010** |
|---|---|---|
| Current assets | 68.837 | 62.862 |
| Non-current assets | 3.080 | 3.226 |
| **Total assets** | **71.917** | **66.088** |
| Current liabilities | 706.988 | 646.052 |
| Non-current liabilities | - | 726 |
| **Total liabilities** | **706.988** | **646.778** |
| Equity | (635.071) | (580.690) |
| **Total liabilities and equity** | **71.917** | **66.088** |

Income and expenses of the joint venture for the interim periods ended 30 June 2011 and 2010 are as follows:

| **Statements of income:** | **1 January-30 June 2011** | **1 April-30 June 2011** | **1 January-30 June 2010** | **1 April-30 June 2010** |
|---|---|---|---|---|
| **Gross profit / (loss)** | - | - | **(83.851)** | **(26.862)** |
| Marketing, sales and distribution expenses | (9.523) | (7.007) | (89.739) | (56.461) |
| General administrative expenses | (627) | 580 | (855) | (610) |
| Other operating expenses | (12.124) | (12.124) | 1 | 1 |
| **Operating loss** | **(22.274)** | **(18.551)** | **(174.444)** | **(83.932)** |
| Financial expenses | (31.962) | (16.200) | (18.985) | (10.146) |
| **Loss before income taxes** | **(54.236)** | **(34.751)** | **(193.429)** | **(94.078)** |
| Current income tax charge | - | - | - | - |
| Deferred tax income | (145) | (216) | - | - |
| **Net loss for the period** | **(54.381)** | **(34.967)** | **(193.429)** | **(94.078)** |

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

## NOTE 4 - CASH AND CASH EQUIVALENTS

The analysis of cash and cash equivalents at 30 June 2011 and 31 December 2010 is as follows:

| | 30 June 2011 | 31 December 2010 |
|---|---|---|
| Cash | 19.814 | 21.431 |
| Banks | | |
| - Demand deposits | 1.564.124 | 1.572.852 |
| - TL time deposits | 11.810.363 | 3.279.440 |
| Other liquid assets | 461.400 | 442.275 |
| | **13.855.701** | **5.315.998** |

The maturity analysis of cash and cash equivalents at 30 June 2011 and 31 December 2010 is as follows:

| | 30 June 2011 | 31 December 2010 |
|---|---|---|
| Demand | 2.045.338 | 2.036.558 |
| Up to 3 months | 11.810.363 | 3.279.440 |
| **Total** | **13.855.701** | **5.315.998** |

Cash and cash equivalents disclosed in the consolidated statements of cash flows as of 30 June 2011, 31 December 2010, 30 June 2010 and 31 December 2009 are as follows:

| | 30 June 2011 | 31 December 2010 | 30 June 2010 | 31 December 2009 |
|---|---|---|---|---|
| Cash and cash equivalents | 13.855.701 | 5.315.998 | 5.867.989 | 1.230.535 |
| Less: accrued interest | (22.524) | (585) | - | - |
| **Cash and cash equivalents** | **13.833.177** | **5.315.413** | **5.867.989** | **1.230.535** |

At 30 June 2011, effective interest rate for TL time deposits is 9,8% (31 December 2010: TL time deposit 6%). There isn't any foreign currency time deposit as of 30 June 2011 (31 December 2010: None).

At 30 June 2011, cash and cash equivalents amounting to TL 456.623 (31 December 2010: TL 439.013) consist of credit card receivables.

At 30 June 2011, the blocked deposits of the Group amount to TL 13.042 (31 December 2010: TL 12.368).

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

## NOTE 5 - FINANCIAL ASSETS

The analysis of financial assets at 30 June 2011 and 31 December 2010 is as follows:

| | 30 June 2011 | | 31 December 2010 | |
|---|---|---|---|---|
| **Available-for-sale investments** | **TL** | **Share capital (%)** | **TL** | **Share capital (%)** |
| Milliyet Verlags Und Handels GMBH. | 860.267 | 17,42 | 860.267 | 17,42 |
| Ak Enerji Elektrik Enerjisi A.Ş. | 477 | - | 477 | - |
| Doğan Dağıtım Satış ve Pazarlama A.Ş. | 275 | - | 275 | - |
| Doğan Dış Ticaret Mümessillik A.Ş. | 4 | - | 4 | - |
| Doğan Müzik Kitap Mağ. Paz. A.Ş. | 3 | - | 3 | - |
| Doğan Haber Ajansı A.Ş.(1) | - | - | 51.590 | <1,00 |
| Other | 649.737 | - | 649.737 | - |
| Provision for impairment | (1.492.768) | | (1.492.768) | |
| **Total** | **17.995** | | **69.585** | |

(1) The shares of Doğan Haber Ajansı which are disclosed as available for sale financial assets by the Group, has been sold to Doğan Yayın Holding for TL 19.515 as of 17.06.2011 and TL 32.075 of loss on sale of subsidiary is recognized (Note 22).

Milliyet Verlags und Handels GMBH in which the Group has 17,42% of participation has been in liquidation process as of 27 December 2010. The Group has ceased to consolidate Milliyet Verlags as of 13 June 2008 and has not classified the shares of Milliyet Verlags under discontinued operations as it has been identified as an available for sale asset. The Group recognized TL 843.031 of impairment loss in other operating expenses based on the assumption that Milliyet Verlags will have no asset following the liquidation process. As of 30 June 2011, the impairment on available for sale financial assets are reviewed by the Group management and no additional impairment is recognized.

The movements in the provision for the impairment of financial assets as of 30 June 2011 and 2010 are as follows:

| | **2011** | **2010** |
|---|---|---|
| 1 January | 1.492.768 | 649.737 |
| **30 June** | **1.492.768** | **649.737** |

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

## NOTE 6 - BORROWINGS

The analysis of bank borrowings at 30 June 2011 and 31 December 2010 is as follows:

| **Short term bank borrowings:** | **30 June 2011** | **31 December 2010** |
|---|---|---|
| Short term bank borrowings | 25.148.160 | 33.097.191 |
| **Total** | **25.148.160** | **33.097.191** |

| | **Effective interest rate (%)** | | **TL** | |
|---|---|---|---|---|
| | **30 June 2011** | **31 December 2010** | **30 June 2011** | **31 December 2010** |
| **Short term bank borrowings** | | | | |
| - TL bank borrowings | - | 9,2 | 2.871.294 | 13.476.541 |
| - Foreign currency bank borrowings | 5,6 | 5,6 | 22.276.866 | 19.620.650 |
| **Total** | | | **25.148.160** | **33.097.191** |

The contractual repricing schedule of bank borrowings at 30 June 2011 and 31 December 2010 is as follows:

| | **30 June 2011** | **31 December 2010** |
|---|---|---|
| 6 months or less | - | 13.400.000 |
| **Total** | **-** | **13.400.000** |

The details of foreign currency bank borrowings are as follows:

| | **Effective interest rate (%)** | | **Original Currency** | |
|---|---|---|---|---|
| | **30 June 2011** | **31 December 2010** | **30 June 2011** | **31 December 2010** |
| **Short term foreign currency bank borrowings** | | | | |
| - USD | 5,51 | 5,51 | 6.000.000 | 6.000.000 |
| - Euro | 6,25 | 6,25 | 5.000.000 | 5.000.000 |

The fair value of short term borrowings is considered to approximate their carrying value. As of 30 June 2011, all of the bank borrowings are with fixed interest rates, there is not any borrowing with floating interest rate.

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

## NOTE 7 - TRADE RECEIVABLES AND PAYABLES

The details of trade receivables and payables at 30 June 2011 and 31 December 2010 is as follows:

| **Short-term trade receivables** | **30 June 2011** | **31 December 2010** |
|---|---|---|
| Trade receivables | 75.656.200 | 83.186.687 |
| Notes receivables and cheques | 1.254.987 | 788.247 |
| **Sub-total** | **76.911.187** | **83.974.934** |
| Less: Unearned finance income | (311.921) | (502.191) |
| Less: Provision for doubtful receivables | (11.870.110) | (19.522.869) |
| **Total** | **64.729.156** | **63.949.874** |

The average due date of the Group's trade receivables is 65 days (31 December 2010: 41 days). In accordance with the factoring contract signed with Doğan Faktoring Hizmetleri A.Ş., trade receivable amounting to TL 54.829.295 (31 December 2010: TL 58.160.593) regarding advertisement revenues is followed by Doğan Faktoring. The average due date of the Group's trade receivables followed by Doğan Faktoring is 72 days (31 December 2010: 70 days). Unearned financial income due to trade receivables regarding advertisement revenues followed by Doğan Faktoring is TL 311.921 (31 December 2010: TL 502.191). Effective yearly interest rate related with the receivables followed by Doğan Faktoring is 10,8 % (31 December 2010: 9,6 %).

The movements in the provision for doubtful receivables as of 30 June 2011 and 2010 are as follows:

| | **2011** | **2010** |
|---|---|---|
| 1 January | 19.522.869 | 15.649.595 |
| Provision booked in the current period (Note 22) | 358.173 | 3.594.345 |
| Provision booked from discontinued operations in the current period | 1.246.619 | - |
| Collections in the current period | (154.662) | (1.026.707) |
| Reversal of provision from discontinued operations in the current period | (9.102.889) | - |
| **30 June** | **11.870.110** | **18.217.233** |

| **Short-term trade payables** | **30 June 2011** | **31 December 2010** |
|---|---|---|
| Trade payables | 9.017.492 | 10.860.335 |
| | **9.017.492** | **10.860.335** |

The average due date of trade payables as of 30 June 2011 is 60 days (31 December 2010: 60 days).

## NOTE 8 - OTHER RECEIVABLES AND PAYABLES

The details of other receivables and payables at 30 June 2011 and 31 December 2010 are as follows:

| **Other current receivables** | **30 June 2011** | **31 December 2010** |
|---|---|---|
| Notes receivables (1) | 12.583.540 | - |
| Other | - | 62.450 |
| **Total** | **12.583.540** | **62.450** |

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

## NOTE 8 - OTHER RECEIVABLES AND PAYABLES (Continued)

| Other non-current receivables | 30 June 2011 | 31 December 2010 |
|---|---|---|
| Notes receivables [1] | 67.031.463 | - |
| Deposits and guarantees given | 60.274 | 55.842 |
| | **67.091.737** | **55.842** |

[1] Short-term and long-term notes receivables consist of the notes receivables received from the sales of shares of Bağımsız Gazeteciler and Milliyet brand to DK Gazetecilik ve Yayıncılık A.Ş. as of 2 May 2011.

| Other current payables | 30 June 2011 | 31 December 2010 |
|---|---|---|
| Taxes and funds payable | 1.671.971 | 5.170.956 |
| Payables to personnel | 1.087.750 | 647.991 |
| Other | 200.309 | 657.170 |
| | **2.960.030** | **6.476.117** |

## NOTE 9 - INVENTORIES

The details of inventories at 30 June 2011 and 31 December 2010 is as follows:

| | 30 June 2011 | 31 December 2010 |
|---|---|---|
| Promotion stocks | 2.093.754 | 8.200.730 |
| Finished goods and merchandise | 272.324 | 1.517.335 |
| Raw materials and supplies | 275.631 | 230.862 |
| | **2.641.709** | **9.948.927** |
| Less: Provision for impairment on inventories | (564.089) | (2.926.796) |
| | **2.077.620** | **7.022.131** |

Promotion stocks are comprised of materials given together with the newspapers. Provision for impairment on inventories is related to the promotion stocks.

The movements of provision for impairment of inventories during the periods are as follows:

| | 2011 | 2010 |
|---|---|---|
| 1 January | 2.926.796 | 2.712.408 |
| Reversal of provision | (780.915) | - |
| Reversal of provision from discontinued operations in the current period | (1.581.792) | - |
| **30 June** | **564.089** | **2.712.408** |

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

## NOTE 10 - INVESTMENT PROPERTY

The movements in investment property for the interim periods ended 30 June 2011 and 2010 are as follows:

| | 1 January 2011 | Additions | Disposals | Discontinued operations(*) | Reversal of impairment | 30 June 2011 |
|---|---|---|---|---|---|---|
| Cost | 23.140.370 | 2.312.249 | (2.225.416) | (160.000) | - | 23.067.203 |
| Accumulated depreciation | 8.909.840 | 186.821 | (63.132) | (533) | - | 9.032.996 |
| **Net book value** | **14.230.530** | | | | | **14.034.207** |

| | 1 January 2010 | Additions | Disposals | Discontinued operations | Reversal of impairment | 30 June 2010 |
|---|---|---|---|---|---|---|
| Cost | 21.165.628 | 1.815.418 | (2.782.319) | - | 147.600 | 20.346.327 |
| Accumulated depreciation | 8.251.481 | 165.294 | (37.888) | - | - | 8.378.887 |
| **Net book value** | **12.914.147** | | | | | **11.967.440** |

TL 5.509.691 (30 June 2010: TL 3.749.698) of the investment property comprise of properties acquired by the Group in accordance with barter agreements, and TL 8.524.516 (30 June 2010: TL 8.217.742) comprise of leased buildings.

The Group has determined the fair value of investment property as of 31 December 2009. The fair value of the investment properties as of 31 December 2009 was determined as TL 32.190.903. The fair value has been calculated by the Group management by using the monthly rental amounts determined by two different valuation companies with the rental amount comparison method. The Group management considers that the fair value didn't change significantly for the periods 31 December 2010 and 30 June 2011. The rent income from the buildings leased as of 30 June 2011 is TL 1.356.306 (30 June 2010: TL 1.296.064) (Note 28). As of 30 June 2011 and 2010, there aren't any pledges or mortgages on investment property (31 December 2010: None). There isn't any operating cost in the current period resulting from investment property (30 June 2010: None).

(*)Discontinued operations include the group's disposal of assets that are related to the sales of Bağımsız Gazeteciler and Milliyet brand on 2 May 2011.

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

## NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

The movements in property, plant and equipment for the interim periods ended 30 June 2011 and 2010 are as follows.

| | 1 January 2011 | Additions | Disposals | Discontinued Operations (*) | 30 June 2011 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| Land and land improvements | 1.747.382 | 38.444 | - | - | 1.785.826 |
| Buildings | 26.125.560 | - | - | (5.000) | 26.120.560 |
| Machinery and equipment | 20.419.078 | 27.614 | (1.168.176) | (388.657) | 18.889.859 |
| Motor vehicles | 766.309 | - | (413.120) | (292.278) | 60.911 |
| Furniture and fixture | 26.041.513 | 401.515 | (3.653.292) | (3.980.627) | 18.809.109 |
| Leasehold improvements | 1.683.692 | - | (126.272) | (1.523.426) | 33.994 |
| | **76.783.534** | **467.573** | **(5.360.860)** | **(6.189.988)** | **65.700.259** |
| **Accumulated depreciation** | | | | | |
| Land and land improvements | 1.370.026 | 18.232 | - | - | 1.388.258 |
| Buildings | 8.899.325 | 264.960 | - | - | 9.164.285 |
| Machinery and equipment | 18.766.089 | 157.243 | (1.092.177) | (100.049) | 17.731.106 |
| Motor vehicles | 290.316 | 285.129 | (306.265) | (256.998) | 12.182 |
| Furniture and fixture | 23.301.840 | 306.301 | (3.569.547) | (3.154.735) | 16.883.859 |
| Leasehold improvements | 1.367.609 | 191.877 | - | (1.550.243) | 9.243 |
| | **53.995.205** | **1.223.742** | **(4.967.989)** | **(5.062.025)** | **45.188.933** |
| **Net book value** | **22.788.329** | | | | **20.511.326** |

As of 30 June 2011, there is no collateral or mortgage on property, plant and equipment (30 June 2010: None). TL 637.597 (Note 19) (30 June 2010: TL 536.451) of depreciation expense and amortization was included in cost of sales and TL 558.955 (Note 20) (30 June 2010: TL 483.039) was included in operating expenses. TL 791.628 (30 June 2010: TL 1.347.309) of depreciation expense and amortization was included in cost of sales and TL 893.289 (30 June 2010: TL 1.218.205) was included in operating expenses that belongs to discontinued operations. There isn't any asset acquired thorough finance lease of the Company.

(*) Discontinued operations include the group's disposal of assets that are related to the sales of Bağımsız Gazeteciler and Milliyet brand on 2 May 2011.

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

## NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

| | 1 January 2010 | Additions | Disposals | 30 June 2010 |
|---|---|---|---|---|
| **Cost** | | | | |
| Land and land improvements | 1.538.814 | 98.209 | - | 1.637.023 |
| Buildings | 26.096.010 | 26.505 | - | 26.122.515 |
| Machinery and equipment | 22.491.309 | 115.328 | - | 22.606.637 |
| Motor vehicles | 949.722 | 38.194 | (67.753) | 920.163 |
| Furniture and fixture | 27.067.070 | 450.203 | (1.659.870) | 25.857.403 |
| Leasehold improvements | 1.938.231 | 5.393 | - | 1.943.624 |
| | **80.081.156** | **733.832** | **(1.727.623)** | **79.087.365** |
| **Accumulated depreciation** | | | | |
| Land and land improvements | 1.341.208 | 11.495 | - | 1.352.703 |
| Buildings | 8.369.720 | 264.711 | - | 8.634.431 |
| Machinery and equipment | 20.797.003 | 164.447 | - | 20.961.450 |
| Motor vehicles | 586.702 | 92.840 | (67.753) | 611.789 |
| Furniture and fixture | 23.539.092 | 865.312 | (1.657.493) | 22.746.911 |
| Leasehold improvements | 1.350.594 | 120.786 | - | 1.471.380 |
| | **55.984.319** | **1.519.591** | **(1.725.246)** | **55.778.664** |
| **Net book value** | **24.096.837** | | | **23.308.701** |

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

## NOTE 12 - INTANGIBLE ASSETS

The movements in intangible assets during the interim periods ended 30 June 2011 and 2010 are as follows:

| | 1 January 2011 | Additions | Disposals | Discounted operations(*) | 30 June 2011 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| Trademark | 57.781.640 | - | - | (57.781.640) | - |
| Rights | 22.343.361 | 9.747 | - | (1.731.257) | 20.621.851 |
| Other | 2.893.955 | 67.363 | - | (663.760) | 2.297.558 |
| | **83.018.956** | **77.110** | **-** | **(60.176.657)** | **22.919.409** |
| **Accumulated amortization** | | | | | |
| Trademark | 6.616.585 | 781.751 | - | (7.398.336) | - |
| Rights | 6.244.671 | 628.545 | - | (166.262) | 6.706.954 |
| Other | 2.729.383 | 60.610 | - | (660.820) | 2.129.173 |
| | **15.590.639** | **1.470.906** | **-** | **(8.225.418)** | **8.836.127** |
| **Net book value** | **67.428.317** | | | | **14.083.282** |

| | 1 January 2010 | Additions | Disposals | 30 June 2010 |
|---|---|---|---|---|
| **Cost** | | | | |
| Trademark | 57.781.640 | - | - | 57.781.640 |
| Rights | 22.310.867 | 26.280 | - | 22.337.147 |
| Other | 2.790.676 | 78.237 | (50.000) | 2.818.913 |
| | **82.883.183** | **104.517** | **(50.000)** | **82.937.700** |
| **Accumulated amortisation** | | | | |
| Trademark | 4.976.557 | 635.230 | - | 5.611.787 |
| Rights | 4.271.330 | 1.172.627 | - | 5.443.957 |
| Other | 2.590.244 | 92.262 | (41.668) | 2.640.838 |
| | **11.838.131** | **1.900.119** | **(41.668)** | **13.696.582** |
| **Net book value** | **71.045.052** | | | **69.241.118** |

(*) Discontinued operations include the group's disposal of assets that are related to the sales of Bağımsız Gazeteciler and Milliyet brand on 2 May 2011.

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

## NOTE 13 - GOODWILL

The movements in goodwill during the years ended 30 June 2011 and 2010 are as follows:

| | 2011 | 2010 |
|---|---|---|
| 1 January | 108.185.623 | 113.857.178 |
| Transfer of share of subsidiary [1] | (47.757.110) | - |
| **30 June** | **60.428.513** | **113.857.178** |

[1] 99,99% of its shareholding in the Group's subsidiary, all shares of Bağımsız Gazeteciler, have been sold as of 2 May 2011. TRY 47.757.110 of goodwill arising from the acquisition of Bağımsız Gazeteciler is derecognized from the financial statements (Note 32).

Group has recognized TL 60.428.513 resulting from the acquisition of Simge Yayıncılık A.Ş. on 31 December 2003 as goodwill. Cash flow projections have been prepared for 2011-2015 in relation to fair value measurement and such statement of cash flows are discounted for the determination of fair value. 14,6% of discount is applied per annum for the value in use.

The Group has measured the recoverable value of goodwill and did not recognize any impairment as of 30 June 2011.

## NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

The analysis of provisions, contingent assets and liabilities at 30 June 2011 and 31 December 2010 is as follows:

| i. **Short term provisions** | 30 June 2011 | 31 December 2010 |
|---|---|---|
| Provision for lawsuits | 3.202.457 | 4.128.751 |
| Provision for personel premium | 1.357.251 | - |
| Other | 162.719 | 45.339 |
| | **4.722.427** | **4.174.090** |

Movements of the "provision for lawsuits" during the periods are as follows:

| | 2011 | 2010 |
|---|---|---|
| 1 January | 4.128.751 | 2.820.844 |
| Increase during the period (Note 22) | 297.188 | 700.255 |
| Reversal of provision from discontinued operations | (1.223.482) | - |
| **30 June** | **3.202.457** | **3.521.099** |

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

## NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

### ii. Lawsuits

The nature and amount of the litigations against the Group at 30 June 2011 and 31 December 2010 are as follows:

| | 30 June 2011 | 31 December 2010 |
|---|---|---|
| Legal cases | 16.344.597 | 16.541.380 |
| Labor cases | 2.277.334 | 3.168.034 |
| Administrative cases | 4.156.041 | 1.765.100 |
| Commercial cases | 1.457.532 | 329.000 |
| Cancellation of appeal | 39.211 | 39.211 |
| | **24.274.715** | **21.842.725** |

As of 30 June 2011, the provision for lawsuits amounting to TL 3.202.457 (31 December 2010: TL 4.128.751) has been set aside with reference to the opinions of the Group's lawyers and past experiences of management related to similar litigations against the Group.

### iii. Tax penalty

The Group doesn't have any tax reviews ongoing and the issues related to the current and prior periods tax penalties are summarized below.

*30 June 2011*

In regards to the tax notification which was served to the Group on 26 December 2008 relating to the 1 January 2003-31 December 2003 accounting period and amounting to TL 948.012 of actual tax charge (actual charge and penalty), no agreement was reached after the tax assessment made on 12 January 2010. Accordingly, the lawsuit resulted in favor of the Group amounts to TL 222.550 whereas the lawsuit resulted against Doğan Gazetecilik A.Ş. amounts to TL 725.462 (TL 280.364 of tax charge and TL 445.098 of tax penalty). The Company made an objection by the Council of State in relation to the lawsuits that are resulted against the Company, including the motion for stay of execution. The Council of State approved the objection made in regards to the lawsuit amounting to TL 725.462 and ruled for the stay of execution. The Group expects to make use of the requirements set out in relation to "undue and on trial tax liabilities in dispute" and "Tax Base Increase" in Law No: 6111 "Restructuring of some receivables and Social Security and General Health Insurance Law and Other Law Amending Certain Laws and Decrees" ("Law No:6111") which has become effective upon the issuance in the Official Gazette No: 27857 (I.Bis) on 25 February 2011. All the necessary applications for the restructuring of the above tax assessments in relation to "undue and on trial tax liabilities in dispute" amounting to TL 725.462 is filed under Law No: 6111. TL 461.037 of tax liability arising from the related transaction was paid in cash on 30 June 2011.

*31 December 2010*

As of 11 December 2009, the Company had reached an agreement and reconciled with the tax administration before the tax assessment in relation to the Tax Review Reports including TL 10.092.007 of actual tax charge and TL 11.157.961 of tax loss penalty and TL 171.942 of special irregularity penalty imposed to the Group on 25 November 2009 for the 2004, 2005, 2006 and 2007 accounting periods. Accordingly, the actual tax charge and penalty were calculated as TL 4.465.500 and special irregularity fine was cancelled. On 11 January 2010, the Group made a total payment of TL 8.833.140 to the respective tax authorities, which comprises of TRY 4.465.500 of the actual tax charge and penalty and TRY 4.367.640 of overdue interest.

Moreover, the agreed TL 1.391.165 of tax charge notification consisting TL 1.035.000 of the actual tax charge and TL 356.165 of overdue interest, which was previously served by the Revenue Administration Department of Ministry of Finance to the Group for the 2008 accounting period was paid to the respective Tax Administration as of 30 June 2010 providing that the related amount shall be written off against the Group's tax assets.

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

## NOTE 15 - COMMITMENTS

### i. Letter of guarantees and guarantee notes given

Collaterals, pledges and mortgages (CPM) given by the Group at 30 June 2011 and 31 December 2010 is as follows:

| | | 30 June 2011 | 31 December 2010 |
|---|---|---|---|
| A. | Total amount of the collaterals given for its own legal entity [1] | 12.891.033 | 13.000.164 |
| B. | Collaterals given on behalf of fully consolidated companies | 1.437.244 | 1.457.198 |
| C. | CPM given on behalf of the third parties' debt for the continuation of their economic activities | - | - |
| D. | Total amount of other CPM | | |
| | i. Given on behalf of majority shareholder | - | - |
| | ii. Given on behalf of other group companies which are not in the scope of B and C | - | - |
| | iii. Given on behalf of third parties which are not in scope of C | - | - |
| **TOTAL** | | **14.328.277** | **14.457.362** |

(1) Amounts comprise of collaterals and there are no pledges or mortgages. Collaterals, pledges and mortgages are given to executive offices, courts, customs offices, the National Lottery. There aren't any collaterals, pledges and mortgages in foreign currency.

### ii. Barter agreements

The Group has entered into barter agreements which involve the exchange of goods or services without cash collections or payments. In connection with the barter agreements as of 30 June 2011, the Group is under obligation to provide advertisement services to Group and non-group companies amounting to TL 701.348 TL (31 December 2010: TL 10.325.734) and TL 1.565.753 respectively (31 December 2010: TL 1.943.144). The Group has the right to purchase various types of goods and render services amounting to TL 3.617.518 (31 December 2010: TL 5.447.167) regarding barter agreements, including purchase right from related parties amounting to TL 74.839 (31 December 2010: TL 1.061.146). Total barter transactions income in the current period of the Group is TL 3.773.528 (30 June 2010: TL 6.720.301), barter transactions expense is TL 3.228.358 (30 June 2010: TL 7.977.076).

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

## NOTE 16 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

| | 30 June 2011 | 31 December 2010 |
|---|---|---|
| Provision for employment termination benefits | 7.218.032 | 13.364.200 |

Under the Turkish Labour Law, the Group is required to pay termination benefits to each employee who has completed one year of service and who achieves the retirement age (58 for women and 60 for men) and whose employment is terminated without due cause, is called up for military service, or dies. At 30 June 2011 the amount payable consists of one month's salary limited to a maximum of TL 2.623,23 (31 December 2010: TL 2.517,01) for each year of service.

In addition, according to press sector regulations, companies should make payments to personnel who work for a minimum of 5 years and whose employment is terminated without due cause. The maximum payable amount is 30 days' salary for each year of service. The liability is not funded, as there is no funding requirement.

Provision for employment termination benefits is calculated by estimating the present value of the future probable obligation arising from the retirement of the employees of the Group.

IAS 19 "Employee Benefits", published by IASB, 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 for employment termination benefits of the Group:

| | 30 June 2011 | 31 December 2010 |
|---|---|---|
| Discount rate (%) | 4,66 | 4,66 |
| Turnover rate to estimate the probability of retirement (%) | 87 | 87 |

The principal assumption is that the maximum liability of TRY 2.623,23 (31 December 2010: TRY 2.517,01) for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of TL 2.731,85 effective from 1 July 2011 (1 January 2011: TL 2.623,23) has been taken into consideration in calculating the reserve for employment termination benefit of the Group. As of 30 June 2011, the salaries have been taken into consideration in calculation for the employees under the Regulations with regards to Employees Employed in the Press Sector.

The Group management has reviewed the assumptions used in the calculation of provision for employment termination benefits and disclosed the changes in the accounting estimates in the current period.

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

## NOTE 16 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS (Continued)

Movements in the provision for employment termination benefits for the six months periods ended 30 June are as follows:

| | 2011 | 2010 |
|---|---|---|
| 1 January | 13.364.200 | 7.669.281 |
| Increase in the current period | 1.651.630 | 1.903.155 |
| Current period charge from discontinued operations | 3.541.396 | - |
| Reversal of provision from discontinued operations | (11.092.278) | - |
| Interest cost | 308.974 | 224.994 |
| Payments | (555.890) | (1.437.438) |
| **30 June** | **7.218.032** | **8.359.992** |

## NOTE 17 - OTHER ASSETS AND LIABILITIES

The details of other assets and liabilities at 30 June 2011 and 31 December 2010 is as follows:

### i. Other current assets

| | 30 June 2011 | 31 December 2010 |
|---|---|---|
| Prepaid expenses | 1.317.881 | 1.679.430 |
| Personnel advances | 437.322 | 2.071.927 |
| Advances given for the purchase of inventories | - | 9.829 |
| Job advances | 1.194.910 | 151.836 |
| Deferred VAT and other tax receivables | 87.809 | 1.195.368 |
| Prepaid taxes and funds | 448 | 1.964 |
| Income accruals | 377.725 | 200.074 |
| | **3.416.095** | **5.310.428** |
| Provision for impairment | (357.160) | (357.160) |
| | **3.058.935** | **4.953.268** |

Provision for impairment is related to the prepaid expenses.

### ii. Other non-current assets

| | 30 June 2011 | 31 December 2010 |
|---|---|---|
| Deferred VAT and other tax receivables | 2.606.841 | 6.098.804 |
| | **2.606.841** | **6.098.804** |

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

## NOTE 17 - OTHER ASSETS AND LIABILITIES (Continued)

### iii. Other current liabilities

| | 30 June 2011 | 31 December 2010 |
|---|---|---|
| Unused vacation liability | 2.084.650 | 4.763.256 |
| Competition authority penalty liability (Note 22) [1] | 1.736.689 | - |
| Deferred revenue | 940.942 | 2.106.343 |
| Promotion liability | - | 252.245 |
| Other | 440 | 1.685 |
| | **4.762.721** | **7.123.529** |

[1] TL 332.632 of the competition authority penalty liability is related with Bağımsız Gazeteciler and deducted from the financials because of the discontinued operations. TL 559.496 related with Milliyet brand is the penalty from discontinued operations.

Movements in the provision for unused vacation liability for the periods are as follows:

| | 2011 | 2010 |
|---|---|---|
| 1 January | 4.763.256 | 2.553.169 |
| Additions during the period | 986.881 | 390.551 |
| Payments during the period | (240.546) | - |
| Reversal of provision from discontinued operations | (3.424.941) | - |
| **30 June** | **2.084.650** | **2.943.720** |

## NOTE 18 - EQUITY

### Issued Capital

Doğan Yayın Holding adopted the registered paid in capital system available to companies registered with the CMB and set a limit on its registered paid in capital representing registered type 105.000.000 shares (31 December 2010: 105.000.000 shares) with a nominal value of TL 1.

| | 30 June 2011 | 31 December 2010 |
|---|---|---|
| Limit on registered paid in capital | 150.000.000 | 150.000.000 |
| Authorized and issued paid in capital | 105.000.000 | 105.000.000 |

| | 30 June 2011 | | 31 December 2010 | |
|---|---|---|---|---|
| **Shareholders** | **TL** | **Share %** | **TL** | **Share %** |
| Doğan Yayın Holding [1] | 74.297.743 | 70,76 | 74.297.743 | 70,76 |
| Other Shareholders (publicly traded on ISE) [2] | 30.702.257 | 29,24 | 30.702.257 | 29,24 |
| | **105.000.000** | **100,00** | **105.000.000** | **100,00** |
| Adjustment to share capital | 45.910.057 | | 45.910.057 | |
| **Paid in capital** | **150.910.057** | | **150.910.057** | |

## NOTE 18 - EQUITY (Continued)

(1) As of 30 June 2011 and 31 December 2010, 70,76% of the shares owned by Doğan Yayın Holding which corresponds to the 12,67% shares of Doğan Gazetecilik are publicly available in Istanbul Stock Exchange ("ISE").

(2) In accordance with the Capital Markets Board's (the "CMB") Resolution No: 21/655 issued on 23 July 2010, it is regarded that 5,24% of the shares are outstanding and 28,72% of the shares are publicly available as of 30 June 2011 based on the Central Registry Agency 's ("CRA") records.

Due to tax principal and tax penalty notices communicated by Halkalı tax office, the shares that Doğan Yayın Holding. possesses in the Doğan Gazetecilik's share capital and which represent 70,76% of the share capital of Doğan Gazetecilik included in the export/investment accounts of the Central Registry Institution and Intermediary Institution were immobilised and their transfer had been restricted. This resctriction had been removed with the terminated tax penalties by Halkalı tax office regarding notice made and the shares become available.

Adjustment to share capital represents the restatement effect of cash contributions to share capital at year-end equivalent purchasing power.

*Share premium*

The share premium represents the difference between the nominal and sales amounts of initial public offering of shares.

As of 31 December 2007, 22.000.000 units of shares with a nominal value of TL 1, corresponding to 22% of the Company capital were allocated to Deutsche Bank AG by Deutsche Securities Menkul Degerler A.Ş. with the transaction in ISE wholesales market on 19 November 2007, through restricting new share purchase completely, each share with TL 1 nominal value having the price of USD 4,0 (TL 4,73). Share premium arising in the amount of TL 82.060.000 was recognized in the equity capital.

*Restricted reserves*

Restricted reserves are reserves allocated from prior periods income, due to legal or contractual obligations or other purposes excluding profit distribution (example: to obtain tax advantage over the sale of subsidiaries).

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 shall be presented as "Restricted reserves" in accordance with CMB Financial Reporting Standards. The Company's restricted reserve as of 30 June 2011 is TL 2.085.963 under Turkish Commercial Code and tax procedures law (31 December 2010: TL 1.619.190).

"Capital, Share Premiums, Legal Reserves, Statutory Reserves, Special Reserves and Extraordinary Reserves" were recorded at their statutory carrying amounts and the inflation adjustment differences related to such accounts were recorded under "inflation adjustment differences" at the initial application of inflation accounting. Equity inflation adjustment differences could have been utilised only in issuing bonus shares and offsetting accumulated losses, carrying amount of extraordinary reserves could have been utilised in issuing bonus shares, cash dividend distribution and offsetting accumulated losses.

## NOTE 18 - EQUITY (Continued)

*Restricted reserves (Continued)*

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 arised due to implementing the communiqué (such as inflation adjustment differences) shall be disclosed as follows:

- if the difference is arising due to the inflation adjustment of "Paid-in capital" and not yet been transferred to capital should be classified under the "Inflation adjustment to share capital" disclosed after "Paid-in 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/accumulated losses".

Other equity items shall be carried at the amounts calculated based on CMB Financial Reporting Standards.

Capital adjustment differences have no other use other than being transferred to share capital.

**Dividend payment:**

Open to public companies are subject to dividend requirements regulated by CMB as follows:

Based on CMB Decree No. 02/51, dated 27 January 2010, there is no mandatory minimum profit distribution requirement for the quoted entities at the stock exchange for profits arising from operations in 2010. Regarding the dividend distribution for the current and following years, the entities are to distribute their profits for the current and following years under the scope of CMB Communiqué No. IV-27, their articles of association and their previously publicly declared profit distribution policies.

Under the requirements of the CMB's Communiqué Serial:XI, No.29, based on the audited financial statements prepared for the period 1 January 2010-31 December 2010 in accordance with International Accounting Standards and International Financial Reporting Standards, the Company has decided not to distribute any profit for the 2010 period since the Company has TL 16.528.807 of "Consolidated Net Loss for the Period" considering the "Current Period Tax Charge", "Deferred Tax Income" and non-controlling interests; and since there is TL 9.335.463 of net profit for the period in the TCC and TPL financial records after the deduction of corporate tax payable from TL 13.796.870, the Company has decided to provide "1st Legal Reserves" out of the related amount in accordance with Article 466/1 of TCC and the remainder TL 8.868.690 has decided to be classified under "Extraordinary Reserves" in accordance with the General Shareholders' Meeting held on 22 April 2011.

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

## NOTE 19 - SALES AND COST OF SALES

| | 1 January- 30 June 2011 | 1 April- 30 June 2011 | 1 January- 30 June 2010 | 1 April- 30 June 2010 |
|---|---|---|---|---|
| Domestic sales, net | 98.016.924 | 53.794.249 | 98.486.103 | 52.806.237 |
| Cost of sales | (60.584.727) | (31.801.369) | (53.003.113) | (28.696.706) |
| **Gross profit** | **37.432.197** | **21.992.880** | **45.482.990** | **24.109.531** |

The details of sales income and cost of sales for the interim periods ended 30 June 2011 and 2010 are as follows:

***Sales income***

| | 1 January- 30 June 2011 | 1 April- 30 June 2011 | 1 January- 30 June 2010 | 1 April- 30 June 2010 |
|---|---|---|---|---|
| Newspaper sales income | 48.676.585 | 24.291.901 | 52.103.152 | 26.009.561 |
| Advertising income | 48.074.162 | 28.788.370 | 45.929.319 | 26.519.821 |
| Other income (1) | 1.266.177 | 713.978 | 453.632 | 276.855 |
| **Sales income, net** | **98.016.924** | **53.794.249** | **98.486.103** | **52.806.237** |

(1) The majority of other income consists of the scrap sales return of newspapers.

***Cost of sales***

| | 1 January- 30 June 2011 | 1 April- 30 June 2011 | 1 January- 30 June 2010 | 1 April- 30 June 2010 |
|---|---|---|---|---|
| Raw material costs | 32.180.693 | 16.926.559 | 25.142.873 | 13.677.837 |
| Printing costs | 10.303.280 | 5.402.894 | 10.177.040 | 5.951.863 |
| Personnel costs | 7.599.531 | 4.511.259 | 5.498.829 | 2.865.981 |
| News and photography costs | 4.093.732 | 1.681.688 | 6.862.928 | 3.458.129 |
| Electric expenses | 1.070.275 | 532.286 | 1.148.470 | 580.850 |
| Depreciation and amortization expenses (Note 10,11 and 12)(1) | 637.597 | 351.013 | 536.451 | 255.176 |
| Other | 4.699.619 | 2.395.670 | 3.636.522 | 1.906.870 |
| | **60.584.727** | **31.801.369** | **53.003.113** | **28.696.706** |

(*) TRY 791.628 of depreciation and amortization amount derived from the subsidiary and Milliyet brand disposal is recognized under the discontinued operations account on 2 May 2011 (30 June 2010: TRY 1.347.309).

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

## NOTE 20 - MARKETING, SELLING AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES

**Marketing, selling and distribution expenses**

| | 1 January- 30 June 2011 | 1 April- 30 June 2011 | 1 January- 30 June 2010 | 1 April- 30 June 2010 |
|---|---|---|---|---|
| Distribution expenses | 6.866.737 | 3.567.473 | 6.138.263 | 3.153.888 |
| Personnel expenses | 5.377.705 | 3.109.424 | 4.350.575 | 2.355.383 |
| Promotion expenses | 4.029.268 | 2.555.584 | 8.265.058 | 5.015.858 |
| Advertisement expenses | 3.231.279 | 2.270.214 | 3.188.218 | 1.344.149 |
| Presentation and marketing expenses | 1.410.868 | 623.075 | 1.538.916 | 1.157.680 |
| Depreciation and amortization expenses (Note 10, 11 and 12)[1] | 37.886 | 22.840 | 39.949 | 34.045 |
| Other | 1.039.048 | 625.865 | 1.944.087 | 915.713 |
| | **21.992.791** | **12.774.475** | **25.465.066** | **13.976.716** |

**General administrative expenses**

| | 1 January- 30 June 2011 | 1 April- 30 June 2011 | 1 January- 30 June 2010 | 1 April- 30 June 2010 |
|---|---|---|---|---|
| Personnel expenses | 3.173.977 | 2.137.350 | 2.410.232 | 1.301.701 |
| Consulting expenses | 1.440.310 | 947.474 | 1.054.084 | 662.834 |
| Depreciation expenses (Note 10, 11 and 12)[1] | 521.069 | 361.836 | 443.090 | 189.965 |
| Repair and maintenance expenses | 502.741 | 466.692 | 46.003 | 19.344 |
| Transportation expenses | 233.831 | 172.001 | 175.734 | 124.311 |
| Other | 546.016 | 451.593 | 431.125 | 227.527 |
| **Total** | **6.417.944** | **4.536.946** | **4.560.268** | **2.525.682** |

[1] TRY 893.288 of depreciation and amortization amount derived from the subsidiary and brand disposal is recognized under the discontinued operations account on 2 May 2011 (30 June 2010: TRY 1.218.205).

## NOTE 21 - EXPENSES BY NATURE

As of 30 June 2011 and 2010, expenses are disclosed by function and the details of the expenses is summarized in Note 19 and Note 20.

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

## NOTE 22 - OTHER OPERATING INCOME/ EXPENSES

The details of other operating income and expense for interim periods ended 30 June 2011 and 2010 are as follows:

| | 1 January-<br>30 June 2011 | 1 April-<br>30 June 2011 | 1 January-<br>30 June 2010 | 1 April-<br>30 June 2010 |
|---|---|---|---|---|
| **i. Other operating income:** | | | | |
| Rent income | 1.626.333 | 877.291 | 1.329.646 | 651.745 |
| Reversal of provisions | 811.160 | 757.042 | 423.704 | 398.207 |
| Income from tax return | 287.013 | 287.013 | - | - |
| Gain on sale of marketable securities | 125.209 | 125.107 | 2.043 | 1.439 |
| Gain on sale of fixed assets | 24.148 | 21.506 | 48.739 | 48.739 |
| Other | 175.207 | 151.159 | 5.098.582[(1)] | 5.087.067 |
| | **3.049.070** | **2.219.118** | **6.902.714** | **6.187.197** |

(1) TL 5.095.000 is related to the sale of trademark and royalty of Radikal Gazetesi to Hürriyet Gazetecilik ve Matbaacılık A.Ş. Sales price is based on the report of the independent valuer.

| | 1 January-<br>30 June 2011 | 1 April-<br>30 June 2011 | 1 January-<br>30 June 2010 | 1 April-<br>30 June 2010 |
|---|---|---|---|---|
| **ii. Other operating expenses:** | | | | |
| Expenses regarding 6111 law [(1)] | (2.075.847) | - | - | - |
| Competition authority penalty (Note 17) [(2)] | (1.177.193) | - | - | - |
| Provision for lawsuits (Note 14) | (297.188) | (28.148) | (347.816) | (191.604) |
| Provision for doubtful receivables (Note 7) | (358.173) | (61.609) | (184.952) | (52.914) |
| Loss on sale of property, plant and equipment | (88.995) | (88.995) | (246.831) | (234.775) |
| Loss on sale of subsidiary (Sale of (shares of DHA) (Note 5) | (32.075) | (32.075) | - | - |
| Other | (694.436) | (576.790) | (485.293) | (482.135) |
| **Total** | **(4.723.907)** | **(787.617)** | **(1.264.892)** | **(961.428)** |

(1) Announced publicly as of 19 April 2011, the Group decides to make use of the requirements set out in relation to "Tax Base Increase" in Law No: 6111 "Restructuring of some receivables and Social Security and General Health Insurance Law and Other Law Amending Certain Laws and Decrees" ("Law No: 6111"), which has become effective upon the issuance in the Official Gazette No: 27857 (I.Bis) on 25 February 2011. TL 6.097.198 of liability had been paid as of 30 June 2011. TL 4.021.351 of TL 6.097.198 is related with the discountinued operations whereas TL 2.075.847 of TL 6.097.198 is related with the continued operations.

(2) As a result of the Competition Agency's investigation on the Company's policy on the advertisement break sales procedures in the print media; the Company has been charged with an administrative penalty amount of TL 2.759.095. If the Company pays the related penalty fee amount within 30 days of the notification date, the penalty amount will be TL 2.069.321 after the 25% discount. The Company management believes that all the issues and procedures criticized in the Competition Agency's investigation are in line with the legal arrangements and the Agency's requirements, communiqués and resolutions. Following the notification of the Agency's full resolution to the Company, the Company shall reserve all legal remedies and rights in relation to the resolution within the prescribed legal timeframe and accordingly the Company has provided TL 2.069.321 of provision in its financial statements for the period ended 30 June 2011 based on the recommendations of its legal advisors with the provision of reserving its litigation rights for the related lawsuit. TL 892.128 of the provision amount is related with discontinued operations and TL 1.177.193 is related with continued operations.

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

## NOTE 23 - FINANCIAL INCOME

The details of financial income for the interim periods ended 30 June 2011 and 2010 are as follows:

| | 1 January-30 June 2011 | 1 April-30 June 2011 | 1 January-30 June 2010 | 1 April-30 June 2010 |
|---|---|---|---|---|
| Finance income - sales with maturity | 1.114.560 | 696.513 | 558.945 | 340.860 |
| Foreign exchange gains | 5.003.713 | 4.793.017 | 53.099 | 32.994 |
| Interest income | 721.582 | 659.467 | 377.512 | 233.806 |
| | **6.839.855** | **6.148.997** | **989.556** | **607.660** |

## NOTE 24 - FINANCIAL EXPENSES

The details of financial expenses for the interim periods ended 30 June 2011 and 2010 are as follows:

| | 1 January-30 June 2011 | 1 April-30 June 2011 | 1 January-30 June 2010 | 1 April-30 June 2010 |
|---|---|---|---|---|
| Foreign exchange losses | (1.646.895) | (1.380.126) | (53.718) | (27.742) |
| Interest expenses | (809.575) | (403.490) | (339.645) | (176.096) |
| Finance expense - purchases with maturity | (287.013) | (212.885) | (164.322) | (114.090) |
| Other financial expenses | (246.587) | (171.137) | (304.002) | (133.267) |
| **Total** | **(2.990.070)** | **(2.167.638)** | **(861.687)** | **(451.195)** |

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

## NOTE 25 - NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

The Group has sold all Bağımsız Gazeteciler Yayıncılık A.Ş., subsidiary of the Group, and brands, royalties and domain names belonging to Milliyet Gazetesi operating under Doğan Gazetecilik A.Ş. to DK Gazetecilik ve Yayıncılık A.Ş. as of 2 May 2011. The operating results and the gain on sale of share until the sales of Bağımsız Gazeteciler and Milliyet is disclosed below.

| | 30 April 2011 | 30 June 2010 |
|---|---|---|
| Sales | 48.026.048 | 81.668.628 |
| Cost of sales (-) | (37.769.082) | (54.047.607) |
| **Gross profit** | **10.256.966** | **27.621.021** |
| Marketing, sales and distribution expenses (-) | (18.451.206) | (30.705.061) |
| General administration expenses (-) | (6.434.071) | (8.754.550) |
| Research and development expenses (-) | - | - |
| Other operating income/ expenses (net) | (6.905.129) | (3.771.563) |
| Financial income/ expenses (net) | (797.022) | (2.296.247) |
| **Loss before income tax from discontinued operations** | **(22.330.462)** | **(17.906.400)** |
| **Tax (expense)/ income from discontinued operations** | **(59.266)** | **528.011** |
| Current year tax charge | - | - |
| Deferred tax (charge)/ benefirt | (59.266) | 528.011 |
| **Net loss from discontinued operations prior to sale proceeds from the disposal of brand and subsidiary shares** | **(22.389.728)** | **(17.378.389)** |
| Gain on sale of brand and subsidiary shares (Note 32) | 19.459.165 | - |
| Sales income tax expense | (6.541.267) | - |
| **Discontinued operations** | | |
| Net income from discontinued operations (after income taxes) | **(9.471.830)** | **(17.378.389)** |

**Cash used in discontinued operations:**

| | 1 January-<br>30 April 2011 | 1 January-<br>30 June 2010 |
|---|---|---|
| Net cash (used in)/ provided by operating activities | (1.376.009) | 699.858 |
| Net cash provided by/ (used in) investing activities | 464.155 | (781.360) |
| Net cash provided by/ (used in) financing activities | 502.423 | (18.848) |
| **Net cash outflow** | **(409.431)** | **(100.350)** |

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

## NOTE 26 - TAXATION

| | 30 June 2011 | 31 December 2010 |
|---|---|---|
| Corporate and income taxes payable | 9.461.518 | 4.554.352 |
| Less: Prepaid taxes | (276.426) | (4.316.935) |
| **Taxes payable** | **9.185.092** | **237.417** |

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.

Corporate Income Tax Law numbered 5520 was published in the official gazette numbered dated 13 June 2006 and most clauses has came into effect from 1 January 2006 .The corporation tax rate of the fiscal year 2011 is 20% (2010: 20%). Corporation tax is payable on the total income of the Company after adjusting for certain disallowable expenses, exempt income and allowances. No further tax is payable unless the profit is distributed (except withholding tax at the rate of 19.8% on the investment incentive allowance utilized 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% (31 December 2010: 20%) on their corporate income. Advance tax is to be declared by the 14th day of the second month following each calendar quarter end and is payable by the 17th of the second month. 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 be set off against other liabilities to the government.

In accordance with Tax Law No.5024 Law Related to Changes in Tax Procedural 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 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 laws' provisions, in order to apply inflation adjustment the cumulative inflation rate (SIS-WPI) over the last 36 months and 12 months must exceed 100% and 10% respectively. Inflation adjustment has not been applied as these conditions were not fulfilled since 1 January 2005.

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

## NOTE 26 – TAXATION (Continued)

Under the Turkish taxation system tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods. As publicly disclosed on 19 April 2011, the Company has decided to make use of the requirements of tax base increase set out in the Law No: 6111 "Restructuring of Specific Receivables and Social Insurance and General Health and Amendments to Some Laws and Requirements"; therefore 50% of losses attributable to the period(s) that the requirements are applied for tax base increase shall not be offset against profit for the year 2010 and following years profits.

Deferred tax assets calculated over the discounted accumulated financial losses presented in the Company's financial statements prepared in accordance with the CMB are determined based on the above-mentioned principles. As a result of this measurement, after the Company's total deductible accumulated financial losses for 2014 period which amounts to TL 9.036.295 was deducted by 50%, the related consideration amounted to TL 4.518.147. As of 2 May 2011, the related consideration is deducted by TL 3.844.141 due to the disposal of a subsidiary, which leads the related amount to be TL 674.006.

Based on the Company's projections, the Company management is not satisfied with the recoverability of the related deferred tax assets; therefore, deferred tax assets of TL 927.293 calculated over the deductible accumulated financial losses is not recognized in the financial statements (31 December 2010: TL 5.358.021). Due to the disposal of the subsidiary as of 2 May 2011, the related consideration amounts to TL 142.708 after deducting by TL 784.585. The Company management makes similar assessments at each balance sheet date and when the Company management is satisfied that the deductible accumulated financial losses attributable for the related periods are available, deferred tax assets are calculated and recognized in the financial statement.

There are numerous exemptions in the Corporate Tax Law concerning the corporations. The exemptions that are related to the Group are as follows:

*Exemption for participation in domestic subsidiaries*

Dividends obtained from Turkish resident corporations and dividends received by founders' shares and bonus shares (dividends from investment fund participation certificates are excluded), and investment partnership shares are exempt from corporate tax.

*Exemption for share premium*

Profits from the sale of preferential right certificates and share premiums generated from the sale of shares at a price exceeding face values of those shares during incorporations or capital increases of joint stock companies are exempt from corporate tax.

*Deferred Taxes*

The Group recognizes deferred income tax assets and liabilities based upon temporary differences arising between their financial statements and their statutory tax financial statements as stated at Note 2. These differences usually result in the recognition of revenue and expenses in different reporting periods and tax purposes as stated at Note 2.

Deferred income taxes are calculated on temporary differences that are expected to be realized or settled based on the taxable income in coming years under the liability method using a principal tax rate of 20% (31 December 2010: 20%).

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

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

## NOTE 26 – TAXATION (Continued)

| | Total temporary differences | | Deferred tax assets/(liabilities) | |
|---|---|---|---|---|
| | 30 June 2011 | 31 December 2010 | 30 June 2011 | 31 December 2010 |
| Carry forward tax losses [1] | 2.374.760 | 71.015.911 | 474.952 | 6.455.644 |
| Provision for employment termination benefits | 7.218.032 | 13.364.200 | 1.443.606 | 2.672.840 |
| Provision for doubtful receivables | 748.933 | 4.555.035 | 149.787 | 911.007 |
| Unused vacation liability | 2.084.650 | 4.763.256 | 416.930 | 952.651 |
| Provision for impairment on inventories | 564.089 | 2.926.796 | 112.818 | 585.359 |
| Provision for personnel premium | 1.357.251 | - | 271.450 | - |
| Provision for lawsuits | 1.931.337 | 1.977.497 | 386.267 | 395.499 |
| Provision for promotion stocks | - | 252.245 | - | 50.449 |
| Other provisions | 357.160 | 357.160 | 71.432 | 71.432 |
| Unearned interest income | 311.921 | 502.191 | 62.384 | 100.438 |
| Unearned sales income | - | 729.631 | - | 145.926 |
| **Deferred tax assets** | | | **3.389.626** | **12.341.245** |
| Difference between the tax base and carrying value of property, plant and equipment and intangible assets | 1.992.487 | (50.917.868) | 398.497 | (10.183.573) |
| Unearned finance expenses | (126.284) | (150.733) | (25.257) | (30.147) |
| **Deferred tax liabilities** | | | **373.240** | **(10.213.720)** |
| **Deferred tax assets, net** | | | **3.762.866** | **2.127.525** |

(1) As of 30 June 2011, deductible financial losses amount to TL 2.374.760 (31 December 2010: TL 71.015.911); since the Group cannot deduct 50% of losses attributable to the period(s) that the requirements are applied for tax base increase as a result of its assessments made for the determination of its deductible financial loss and applying the requirements of tax base increase set out in the Law No: 6111, financial loss associated with the deferred tax assets is calculated as TL 40.085.222 (31 December 2010: TL 32.278.220). Deductible financial loss amounting to TL 37.710.462 in relation to discontinued operations is not taken into account in the financial statements for the period ended 30 June 2011.

**Deferred tax assets:**

| | 30 June 2011 | 31 December 2010 |
|---|---|---|
| To be recovered after one year | 1.918.559 | 9.128.484 |
| To be recovered within one year | 1.471.067 | 3.212.761 |
| **Total** | **3.389.626** | **12.341.245** |

**Deferred tax liabilities:**

| | 30 June 2011 | 31 December 2010 |
|---|---|---|
| To be recovered after one year | 398.497 | (10.183.599) |
| To be recovered within one year | (25.257) | (30.121) |
| **Total** | **373.240** | **(10.213.720)** |

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

**NOTE 26 – TAXATION (Continued)**

The years for which the financial losses can be used are proposed below:

| | 30 June 2011 (*) | 30 June 2011 (**) | 31 December 2010 |
|---|---|---|---|
| 2011 | 36.177 | 72.354 | 2.020.343 |
| 2012 | 1.739 | 3.478 | 4.272.438 |
| 2013 | 36.057 | 72.114 | 7.637.009 |
| 2014 | 674.006 | 1.348.012 | 9.036.295 |
| 2015 | 1.626.781 | 1.626.781 | 9.312.135 |
| **Total** | **2.374.760** | **3.122.739** | **32.278.220** |

(*) Maximum discountable amounts for the accumulated financial losses of the related period are presented in accordance with the requirements of Law No: 6111.
(**) Those amounts represent the actual accumulated loss amounts as of 30 June 2011 before the application of Law No: 6111.

The movements in deferred tax assets/ (liabilities) for the periods 30 June are as follows:

| | 2011 | 2010 |
|---|---|---|
| 1 January | 2.127.525 | 6.419.546 |
| Deferred tax benefit | (1.607.160) | (633.639) |
| Current period charge from discounted operations (Note 25) | (59.266) | 528.011 |
| Deferred income tax charge from discontinued operations (Note 32) | 3.301.767 | - |
| **30 June** | **3.762.866** | **6.313.918** |

The tax expense for the years ended 30 June 2011 and 2010 is summarized as follows:

| | 1 January-30 June 2011 | 1 April-30 June 2011 | 1 January-30 June 2010 | 1 April-30 June 2010 |
|---|---|---|---|---|
| - Current period corporate tax | (2.920.251) | (2.661.920) | (2.571.413) | (2.554.152) |
| - Deferred tax charge | (1.607.160) | (1.884.661) | (633.640) | (632.414) |
| **Total tax expense** | **(4.527.411)** | **(4.546.581)** | **(3.205.053)** | **(3.186.566)** |

The reconciliation of the taxation on income in the consolidated statement of income for periods ended 30 June 2011 and 2010 and the taxation on income calculated with the current tax rate over income before tax is as follows:

| | 30 June 2011 | 30 June 2010 |
|---|---|---|
| Profit before tax from continuing operations | 11.196.410 | 21.223.345 |
| Income tax rate 20% (2010: 20%) | (2.239.282) | (4.244.669) |
| Effects of carry forward tax losses over which deferred tax asset is net recognized | (142.360) | (78.105) |
| Expenses not subject to tax | (2.120.810) | (594.470) |
| Income not subject to tax | - | 3.121.662 |
| Expenses not deductible for tax purposes | - | (1.159.961) |
| Other | (24.959) | (249.510) |
| **Total** | **(4.527.411)** | **(3.205.053)** |

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

## NOTE 27 - LOSS PER SHARE

Earning/ (loss) per share for each class of shares disclosed in the consolidated statements of income is determined by dividing the net income/ (loss) by the average number of shares.

| | 1 January-30 June 2011 | 1 April-30 June 2011 | 1 January-30 June 2011 | 1 April-30 June 2011 |
|---|---|---|---|---|
| Net (loss) / profit for the period | (2.760.491) | 16.536.529 | 614.073 | 1.592.758 |
| Weighted average number of shares with face value of TL 1 each | 105.000.000 | 105.000.000 | 105.000.000 | 105.000.000 |
| **Basic and diluted (loss)/ profit per attributable to equity holders' share (TL)** | **(0,026)** | **0,157** | **0,006** | **0,015** |

| | 1 January-30 June 2011 | 1 April-30 June 2011 | 1 January-30 June 2011 | 1 April-30 June 2011 |
|---|---|---|---|---|
| Net profit for the period from discontinued operations | (9.471.830) | 10.982.666 | (17.378.389) | (8.162.157) |
| Net loss for the period from continuing operations | 6.668.999 | 5.547.738 | 18.018.294 | 9.802.801 |
| Weighted average number of shares with face value of TL 1 each | 105.000.000 | 105.000.000 | 105.000.000 | 105.000.000 |
| **Basic and diluted loss per attributable to equity holders' share from continuing operations(TL)** | **0,064** | **0,053** | **0,172** | **0,093** |

## NOTE 28 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

For the purpose of those consolidated financial statements, related parties are referred to as shareholders, the ultimate parent shareholder, Aydın Doğan, and Doğan Family, other group companies that are controlled by these individuals, and affiliates, subsidiaries and entities that are controlled by key management personnel, members of board of directors and their close family members. As of the balance sheet date, the details of due to/from related parties and related party transactions for the interim period ended as of 30 June are summarized as below:

**a) Due from related parties:**

| | 30 June 2011 | 31 December 2010 |
|---|---|---|
| Medyanet İletişim Reklam Paz. Turizm A.Ş. ("Medyanet") (1) | 2.966.631 | 4.018.585 |
| Doğan Dağıtım Satış ve Pazarlama A.Ş. ("Doğan Dağıtım") (2) | 2.624.216 | 4.562.127 |
| Doğan Portal ve Elektronik Tic. A.Ş. | 706.200 | 645.293 |
| Işıl İthalat İhracat Mümessillik A.Ş.("Işıl İthalat") | 244.897 | - |
| DTV Haber ve Görsel Yayıncılık A.Ş.("Kanal D") | 197.181 | - |
| Mozaik İletişim Hizmetleri A.Ş.("Mozaik") | 144.872 | - |
| Mutlu Dergi Grubu A.Ş. (former title Vatan Imako Medya Yayıncılık A.Ş.) | 74.839 | 960.706 |
| Doğan TV Holding A.Ş. ("Doğan TV") | - | - |
| Other | 124.215 | 396.690 |
| **Total** | **7.083.051** | **10.583.401** |

(1) The sales made to Medyanet consists of the receivables from the internet advertising sales made from the websites.
(2) Doğan Dağıtım distributes the daily newspapers of the Group.

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

## NOTE 28 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

| **b) Due to related parties:** | **30 June 2011** | **31 December 2010** |
|---|---|---|
| Kanal D (1) | 8.800.000 | 14.722.261 |
| Hürriyet Gazetecilik ve Matbaacılık A.Ş. ("Hürriyet") (2) | 5.283.860 | 9.763.354 |
| Doğan Dış Ticaret ("Dış Ticaret") | 1.056.357 | - |
| Milpa Ticari Sınai Ürünler Paz. San. ve Tic. A.Ş. ("Milpa") | 647.328 | 796.404 |
| Doğan Yayın Holding A.Ş. ("Yayın Holding") | 604.014 | 1.168.636 |
| Doğan Ofset Yayıncılık ve Matbaacılık A.Ş. ("Doğan Ofset") | 551.260 | 873.238 |
| Milta Turizm İşletmeleri A.Ş. ("Milta Turizm") | 337.935 | 185.090 |
| Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş. ("Doğan Burda") | 330.002 | 268.892 |
| Doğan İletişim Elektronik Servis Hizmetleri ve Yayıncılık A.Ş. ("Doğan Online") | 46.322 | 942.866 |
| Doğan Faktoring Hizmetler A.Ş. ("Doğan Faktoring") | 15.813 | 797 |
| Işıl İthalat ve İhracat Mümessillik A.Ş. ("Işıl İthalat İhracat") | - | 501.149 |
| Doğan Dış Ticaret ve Mümessillik A.Ş. ("Dış Ticaret") | - | 93.362 |
| Other | 171.941 | 378.423 |
| | **17.844.832** | **29.694.472** |
| Less: Unearned finance expense due to purchases with maturity | (126.284) | (150.773) |
| | **17.718.548** | **29.543.699** |

(1) Due to Kanal D consists of the advertising expenses related with the advertisement of newspapers shown in televisions.
(2) Due to Hürriyet is related with printing of the Group newspapers in Hürriyet printing centers.

### c) Service and product sales to related parties:

| | **1 January-30 June 2011** | **1 April-30 June 2011** | **1 January-30 June 2010** | **1 April-30 June 2010** |
|---|---|---|---|---|
| Doğan Dağıtım (1) | 65.841.978 | 28.211.705 | 82.726.530 | 39.524.290 |
| Medyanet(2) | 3.285.316 | 1.462.111 | 4.795.126 | 2.698.555 |
| Kanal D | 1.916.309 | 547.040 | 1.748.440 | 1.170.320 |
| Işıl Televizyon Yayıncılık A.Ş. ("Star TV") | 770.818 | 237.841 | 469.887 | 334.489 |
| Doğan TV Digital Platform İşletmeciliği A.Ş. ("Doğan TV Dijital") | 547.229 | 221.732 | 2.297.630 | 991.846 |
| Doğan Egmont | 155.922 | 44.507 | - | - |
| Mozaik İletişim Hizmetleri A.Ş.("Mozaik") | - | - | 423.178 | 144.365 |
| Rapsodi Radyo ve Televizyon Yayınclık A.Ş. ("Rapsodi Radyo") | - | - | 291.086 | - |
| Lapis Televizyon ve Radyo Yayıncılık A.Ş. ("CNN Türk") | - | - | 57.539 | 57.539 |
| Hürriyet | - | - | 42.658 | 41.430 |
| Other | 515.534 | 151.581 | 1.455.468 | 596.646 |
| **Total** | **73.033.106** | **30.876.517** | **94.307.542** | **45.559.480** |

(1) Doğan Dağıtım distributes the daily newspapers of the Group.
(2) The sales made to Medyanet consists of the internet advertising sales made from the websites.

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

## NOTE 28 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

### d) Service and product purchases from related parties:

| | 1 January-30 June 2011 | 1 April-30 June 2011 | 1 January-30 June 2010 | 1 April-30 June 2010 |
|---|---|---|---|---|
| Işıl İthalat İhracat [1] | 32.312.769 | 15.583.143 | 27.644.133 | 14.934.743 |
| Dış Ticaret [1] | 15.188.631 | 5.919.229 | 20.449.715 | 10.115.129 |
| Hürriyet [2] | 14.567.685 | 6.617.451 | 16.892.700 | 8.709.543 |
| Other | 2.988.084 | 1.411.893 | 5.729.372 | 3.448.759 |
| | **65.057.169** | **29.531.716** | **70.715.920** | **37.208.174** |
| Less: Unearned finance expense due to purchases with maturity | (399.244) | (276.455) | (320.908) | (234.607) |
| | **64.657.925** | **29.255.261** | **70.395.012** | **36.973.567** |

(1) The Group purchases most of its raw materials like paper, printing materials from Doğan Dış Ticaret and Işıl İthalat İhracat.
(2) The newspapers of the Group are printed in the printing houses of Hürriyet.

### e) Other significant transactions with related parties:

**Other income/ (expense), net**

| | 1 January-30 June 2011 | 1 April-30 June 2011 | 1 January-30 June 2010 | 1 April-30 June 2010 |
|---|---|---|---|---|
| Doğan TV(Note 10)[1] | 1.356.306 | 678.153 | 1.296.064 | 642.697 |
| Hürriyet | (425.471) | (409.900) | 5.095.000 | 5.095.000 |
| Doğan Burda | (266.884) | (266.884) | - | - |
| Other | 9.976 | 4.992 | 9.436 | 4.786 |
| **Total** | **673.927** | **6.361** | **6.400.500** | **5.742.483** |

(1) Consists of rent income from Doğan TV.

**Financial (expenses)/income, net**

| | 1 January-30 June 2011 | 1 April-30 June 2011 | 1 January-30 June 2010 | 1 April-30 June 2010 |
|---|---|---|---|---|
| Kanal D | (283.520) | (283.520) | (312.757) | (29.061) |
| Doğan Factoring | (181.092) | (95.900) | (326.434) | (134.487) |
| Işıl İthalat İhracat | - | - | (140.144) | - |
| Doğan Dış Ticaret | - | - | (120.393) | - |
| Hürriyet | - | - | (41.089) | - |
| Doğan Yayın Holding | - | - | (30.000) | (17.500) |
| Other | (5.260) | (5.260) | (7.777) | - |
| **Financial expenses** | **(469.872)** | **(384.680)** | **(978.594)** | **(181.048)** |

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

## NOTE 28 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

### e) Other significant transactions with related parties (Continued):

**General administrative, marketing, distribution and selling expenses:**

| | 1 January-30 June 2011 | 1 April-30 June 2011 | 1 January-30 June 2010 | 1 April-30 June 2010 |
|---|---|---|---|---|
| Doğan Dağıtım [(1)] | 9.958.275 | 4.408.462 | 11.164.277 | 5.714.089 |
| Kanal D [(2)] | 3.573.547 | 1.310.768 | 7.062.330 | 2.987.330 |
| Star TV [(2)] | 1.957.027 | 841.533 | 444.743 | 394.743 |
| D Yapım Reklamcılık ve Dağıtım A.Ş. | 1.142.475 | 552.862 | 1.631.295 | 682.241 |
| Doğan Yayın Holding | 972.020 | 480.260 | 825.936 | 428.779 |
| Hürriyet | 95.257 | 43.443 | 132.161 | 76.348 |
| Other | 483.305 | 155.732 | 1.738.330 | 1.122.607 |
| | **18.181.906** | **7.793.060** | **22.999.072** | **11.406.137** |

(1) Distribution and transportation service is received from Doğan Dağıtım.
(2) The Group receives television advertising services from Star TV and Kanal D.

### f) Remuneration paid to top management:

The Group defined its top management personnel as board of directors' members and executive board members. Remuneration of top management includes salaries, premiums, health insurance and transportation benefits and is explained below.

| | 1 January-30 June 2011 | 1 April-30 June 2011 | 1 January-30 June 2011 | 1 April-30 June 2011 |
|---|---|---|---|---|
| Executive Board | 1.257.432 | 803.919 | 1.588.923 | 1.021.960 |
| Board of Directors | 472.199 | 227.618 | 506.177 | 267.462 |
| | **1.729.631** | **1.031.537** | **2.095.100** | **1.289.422** |

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

## NOTE 29 - FINANCIAL RISK MANAGEMENT

***Financial risk management***

The Group's activities expose it to a variety of financial risks, these risks are market risk including the effects of changes in debt and equity market prices, foreign currency exchange rates, fair value interest rate risk and cash flow interest rate risk, credit risk, and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

Financial risk management is carried out by individual subsidiaries under policies, which are approved by their Board of Directors within the limits of general principles, set by the Company.

**Market risk**

*Interest rate risk*

The Group management is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed using natural hedges that arise from offsetting interest rate sensitive assets and liabilities.

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

| **Financial instruments with fixed interest rate** | **30 June 2011** | **31 December 2010** |
|---|---|---|
| Financial assets | *11.810.363* | *3.279.440* |
| *- Designated as fair value through profit or loss(*)* | *11.810.363* | *3.279.440* |
| *- Available for sale financial assets* | - | - |
| Financial liabilities | 22.276.866 | 19.697.191 |

| **Financial instruments with floating interest rate** | **30 June 2011** | **31 December 2010** |
|---|---|---|
| Financial assets | - | - |
| Financial liabilities | - | 13.400.000 |

(*) Financial assets designated as fair value through profit or loss consists of fixed interest rate time deposits with maturity less than three months.

The Group does not have any borrowing with a floating interest rate as of 30 June 2011 (31 December 2010: TL 13.400.000).

As of 31 December 2010, if interest rate on borrowings had been 1% higher/lower with all other variables held constant, interest expense would have been TL 5.872 higher/lower.

*Foreign currency risk*

The Group is exposed to foreign exchange risk through the impact of rate changes on the translation of foreign currency liabilities to local currency. Foreign exchange risk arises due to the future transactions, assets and liabilities recognized. The Group manages this risk thorough offsetting foreign currency assets and liabilities. These risks are monitored and limited by analyzing foreign currency position.

| | **30 June 2011** | **31 December 2010** |
|---|---|---|
| Assets | 85.407.929 | 157.331 |
| Liabilities | (21.606.024) | (19.837.257) |
| **Net foreign currency position** | **63.801.905** | **(19.679.926)** |

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

## NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

| **30 June 2011** | **TL Equivalent** | **US Dollar** | **Euro** | **Other** |
|---|---|---|---|---|
| 1. Trade Receivables | 27.399.321 | 27.399.321 | - | - |
| 2a. Monetary Financial Assets (Cash, Banks included) | 60.771 | 41.810 | 14.922 | 4.039 |
| 2b. Non-Monetary Financial Assets | - | - | - | - |
| 3. Other | - | - | - | - |
| **4. Current Assets (1+2+3)** | **27.460.092** | **27.441.131** | **14.922** | **4.039** |
| 5. Trade Receivables | 57.947.837 | 57.947.837 | - | - |
| 6a. Monetary Financial Assets | - | - | - | - |
| 6b. Non-Monetary Financial Assets | - | - | - | - |
| 7. Other | - | - | - | - |
| **8. Non-current assets (5+6+7)** | **57.947.837** | **57.947.837** | **-** | **-** |
| **9. Total assets (4+8)** | **85.407.929** | **85.388.968** | **14.922** | **4.039** |
| 10. Trade Payables | 78.824 | 78.824 | - | - |
| 11. Financial Liabilities | 21.527.200 | 9.781.200 | 11.746.000 | - |
| 12a. Other Monetary Financial Liabilities | - | - | - | - |
| 12b. Other Non-Monetary Financial Liabilities | - | - | - | - |
| **13. Current Liabilities (10+11+12)** | **21.606.024** | **9.860.024** | **11.746.000** | **-** |
| 14. Trade Payables | - | - | - | - |
| 15. Financial Liabilities | - | - | - | - |
| 16a. Other Monetary Financial Liabilities | - | - | - | - |
| 16b. Other Non-Monetary Financial Liabilities | - | - | - | - |
| **17. Non-current Liabilities (14+15+16)** | **-** | **-** | **-** | **-** |
| **18. Total Liabilities (13+17)** | **21.606.024** | **9.860.024** | **11.746.000** | **-** |
| **19. Net asset / liability position of Off-balance sheet derivatives (19a-19b)** | **-** | **-** | **-** | **-** |
| **19.a Off-balance sheet foreign currency derivative assets** | **-** | **-** | **-** | **-** |
| **19b. Off-balance sheet foreign currency derivative liabilities** | **-** | **-** | **-** | **-** |
| **20. Net foreign currency asset liability position (9-18+19)** | **63.801.905** | **75.528.944** | **(11.731.078)** | **4.039** |
| **21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)** | **63.801.905** | **75.528.944** | **(11.731.078)** | **4.039** |
| **22. Fair value of foreign currency hedged financial assets** | **-** | **-** | **-** | **-** |
| **23. Exports** | **-** | **-** | **-** | **-** |
| **24. Imports** | **-** | **-** | **-** | **-** |

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

## NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

| **31 December 2010** | **TL Equivalent** | **US Dollar** | **Euro** | **Other** |
|---|---|---|---|---|
| 1. Trade Receivables | - | - | - | - |
| 2a. Monetary Financial Assets (Cash, Banks included) | 157.331 | 45.148 | 107.038 | 5.145 |
| 2b. Non-Monetary Financial Assets | - | - | - | - |
| 3. Other | - | - | - | - |
| **4. Current Assets (1+2+3)** | **157.331** | **45.148** | **107.038** | **5.145** |
| 5. Trade Receivables | - | - | - | - |
| 6a. Monetary Financial Assets | - | - | - | - |
| 6b. Non-Monetary Financial Assets | - | - | - | - |
| 7. Other | - | - | - | - |
| **8. Non-current assets (5+6+7)** | - | - | - | - |
| **9. Total assets (4+8)** | **157.331** | **45.148** | **107.038** | **5.145** |
| 10. Trade Payables | 216.606 | 216.606 | - | - |
| 11. Financial Liabilities | 19.620.650 | 9.320.031 | 10.300.619 | - |
| 12a. Other Monetary Financial Liabilities | - | - | - | - |
| 12b. Other Non-Monetary Financial Liabilities | - | - | - | - |
| **13. Current Liabilities (10+11+12)** | **19.837.256** | **9.536.637** | **10.300.619** | - |
| 14. Trade Payables | - | - | - | - |
| 15. Financial Liabilities | - | - | - | - |
| 16a. Other Monetary Financial Liabilities | - | - | - | - |
| 16b. Other Non-Monetary Financial Liabilities | - | - | - | - |
| **17. Non-current Liabilities (14+15+16)** | - | - | - | - |
| **18. Total Liabilities (13+17)** | **19.837.256** | **9.536.637** | **10.300.619** | - |
| **19. Net asset / liability position of Off-balance sheet derivatives (19a-19b)** | - | - | - | - |
| **19.a Off-balance sheet foreign currency derivative assets** | - | - | - | - |
| **19b. Off-balance sheet foreign currency derivative liabilities** | - | - | - | - |
| **20. Net foreign currency asset liability position (9-18+19)** | **(19.679.925)** | **(9.491.489)** | **(10.193.581)** | **5.145** |
| **21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)** | **(19.679.925)** | **(9.491.489)** | **(10.193.581)** | **5.145** |
| **22. Fair value of foreign currency hedged financial assets** | - | - | - | - |
| **23. Exports** | - | - | - | - |
| **24. Imports** | - | - | - | - |

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

## NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

Group is exposed to US Dollar and Euro, mainly. The analysis of sensitivity to foreign currency is as follows:

| | Income/Loss | |
|---|---|---|
| **30 June 2011** | **Foreign currency appreciates** | **Foreign currency depreciates** |
| **If the US dollar had changed by 10% against the TL** | | |
| USD net (liability)/asset | | |
| Hedging amount of USD | 7.552.894 | (7.552.894) |
| **USD net effect on income/(loss)** | **7.552.894** | **(7.552.894)** |
| EUR net (liability)/asset | | |
| Hedging amount of EUR | (1.173.108) | 1.173.108 |
| **EUR net effect on income/(loss)** | **(1.173.108)** | **1.173.108** |

| | Income/Loss | |
|---|---|---|
| **31 December 2010** | **Foreign currency appreciates** | **Foreign currency depreciates** |
| **If the US dollar had changed by 10% against the TL** | | |
| USD net (liabilities)/assets | | |
| Hedging amount of USD | **(1.979.211)** | **1.979.211** |
| **USD net effect on (loss)/income** | **(1.979.211)** | **1.979.211** |

*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 credit ratings and 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 and their dispersion across many different industries.

The maximum exposure of the Group to credit risk as of 30 June 2011 and 31 December 2010 is as follows:

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

## NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

| | Trade receivables | | Other receivables | | Cash and | Derivative | |
|---|---|---|---|---|---|---|---|
| **30 June 2011** | **Related Party** | **Other** | **Related Party** | **Other** | **cash equivalents** | **instruments** | **Other** |
| Maximum credit risk exposure as of balance sheet date | 7.083.051 | 90.105.988 | - | - | 13.842.660 | - | - |
| *- Collateralized or secured with guarantees part of maximum credit risk* | - | *14.450.022* | - | - | - | - | - |
| A. Neither past due nor impaired | 6.411.315 | 61.343.543 | - | - | 13.842.660 | - | - |
| B. Restructured otherwise accepted as past due and impaired | - | - | - | - | - | - | - |
| C. Past due but not impaired | 671.736 | 28.762.445 | - | - | - | - | - |
| *- Guaranteed amount by commitment* | - | *11.307.068* | - | - | - | - | - |
| D. Impaired asset net book value | - | - | - | - | - | - | - |
| - Past due (gross amount) | - | 11.870.110 | - | - | - | - | - |
| - Impairment (-) | - | (11.870.110) | - | - | - | - | - |
| - Net value collateralized or guaranteed part of net value | - | - | - | - | - | - | - |
| - Not over due (gross amount) | - | - | - | - | - | - | - |
| - Impairment (-) | - | - | - | - | - | - | - |
| - Net value collateralized or guaranteed part of net value | - | - | - | - | - | - | - |
| E. Off-balance sheet items bearing credit risk | - | - | - | - | - | - | - |

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

## NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

| | Trade receivables | | Other receivables | | Cash and | Derivative | |
|---|---|---|---|---|---|---|---|
| **31 December 2010** | **Related Party** | **Other** | **Related Party** | **Other** | **cash equivalents** | **instruments** | **Other** |
| Maximum credit risk exposure as of balance sheet date | 10.583.401 | 63.949.874 | - | 62.450 | 4.852.292 | - | - |
| *- Collateralized or secured with guarantees part of maximum credit risk* | - | *13.686.958* | - | - | - | - | - |
| A. Neither past due nor impaired | 6.451.698 | 38.831.549 | - | 62.450 | 4.852.292 | - | - |
| B. Restructured otherwise accepted as past due and impaired | - | - | - | - | - | - | - |
| C. Past due but not impaired | 1.517.840 | 25.118.325 | - | - | - | - | - |
| *- Guaranteed amount by commitment* | - | *10.474.306* | - | - | - | - | - |
| D. Impaired asset net book value | - | - | - | - | - | - | - |
| - Past due (gross amount) | - | 19.522.869 | - | - | - | - | - |
| - Impairment (-) | - | (19.522.869) | - | - | - | - | - |
| - Net value collateralized or guaranteed part of net value | - | - | - | - | - | - | - |
| - Not over due (gross amount) | - | - | - | - | - | - | - |
| - Impairment (-) | - | - | - | - | - | - | - |
| - Net value collateralized or guaranteed part of net value | - | - | - | - | - | - | - |
| E. Off-balance sheet items bearing credit risk | - | - | - | - | - | - | - |

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

## NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

The aging schedule of receivables that are overdue but not impaired is as follows:

| | Trade receivables | | Bank | Derivative | |
|---|---|---|---|---|---|
| **30 June 2011** | **Related party** | **Other** | **deposits** | **instruments** | **Other** |
| 1 to 30 days overdue | 6.704 | 14.350.725 | - | - | - |
| 1 to 3 months overdue | 910 | 8.306.489 | - | - | - |
| 3 to 12 months overdue | 303.387 | 3.824.346 | - | - | - |
| More than 1 year overdue | 360.734 | 2.280.885 | - | - | - |
| **Total** | **671.735** | **28.762.445** | - | - | - |
| *Guaranteed amount* | - | *11.307.068* | - | - | - |

| | Trade receivables | | Bank | Derivative | |
|---|---|---|---|---|---|
| **31 December 2010** | **Related party** | **Other** | **deposits** | **instruments** | **Other** |
| 1 to 30 days overdue | 1.198 | 11.935.604 | - | - | - |
| 1 to 3 months overdue | 15.147 | 7.056.936 | - | - | - |
| 3 to 12 months overdue | 296.478 | 4.899.428 | - | - | - |
| More than 1 year overdue | 1.205.017 | 1.226.357 | - | - | - |
| **Total** | **1.517.840** | **25.118.325** | - | - | - |
| *Guaranteed amount* | - | *10.474.306* | - | - | - |

The credit quality of trade receivables which is impaired is as follows:

| | Trade receivables | | Bank | Derivative | |
|---|---|---|---|---|---|
| **30 June 2011** | **Related party** | **Other** | **deposits** | **instruments** | **Other** |
| 0 to 3 months overdue | - | - | - | - | - |
| 3 to 12 months overdue | - | - | - | - | - |
| 1 to 5 years overdue | - | 11.870.110 | - | - | - |
| Less: provision for doubtful receivables | - | (11.870.110) | - | - | - |
| **Total** | - | - | - | - | - |

## NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

| | Trade receivables | | Bank | Derivative | |
|---|---|---|---|---|---|
| **31 December 2010** | **Related party** | **Other** | **deposits** | **instruments** | **Other** |
| 0 to 3 months overdue | - | - | - | - | - |
| 3 to 12 months overdue | - | - | - | - | - |
| 1 to 5 years overdue | - | 19.522.869 | - | - | - |
| Less: provision for doubtful receivables | - | (19.522.869) | - | - | - |
| **Total** | - | - | - | - | - |

***Liquidity risk***

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The ability to fund the existing and prospective debt requirements is managed by maintaining the availability of adequate committed funding lines from high quality lenders.

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

## NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

As of 30 June 2011 and 31 December 2010, undiscounted cash flows of financial liabilities based on the agreement maturities are as follows:

| 30 June 2011 | Book value | Contractual undiscounted cash flow | Up to 3 months | 3-12 months | 1-5 years | Over 5 years |
|---|---|---|---|---|---|---|
| **Financial liabilities excluding derivatives** | | | | | | |
| Financial liabilities (Note 6) | 25.148.160 | 25.611.399 | 2.871.294 | 22.740.105 | - | - |
| Due to related parties [(1)] (Note 28b) | 17.718.548 | 17.017.200 | 17.017.200 | - | - | - |
| Other trade payables [(2)] (Note 7) | 9.017.492 | 7.451.739 | 7.451.739 | - | - | - |
| Other payables (Note 8) | 2.960.030 | 2.960.030 | 2.960.030 | - | - | - |

| 31 December 2010 | Book value | Contractual undiscounted cash flow | Up to 3 months | 3-12 months | 1-5 years | Over 5 years |
|---|---|---|---|---|---|---|
| **Financial liabilities excluding derivatives** | | | | | | |
| Financial liabilities (Note 6) | 33.097.191 | 33.151.906 | 13.531.256 | 19.620.650 | - | - |
| Due to related parties [(1)] (Note 28b) | 29.543.699 | 19.217.966 | 19.217.966 | - | - | - |
| Other trade payables [(2)] (Note 7) | 10.860.335 | 8.917.191 | 8.917.191 | - | - | - |
| Other payables (Note 8) | 6.476.117 | 6.476.117 | 6.476.117 | - | - | - |

(1) Barter related liabilities in accordance with contracts amounting to TL 701.348 (31 December 2010: TL 10.325.733) are not included in the total cash outflow.

(2) Barter related liabilities in accordance with contracts amounting to TL 1.565.753 (31 December 2010: TL1.943.144) are not included in the total cash outflow.

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

## NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

*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 recapitalise or maintain the current capital structure, the Group can change dividend payment amount, announce new shares and in order to decrease borrowings the Group can sell assets.

The Group monitors capital using liability/capital ratio which is calculated by dividing net liability to total capital. Net liability amount is obtained from the deducting cash and cash equivalents from the total liability (includes financial liabilities, trade payables and payables due to related parties as stated in balance sheet). Total capital is the sum of equity and net liabilities as also stated in balance sheet.

| | 30 June 2011 | 31 December 2010 |
|---|---|---|
| Total liabilities | 71.715.010 | 91.274.961 |
| Less: cash and cash equivalents (Note 4) | 13.855.701 | 5.315.998 |
| **Net liability** | **57.859.309** | **85.958.963** |
| Equity | 205.192.268 | 207.995.099 |
| **Total equity** | **263.051.577** | **293.954.062** |
| **Total liability/total equity ratio** | **21,9%** | **29,2 %** |

## NOTE 30 - FINANCIAL INSTRUMENTS

*Fair value of financial instruments*

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

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

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

• Level 3: The fair value of the financial assets and financial liabilities is determined in accordance with the unobservable current market data.

The Group does not have any financial assets and liabilities which are measured at fair value (31 December 2010: None).

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.

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

## NOTE 30 - FINANCIAL INSTRUMENTS (Continued)

The following methods and assumptions were used to estimate the fair value of the financial instruments:

Financial assets

The fair value of the foreign currency denominated amounts, which are translated by using the exchange rates prevailing at period-end, is considered to approximate their fair value.

The fair value of certain financial assets carried at cost including cash and cash equivalents, deposits with banks and other financial asset is considered to approximate their respective carrying value due to their short-term nature. The fair value of investment securities has been estimated based on the market prices at balance sheet dates.

Trade receivables are carried at amortized cost using the effective yield method less provision for doubtful receivables, and hence are considered to approximate their fair values.

Financial liabilities

Trade payables are stated at amortized cost using the effective interest method, and accordingly their carrying amounts approximate their fair value.

The fair values of short-term bank borrowings and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

Long-term borrowings, which are denominated in foreign currencies, are translated at period-end exchange rates to Turkish Lira and accordingly their carrying amounts approximate their fair values.

## NOTE 31- SUBSEQUENT EVENTS

The consolidated financial statements for the interim periods ended 30 June 2011 have been approved by the Board of Directors as of 23 August 2011.Other than Board of Directors has no authority to change financial statements.

As Doğan Yayın Holding has no tax payables, the lien put on 70,76% of Doğan Gazetecilik shares in which Doğan Yayın Holding has shareholding and recorded in the Central Registry Agency and Brokerage House's export/investment as a result of tax penalties and tax notifications served by Halkalı Tax Authority has been cancelled upon the Tax Authority's notification and the lien put on the related shares has been released.

## NOTE 32 – OTHER MATTERS THAT SIGNIFICANTLY AFFECT THE CONSOLIDATED FINANCIAL STATEMENTS

***Transfer of Shares of Subsidiaries and Brand Sale***

The Group's filed application in relation to the transfer of all brands, royalties and domain names (milliyet.com.tr; milliyet.com; milliyetemlak.com.tr etc.) pertaining to the Milliyet Newspaper in consideration of USD 47.960.000 (TRY 73.594.620) plus VAT and its 1.289.996 shares of Bağımsız Gazeteciler Yayıncılık A.Ş. with a nominal value of TL 100 each, comprising all brands, royalties and domain names pertaining to the Vatan Newspaper, in which it holds 99,99% participation amounting to TL 129.000.000 of capital in consideration of USD 26.000.000 (TL 39.897.000) to DK Gazetecilik ve Yayıncılık A.Ş., a joint venture company formed by Demirören and Karacan Group was approved by the Competition Authority on 28 April 2011 and the related transfer transactions were completed as of 2 May 2011 upon the satisfaction of all closing conditions.

The Group and DK Gazetecilik ve Yayıncılık A.Ş. have a mutual understanding of the following: transfering of all personnel related to all brands, royalties and domain names pertaining to the Milliyet Newspaper with all their rights; share transfer of Bağımsız Gazeteciler Yayıncılık A.Ş. as of the closing balance sheet date prepared on 2 May 2011 by offsetting any of its liabilities/encumbrances and any receivables; if such treatment is inapplicable, offsetting liabilities that cannot be recoverable from receivables against the share transfer consideration by the deduction of liabilities against the first installment payments, or if receivables are higher than liabilities, addition of difference amount between liabilities and receivables to the sale price; restricting the total liability that may arise from termination pay, retirement pay and leave of absence to 15% in the termination of employment contracts by DK Gazetecilik ve Yayıncılık A.Ş.and Bağımsız Gazeteciler Yayıncılık A.Ş. during the share transfer period. Based on the above-mentioned understanding, TL 3.576.606 and TL 1.764.915 of discount have been applied to the Milliyet Newspaper and Bağımsız Gazeteciler Yayıncılık A.Ş., respectively, over the sale price as the cost of termination of employment contracts. In addition, TRY 3.268.780 of discount has been applied over the sale price of Bağımsız Gazeteciler Yayıncılık A.Ş. as a liability amount that cannot be recoverable from receivables.

The payment schedule will include TL 20.000.000 of advance payment at the sign date of the contract (20 April 2011), TL 20.000.000 of cash payment no later than 31 May 2011 and 40 monthly installments of the remaining portion starting from 2012. For installment payments in 2012, 2013, 2014 and 2015, as of closing date, Libor+2,5, Libor+3,5, Libor+4,5 and Libor+5,5 interest rate will be applied, respectively. Libor interest rate is applied for 6 months and this rate is calculated every six months and is determined on a fix rate basis for the following six-month period.

TL 20.000.000 of cash payment was made on 31 May 2011, less any discounts applied and closing balance sheet reconciliations mentioned above. As mentioned above, the payment of the remaining USD 47.892.878 is planned as receiving 40 bonds consisting a short term payment of USD 7.183.932 and long term payments of USD 40.708.946.

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

## NOTE 32 – OTHER MATTERS THAT SIGNIFICANTLY AFFECT THE CONSOLIDATED FINANCIAL STATEMENTS (Continued )

**Gain on sale of brand and subsidiary shares**

| | **30 June 2011** |
|---|---|
| Amount received | 93.655.020 |
| Carrying value of net assets | (74.195.918) |
| Non-controlling interests | 63 |
| **Sales income** | **19.459.165** |

The sale of Milliyet Newspaper brand and Bağımsız Gazeteciler shares have been completed as of 2 May 2011 and TL 19.459.165 have been journalized into discontinued operations.

**Net Amount received from sale of brand and subsidiary shares**

| | |
|---|---|
| Cash and cash equivalents received | 27.423.596 |
| Notes receivables received | 66.231.424 |
| Less: Cash and cash equivalents of sold subsidiary | (186.691) |
| | **93.468.329** |

**Net book value of assets disposed**

| | **30 April 2011** |
|---|---|
| **Current assets** | **4.516.107** |
| Cash and cash equivalents | 186.691 |
| Trade receivables | 1.848.169 |
| Inventories | 1.344.727 |
| Other current assets | 1.136.520 |
| **Non-current assets** | **102.597.664** |
| Property, plant and equipment | 1.127.963 |
| Intangible assets | 51.951.240 |
| Goodwill | 47.757.110 |
| Investment property | 159.467 |
| Other non-current assets | 1.601.884 |
| **Current liabilities** | **18.517.709** |
| Financial borrowings | 3.252.000 |
| Trade payables | 3.707.670 |
| Other taxes and funds payables | 3.547.453 |
| Provisions | 2.930.439 |
| Other current liabilities | 5.080.147 |
| **Non-current liabilities** | **14.400.144** |
| Other payables | 6.099 |
| Provision for employee termination benefits | 11.092.278 |
| Deferred tax liability | 3.301.767 |
| **Net assets disposed of from scope of consolidation** | **74.195.918** |
| **Non-controlling interests** | **63** |
| **Gain from sale** | **19.459.165** |