# *Turkey's Newspaper*

# Contents

## *Turkey's reliable source of news and commentary*

Doğan Gazetecilik, comprising Turkey's most well established and reputable media brands, optimized its portfolio and improved its publications resulting in high growth momentum for the Company in 2011.

The Company sold Milliyet and Vatan newspapers, and also implemented a series of initiatives to rapidly update its news portals and to strengthen its social media presence.

In 2011, Doğan Gazetecilik further enriched the content of Posta, Turkey's most widely read newspaper, and Fanatik, the number one choice of sports fans in the country. As a result, the Company increased advertising revenues generated from its publications and Internet sites by 14% and 18%, respectively.

Doğan Gazetecilik continues to move forward wholly committed to its pursuit of honest news reporting that is always close to the public.

# *Major Financial Highlights*

The changes in the main items in the Company's Income Statement as of December 31, 2011, as compared with a year earlier, are presented below.

| CONSOLIDATED (TL THOUSAND) | DECEMBER 31, 2011 | DECEMBER 31, 2010 | % |
|---|---|---|---|
| Sales | 193,166 | 194,165 | (1) |
| Cost of Sales (-) | (126,377) | (112,312) | 13 |
| Gross Operating Profit | 66,789 | 81,853 | (18) |
| Marketing, Sales and Distribution Expenses (-) | (40,822) | (44,650) | (9) |
| General Administrative Expenses (-) | (16,129) | (10,514) | 53 |
| Other Operating Income | 6,404 | 8,866 | (28) |
| Other Operating Expenses (-) | (10,494) | (9,368) | 12 |
| Operating Profit | 5,747 | 26,187 | (78) |
| Financial Income | 29,605 | 2,477 | |
| Financial Expenses (-) | (12,629) | (2,204) | 473 |
| Ongoing Operations, Profit Before Tax | 22,723 | 26,460 | (14) |
| Ongoing Operations, Tax Expenses | (7,517) | (4,224) | 78 |
| - Tax Expenses for the Period | (6,564) | (4,554) | 44 |
| - Deferred Tax (Expenses)/Income | (954) | 330 | |
| Period Profit from Ongoing Operations | 15,206 | 22,236 | (32) |
| Ceased Operations | | | |
| Ceased Operations, Period (Loss) After Tax (1) | (6,359) | (38,864) | (84) |
| Period Profit | 8,848 | (16,628) | (153) |
| Distribution of Period Profit | | | |
| Minority Interest | (43) | (99) | (57) |
| Majority Interest | 8,891 | (16,529) | (154) |

Doğan Gazetecilik's circulation revenues totaled TL 97, 123 thousand in 2011, down 6.1% from the prior year's TL 103,442 thousand.

Although the Company's circulation revenues declined by 6.1% for the year, the decrease improves to 4% when the 2010 revenue from Radikal Newspaper is deducted.

| CONSOLIDATED (TL THOUSAND) | DECEMBER 31, 2011 | DECEMBER 31, 2010 | % |
|---|---|---|---|
| Newsprint Costs | 70,041 | 52,998 | 32 |
| Printing and Other Costs | 56,336 | 59,314 | (5) |
| Total Sales Costs | 126,377 | 112,312 | 13 |

The Company's average USD-denominated unit-ton cost of newsprint increased 19% in real terms in 2011 over the previous year. The Company also used 2.3% more paper during the year than in 2010.

| CONSOLIDATED (TL THOUSAND) | DECEMBER 31, 2011 | DECEMBER 31, 2010 | % |
|---|---|---|---|
| General Administrative Expenses | 16,129 | 10,514 | 53 |
| Marketing, Sales and Distribution Expenses | 40,822 | 44,650 | (9) |
| Total Operating Expenses | 56,951 | 55,164 | 3 |

In the reporting period, general administrative expenses increased 53% over a year earlier, while marketing, sales and distribution expenses declined 9%. The Company recorded a profit-before-taxes margin of 11.8% in 2011.

The changes in the main items of the assets and liabilities in the Company's balance sheet in the most recent two reporting periods are presented below.

| ASSETS (CONSOLIDATED TL THOUSAND | DECEMBER 31, 2011 | DECEMBER 31, 2010 | % |
|---|---|---|---|
| Current Assets | 93,750 | 91,887 | 2 |
| Non-Current Assets | 178,326 | 220,985 | (19) |
| Total Assets | 272,076 | 312,872 | (13) |

| LIABILITIES AND SHAREHOLDERS' EQUITY (CONSOLIDATED TL THOUSAND) | DECEMBER 31, 2011 | DECEMBER 31, 2010 | % |
|---|---|---|---|
| Short-Term Liabilities | 47,274 | 91,512 | (48) |
| Long-Term Liabilities | 7,797 | 13,364 | (42) |
| Total Liabilities | 55,072 | 104,876 | (47) |
| Minority Interest | 404 | 285 | 42 |
| Equity Attributable to Equity Holders of the Company | 216,601 | 207,710 | 4 |
| Total Shareholders' Equity and Liabilities | 272,077 | 312,872 | (13) |

| MAJOR HIGHLIGHTS (TL THOUSAND) | DECEMBER 31, 2011 | DECEMBER 31, 2010 | % |
|---|---|---|---|
| Operating Profit | 5,747 | 26,187 | (78) |
| EBITDA | 14,604 | 30,642 | (5) |
| Period Profit from Ongoing Operations | 15,206 | 22,236 | (32 |
| Ceased Operations, Period (Loss) After Tax | (6,359) | (38,864) | (84) |
| Net Period Profit | 8,848 | (16,628) | nm |
| Minority Interest | (43) | 99 | nm |
| Majority Interest | 8,891 | (16,727) | nm |
| Amount of Newsprint Used (Tons) * | 56,316 | 55,065 | 2.3 |
| Number of Pages Published Daily (Average) * | 66 | 94 | (29) |

(*) The 2010 figures related to the amount of newsprint used and the number of pages published daily include the values for Radikal newspaper.

The Company did not record significant investment expenses in the current reporting period. Fixed asset expenses (for various technical equipment, computers, furnishings, and the like) amounted to TL 1,222,000.

The Company's net debt position, which was TL 27,781,000 at the end of 2010, fell significantly at end the reporting year to TL 4,826,000.

# Financial Ratios

The Company's financial structure and profitability ratios were as follows:

| LIQUIDITY RATIOS | DECEMBER 31, 2011 | DECEMBER 31, 2010 |
|---|---|---|
| Current Ratio | 1.98 | 1.00 |
| Acid-Test Ratio | 1.95 | 0.93 |
| Liquidity Ratio | 1.27 | 0.87 |

| CAPITAL STRUCTURE RATIOS (%) | DECEMBER 31, 2011 | DECEMBER 31, 2010 |
|---|---|---|
| Debt/Shareholders' Equity | 25 | 50 |
| Short-Term Debt/Total Debt | 86 | 87 |
| Debt/Total Assets | 20 | 34 |

| PROFIT/LOSS RATIOS (%) | DECEMBER 31, 2011 | DECEMBER 31, 2010 |
|---|---|---|
| EBITDA/Net Sales | 7.6 | 15.8 |
| Net Profit/Net Sales | 4.6 | (8.5) |
| Net Profit /Shareholders' Equity | 4.1 | (8.0) |

| OPERATIONS ANALYSIS RATIOS | DECEMBER 31, 2011 | DECEMBER 31, 2010 |
|---|---|---|
| Inventory Turnover Rate | 28.71 | 17.73 |
| Accounts Receivable Turnover | 2.88 | 2.65 |
| Accounts Payable Turnover | 3.64 | 2.03 |

## AFFILIATES AND SUBSIDIARIES

Consolidated information on the Company's affiliates and subsidiaries and share ratios as of December 31, 2011 and December 31, 2010 are presented below.

| | AFFILIATE AND SUBSIDIARY SHARE RATIOS (%) | |
|---|---|---|
| **AFFILIATES AND SUBSIDIARIES SUBJECT TO JOINT ADMINISTRATION** | **DECEMBER 31, 2011** | **DECEMBER 31, 2010** |
| Doğan Gazetecilik İnternet[1] | 98.19 | 98.81 |
| Posta Haber [1] | 86.85 | 81.62 |
| Kemer Yayıncılık[2] | - | 99.98 |
| Bağımsız Gazeteciler[3] | - | 99.99 |
| Kemer Yayıncılık Pazarlama[3] | - | 99.96 |
| DYG İlan[4] | - | 50.02 |

[1] The trade names of Milliyet Haber Ajansı A.Ş. and Milliyet İnternet Hizmetleri ve Ticaret A.Ş. were changed and registered as Posta Haber Ajansı A.Ş. (on July 7, 2011) and Doğan Gazetecilik İnternet Hizmetleri ve Ticaret A.Ş. (on July 4, 2011), respectively.

[2] Kemer Yayıncılık ve Gazetecilik A.Ş. was transferred to and merged with Posta Haber on December 27, 2011, in compliance with the provisions of relevant laws. Following the merger, Kemer Yayıncılık began to operate under the name Posta Haber Ajansı A.Ş.

[3] The share transfer and selling procedures of Bağımsız Gazeteciler and Kemer Yayıncılık Pazarlama, a direct subsidiary of Bağımsız Gazeteciler, to DK Gazetecilik Yayıncılık A.Ş. were finalized on May 2, 2011.

[4] DYG İlan ve Reklam Hizmetleri A.Ş. was transferred to and merged with Milliyet İnternet on December 31, 2010, in compliance with the provisions of relevant laws. Following the merger, DYG İlan began to operate under the name Milliyet İnternet Hizmetleri ve Ticaret A.Ş.

# *The Publishing Sector in the World and Turkey*

## Doğan Gazetecilik maintains its competitive advantage by closely monitoring and adopting the latest technological developments in the sector.

The fact that news portals are updated faster and more frequently compared to traditional print newspapers is the most important factor in the popularity of following news developments online.

**From clay tablets to websites**
The foundations of newspapers and their role in society were laid during the Roman Empire, when news reports were written on clay tablets displayed on public walls. Since the fifteenth century, when the first printed newspapers were produced in Europe, newspapers gradually became an integral part of the fabric of social life across the world. With the invention of radio and television and, more recently, the widespread use of the Internet in daily life, print media and newspapers have had to continually explore new avenues, responding to fast-changing competition, in order to maintain their position in today's media world.

In parallel with the most recent transformation experienced in the media world with the increasingly central role played by television and the Internet, income from advertising in the printed press as well as circulation figures have declined. Additionally, regional differences in newspaper sales, readership reach and advertising revenue figures are steadily becoming more pronounced. In the last five years, for example, newspaper circulation increased by 13% in Asia and by 30% in Africa, but decreased in North America by 11% and in Europe by 8%.(*)

Moreover, in societies with high living standards where television-viewing rates are low, the brand value of well-established printed newspapers is finding its way into the websites of these newspapers, arousing steadily growing interest. In the last five years, there has been a 400% increase in traffic on newspaper websites worldwide.

**Increasing revenues earned from the Internet each year**
Contrary to the once commonly held belief that the Internet would destroy newspaper revenues, newspapers have in fact successfully integrated the Internet into their business models, importing the power of their brands into the digital environment and thus creating new sources of income. Newspaper websites as news sources are among the most frequently visited websites around the world. Although revenues earned from the Internet have not reached desired levels, it is clear that, relative to the progress of technological developments, websites represent a major potential for future revenues.

An examination of global newspaper website reader profiles reveals that 88% of readers are business owners, 84% shop online, 66% read the news only from this medium and 58% benefit from online banking services.

The fact that news portals are updated faster and more frequently compared to traditional print newspapers is the most important factor in the popularity of following news developments online.

As the standard of living increases in our country, the Turkish population is leaning more toward alternative entertainment channels, causing a drop in television ratings. Meanwhile, total newspaper sales have exceeded 4.7 million. Although television continues to be the primary advertising medium, newspapers continue to maintain their share in the market. In line with the general trend around the world, newspaper web pages are the most frequently visited in Turkey and Doğan Gazetecilik websites are the leading online news providers in the country.

**Reaching 35% of daily newspaper readership**
Despite legislation in 2003 that imposed major restrictions on promotional activity, newspaper sales have continued to increase in recent years. Sales, which averaged 3.7 million in 2001 and 2002, reached 4.5 million in 2004, climbed to 5 million in 2005 and exceeded 5 million in 2006. After maintaining this level in subsequent years, in 2010, the sales figure was recorded as 4.6 million and in 2011, the sales figure was recorded as 4.7 million. The stability in newspaper circulation, despite the ban on promotional activity demonstrates that newspapers are in fact an indispensable communication channel for Turkish readers. Actual readership figures, the indication that a newspaper is read by more than one person, have shown major increases in Turkey in recent years, in parallel to the public's rising level of awareness. In this context, the newspapers of Doğan Gazetecilik, one of media world's leaders, reach an average of 3.7 million readers daily, representing 35.2% of the country's total newspaper readership.

In response to the sector's changing dynamics around the world, the Turkish press is searching for new directions. In this quest, Turkish newspapers have accelerated their efforts to develop new concepts, using their current brands in alternative promotional mediums such as the Internet and corporate sponsorship deals.

(*) World Association of Newspaper and News Publishers, World Press Trends 2010 Data.

# *From Past to Present: Doğan Gazetecilik A.Ş.*

With a publishing policy of always being near and close to the public, Posta has ranked among the bestselling newspapers in Turkey since its establishment.

**1950-The launch of Milliyet newspaper...**
On May 3, 1950, journalist Ali Naci Karacan launched the Milliyet newspaper and, as a result, established the foundations of Doğan Gazetecilik, one of Turkey's most prominent press and publishing companies. Starting out as a new publication of the Nuri Akça Printing House, Milliyet breathed new life into the newspaper-publishing district of Babıali. Subsequently, the Karacan Family, owners of Milliyet, turned the newspaper over to Aydın Doğan on July 20, 1979. The newspapers Posta, Fanatik and Radikal were launched on January 23, 1995, November 20, 1995, and October 13, 1996, respectively.

**2003-Milliyet and Simge merge to form Doğan Gazetecilik A.Ş.**
At the end of 2003, after Milliyet merged, through acquisition, with Simge Yayıncılık ve Dağıtım A.Ş., at the time publishing the Posta, Radikal and Fanatik newspapers, the name Milliyet Gazetecilik A.Ş. was changed to Doğan Gazetecilik A.Ş.

The newspaper, Vatan, launched in September 2002, and became part of the Doğan Gazetecilik A.Ş. group on March 13, 2008.

**Posta and Fanatik**
With a publishing policy of always being near and close to the public, Posta has ranked among the bestselling newspapers in Turkey since its establishment. Pioneering a code of ethics in the world of sports, Fanatik has always been a leading innovator in sports journalism in Turkey. Milliyet newspaper, a part of Doğan Gazetecilik since its launch, and Vatan newspaper, which was added to the Doğan Gazetecilik portfolio in 2008, were both sold on May 3, 2011.

Doğan Gazetecilik accounts for approximately 14% of the total publishing sector in Turkey. According to 2011 data, some 662,564 out of an average of 4.7 million newspapers sold daily nationwide are Doğan Gazetecilik newspapers.

According to the results of the Turkish National Readership Survey (*), Doğan Gazetecilik reaches 35.2% of the country's total average daily readership of 10,639,000 with its newspapers. As a result, the Company has the competitive advantage of sustaining the highest reach in the sector.

**A pioneer in the digital media market**
Doğan Gazetecilik owns important brands in the digital media sector. The Company's web properties will continue to reinforce their strong brand positions with ongoing breakthroughs in the internet arena.

(*) The Turkish National Readership Survey, conducted by the Turkish Joint Industry Committee for National Readership Survey (BİAK), assesses 23 newspapers published in Turkey. This survey is a significant resource in providing comprehensive data on newspaper readership in the country.

# Doğan Gazetecilik A.Ş. in 2011

In addition to employing its own reporters, Doğan Gazetecilik also oversees a robust and reliable news network of 650 reporters, operating from 35 Doğan News Agency offices both in and outside of Turkey.

As a subsidiary of the Doğan Media Group, the core activities of Doğan Gazetecilik include publishing daily newspapers as well as weekly, monthly magazines and other periodicals; managing advertising businesses in the press and publishing sectors; and distribution and sales of newspapers, magazines and books and digital media operations.

**Turkey's most widely read newspapers**
Doğan Gazetecilik publishes Posta, Turkey's bestselling and most widely read newspaper, and Fanatik, the original sports newspaper, and their supplements. At the same time, Doğan Gazetecilik prepares the internet editions of these newspapers for online publication.

Until March 2012, Doğan Gazetecilik has operated from its location in Istanbul's Bağcılar district, built on an open area of 33,000 square meters and with an enclosed area of 39,000 square meters. After this date, the Company moved to the Trump Towers building, located in the very heart of the city. The preparation of news reports and editorials as well as pre-print technical operations for the newspapers and magazines take place at Company headquarters in Istanbul and at liaison offices in Ankara, Izmir, Adana and Antalya.

In May 2011, Milliyet and Vatan newspapers, formerly part of the Doğan Gazetecilik portfolio, were sold to DK Gazetecilik.

**A robust and reliable news network**
In addition to employing its own reporters, Doğan Gazetecilik also oversees a robust and reliable news network with 650 reporters, operating from 35 Doğan News Agency offices both in and outside of Turkey. All printed materials published by Doğan Gazetecilik are distributed nationwide by Doğan Dağıtım A.Ş.

**Human resources: Qualified, innovative, and open to change**
With a typical employee profile of well-qualified and innovative individuals who are open to change, Doğan Gazetecilik's human resources are seen as its most valued asset.

The Doğan Gazetecilik A.Ş. Human Resources Division performed the following activities in 2011:

- Supported and participated in developments and restructuring processes resulting from the sale of Doğan Gazetecilik.
- Assigned employees to processes and supported newly formed teams in terms of knowledge management and infrastructure to ensure all processes flow smoothly within the scope of organizational downsizing.
- Encouraged employees to participate in in-house training programs.
- Effected promotions and appointments to new or vacant staff positions either from the ranks of Company personnel or among candidates adequately qualified with the occupational knowledge and skills compatible with the corporate culture.
- Continued efforts initiated in previous years to achieve cost savings through personnel optimization.

## 2011 SALES

### Circulation

The average daily circulation figures for Doğan Gazetecilik A.Ş. newspapers and cover prices for January to December 2011 are shown in the tables below.

Circulation revenues for Doğan Gazetecilik newspapers for the period January 1 - December 31, 2011 totaled TL 97,123 thousand, down 6.1%, from the prior year's TL 103,442 thousand. The net average daily circulation figures for Doğan Gazetecilik follows:

| NET AVERAGE DAILY CIRCULATION | DECEMBER 2011 | DECEMBER 2010 | MARKET SHARE 2011 (%) |
|---|---|---|---|
| Posta | 473,000 | 495,000 | 10 |
| Fanatik | 190,000 | 183,000 | 4 |
| Total | 663,000 | 678,000 | 14 |

(*) Excluding Milliyet and Vatan newspapers. Data from the Press and Advertising Organization.

| NEWSPAPER SALES PRICES IN 2011 | DECEMBER 2011 SALES PRICE (KURUŞ/WEEKDAY/ WEEKEND) | JANUARY 2011 SALES PRICE (KURUŞ/ WEEKDAY/ WEEKEND) |
|---|---|---|
| POSTA | 40-50/50 | 40-45/50 |
| FANATİK | 50/50 | 50/50 |

*Doğan Gazetecilik A.Ş. in 2011.*

# Doğan Gazetecilik, which includes Posta and Fanatik newspapers, reaches an average of approximately 3,743,000 readers across Turkey on a daily basis. As a result, the Company has the competitive advantage of sustaining the highest reach in the publishing sector as a whole.

**Newspaper Advertising Revenues**
Financial statements prepared according to International Financial Reporting Standards (IFRS) reveal that Doğan Gazetecilik's advertising revenues increased 3.8% in 2011 over the previous year, rising from TL 88,730 thousand to TL 92,082 thousand.

**Newspaper Reach**
According to data published by the Turkish National Readership Survey for the period December 2010 - November 2011, Doğan Gazetecilik newspapers have a readership ratio of 35.2%, reaching an average of 3.7 million (*) newspaper readers every day.

With its Posta and Fanatik newspapers, Doğan Gazetecilik reaches an average daily readership of 3,743,000 throughout Turkey, enjoying all the advantages of sustaining the widest reach in the country's publishing sector. Other results from the same study show that the average number of daily newspaper readers is 10,639,000, which means that Doğan Gazetecilik achieves a 35.2% total daily reach, giving the Company a strong competitive advantage in the sector.

Doğan Gazetecilik's readership profile is also striking in terms of the different target audiences its readers represent. Every day, 2,298,000 readers in the ABC1 socioeconomic group prefer to read at least one of the newspapers in the Company's portfolio. Of these readers, 880,000 are in the AB group. The select reader profile that is apparent in the Doğan Gazetecilik brands surpasses competitors in the educational and age categories as well.

(*) Every day, an average of 3,743,000 readers prefer to read at least one of the newspapers in Doğan Gazetecilik's portfolio.

| DAILY REACH AND READERSHIP (UNITS) | PERIODS 12-3 CUMULATIVE | PERIODS 4-7 CUMULATIVE |
|---|---|---|
| Representation | 41,756,000 | 41,756,000 |
| Average Daily Readers | 10,694,000 | 10,639,000 |
| Doğan Gazetecilik's Daily Reach | 3,536,000 | 3,743,000 |
| Doğan Gazetecilik's Share in Daily Reach (%) | 33.07 | 35.18 |

| NEWSPAPERS' DAILY REACH (UNITS) | PERIODS 12-3 CUMULATIVE DECEMBER 2009 - NOVEMBER 2010 | PERIODS 4-7 CUMULATIVE DECEMBER 2010 - NOVEMBER 2011 |
|---|---|---|
| Posta | 2,825,000 | 2,858,000 |
| Fanatik | 948,000 | 1,264,000 |

**Internet**
Doğan Gazetecilik owns the most well-known brands in the digital media sector. Maintaining its market leading position in digital media with the power of its brands and its readership's support, Doğan Gazetecilik continues to achieve growth with its websites posta.com.tr and fanatik.com.tr as well as its vertical-content classified ads website arabam.com.

Doğan Gazetecilik's greatest competitive advantage in digital media is its innovative approach, which enables the Company to adopt the latest technology and publishing trends. As a result, the Company achieved a technological edge over its competitors with the innovative outdoor digital TV setups and applications for smart mobile phones and tablet computers it initiated during the year. In the development and launch of its digital media projects in 2011, Doğan Gazetecilik's strategy centered around the concept, "Wherever the reader is, that is where our publications will be". To this end, the Company focused on building up the needed mobile communication platforms so it can be with its readers at all times. With the belief that online and print newspaper journalism are not rivals but complementary and integrated components of a joint strategy, Doğan Gazetecilik plans to continue moving forward quickly especially in the areas of digital TV and mobile applications in 2012.

# *Message from the Chairperson*

## Doğan Gazetecilik showed a strong performance in 2011 with its Posta and Fanatik brands after selling Vatan and Milliyet newspapers, further strengthening its financial structure in terms of profitability and efficient use of resources.

Dear Shareholders, and Esteemed Members of the Doğan Gazetecilik Family,

The widespread recovery experienced across the world in 2010, gave way to economic uncertainties and financial fluctuations by the second of half of 2011, mainly due to the public debt crisis spreading in the Euro Zone and the ongoing structural problems in the global economy. As a result of these negative developments, the world's economy expanded by a mere 4% in 2011, compared to 5.1% global growth in the previous year. The economic growth rates in developing countries, which were a driving force in the recovery period during and after the 2009 crisis with their export-oriented economies, began to fall in 2011 due to the recession in developed countries, their main target markets.

Our country, on the other hand, closed 2011 with 8.5% growth thanks to its successive achievements with continued growth momentum and strong domestic demand. With the effects of macroeconomic policies aimed at decreasing the country's current account deficit coupled with recession in global markets, Turkey is expected to record slower growth in 2012 compared to the previous year. However, Turkey will continue to be a center of attraction for the world economy as an economic hub for the region and due to its young labor market and dynamic economy.

During this tumultuous year, Doğan Gazetecilik took important steps to ensure the sustainability of its corporate development. As part of efforts to sustain and increase efficiency, we sold our Milliyet and Vatan newspapers to Demirören Group in April 2011. Through these sales, we further strengthened our financial structure in terms of profitability and efficient use of resources. Furthermore, we showed a strong performance in 2011 with our Posta and Fanatik newspapers, which stand out in the Turkish media sector with their circulation revenues and brand values.

With the highest circulation in Turkey, Posta newspaper ranked third in terms of share of national advertising in 2011. Likewise, Fanatik newspaper, which has played a major role in the institutionalization of independent sports journalism in the country, increased its circulation by 3.5% as of year-end 2011. For many years, our Company has shaped its investment strategies in line with the technology-oriented transformation that has taken place in the media sector. As a result, our Company continues to increase its share in internet advertising market with its posta.com.tr and fanatik.com.tr brands as well as arabam.com, Turkey's leading classified automobile ads website.

In 2011, we further expanded the scope and increased the targets for our "Daddy Send Me to School" campaign, which we had launched six years ago. The program provides girls across Turkey, who have been deprived of educational opportunities due to economic or social reasons, the opportunity to attend school. Since the launch of the campaign, 33 girl's dormitories and 12 elementary schools have been built; additionally, 11,000 young girls have received scholarships. In the coming year, we plan to continue our social responsibility efforts, an integral component of our Company's core operations, with the same enthusiasm.

Drawing strength from Doğan Group's know-how that spans over 30 years in the media sector as well as its highly qualified human resources, Doğan Gazetecilik plans to continue moving forward in the coming year with its powerful brands, effective management and responsible publishing approach. I would like to thank all of our shareholders, employees, business partners and readers without whose support over the years we could not have achieved the leading position we hold today.

With my best regards,

**HANZADE V. DOĞAN BOYNER**
CHAIRPERSON

# Message from the Management

## Attaining a more robust financial structure with its new corporate organization in 2011, Doğan Gazetecilik increased the advertising revenues of its Posta and Fanatik newspapers by 14%.

Dear Shareholders, and Esteemed Members of the Doğan Gazetecilik Family,

2011 was a year of transformation for Doğan Gazetecilik, which has implemented many projects during this reporting period, each a milestone in the development of the Turkish media sector. Our Company develops its policies and strategies in light of current developments in the economy and global trends in the media sector; as a result, we took significant steps in 2011 to increase our operational profitability (EBITDA) to a higher level.

In line with the downsizing strategy that was implemented in 2010 by Doğan Group, our parent company, we sold Vatan and Milliyet newspapers, which had been recording losses, to Demirören Group in April 2011. Additionally, Doğan Gazetecilik Headquarters moved from its DMC facilities in Bağcılar to Trump Towers located in Mecidiyeköy, Istanbul and owned by Doğan Holding. As a result, we made major progress in using our resources more efficiently. Following the sales transactions, Doğan Gazetecilik also restructured its human resources organization and achieved significant savings.

Attaining a more robust financial structure with its new corporate organization in 2011, Doğan Gazetecilik increased the advertising revenues of its Posta and Fanatik newspapers by 14%. Revenue generated from our Company's online operations (posta.com.tr, fanatik.com.tr, arabam.com.tr) also rose, by 18%, as of year-end 2011. Posta newspaper, which has the highest circulation in the sector, increased its advertising revenues by 16.1% in 2011, and ranked third in terms of newspaper advertising in the market. Leading the Posta brand to the internet with "Your Home Page for Life" slogan, the posta.com.tr news portal ranked sixth in popularity with its speed and accuracy in online news reporting. Fanatik, our other newspaper brand in the Company portfolio, expanded its circulation by 3.5% in 2011, further reinforcing its market leading position in its segment. Additionally, Fanatik.com.tr was Turkey's second most frequently visited sports website in 2011.

Doğan Gazetecilik's corporate social responsibility efforts form an integral part of its core operations, and the Company continued to contribute to Turkey's societal development with its Posta brand in 2011. As a pioneer in many areas in the sector, Posta has organized the "Posta Band" event since 2006. In addition, the Company undertook the press sponsorship of "Retail Days," organized by the Retailers Association as well as the AMPD (Shopping Centers and Retailers Association) Retail Summit.

Our ongoing support to the "Daddy Send Me to School" campaign, the Company's most important social responsibility initiative also continued throughout 2011. Within the scope of this campaign, conducted for the last six years under the supervision of Ms. Hanzade V. Doğan Boyner, Chairperson of Doğan Gazetecilik, 33 girl's dormitories and 12 elementary school buildings have been completed. Moreover, the Company organized a series of social events to enrich the lives of the children who attend these schools.

Doğan Gazetecilik significantly improved its operational efficiency and profitability with the restructuring process completed in 2011. The Company plans to focus on sustaining its corporate development in 2012, with the Posta, Fanatik and arabam.com brands in its portfolio. Our Company's human resources surpass sector averages in terms of experience and expertise. As a result, we believe that our Company will be even more successful in reaching its performance targets, thanks to the resource optimization projects implemented in 2011.

I would like to thank all of our stakeholders who provided their unwavering support to Doğan Gazetecilik in 2011. Our greatest wish for the coming period is to contribute to the steady growth of Turkey and Doğan Group via new initiatives with high added value.

Respectfully yours,

MANAGEMENT

# Management

**Board of Directors**
**Hanzade V. Doğan Boyner**
**Chairperson**
Hanzade Doğan Boyner is currently Chairwoman of Doğan Online and Doğan Gazetecilik and Doğan Foundation; in addition, she serves as Vice Chairwoman of Hürriyet Newspaper, Doğan Burda and Doğan Holding.

After graduating from London School of Economics, Ms. Doğan Boyner commenced her professional career at Goldman Sachs London's Communications, Media and Technology department as a financial analyst. She later earned her MBA from Columbia University. Upon returning to Turkey in 1999, Mrs. Doğan Boyner founded Turkey's leading Internet venture, Doğan Online. In 2003, she took over the Chief Executive Officer post at Doğan Gazetecilik, which boasts Posta, the daily with the highest circulation in Turkey, as part of its portfolio. She was at the helm as the Chairwoman at Petrol Ofisi in 2006, playing a leading role in forming a strategic partnership between Doğan Holding and OMV, Central Europe's leading oil and gas company.

A philanthropist, Mrs. Doğan Boyner is the patron of the "Daddy Send me to School" campaign, an effort with a goal to remove economic and cultural barriers to girls' education in Turkey. The campaign so far successfully raised the necessary funds to provide 10,500 individual scholarships and build 33 dorm facilities for girls across Turkey.

Ms. Doğan Boyner is the founding member and Vice Chairwoman of Global Relations Forum, and the Vice President of the World Association of Newspapers. Ms. Doğan Boyner is also a member of several business and trade organizations as well as think tanks, including the Brookings Institute International Advisory Council, Columbia Business School Board of Overseers, European Council on Foreign Relations, Foreign Economic Relations Board, Association of Turkish Businessmen and Industrialists, Young Presidents' Organization and Association of Woman Entrepreneurs.

**Vuslat Doğan Sabancı**
**Vice Chairperson**
Vuslat Doğan Sabancı was appointed Chairperson of Hürriyet on May 26, 2010. In January 2004, she was appointed President of the Executive Committee at Hürriyet. During her four year tenure, Ms. Doğan Sabancı was in charge of global corporate strategy and she further solidified Hürriyet's leading position via acquisitions in emerging media markets. Ms. Doğan Sabancı also helped take Hürriyet to a competitive position in new media by implementing highly successful online initiatives. During her term of office, Hürriyet's societal presence was strengthened thanks to the social responsibility projects she pioneered.

Some of her initiatives include:
• Spearheading the acquisition of Trader Media East, the most successful online and printed media company in Russia, Commonwealth of Independent States and other countries in the region.
• Overseeing the launch of the Hürriyet website, the online edition of Hürriyet newspaper, and its development as the country's number one Turkish language website.
• Launching online classified ads websites, taking Hürriyet to a strong position in the real estate and automobile ads market.
• Reinforcing the existing newspapers in Hürriyet's portfolio, such as Hürriyet Daily News, and launching Referans newspaper, which caters to the business community.
• Conducting an effective campaign against domestic violence, and also launching a new campaign to raise awareness of human rights and democracy among the Turkish people and to help spread these concepts.
• Institutionalizing Hürriyet's internal processes and establishing procedures to ensure more objectivity in daily management practices.

Despite the macroeconomic challenges of the national economy, Hürriyet recorded significant growth under the management of Ms. Doğan Sabancı. Hürriyet shares began to attract significant attention from foreign investors on the ISE (Istanbul Stock Exchange).

Ms. Doğan Sabancı joined Hürriyet newspaper as Vice President in charge of Advertising in 1996. In three years, she was promoted to Group President of Marketing Operations; as a result of this promotion, the management of marketing, sales, human resources and IT operations were included in her responsibilities.

Before joining Hürriyet, Ms. Doğan Sabancı had worked in the editorial department of The New York Times for one year. Subsequently, she worked at The Wall Street Journal where she contributed to the establishment of Asian Business World News and the Latin America Edition of the newspaper.

Ms. Doğan Sabancı graduated from the Department of Economics at Bilkent University, and obtained a masters degree in International Media and Communications from Columbia University in New York City.

Ms. Doğan Sabancı is married and has two children.

**Yahya Üzdiyen**
**Board Member**
Born in 1957, Yahya Üzdiyen graduated from Middle East Technical University, Faculty of Administrative Sciences, Department of Business Administration in 1980. Until 1996, he worked at several private sector companies as a specialist and manager in the areas of foreign trade and investments.

Mr. Üzdiyen joined Doğan Group in 1997 and served as the Chief Strategy Officer at Doğan Holding until 2011. On January 18, 2011, he was appointed Vice Chairman. He played an important role in the acquisitions, partnership and sales transactions of Group subsidiaries including POAŞ, Ray Sigorta and Star TV.

Mr. Üzdiyen is currently a Board Member at several Group companies; he was appointed CEO of Doğan Holding on January 24, 2011.

Mr. Üzdiyen is married and has two children.

**Ahmet Toksoy(*)**
**Board Member**
Ahmet Toksoy was born in 1959 in Istanbul. He graduated from Istanbul University, Faculty of Business Administration, Department of Finance in 1981. From 1984 to 1989, he worked as an Account Specialist at the Ministry of Finance. Subsequently, Mr. Toksoy joined Hürriyet Holding as a member of the Audit Committee. Between 1990 and 1991, he served as Assistant Manager of Financial Affairs, and later as Manager from 1991 until 1995 at Hürriyet Newspaper. He then worked as Certified Public Accountant at Aktif Denetim Yeminli Mali Müşavirlik for a period of three years. Mr. Toksoy held the position of Chief Financial Officer, which he assumed in 1998, until 2009; in 2010, he served as President of Audit and Risk Management at Doğan Holding. Mr. Toksoy is currently a Board Member at Hürriyet Newspaper, Doğan Gazetecilik and Doğan Yayın Holding. In addition, he has served as Chief Financial Officer since September 2011.

Mr. Toksoy is married and has one child.

**Mehmet Rıfat Ababay(**)**
**Board Member**
Mehmet Rıfat Ababay was born in 1957 in Balıkesir. After completing his elementary school education in Balıkesir, he attended Saint-Joseph French High School for Boys and Saint Michel French High School in Istanbul. He then graduated from Uludağ University, Department of Tourism and Hotel Management; subsequently, he began his professional career in journalism in 1979. He pursued his journalism career at Aktüel Yayıncılık, Gelişim Yayınları, Hürriyet, and Sabah, respectively. In 1994, Mr. Ababay joined Posta newspaper as a founding member, and has been the Editor-in-Chief since 1996.

Mr. Ababay is married and has two children.

**Zafer Mutlu**
**Board Member**
Zafer Mutlu was born in 1956 in Izmit. He graduated from the Ankara Economic Trade Sciences Academy, School of Journalism and Public Relations. He began his professional career in journalism as a parliamentary reporter at Vatan newspaper in 1976. Later, he worked at Anka Agency and at the newspapers Dünya and Günaydın. In 1985, he joined Sabah and became Editor-in-Chief in 1986. Mr. Mutlu served as Vice Chairperson of the Board and President of the Publishing Group at Sabah and other newspapers and magazines within Medya Holding A.Ş. and Satel A.Ş., a private television channel established in 1992. Mr. Mutlu was appointed Chairperson of Vatan Newspaper/ Bağımsız Gazeteciler Yayıncılık A.Ş., which launched on September 4, 2002. He has been a Board Member at Doğan Gazetecilik A.Ş. since May 2008.

**Hakkı Alp Bayülken**
**Independent Board Member**
Born in Izmir in 1940, Hakkı Alp Bayülken graduated from Robert High School in 1960 and from Robert College in 1964 with a degree in Business Administration. Receiving an MBA from the University of Texas in 1966, Mr. Bayülken completed his military service in the Automated Data Processing Center at General Staff Headquarters in Ankara. Returning to the US in 1968, Bayülken joined Arthur Andersen and became a CPA in 1972. In 1975, he established Arthur Andersen's offices in Turkey and was appointed General Manager in 1978. Going back to the US in 1980, Mr. Bayülken began working at Arthur Young and then returned to open the Arthur Young offices in Turkey in 1983. Arthur Young, where Mr. Bayülken was General Manager, merged in 1990 with Ernst & Whinney. In 1999, Mr. Bayülken handed over the company with its staff of 200 to his successor and began to teach Financial Accounting, Managerial Accounting, Financial Statement Analysis and Auditing at Koç University. As a chartered accountant, he participated in committees that prepared Turkey's auditing standards and principles. He has also written articles on various professional topics for journals.

(*) Faik Servet Topaloğlu, who was appointed Board Member with the resolution at the Ordinary General Meeting of Doğan Gazetecilik, held on April 22, 2011, resigned from his position as Board Member on July 30, 2011. Ahmet Toksoy was appointed to the vacant Board Member position with the Board of Directors' resolution dated September 13, 2011, and will hold this position until the Ordinary General Meeting, when operating results for the year 2011 will be presented.
(**) Tayfun Devecioğlu, who was appointed Board Member with the resolution at the Ordinary General Meeting of Doğan Gazetecilik, held on April 22, 2011, resigned from his position as Board Member on May 11, 2011. Mr. Devecioğlu was replaced with Mehmet Rıfat Ababay.

# Management


01 02 03 04

## EXECUTIVE COMMITTEE

**Bilen Böke (04)**
Executive Committee Member, Chief Financial Officer

**Neslihan Tokcan (01)**
Executive Committee Member, Chief Advertising Officer

## EDITORS-IN-CHIEF

**M. Rıfat Ababay (02)**
Editor-in-Chief, Posta Newspaper

**M. Necil Ülgen (03)**
Editor-in-Chief, Fanatik Newspaper

## AUDIT COMMITTEE

**Tolga Babalı**
Audit Committee Member

**Erem Turgut Yücel**
Audit Committee Member

## EXECUTIVE COMMITTEE

**Bilen Böke**
**Executive Committee Member, Chief Financial Officer**
Born in Ankara in 1963, Bilen Böke is a 1985 graduate of Ankara University Political Science Faculty, Department of Economics. Joining the Ministry of Finance as an Assistant Certified Public Accountant the same year, Mr. Böke became a Certified Public Accountant in 1988. Completing his MBA in the US at Fairleigh Dickinson University from 1992 to 1994, Mr. Böke also served as Vice President of the European Union and International Relations Bureau of the Ministry of Finance and then as Assistant General Director of Communications at the Transport and Communications Ministry. In 1998, Mr. Böke began to work at Anadolu Endüstri Holding in the capacity of Assistant Coordinator of Financial Affairs and as Finance Manager at Anadolu Honda Otomobilcilik A.Ş. Since October 2000, he has been the Financial Affairs Group President and Executive Committee Member at Doğan Gazetecilik A.Ş.

**Neslihan Tokcan**
**Executive Committee Member, Chief Advertising Officer**
After attending TED Ankara College, Neslihan Tokcan graduated from Middle East Technical University Administrative Sciences Faculty, Department of Business Administration. Ms. Tokcan worked at various companies until 1990. In that year she joined the staff of Marie Claire magazine as Advertising Manager, later becoming the magazine's Editor-in-Chief. Starting in 1995, she worked as Editor-in-Chief of Naturel Magazine, Advertising Division President of the Hürriyet Magazine Group, then General Manager of Rekpa, the company founded with the merger of the Milliyet and Hürriyet magazine groups. In the period 1999-2005, she served as General Manager of the DBR Magazine Group, founded under the partnership of the German Burda, the Italian Rizzoli groups, and the Doğan Group. Ms. Tokcan published the magazines Elle and Hello in Turkey in that period, and also served on the Executive Committee of the Worldwide Magazine Media Association (FIPP). She is currently Chief Advertising Officer of Posta and Vatan and a Member of the Doğan Gazetecilik Executive Committee.

Ms. Tokcan is the mother of a son and a daughter.

## EDITORS-IN-CHIEF

**Mehmet Rıfat Ababay**
**Editor-in-Chief, Posta Newspaper**
(See Board of Directors)

**M. Necil Ülgen**
**Editor-in-Chief, Fanatik Newspaper**
M. Necil Ülgen was born in Istanbul in 1966. He completed his elementary, middle and high school education at Istanbul Şişli Terakki High School. After graduating from Istanbul University, Faculty of Political Science, Mr. Ülgen started as a journalist at the newspaper Sabah in 1991. After working at Fotomaç and then at Sabah's London Representative Office, Mr. Ülgen was appointed Sports Editor of Posta, which was founded in 1994. In 1995, Mr. Ülgen launched Fanatik; afterwards, he worked as Sports Editor at Radikal and Milliyet. Mr. Ülgen has been Editor-in-Chief of Fanatik since 1996.

He is married and the father of two.

## AUDIT COMMITTEE

**Audit Committee**

**Erem Turgut Yücel**
**Audit Committee Member**
Born in Istanbul in 1962, Erem Turgut Yücel graduated in 1984 from Istanbul University School of Law. Mr. Yücel worked at Hürriyet Newspaper Legal Offices from 1986 to 1989, served as attorney and manager at T. Emlak Bankası for three years, and returned to Hürriyet at the beginning of 1993. He was appointed Legal Offices Manager in 1996 and Doğan Holding Legal Coordinator in 2003. He also served on the Board of Directors of the Istanbul Bar over the period 2002 to 2004.

**Tolga Babalı**
**Audit Committee Member**
Tolga Babalı was born in 1975 in Istanbul. He graduated from Gazi University, Department of Economics. He began his professional career as a Revenue Controller at the Ministry of Finance in 1998.
From 2006 to 2008, he served as Group Manager at Ankara Tax Administration. Subsequently, from 2008 until 2011, he served as Tax Manager at Petrol Ofisi A.Ş. and as President of the Tax Department at Doğan Holding, respectively. Mr. Babalı has served as Vice President of Finance in charge of risk management and taxes at Doğan Group of Companies since September 2011.

Mr. Babalı is married and has one child.

# Doğan Gazetecilik Broadcasting and Publishing Principles

1. The primary function of journalism is to uncover and convey objective information to the public without distortion, exaggeration or outside influence and in the shortest time.

2. Journalists must keep their professional work free of all and any personal benefit and influential relationships and may not take on active positions in any kind of political party. Employees working in broadcasting and publishing divisions that deal with economy and finance at Doğan Yayın Holding may not be shareholders or engage in direct or indirect trading of shares on stock exchanges.

3. Journalists may not employ methods or adopt attitudes that might cast even a shadow of a doubt on their professional integrity. DYH employees may not travel with third parties or accept invitations without the permission of their division heads.

4. No gifts or favors may be accepted from persons or organizations that are or are considered to be the subject of the printed or broadcast media, which are in violation of professional ethics and customary tradition.

5. No one shall be denigrated, censured or discriminated against in broadcasts or in print because of race, gender, social status or affiliation, religious beliefs or physical handicaps.

6. No broadcast or publication shall restrict freedom of thought, conscience or expression, nor discredit general concepts of ethics, religious feeling or the basic foundations of the institution of the family.

7. No nicknames or epithets that intimidate, ridicule, libel or slander individuals or institutions beyond the reasonable limits of criticism shall be used. Columnists responsible for offensive, slanderous or libelous articles that are made the subject of litigation shall personally pay for 20% of the compensation decreed by the court.

8. No one may be pronounced "guilty" until judged so by decree of the courts.

9. News items within the realm of investigative journalism shall not be published without research and documentation that can verify the truthfulness of such news. Journalists who publish or broadcast false information under the auspices of Doğan Yayın Holding shall be subject to sanctions ranging from "censure" to "termination of employment."

10. No one may be accused of actions considered crimes by law unless logical and plausible reasons are set forth.

11. The private lives of individuals - with the exception of situations where the lifestyle of the particular individual is such that it can be construed as an explicit or tacit approval of news coverage and warranting public interest - shall not be the subject of broadcasting or publication.

12. Until it is in the public interest, news shall not be produced by methods that would be regarded as an invasion of privacy, such as the use of hidden cameras, hidden sound recordings or trespassing on private property.

13. Relatives and close friends of suspects or criminals shall not be exposed to the public unless they have an involvement with the particular incident or there is reason for their exposure in order to have the incident correctly understood.

14. "Off the record" information shall not be published or broadcast unless doing so shall be unquestionably beneficial to the public interest.

15. Maximum respect and care shall be exercised to maintain the confidentiality of news sources, except in cases where the source is intentionally attempting to mislead the public.

16. Journalists must act in a balanced, factual and impartial manner in the investigation, preparation and publication/broadcasting of a news item. a) The views of the accused party shall be provided in news coverage. The same news item shall also report cases where the concerned party has not responded or has not been able to be reached. b) No summary or change shall be made in quoted material published or broadcast that makes the statement of the party concerned unintelligible or that makes said party a subject of ridicule. Dates and sources shall be clearly stated in all published or broadcast quotations. c) All public opinion polls shall be broadcast or published accompanied by a clear statement of the name of the institution conducting the poll, the organization that requested and financed it, the date on which the poll was conducted, the number of respondents and the methodology used in the research.

17. Restraint will be used in the broadcasting or publication of material that encourages or incites violence, that adversely affects children, or that provokes hatred and animosity between individuals, societies and nations.

18. Advertorials shall be clearly identified in a manner that leaves no doubt as to their being advertising material.

19. News embargoes shall be strictly adhered to.

20. Respect shall be shown as well as the right to respond to and refute erroneous broadcasts or publications and the appropriate action taken. Doğan Yayın Holding press organizations shall establish regularly activated mechanisms to correct mistakes.

# Posta
# Operations in 2011

## Message from the Editor-in-Chief of Posta Newspaper

First published on January 23, 1995, Posta is the first newspaper in Turkey to create its very own unique readership, generating a completely brand new market.

With its positive and humanistic approach, Posta addresses both Turkey's urban and rural populations and appeals equally to men and women. Posta is also the favorite of young readers. Its readers belong to the middle and upper income brackets.

With average daily net sales of close to 500,000 newspapers, Posta's dealership sales are Turkey's biggest. The Posta supplements – Cumartesi Postası, Pazar Postası, Posta Ankara, Posta Ege, Posta Akdeniz, Posta Çukurova, Posta Eskişehir, Posta Bursa, Posta Anadolu, Posta East Marmara and Maxi Bulmaca – enjoy wide popularity.

Posta maintained a steady rise in popularity in recent years which led it, at the end of 2003, to leadership in the sector as Turkey's best-selling and most widely read newspaper. Now for the eighth year, Posta continues to be "Turkey's Best-Selling Newspaper."

Also exhibiting rapid growth in advertising, Posta's advertising revenues expanded in 2011 by 16% over the previous year, as the newspaper continued to increase its share in the newspaper advertising market.

In 2011, Posta recorded an increase of 24% in advertising revenue turnover.

As a result, Posta in 2011 reinforced its position as one of the top three newspapers with the highest revenues.

Posta will continue to be the number one newspaper in the country in future years, with its combination of news, easy-to-read style and economical cover price.

**M. RIFAT ABABAY**
POSTA
EDITOR-IN-CHIEF

## *Fundamental Philosophy of Posta*

1. Posta appears consistently every day as the same kind of newspaper in terms of content and format. It does not confuse the reader.

2. Posta thinks like the public, writes in the public's language, summarizing news without resorting to complicated explanations.

3. Posta can provide more news as it skillfully summarizes the news. Its motto: "Just reading Posta will provide all the news."

4. Posta makes an effort not to be pessimistic. It proudly shares the news of every positive event in Turkey with its readers.

5. It does not mislead or deceive the public. If it makes a mistake, it publishes a correction the next day without fail.

6. Posta columnists express their opinions freely.

*Operations in 2011*

## *When We Say "Posta"*

## Posta continued to clearly lead the competition in 2011 with its strong financial performance and the highest dealership sales.


CUMARTESİ POSTASI

PAZAR POSTASI

POSTA

4 TAM SAYFA BULMACA GAZETESİ

POSTA YAZARLARIYLA DA 1 NUMARA

FERRARİ'YE HÜCUM

MUTLULUĞUN RESMİ

EN UZUN ÖMÜR KARADENİZ'DE

CEP OTOMOBİLDE DAHA TEHLİKELİ

With its positive and humanistic approach, Posta addresses both Turkey's urban and rural populations and appeals equally to men and women. Posta is also the favorite of the young. Posta continued to be clearly ahead of competitors in 2011 in terms of performance and its dealership sales were the biggest in Turkey.

Making its debut in 1995, Posta, with its innovative and original news reporting style, quickly became one of Turkey's most popular newspapers.

Posta continued to be clearly ahead of competitors in 2011 in terms of performance and its dealership sales were the biggest in Turkey. In the period December 2010 - November 2011, results from the Turkish National Readership Survey coordinated by the Turkish Joint Industry Committee for National Readership Survey (BİAK) confirm that Posta is the newspaper with the highest number of readers in Turkey with a 2 million 825 thousand daily circulation. Posta's undisputed leadership is better understood by the difference in circulation with its nearest competitor which has 810 thousand readers. Another striking outcome of the study is that Posta is at the top in reach figures for both male and female readers.

Posta has the highest circulation figures in the ABC1 group, with 739 thousand readers, and holds second place in the AB group, with 672 thousand readers. Posta has the highest net number of readers in Turkey. The net number of readers(*) representing those reading only Posta was 1 million 181 thousand in 2011. Net readers of Posta account for 38% of the newspaper's daily circulation.

With its supplements, Cumartesi Postası, Pazar Postası, Posta Ege, Posta Akdeniz, Posta Çukurova, Posta Eskişehir, Posta Bursa, Posta Anadolu and Maxi Bulmaca, Posta can meet the expectations of its broad customer base.

Posta aims to be the number one selling newspaper in Turkey in future years as well with distinguishing itself by its scope of news content, easy-to-read style and price advantage. Increasing its advertising revenue in 2011 by 16%, Posta's main challenge is to further increase its advertising revenue in print media in the coming years.

(*) Readers only reading Posta.

## *Supplements*

With its supplements, Cumartesi Postası, Pazar Postası, Posta Doğu Marmara, Posta Ege, Posta Akdeniz, Posta Çukurova, Posta Eskişehir, Posta Bursa, Posta Anadolu, and Maxi Bulmaca, Posta meets the expectations of its broad readership base.


Kaliteli magazini internete taşıdı: vipmag
PAZAR POSTASI
'Devekuşu hemen olacak bir iş değil'
2012


Cumartesi
POSTASI
Ayaklara estetik yapılmamalı


Kendi besteleri ile kutladılar
KADINLARA DESTEK ÇAĞRISI
ÇUKUROVA GAP POSTA
MERSİN İLK 100'DE


AKDENİZ POSTA
ANTALYA ilk sırada

**Pazar Postası**

Pazar Postası is an entertaining supplement offering colorful highlights over the weekend; it is distributed free of charge on Sundays with Posta. It tracks events in the entertainment world, provides travel information and includes restaurant reviews.

**Cumartesi Postası**

"Looking at life through women's eyes," Cumartesi Postası comes free of charge with Posta on Saturdays. New products, special interviews, fashion, decoration, food, mother-and-child issues and beauty are this supplement's features.

**Posta Çukurova-GAP**

Distributed on Sundays together with Posta, Posta Çukurova-GAP is the Çukurova region's "weekend newspaper." Besides its travel recommendations and food suggestions, the supplement provides regional news, offering readers a pleasant weekend surprise with a different guest interview every week.

**Posta Akdeniz**

Posta Akdeniz keeps watch over the Mediterranean Region, particularly over the region's tourism, providing entertainment, feature stories and the latest on social life. Published as a free supplement to Posta on Sundays, Posta Akdeniz includes a variety of columns to light up the weekend, from health to food and drink, from fashion to entertainment. The interview page provides a voice for guests and covers topics that interest the region.


POSTA BURSA
Nefes kesen teleferik bakımı

### Posta Bursa

Posta Bursa is delivered as a supplement to Posta on Saturdays and Sundays in the city of Bursa, the delightful tourist location with its many historical sites and natural wonders. Posta Bursa was only offered on Saturdays in the past but now the supplement, with its enriched content, is available to readers, free of charge, on both days of the weekend. Posta Bursa provides information on a range of topics, from health to urban investments, from art to current events to human interest features.


POSTA EGE
Suya gaz karıştı
Vatandaş ete hasret

### Posta Ege

Distributed to readers every day with Posta, this supplement for the Aegean Region is a clear-cut leader both in the region and within the Izmir metropolitan area, according to circulation reports. Informing readers about new investments and projects in the Aegean Region and Izmir, the supplement is also a guide to news from the markets and the shop windows.

The most popular newspaper in the region according to BİAK data, Posta Ege offers readers various alternatives to following up on the news and becoming informed in every field, from politics to everyday life, the arts to sports.


POSTA ESKİŞEHİR
Bedesten Çarşısı Odunpazarı'na renk katacak

### Posta Eskişehir

Reaching readers in Eskişehir, Anatolia's rising star, every Saturday along with Posta, Posta Eskişehir features every topic that may interest the city's inhabitants. Reviewing the events of the week through a critical lens, Posta Eskişehir also offers content pages on activities in arts and culture.


POSTA ANADOLU
ÖGRENCİLER İÇİN KİTAP OKUYACAK

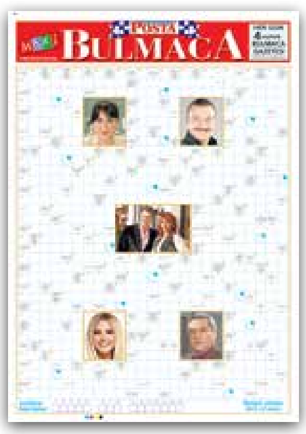
### Posta Anadolu

Distributed as a free supplement to Posta every Sunday, Posta Anadolu reaches readers in Central Anatolia, offering news on a range of topics, from politics to tourism, as well as reviewing the past week's events. With its columnists and commentary writers, Posta Anadolu informs readers about the city they live in.


BEKA İNŞAAT
POSTA DOĞU MARMARA
Alabalık Vadisi'nde yaz hazırlığı

### Posta Doğu Marmara

Posta Doğu Marmara is distributed free of charge on Saturdays with Posta in Kocaeli, Sakarya, Tuzla and Yalova, offering satisfying content to readers in these regions, by featuring columnists, interviews and a weekly compilation of social, cultural and artistic events.


MAXI POSTA BULMACA

### Maxi Bulmaca

Distributed every day with Posta free of charge, this puzzle supplement is the puzzle lover's favorite time.

# *Activities*

## For the last nine years, Posta has undertaken the main press sponsorship of "Retail Days", which was held for the 11th time in 2011.

**The Posta Band**

Posta has been travelling to meet different reader groups with the band of professional musicians since 2006.

**Retail Days**

As the press sponsor of the event for the past nine years, Posta held "Retail Days" for the 11th time in 2011. The support it has given to celebrating the retailing business has earned Posta the title of "the Newspaper of Retail," allowing it to differentiate itself in the media sector. Close to 3 thousand visitors stop at the Posta stands and participate in the activities organized at this important event. Posta was the sponsor of this year's most interesting sessions: "What if retailers and shopping centers exchanged roles" and "What if supermarkets and manufacturers exchanged roles."

**AMPD (Shopping Centers and Retailers Association) Retail Summit**

Posta newspaper undertook the main press sponsorship of the Retail Summit, held for the 14th time in 2011 by the Shopping Centers and Retailers Association (AMPD). Attended by 400 professionals in 2011, the Retail Summit aims to provide opportunities for sharing knowledge and cooperation as well as to establish a common platform for AMPD members, each of whom are leaders in their respective areas. At its exhibition stand, Posta newspaper drew much attention from attendees with its key message, "One out of every three people in Turkey reads Posta."

| | POSTA AVERAGE ANNUAL CIRCULATION (UNITS) (2000-2011)(*) | POSTA'S MARKET SHARE (%) (2000-2011)(*) |
|---|---|---|
| 2001 | 389,264 | 10.48 |
| 2002 | 406,507 | 11.15 |
| 2003 | 441,103 | 11.42 |
| 2004 | 535,208 | 11.83 |
| 2005 | 641,420 | 12.82 |
| 2006 | 635,444 | 12.38 |
| 2007 | 634,833 | 12.29 |
| 2008 | 632,714 | 12.47 |
| 2009 | 542,738 | 11.50 |
| 2010 | 494,909 | 10.72 |
| 2011 | 473,000 | 10.00 |

(*) Press Advertising Institute data.

| POSTA'S NET AVERAGE DAILY CIRCULATION IN MAJOR CITIES (PROVINCIAL TOWNS EXCLUDED | 2009 | 2010 | 2011 |
|---|---|---|---|
| Ankara Metropolitan Area | 38,761 | 34,496 | 32,685 |
| Istanbul Metropolitan Area | 161,521 | 145,483 | 140,172 |
| Izmir Metropolitan Area | 45,422 | 41,717 | 40,078 |

# Fanatik
# Operations in 2011

## Message from the Editor-in-Chief of Fanatik Newspaper

Since the day of its launch, Fanatik's operating philosophy has been: Principles... Always aiming to deliver the most accurate news, in the fastest way, and with complete impartiality, Fanatik is committed to achieving "firsts" without compromising its core philosophy. With Fanatik's news flow in 2011, we continued to give direction to the country's sports audience and honorably passed through a truly awful period, which may have been the first of its kind in the history of football in Turkey.

With regard to Turkey's match fixing and incitement operation story, which broke on July 3, 2011 and has continued since, we reported only the facts, pursuing a news reporting principle in accordance with the presumption of innocence, and, as a result, set an exemplary approach for the sector.

With our news report headlined "Scandal," we revealed that the statement of "Poyraz, the Confidential Witness," was in fact a perjury.

Similarly, with our news report headlined "Number 1 is shooting a movie in Eskişehir," we corrected a major mistake that was about to be included in the indictment.

With our news report headlined "Billionaire," we once again changed the course of the indictment.

In fact, after our news reports, these accusations were even excluded from the indictment, which had been approved by the Court Board.

While everyone was searching for a crime and a culprit, which led to further tightening of the deadlock, and rendering it unsolvable, Fanatik became the part of the solution, and even the key to the deadlock.

Probably, it is unnecessary to mention our point shots during the transfer window, or the spectacular interviews made by the eminent reporters of the sports world this year...

Because Fanatik completed great work in 2011...

For example, we asked, "Who is this Mete Serdar Çoban?"...

We exposed the football star, who doesn't understand football, and yet who has concocted an excellent scenario in Spain, UK and Italy, let alone in Turkey. We reported this news story providing documentation, information, and even his own words...

Last year, we made a difference with our Messi and Ronaldo interviews. Therefore, we had to do something extraordinary in 2011 as well, so we interviewed Mourinho, the world's most talked about, the craziest and the most outspoken technical coach. In addition, we met with Raul, the man who has scored the most goals in the history of the Champions League. These interviews could have only been made by Fanatik in Turkey, and they were. The clearest expression of this power is encapsulated in the paragraph that follows.

The fact that Fanatik is the only Turkish newspaper that has become a member of ESM (European Sports Media) deserves attention. Because, the members of this organization are the leading sports newspapers and magazines from the UK, Spain, Germany, the Netherlands, Belgium, Denmark, Russia and Portugal. The great honor of representing Turkey in this organization has been granted to Fanatik by the officials of ESM. The criteria that ESM uses to make its selection include brand value, seriousness of purpose, ethical and accurate reporting principles, and the quality of setting the standard in terms of publishing policies...

The headline news stories and interviews published by Fanatik reflect the current sports agenda not only of printed but also of the visual media and the internet. This reinforces yet again Fanatik's position as a standard setting sports newspaper.

At this point, I must give an example... We announced that Chelsea sought to transfer Muslera, Galatasaray's goalkeeper. Upon this news, another newspaper in our country responded by quoting Muslera in the headline, "I'd die laughing." About two months after this news was printed, that same newspaper announced that Chelsea sought to transfer Muslera, and moreover quoted the exact same sentences in our news report which had been printed two months earlier... The fact that the aforementioned newspaper is a well-established news medium, which gives direction to Turkish politics, is in fact clear evidence of Fanatik's power.

This is exactly why many TV and radio hosts seek the opinions of our writers and reporters on critical issues.

With the combination of the special news stories contributed by our reporters and the creative thinking of our young and dynamic editorial staff, each page of Fanatik is as meticulously prepared as the first page of any newspaper.

The fact that Fanatik is not just a "football" but an all sports newspaper, is known to all, whether they are interested in sports or not.

**M. NECİL ÜLGEN**
EDITOR-IN-CHIEF OF
FANATİK NEWSPAPER

## FUNDAMENTAL PHILOSOPHY OF FANATİK

1. Fanatik newspaper refrains from speculative reporting and aims to carry out honest and scrupulous journalism.

2. The newspaper's mission is to work to establish sports ethics and awareness in the community and to produce publications in pursuit of this aim.

3. Fanatik provides quality content for its readers, not only focused on football but on all branches of sport.

4. It is equidistant from all clubs and sports organizations.

*Operations in 2011*

## *When We Say "Fanatik"*

## Fanatik is Turkey's sixth most popular newspaper, according to the figures for the period December 2010 - November 2011 from the Turkish National Readership Survey, which is coordinated by BİAK (Turkish Joint Industry Committee for National Readership Survey).


Fanatik appeals not only to the readership of most sports enthusiasts on the bleachers, but also to a wide audience outside of this community.

The only sports newspaper in the Doğan Gazetecilik group of newspapers, Fanatik is Turkey's sixth most popular newspaper, according to the figures for the period December 2010 - November 2011 from the Turkish National Readership Survey, which is coordinated by BİAK. Additionally, Fanatik ranks fourth among all newspapers in reaching male readers. According to the BİAK figures for the period December 2010 - November 2011, Fanatik had the highest gain in readership. While the average daily number of Fanatik readers was 948,000 during the period December 2009 - November 2010, this number increased by 316,000 to reach 1,264,000 a year later. An average of 1,232,000 men read Fanatik every day. Some 59% of the newspaper's readers fall into the 15-34 age group. In terms of socioeconomic demographics, 62% of Fanatik readers belong to the ABC1 group with higher purchasing power; additionally, 71% are in the C1C2 group. These ratios represent the highest readership figures among sports newspapers in the sector.

Fanatik appeals not only to the readership of most sports enthusiasts on the bleachers, but also to a wide audience outside of this community.

Seeing Fanatik as the only sports magazine to lay side by side with other daily politically oriented newspapers on the desks of businessmen, executives and especially opinion leaders in the world of sports is a phenomenon that can only be explained because Fanatik has already reached its goal of being a sports newspaper that reaches all segments and areas of interest of the population.

Fanatik's İddaa supplement, distributed on Tuesdays and Fridays (16-24-32 pages), and on Saturdays and Sundays (8-16 pages) is an indispensible source of news and reference for betting enthusiasts.

The daily four-page horse-racing supplement supplied with the newspaper has also taken its place as Turkey's most popular and reliable source of information in this area. The secret to this success is that all of the supplement team's members are from the racing community. The system initiated by our editor Ömer Morovaoğlu, whom we unfortunately lost at an early age, makes success inevitable.

**Some big changes are being planned for the next period...**

Turkey's most prestigious sports newspaper, Fanatik, can also be accessed on the website www.fanatik.com.tr. The website receives a daily average of 7.5 million hits and the surveys featured on the site attract enormous interest.

# *Internet*

## According to comScore, fanatik.com.tr is the second most visited sports website in Turkey. Its strong content management continues to give it an edge over competitors.


**Fanatik**

**Turkey's best sports website!**
Launched as part of the Doğan On-Line websites in May 2000, fanatik.com.tr has continued its operations in the Doğan Gazetecilik organization since 2008. Initiating many new and innovative ideas in 2011, the website surpassed all expectations in terms of advertising sales and visitor hit averages. According to comScore, fanatik.com.tr is the sports website that received the most visitors in Turkey. Its strong content management continues to give it an edge over competitors.

With a page-viewing record of over 260 million per month in 2011, fanatik.com.tr and its 10 million unique visitors achieved 25% growth over the previous year, increasing revenues by 8%.

The website fanatik.com.tr offers visitors interactive content. Website visitors can ask questions during a live broadcast, access striking photographs, review special content and then share their views with other readers on leading stories.
Also offering enjoyable online contests and games, the Fanatik website continues to be one of Turkey's most important sports news sources on the Internet, just as the newspaper is in the printed media. Monitoring the latest technological developments and offering these innovations to its visitors, fanatik.com.tr realized integration with Facebook in 2011, allowing its readers to comment on news stories published on the website through Facebook. Post-integration, fanatik.com.tr had over 140,000 followers on Facebook.

Fanatik.com.tr has attracted wide attention from both users and advertisers for its powerful content and its special project sponsorship of EuroBasket 2011 via its microsites. The Fanatik Web TV initiative that launched in 2009 has started to be watched by larger audiences. The Company plans to revamp Fanatik Web TV in 2012 to update its appearance. With an average monthly video-viewing level of 10 million, Fanatik Web TV also is a highly attractive platform for advertisers.

*Operations in 2011*

# Inspired by the slogan, "Your Home Page for Life", posta.com.tr includes all the details for life and living within its webpages.


**posta.com.tr**

**"Your Home Page for Life!"**
From its launch in October 2009, posta.com.tr has offered readers rapid and exciting access to all news related to life and living. The website has steadily grown and reinforced its place in Internet news reporting. Besides being a political arena where everything that happens is followed up closely, the website is also attuned to Turkey's pulse in terms of news of magazine interest.

The website posta.com.tr is founded on the principle that "Every corner of the country is a source of news." Meticulously monitoring events in 81 provinces in seven regions, posta.com.tr connects the farthest parts of the country to each other with this approach to news reporting. Inspired by its slogan, "Your Home Page for Life," posta.com.tr carries all the details of life and living onto its pages, providing readers with specialized viewpoints in many topics, from politics to economics, from law to health, from sports to sexuality. The launch of the Herbal Health and Marcamarca categories, adopted as a commercial advertising model in 2011, significantly contributed to website revenues. With the launch of Posta Web TV and video pages, posta.com.tr will start broadcasting popular TV series in 2012, committed to continuing its growth momentum.


**arabam.com**

## Turkey's most popular automobile website: arabam.com

Beginning its online publishing life in 2000, arabam.com pioneered the concept in Turkey of taking classified car advertisements into the Internet medium. It quickly becoming the sole address of choice for car lovers. With a portfolio of hundreds of thousands of automobile ads, arabam.com is visited by an average of 4.6 million Internet users every month. The "Second-hand" section that conveniently and rapidly brings together individual sellers and buyers as well as car showrooms, the "Zero-km" section where visitors can look for the brand new car of their dreams, and the arabam.com Layar's Augmented Reality application brings a new dimension to the concept of looking for a car. The e-magazine arabam.com offers updated news on test drives, comparative sales analyses and comprehensive content on top matters in the world of automobiles.

In 2011, searching classified ads on arabam.com became even easier on the new web interface, with revamped detailing and listing functions. As a result, website visitor numbers jumped 20% during the year. Additionally, a new system which enables quick registration on arabam.com, by using Facebook user name and password, was included in the website's infrastructure. Furthermore, visitors are now able to comment on news stories through Facebook. Arabam.com currently has 74,000 followers on Facebook. Thanks to this new system, the seller and the buyer can communicate without seeing each other's telephone numbers. The website will also launch Arabam TV enabling the broadcast of videos in 2012, in order to generate revenue from video pages as well.

# Corporate Social Responsibility

## Many companies have made contributions to construct dormitories and classrooms as well as to fund scholarships for the "Daddy Send Me to School" campaign, which Doğan Gazetecilik pioneered and to which it provided TL 1 million.

**"Daddy Send Me to School"**

The "Daddy Send Me to School" campaign, launched on April 23, 2005, is the biggest and the most recent link in Doğan Gazetecilik's traditional chain of corporate social responsibility initiatives. Within the scope of the campaign, structural problems regarding school attendance of girls were assessed. Several activities were organized to increase social awareness as well as to provide financial aid.

First conceptualized by Doğan Gazetecilik Board Deputy Chairperson Hanzade Doğan Boyner, this wide-ranging, effective campaign first focused on determining the 15 Turkish provinces that needed priority assistance.

In addition to the donation of TL 1 million made by Doğan Gazetecilik, the campaign's pioneer, many other organizations supported the campaign to provide dormitories, classrooms and scholarships.

**A nationwide education mobilization**

The chief objective of the "Daddy Send Me to School" campaign is to mobilize all resources for the purpose of education and achieve school attendance by every girl in Turkey. The campaign has been formulated as a three-dimensional project that will focus on activities geared to provide financial aid, increase social awareness and overcome structural problems.

The projects that have been undertaken since the beginning of the campaign are the following:

- Doğan Gazetecilik and various other organizations built 33 dormitories. Additionally, scholarships were awarded to 10,524 girls and the construction of 12 primary school buildings was completed.
- Under the joint efforts of AÇEV, educational seminars were organized for 500 parents in five provinces on the topic "My Child and I."
- A two-day training program was held for the principals of Regional Elementary Boarding Schools and Regional Elementary Schools with Lodgings.
- The Kamil Koç Bus Company contributed to the "Daddy Send Me to School" campaign by furnishing the social rooms of the newly built dormitories.
- Music courses were provided for boarding female students.
- A multifaceted program of cooperation was achieved with universities. Within the framework of Sabancı University's Social Sensitivity course, visits were made to the Kars Centrum Vaksa Girls' Dormitory and Sarıkamış Milliyet Girls' Dormitory. Işık University, too, has added a Social Responsibility course to its curriculum and participated in various activities at the Mardin Milliyet Girls' Dormitory.

**More than 300,000 individual donors and TL 34 million in donations**

In cooperation with the Turkish Family Health and Planning Foundation, girls boarding at the dormitories were offered seminars in "Hygiene and Health." In addition, Eczacıbaşı İpek Kağıt sponsored a series of seminars on "Our Body and our Health." Other supporting education training programs for dormitory heads and supervising teachers have been organized each year in Istanbul in cooperation with the Ministry of Education.

Doğan Gazetecilik's newspapers actively work to fulfill their responsibilities in creating public awareness and increasing social consciousness within the scope of this campaign. The related news coverage has been instrumental in the appointment of women as administrators at the girls' dormitories and in structural changes such as amendments to scholarship regulations. A wide range of individuals and organizations gave their wholehearted support to the "Daddy Send Me to School" campaign -- from the children who sent in their allowances, to Limak Holding, which built a dormitory; from the Hacı Ömer Sabancı Foundation to the country's governorships; from the Union of Chambers and Exchanges in Turkey to Petrol Ofisi, which provided scholarships for girls; from Metro Group to Garanti Bank; from the Enka Foundation to Oriflame Company. The ÇYDD (Association in Support of Contemporary Living), Türk Üniversiteli Kadınlar Derneği (Association of University Graduate Women of Turkey), Türkiye Aile Sağlığı ve Planlama Vakfı (Turkish Family Health and Planning Foundation), Anne Çocuk Eğitim Vakfı (Mother & Child Education Foundation), as well as the Ministry of National Education and other government bodies were also significant contributors to the campaign.

The campaign set the stage for a large-scale mobilization of resources in which over TL 34 million was collected. That over 300,000 individuals made personal donations demonstrates how close the campaign pierced the collective conscience of the Turkish people.

### Many girls were channeled into schools

Influenced by the published news stories, many families who had previously kept their daughters out of educational institutions started to enroll them in schools. The added value generated by the campaign was augmented by the efforts of school administrators, who after taking part in training sessions visited rural villages to encourage the enrollment of girls in schools. It is believed that the actual number of girls channeled into the schools this way is much higher than the official figure.

At a special auction held in 2010, sufficient funds were generated to meet the cost of building three girls' dormitories. As a result of research studies conducted, it was decided to build these three dormitories in Doğubeyazıd/Ağrı, Trabzon and Ereğli/Konya. Subsequently, construction work was completed and the dormitories were opened to house the young female students. Additionally, with the contributions of the artists who donated their works, and the buyers at the auction held in November 2011, the opening ceremony was held for the dormitory in the Ereğli district of Konya.

### Contribution to the social development of girls

Every year, a contest is organized for girls residing in the dormitories and for the students receiving scholarships as part of the "Daddy Send Me to School" campaign. Elementary and middle school students are evaluated within their own groups as they participate with their own drawings, poems and prose. All students submitting their works receive prizes. Those students whose work is selected as the best are hosted in Istanbul, where they receive awards at a special ceremony held in June. The first three place winners in the drawing, poem and prose categories in the elementary school and middle school groups come to Istanbul with their parents or teachers to receive their awards. They then return to their hometowns, highly motivated by the event. The theme for the 2011 contest, which was the fourth edition, was "Freedom" for essay and poem categories and "The Place We Live In" for the drawing category. Prize-winning students received their awards at a ceremony held on June 6, 2011.

*Corporate Social Responsibility*

# Posta places particular emphasis on the plight of physically challenged persons. The newspaper's sensitivity to this issue can be seen in its news content and in the events it organizes with an eye toward increasing public awareness.

Another ongoing activity within the scope of "Daddy Send Me to School" is the training program organized in Istanbul for dormitory principals. The principals, deputy principals or advisors of all dormitories built as part of the campaign participate in this program, in which different topics to benefit the participants are selected each year. Held in cooperation with the Ministry of National Education, the program offers teachers a week's stay in Istanbul, where they attend a course given by qualified educators. The trainees completing the course, a joint effort of the Ministry of National Education and Doğan Gazetecilik, are presented with certificates, an added qualification on their career records. The fifth edition of this training program will be held in June 2012.

The success achieved by "Daddy Send Me to School," which has become a genuine social movement, was due to not only the commitment of Doğan Gazetecilik's management but also the support of all newspapers in the Group. The fact that the campaign's success lies in the sensitivity and creativity of each reader and Doğan Gazetecilik employee is heartwarming to all the contributors.

## POSTA

### Support for the physically challenged

Posta places particular emphasis on the problems of the physically challenged. The newspaper's sensitivity in this matter can be seen in its news content and in the events, it organizes with an eye to increasing public awareness. Reflecting its own awareness in this matter in its news stories, Posta also organized two wheel-chair campaigns that led to the distribution of wheelchairs: 500 on March 30, 1996 and 400 on November 1, 1999. Since December 18, 2000, TESYEV (Support and Education Foundation for the Physically Challenged of Turkey) Founding President Yavuz Kocaömer has been writing a column called "Çengelli İğne" (Safety Pin) in the Monday edition of the newspaper. Safety Pin is the only column in the Turkish press that features the problems of the physically challenged, reporting on their activities and events, including sporting events.

## FANATİK

The only sports newspaper in the Doğan Gazetecilik organization, Fanatik is dedicated to promoting the highest standards in sports reporting. The newspaper's "Fan-etic" (Fan-Ethics) page, which serves this aim, earned the distinction of being the first sports newspaper to win the "Fair-Play Award" of the International Olympics Committee. In the belief that the mission of this page has been fulfilled, its publication has been suspended, but the continued implementation of the philosophy and applications it has called attention to, continue to perpetuate the mission.

# Corporate Governance Principles Compliance Report

## 1. STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Our Company engages in the work required to ensure compliance with the "Capital Markets Board Corporate Governance Principles" ("Principles"), as set forth by the Capital Markets Board ("CMB"). To this end, at the Extraordinary General Meeting held on October 27, 2009, our Company's Articles of Association was amended extensively.

Our Company complied with the Corporate Governance Principles, with the exception of Sections IV/18.1 of the Report. However, it is our Company's belief that non-compliance as defined above will not lead to any significant conflict of interest.

Chairperson
**Hanzade V. Doğan Boyner**

Board Member
**Yahya Üzdiyen**

# Corporate Governance Principles Compliance Report

## SECTION I-SHAREHOLDERS

### 2. Shareholders Relations Department

**2.1.** Matters related to the exercise of shareholder rights are conducted in compliance with the relevant legislation, the Articles of Association, and other regulations, and all necessary measures are taken to ensure that these rights are duly exercised.

2.1.1. The operational description of the Shareholders Relations Department at our Company includes carrying out all relations, correspondences and reporting with CMB (Capital Markets Board of Turkey), ISE (Istanbul Stock Exchange) and all other related institutions as well as shareholders.

Specifically, the Department:
- Ensures that all shareholder records are kept in an accurate, safe and up-to-date form;
- Responds to shareholder inquiries about the Company in writing and in compliance with CMB Regulations;
- Provides that General Meetings are held in accordance with applicable legislation, the Articles of Association, and other internal regulations;
- Prepares all the documents, including the annual report, to be presented to the shareholders at General Meetings;
- Carries out the necessary work to ensure that meeting minutes are duly kept;
- Supervises and inspects all matters related to public disclosure, including the Company's Regulations and Public Information Policy, and ensures that they are handled in accordance with relevant legislation.

Efforts are made to use electronic communications means and our website to perform the necessary activities with regards to the shareholders.

Accounting Manager Niyazi Hancı, who was assigned to the Company's Shareholders Relations Department, works in coordination with S. Fatih Aydıner, Manager of Financial Control and Investor Relations; Seçil Şengelir, Attorney; and Murat Doğu, Head of Capital Markets Operations at Doğan Yayın Holding A.Ş. The contact information of the Shareholders Relations Department is as follows:

Doğan Gazetecilik A.Ş. (Headquarters)
Kuştepe Mahallesi Mecidiyeköy Yolu
Trump Towers Kule 2 Kat: 7-8-9 No: 12
Mecidiyeköy, Istanbul Turkey
Phone: +90 212 505 61 11
Fax: +90 212 677 01 82
http://www.kurumsal.dogangazetecilik.com

**Shareholders Relations Department**

**Niyazi Hancı**
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S. Fatih Aydıner
Manager of Financial Control and Investor Relations
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Seçil Şengelir
Attorney
Phone +90 212 505 61 57
E-mail: secil.sengelir@dogangazetecilik.com.tr

2.1.2. Twenty-two percent of the shares constituting our Company's capital are held by Deutsche Bank AG, and 41.39% of the shares have been offered to the public via the ISE (Istanbul Stock Exchange), while 5.23% of the shares are publicly floated on the ISE according to CMB Regulations, as of December 31, 2011.
2.1.3. No written/verbal complaint was received by the Company in 2011 concerning the exercise of shareholder rights, and to the best of the Company's knowledge, there has been no official investigation conducted on the Company.
2.1.4. Close to the entirety of our Company's shares have been registered in the Central Registration System (MKS). Applications of MKS are monitored within our Company.

### 3. Exercise of Shareholders' Rights to Be Informed

**3.1.** No discrimination is made between shareholders in the context of exercising their rights to obtain and examine information.
3.1.1. All information and documents required for the proper exercise of shareholder rights are offered for the use of shareholders on our Company's website (www.kurumsal.dogangazetecilik.com) on an equal access basis.
3.1.2. All verbal/written information inquiries received from shareholders in 2011 were responded to without any delay under the supervision of the Shareholders Relations Department, and in accordance with CMB Regulations.
3.1.3. The appointment of a special auditor has not as yet been stipulated as an individual right in the Articles of Association. This right may be incorporated into the Articles of Association, however, depending upon future developments in legislation. No special auditors were assigned to the Company during this period.

**3.2.** With the intent of expanding the shareholders' rights to be informed, all types of information that may affect the exercise of these rights are updated and presented to shareholders on our Company's website.

### 4. Information on General Meetings of Shareholders

**4.1**. Our Company has no registered shares.

**4.2**. Our Company held one Ordinary General Meeting of Shareholders in 2011.
4.2.1. The invitation to the General Meeting of Shareholders is announced to the public by publication in two nationwide newspapers, as set out by legislation, and on the Company's website (www.kurumsal.dogangazetecilik.com) in order to reach a maximum of shareholders, 21 days before the meeting, in line with the amendments made to the Articles of Association
4.2.2. The Company's annual report, financial statements and reports, dividend distribution proposal, agenda items of the General Meeting, the final version of the Articles of Association and the amended

version and the reasons if there will be any amendments to the Articles of Association are made available for shareholders' review at the Company Headquarters and on electronic media in order to provide easy access, and following the announcement date of the General Meeting.
4.2.3. There have been no suggestions or questions either expressed by shareholders and/or recorded in the minutes of the General Meetings in 2011.
4.2.4. The General Meeting exercises the authority vested to it by the Turkish Commercial Code, Capital Market Law, and the applicable legislation, and performs its duties accordingly.

**4.3.** General Meetings are organized in such a way as to provide optimal shareholder participation.

4.3.1. General Meetings are held in a manner that is not conducive to inequality between shareholders, and at minimum cost and complexity for shareholders.

4.3.2. The venue for General Meetings is conducive to the participation of all shareholders.

4.3.3. The Ordinary General Meeting of Shareholders, during which our Company's 2010 operations were discussed, was held on April 22, 2011, conforming to all announced dates.

**4.4**. At General Meetings, topics on the agenda are stated in an impartial and detailed, clear and intelligible manner, and an environment is created where shareholders can state their views under equal terms; shareholders are given the opportunity to ask questions and pursue a healthy discussion.

**5.** Voting Rights and Minority Rights

**5.1**. Our Company avoids applications that make exercising voting rights difficult and provides each shareholder with the opportunity to exercise the right to vote in the most appropriate and convenient manner.

**5.2**. Our Company has no preferred stocks or groups of shares.

**5.3**. Each Company share comprises one voting right.

**5.4**. Our Company's Articles of Association does not have an article that prevents a non-shareholder from voting by proxy.

**5.5**. No cross shareholdings exist in our Company's capital structure.

**5.6**. Our Company's Articles of Association does not allow for the cumulative voting method.

## 6. Dividend Distribution Policy and Timing of Distribution

**6.1.** Our Company distributes dividends in compliance with the Turkish Commercial Code, Capital Market Law, Capital Markets Board's Regulations and Decisions, Corporate Income Tax Law, and other relevant legislation, as well as our Company's Articles of Association and Dividend Distribution Policy.

**6.2.** According to the consolidated financial statements for the accounting period 2010, which have been duly inspected by independent auditors, and prepared in accordance with the provisions of CMB Communiqué Series XI, No. 29 and in keeping with International Financial Reporting Standards, a "Consolidated Net Loss for the Period" of TL 16,528,807 has occurred, as determined at the Ordinary General Assembly of Shareholders dated April 22, 2011. Therefore, it was decided that no dividend distribution can be made for the accounting period January 1, 2010 - December 31, 2010, in accordance with CMB Regulations regarding dividend distribution. It was also determined that the "period profit" of TL 13,796,870, as stated in our standalone financial statements, which are kept in accordance with the Turkish Commercial Code and the Tax Procedure Code, results in net period profit of TL 9,335,463 after Corporate Income Tax is deducted, and TL 8,868,690 after "First Series Legal Reserves" are deducted; consequently, it was agreed that this amount shall be transferred to the "extraordinary reserves."

**6.3.** According to the Company's Articles of Association, the Board of Directors may distribute dividends in advance, provided it is authorized to do so by the General Meeting of Shareholders and there is compliance with Article 15 of the Capital Market Law and other Capital Markets Board regulations relating to this matter. The authority granted by the General Meeting to the Board of Directors to distribute dividends in advance is restricted to the year in which the authority is granted. No decision can be taken for an additional dividend advance and/or dividend distribution until the dividend advances paid out in the previous year have been offset.

**6.4**. The Company makes dividend distribution decisions taking into consideration the Turkish Commercial Code, Capital Market Law, Capital Markets Board's Regulations and Decisions, tax laws, and other relevant legislation, as well as the Articles of Association.

Accordingly,
In principle, should it be decided to distribute the "net distributable period profit" calculated on the basis of financial statements prepared in accordance with Capital Market Legislation and International Accounting and Financial Reporting Standards (IFRS), our Company's financial structure and budget shall be taken into consideration in the determining of dividend distribution rates.

The proposal for dividend distribution will be disclosed to the public within the legally required timeframe and in accordance with the Capital Market Legislation and CMB Regulations and Decisions.

If the "net distributable period profit" calculated on the basis of the Company's standalone financial statement, which has been prepared within the scope of the Turkish Commercial Code and Tax Laws:

a) is less than the amount calculated according to Article 1, the net distributable

## *Corporate Governance Principles Compliance Report*

profit calculated according to the financial statement prepared within the scope of this Article (Art. 4) will be taken into consideration and fully distributed;

b) is higher, the second paragraph shall apply.

Should there be no net distributable period profit on the standalone financial statements drawn up within the scope of the Turkish Commercial Code and Tax Laws, dividends shall not be distributed even though "net distributable period profit" has been calculated on the basis of Capital Market Legislation and in keeping with International Accounting and Financial Reporting Standards (IFRS).

Dividend distribution may not be made should the calculated net distributable period profit remain below 5% of issued capital.

Value-adding investments that require a significant output of our Company funds, issues that would affect our Company's financial structure, market conditions, uncertainties and adverse developments in the economy are factors that are taken into consideration before a decision is made on dividend distribution.

**6.5.** Our Company's dividend distribution policy is announced to the public in the Annual Report.

**6.6**. According to our Company's Articles of Association, the Board of Directors may distribute dividends in advance, provided it is authorized to do so by the General Meeting of Shareholders and there is compliance with Article 15 of the Capital Market Law and other Capital Markets Board regulations relating to this matter. The authority granted by the General Meeting to the Board of Directors to distribute dividends in advance is restricted to the year in which the authority is granted. No decision can be taken for an additional dividend advance and/or dividend distribution until the dividend advances paid out in the previous year have been offset.

**6.7**. Our Company's dividend distribution policy is detailed in the Annual Report and this report is announced to the public on our website (www.kurumsal.dogangazetecilik.com).

### 7. Transfer of Shares

**7.1.** Our Company's Articles of Association does not contain any provisions that complicate the free transfer of shares.

## SECTION II-PUBLIC DISCLOSURE AND TRANSPARENCY

### 8. Company Disclosure Policy

**8.1.** Our Company's disclosure policy is publicly announced on our Company's corporate website (www.kurumsal.dogangazetecilik.com).

**8.2.** The disclosure policy was approved by the Board of Directors and presented to the shareholders at the General Meeting. The Board of Directors is in charge of monitoring, reviewing and improving the disclosure policy.

**8.3.** The Shareholders Relations Department is assigned to supervise and inspect all matters related to public disclosure.

**8.4.** Financial reporting and independent auditing are carried out and announced to the public in compliance with CMB's Communiqué Serial: XI, No: 29; and in keeping with IFRS and International Standards on Auditing (ISA).

**8.5.** Our Annual Report for 2011 was prepared in compliance with Capital Market Legislation, CMB Regulations and CMB Principles.

### 9. Material Disclosures

**9.1.** Public announcements comply with Capital Market Legislation, CMB Regulations, and CMB Principles.

**9.2.** In 2011, our Company made 19 material disclosures (2010: 23) via the Public Disclosure Platform. Regarding the public disclosures made in 2011, our Company received no important notices and/or correction requests from the CMB and/or the Istanbul Stock Exchange management.

**9.3.** The individuals authorized to make material disclosures in our Company have been identified, and only authorized individuals can make material disclosures.

**9.4.** Since our Company has no capital market instruments traded on foreign stock exchanges, it has no obligation to make an additional disclosure to the public.

### 10. Company Website and Its Contents

**10.1.** Regarding public disclosure, the Company's corporate website, www.kurumsal.dogangazetecilik.com, complies with CMB Principles, and the website is actively used.

**10.2.** Our Company's website is continuously improved.

**10.3.** Our Company's website address is clearly indicated in the letterhead on all Company stationery.

**10.4.** Website management guidelines are stated in our Company's disclosure policy.

### 11. Public Disclosure of Real Person Ultimate Controlling Shareholder(s)

**11.1.** Changes in the shareholding structure and/or administrative control of our Company are disclosed to the public in accordance with Capital Market Legislation and CMB Regulations.

**11.2.** Our Company's Real Person Ultimate Controlling Shareholder is Aydın Doğan and the Doğan family.

**11.3.** To the Company's knowledge, shareholders did not make any voting agreements in 2011 for the purpose of achieving control of Company management.

## 12. Public Disclosure of Persons Privy to Insider Trading Information

**12.1.** All necessary measures are taken to prevent insider trading. The names and titles of the persons, who may be privy to information of the nature of a commercial secret, have been listed below:

| NAME SURNAME | TITLE |
|---|---|
| Aydın Doğan | Doğan Şirketler Grubu Holding A.Ş./ Honorary President |
| Hanzade V. Doğan Boyner | Chairperson |
| Vuslat Doğan Sabancı | Vice Chairperson |
| Yahya Üzdiyen | Board Member/Audit Committee Member |
| Ahmet Toksoy | Board Member |
| Zafer Mutlu | Board Member |
| M. Rıfat Ababay | Board Member |
| Hakkı Alp Bayülken | Independent Board Member / Audit Committee Member |
| Erem Turgut Yücel | Auditor / Doğan Yayın Holding A.Ş. / Coordinator |
| Tolga Babalı | Auditor / Doğan Yayın Holding A.Ş. / Coordinator |
| Bilen Böke | Chief Financial Officer / Executive Committee Member |
| Asil Alptekin | Director of Financial Affairs |
| Semra Mandal | Budget and Financial Reporting Manager |
| Niyazi Hancı | Accounting Manager |
| S. Fatih Aydıner | Financial Control Manager |
| Yeter Kaya | Executive Assistant |
| Ertunç Soğancıoğlu | Doğan Factoring A.Ş. / General Manager |
| Gülnur Oğulmuş | Doğan Factoring A.Ş. / Assistant General Manager |

Other than those abovementioned, though their names are not explicitly inserted here:

- Relevant Senior Managers of Doğan Şirketler Grubu Holding A.Ş., the parent company, and,

Personnel:
- Employees of Independent Auditing Companies,
- Certified Public Accountants providing services to our Company,
- Those taking an active part in the financial control and auditing procedures are also regarded as persons privy to insider trading information.

In addition, the List of Persons Privy to Insider Information is kept separately in accordance with CMB's Communiqué Serial: VIII, No: 54, Article 16

## SECTION III-STAKEHOLDERS

## 13. Announcements to Stakeholders

As stated in the Sections titled "Shareholders" and "Public Disclosure and Transparency" of the Corporate Governance Principles Compliance Report, Doğan Gazetecilik A.Ş. pays maximum attention to informing shareholders as well as other stakeholders. Our shareholders are informed in an accurate and timely manner by the Shareholders Relations Department as defined in Section I, as well as via DYH and our corporate website. Due to the nature of its business, our Company has an ongoing relationship with advertisers. All relations with advertisers are coordinated by the Advertising Department. Our readers can submit all their requests, suggestions and criticisms to our editorial department via the readers' columns that appear both on our website and in our newspapers.

Our Company's relations with suppliers and other stakeholders are carried out in concord via various meetings e-mails, and correspondences.

Doğan Gazetecilik A.Ş. is fully aware of the fact that its employees, one of the most important stakeholder groups, are the Company's major driving force in achieving its targets.

## 14. Stakeholders' Participation in Management

Any information and suggestions received from our stakeholders, as detailed above, are evaluated at regular management meetings. Accordingly, relevant departments of our Company coordinate the relations and communicate with the stakeholders (advertisers, readers, printing house, and others) in line with the decisions made at these meetings.

## 15. Human Resources Policy

Our Company's human resources policy has been set down in writing. The framework of this policy foresees the employment of persons with superior skills and knowledge, who can easily adapt to the corporate culture; who have a well-developed sense of business ethics; who are honest, consistent, open to change and development; and who can integrate the future of the organization with their own.

The principle of equal opportunity for persons with equal qualifications is the foundation of the recruitment and career planning aspects of our Company's human resources policy.

Criteria for personnel recruitment are defined in writing and these criteria are adhered to in practice.

Employees are treated equally in training and promotion, and they are ensured to participate in training programs designed to increase their knowledge, skills and experience.

# *Corporate Governance Principles Compliance Report*

Decisions taken about employees and/or developments that concern employees are shared over an electronic medium by means of the "Intranet," which was established to increase communication among employees.

Our Company's working environment has been designed to ensure the utmost security and productivity.

No discrimination is practiced against any employee and all employees are treated equally. The management and/or Board Committees of our Company have not received any complaints in this regard.

### 16. Relations with Customers and Suppliers

Our Company publishes the newspapers Posta and Fanatik, as well as their supplements. Posta and Fanatik websites are also part of the Company.

Our most important raw material is paper. Our Company's paper suppliers are Doğan Dış Ticaret ve Mümessillik A.Ş. and Işıl İthalat İhracat Mümessillik A.Ş., both of which are Group companies.

The newspapers and supplements are printed at Doğan Printing Centers located in Istanbul, Ankara, Izmir, Adana, Antalya, and Trabzon, and all of them belong to the DMG company Hürriyet Gazetecilik ve Matbaacılık A.Ş.

Magazines are printed at the facilities of the Group Company Doğan Ofset A.Ş.

Nationwide distribution is handled by Doğan Dağıtım A.Ş.

A major portion of our revenues is composed of income from advertising. Every effort is made to guarantee advertiser satisfaction.

Reparation is made for advertisements that for any reason have not been published in accordance with the customer's wishes.

### 17. Social Responsibility

The work that has been undertaken in the pursuit of social responsibility projects has been described in the relevant sections of the Annual Report.

## SECTION IV-BOARD OF DIRECTORS

### 18. The Structure of the Board of Directors, Its Formation and Independent Members

**18.1.** The rules related to the formation and election of the Board of Directors have been set down in our Company's Articles of Association.

18.1.1. The Company is managed and represented by a Board of Directors comprising at least three and at most 15 members who have been elected from among shareholders at the General Meeting.

18.1.2. In 2011, one independent member has taken their place on the Board of Directors, fulfilling the criteria outlined in the Principles of the Capital Markets Board.

**18.2.** The names and positions of the Members of the Board of Directors, as defined by our Company's Articles of Association, are listed below:

| NAME SURNAME | POSITION IN BOARD OF DIRECTORS | EXECUTIVE/ NON-EXECUTIVE |
|---|---|---|
| Hanzade V. Doğan Boyner | Chairperson | Non-executive |
| Vuslat Doğan Sabancı | Vice Chairperson | Non-executive |
| Yahya Üzdiyen | Board Member | Non-executive |
| Ahmet Toksoy | Board Member | Non-executive |
| Zafer Mutlu | Board Member | Executive |
| M. Rıfat Ababay | Board Member | Executive |
| Hakkı Alp Bayülken | Board Member | Non-executive (Independent) |

18.2.1. The Chairperson of the Board and the Chief Executive Officer are not the same person.

18.2.2. More than half of the members of the Board of Directors are non-executive.

18.2.3. Our Company does not impose any rules and/or restrictions concerning additional duties that its Board Members may assume outside of the Company.

18.2.4. Independent Board Members are asked to declare in writing that they meet the criteria defined in CMB Principles. At the date of the Report, there have not been any events to cause the Independent Board Member to lose their quality of being an independent board member.

### 18. Qualifications of the Board Members

**18.1.** The Board of Directors is structured to ensure maximum efficiency and effectiveness.

Compliance with the stipulations of the Principles is ensured in this matter. Relevant rules are specified in our Company's Articles of Association. Accordingly, members of the Board of Directors will be elected from among persons who possess basic knowledge about the legal principles that govern the transactions and actions concerning the field of activity of the Company, who have training and experience about company management, and have the ability to examine the financial statements and reports, and preferably from those having received higher education. In order to fulfill its duties and responsibilities as required, the Board of Directors elects the members who shall be in charge of the matters that require specialization, and if and when required, performs a distribution of duties by determining the executive members who shall undertake some of its powers, certain portions of the Company activities, and the monitoring of implementation of the resolutions to be taken by it.

**18.2.** The resumes of Company Board Members can be found in the Annual Report and on the corporate website (www.kurumsal.dogangazetecilik.com).

## 19. Mission, Vision, and Strategic Goals of the Company

**19.1.** Our Company's Mission: The newspapers included in the Doğan Gazetecilik A.Ş. portfolio unerringly adhere to the universal rules of journalism by incorporating their basic values into their products. With this approach, the newspapers play a role in societal development and they constitute the most reputable newspapers in their respective domains.

**19.2**. Our Vision: To publish newspapers that are dedicated to the principles of the Doğan Gazetecilik Handbook and to professional tenets, one that is reliable, progressive, brave and effective. To deploy all of these values across its brands to attain the highest-circulating newspapers.

**19.3.** Our Strategy: To provide customer-oriented service, develop reader-oriented special products, produce contents with traditional brands, closely monitor technological advances and increase the range of distribution channels using creative methods.

Our Board of Directors and Company management regularly review the status of our Company in light of strategic goals. Our Company's position is assessed at periodic and frequent board meetings where new goals and strategies are developed.

## 20. Risk Management and Internal Control Mechanismsı

Financial risk management is monitored under the authority and responsibility of the Executive Committee and Financial Affairs Group Presidency. Whenever it deems necessary, the Audit Committee informs Company management about problems in risk management and internal control mechanisms.

## 21. Powers and Duties of Board Members and Executives

The General Meeting of Shareholders may change Board Members at any time it is deemed necessary. The Members of the Board of Directors are elected to the Board for a maximum of three years. Unless the decision of the General Meeting of Shareholders specifically states the term of office, the election shall be assumed to have been conducted for one year.

The Board of Directors is required to fulfill all the duties defined in the Turkish Commercial Code, Capital Market Law and in the Articles of Association. All business and procedures that do not necessitate a resolution by the General Meeting according to the law or to the provisions of these Articles of Association are to be undertaken by the Board of Directors.

Among the duties entrusted with the Board of Directors are:

- determining the Company's mission and vision and announcing the same to the public,
- continuously and with a participatory spirit scrutinizing the degree of attaining the Company's goals, activities and its previous performance,
- among the activities defined to be performed in the goals article of the Articles of Association, specifying those to be performed and defining their timing and conditions,
- establishing a risk management and an internal control mechanism to minimize the effects of the risks that the Company may encounter and taking the necessary precautions for healthy operation of these,
- monitoring the compliance of the activities of the Company with the legislation, Articles of Association, and internal regulations,
- determining the approach of the Company with regards to the shareholders and public relations, taking the initiative in the settlement of any and all disputes that may arise between the Company and the shareholders,
- specifying and approving the annual business program, budget and personnel, examining and deciding on any changes that may be deemed necessary in them,
- assuming the duties of drawing up the balance sheet and the income statement, financial statements and annual report in accordance with the applicable legislation and the international standards, including the Capital Markets Board Corporate Governance Principles, issuance of them accurately and correctly and presentation of the same to the relevant authorities,
- controlling the expenses exceeding 10% of the total amount of the assets as per the latest balance sheet of the Company,
- determining the disclosure policy of the Company,
- taking the necessary precautions to adapt the structure of the Company to the current environment, arranging on-the-job training and career planning for the executives and other employees, specifying the standards to be used in assessing and awarding the activities,
- determining the code of ethics for the Company and its employees,
- ensuring that the General Meetings are held in compliance with the law and Articles of Association,
- monitoring compliance with the General Meeting decisions,
- specifying the executive and consultancy boards to be established within the Company and assigning their members.

The Board of Directors, during fulfilling the duties and responsibilities entrusted with it, may delegate some of the said duties and responsibilities to the committees of the Company by clearly indicating their functions but by no means dismissing its own responsibility

## 22. Activities of the Board of Directors

**22.1.** Board Members are provided timely access to any information they might need to fully meet their obligations.

**22.2.** The Board of Directors issues a separate decision for the approval of financial statements and footnotes, the independent auditing report and the annual report.

# *Corporate Governance Principles Compliance Report*

**22.3.** In 2011, 46 (2010: 41) Board Meetings were held and the decisions taken at these meetings were resolved by unanimous vote of the members present; no dissenting votes were cast.

**22.4.** Board meetings are effectively and productively planned and conducted. As the Articles of Association stipulate:

22.4.1. The Board of Directors meets not less than once in a month, and whenever Company business requires.

22.4.2. As a rule, the Board of Directors convenes at the invitation of the Chairperson or Deputy Chairperson. The Board must be invited to convene as well in the event of the request of at least three of the members. In addition, any of the Auditors may determine the agenda of the Board of Directors and call a meeting.

22.4.3. Invitations to the meetings contain the agenda; these are sent at least seven days before the day of the meeting and obligatorily include every kind of document or information pertinent to the matters listed in the agenda.

22.4.4. As a rule, the Board of Directors holds its meetings at Company headquarters. However, the meeting may also be held at any other location in the central city or in a different city, based on the decision of the Board of Directors. It is essential that the Members of the Board of Directors attend the Board of Directors meetings in person; attendance may take place via all kinds of technological methods providing remote access to the meetings. If a member cannot attend a meeting but notifies the Board of its opinions on a certain issue in writing, the opinions of the member are shared with the other members of the Board.

22.4.5. The discussions and decisions of the Board of Directors must be recorded in the minutes of the meeting in a special journal and signed by the attendees of the meeting. Members casting dissenting votes must also sign the minutes, specifying the grounds for their dissension.

22.4.6. The Board of Directors shall meet with one more than half the number of members and decisions shall be taken by majority vote. All Board Members have one right of vote regardless of their position or duties.

**22.5.** Board Members have no weighted vote and/or veto rights.

**22.6.** Duties and Responsibilities of the Executive Committee formed by the Board of Directors:

- To define the goals and policies of and guide the Company.

- To create the best organizational structure that will allow the effective execution of Company activities and the realization of foreseen goals.

- To establish new products, services and markets in keeping with formulated goals and policies.

- To evaluate activities in terms of quality and productivity and to ensure compliance with defined goals and policies.

- To ensure that operations are executed by sufficiently qualified employees.

- To take care and provide incentive to employees to ensure career development.

- To determine the goals and strategic targets and policies that are necessary to ensure the productive, effective and adequate use of resources in order to maintain Company continuity and to see to it that each unit in the organization works accordingly.

- To audit all Company activities according to performance criteria and to make amendments and changes if required.

| MEMBERS OF THE EXECUTIVE COMMITTEE | POSITION |
|---|---|
| Bilen Böke | Member - Chief Financial Officer |
| Neslihan Tokcan | Member - Chief Advertising Officer |

| EDITORS-IN-CHIEF | POSITION |
|---|---|
| M. Rıfat Ababay | Member - Editor-in-Chief of Posta |
| M. Necil Ülgen | Member - Editor-in-Chief of Fanatik |

## 23. Conducting Business with the Company and the Prohibition on Competition

At the Ordinary General Meeting of Shareholders held in 2011, the General Meeting gave Members of the Board of Directors authority to engage in business and compete with the Company.

On the other hand, none of the Board Members and executives nor any of the controlling shareholders or persons with privileged access to information engaged in any kind of business on their own behalf in 2011 in fields of activity that would fall within the Company's scope of operations.

## 24. Code of Ethics

The fundamental philosophies of Posta and Fanatik newspapers are published on the corporate website, kurumsal.dogangazetecilik.com.

Our Company complies with the "Publication and Broadcasting Principles" defined by Doğan Yayın Holding A.Ş., our parent company, and disclosed to the public. In addition to these principles, our Company adopts the "Code of Conduct," which has been drawn up and announced to the public by DMG, and is applicable to all DMG employees. These texts are available on the DYH website.

## 25. The Number, Structure and Independence of Board Committees Formed by the Board of Directors

An Audit Committee composed of two persons has been formed from among the Members of our Company's Board of Directors.

The Audit Committee was established and operates in accordance with the Capital Market Law, Capital Markets Board regulations, and other applicable provisions in the legislation.

The Audit Committee, besides taking all of the necessary precautions to ensure that all kinds of internal and independent auditing operations are fulfilled adequately and in a transparent manner, is especially responsible for performance of the duties listed below:
a) It monitors the accounting system of the Company, disclosure of the financial information to the public, operation and efficiency of the independent and internal auditing mechanism of the Company,
b) It monitors the choice of the independent auditing company, preparation of the independent auditing contracts, initiation of the independent auditing process and operations of the independent auditing company in every stage,
c) It specifies the independent auditing company that will serve the Company and the services to be provided by these companies and presents the same to the approval of the Board of Directors,
d) It determines the methods and criteria to be applied to examination and finalization of the complaints made to the Company with regards to the accounting and internal control system and independent auditing process, and to assessment of the notifications of the Company's employees with regards to the accounting and independent auditing systems in accordance with the principle of confidentiality,
e)It informs the Board of Directors in writing whether or not the annual and interim financial statements of the Company to be publicly announced are in compliance with the accounting principles that the Company follows up and on the accuracy and adequacy of the same by receiving the opinions of the related executives and independent auditors of the Company, together with its own assessments,
f) It may resort to expert opinions whenever it deems necessary with regards to its activities. The cost of the expertise will be paid by the Company.

The Audit Committee will meet quarterly, not less than once in every three months and the results of the meeting will be recorded in minutes and be presented to the Board of Directors. The Committee will immediately notify the Board of Directors in writing of its findings and suggestions that fall within its area of responsibility.

Duties and responsibilities of the Audit Committee will not release the Board of Directors from its own responsibility arising from the Turkish Commercial Code.

The CEO and the Executive of the Company in charge of Financial Affairs cannot take part in the Audit Committee.

The Audit Committee, if it deems necessary, may notify the General Assembly of the Company of certain issues.

Information on Audit Committee members can be found below:

Members of the Audit Committee in 2011 are:

| NAME SURNAME | TITLE | DESCRIPTION |
|---|---|---|
| Yahya Üzdiyen | Member | Board Member/Non-executive |
| Hakkı Alp Bayülken | Member | Independent Board Member/Non-executive |

## 26. Remuneration of the Board of Directors

**26.1.** According to the Company's Articles of Association, the Chairperson of the Board, the Vice Chairperson and Members shall be remunerated according to the fee determined at the General Meeting of Shareholders. This fee is determined after consideration of the fee paid to the Chief Executive Officer and of the time spent by individuals at, before and after the meetings and during the performance of their duties.

At the Ordinary General Meeting of Shareholders held on April 22, 2011, it was unanimously decided that the Chairperson of the Board would be paid a monthly net fee of TL 13,500, the Vice-Chairperson and Assistant Chairperson each TL 8,000 and each of the Board Members TL 5,000.

Whether or not any remuneration will be paid to the Chairperson and Members of any Committee and the amount and conditions of such remuneration if it shall be paid will be determined by the Board of Directors in its resolution to form the relevant Committee. In case the Chairperson and Members of any committee are also the Chairperson and Members of the Board of Directors, whether or not any remuneration will be paid to them and the amount and conditions of such remuneration if it will be paid, will be determined by the General Assembly.

Our Company does not directly or indirectly lend or loan money to any of its Board Members or Managers.

# Doğan Gazetecilik A.Ş.
# 2011 Dividend Distribution Table (TL)

| | | | |
|---|---|---|---|
| 1 | Issued Capital | 105,000,000.00 | |
| 2 | Total Legal Reserves (According to Legal Records) | 2,085,963.00 | |
| | Total Legal Reserves (According to Legal Records) Information about Preferred Stock, if any, as per the Articles of Association | none | |
| | | **CMB (IFRS)** | **LEGAL RECORDS** |
| 3 | Period Profit/ Loss (-)[1] | 16,364,852.00 | -21,840,311.69 |
| 4 | Tax Income from Ongoing Operations (+)/Expense(-)[2] | -7,517,166.00 | -13,045,758.01 |
| | Ana Ortaklık Dışı Kontrol Gücü Olmayan Paylar (-) | -43,038.00 | 0.00 |
| 5 | Net Period Profit/ Loss (-) | 8,890,724.00 | -34,886,069.70 |
| 6 | Loss from Previous Years (-) | -27,345,921.00 | 0.00 |
| 7 | First Series Legal Reserves (-) | 0.00 | |
| 8 | NET DISTRIBUTABLE PERIOD PROFIT | -18,455,197.00 | -34,886,069.70 |
| 9 | Donations Made during the Year (+) | 98,922.00 | |
| 10 | 10 Period Profit including Donations from which Series 1 Dividends will be Calculated | -18,356,275.00 | |
| 11 | First Dividend to Shareholders | 0.00 | |
| | Cash | 0.00 | |
| | Bonus Shares | 0.00 | |
| | Total | 0.00 | |
| 12 | Dividends Distributed to Shareholders with Preference Shares | 0.00 | |
| 13 | Dividends to Board Members, Employees, et al. | 0.00 | |
| 14 | Dividends Distributed to Shareholders with Redeemed Shares | 0.00 | |
| 15 | Second Dividend to Shareholders | 0.00 | |
| 16 | Second Series Legal Reserves | 0.00 | |
| 17 | Statutory Reserves | 0.00 | 0.00 |
| 18 | Special Reserves | 0.00 | 0.00 |
| 19 | Extraordinary Reserves | 0.00 | |
| 20 | Other Resources Deemed to be Distributed | 0.00 | 0.00 |
| | Profit for Previous Years | 0.00 | 0.00 |
| | Extraordinary Reserves | 0.00 | 0.00 |
| | Other Distributable Reserves Permitted by Law and Articles of Association | 0.00 | 0.00 |

[1] "Period Loss After Tax from Ceased Operations" (TL 6,358,556) was deducted from "Profit Before Tax from Ongoing Operations" (TL 22,723,408).

[2] "Tax Expenses for the Period from Ongoing Operations" comprise Tax Expense for the Period amounting to TL 6,563,563 and Deferred Tax Expense amounting to TL 953,603.

| **DIVIDEND INFORMATION PER SHARE** | **GROUP** | **TOTAL DIVIDEND AMOUNT (TL)** | **DIVIDEND PER SHARE WITH A NOMINAL VALUE OF TL 1** | |
|---|---|---|---|---|
| | | | **AMOUNT (TL)** | **RATIO (%)** |
| GROSS | - | 0.00 | 0.00 | 0.00 |
| NET | - | 0.00 | 0.00 | 0.00 |

RATIO OF DIVIDENDS DISTRIBUTED TO NET DISTRIBUTABLE PERIOD PROFIT INCLUDING DONATIONS

| AMOUNT OF DIVIDENDS DISTRIBUTED TO SHAREHOLDERS (TL) | RATIO OF DIVIDENDS DISTRIBUTED TO SHAREHOLDERS TO NET DISTRIBUTABLE PERIOD PROFIT INCLUDING DONATIONS (%) |
|---|---|
| 0.00 | 0.00 |

# Doğan Gazetecilik A.Ş. Dividend Distribution Policy

The Company makes its dividend distribution decisions on the basis of the Turkish Commercial Code, Capital Markets legislation, Capital Markets Board (CMB) Regulations and Decisions, Tax Laws, other legal provisions and the provisions of the Articles of Association.

Accordingly,

In principle, at least 50% of the "net distributable period profit" calculated on the basis of financial statements prepared in accordance with capital markets legislation and International Financial Reporting Standards (IFRS) is to be distributed.

Should it be desired that 50-100% of the calculated net distributable period profit be distributed, in the determining of dividend distribution rates, the Company's financial structure and budget shall be taken into consideration.

The proposal for dividend distribution shall be disclosed to the public within the legally required timeframe in accordance with the Capital Market Legislation and CMB Regulations and Decisions.

If the "net distributable period profit" calculated according to the financial tables prepared according to the Turkish Commercial Code and Tax Laws is:
a. less than the amount calculated according to paragraph 1, then the net distributable period profit calculated according to the financial tables prepared according to paragraph 4 of this article shall be taken into consideration and fully distributed; b. higher, the second paragraph shall apply.

If the net distributable period profit does not materialize according to the financial tables prepared within the scope of the Turkish Commercial Code and Tax Laws, profit shall not be distributed even though "net distributable period profit" has been calculated in the financial tables prepared according to CMB Legislation and in keeping with the IFRS.

Profit distribution may not take place in the event that the calculated "net distributable period profit" is less than 5% of issued capital.

Investments designed to increase Company value that require fund output, matters that affect the Company's financial structure, market conditions, uncertainties in the economy and the existence of adverse developments are all taken into consideration in the distribution of dividends.

# Doğan Gazetecilik A.Ş.
# Resolution of the Board of Directors

| | | |
|---|---|---|
| Date of Meeting | : | March 30, 2012 |
| Meeting No | : | 2012/05 |
| Attended by | : | Vuslat SABANCI (Vice Chairperson) |
| | | Yahya ÜZDİYEN (Member) |
| | | Ahmet TOKSOY (Member) |
| | | Zafer MUTLU (Member) |
| | | Mehmet Rıfat ABABAY (Member) |

The Board of Directors of Doğan Gazetecilik A.Ş. convened on the date specified above. It has been unanimously resolved that:

- In line with the recommendations for revision of our Company's Audit Committee, the consolidated financial statement for the accounting period January 1, 2011 - December 31, 2011, including comparison with the previous year, and duly inspected by independent auditors, who have been presented with positive acknowledgement to the Board, prepared in accordance with the provisions of CMB Communiqué Series XI, No. 29 and in keeping with International Accounting and Financial Reporting Standards and which have been presented in the form specified in the CMB Regulations and Decisions, is to be accepted and presented to the General Assembly of Shareholders for approval;

- The 2011 Annual Report in the Appendix is to be approved and presented for the information of shareholders;

- The "Corporate Governance Principles Compliance Report" in the Appendix, which was prepared in accordance with the Capital Markets Board of Turkey (CMB) Resolution dated December 10, 2004, No. 48/1588 and CMB Corporate Governance Principles, is to be approved and presented for the information of shareholders.

**Vuslat SABANCI**
(Vice Chairperson)

**Yahya ÜZDİYEN**
(Member)

**Ahmet TOKSOY**
(Member)

**Zafer MUTLU**
(Member)

**Mehmet Rıfat ABABAY**
(Member)

# Doğan Gazetecilik A.Ş. Statement of Responsibility Regarding the Approval of Financial Statements and the Annual Report

**BOARD OF DIRECTORS'
RESOLUTION DATE: March 30, 2012
RESOLUTION NO.: 2012/05**

**STATEMENT OF RESPONSIBILITY IN ACCORDANCE WITH ARTICLE 9 OF SECTION 3 OF THE CAPITAL MARKETS BOARD'S COMMUNIQUÉ SERIES XI, NO.: 29**

We have studied the consolidated financial statements and the annual report of Doğan Gazetecilik A.Ş. for the accounting period January 1, 2011 - December 31, 2011, duly inspected by independent auditors, prepared in accordance with the CMB's (Capital Markets Board of Turkey) Communiqué Series XI, No.: 29 and in keeping with International Accounting and Financial Reporting Standards, and presented in the form specified by CMB Regulations and Decisions. We hereby declare that insofar as our duties and responsibilities are concerned and within the framework of the information known to us:

a. The financial statements and the annual report do not contain any misrepresentation of the facts or any deficiency that may be construed as misleading information as from the date of their disclosure;

b. The financial statements prepared according to effective financial reporting standards, together with the consolidated statements, correctly reflect our Company's assets, liabilities, financial condition, and profit and loss position. The annual report, together with the consolidated statements, correctly reflects the business development, performance, and the financial condition of the Company, as well as the important risks and uncertainties it may face.

**Bilen BÖKE**
Executive Committee Member
Chief Financial Officer

**Asil ALPTEKİN**
Director of Financial Affairs

# AUDIT REPORT

**TO THE GENERAL ASSEMBLY OF
DOĞAN GAZETECİLİK A.Ş.**

**Having completed the audit of the Company for the Accounting Year 2011, we hereby declare that:**

1. The Company's statutory books and documents have been recorded; the records have been observed to be in compliance with the law and generally accepted accounting principles, provisions of the Articles of Association and articles of the Turkish Commercial Code.

2. Values documented in the Inventory, Balance Sheet and Income Statement were in compliance with the records and provisions of the Articles of Association and articles of the Turkish Commercial Code. The Balance Sheet and Income Statement were in compliance with the principles of clarity and accuracy mentioned in Article 75 of the Turkish Commercial Code and identical with statutory books.

3. Decisions concerning Corporate Governance were seen to have been recorded in the Company casebook.

In conclusion, we submit the report prepared by the Board of Directors summarizing the activities of the Company and the Balance Sheet and Income Statement for the approval of the General Assembly.

| | |
|---|---|
| **Erem Turgut YÜCEL** | **Tolga BABALI** |
| AUDITOR | AUDITOR |

# DOĞAN GAZETECİLİK AUDIT COMMITTEE RESOLUTION

**DATE: March 29, 2011**
**SUBJECT: Financial statements for the financial year of 01.01.2011- 31.12.201**

We have studied the consolidated financial statements of the Company for the accounting period January 1, 2011 - December 31, 2011, including comparison with the previous year, prepared in accordance with the CMB's (Capital Markets Board of Turkey) Communiqué Series XI, No. 29 and in keeping with International Financial Reporting Standards and presented in the form specified by Decisions of the CMB and have received the comments of the executives responsible for the preparation of said financial statements.

Within the framework of the information conveyed and known to us, our views on said financial statements have been conveyed to the executives responsible for the preparation of the financial statements and we have concluded that said statements accurately reflect the operational results of the Company, contain no significant deficiency, which may result in misrepresentation and comply with CMB regulations.

**Yahya ÜZDİYEN**
Member

**Hakkı Alp BAYÜLKEN**
Member

# DOĞAN GAZETECİLİK A.Ş.

CONVENIENCE TRANSLATION OF THE
CONSOLIDATED FINANCIAL STATEMENTS
AND THE INDEPENDENT AUDIT REPORT FOR THE
PERIOD 1 JANUARY – 31 DECEMBER 2011
INTO ENGLISH

(ORIGINALLY ISSUED IN TURKISH)

Deloitte.

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

## INDEPENDENT AUDIT REPORT

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

We have audited the accompanying consolidated balance sheet of Doğan Gazetecilik A.Ş. (the "Company"), its subsidiaries and joint ventures (together the "Group") as at 31 December 2011 and the related consolidated statement of income, the related consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year ended 31 December 2011, and a summary of significant accounting policies and other explanatory notes.

### Management Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

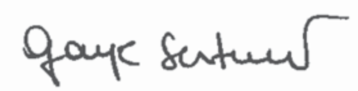
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the accompanying consolidated financial statement give a true and fair view of consolidated financial position of Doğan Gazetecilik A.Ş., its subsidiaries and joint ventures as at 31 December 2011, and their financial performance and cash flows for the year then ended in accordance with the financial reporting standards issued by the Capital Markets Board.

Istanbul, 30 March 2012

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



Gaye Şentürk
Partner

# Doğan Gazetecilik A.Ş.

## Consolidated Balance Sheets at 31 December 2011 and 31 December 2010

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

| | Note | Audited 31 December 2011 | Audited 31 December 2010 |
|---|---|---|---|
| **ASSETS** | | | |
| | | | |
| **Current Assets** | | **93.750.032** | **91.887.122** |
| | | | |
| Cash and cash equivalents | 4 | 340.102 | 5.315.998 |
| Trade receivables | | | |
| - Due from related parties | 28 | 4.953.877 | 10.583.401 |
| - Other trade receivables | 7 | 54.652.942 | 63.949.874 |
| Other receivables | 8 | 29.915.600 | 62.450 |
| Inventories | 9 | 1.782.721 | 7.022.131 |
| Other current assets | 17 | 2.104.790 | 4.953.268 |
| | | | |
| **Non-current Assets** | | **178.325.985** | **220.984.555** |
| | | | |
| Other receivables | 8 | 63.967.624 | 55.842 |
| Financial assets | 5 | 17.995 | 69.585 |
| Investment property | 10 | 16.616.641 | 14.230.530 |
| Property, plant and equipment | 11 | 17.139.595 | 22.788.329 |
| Intangible assets | 12 | 13.444.532 | 67.428.317 |
| Goodwill | 13 | 60.428.513 | 108.185.623 |
| Deferred income tax assets | 26 | 4.123.252 | 2.127.525 |
| Other non-current assets | 17 | 2.587.833 | 6.098.804 |
| | | | |
| **Total assets** | | **272.076.017** | **312.871.677** |

These consolidated financial statements as of and for the period ended 31 December 2011 has been approved by the Board of Directors on 30 March 2012.

# Doğan Gazetecilik A.Ş.
## Consolidated Balance Sheets at 31 December 2011 and 31 December 2010

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

| | Note | Audited 31 December 2011 | Audited 31 December 2010 |
|---|---|---|---|
| **LIABILITIES** | | | |
| | | | |
| **Current Liabilities** | | **47.273.386** | **91.512.378** |
| | | | |
| Financial liabilities | | | |
| -Due to related parties | 28 | 5.165.940 | - |
| -Other financial liabilities | 6 | - | 33.097.191 |
| Trade payables | | | |
| - Due to related parties | 28 | 20.940.091 | 29.543.699 |
| - Other trade payables | 7 | 8.009.460 | 10.860.335 |
| Other payables | 8 | 4.666.678 | 6.476.117 |
| Current income tax liabilities | 26 | 553.115 | 237.417 |
| Provisions | 14 | 4.014.944 | 4.174.090 |
| Other current liabilities | 17 | 3.923.158 | 7.123.529 |
| | | | |
| **Non-current liabilities** | | **7.797.416** | **13.364.200** |
| | | | |
| Provision for employment termination benefits | 16 | 7.797.416 | 13.364.200 |
| | | | |
| **EQUITY** | **18** | **217.005.215** | **207.995.099** |
| | | | |
| **Equity attributable to equityholders of the Company** | **18** | **216.600.823** | **207.710.099** |
| | | | |
| Issued 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 | | 8.890.724 | (16.528.807) |
| | | | |
| **Non-controlling interests** | | **404.392** | **285.000** |
| | | | |
| **Total Liabilities and Equity** | | **272.076.017** | **312.871.677** |
| | | | |
| Provisions, contingent assets and liabilities | 14 | | |

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

# Doğan Gazetecilik A.Ş.
## Consolidated Statements of Income for the Years Ended 1 January-31 December 2011 and 2010

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

| | Note | Audited 31 December 2011 | Audited 31 December 2010 |
|---|---|---|---|
| **Continued Operations** | | | |
| Sales | 19 | 193.166.112 | 194.164.644 |
| Cost of sales (-) | 19 | (126.377.052) | (112.312.068) |
| | | | |
| **Gross profit** | | **66.789.060** | **81.852.576** |
| | | | |
| Marketing, sales and distribution expenses (-) | 20 | (40.821.791) | (44.650.230) |
| General administrative expenses (-) | 20 | (16.129.166) | (10.514.010) |
| Other operating income | 22 | 6.403.730 | 8.866.343 |
| Other operating expenses (-) | 22 | (10.494.413) | (9.367.932) |
| | | | |
| **Operating profit** | | **5.747.420** | **26.186.747** |
| | | | |
| Financial income | 23 | 29.604.829 | 2.476.852 |
| Financial expenses (-) | 24 | (12.628.841) | (2.203.792) |
| | | | |
| **Profit before income taxes from continued operations** | | **22.723.408** | **26.459.807** |
| | | | |
| **Tax expense from continued operations** | | **(7.517.166)** | **(4.223.902)** |
| - Current income tax expense | 26 | (6.563.563) | (4.554.352) |
| - Deferred tax (expense)/ income | 26 | (953.603) | 330.450 |
| | | | |
| **Net income for the period from continued operations** | | **15.206.242** | **22.235.905** |
| | | | |
| **Discontinued operations** | | | |
| Net loss for the period from discontinued operations[1] after income taxes | 25 | (6.358.556) | (38.863.960) |
| | | | |
| **Net income for the period** | | **8.847.686** | **(16.628.055)** |
| | | | |
| **Allocation of net income for the period** | | | |
| Attributable to non-controlling interests | | (43.038) | (99.248) |
| Attributable to equity holders of the Parent Company | | 8.890.724 | (16.528.807) |
| | | | |
| Earning per share attributable to equity holders of the Parent Company | 27 | 0,085 | (0,157) |
| Earning per share attributable to equity holders of the Parent Company from continued operations | 27 | 0,145 | 0,213 |

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

# Doğan Gazetecilik A.Ş.

## Consolidated Statements of Comprehensive Income for the Years Ended 1 January-31 December 2011 and 2010

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

| | Note | Audited 31 December 2011 | Audited 31 December 2010 |
|---|---|---|---|
| **Net income/ (loss) for the period** | | **8.847.686** | **(16.628.055)** |
| **Total comprehensive (expense)/ income** | | **8.847.686** | **(16.628.055)** |
| **Allocation of total comprehensive expense / (income)** | | | |
| Attributable to non-controlling interests | | (43.038) | (99.248) |
| **Attributable to equity holders of the Parent Company** | | **8.890.724** | **(16.528.807)** |

(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.

# Doğan Gazetecilik A.Ş.

## Consolidated Statements of Shareholders Equity for the Years Ended 1 January-31 December 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 interests | 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 | - | - | - |
| Effect of change in consolidation structure | | - | - | - | - | (298.952) | - | (298.952) | - | (298.952) |
| Total comprehensive loss | | - | - | - | - | - | (16.528.807) | (16.528.807) | (99.248) | (16.628.055) |
| **Balances at 31 December 2010** | **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** |
| **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 | - | - | - |
| Effect of change in consolidation structure | | - | - | - | - | - | - | - | 162.430 | 162.430 |
| Total comprehensive income | | - | - | - | - | - | 8.890.724 | 8.890.724 | (43.038) | 8.847.686 |
| **Balances at 31 December 2011** | **18** | **105.000.000** | **45.910.057** | **82.060.000** | **2.085.963** | **(27.345.921)** | **8.890.724** | **216.600.823** | **404.392** | **217.005.215** |

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

# Doğan Gazetecilik A.Ş.
## Consolidated Statement of Cash Flows for the Periods 1 January-31 December 2011 and 2010

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

| | Note | 1 January-31 December 2011 | 1 January-31 December 2010 |
|---|---|---|---|
| Profit before income taxes from continued operations | | 22.723.408 | 26.459.807 |
| Loss before income taxes from discontinued operations | | 882.163 | (34.241.489) |
| **Adjustments:** | | | |
| Depreciation expenses | 10,11 | 2.463.350 | 3.699.631 |
| Amortisation expenses | 12 | 2.131.085 | 3.794.175 |
| (Gain) / loss on disposal of property, plant and equipment and investment property | 22 | 110.759 | 651.451 |
| Unearned finance expense due to sales with maturity | 7 | 345.370 | 502.191 |
| Unearned finance income due to purchases with maturity | 28 | (142.450) | (150.733) |
| Profit from barter transactions | | (2.794.564) | (4.467.036) |
| Interest expense | 24 | 570.753 | 3.372.992 |
| Interest income | 23 | (3.290.499) | (1.016.661) |
| Provision for doubtful receivables | 7 | 3.439.781 | 4.552.445 |
| Provision for unused vacation liability | 17 | 990.168 | 2.888.559 |
| Provision for employment termination benefits | 16 | 6.224.588 | 9.318.451 |
| Provision for/ (reversal) of impairment on investment property | 10 | - | (211.409) |
| Provision/ (reversal) of impairment on inventory | 9 | - | 214.388 |
| Impairment on goodwill | 13 | - | 5.671.555 |
| Gain of sale of subsidiary shares and brand name | 32 | (16.588.804) | - |
| Foreign exchange loss regarding bonds receivables | | (12.612.863) | - |
| 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** | | **4.484.320** | **21.038.317** |
| | | | |
| Decrease/ (increase) in trade receivables | | 3.663.612 | (10.219.259) |
| Decrease in receivables from related parties | | 5.629.524 | 7.422.451 |
| Decrease/ (increase) in inventories | | 3.894.683 | (792.968) |
| (Increase)/ decrease in other current receivables | | (379.132) | 192 |
| Decrease in other current/non-current assets | | 1.712.524 | 5.713.793 |
| Increase in trade payables | | 101.601 | 1.218.212 |
| Decrease in payable to related parties | | (8.461.158) | (14.651.125) |
| Increase in other long term trade receivables | | (12.813.026) | - |
| Increase in other payables | | 1.890.020 | 379.165 |
| Decrease in provisions | | (990.501) | (164.591) |
| Increase in other current liabilities | | 1.044.683 | 480.973 |
| Income taxes paid | | (12.551.713) | (4.343.372) |
| Tax penalties paid | | - | (10.224.305) |
| Employment termination benefits paid | 16 | (699.094) | (3.623.532) |
| **Net cash (used in)/ provided by operating activities** | | **(13.473.657)** | **(7.766.049)** |
| | | | |
| Investing activities: | | | |
| Purchase of property, plant and equipment | 11 | (1.123.075) | (1.847.177) |
| Purchase of intangible assets | 12 | (98.539) | (185.773) |
| Proceeds from sale of property, plant and equipment,intangible assets and investment property | | 4.073.924 | 3.157.645 |
| Cash provided from sale of subsidiary | 32 | 27.423.596 | - |
| Proceeds from sale of available for sale financial assets | 5 | 19.515 | - |
| Change in the consolidation structure | | 162.430 | - |
| **Net cash provided by investing activities** | | **30.457.851** | **1.124.695** |
| | | | |
| **Financing activities:** | | | |
| Decrease in borrowings | | (24.679.251) | 13.027.849 |
| Interest paid | | (570.753) | (3.318.278) |
| Interest received | | 3.290.499 | 1.016.661 |
| | | | |
| **Net cash (used in)/ provided by financing activities** | | **(21.959.505)** | **10.726.232** |
| | | | |
| Net change in cash and cash equivalents | | (4.975.311) | 4.084.878 |
| | | | |
| **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** | **340.102** | **5.315.413** |

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

# *Doğan Gazetecilik A.Ş.*
## *Notes to the Consolidated Financial Statements for the Period Ended 31 December 2011*
*(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.
Kuştepe Mah. Mecidiyeköy Yolu Trump Towers Kule 2 Kat: 7-8-9 No : 12 Mecidiyeköy/Istanbul 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 2010, it is regarded that 5,23% (31 December 2010: 5,21%) of the shares are outstanding and 41,39% of the shares are publicly available as of 31 December 2011 based on the Central Registry Agency A.Ş.'s ("CRA") records (Note 18).

### Subsidiaries

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

| Subsidiaries | Registered country | Nature of business |
|---|---|---|
| Posta Haber Ajansı A.Ş. ("Posta Haber") [1] | Turkey | News agency |
| Doğan Gazetecilik İnternet Hizmetleri ve Ticaret A.Ş. [1]("Doğan Gazetecilik 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 US$ 47.960.000 including 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 US$ 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.

[1] Corporate titles of Milliyet İnternet Hizmetleri ve Ticaret A.Ş. and Milliyet Haber Ajansı A.Ş have been changed and registered as Doğan Gazetecilik İnternet Hizmetleri ve Ticaret A.Ş. as of 4 July 2011 and as Posta Haber Ajansı A.Ş. on 7 July 2011.

# Doğan Gazetecilik A.Ş.
## Notes to the Consolidated Financial Statements for the Period Ended 31 December 2011
*(Amounts expressed in Turkish Lira ["TL"] unless otherwise indicated.)*

### Joint venture

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

| | Registered country | Nature of business | Joint venture partner |
|---|---|---|---|
| Birey Seçme ve Değerlendirmel 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 first interim period financial statements for 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.

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.

With the law no: 660 enacted on November 2, 2011 at Official Gazette, the additional clause 1 of the law no: 2499 were nullified and Public Oversight, Accounting and Auditing Standards Institution ("the Institution") was established. With the additional article 1 of this law, until the standarts and regulations are put into effect, the existing regulations would continue to be effective. In this respect, the respective matter has no effect over the 'Basis of Preparation of Financial Statements" note disclosed in the accompanying financial statements as of the reporting date.

# Doğan Gazetecilik A.Ş.
## Notes to the Consolidated Financial Statements for the Period Ended 31 December 2011

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

### 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 (together the "Group") 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 31 December 2011 and 31 December 2010:

| | Proportion of voting power heldby the Group (%) 31 December 2011 | Proportion of voting power heldby the Group(%) 31 December 2010 |
|---|---|---|
| Doğan Gazetecilik İnternet [(1)] | 98,19 | 98,81 |
| Posta Haber [(1)] | 86,85 | 81,62 |
| Kemer Yayıncılık [(2)] | - | 99,98 |
| Bağımsız Gazeteciler [(3)] | - | 99,99 |
| Kemer Yayıncılık Pazarlama [(3)] | - | 99,96 |
| DYG İlan [(4)] | - | 50,02 |

[(1)] Corporate titles of Milliyet İnternet Hizmetleri ve Ticaret A.Ş. and Milliyet Haber Ajansı A.Ş have been changed and registered as Doğan Gazetecilik İnternet Hizmetleri ve Ticaret A.Ş. as of 4 July 2011 and as Posta Haber Ajansı A.Ş. on 7 July 2011.
[(2)] Kemer Yayıncılık ve Gazetecilik A.Ş. was merged with Posta Haber through a takeover in accordance with the requirements of the relevant law as of December 27, 2011. After merging, Kemer Yayıncılık continues to operate under the name of Posta Haber Ajansı A.Ş.
[(3)] The sale and transfer procedures of Bağımsız Gazeteciler and the 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).
[(4)] DYG İlan ve Reklam Hizmetleri A.Ş. was merged with Milliyet İnternet through a takeover in accordance with the requirements of the relevant law as of December 31, 2010. After merging, DYG İlan continues to operate under the name of Milliyet İnternet Hizmetleri ve Ticaret A.Ş.

#### *(b) Available for sale financial assets*

Financial assets at fair value through profit and loss in which the Group has controlling interests below 20%, or above 20% over which the Group 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 can not be measured reliably, are carried at cost less any provision for diminution in value in the consolidated financial statements (Note 5).

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## Notes to the Consolidated Financial Statements for the Period Ended 31 December 2011
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### (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 31 December 2011 and 31 December 2010:

| | Proportion of joint management 31 December 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 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 31 December 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 years ended 1 January-31 December 2011 have been provided with the comparative financial information for the periods ended 1 January-31 December 2010.

### 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 effective beginning from 1 January 2011 and have no effect on the financial statements of the Company

Amendments to IAS 1 *Presentation of Financial Statements*

IAS 24 *Related Party Disclosures (2009)*

Amendments to IAS 32 *Classification of Rights Issues*

Amendments to IFRIC 14 *Prepayments of a Minimum Funding Requirement*

Amendments to IFRS 3 *Business Combinations*

Amendments to IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*

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

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

| | |
|---|---|
| Amendments to IFRS 7 | *Disclosures – Transfers of Financial Assets; Offsetting of Financial Assets and Financial Liabilities* |
| IFRS 9 | *Financial Instruments* |
| IFRS 10 | *Consolidated Financial Statements* |
| IFRS 11 | *Joint Arrangements* |
| IFRS 12 | *Disclosure of Interests in Other Entities* |
| IFRS 13 | *Fair Value Measurement* |
| Amendments to IAS 1 | *Presentation of Items of Other Comprehensive Income* |
| Amendments to IAS 12 | *Deferred Taxes – Recovery of Underlying Assets* |
| IAS 19 (2011) | *Employee Benefits* |
| IAS 27 (2011) | *Separate Financial Statement* |
| IAS 28 (2011) | *Investments in Associates and Joint Ventures* |
| IFRIC 20 | *Stripping Costs in the Production Phase of a Surface Mine* |
| Amendments to IAS 32 | *Financial Instruments: Presentation - Offsetting of Financial Assets and Financial Liabilities* |

The above standards will be applicable for the accounting periods beginning on or after 2012 and the Group has not had an opportunity to consider the potential impact of the application of these standards over its financial statements. The Group would be expected to be mostly affected by the requirements of "IFRS 11 Joint Arrangements". "IFRS 11 Joint Arrangements" requires joint ventures to be accounted for by using the equity method instead of proportional consolidation method. This standard has not yet been adopted by the European Union.

### 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, 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.

#### 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 by netting of unearned financial income. 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 imputed interest effect is significant (Note 7).

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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. Management evaluates whether there is any impairment on financial assets and the impairment amount if any, as of the balance sheet dates (Note 5).

### Inventories

Inventories are valued at the lower of 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. Management evaluates whether there is any impairment on inventories and the impairment amount if any, as of the balance sheet dates (Note 9).

*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.

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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 the amounts of tangible assets' expressed in 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 |

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

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

Expenditures for the repair and renewal of property, plant and equipment are recognized as expense. The capital expenditures made in order to increase the capacity of the tangible asset or to increase its future benefits are capitalized on the cost of the tangible asset.

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

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).

### 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).

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### 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. The gain or loss arising on the sale of intangible assets is recognized under other operating income and expenses.

Estimated useful lives of intangible assets are as follows:

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

### Web page development costs

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

### Taxation on income

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

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred income tax is determined using tax rates (and laws) that have been enacted 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 (Note 26). Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Current and deferred tax are recognized as expense or income in profit or loss, except when they relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognized outside profit or loss, or where they arise from the initial accounting for a business combination.

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

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### 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 (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).

### 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 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.

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### 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.

### 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 from investment property is recognized on an accrual basis.

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*Service income:*

Service income consists of service income such as building contribution shares, electricity, heating 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 31 December 2011. Prior period consolidated income statement is adjusted for comparative purposes and the results of discontinued operations for the period ended as of 31 December 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 proceeds from sale is calculated as the difference between the carrying amount of net assets disposed of and sale price (Note 25).

**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).

**Earning/ (Loss) per share**

Earning/ (loss) 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).

**Accounting policies, significant accounting estimates and changes and errors in accounting policies and estimates**

Changes in accounting policies arising from the first time adoptation of a new IAS/IFRS are applied retrospectively or prospectively in accordance with the respective IASs/IFRSs transition requirements, if any. Where there are no transition requirements for any changes or optional significant changes in accounting policies and identified accounting errors, those are applied retrospectively and prior period financial statements are restated accordingly. Accounting policies used in the current period are applied in the preparation of the consolidated financial statements for the year ended 31 December 2010.

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## Notes to the Consolidated Financial Statements for the Period Ended 31 December 2011
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The preparation of consolidated financial statements require the use of estimations and assumptions that may have an effect over the assets and liabilities reported at the balance sheet date, contingent assets and liabilities disclosures and income and expenses reported during the accounting period. The estimates and assumptions are based on the best available information on the current circumstances and operations; however, they may differ from the actual results. If changes in accounting estimates only relate to one period, the change is reflected in the current period in which the change is made, if they relate to future periods, the change is both reflected in the current period in which the change is made and prospectively for future periods. Significant accounting policies used in the current period are consistent with those that are used in the preparation of the consolidated financial statements for the year ended 31 December 2010.

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

### 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).

# Doğan Gazetecilik A.Ş.
## Notes to the Consolidated Financial Statements for the Period Ended 31 December 2011

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

### NOTE 3 – JOINT VENTURES

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

| | Proportion of joint management (%) 31 December 2011 | roportion 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 31 December 2011 and 31 December 2010 by using the proportionate consolidation method are as follows:

| Balance sheets: | 31 December 2011 | 31 December 2010 |
|---|---|---|
| Current assets | 75.918 | 62.862 |
| Non-current assets | 3.081 | 3.226 |
| **Total assets** | **78.999** | **66.088** |
| Current liabilities | 754.373 | 646.052 |
| Non-current liabilities | - | 726 |
| **Total liabilities** | **754.373** | **646.778** |
| Equity | (675.374) | (580.690) |
| **Total liabilities and equity** | **78.999** | **66.088** |

Income and expenses of the joint venture for the years ended 31 December 2011 and 2010 are as follows:

| Statements of income: | 1 January- 31 December 2011 | 1 January- 31 December 2010 |
|---|---|---|
| **Gross loss** | **-** | **(133.207)** |
| Marketing, sales and distribution expenses | (9.523) | (127.088) |
| General administrative expenses | (1.601) | (3.641) |
| Other operating (expenses)/ income | (11.859) | 133 |
| **Operating loss** | **(22.983)** | **(263.803)** |
| Financial expenses | (71.556) | (51.319) |
| **Loss before income taxes** | **(94.539)** | **(315.122)** |
| Current income tax charge | - | - |
| Deferred tax charge | (145) | (1.442) |
| **Net loss for the period** | **(94.684)** | **(316.564)** |

# Doğan Gazetecilik A.Ş.
## Notes to the Consolidated Financial Statements for the Period Ended 31 December 2011
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## NOTE 4 - CASH AND CASH EQUIVALENTS

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

| | 31 December 2011 | 31 December 2010 |
|---|---|---|
| Cash | 30.464 | 21.431 |
| Banks | | |
| - Demand deposits | 246.643 | 1.572.852 |
| - TL time deposits | - | 3.279.440 |
| Other liquid assets | 62.995 | 442.275 |
| | | |
| | **340.102** | **5.315.998** |

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

| | 31 December 2011 | 31 December 2010 |
|---|---|---|
| Up to 3 months | - | 3.279.440 |
| | | |
| **Total** | **-** | **3.279.440** |

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

| | 31 December 2011 | 31 December 2010 |
|---|---|---|
| Cash and cash equivalents | 340.102 | 5.315.988 |
| Less: accrued interest | - | (585) |
| | | |
| **Cash and cash equivalents** | **340.102** | **5.315.413** |

The Group does not have any TL and foreign currency time deposits as of 31 December 2011. (31 December 2010: The effective interest rate of TL denominated time deposits is 6%. There isn't any foreign currency time deposit.).

At 31 December 2011, cash and cash equivalents amounting to TL 54.962 (31 December 2010: TL 439.013) consist of credit card receivables.

At 31 December 2011, the Group does not have any blocked deposits (31 December 2010: TL 12.368).

# Doğan Gazetecilik A.Ş.
## Notes to the Consolidated Financial Statements for the Period Ended 31 December 2011
*(Amounts expressed in Turkish Lira ["TL"] unless otherwise indicated.)*

## NOTE 5 - FINANCIAL ASSETS

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

| | 31 December 2011 | | 31 December 2010 | |
|---|---|---|---|---|
| **Available-for-sale investments** | **TL** | **Share capital (%)** | **TL** | **Share capital (%)** |
| Milliyet Verlags Und Handels GMBH. (1) | 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.(2) | - | <1,00 | 51.590 | <1,00 |
| Other | 649.737 | - | 649.737 | - |
| Provision for impairment | (1.492.768) | | | (1.492.768) |
| **Total** | **17.995** | | **69.585** | |

(1) 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 the consolidated financial statements based on the assumption that Milliyet Verlags will have no asset following the liquidation process. As of 31 December 2011, the impairment on available for sale financial assets are reviewed by the Group management and no additional impairment is recognized.
(2) 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).

The movements in the provision for the impairment of financial assets as of 31 December 2011 and 2010 are as follows:

| | **2011** | **2010** |
|---|---|---|
| 1 January | (1.492.768) | (649.737) |
| Increase during the period | - | (843.031) |
| **31 December** | **(1.492.768)** | **(1.492.768)** |

# *Doğan Gazetecilik A.Ş.*
## *Notes to the Consolidated Financial Statements for the Period Ended 31 December 2011*
*(Amounts expressed in Turkish Lira ["TL"] unless otherwise indicated.)*

## NOTE 6 - BORROWINGS

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

| Short term financial borrowings: | 31 December 2011 | 31 December 2010 |
|---|---|---|
| Short term bank borrowings | - | 33.097.191 |
| **Total** | | **33.097.191** |

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

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

| | 31 December 2011 | 31 December 2010 |
|---|---|---|
| 6 months or less | - | 13.476.541 |
| **Total** | **-** | **13.476.541** |

The details of foreign currency bank borrowings are as follows:

| | Effective interest rate (%) | | Orginal Currency | |
|---|---|---|---|---|
| | 31 December 2011 | 31 December 2010 | 31 December 2011 | 31 December 2010 |
| Short term foreign currency bank borrowings | | | | |
| - USD | - | 5,51 | - | 6.028.481 |
| - Euro | - | 6,25 | - | 5.026.899 |

The fair value of short term borrowings is considered to approximate their carrying value. As of 31 December 2011, Group does not have any bank borrowings.

# Doğan Gazetecilik A.Ş.
## Notes to the Consolidated Financial Statements for the Period Ended 31 December 2011
*(Amounts expressed in Turkish Lira ["TL"] unless otherwise indicated.)*

## NOTE 7 - TRADE RECEIVABLES AND PAYABLES

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

| Short-term trade receivables | 31 December 2011 | 31 December 2010 |
|---|---|---|
| Trade receivables | 65.918.214 | 83.186.687 |
| Notes receivables and cheques | 2.767.481 | 788.247 |
| **Sub-total** | **68.685.695** | **83.974.934** |
| Less: Unearned finance income due to sales with maturity | (345.370) | (502.191) |
| Less: Provision for doubtful receivables | (13.687.383) | (19.522.869) |
| **Total** | **54.652.942** | **63.949.874** |

The average due date of the Group's trade receivables is 70 days (31 December 2010: 41 days). In accordance with the factoring contract signed with Doğan Faktoring Hizmetleri A.Ş., trade receivable amounting to TL 45.517.157 (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 67 days (31 December 2010: 70 days). Unearned financial income due to trade receivables regarding advertisement revenues followed by Doğan Faktoring is TL 345.370 (31 December 2010: TL 502.191). Effective yearly interest rate related with the receivables followed by Doğan Faktoring is 14,4 % (31 December 2010: 9,6 %).

The movements in the provision for doubtful receivables as of 31 December are as follows:

| | 2011 | 2010 |
|---|---|---|
| 1 January | 19.522.869 | 15.649.595 |
| Provision booked in the current period (Note 22) | 2.193.162 | 721.962 |
| Provision booked from discontinued operations in the current period | 1.246.619 | 3.830.483 |
| Collections in the current period | (172.378) | (679.171) |
| Reversal of provision from discontinued operations | (9.102.889) | - |
| **31 December** | **13.687.383** | **19.522.869** |

| Other short-term trade payables | 31 December 2011 | 31 December 2010 |
|---|---|---|
| Trade payables | 6.509.460 | 10.860.335 |
| Cheque and bonds payable [1] | 1.500.000 | - |
| | **8.009.460** | **10.860.335** |

[1] The maturity date of the cheque amounting to TL 1.500.000 given to Işıl İthalat ve İhracat Mümesssillik A.Ş. is 5 January, 2012.

The average due date of trade payables as of 31 December 2011 is 52 days (31 December 2010: 60 days).

# Doğan Gazetecilik A.Ş.
## Notes to the Consolidated Financial Statements for the Period Ended 31 December 2011
*(Amounts expressed in Turkish Lira ["TL"] unless otherwise indicated.)*

## NOTE 8 - OTHER RECEIVABLES AND PAYABLES

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

| Other current receivables | 31 December 2011 | 31 December 2010 |
|---|---|---|
| Notes receivables [(1)] | 29.915.600 | - |
| Other | - | 62.450 |
| | | |
| **Total** | **29.915.600** | **62.450** |

| Other non-current receivables | 31 December 2011 | 31 December 2010 |
|---|---|---|
| Notes receivables [(1)] | 63.907.854 | - |
| Deposits and guarantees given | 59.770 | 55.842 |
| | | |
| | **63.967.624** | **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 | 31 December 2011 | 31 December 2010 |
|---|---|---|
| Taxes and funds payable | 2.498.975 | 5.170.956 |
| Payables to personnel | 1.712.801 | 647.991 |
| Other | 454.902 | 657.170 |
| | | |
| | **4.666.678** | **6.476.117** |

## NOTE 9 - INVENTORIES

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

| | 31 December 2011 | 31 December 2010 |
|---|---|---|
| Promotion stocks | 1.629.040 | 8.200.730 |
| Finished goods and merchandise | 777.585 | 1.517.335 |
| Raw materials and supplies | 249.669 | 230.862 |
| | | |
| | **2.656.294** | **9.948.927** |
| | | |
| Less: Provision for impairment on inventories | (873.573) | (2.926.796) |
| | | |
| | **1.782.721** | **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.

# Doğan Gazetecilik A.Ş.
## Notes to the Consolidated Financial Statements for the Period Ended 31 December 2011
*(Amounts expressed in Turkish Lira ["TL"] unless otherwise indicated.)*

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 in the current period | (471.431) | - |
| Reversal of provision from discontinued operations in the current period | (1.581.792) | - |
| Increase in the current period | - | 214.388 |
| **31 December** | **873.573** | **2.926.796** |

## NOTE 10 - INVESTMENT PROPERTY

The movements in investment property for the years ended 31 December 2011 and 2010 are as follows:

| | 1 January 2011 | Additions | Disposals | Transfers(2) | Discontinued operations(1) | Reversal of impairment | 31 December 2011 |
|---|---|---|---|---|---|---|---|
| Cost | 23.140.370 | 3.549.763 | (3.857.077) | 4.816.468 | (160.000) | - | 27.489.524 |
| Accumulated depreciation | (8.909.840) | (365.874) | 96.670 | (1.694.372) | 533 | - | (10.872.883) |
| **Net book value** | **12.914.147** | | | | | | **14.230.530** |

| | 1 January 2010 | Additions | Disposals | Transfers(2) | Discontinued operations(1) | Reversal of impairment | 31 December 2010 |
|---|---|---|---|---|---|---|---|
| Cost | 21.165.628 | 5.449.683 | (3.686.350) | - | - | 211.409 | 23.140.370 |
| Accumulated depreciation | (8.251.481) | (707.622) | 49.263 | - | - | - | (8.909.840) |
| **Net book value** | **12.914.147** | | | | | | **14.230.530** |

(1) Discontinued operations include the group's disposal of assets that are related to the sales of Bağımsız Gazeteciler and all Milliyet brand, royalties and internet domain names on 2 May 2011.
(2) The transfers are related with the reclassification of office floors leased to DK Gazetecilik by the Group as of May 2, 2011.

TL 5.125.184 (31 December 2010: TL 4.894.897) of the investment property comprise of properties acquired by the Group in accordance with barter agreements, and TL 11.491.457 (31 December 2010: TL 9.335.633) comprise of leased buildings.

The Group has determined the fair value of investment property as of 23 November 2010. The fair value of the investment properties as of 23 November 2010 was determined as TL 54.302.276. 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 for the period ended 31 December 2011. The Group management considers that the fair value didn't change significantly for the periods 31 December 2011 and 2010. The rent income from the buildings leased as of 31 December 2011 is TL 4.742.436 (31 December 2010: TL 2.570.788) (Note 22). As of 31 December 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 (31 December 2010: None).

# Doğan Gazetecilik A.Ş.

## Notes to the Consolidated Financial Statements for the Period Ended 31 December 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 years ended 31 December 2011 and 2010 are as follows.

| | 1 January 2011 | Additions | Disposals | Transfers[2] | Discontinued operations[1] | 31 December 2011 |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| Land and land improvements | 1.747.382 | 65.309 | - | - | - | 1.812.691 |
| Buildings | 26.125.560 | 5.897 | (5.897) | (4.816.468) | (5.000) | 21.304.092 |
| Machinery and equipment | 20.419.078 | 33.631 | (1.252.050) | - | (388.657) | 18.812.002 |
| Motor vehicles | 766.309 | 282.853 | (413.120) | - | (292.278) | 343.764 |
| Furniture and fixtures | 26.041.513 | 690.142 | (3.653.292) | - | (3.980.627) | 19.097.736 |
| Leasehold improvements | 1.683.692 | 45.243 | (126.272) | - | (1.523.426) | 79.237 |
| | **76.783.534** | **1.123.075** | **(5.450.631)** | **(4.816.468)** | **(6.189.988)** | **61.449.522** |
| **Accumulated depreciation** | | | | | | |
| Land and land improvements | (1.370.026) | (37.969) | - | - | - | (1.407.995) |
| Buildings | (8.899.328) | (529.931) | 10 | 1.694.372 | - | (7.734.877) |
| Machinery and equipment | (18.766.090) | (284.485) | 1.150.534 | - | 100.049 | (17.799.992) |
| Motor vehicles | (290.313) | (330.186) | 306.266 | - | 256.998 | (57.235) |
| Furniture and fixtures | (23.301.839) | (707.798) | 3.569.547 | - | 3.154.735 | (17.285.355) |
| Leasehold improvements | (1.367.609) | (207.107) | - | - | 1.550.243 | (24.473) |
| | **(53.995.205)** | **(2.097.476)** | **5.026.357** | **1.694.372** | **5.062.025** | **(44.309.927)** |
| **Net book value** | **22.788.329** | | | | | **17.139.595** |

(1) Discontinued operations include the group's disposal of assets that are related to the sales of Bağımsız Gazeteciler and all Milliyet brand, royalties and internet domain names on 2 May 2011.
(2) The transfers are related with the reclassification of office floors leased to DK Gazetecilik by the Group as of May 2, 2011.

As of 31 December 2011, there is no collateral or mortgage on property, plant and equipment (31 December 2010: None). TL 1.463.322 (Note 19) (31 December 2010: TL 1.140.287) of depreciation expense and amortization is included in cost of sales, TL 1.319.705 (Note 20) (31 December 2010: TL 960.029) is included in general administration, TL 126.491 (31 December 2010: TL 102.185) is included in marketing, sales and distribution expenses that belongs to continued operations. TL 791.628 (31 December 2010: TL 2.787.127) of depreciation expense and amortization is included in cost of sales, TL 840.791 (31 December 2010: TL 2.357.010) is included in general administration and TL 52.498 (31 December 2010: TL 147.168) is included in marketing,sales and distribution expenses that belongs to discontinued operations. There isn't any asset acquired thorough finance lease of the Company.

# Doğan Gazetecilik A.Ş.

## Notes to the Consolidated Financial Statements for the Period Ended 31 December 2011

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

| | 1 January 2010 | Additions | Disposals | Transfers[2] | Discontinued operations[1] | 31 December 2010 |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| Land and land improvements | 1.538.814 | 208.568 | - | - | - | 1.747.382 |
| Buildings | 26.096.010 | 29.550 | - | - | - | 26.125.560 |
| Machinery and equipment | 22.491.309 | 309.352 | (2.381.583) | - | - | 20.419.078 |
| Motor vehicles | 949.722 | 354.560 | (537.973) | - | - | 766.309 |
| Furniture and fixtures | 27.067.070 | 939.755 | (1.965.312) | - | - | 26.041.513 |
| Leasehold improvements | 1.938.231 | 5.392 | (259.931) | - | - | 1.683.692 |
| | **80.081.156** | **1.847.177** | **(5.144.799)** | **-** | **-** | **76.783.534** |
| **Accumulated depreciation** | | | | | | |
| Land and land improvements | (1.341.208) | (28.818) | - | - | - | (1.370.026) |
| Buildings | (8.369.720) | (529.608) | - | - | - | (8.899.328) |
| Machinery and equipment | (20.797.003) | (348.272) | 2.379.185 | - | - | (18.766.090) |
| Motor vehicles | (586.702) | (198.750) | 495.139 | - | - | (290.313) |
| Furniture and fixtures | (23.539.092) | (1.661.451) | 1.898.704 | - | - | (23.301.839) |
| Leasehold improvements | (1.350.594) | (225.110) | 208.095 | - | - | (1.367.609) |
| | **(55.984.319)** | **(2.992.009)** | **4.981.123** | **-** | **-** | **(53.995.205)** |
| **Net book value** | **24.096.837** | | | | | **22.788.329** |

# *Doğan Gazetecilik A.Ş.*
## *Notes to the Consolidated Financial Statements for the Period Ended 31 December 2011*
*(Amounts expressed in Turkish Lira ["TL"] unless otherwise indicated.)*

## NOTE 12 - INTANGIBLE ASSETS

The movements in intangible assets during the years ended 31 December 2011 and 2010 are as follows:

| | 1 January 2011 | Additions | Disposals | Discontinued operations[1] | 31 December 2011 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| Trademark | 57.781.640 | - | - | (57.781.640) | - |
| Rights | 22.343.361 | 9.816 | - | (1.731.257) | 20.621.920 |
| Other | 2.893.955 | 88.723 | - | (663.760) | 2.318.918 |
| | | | | | |
| | **83.018.956** | **98.539** | **-** | **(60.176.657)** | **22.940.838** |
| | | | | | |
| **Accumulated amortization** | | | | | |
| Trademark | (6.616.585) | (781.751) | - | 7.398.336 | - |
| Rights | (6.244.671) | (1.245.711) | - | 166.262 | (7.324.120) |
| Other | (2.729.383) | (103.623) | - | 660.820 | (2.172.186) |
| | | | | | |
| | **(15.590.639)** | **(2.131.085)** | **-** | **8.225.418** | **(9.496.306)** |
| | | | | | |
| **Net book value** | **67.428.317** | | | | **13.444.532** |

| | 1 January 2010 | Additions | Disposals | Discontinued operations[1] | 31 December 2010 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| Trademark | 57.781.640 | - | - | - | 57.781.640 |
| Rights | 22.310.867 | 32.494 | - | - | 22.343.361 |
| Other | 2.790.676 | 153.279 | (50.000) | - | 2.893.955 |
| | | | | | |
| | **82.883.183** | **185.773** | **(50.000)** | **-** | **83.018.956** |
| | | | | | |
| **Accumulated amortisation** | | | | | |
| Trademark | (4.271.330) | (2.345.255) | - | - | (6.616.585) |
| Rights | (4.976.557) | (1.268.114) | - | - | (6.244.671) |
| Other | (2.590.244) | (180.806) | 41.667 | - | (2.729.383) |
| | | | | | |
| | **(11.838.131)** | **(3.794.175)** | **41.667** | **-** | **(15.590.639)** |
| | | | | | |
| **Net book value** | **71.045.052** | | | | **67.428.317** |

[1] Discontinued operations include the group's disposal of assets that are related to the sales of Bağımsız Gazeteciler all Milliyet domain names on 2 May 2011.

# *Doğan Gazetecilik A.Ş.*
## *Notes to the Consolidated Financial Statements for the Period Ended 31 December 2011*
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## NOTE 13 - GOODWILL

The movements in goodwill during the years ended 31 December 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) | - |
| Impairment (Note 22) | - | (5.671.555) |
| **31 December** | **60.428.513** | **108.185.623** |

[1] 99,99% of its shareholding in the Group's subsidiary, all shares of Bağımsız Gazeteciler, have been sold and transferred as of 2 May 2011. TL 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.

The assumptions used in the value in use calculations are as below:

| | EBITDA margin [1] | Discount rate [2] |
|---|---|---|
| Simge Yayıncılık A.Ş. | 10,36 % | 14,6 % |

[1] Weighted average of EBITDA increase rate used to extrapolate projected cash flows following the budget period
[2] Weighted average cost of capital.

The Group has measured the recoverable amount of goodwill and does not recognize any impairment loss from goodwill as of 31 December 2011 (31 December 2010: TL 5.671.555).

## NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

The analysis of provisions at 31 December 2011 and 31 December 2010 is as follows:

| i.Short term provisions | 31 December 2011 | 31 December 2010 |
|---|---|---|
| Provision for lawsuits | 4.012.104 | 4.128.751 |
| Other | 2.840 | 45.339 |
| | **4.014.944** | **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) | 1.094.255 | 446.799 |
| Increase during the period from discontinued operations | - | 861.108 |
| Reversal of provision from discontinued operations in the current period | (1.210.902) | - |
| **31 December** | **4.012.104** | **4.128.751** |

# *Doğan Gazetecilik A.Ş.*
## *Notes to the Consolidated Financial Statements for the Period Ended 31 December 2011*
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### ii. Lawsuits

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

| | 31 December 2011 | 31 December 2010 |
|---|---|---|
| Legal cases | 15.474.010 | 16.541.380 |
| Administrative cases | 4.409.701 | 3.168.034 |
| Labor cases | 2.719.984 | 1.765.100 |
| Commercial cases | 1.929.512 | 329.000 |
| Cancellation of appeal | - | 39.211 |
| | **24.533.207** | **21.842.725** |

As of 31 December 2011, the provision for lawsuits amounting to TL 4.012.104 (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.

*31 December 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 TL 4.465.500 of the actual tax charge and penalty and TL 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.

# *Doğan Gazetecilik A.Ş.*
## *Notes to the Consolidated Financial Statements for the Period Ended 31 December 2011*
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## NOTE 15 - COMMITMENTS

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

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

| | 31 December 2011 | 31 December 2010 |
|---|---|---|
| A. Total amount of the CPM given for its own legal entity (1) | 10.362.558 | 13.000.164 |
| B. CPM given on behalf of fully consolidated companies | 1.953.246 | 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 majorit 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** | **12.315.804** | **14.457.362** |

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

All the CPM's are given on behalf of the Company as of 31 December 2011 and 2010.

### 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 31 December 2011, the Group is under obligation to provide advertisement services to Group and non-group companies amounting to TL 647.352 TL (31 December 2010: TL 10.325.734) and TL 1.659.402 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 3.025.497, belonging to non-group companies (31 December 2010: TL 1.061.146 from group companies, TL 4.386.021 from non-group companies) regarding barter agreements. Total barter transactions income in the current period of the Group is TL 6.973.959 (31 December 2010: TL 12.462.858), barter transactions expense is TL 4.179.395 (31 December 2010: TL 18.987.868).

## NOTE 16 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

| | 31 December 2011 | 31 December 2010 |
|---|---|---|
| Provision for employment termination benefits | 7.797.416 | 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 whose employment is terminated without due cause, or who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men).At 31 December 2011 the amount payable consists of one month's salary limited to a maximum of TL 2.731,85 (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.

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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:

| | 31 December 2011 | 31 December 2010 |
|---|---|---|
| Discount rate (%) | 4,67 | 4,66 |
| Turnover rate to estimate the probability of retirement (%) | 87 | 87 |

The principal assumption is that the maximum liability of TL 2.805,04 (31 December 2010: TL 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 2.805,04 effective from 1 January 2012 (1 January 2011: TL 2.623,23) has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

Movements in the provision for employment termination benefits for the period 31 December is as follows:

| | 2011 | 2010 |
|---|---|---|
| 1 January | 13.364.200 | 7.669.281 |
| Current period service charge[1] | 2.682.238 | 8.557.390 |
| Current period charge from discontinued operations | 3.541.397 | - |
| Reversal of provision from discontinued operations | (11.092.278) | - |
| Interest cost | 1.336 | 357.388 |
| Payments | (699.094) | (3.623.532) |
| Actuarial loss | (383) | 403.673 |
| | | |
| **31 December** | **7.797.416** | **13.364.200** |

[1] The Group management has reviewed the assumptions used in the calculation of provision for employee termination in 2010 and has accounted the changes in the accounting estimations in the current period.

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## NOTE 17 - OTHER ASSETS AND LIABILITIES

The details of other assets and liabilities at 31 December 2011 and 2010 are as follows:

### i. Other current assets

| | 31 December 2011 | 31 December 2010 |
|---|---|---|
| Job advances | 254.834 | 151.836 |
| Prepaid expenses | 467.846 | 1.679.430 |
| Income accruals | 31.874 | 200.074 |
| Personnel advances | 977.383 | 2.071.927 |
| Advances given for the purchase of inventories | - | 9.829 |
| Deferred VAT and other tax receivables | 372.633 | 1.195.368 |
| Prepaid taxes and funds | 220 | 1.964 |
| | **2.104.790** | **5.310.428** |
| Provision for impairment | - | (357.160) |
| | **2.104.790** | **4.953.268** |

Provision for impairment is related to the prepaid expenses.

### ii. Other non-current assets

| | 31 December 2011 | 31 December 2010 |
|---|---|---|
| Deferred VAT and other tax receivables | 2.587.833 | 6.098.804 |
| | **2.587.833** | **6.098.804** |

### iii.Other current liabilities

| | 31 December 2011 | 31 December 2010 |
|---|---|---|
| Unused vacation liability | 2.043.470 | 4.763.256 |
| Deferred revenue | 1.879.468 | 2.106.343 |
| Provision for promotion inventories | - | 252.245 |
| Other | 220 | 1.685 |
| | **3.923.158** | **7.123.529** |

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 | 990.168 | 2.888.559 |
| Payments during the period | (285.013) | (678.472) |
| Reversal of provision from discontinued operations | (3.424.941) | - |
| **31 December** | **2.043.470** | **4.763.256** |

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## NOTE 18 - EQUITY

### Issued Capital

The Company adopted the registered capital system available to companies registered with the CMB and set a limit on its registered capital representing registered type shares with a nominal value of TL 1.

| | 31 December 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 |

The ultimate shareholders of Doğan Gazetecilik is Aydın Doğan and the Doğan Family. The details of shareholders' and shareholding structure of Doğan Gazetecilik is as follows as of 31 December 2011 and 31 December 2010:

| | 31 December 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** | |

[1] As of 31 December 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 2011, it is regarded that 5,23% of the shares are outstanding and 41,39% of the shares are publicly available as of 31 December 2011 based on the Central Registry Agency A.Ş.'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.

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*Restricted reserves*

Restricted reserves are reserves allocated from profit prior periods, for any legal or contractual obligations or other purposes excluding for profit distribution (i.e: 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 31 December 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.

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 CommuniquéNo. IV-27, their articles of association and their previously publicly declared profit distribution policies. The CMB's requires the disclosure of total amount of net profit in the statutory records and other resources (after the deduction of retained earnings) which may be subject to distribution in the financial statements prepared in accordance with Communiqué Serial XI, No: 29.

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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.

The CMB's requires the disclosure of total amount of net profit in the statutory records and other resources (after the deduction of retained earnings) which may be subject to distribution in the financial statements prepared in accordance with Communiqué Serial XI, No: 29. The Company does not have any resources in its statutory records that is subject to dividend distribution as of the balance sheet date.

## NOTE 19 - SALES AND COST OF SALES

| | 31 December 2011 | 31 December 2010 |
|---|---|---|
| Domestic sales, net | 193.166.112 | 194.164.644 |
| Cost of sales | (126.377.052) | (112.312.068) |
| | | |
| **Gross profit** | **66.789.060** | **81.852.576** |

The details of sales income and cost of sales for the periods ended 31 December 2011 and 2010 are as follows:

*Sales income*

| | 31 December 2011 | 31 December 2010 |
|---|---|---|
| Newspaper sales income | 97.123.018 | 103.442.470 |
| Advertising income | 92.081.848 | 88.539.114 |
| Other income | 3.961.246 | 2.183.060 |
| **Sales income, net** | **193.166.112** | **194.164.644** |

*Cost of sales*

| | 31 December 2011 | 31 December 2010 |
|---|---|---|
| Raw material costs | 70.041.461 | 52.997.571 |
| Printing costs | 21.774.819 | 19.674.561 |
| Personnel costs | 19.229.237 | 24.912.117 |
| News and photography costs | 2.004.635 | 3.434.880 |
| Depreciation and amortization expenses | 1.463.322 | 1.140.287 |
| Other (Note 10,11 and 12) (1) | 11.863.578 | 10.152.652 |
| | **126.377.052** | **112.312.068** |

(1) TL 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 (31 December 2010: TL 2.787.127).

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

### Marketing, selling and distribution expenses

| | 31 December 2011 | 31 December 2010 |
|---|---|---|
| Distribution expenses | 14.403.487 | 12.406.200 |
| Personnel expenses | 10.360.789 | 9.447.951 |
| Advertisement expenses | 5.645.951 | 5.741.529 |
| Promotion expenses | 4.530.973 | 10.176.138 |
| Presentation and marketing expenses | 2.673.556 | 3.759.907 |
| Travel expenses | 704.483 | 583.722 |
| Consulting expenses | 487.720 | 288.745 |
| Sponsorship expenses | 376.810 | 604.563 |
| Communication expenses | 158.264 | 326.890 |
| Depreciation and amortization expenses (Note 10, 11 and 12) (1) | 126.491 | 102.185 |
| Commission expenses | 68.024 | 524.380 |
| Other | 1.285.243 | 688.020 |
| | | |
| | **40.821.791** | **44.650.230** |

(1) TL 52.498 of depreciation and amortization amount derived from the subsidiary and brand disposal is recognized under the discontinued operations account on 2 May 2011 (31 December 2010: TL 147.168).

### General administrative expenses

| | 31 December 2011 | 31 December 2010 |
|---|---|---|
| Personnel expenses | 8.496.702 | 5.737.214 |
| Consulting expenses | 3.378.012 | 2.097.596 |
| Depreciation expenses(Note 10, 11 and 12) (1) | 1.319.705 | 960.029 |
| Repair and maintenance expenses | 857.894 | 126.662 |
| Travel expenses | 505.653 | 361.628 |
| Electricity expenses | 162.584 | 333.847 |
| Other | 1.408.616 | 897.034 |
| | | |
| **Total** | **16.129.166** | **10.514.010** |

(1) TL 840.791 of depreciation and amortization amount derived from the subsidiary and brand disposal is recognized under the discontinued operations account on 2 May 2011 (31 December 2010: TL 2.357.010).

## NOTE 21 - EXPENSES BY NATURE

As of 31 December 2011 and 2010, expenses are disclosed by function and the details of the expenses is summarized in Note 19 and Note 20.

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## NOTE 22 - OTHER OPERATING INCOME/ EXPENSES

The details of other operating income and expense for the periods ended 31 December 2011 and 2010 are as follows:

| i. Other operating income: | 31 December 2011 | 31 December 2010 |
|---|---|---|
| Rent income | 4.742.436 | 2.730.934 |
| Reversal of provisions | 1.383.280 | 893.863 |
| Gain on sale of marketable securities | 126.014 | 2.043 |
| Gain on sale of fixed assets | 68.573 | 109.261 |
| Other (1) | 83.427 | 5.130.242 |
| | | |
| | **6.403.730** | **8.666.343** |

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

| ii. Other operating expenses: | 31 December 2011 | 31 December 2010 |
|---|---|---|
| Expenses regarding 6111 law (1) | (3.285.255) | - |
| Provision for doubtful receivables (Note 7) | (2.193.162) | (721.962) |
| Provision for lawsuits (Note 14) | (1.094.255) | (446.799) |
| Competition authority penalty (2) | (2.069.321) | - |
| Loss on sale of property, plant and equipment | (179.332) | (63.952) |
| Loss on sale of subsidiary (Sale of (shares of DHA) (Note 5) | (32.075) | - |
| Provision for impairment on goodwill (Note 13) | - | (5.671.555) |
| Provision for impairment of available for sale financial assets | - | (843.031) |
| Other (3) (4) | (1.641.013) | (1.620.633) |
| | | |
| **Total** | **(10.494.413)** | **(9.367.932)** |

(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 2.811.943 of TL 6.097.198 is related with the discountinued operations whereas TL 3.285.255 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. Because the penalty payment mentioned above has been paid within 30 days as of the date of the notification, the penalty was calculated as 2.069.321 TL after 25% discount and paid at December 16,2011.
(3) Other expenses amounting to TL 1.620.633 for the period ended as of 31 December 2010 includes TL 1.391.615 of the tax penalty and default interest rate regarding the tax inspection reports of 2008. TL 835.802 of the total amount is related with discontinued operations whereas TL 555.365 is related with continued operations.
(4) The transfer of all brands, royalties and domain names and the personnel of Radikal Newspaper and its web-site personnel to Hürriyet Newsaper was completed as of 31 August 2010. All the financial liabilities incurred under the Labour Law in relation to the related personnel are the responsibility of the Group. TL 1.641.013 of other expenses for the period ended 31 December 2011, consists of TL 1.246.804 of employee termination and severance pay.

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## NOTE 23 - FINANCIAL INCOME

The details of financial income for the years ended 31 December 2011 and 2010 are as follows:

| | 31 December 2011 | 31 December 2010 |
|---|---|---|
| Foreign exchange gains | 23.617.247 | 95.746 |
| Interest income | 3.290.499 | 103.062 |
| Financial income due to sales with maturity | 2.697.083 | 2.278.044 |
| | **29.604.829** | **2.476.852** |

## NOTE 24 - FINANCIAL EXPENSES

The details of financial expenses for the years ended 31 December 2011 and 2010 are as follows:

| | 31 December 2011 | 31 December 2010 |
|---|---|---|
| Foreign exchange losses | (10.512.713) | (864.559) |
| Financial expenses due to purchases with maturity | (840.813) | (527.285) |
| Interest expenses | (570.753) | (103.567) |
| Other financial expenses | (704.562) | (708.381) |
| | | |
| **Total** | **(12.628.841)** | **(2.203.792)** |

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## 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 | 31 December 2010 |
|---|---|---|
| Sales | 49.426.215 | 160.603.501 |
| Cost of sales (-) | (37.148.804) | (110.347.387) |
| | | |
| **Gross profit** | **12.277.411** | **50.256.114** |
| | | |
| Marketing, sales and distribution expenses (-) | (18.293.361) | (59.056.744) |
| General administration expenses (-) | (6.264.640) | (19.378.424) |
| Other operating expenses (net) | (2.629.029) | (4.406.824) |
| Financial expenses (net) | (797.022) | (1.655.611) |
| | | |
| **Loss before income tax from discontinued operations** | **(15.706.641)** | **(34.241.489)** |
| | | |
| **Tax (expense) from discontinued operations** | **(699.452)** | **(4.622.471)** |
| Current year tax charge | - | |
| Deferred tax charge (Note 26) | (699.452) | (4.622.471) |
| **Net loss from discontinued operations prior to sale proceeds from the disposal of brand and subsidiary shares** | **(16.406.093)** | **(38.863.960)** |
| | | |
| Gain on sale of brand and subsidiary shares (Note 32) | 16.588.804 | - |
| Sales income tax expense | (6.541.267) | - |
| | | |
| **Discontinued operations** | | |
| Net loss from discontinued operations (after income taxes) [1] | (6.358.556) | (38.863.960) |

[1] Net loss from discontinued operations is decreased by TL 3.113.274 compared to the amount previously reported as a result of the offsetting of provisions subsequent to the date of sale till the end of the balance sheet date.

### Cash used in discontinued operations:

| | 1 January-30 April 2011 | 1 January-31 December 2010 |
|---|---|---|
| Net cash (used in)/ provided by operating activities | (1.376.009) | (1.296.484) |
| Net cash provided by/ (used in) investing activities | 464.155 | (703.213) |
| Net cash provided by/ (used in) financing activities | 502.423 | 2.371.004 |
| | | |
| **Net cash (outflow)/ inflow** | **(409.431)** | **371.307** |

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## NOTE 26 - TAXATION

| | 31 December 2011 | 31 December 2010 |
|---|---|---|
| Corporate and income taxes payable | 13.104.828 | 4.554.352 |
| Less: Prepaid taxes | (12.551.713) | (4.316.935) |
| | | |
| **Taxes payable** | **553.115** | **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.

Tax authorities can review accounting records within five years and if they determine any errors on the accounting records, tax payable can be reassessed as a result of another tax assessment.

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.

The deferred tax asset calculated over the deductible accumulated losses in the financial statements prepared in accordance with the CMB regulations is in compliance with the principles described above. As a result, the Company has a total of accumulated tax losses amounting to TL 2.338.582 available for use for the year 2015.

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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 sale of participation shares and property*

75% of the gains derived from the sale of preferential rights, usufruct shares and founding shares from investment equity and real property which have remained in assets for more than two full years are exempt from corporate tax. For exemption, the relevant gain is required to be held in a fund account in liabilities for at least five years. The cost of the sale should be collected until the end of the second calendar year following the year of the sale.

*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 31 December 2011and 31 December 2010 are as follows:

| | Total temporary differences | | Deferred tax assets/ (liabilities) | |
|---|---|---|---|---|
| | 31 December 2011 | 31 December 2010 | 31 December 2011 | 31 December 2010 |
| Provision for employment termination benefits | 7.797.416 | 13.364.200 | 1.559.483 | 2.672.840 |
| Carry forward tax losses [1] | 2.338.582 | 71.015.911 | 467.716 | 6.455.644 |
| Provision for lawsuits | 4.042.646 | 1.977.497 | 808.529 | 395.499 |
| Unused vacation liability | 2.043.370 | 4.763.256 | 408.674 | 952.651 |
| Net difference between the tax base andcarrying value of property, plant and equipment and intangible assets | 1.646.387 | - | 329.277 | - |
| Provision for doubtful receivables | 1.671.369 | 4.555.035 | 334.274 | 911.007 |
| Provision for impairment on inventories | 873.573 | 2.926.796 | 174.715 | 585.359 |
| Other provisions | - | 357.160 | - | 71.432 |
| Unearned interest income | 345.370 | 502.191 | 69.074 | 100.438 |
| Promotion liability | - | 252.245 | - | 50.449 |
| Unearned sales income | - | 729.631 | - | 145.926 |
| **Deferred tax assets** | | | **4.151.742** | **12.341.245** |
| Net difference between the tax base andcarrying value of property, plant and equipment and intangible assets | - | (50.917.868) | - | (10.183.573) |
| Unearned finance expenses | (142.450) | (150.733) | (28.490) | (30.147) |
| **Deferred tax liabilities** | | | **(28.490)** | **(10.213.720)** |
| **Deferred tax assets, net** | | | **4.123.252** | **2.127.525** |

[1] As of 31 December 2011, the deductible financial losses amount to TL 2.338.582 (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 40.049.044 (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 consolidated financial statements for the period ended 31 December 2011.

# Doğan Gazetecilik A.Ş.
## Notes to the Consolidated Financial Statements for the Period Ended 31 December 2011
*(Amounts expressed in Turkish Lira ["TL"] unless otherwise indicated.)*

| Deferred tax assets: | 31 December 2011 | 31 December 2010 |
|---|---|---|
| To be recovered after one year | 2.357.757 | 9.128.484 |
| To be recovered within one year | 1.793.985 | 3.212.761 |
| **Total** | **4.151.742** | **12.341.245** |

| Deferred tax liabilities: | 31 December 2011 | 31 December 2010 |
|---|---|---|
| To be recovered after one year | - | (10.183.599) |
| To be recovered within one year | (28.490) | (30.121) |
| **Total** | **(28.490)** | **(10.213.720)** |

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

| | 31 December 2011 [1] | 31 December 2011 [2] | 31 December 2010 |
|---|---|---|---|
| 2011 | - | - | 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 | 1.626.780 | 1.626.780 | 9.312.135 |
| **Total** | **2.338.582** | **3.050.384** | **32.278.220** |

[1] Maximum discountable amounts for the accumulated financial losses of the related period are presented in accordance with the requirements of Law No: 6111.
[2] Those amounts represent the actual accumulated loss amounts as of 31 December 2011 before the application of Law No: 6111.

The movements in deferred tax assets/ (liabilities) for the periods 31 December are as follows:

| | 2011 | 2010 |
|---|---|---|
| 1 January | 2.127.525 | 6.419.546 |
| Deferred tax charge | (953.603) | 330.450 |
| Current period (charge) from discounted operations (Note 25) | (699.452) | (4.622.471) |
| Deferred income tax chargefrom discontinued operations (Note 32) | 3.648.782 | - |
| **31 December** | **4.123.252** | **2.127.525** |

The tax expense for the years ended 31 December 2011 and 2010 is summarized as follows:

| | 31 December 2011 | 31 December 2010 |
|---|---|---|
| - Current period corporate tax | (6.563.563) | (4.554.352) |
| - Deferred tax (charge) | (953.603) | 330.450 |
| **Total tax expense** | **(7.517.166)** | **(4.223.902)** |

# Doğan Gazetecilik A.Ş.
## Notes to the Consolidated Financial Statements for the Period Ended 31 December 2011
*(Amounts expressed in Turkish Lira ["TL"] unless otherwise indicated.)*

The reconciliation of the taxation on income in the consolidated statement of income for periods ended 31 December 2011 and 2010 and the taxation on income calculated with the current tax rate over income before tax is as follows:

| | 31 December 2011 | 31 December 2010 |
|---|---|---|
| Profit before tax from continuing operations | 22.723.408 | 26.459.807 |
| Income tax rate 20% (2010: 20%) | (4.544.682) | (5.291.961) |
| Effects of carry forward tax losses over which deferred tax asset is net recognized | (315.084) | (112.585) |
| Expenses not subject to tax | (2.376.667) | (587.140) |
| Impairment of goodwill not subject to tax | - | (1.134.311) |
| Reversal of carry forward tax losses over which deferred tax asset is recognized in the prior periods | (257.141) | 2.615.094 |
| Other | (23.592) | 287.001 |
| **Total** | **(7.517.166)** | **(4.223.902)** |

## NOTE 27 – EARNING / (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.

| | 31 December 2011 | 31 December 2010 |
|---|---|---|
| Net profit/ (loss) for the period | 8.890.724 | (16.528.807) |
| Weighted average number of shareswith face value of TL 1 each | 105.000.000 | 105.000.000 |
| | | |
| **Basic and diluted profit / (loss) per attributable to equity holders' share (TL)** | **0,085** | **(0,157)** |

| | 31 December 2011 | 31 December 2011 |
|---|---|---|
| Net loss for the period from discontinued operations | (6.358.556) | (38.863.960) |
| Net profit for the period from continuing operations | 15.206.242 | 22.335.905 |
| Weighted average number of shares with face value of TL 1 each | 105.000.000 | 105.000.000 |
| **Basic and diluted profit per attributable to equity holders' share from continuing operations (TL)** | **0,145** | **0,213** |

# Doğan Gazetecilik A.Ş.

## Notes to the Consolidated Financial Statements for the Period Ended 31 December 2011

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

## 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, 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 periods ended as of 31 December are summarized as below:

### a) Due from related parties:

| | 31 December 2011 | 31 December 2010 |
|---|---|---|
| Doğan Dağıtım Satış ve Pazarlama A.Ş. ("Doğan Dağıtım") [1] | 3.202.827 | 4.562.127 |
| Doğan Portal ve Elektronik Tic. A.Ş. | 753.833 | 645.293 |
| Medyanet İletişim Reklam Paz. Turizm A.Ş. ("Medyanet") [2] | 746.130 | 4.018.585 |
| Mutlu Dergi Grubu A.Ş. (former title Vatan Imako Medya Yayıncılık A.Ş.) | - | 960.706 |
| Other | 251.087 | 396.690 |
| | | |
| **Total** | **4.953.877** | **10.583.401** |

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

| b) Due to related parties: | 31 December 2011 | 31 December 2010 |
|---|---|---|
| Kanal D [1] | 9.508.335 | 14.722.261 |
| Hürriyet Gazetecilik ve Matbaacılık A.Ş. ("Hürriyet") [2] | 8.222.394 | 9.763.354 |
| Doğan Ofset Yayıncılık ve Matbaacılık A.Ş. ("Doğan Ofset") | 766.531 | 873.238 |
| Milpa Ticari Sınai Ürünler Paz. San. ve Tic. A.Ş. ("Milpa") | 647.350 | 796.404 |
| Işıl İthalat ve İhracat Mümessillik A.Ş. ("Işıl İthalat İhracat") | 628.465 | 501.149 |
| Milta Turizm İşletmeleri A.Ş. ("Milta Turizm") | 416.828 | 185.090 |
| Doğan Dış Ticaret ve Mümessillik A.Ş. ("Dış Ticaret") | 382.221 | 93.362 |
| Doğan İletişim Elektronik Servis Hizmetleri ve Yayıncılık A.Ş. ("Doğan Online") | 135.898 | 942.866 |
| Doğan Yayın Holding A.Ş. ("Yayın Holding") | 319.915 | 1.168.636 |
| Doğan Faktoring Hizmetler A.Ş. ("Doğan Faktoring") | 40.920 | 797 |
| Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş. ("Doğan Burda") | 11.428 | 268.892 |
| Other | 2.256 | 378.423 |
| | | |
| | **21.082.541** | **29.694.472** |
| | | |
| Less: Unearned finance expense due to purchases with maturity | (142.450) | (150.773) |
| | | |
| | **20.940.091** | **29.543.699** |

[1] Due to Kanal D consists of the advertising expenses related with the advertisement of newspapers shown in television.
[2] Due to Hürriyet is related with printing of the Group newspapers in Hürriyet printing centers.

# Doğan Gazetecilik A.Ş.

## Notes to the Consolidated Financial Statements for the Period Ended 31 December 2011

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

| c) Financial liabilities to related parties: | 31 December 2011 | 31 December 2010 |
|---|---|---|
| Doğan Faktoring [1] | 5.165.940 | - |

[1] Other financial liabilites consist of the short-term financial borrowings from Doğan Faktoring. The related financial borrowings were paid in January 2012.

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

| | 31 December 2011 | 31 December 2010 |
|---|---|---|
| Doğan Dağıtım [1] | 114.688.339 | 160.672.319 |
| Medyanet [2] | 4.125.440 | 9.727.662 |
| Kanal D [3] | 3.565.651 | 4.696.067 |
| Işıl Televizyon Yayıncılık A.Ş. ("Star TV") [4] | 1.302.730 | 1.598.088 |
| Doğan TV Digital Platform İşletmeciliği A.Ş("Doğan TV Dijital") | 930.748 | 2.319.787 |
| Mozaik İletişim Hizmetleri A.Ş.("Mozaik") | - | 423.178 |
| Other | 1.150.099 | 4.215.945 |
| **Total** | **125.763.007** | **183.653.046** |

[1] Doğan Dağıtım distributes the daily newspapers of the Group. TL 17.713.501 (31 December 2010: TL 57.640.975) of the sales is related with the discontinued operations.
[2] The sales made to Medyanet consists of the internet advertising sales made from the websites.
[3] The amount of Kanal D consists of the advertising sales.
[4] Star TV is considered as a related party until the share transfer made to Doğuş Yayın Grubu on November 3, 2011. The amounts for the years ended 31 December 2011 and 2010 consist of the advertising revenue.

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

| | 31 December 2011 | 31 December 2010 |
|---|---|---|
| Işıl İthalat İhracat [1] | 60.424.951 | 58.058.764 |
| Hürriyet [2] | 26.597.504 | 32.079.824 |
| Dış Ticaret [1] | 25.801.352 | 38.098.753 |
| Other | 4.749.054 | 10.729.809 |
| | **117.572.861** | **138.967.150** |
| Less: Unearned finance expense due to purchases with maturity | (940.706) | (1.034.945) |
| | **116.632.155** | **137.932.205** |

[1] The Group purchases its raw materials like paper, printing materials from Doğan Dış Ticaret and Işıl İthalat İhracat. TL 12.337.699 (31 December 2010: TL 36.868.254) of cost is related to the discontinued operations as of 31 December 2011.
[2] The newspapers of the Group are printed in the printing houses of Hürriyet.

# Doğan Gazetecilik A.Ş.
## Notes to the Consolidated Financial Statements for the Period Ended 31 December 2011
*(Amounts expressed in Turkish Lira ["TL"] unless otherwise indicated.)*

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

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

| | 31 December 2011 | 31 December 2010 |
|---|---|---|
| Doğan TV [1] | 2.712.612 | 2.570.788 |
| Hürriyet [2] | (1.124.005) | 5.095.000 |
| Other | (488.788) | (37.457) |
| **Total** | **1.099.819** | **7.628.331** |

[1] Consists of rent income from Doğan TV.
[2] TL 5.095.000 of other income for the period ended 31 December 2010, is the sales price, VAT excluded, resulting from the sales of all brands, royalties and internet domain names of Radikal Newspaper published under the Group structure in accordance with the result of the valuation report to Hürriyet Gazetecilik ve Matbaacılık A.Ş. Related sales transaction is considered as the sale of brands, royalties and internet domain names and the sales amount is recognized under other operating income in the statement of income. The transfer of Radikal Newspaper employees to Hürriyet Gazetecilik ve Matbaacılık A.Ş. has been completed as of 31 August 2010. All the financial liabilities incurred under the Labour Law in relation to the related personnel are the responsibility of the Group.

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

| | 31 December 2011 | 31 December 2010 |
|---|---|---|
| Doğan Factoring | (373.972) | (584.403) |
| Kanal D | (283.520) | (283.670) |
| Işıl İthalat İhracat | - | (398.649) |
| Doğan Dış Ticaret | - | (356.901) |
| Hürriyet | - | (41.089) |
| Other | (195.842) | (40.632) |
| **Financial expenses** | **(853.334)** | **(1.705.344)** |

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

| | 31 December 2011 | 31 December 2010 |
|---|---|---|
| Doğan Dağıtım [1] | 17.737.619 | 22.377.514 |
| Kanal D [2] | 3.736.777 | 12.086.254 |
| Star TV [2] | 2.059.245 | 3.532.009 |
| Doğan Yayın Holding | 1.902.581 | 1.862.086 |
| D Yapım Reklamcılık ve Dağıtım A.Ş. | 1.622.969 | 2.902.184 |
| Hürriyet | 195.879 | 313.959 |
| Doğan TV Dijital Platform | 91.538 | 552.128 |
| Doğan Egmond | 74.746 | 344.537 |
| Other | 721.338 | 2.095.928 |
| | **28.142.692** | **46.066.599** |

[1] Distribution and transportation service is received from Doğan Dağıtım.
[2] The Group receives television advertising services from Star TV and Kanal D. Star TV is considered as related party until the sales of shares to Doğuş Media Group on November 3, 2011.

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## Notes to the Consolidated Financial Statements for the Period Ended 31 December 2011
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**g) Remuneration paid to top management:**

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

| | 31 December 2011 | 31 December 2010 |
|---|---|---|
| Salaries and other short term benefits | 6.646.113 | 5.232.165 |
| Other long term benefits | - | - |
| Post-employment benefits | - | - |
| Termination benefits | 393.066 | 401.875 |
| **Total** | **7.039.179** | **5.634.040** |

## 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 (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.

# Doğan Gazetecilik A.Ş.
## Notes to the Consolidated Financial Statements for the Period Ended 31 December 2011

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

### 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 | 31 December 2011 | 31 December 2010 |
|---|---|---|
| Financial assets | - | 3.279.440 |
| *- Designated as fair value through profit or loss*[1] | - | 3.279.440 |
| *- Available for sale financial assets* | - | - |
| Financial liabilities | 5.165.940 | 19.697.191 |

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

[1] 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 31 December 2011 (31 December 2010: TL 13.400.000).

As of 31 December 2010, if interest rate on borrowings had been 1% higher/lower, 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 through offsetting foreign currency assets and liabilities. These risks are monitored and limited by analyzing foreign currency position.

| | 31 December 2011 | 31 December 2010 |
|---|---|---|
| Assets | 98.916.537 | 157.331 |
| Liabilities | (91.333) | (19.837.257) |
| **Net foreign currency position** | **98.825.204** | **(19.679.926)** |

As of 31 December 2011, foreign currency denominated asset and liability balances were converted with the following exchange rates: TL 1,8889 = USD 1 and TL 2,4438 = EUR 1 (2010: TL 1,5460 = USD 1 and TL 2,0491 = EUR 1).

# Doğan Gazetecilik A.Ş.

## Notes to the Consolidated Financial Statements for the Period Ended 31 December 2011

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

| 31 December 2011 | TL Equivalent | USD | Euro | Other |
|---|---|---|---|---|
| 1. Trade Receivables | 31.747.379 | 31.747.379 | - | - |
| 2a. Monetary Financial Assets (Cash, Banks included) | 25.452 | 13.274 | 4.958 | 7.220 |
| 2b. Non-Monetary Financial Assets | - | - | - | - |
| 3. Other | - | - | - | - |
| **4. Current Assets (1+2+3)** | **31.772.831** | **31.760.653** | **4.958** | **7.220** |
| 5. Trade Receivables | 67.143.706 | 67.143.706 | - | - |
| 6a. Monetary Financial Assets | - | - | - | - |
| 6b. Non-Monetary Financial Assets | - | - | - | - |
| 7. Other | - | - | - | - |
| **8. Non-current assets (5+6+7)** | **67.143.706** | **67.143.706** | **-** | **-** |
| **9. Total assets (4+8)** | **98.916.537** | **98.904.359** | **4.958** | **7.220** |
| 10. Trade Payables | 91.333 | 91.333 | - | - |
| 11. Financial Liabilities | - | - | - | - |
| 12a. Other Monetary Liabilities | - | - | - | - |
| 12b. Other Non-Monetary Liabilities | - | - | - | - |
| **13. Current Liabilities (10+11+12)** | **91.333** | **91.333** | **-** | **-** |
| 14. Trade Payables | - | - | - | - |
| 15. Financial Liabilities | - | - | - | - |
| 16a. Other Monetary Liabilities | - | - | - | - |
| 16b. Other Non-Monetary Liabilities | - | - | - | - |
| **17. Non-current Liabilities (14+15+16)** | **-** | **-** | **-** | **-** |
| **18. Total Liabilities (13+17)** | **91.333** | **91.333** | **-** | **-** |
| **19. Net asset / liability position of Off-balance sheet derivatives (19a-19b)** | **-** | **-** | **-** | **-** |
| **19.a Off-balance sheet foreigncurrency derivative assets** | **-** | **-** | **-** | **-** |
| **19b. Off-balance sheet foreign currency derivative liabilities** | | **-** | **-** | **-** |
| **20. Net foreign currency asset liability position (9-18+19)** | **98.825.204** | **98.813.026** | **4.958** | **7.220** |
| **21.Net foreign currency asset / liability position of monetary items(1+2a+5+6a-10-11-12a-14-15-16a)** | **98.825.204** | **98.813.026** | **4.958** | **7.220** |
| **22.Fair value of foreign currency hedged financial assets** | **-** | **-** | **-** | **-** |
| **23. Exports** | **-** | **-** | **-** | **-** |
| **24. Imports** | **-** | **-** | **-** | **-** |

# Doğan Gazetecilik A.Ş.

## Notes to the Consolidated Financial Statements for the Period Ended 31 December 2011

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

| 31 December 2010 | TL Equivalent | USD | 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 | 9.320.032 | 10.300.618 | - |
| 12a. Other Monetary Liabilities | - | - | - | - |
| 12b. Other Non-Monetary Liabilities | - | - | - | - |
| **13. Current Liabilities (10+11+12)** | **19.837.256** | **9.536.638** | **10.300.618** | **-** |
| 14. Trade Payables | - | - | - | - |
| 15. Financial Liabilities | - | - | - | - |
| 16a. Other Monetary Liabilities | - | - | - | - |
| 16b. Other Non-Monetary Liabilities | - | - | - | - |
| **17. Non-current Liabilities (14+15+16)** | **-** | **-** | **-** | **-** |
| **18. Total Liabilities (13+17)** | **19.837.256** | **9.536.638** | **10.300.618** | **-** |
| **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)** | **(9.491.490)** | **(10.193.580)** | **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)** | **(9.491.490)** | **(10.193.581)** | **5.145** |
| **22. Fair value of foreign currency hedged financial assets** | **-** | **-** | **-** | **-** |
| **23. Exports** | **-** | **-** | **-** | **-** |
| **24. Imports** | **-** | **-** | **-** | **-** |

# *Doğan Gazetecilik A.Ş.*
## *Notes to the Consolidated Financial Statements for the Period Ended 31 December 2011*
*(Amounts expressed in Turkish Lira ["TL"] unless otherwise indicated.)*

Group is exposed to foreign exchange risk arising primarily from USD and Euro, mainly. The analysis of sensitivity to foreign currency is as follows:

| | Income/Loss | |
|---|---|---|
| | **Foreign currency appreciates** | **Foreign currencydepreciates** |
| **31 December 2011** | | |
| **If the US dollar had changed by 10% against the TL** | | |
| USD net (liability)/asset | 9.881.303 | (9.881.303) |
| Hedging amount of USD | - | - |
| **USD net effect on income/(loss)** | **9.881.303** | **(9.881.303)** |
| | | |
| **If the EUR had changed by 10% aganist the TL** | | |
| EUR net (liability)/asset | 496 | (496) |
| Hedging amount of EUR - | - | |
| **EUR net effect on income/(loss)** | **496** | **(496)** |

| | Income/Loss | |
|---|---|---|
| | **Foreign currency appreciates** | **Foreign currency depreciates** |
| **31 December 2010** | | |
| If the US dollar had changed by 10% against the TL | | |
| USD net (liabilities)/assets | (949.149) | 949.149 |
| Hedging amount of USD | - | - |
| **USD net effect on (loss)/income** | **(949.149)** | **949.149** |
| | | |
| **If the EUR had changed by 10% aganist the TL** | | |
| EUR net (liability)/asset | (1.019.358) | 1.019.358 |
| Hedging amount of EUR | - | - |
| **EUR net effect on income/(loss)** | **(1.019.358)** | **1.019.358** |

*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.

# Doğan Gazetecilik A.Ş.
## Notes to the Consolidated Financial Statements for the Period Ended 31 December 2011
*(Amounts expressed in Turkish Lira ["TL"] unless otherwise indicated.)*

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

| | Trade receivables | | Other receivables | | | | |
|---|---|---|---|---|---|---|---|
| 31 December 2011 | Related Party | Other | Related Party | Other | Cash and cash equivalents | Derivative instruments | Other |
| Maximum credit risk exposure as of balance sheet date | 4.953.877 | 54.652.942 | - | 93.823.454 | 340.102 | - | - |
| *- Collateralized or secured with guarantees part of maximum credit risk* | *-* | *11.666.219* | *-* | *-* | *-* | *-* | *-* |
| A. Net book value of neither past due nor impaired financial assets | 4.226.394 | 30.452.087 | - | 93.823.454(1) | 340.102 | - | - |
| B. Book value of restructured otherwise accepted as past due and impaired financial assets | - | - | - | - | - | - | - |
| C. Past due but not impaired | 727.483 | 24.200.855 | - | - | - | - | - |
| *- Guaranteed amount by commitment* | *-* | *10.049.015* | *-* | *-* | *-* | *-* | *-* |
| D. Impaired asset net book value | - | - | - | - | - | - | - |
| - Past due (gross amount) | - | 13.687.383 | - | - | - | - | - |
| - Impairment (-) | - | (13.687.383) | - | - | - | - | - |
| - 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 | - | - | - | - | - | - | - |

(1) Deposits and guarantees given in other non-current receivables amounting to TL 59.770 is included as of 31 December 2011.

# Doğan Gazetecilik A.Ş.
## Notes to the Consolidated Financial Statements
## for the Period Ended 31 December 2011
*(Amounts expressed in Turkish Lira ["TL"] unless otherwise indicated.)*

| | Trade receivables | | Otherreceivables | | | | |
|---|---|---|---|---|---|---|---|
| **31 December 2010** | **Related Party** | **Other** | **Related Party** | **Other** | **Cash and cash equivalents** | **Derivative instruments** | **Other** |
| Maximum credit risk exposureas 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. Net book value of neither past due nor impaired financial assets | 6.451.698 | 38.831.549 | - | 62.450 | 4.852.292 | - | - |
| B. Book value of restructured otherwiseaccepted as past due and impaired financial assets | - | - | - | - | - | - | - |
| 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 | - | - | - | - | - | - | - |

(1) Deposits and guarantees given in other non-current receivables amounting to TL 55.842 is included as of 31 December 2010.

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

| | Trade receivables | | | | |
|---|---|---|---|---|---|
| **31 December 2011** | **Related party** | **Bank Other** | **Derivative deposits** | **instruments** | **Other** |
| 1 to 30 days overdue | 232 | 7.289.621 | - | - | |
| 1 to 3 months overdue | 155 | 6.382.392 | - | - | - |
| 3 to 12 months overdue | 169.147 | 7.610.627 | - | - | - |
| More than 1 year overdue | 557.949 | 2.918.215 | - | - | - |
| **Total** | **727.483** | **24.200.855** | **-** | **-** | **-** |
| *Guaranteed amount* | *-* | *10.049.015* | *-* | *-* | *-* |

# *Doğan Gazetecilik A.Ş.*

## *Notes to the Consolidated Financial Statements for the Period Ended 31 December 2011*

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

| | Trade receivables | | | | |
|---|---|---|---|---|---|
| **31 December 2010** | **Related party** | **Bank Other** | **Derivative 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 | | | | |
|---|---|---|---|---|---|
| **31 December 2011** | **Related party** | **Bank Other** | **Derivative deposits** | **instruments** | **Other** |
| 0 to 3 months overdue | - | - | - | - | - |
| 3 to 12 months overdue | - | - | - | - | - |
| 1 to 5 years overdue | - | 13.687.383 | - | - | - |
| | | | | | |
| Less: provision for impairment | - | (13.687.383) | - | - | - |
| | | | | | |
| **Total** | **-** | **-** | **-** | **-** | **-** |

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

# Doğan Gazetecilik A.Ş.
## Notes to the Consolidated Financial Statements for the Period Ended 31 December 2011
*(Amounts expressed in Turkish Lira ["TL"] unless otherwise indicated.)*

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

| 31 December 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) | 5.165.940 | 5.213.395 | 5.213.395 | - | - | - |
| Due to related parties [1] (Note 28b) | 20.940.091 | 20.292.740 | 20.292.740 | - | - | - |
| Other trade payables [2] (Note 7) | 8.009.460 | 6.350.058 | 6.350.058 | - | - | - |
| Other payables (Note 8) | 4.666.678 | 4.666.678 | 4.666.678 | - | - | - |

| 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 647.352 (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 1.659.402 (31 December 2010: TL 1.943.144) are not included in the total cash outflow.

*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.

| | 31 December 2011 | 31 December 2010 |
|---|---|---|
| Total liabilities | 46.720.271 | 91.274.961 |
| Less: cash and cash equivalents (Note 4) | (340.102) | (5.315.998) |
| **Net liability** | **46.380.169** | **85.958.963** |
| Equity | 217.005.215 | 207.995.099 |
| **Total equity** | **263.385.384** | **293.954.062** |
| **Total liability/total equity ratio** | **17,6%** | **29,2 %** |

# Doğan Gazetecilik A.Ş.
## Notes to the Consolidated Financial Statements for the Period Ended 31 December 2011
*(Amounts expressed in Turkish Lira ["TL"] unless otherwise indicated.)*

### 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.

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

As per the Board resolution issued on 9 March 2012, the Company's head office has been decided to move to Kuştepe Mah. Mecidiyeköy Yolu Trump Towers Kule 2 Kat: 7-8-9 No: 12 Mecidiyeköy / ISTANBUL.

The consolidated financial statements for the period ended 31 December 2011 were approved by the Board of Directors on 30 March 2012. Other than Board of Directors has no authority to change financial statements.

# *Doğan Gazetecilik A.Ş.*
## *Notes to the Consolidated Financial Statements for the Period Ended 31 December 2011*
*(Amounts expressed in Turkish Lira ["TL"] unless otherwise indicated.)*

## 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 (TL 73.594.620) including 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., 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, TL 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.

### Gain on sale of brand and subsidiary shares

| | 31 December 2011 |
|---|---|
| Amount received | 93.655.020 |
| Carrying value of net assets | (77.066.279) |
| Non-controlling interests | 63 |
| | |
| **Sales income (Note 25)** | **16.588.804** |

The sale of Bağımsız Gazeteciler shares and Milliyet Gazetesi brand have been completed as of 2 May 2011, and TL 16.588.804 TL of sales income is disclosed in discontinued operations.

# Doğan Gazetecilik A.Ş.
## Notes to the Consolidated Financial Statements for the Period Ended 31 December 2011
*(Amounts expressed in Turkish Lira ["TL"] unless otherwise indicated.)*

### 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 (Note 11) | 1.127.963 |
| Intangible assets (Note 12) | 51.951.240 |
| Goodwill (Note 13) | 47.757.110 |
| Investment property (Note 10) | 159.467 |
| Other non-current assets | 1.601.884 |
| **Current liabilities** | **15.300.333** |
| Financial borrowings | 3.252.000 |
| Trade payables | 3.707.670 |
| Other taxes and funds payables | 3.547.453 |
| Provisions | 158.813 |
| Other current liabilities | 4.634.397 |
| **Non-current liabilities** | **14.747.159** |
| Other payables | 6.099 |
| Provision for employment termination benefits (Note 16) | 11.092.278 |
| Deferred tax liability (Note 26) | 3.648.782 |
| | |
| **Net assets disposed of from scope of consolidation** | **77.066.279** |
| Non-controlling interests | 63 |
| **Gain from sale (1)** | **16.588.804** |

(1) Carrying value of the net assets from discontinued operations increase by TL 2.870.361 and the profit on sale amount decrease equally as a result of the offsetting of provisions subsequent to the date of sale till the end of the balance sheet date.

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