Financial Statements

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PRICEWATERHOUSECOOPERS

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AUDITORS' REPORT

To the Board of Directors of
Hürriyet Gazetecilik ve Matbaacılık Anonim Şirketi

1. We have audited the accompanying consolidated balance sheet of Hürriyet Gazetecilik ve Matbaacılık Anonim Şirketi, (the "Company") at 31 December 2004 and the related consolidated statements of income and of cash flows for the year then ended, all expressed in New Turkish lira in the equivalent purchasing power of the Turkish lira at 31 December 2004. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Hürriyet Gazetecilik ve Matbaacılık Anonim Şirketi at 31 December 2004 and the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Başaran Nas Serbest Muhasebeci
Mali Müşavirlik Anonim Şirketi
a member of
PricewaterhouseCoopers

Cansen Başaran Symes, SMMM
Istanbul, 18 March 2005

Hürriyet Gazetecilik ve Matbaacılık A.Ş.

CONSOLIDATED BALANCE SHEETS

AT 31 DECEMBER 2004 and 2003

(Amounts expressed in New Turkish Lira ("YTL") in terms of the purchasing power of TL at 31 December 2004 unless otherwise indicated).

	Notes	2004	2003
ASSETS			
Current assets:			
Cash and cash equivalents	5	72,338,864	103,927,071
Trading securities	6	33,817,805	25,540,021
Trade receivables	7	120,098,297	103,745,705
Due from related parties	8	34,214,303	44,772,809
Inventories	9	19,220,696	19,039,758
Other current assets	10	8,293,471	4,612,249
Total current assets		**287,983,436**	**301,637,613**
Non-current assets:			
Available-for-sale investments	11	3,699,136	3,074,331
Investments in associated companies	12	11,100,831	12,310,371
Investment properties, net	13	37,732,974	32,652,605
Property, plant and equipment, net	14	462,829,711	454,667,251
Intangible assets, net	15	12,306,848	13,129,986
Other non-current assets		282,274	169,578
Deferred tax assets	19	1,262,359	598,118
Due from related parties	8	20,676,971	-
Total non-current assets		**549,891,104**	**516,602,240**
Total assets		**837,874,540**	**818,239,853**

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

Hürriyet Gazetecilik ve Matbaacılık A.Ş.

CONSOLIDATED BALANCE SHEETS
AT 31 DECEMBER 2004 and 2003

(Amounts expressed in New Turkish Lira ("YTL") in terms of the purchasing power of TL at 31 December 2004 unless otherwise indicated).

	Notes	2004	2003
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Bank borrowings	16	21,133,700	48,398,778
Trade payables	17	46,807,457	47,220,387
Due to related parties	8	4,450,457	2,656,062
Taxes on income	19	5,807,066	7,269,078
Other current liabilities	18	20,468,339	11,541,761
Total current liabilities		**98,667,019**	**117,086,066**
Non-current liabilities:			
Bank borrowings	16	61,128,601	39,277,474
Trade payables	17	38,270,028	42,102,758
Due to related parties	8	1,139,948	1,457,029
Provision for employment termination benefits	20	7,054,348	4,138,451
Deferred tax liabilities	19	32,204,915	18,692,263
Total non-current liabilities		**139,797,840**	**105,667,975**
Total liabilities		**238,464,859**	**222,754,041**
Minority interest		16,391,813	14,585,219
Shareholders' equity:			
Share capital	21	416,742,560	245,142,682
Adjustment to share capital	21	77,198,813	193,251,720
Total paid-in capital		**493,941,373**	**438,394,402**
Translation reserve		(354,811)	(803,537)
Retained earnings	22	89,431,306	143,309,728
Total shareholders' equity		**583,017,868**	**580,900,593**
Total liabilities and shareholders' equity		**837,874,540**	**818,239,853**
Commitments and contingent liabilities	28		

These consolidated financial statements have been approved by the Board of Directors on 18 March 2005.

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

Hürriyet Gazetecilik ve Matbaacılık A.Ş.

CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED 31 DECEMBER 2004 and 2003

(Amounts expressed in New Turkish Lira ("YTL") in terms of the purchasing power of TL at 31 December 2004 unless otherwise indicated).

	Notes	2004	2003
Net sales		473,549,359	458,063,372
Cost of sales		(307,176,688)	(307,875,916)
Gross profit		**166,372,671**	**150,187,456**
General and administrative, selling and marketing, and distribution expenses	23	(93,467,767)	(97,370,278)
Other expenses, net	25	(9,197,799)	(40,349,721)
Operating profit		**63,707,105**	**12,467,457**
Financial income, net	24	19,709,352	34,997,997
(Loss)/income from associates		(830,732)	1,538,257
Loss on net monetary position		(17,898,932)	(1,544,913)
Income before taxation on income and minority interest		**64,686,793**	**47,458,798**
Taxation on income	19	(38,447,292)	13,025,521
Income before minority interest		**26,239,501**	**60,484,319**
Minority interest		960,586	(1,832,214)
Net income		**27,200,087**	**58,652,105**
Weighted average number of shares with face value of YTL 1 each	4.S	345,242,611	245,142,682
Basic and diluted earnings per share in YTL	4.S	0.079	0.239

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

Hürriyet Gazetecilik ve Matbaacılık A.Ş.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2004 and 2003

(Amounts expressed in New Turkish Lira ("YTL") in terms of the purchasing power of TL at 31 December 2004 unless otherwise indicated).

	Notes	2004	2003
Net income		27,200,087	58,652,105
Cash flows from operating activities	26	28,061,104	23,422,960
Taxes paid		(26,365,051)	(33,803,303)
Net cash provided by operating activities		**28,896,140**	**48,271,762**
Cash flows from investing activities:			
Purchase of investment properties		-	(5,661,678)
Purchase of property, plant and equipment	14	(44,666,277)	(5,873,571)
Purchase of intangible assets	15	(2,312,282)	(1,165,512)
Proceeds from sales of property, plant and equipment		4,692,486	254,707
Increase in other non-current assets		(39,368)	-
Contributions to capital increases of available-for-sale investments		-	(849,994)
Proceeds from sales of investments in associated companies	29	-	9,352,185
Acquisition of subsidiaries, net of cash acquired	29	(9,818,127)	-
Interest received		48,737,759	58,194,940
Inflation effect on investing activities		(3,683,631)	(1,315,112)
Reversal of impairment losses of investment property	13	(7,305,752)	-
Net cash (used in)/provided by investing activities		**(14,395,192)**	**52,935,965**
Cash flows from financing activities:			
Dividend payment		(25,531,538)	-
Net decrease in bank borrowings		(26,444,832)	(87,282,163)
Decrease in long-term trade payables		(3,731,832)	(22,177,609)
Interest paid		(9,741,292)	(20,470,427)
Inflation effect on financing activities		16,382,835	24,704,963
Net cash used in financing activities		**(49,066,659)**	**(105,225,236)**
Net decrease in cash and cash equivalents		(34,565,711)	(4,017,509)
Inflation effect on cash and cash equivalents		(12,742,325)	(17,000,468)
Cash and cash equivalents at the beginning of the year	5	118,639,837	139,657,814
Cash and cash equivalents at the end of the year	**5**	**71,331,801**	**118,639,837**

Cash and cash equivalents amounting to YTL 1,988,868 (31 December 2003: YTL 15,573,681) and trading securities amounting to YTL 33,817,805 (31 December 2003: YTL 11,158,802) is unavailable for use at the balance sheet date (Note 5).

Hürriyet Gazetecilik ve Matbaacılık A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2004 and 2003

(Amounts expressed in New Turkish Lira ("YTL") in terms of the purchasing power of TL at 31 December 2004 unless otherwise indicated).

	Share capital	Adjustment to share capital	Total paid-in capital	Share premium	Translation reserve	Retained earnings	Shareholders' equity total
Balance at 1 January 2003	**145,744,758**	**243,072,802**	**388,817,560**	**455,995**	**(53,679)**	**133,778,470**	**522,998,346**
Currency translation differences	-	-	-	-	(749,858)	-	(749,858)
Increase in share capital	99,397,924	(49,821,082)	49,576,842	(455,995)	-	(49,120,847)	-
Net profit for the year	-	-	-	-	-	58,652,105	58,652,105
Balance at 31 December 2003	**245,142,682**	**193,251,720**	**438,394,402**	**-**	**(803,537)**	**143,309,728**	**580,900,593**
Currency translation differences	-	-	-	-	448,726	-	448,726
Dividends	-	-	-	-	-	(25,531,538)	(25,531,538)
Increase in share capital	171,599,878	(116,052,907)	55,546,971	-	-	(55,546,971)	-
Net profit for the year	-	-	-	-	-	27,200,087	27,200,087
Balance at 31 December 2004	**416,742,560**	**77,198,813**	**493,941,373**	**-**	**(354,811)**	**89,431,306**	**583,017,868**

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

Hürriyet Gazetecilik ve Matbaacılık A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2004

(Amounts expressed in New Turkish Lira ("YTL") in terms of the purchasing power of TL at 31 December 2004 unless otherwise indicated).

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS

Hürriyet Gazetecilik ve Matbaacılık A.Ş. (a Turkish corporation – "Hürriyet" or the "Company") was established in 1960 and is registered in Istanbul (Turkey). The Company undertakes journalism, printing and advertising. The Company operates 7 printing plants in Turkey with locations in Istanbul, Ankara, Izmir, Adana, Antalya and Trabzon and in Germany. The Company is a member of the Doğan Şirketler Grubu Holding A.Ş. ("Doğan Holding") through the investment of Doğan Yayın Holding A.Ş. ("Doğan Yayın"), which has a majority ownership in the Company.

The address of the registered office is as follows:

Hürriyet Medya Towers
34212 Güneşli, Istanbul
Turkey

The Company is registered with the Capital Market Board ("CMB") and its shares have been quoted on the Istanbul Stock Exchange ("ISE") since 1992.

The subsidiaries ("Subsidiaries") and associates ("Associates") of the Company and the nature of the business of the subsidiaries and associates are as follows:

Company name	Country of incorporation	2004	2003	Nature of business
Doğan Basım ve Dağıtım İşleri A.Ş. ("Doğan Basım")	Turkey	Subsidiary	Subsidiary	Publishing and Administrative Services
Doğan Ofset Yayıncılık ve Matbaacılık A.Ş. ("Doğan Ofset")	Turkey	Subsidiary	Subsidiary	Magazine and book publishing
Hürriyet Zweigniederlassung GmbH. ("Hürriyet Zweigniederlassung")	Germany	Subsidiary	Subsidiary	Newspaper publishing
DS Servis İdari Hizmetler ve Tic. A.Ş. ("DS Servis")	Turkey	Subsidiary	Subsidiary	Administrative service
Hürriyet Internet Hizmetleri ve Tic. A.Ş.	Turkey	Subsidiary	Subsidiary	Internet services
Egeser Servis İdari Hizmetleri ve Tic A.Ş. ("Egeser Servis")	Turkey	Subsidiary	Subsidiary	Administrative service
Hür Servis Sosyal Hizmetler ve Tic A.Ş.("Hür Servis")	Turkey	Subsidiary	Subsidiary	Administrative service
Hür Medya İlancılık ve Reklamcılık Tic A.Ş. ("Hür Medya")	Turkey	Subsidiary	Subsidiary	Advertising
Hürriyet Ticari ve Sınai Ürünleri Pazarlama A.Ş. (" Hürriyet Pazarlama")	Turkey	Subsidiary	Subsidiary	Marketing
Doğan Haber Ajansı A.Ş. ("Doğan Haber")	Turkey	Subsidiary	Associate	News agency
Orta Anadolu Otomotiv Ticaret ve Sanayi A.Ş. ("Orta Anadolu Oto")	Turkey	Subsidiary	-	Automotive
Hürriyet TV Film Production A.Ş. ("Hür TV")	Turkey	-	Subsidiary	Broadcasting
Doğan Kitapçılık A.Ş. ("Doğan Kitapçılık")	Turkey	Associate	Associate	Book publishing
Doğan Prodüksiyon ve Tic A.Ş. ("Doğan Prodüksiyon")	Turkey	Associate	Associate	TV programme production
Doğan Media International ("Doğan Media")	Germany	Associate	Associate	Distribution
Yaysat Yayın Pazarlama ve Dağıtım A.Ş. ("Yaysat")	Turkey	Associate	Associate	Distribution
DYG İlan ve Reklam Hizmetleri A.Ş. ("DYG İlan")	Turkey	Associate	Associate	Advertising
Digital Hizmetler A.Ş. ("Digital Hizmetler")	Turkey	Associate	Associate	Telecommunication

All Subsidiaries and Associates are registered in Turkey, except Hürriyet Zweiniederlassung and Doğan Media, which are registered in Germany.

Hürriyet Gazetecilik ve Matbaacılık A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2004

(Amounts expressed in New Turkish Lira ("YTL") in terms of the purchasing power of TL at 31 December 2004 unless otherwise indicated).

The total number of employees of the Company and its Subsidiaries at 31 December 2004 is 2,428 (31 December 2003: 1,615).

The Company operates predominantly in one industry segment, media, and as the sales and the purchases of the Company are made and the assets of the Company are located mainly in Turkey, no segmental information is considered necessary.

NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

a) New Turkish lira financial statements

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), including International Accounting Standards ("IAS") and Interpretations issued by the International Accounting Standards Board ("IASB"). The Company and its Turkish Subsidiaries and Associates maintain their books of account and prepare their statutory financial statements in Turkish lira in accordance with the requirements of Capital Market Board of Turkey ("CMB"), the Turkish Commercial Code, tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. The foreign Subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries where they are registered. The consolidated financial statements are based on the statutory records which are maintained under the historical cost convention with adjustments and reclassifications including restatement for changes in the general purchasing power of the Turkish lira, for the purpose of fair presentation in accordance with IFRS.

Through the enactment of the Law numbered 5083 concerning the "Currency of the Republic of Turkey" in the Official Gazette dated 30 January 2004, New Turkish lira ("YTL") and the New Kuruş ("YKr") have been introduced as the new currencies of the Republic of Turkey, effective from 1 January 2005. The hundredth part of the YTL is the YKr. (1 YTL=100YKr) When the prior currency, Turkish lira ("TL"), values are converted into the YTL, one million TL (1,000,000 TL) is equivalent to one YTL (1 YTL). Accordingly, currency of the Republic of Turkey is simplified by removing 6 zeroes from the TL.

All references made to Turkish lira or Lira in laws, other legislation, administrative transactions, court decisions, legal transactions, negotiable instruments and other documents that produce legal effects as well as payment and exchange instruments shall be considered to have been made to YTL at the conversion rate indicated as above. Consequently, effective from 1 January 2005, the YTL replaces the TL as a unit of account in keeping and presenting the books, accounts and financial statements.

As stated in the announcement of Capital Markets Board dated 30 November 2004, financial statements of the period ending 31 December 2004, including the prior period financial data will be used for comparison purposes, are demonstrated in YTL, and prior period financial statements are presented in YTL currency for only comparative purposes.

The restatement for the changes in the general purchasing power of the Turkish lira as of 31 December 2004 is based on IAS 29 ("Financial Reporting in Hyperinflationary Economies"). IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date, and that corresponding figures for prior periods be restated in the same terms. Hyperinflation is indicated by characteristics of the economic environment of a country which include the following: the general population prefers to keep its wealth in non-monetary assets or in a relatively stable currency; sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the credit period even if the period is short; interest rates, wages and prices are linked to a price index and cumulative three-year inflation rate approaching or exceeding 100%. The restatement was calculated by means of conversion factors derived from the Turkish nationwide wholesale price index ("WPI") published by the State Institute of Statistics ("SIS"). Such indices and conversion factors used to restate the financial statements at 31 December are given below:

Dates	Index	Conversion factors	Cumulative three-year inflation rates (%)
31 December 2004	8,403.8	1.000	69.7
31 December 2003	7,382.1	1.138	181.1
31 December 2002	6,478.8	1.297	227.3

The main procedures for the aforementioned restatement are as follows:

- Financial statements prepared in the currency of a hyperinflationary economy are stated in terms of the measuring unit current at the balance sheet date, and the corresponding figures for previous periods are restated in the same terms.

- Monetary assets and liabilities that are carried at amounts current at the balance sheet date are not restated because they are already expressed in terms of the monetary unit current at the balance sheet date.

- Non-monetary assets and liabilities, which are not carried at amounts current at the balance sheet date, and components of shareholders' equity, are restated by applying the relevant monthly conversion factors.

- Comparative financial statements are restated by applying general inflation indices to the currency purchasing power at the latest balance sheet date.

- All items in the statement of income are restated by applying the relevant (monthly) conversion factors.

- The effect of inflation on the net monetary position of the Company is included in the statement of income as loss on net monetary position.

b) Translation of financial statements of foreign Subsidiaries and Associates

The assets and liabilities of foreign Subsidiaries and Associates are translated into Turkish lira using the relevant foreign exchange rates prevailing at the year-end. The results of the foreign Subsidiaries and Associates are translated into Turkish lira using average exchange rate for the year. Exchange differences arising on retranslation of the opening net assets of foreign Subsidiaries and Associates and arising from using year-end and average exchange rates are included in the shareholders' equity as translation reserve.

Hürriyet Gazetecilik ve Matbaacılık A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2004

(Amounts expressed in New Turkish Lira ("YTL") in terms of the purchasing power of TL at 31 December 2004 unless otherwise indicated).

NOTE 3 - GROUP ACCOUNTING

1. The consolidated financial statements include the accounts of the parent company, Hürriyet Gazetecilik ve Matbaacılık A.Ş., its Subsidiaries, and its Associates (altogether referred as the "Group") on the basis set out in sections (2) to (5) below. The financial statements of the companies included in the consolidation are based on the statutory records, with adjustments and reclassifications including restatement for changes in the general purchasing power of the Turkish lira, for the purpose of fair presentation in accordance with IFRS and applying uniform presentation.

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

The table below sets out all consolidated Subsidiaries and shows their shareholding structure at 31 December 2004 and 2003:

Name	31 December 2004 Direct and indirect control by the Company and its Subsidiaries (%)	31 December 2003 Direct and indirect control by the Company and its Subsidiaries (%)
Hürriyet Zweigniederlassung	100.00	100.00
DS Servis	100.00	100.00
Egeser Servis	100.00	100.00
Hürriyet İnternet	100.00	100.00
Hür Servis	100.00	100.00
Hür Medya	100.00	100.00
Doğan Basım	99.99	99.99
Hürriyet Pazarlama	95.71	93.13
Orta Anadolu Oto	81.36	-
Doğan Ofset	54.85	54.85
Doğan Haber (1)	50.01	-
Hür TV (2)	-	99.92

1. As a result of the increase in the Group's indirect control rates in Doğan Haber by 1.48% to 50.01%; Doğan Haber, which was consolidated through the equity accounting method as of 31 December 2003, has been consolidated through the line-by-line consolidation method as of 31 December 2004.

2. The Company has sold Hür TV shares to ANS Uluslararası Yapım Yayın Reklamcılık A.Ş. with the Board of Directors' decision on 18 November 2004. The transaction related to the sale of the shares is regarded as the subsidiary sales in the notes of the consolidated financial statements.

3. Investments in associated undertakings are accounted for by the equity method of accounting. These are undertakings over which the Group generally has between 20% and 50% of the voting rights, or over which the Group has significant influence, but which it does not control. Unrealised gains on transactions between the Group and its associated undertakings are eliminated to the extent of the Group's interest in the associated undertakings; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Equity accounting is discontinued when the carrying amount of the investment in an associated undertaking reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associated undertaking or significant influence of the Company ceases. The carrying amount of the investment at the date when significant influence ceases is regarded as cost thereafter.

The table below sets out the Associates and shows their shareholding structure at 31 December 2004 and 2003.

Name	31 December 2004 Direct and indirect control by the Company and its Subsidiaries (%)	31 December 2003 Direct and indirect control by the Company and its Subsidiaries (%)
Doğan Kitapçılık	48.90	48.90
Doğan Haber (*)	-	48.53
Doğan Media	43.93	41.02
Doğan Prodüksiyon	40.55	40.55
Yaysat	25.00	25.00
Digital Hizmetler	22.74	22.74
DYG İlan	20.00	20.00

(*) As a result of the increase in the Group's indirect control rates in Doğan Haber by 1.48%, to 50.01%; Doğan Haber, which was consolidated through the equity accounting method as of 31 December 2003, has been consolidated through the line-by-line consolidation method as of 31 December 2004.

4. Available-for-sale investments in which the Group has controlling interests below 20%, or above 20% over which the Company does not exercise a significant influence, or which are immaterial and that do not have quoted market price in active markets and whose fair values cannot be measured reliably, are carried at cost and restated to the equivalent purchasing power at 31 December 2004 less any provision for diminution in value (Note 11).

5. The results of Subsidiaries are included or excluded from their effective dates of acquisition and disposal, respectively.

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

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

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Index to accounting policies:

Hürriyet Gazetecilik ve Matbaacılık A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2004

(Amounts expressed in New Turkish Lira (“YTL”) in terms of the purchasing power of TL at 31 December 2004 unless otherwise indicated).

A. Related parties

For the purposes of these consolidated financial statements, Doğan Şirketler Grubu Holding A.Ş. (“Doğan Holding”) and Doğan Yayın Holding A.Ş. (“Doğan Yayın”), shareholders, key management personnel and Board members, in each case together with their families and companies controlled or affiliated with them, and associates are considered and referred to as related parties. A number of transactions are entered into with related parties in the normal course of business. Transactions with related parties were priced at market rates (Note 8).

B. Trading securities

Trading securities are securities which were either acquired for generating a profit from short-term fluctuations in price or dealer’s margin, or are securities included in a portfolio in which a pattern of short-term profit making exists. Trading securities are initially recognised at cost and subsequently re-measured at fair value based on quoted bid prices. All related realised and unrealised gains and losses are included in the consolidated income statement as financial income. (Note 6)

C. Trade receivables and provision for doubtful receivables

Trade receivables that are created by the Group by way of providing goods or services directly to a debtor are carried at amortised cost. Trade receivables that deferred financial income is netted off, is calculated by discounting amounts that will be collected of trade receivables recorded in the original invoice value in the subsequent periods by effective interest method. Short duration receivables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant (Note 7).

A credit risk provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The 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 the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other income.

D. Inventories

Inventories are valued at the lower of cost or net realizable value restated to the equivalent purchasing power at 31 December 2004. Cost elements included in inventories are materials, labour and an appropriate amount for production overheads. The cost of inventories is determined on the weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less costs of completion and selling expenses (Note 9).

E. Investment properties and depreciation

Buildings and land held to earn rentals 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 (except land) under the cost method (Note 13). Depreciation is provided on the restated amounts for investment property on a straight-line basis. The depreciation periods for investment property, which approximate the economic useful lives of such assets, are 50 years..

Investment properties are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of asset net selling price or value in use.

F. Property, plant, and equipment and depreciation

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is provided on restated amounts of property, plant and equipment using the straight-line method based on the estimated useful lives of the assets (Note 14).

The estimated useful lives are as follows:

Buildings	25-50 years
Machinery and equipment	10-15 years
Furniture and fixtures	4-10 years
Motor vehicles	5 years
Leasehold improvements	5 years

Property, plant and equipment is reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of asset net selling price or value in use.

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

G. Financial leases

Assets acquired under finance lease agreements are capitalised at the inception of the lease at the fair value of the leased asset or at the present value of the lease payment, whichever is the lower, less accumulated depreciation in each case restated to equivalent purchasing power at 31 December 2004. Minimum lease payments are treated as comprising capital and interest elements: The capital elements are treated as reducing the capitalised obligation under the lease and the interest element is charged to the consolidated statement of income. Depreciation on the relevant asset is also charged to the consolidated statement of income over a period depending on the useful life of the asset.

H. Goodwill / negative goodwill and amortization

In the consolidated financial statements the goodwill and negative goodwill, the difference between the fair value of purchase consideration and the attributable share of the Company in the fair value of the underlying net assets of the company acquired, are capitalized and fully amortised using the straight-line method over the useful life until 31 December 2004 if the acquisition is before 31 March 2004. Within the context of IFRS 3 – "Business Combinations" amortisation accounting is not applied for goodwill related to the acquisitions after 31 March 2004, and the carrying value of goodwill is reviewed annually and adjusted for permanent impairment where it is considered necessary (Note 15, Note 29). The carrying amount of negative goodwill related to the acquisitions after 31 March 2004 is reviewed and accounted for as income in the related period. In accordance with IFRS 3, goodwill associated with the transactions before 31 March 2004 will not be amortised starting from the beginning of the first annual period beginning on or after 31 March 2004 and it will be reviewed for impairment.

I. Intangible assets and amortization

Intangible assets comprise acquired intellectual property, trademarks and other identified rights. They are recorded at their acquisition cost and amortised using the straight-line method over their estimated useful lives for a period not exceeding 5 years from the date of acquisition. Where an indication of impairment exists, the carrying amount of any intangible asset is assessed and written down immediately to its recoverable amount (Note 15).

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J. Deferred taxes

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

In substance, temporary differences arise from the differences in the periods of the recognition of income and expenses in accordance with IFRS and tax legislation.

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

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

K. Bank borrowings

Bank borrowings are recognized initially at proceeds received, net of transaction costs incurred. Bank borrowings are subsequently stated at amortised cost using the effective yield method; any difference between the proceeds and redemption value is recognized in the income statement over the period of the borrowings (Note 16).

L. Employment termination benefits

Under the Turkish Labour Law, the Company, is required to pay termination benefits to each employee who has completed one year of service and achieves the retirement age (58 for women and 60 for men), whose employment is terminated without due cause, is called up for military service, or dies. Employment termination benefit represents the present value of the estimated total reserve of the future probable obligation of the Company arising from the retirement of the employees calculated in accordance with the Turkish Labour and Press Labour Laws (Note 20).

M. Provisions

Provisions are recognised when the Group has a present legal constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

N. Share capital and dividends

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

O. Foreign currency transactions and translation

Income and expenses arising in foreign currencies have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into Turkish lira 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.

P. Revenue recognition

Revenue from newspaper sales is recognized at the time of delivery of the newspapers by the distribution company to the vendor at the invoiced values. Revenue arising through advertising is recognized at the time of publishing, at the invoiced values. The amount of recorded income should be measurable, economic benefits should arise as a result of the transactions, and the income should be accounted for with respect to the fair value of the receivable income. If the sales transaction is including a financing transaction, the fair value of the sales amount should be calculated according to the receivables dates related to the. Net sales represent the invoiced value of goods shipped less sales returns and commission, and excluding sales taxes. 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 difference between the fair value and the nominal amount of the consideration is recognized as interest income on a time proportion basis that takes into account the effective yield on the asset. Newspaper sale returns are recorded at the time of sale, based on previous experience and other relevant factors.

Interest income:
Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset.

Rental income:
Rental income of investment properties is recognized on an accrual basis.

Service income:
Service income consisting of building contribution shares, electricity, and heating is recognized on an accrual basis.

Q. Barter agreements

When goods or services are exchanged or swapped for goods or services, which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred (Note 28).

R. Earnings per share

Earnings per share disclosed in these statements of income are determined by dividing net profit by the weighted average number of shares that have been outstanding during the year concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares (“Bonus Shares”) to existing shareholders from retained earnings (Note 22). For the purpose of earnings per share computations, such Bonus 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.

Basic earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue..

	2004	2003
Net income	27,200,087	58,652,105
Weighted average number of ordinary shares in issue	345,242,611	245,142,682
Earnings per share (expressed in full YTL per share)	0.079	0.239

There was no difference between basic and diluted earnings per share for any class of shares for any of the periods.

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S. Cash and cash equivalents

Cash and cash equivalents include cash and amounts due from banks, and trading securities with maturity periods of less than three months (Note 5).

T. Offsetting

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

U. Comparatives

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year so that the reclassification will result in a more appropriate presentation of events or transactions.

V. Financial instruments and financial risk management

Interest rate risk

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

Funding risk
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.

Credit risk
Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. These risks are monitored by limiting the aggregate risk to any individual counterparty. The credit risk is generally highly diversified due to the large number of entities comprising the customer bases.

Foreign currency risk
The Group is exposed to the foreign exchange risk through the impact of rate changes in the translation of foreign currency denominated liabilities to local currency. These risks are monitored and limited by the analysis of foreign currency position (Note 27).

Fair value of financial instruments
Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Company and its Subsidiaries 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 Company and its Subsidiaries could realize in a current market exchange.

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value:

Monetary Assets

The fair values of balances denominated in foreign currencies, which are translated at year-end exchange rates, are considered to approximate carrying value.

The fair values of certain financial assets carried at cost, including cash and amounts due from banks, are considered to approximate their respective carrying values due to their short-term nature.

The carrying value of trade receivables along with the related allowances for uncollectibility is estimated to be their fair values.

Monetary Liabilities

Trading liabilities have been estimated at their fair values.

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

Long-term borrowings, which are principally at variable rates, and denominated in foreign currencies, are translated at year-end exchange rates and accordingly, their fair values approximate their carrying values.

NOTE 5 - CASH AND CASH EQUIVALENTS

The analysis of cash and cash equivalents at 31 December 2004 and 2003 is as follows:

	2004	2003
Cash in hand	640,282	835,094
Banks		
- demand deposits	1,564,668	1,284,848
- time deposits	67,812,142	86,233,448
- blocked time deposits	1,988,868	15,573,681
Other liquid assets	332,904	-
	72,338,864	**103,927,071**

Cash and cash equivalents included in the consolidated statements of cash flows for the year ended 31 December 2004 and 2003 are as follows:

	2004	2003
Cash and banks	72,338,864	103,927,071
Trading securities with maturities less than 3 months	-	25,540,021
Less: Interest accruals	(1,007,063)	(10,827,255)
	71,331,801	**118,639,837**

At 31 December 2004, cash and cash equivalents amounting to YTL 1,988,868 (31 December 2003: YTL 15,573,681) are not available for use as of 31 December 2004.

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Period remaining to maturity for time deposits:

	2004	2003
0-1 months	23,708,162	61,647,644
1-3 months	40,060,947	9,161,588
3-6 months	-	-
6-12 months	6,031,901	6,454,041
12+ months	-	24,543,856
	69,801,010	**101,807,129**

At 31 December 2004, interest rates for local currency time deposits are between 19% and 24.8% (2003: 25.00% and 44.70%) and interest rates for foreign currency time deposits are between 1% and 6% (2003: 1.00% and 8.12%).

NOTE 6 - TRADING SECURITIES

	2004	2003
Treasury bills and government bonds	31,047,857	22,027,152
Eurobond	2,769,948	3,512,869
Equity stocks - listed	-	-
	33,817,805	**25,540,021**

At 31 December 2004, treasury bills and government bonds have interest rates between 20.46% and 22.7% (31 December 2003: 25.00% and 26.00%). At 31 December 2004, Eurobond has an interest rate of 11%.

Maturity analysis for trading securities as of 31 December 2004 is as follows:

	2004	2003
1-30 days	-	25,540,021
31-90 days	-	-
91-180 days	-	-
180- 365 days	4,417,258	-
Over 365 days	29,400,547	-
	33,817,805	**25,540,021**

At 31 December 2004, there are no pledged trading securities. (31 December 2003: total pledged trading securities amounting to YTL 25,480,838, included treasury bills amounting to YTL 21,967,969 with respect to guarantees for newspaper paper imported through Doğan Dış Ticaret ve Mümessillik A.Ş. and Eurobond amounting to YTL 3,512,869 with respect to external guarantees of the Company)

NOTE 7 - TRADE RECEIVABLES

	2004	2003
Trade receivables - net of unearned credit finance income	106,780,778	85,010,965
Cheques and notes receivable - net of unearned credit finance income	19,547,049	25,680,549
	126,327,827	**110,691,514**
Less: Provision for doubtful receivables	(6,229,530)	(6,945,809)
Trade receivables - net	**120,098,297**	**103,745,705**

In accordance with the factoring agreement signed between the Company and Doğan Factoring, trade receivables amounting to YTL 78,760,164 of the Company (31 December 2003: YTL 59,534,843) relating to advertisements and printed materials are followed by Doğan Factoring.

The movement of provision for doubtful receivables during the year is as follows:

	2004	2003
1 January	6,945,809	7,164,111
Provisions provided during the year	441,422	1,266,771
Collections	(301,872)	(779,279)
Monetary gain	(855,829)	(705,794)
31 December	**6,229,530**	**6,945,809**

NOTE 8 – SIGNIFICANT TRANSACTIONS AND BALANCES WITH RELATED PARTIES

i) Balances with related parties:

a) Due from related companies:

Short-term:

	2004	2003
Doğan Dış Ticaret	7,667,928	5,591,897
Doğan Gazetecilik A.Ş. (“Doğan Gazetecilik”)	6,324,422	4,153,571
Doğan Dağıtım Satış ve Pazarlama A.Ş. (“Doğan Dağıtım”)	6,147,502	6,561,547
Milliyet Verlags und Handels GmbH (“Milliyet Verlags”)	4,007,578	3,487,871
Eko TV Televizyon Yayıncılık A.Ş. (“Eko Televizyon”)	2,632,143	1,167,412
Doğan Media	2,313,938	3,551,613
Doğan Burda Rizzoli Dergi Yayıncılık ve Pazarlama A.Ş. (“DBR”)	1,484,206	1,084,609
Doğan Müzik Yapım ve Ticaret A.Ş. (“DMC”)	1,161,307	1,023,026
Doğan Müzik Kitapçılık A.Ş.(“DMK”)	677,793	1,033,838
Milliyet Haber Ajansı A.Ş.(“Milha”)	392,352	289,152
Doğan Otomobilcilik A.Ş. (“Doğan Oto”)(*)	81,026	12,993,975
DTV Haber ve Görsel Yayıncılık A.Ş. (“DTV Haber”)	8,276	2,012,496
Other	1,305,832	1,821,802
	34,214,303	**44,772,809**

(*) At 31 December 2003 receivable from Doğan Oto amounting to YTL 12,993,975 is due to the sale of Milta Turizm İşletmeleri A.Ş (“Milta Truzim”) an associate of Hürpa on 29 December 2003 to Doğan Oto for a consideration of YTL 12,993,975.

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Long-term:

	31 December 2004	31 December 2003
Doğan Yayın (*)	20,676,971	-

(*) The Group has obtained credit from Barclays Bank PLC at 27 January 2004 amounting to USD$ 15,000,000 (YTL 20,131,500), with the interest rate of 4.92% and maturity date of 27 January 2006. The Group has transferred the credit to Doğan Yayın with the same terms (Note 16). As of 31 December 2004 the interest accrual of the credit is YTL 545,471.

b) Due to related companies:

Short-term:

	2004	2003
Doğan Yayın	2,044,914	506,512
Doğan Faktoring	928,241	1,030,280
Hürbim Bilgisayar ve Teknik Hizmetler A.Ş. ("Hürbim")	400,083	5,150
Milta Turizm	362,648	49,888
Doğan Dış Ticaret	246,986	706,031
Other	467,585	358,201
	4,450,457	**2,656,062**

Long-term:

Doğan Dağıtım	1,139,948	1.457,029
	1,139,948	**1,457,029**

Non-current payables to Doğan Dağıtım represent deposits taken for the distribution of newspapers.

c) Bank accounts:

	2004	2003
Türk Dış Ticaret Bankası A.Ş. ("Dışbank")	1,542,553	23,357,969
Dışbank Malta Limited	23,070,284	18,996,674
	24,612,837	**42,354,643**

ii) Significant transactions with related parties:

a) Service and product sales:

	2004	2003
Doğan Dağıtım	73,422,119	152,937,633
Doğan Gazetecilik	24,432,854	17,112,842
Doğan Burda Rizzoli (“Doğan Burda”)	5,974,010	5,556,388
Doğan Media	35,545	14,585,998
Other	9,177,188	8,366,174
	113,041,716	**198,559,035**

Newspapers are sold through Doğan Dağıtım. The transactions with the Doğan Dağıtım are presented with the net value.

b) Service and product purchases:

	2004	2003
Doğan Dış Ticaret	90,995,612	105,913,397
Doğan Dağıtım	13,917,660	61,546,544
Hürbim	5,910,094	5,171,210
Doğan Yayın	7,450,709	4,880,769
Eko Televizyon	4,297,100	4,360,862
Other	14,016,169	20,273,626
	136,587,344	**202,146,408**

The Company purchases essential raw materials from Doğan Dış Ticaret.

Doğan Dağıtım provides newspaper distribution services to the Company. The amount of services and goods purchased from Doğan Dağıtım includes newspaper returns, distribution and transportation expenses.

c) Other transactions with related parties:

	2004	2003
Other income, net		
Other income:		
Doğan Dış Ticaret	3,177,644	2,059,022
Doğan Yayın	1,990,519	628,513
Doğan Dağıtım	1,928,366	1,339,669
Doğan Burda	1,084,694	260,588
Other	2,417,006	4,932,718
	10,598,229	**9,220,510**

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	2004	2003
Financial income, net		
Financial income:		
Dışbank	6,147,183	12,020,732
Other	-	1,020,143
	6,147,183	**13,040,875**
Financial expense:		
Doğan Yayın	404,176	-
Doğan Factoring	725,184	-
	1,129,360	**-**
Financial income, net	**5,017,823**	**13,040,875**
Payments made to members of the Board and key management personnel	1,574,206	2,270,769

NOTE 9 - INVENTORIES

	2004	2003
Promotion stocks	9,756,272	13,043,872
Impairment for promotion stocks	(4,409,490)	(4,656,292)
Promotion stocks, net	5,346,782	8,387,580
Raw materials and supplies	7,927,872	8,739,184
Finished goods and merchandise	3,430,586	1,385,786
Semi-finished goods	951,085	451,339
Order advances for raw material purchases	1,553,077	75,869
Other inventories	11,294	-
	19,220,696	**19,039,758**

Promotion stocks include promotion goods and properties.

The movement of impairment for promotion stocks during the year is as follows:

	2004	2003
1 January	4,656,292	3,478,267
Movements during the year (Note 25)	(246,802)	1,178,025
31 December	**4,409,490**	**4,656,292**

NOTE 10 - OTHER CURRENT ASSETS

	2004	2003
Prepaid expenses	2,900,076	1,924,224
Advances given to personnel	1,704,897	1,296,065
Job advances	1,161,353	1,035,764
Value Added Tax (“VAT”) recoverable	619,178	39,440
Receivables from tax office	738,924	-
Other current assets	1,169,043	316,756
	8,293,471	**4,612,249**

NOTE 11 - AVAILABLE-FOR-SALE INVESTMENTS

	%	2004	%	2003
Doğan Havacılık San. ve Tic. A.Ş. (“Doğan Havacılık”)	9.00	2,240,593	9.00	1,889,556
Doğan Raks	3.00	1,575,193	3.00	1,575,193
Doğan Faktoring	5.00	724,502	5.00	724,502
Doğan Dış Ticaret	1.75	346,040		-
Coats İplik Sanayi A.Ş.	0.50	257,849	0.50	257,849
Other		130,152		202,424
		5,274,329		**4,649,524**
Impairment (*) (Note 25)		(1,575,193)		(1,575,193)
		3,699,136		**3,074,331**

(*) At 31 December 2003 the Company has identified impairment for the available-for-sale investment; Doğan Raks, and accounted for a provision of YTL 1,575,193.

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NOTE 12 - INVESTMENTS IN ASSOCIATED COMPANIES

	%	2004	%	2003
Doğan Prodüksiyon	40.55	2,459,775	40.55	4,100,221
Doğan Media	43.93	4,497,354	41.02	4,078,420
Doğan Kitapçılık	48.90	2,145,962	48.90	1,766,010
Yaysat	25.00	1,398,269	25.00	1,172,416
Doğan Haber (*)	-	-	48.53	864,691
Digital Hizmetler	22.74	352,975	22.74	146,072
DYG İlan	20.00	128,493	20.00	83,674
Doğan Telekom	28.71	118,003	28.71	98,867
		11,100,831		**12,310,371**

(*) As a result of the increase in the Group's indirect control rates in Doğan Haber by 1.48%, to 50.01%; Doğan Haber, which was consolidated through the equity accounting method as of 31 December 2003, has been consolidated through the line-by-line consolidation method as of 31 December 2004.

NOTE 13 - INVESTMENT PROPERTIES, NET

	1 January 2004	Additions	Impairment (*)	31 December 2004
Cost:				
Land and land improvements	20,206,642	-	6,293,358	26,500,000
Buildings	2,708,388	-	(938,573)	11,769,815
Total	**32,915,030**	**-**	**5,354,785**	**38,269,815**
Accumulated depreciation:				
Buildings	262,425	274,416	-	536,841
Total	**262,425**	**-**	**-**	**536,841**
Net book value	**32,652,605**	**-**	**-**	**37,732,974**

(*) The amount of impairment losses accounted for investment properties at 31 December 2003 is YTL 18,758,791. At 31 December 2004, in accordance with the expertise reports prepared by certified real estate valuation companies, the fair value of the investment properties were found to be increased by YTL 7,305,752. Since the increase in the fair value of the investment properties does not exceed the impairment loss accounted for in the year 2003, the increase is accounted for other operating income in the consolidated financial statements at 31 December 2004. Additionally, in accordance with the reports of the certified real estate valuation companies, the additional provision for impairment of investment properties amounted to YTL 1,950,967 (Note 25). At 31 December 2004, the net amount of movements related to impairment is YTL 5,354,785.

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT, NET

	1 January 2004	Currency translation difference	Additions	Disposals	Transfers	Subsidiaries Acquisitions	Subsidiaries Disposals	31 December 2004
Cost:								
Land and land improvements	40,570,500	(250,761)	4,714,661	-	-	-	-	45,034,400
Buildings	219,722,094	(1,059,537)	1,749,898	(207.484)	157,967	12,505,409	-	232,868,347
Machinery and equipment	473,744,924	(3,425,863)	20,450,838	(1.367.745)	1,585,490	46,310	(143,546)	490,890,408
Motor vehicles	3,052,680		2,594,209	(540.844)	-	278,641	-	5,384,686
Furniture and fixtures	63,941,465	(113,275)	2,855,065	(958.390)	376	3,358,355	(60,778)	69,022,818
Leasehold improvements	21,656,476	-	6,172	(1.920)		-	-	21,660,728
Advances given	-	-	3,271,509	(3.211.801)	-	-	-	59,708
Total	**822,688,139**	**(4,849,436)**	**35,642,352**	**(6,288,184)**	**1,743,833**	**16,188,715**	**(204,324)**	**864,921,095**
Construction in progress	483,773	(12,562)	9,023,925	(249,102)	(1,743,833)	-	-	7,502,201
Total	**823,171,912**	**(4,861,998)**	**44,666,277**	**(6,537,286)**	**-**	**16,188,715**	**(204,324)**	**872,423,296**
Accumulated Depreciation:								
Land and land improvements	183,560	-	29,827	-	-	-	-	213,387
Buildings	31,731,634	(39,012)	4,770,983	(18,175)	-	333,402	-	36,778,832
Machinery and equipment	263,183,265	(1,392,757)	34,036,242	(935,106)	-	5,318	(130,879)	294,766,083
Motor vehicles	2,343,753	-	257,150	(460,580)	-	51,051	-	2,191,374
Furniture and fixtures	55,757,513	(232,815)	2,631,571	(838,301)	-	983,960	(53,193)	58,248,735
Leasehold improvements	15,304,936	-	2,091,347	(1,109)	-	-	-	17,395,174
Total	**368,504,661**	**(1,664,584)**	**43,817,120**	**(2,253,271)**	**-**	**1,373,731**	**(184,072)**	**409,593,585**
Net book value	**454,667,251**							**462,829,711**

Opening balances of Doğan Haber, which has become a subsidiary as a result of an increase in the Group's control rate and Orta Anadolu Oto which was purchased as a subsidiary, have been classified under "acquisitions" in the above movement,

Closing balances of Hürriyet TV which has been sold has been classified under "disposals" in the above movement,

Finance leased assets, which are classified under machinery and equipment, amounts to YTL 19,968,681 as of 31 December 2004 (31 December 2003: YTL 19,968,681). These assets have been fully depreciated as of 31 December 2003.

At 31 December 2004 there are mortgages on property, plant and equipment amounting to YTL 43,012,500 (31 December 2003: YTL 48,965,531).

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NOTE 15 - INTANGIBLE ASSETS, NET

	1 January 2004	Additions	Disposals	Impairment	Acquisitions	31 December 2004
Cost						
Rights	8,596,486	725,142	-	-	162,876	9,484,504
Software and other intangible assets	3,369,004	721,537	(845,455)	-	41,872	3,286,958
	11,965,490	**1,446,679**	**(845,455)**	**-**	**204,748**	**12,771,462**
Accumulated amortization:						
Rights	8,176,883	374,725	-	-	172,668	8,724,276
Software and other intangible assets	2,746,282	583,053	(281,205)	-	24,391	3,072,521
	10,923,165	**957,778**	**(281,205)**	**-**	**197,059**	**11,796,797**
Net book value	**1,042,325**					**974,665**
Goodwill (Note 29)	14,955,977	865,603	-	(865,603)	-	14,955,977
Accumulated amortization	2,868,316	755,478	-	-	-	3,623,794
Net book value	**12,087,661**	**110,125**	**-**	**(865,603)**	**-**	**11,332,183**
Total net book value	**13,129,986**					**12,306,848**

Opening balances of Doğan Haber, which has become a subsidiary as a result of an increase in the Group's control rate, and Orta Anadolu Oto which has been purchased as a subsidiary have been classified under "acquisitions" in the above movement.

Group purchased 79% of Orta Anadolu Oto amounting to YTL 11,666,789. Goodwill amounting to YTL 865,603 and which was calculated as a result of the purchase was accounted for the consolidated income statement since an impairment was recognised.

NOTE 16 - BANK BORROWINGS

	Effective interest rate per annum (%)		Original foreign currency		YTL	
	2004	2003	2004	2003	2004	2003
Short-term bank borrowings:						
- Euro	2.96-7.11	7.11-9	3,524,400	8,976,072	6,438,373	17,831,811
- CHF	-	6-12	-	1,198,545	-	1,523,550
- TL	25	-	3,257,384	2,269,250	3,257,384	2,269,250
- USD	4.7-12.75	4-12	3,421,930	12,175,536	4,592,573	19,349,660
Total					**14,288,330**	**40,974,271**
Short-term portion of long-term borrowings						
- USD	Libor+0.75-4	6-12	5,100,491	4,668,750	6,845,70	7,424,507
Total					**6,845,370**	**7,424,507**
Total short-term bank borrowings					**21,133,700**	**48,398,778**
Long-term bank borrowings:						
- USD	4-12.75	4-12	22,489,639	9,963,751	30,183,345	15,832,618
- Euro	2.96-7.11	5-7.11	16,939,597	10,900,565	30,945,256	21,654,997
- CHF	-	4-5.4	-	1,407,932	-	1,789,859
Total long-term bank borrowings					**61,128,601**	**39,277,474**

The redemption schedule of long-term borrowings is summarized below:

Year	2004	2003
2005	-	13,279,042
2006	37,291,876	7,924,231
2007 and after	23,836,725	18,074,201
Total	**61,128,601**	**39,277,474**

NOTE 17 - TRADE PAYABLES

	2004	2003
Short-term trade payables	46,396,436	46,830,101
Notes payable	411,021	390,286
	46,807,457	**47,220,387**

	2004	2003
Long-term payables to suppliers	38,270,028	42,102,758

Long-term payables to suppliers relate to the purchase of machinery and equipment.

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The redemption schedule of long-term payables is summarized below:

Year	2004	2003
2005	-	15,491,523
2006	14,196,784	10,093,471
2007 and after	24,073,244	16,517,764
	38,270,028	**42,102,758**

NOTE 18 - OTHER CURRENT LIABILITIES

	2004	2003
Provisions for lawsuits (Note 28)	8,807,489	4,533,348
Advances from customers	1,713,698	2,440,687
Taxes and funds payable	7,417,974	2,252,007
Payable to personnel	439,531	817,744
Deferred income	861,098	138,599
Other	1,228,549	1,359,376
	20,468,339	**11,541,761**

The movement schedule of provisions for lawsuits during the year is as follows:

	2004	2003
At 1 January	4,533,348	3,813,404
Charge for the year	8,563,876	1,821,694
Reversal of provisions	(3,982,202)	(608,379)
Monetary gain	(307,533)	(493,371)
At 31 December	**8,807,489**	**4,533,348**

The Company filed two lawsuits regarding the tax and penalties declared by the Presidency of Tax Administration ("Tax Administration") on various dates.

Within the legal time frame, the first lawsuit was filed by the Company claiming the unfair assessment of the taxes and penalties notified by the tax office on 28 August 2001 and 17 October 2001. Deciding in favour of the Company, the tax court concluded to cancel the taxes and penalties on 28 March 2002. However, the tax office appealed to the Council of State, and on 14 June 2004 the Company was informed about the decision of the Council of State, which was against the Company with a majority of votes (3 to 2). On 22 June 2004, the Company demanded that the decision in favour of the Company by the tax court to be ratified, as it was deemed lawful by the Company. The company recieved a notification at 16 February 2005 and notified that the decision evaluation demand was refused which was against the Company with a majority of votes at 30 December 2004. Thereafter the case will be held by the local court and the local court can either insist on its decision or agree to the decision of the Council of State.

In reference to this lawsuit, considering that the Corporate Tax and Fund had already been paid, the tax base (stamp and additional taxes) and penalty amount to YTL 126,410 and YTL 2,033,800, respectively. The interest amount estimated by the Company at 31 December 2004 is YTL 3,461,343.

The second lawsuit was filed by the Company within the legal time frame at Istanbul tax court with the claim of unfair assessment of the taxes and penalties notified by the tax office on 12 November 2003. On 26 May 2004, the tax court decided to approve the year 2001 Corporate Tax and Fund, the assessment of which was requested in the tax review report. The tax court also decided to decrease the late payment penalty by 50% and to cancel the entire amount of the late payment penalty for provisional tax. The management appealed to the Council of State against this decision of the tax court and demand suspension of the execution at 10 September 2004. The Council of State accepted a partial cancellation in the amount of YTL 2,122,283, and refused the demand for the suspension of execution in the amount of YTL 8,207,702. The company paid the amount after the deduction of Corporate Tax and Fund Levy which had already been paid, from the taxes subject to dispute, the tax base subject to dispute is YTL 6,541,530, the fine amount is YTL 7,210,655 at 29 December 2004.

Additionally, the aforementioned demand of the Company is still being reviewed at the date of this report. In the case that in future the law suits are finalised in favour of the Company, the aforementioned provisions accounted for in these financial statements will required to be reversed.

In relation to these two lawsuits, the management of the Company, in line with the Company's legal advisor's view, accounted for a provision of YTL 2,808,000 for the tax base and penalties in the consolidated financial statements at 31 December 2004.

NOTE 19 - TAXATION ON INCOME

	2004	2003
Corporation and income taxes payable	24,903,039	26,996,498
Less: prepaid tax	(19,095,973)	(19,727,420)
Taxes on income, net	**5,807,066**	**7,269,078**
Deferred tax liabilities	35,759,221	21,431,423
Deferred tax assets	(4,816,665)	(3,337,278)
Deferred tax liability, net	**30,942,556**	**18,094,145**

Turkish tax legislation does not permit a parent Company, its Subsidiaries and its Associates to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the consolidated financial statements, have been calculated on a separate-entity basis.

Corporation tax is payable at a rate of 30% on the total income of the Company after adjusting for certain disallowable expenses, exempt income and investment and other allowances. No further tax is payable unless the profit is distributed. Corporation tax rate on the total income of fiscal year 2004 is 33%.

Dividends paid to non-resident corporations having 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 11% (10% effective from 1 January 2004). 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 30% (33% for the fiscal year 2004) on their corporate income. Advance tax is payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or set off against other liabilities to the government.

Capital gains derived from the sale of equity investments and immovable held for not less than two years are tax exempt until 31 December 2004, if such gains are added to paid-in capital in the year in which they are sold.

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Capital expenditures, with some exceptions, over TL 5 billion (TL 6 billion for 2004) are eligible for investment incentive allowance of 40%, which is deductible from taxable income prior to calculation of the corporate income tax, without the requirement of an investment incentive certificate, and the amount of allowance is not subject to withholding tax. Investment allowances utilized within the scope of investment incentive certificates granted prior to 24 April 2004 are subject to withholding tax at the rate of 19.8%, irrespective of profit distribution.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within four months following the close of the financial year to which they relate. Tax returns are open for 5 years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Taxes on income for the years ended 31 December are summarised as follows:

	2004	2003
- Current	25,144,440	26,513,561
- Deferred	13,302,852	(39,539,082)
Taxation on income	**38,447,292**	**(13,025,521)**

Deferred taxes

Deferred income taxes are calculated on temporary differences that are expected to be realised or settled based on the taxable income in fiscal year 2004 under the liability method using a principal tax rate of 33% at 31 December 2004. The rate for other temporary differences is 30% (31 December 2003: 33%).

The Company calculates deferred tax assets and liabilities based on the temporary differences between the IFRS financials and financials prepared according to Turkish tax legislation. In substance, differences arise from the differences in accounting periods for the recognition of income and expenses in accordance with IFRS and tax legislation.

In accordance with Tax Law No: 5024 "Law Related to Changes in Tax Procedure Law, Income Tax Law and Corporate Tax Law" that was published in the Official Gazette on 30 December 2004 to amend the tax base for non-monetary assets and liabilities, effective from 1 January 2004, the income and corporate taxpayers will prepare the statutory financial statements by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of the Turkish lira. Corporate taxpayers are obliged to prepare the opening balance sheets restated for inflation at 31 December 2004. Corporate taxpayers will submit their opening balance sheets restated for inflation at 31 December 2004 and declare their advance corporation tax prepared in accordance with the General Communiqué on Tax Procedure Law No: 328 ("Communiqué") dated 28 February 2004. Corporate taxpayers who prepare their financial statements in accordance with the CMB's accounting principles related to hyperinflation accounting are not required to prepare their financial statements in accordance with Tax Law No: 5024. However, the accumulated depreciation disclosed in the opening balance sheet restated for inflation at 31 December 2004 should conform to the depreciation periods set out in the Tax Procedure Law.

The Company has decided to use the balance sheet prepared in accordance with the CMB's accounting principles related to hyperinflation to prepare its opening tax balance sheet restated for inflation as permitted by Tax Law No: 5024.

The movement of deferred taxes during the year is as follows:

	2004	2003
Deferred tax liabilities - net at 1 January	18,094,145	57,540,885
Deferred taxation income on consolidated statements of income	13,302,851	(39,539,082)
Disposal of subsidiary	21,573	92,342
Deferred tax asset raised due to acquisition of new subsidiary	(476,013)	-
Deferred tax liabilities – net	**30,942,556**	**18,094,145**

Opening figures, which has become a subsidiary as a result of an increase in the Group's control rate, has been classified under "acquisitions" in the movement table. Figures which has become an associate as a result of a decrease in the Group's control rate, has been classified under "disposal of subsidiary" in the movement table.

The temporary differences giving rise to deferred income tax assets and deferred tax liabilities are as follows:

	Cumulative temporary differences		Deferred tax assets/ (liabilities)	
	2004	2003	2004	2003
Provision for employee termination benefits	6,693,880	4,138,452	2,008,164	1,241,536
Difference between tax base and carrying value of trade receivables and due from related parties	1,717,422	1,951,743	521,878	644,075
Impairment on promotion stocks	4,098,062	4,656,292	1,229,418	1,396,888
Other, net	195,297	165,997	58,589	54,779
Deferred tax assets	**12,704,661**	**10,912,484**	**3,818,049**	**3,337,278**
Difference between tax base and carrying value of property, plant and equipment	(115,743,398)	(66,663,926)	(34,723,021)	(19,999,178)
Difference between tax base and carrying value of time deposits	-	(3,065,095)	-	(919,529)
Other, net	(118,384)	(1,709,054)	(37,584)	(512,716)
Deferred tax liabilities	**(115,861,782)**	**(71,438,075)**	**(34,760,605)**	**(21,431,423)**
Deferred tax liabilities-net			**(30,942,556)**	**(18,094,145)**

NOTE 20 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

There are no agreements for pension commitments other than the legal requirement as explained below.

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and who achieves the retirement age (58 for women and 60 for men) and whose employment is terminated without due cause, is called up for military service, or dies. Since the legislation was changed on 8 September 1999 there are certain transitional provisions relating to length of service prior to retirement. At 31 December 2004 the amount payable consists of one month's salary limited to a maximum of YTL 1,574,74 (31 December 2003: YTL 1,389,95) 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 monthly salary figure is calculated by adding all cash and non-cash payments received during the year and dividing by twelve.

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The liability is not funded, as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. International Accounting Standards 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:

	2004	2003
Discount rate	5.45%	6%
Retention rate to estimate the probability of retirement	92%	91%

The principal assumption is that the maximum liability of TL 1,389,950,000 (31 December 2003: TL 1.389,95) 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 1,485,430,000 (1 January 2004: TL 1,323,950,000), which is effective from 1 January 2004, has been taken into consideration in calculating the reserve for employment termination benefit of the Company.

Movements in the provision for employment termination benefits during the year are as follows:

	2004	2003
At 1 January	4,138,451	4,533,453
Acquisitions	1,154,064	62,095
Charge for the year	2,049,926	1,225,873
Disposal of subsidiary	-	(943,154)
Monetary gain	(288,093)	(739,816)
31 December	**7,054,348**	**4,138,451**

Acquisitions represent the opening balances of the companies which became subsidiaries as a result of an increase in the Group's control rate.

NOTE 21 - SHARE CAPITAL

The Company adopted the registered share capital system available to companies registered with the CMB and set a limit on its registered share capital representing registered type shares with a nominal value of TL 1,000. There are no privileged shares. The Company's historical authorised and paid-in share capital at 31 December 2003 and 2004 were as follows:

	2004	2003
Limit on registered share capital (historical)	500,000,000	250,000,000
Historical authorised and paid-in share capital	416,742,560	245,142,682

Companies in Turkey may exceed the limit for registered share capital in case of issuance of free capital shares to existing shareholders.

The shareholding structure of the Company is as follows:

	2004	Share (%)	2003	Share (%)
Doğan Yayın Holding A.Ş.	250,045,536	60	163,344,908	67
Publicly owned	166,697,024	40	81,797,774	33
	416,742,560		**245,142,682**	**100**
Adjustment to share capital	77,198,813		193,251,720	
Total share capital	**493,941,373**		**438,394,402**	

Doğan Yayın Holding which is one of the Subsidiaries, has agreed to sell 27,615,244,104 stocks which amounts to 6.63% of Company's capital and not operated in IMKB in nominal value YTL 27,615,244 in cash and TL 2,840 per share to corporate investors. After the sale transaction, Doğan Yayın Holding's share in the Company's capital has decreased from 66.63% to 60% and the Company's publicly owned shares increased to 40%.

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

NOTE 22 - RETAINED EARNINGS AND LEGAL RESERVES

Public companies distribute dividends according to CMB regulations as follows:

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.

Public companies distribute dividends according to CMB regulations as follows:

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.

Public companies distribute dividends according to CMB regulations as follows:

In accordance with Communiqué XI/25, effective from 1 January 2004, companies are obliged to distribute at least 30% of their distributable profit arising from 2003 activity, which is calculated based on the financial statements prepared in accordance with IFRS. Based on the decision of the General Assembly, the distribution of a minimum of 30% of the distributable profit can be made as cash or as bonus share or as a combination of a certain percentage of cash and bonus shares.

Profits of the subsidiaries, joint ventures and associate companies of the Company will not be taken into consideration in the calculation of dividend since their general assemblies have not been held.

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Company's shareholders' equity structure, in accordance with communique XI no: 25, is as follows:

	31 December 2004	31 December 2003
Share capital	416,742,560	245,142,682
Legal reserves	11,170,063	8,067,578
Extraordinary reserves	2,108,245	301,546
Restatement difference	81,270,970	231,427,039
Translation reserves	(354,811)	(803,537)
Net income for the period	27,200,087	58,652,105
Retained earnings	44,880,754	38,113,180
Total Equity	**583,017,868**	**580,900,593**

The differences between the historical and restated figures are as follows:

	31 December 2004			31 December 2003		
	Historical figures	Restated figures	Restatement difference	Historical figures	Restated figures	Restatement difference
Share capital	416,742,560	493,941,373	77,198,813	245,142,682	438,394,405	193,251,723
Legal reserves	11,170,063	15,071,295	3,901,232	8,067,578	46,206,274	38,138,696
Extraordinary reserves	2,108,245	2,279,170	170,925	301,546	338,166	36,620
Total	**430,020,868**	**511,291,838**	**81,270,970**	**253,511,806**	**484,938,845**	**231,427,039**

In accordance with the CMB regulation dated 25 February 2005 Communiqué 7/242, when calculating the net distributable consolidated profit, the net profit of the subsidiaries that are not agreed to distribute dividend over the current year profits in the General Assembly, will be deducted from the consolidated financial statements. The net profit for the current year and the profit included in the consolidated financial statements of the subsidiaries that are not agreed to distribute dividend over the current year profit are as follows:

	%	Net income	Transferred
DHA	50.01	417,455	208,769
Doğan Basım	100.00	33,929	33,929
DS servis	100.00	26,969	26,969
Egeser	100.00	8,987	8,987
Hürriyet internet	100.00	3,359	3,359
Total		**490,699**	**282,013**

NOTE 23 - GENERAL AND ADMINISTRATIVE, SELLING AND MARKETING, AND DISTRIBUTION EXPENSES

	2004	2003
Advertisement	25,610,976	16,257,869
Transportation, storage and travel	14,943,047	25,412,947
Payroll	11,502,119	6,091,401
Depreciation and amortization	9,621,013	10,427,138
Consulting	8,075,788	5,811,953
Promotion	5,636,266	5,413,796
Repair and maintenance	2,718,869	1,705,486
Services outsourced	2,310,,644	8,919,882
Rent	2,215,125	852,621
Communication	1,967,299	1,811,866
Outsourced work	867,210	4,376,178
Representation	825,254	2,743,109
Taxes	803,764	905,178
Other	6,370,393	6,640,854
	93,467,767	**97,370,278**

NOTE 24 - FINANCIAL INCOME, NET

	2004	2003
Financial income:		
Interest on bank deposits	14,424,179	19,434,643
Amortised cost valuation income	13,399,595	14,516,404
Interest income on trading securities	8,148,543	11,416,729
Foreign exchange gains	7,962,267	35,451,380
Overdue charges on credit sales	2,054,579	2,877,101
	45,989,163	**83,696,257**
Financial expenses:		
Foreign exchange losses	11,495,027	27,703,815
Interest on bank borrowings	9,975,958	18,726,571
Other financial expenses	4,808,826	2,267,874
	26,279,811	**48,698,260**
Financial income - net	**19,709,352**	**34,997,997**

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NOTE 25 - OTHER OPERATING INCOME / (EXPENSES), NET

	2004	2003
Other operating income:		
Reversal of impairment losses of investment properties (Note 13)	7,305,752	-
Service income	4,527,840	7,903,969
Rent income	4,280,545	4,126,230
Fixed asset sales profit	433,549	-
Reversal of impairment of promotion stocks	246,802	-
Dividend income	34,378	199,496
Reversal of provisions for lawsuits	-	608,379
Other	1,872,118	-
	18,700,984	**12,838,074**
Other operating expenses:		
Compensation and tax penalties	14,816,098	-
Provision for lawsuits	5,380,830	1,821,694
Donations	2,078,062	4,654,924
Impairment of investment properties (Note 13)	1,950,967	18,758,791
Impairment of goodwill (Note 15)	865,603	8,002,299
Amortization of goodwill	755,478	601,874
Fixed asset sales loss	589,328	199,856
Provision for doubtful receivables	169,318	1,266,771
Acquisition cost (*)	-	6,911,096
Loss from sale of subsidiary	-	2,972,444
Expenses related to programmes	-	1,854,885
Impairment of available-for-sale investment	-	1,575,193
Impairment of promotion stocks	-	1,178,025
Other, net	1,293,099	3,389,943
	27,898,783	**53,187,795**
Other operating (expense) / income, net	**(9,197,799)**	**(40,349,721)**

(*) The whole capital increase of Hürriyet Pazarlama was provided by the Company on 18 April 2004 and as a result, the Company has increased its control rate by 48.13% to 93.13%. As a result of the acquisition, the Group's portion of prior period loss of Hürriyet Pazarlama, which amounts to YTL 6,911,096, has been classified under acquisition costs since Hürriyet Pazarlama has been consolidated through the line-by-line consolidation method as of 31 December 2004.

NOTE 26 - CASH GENERATED FROM OPERATING ACTIVITIES

	Notes	2004	2003
Adjustments:			
Taxes	19	38,447,292	(13,025,521)
Depreciation	13,14	44,091,536	47,411,909
Amortization	15	1,713,256	1,653,756
Interest income, net		(28,050,938)	(29,518,306)
Impairment of investment property	25	1,950,967	18,758,791
Impairment of goodwill	25	865,603	8,002,299
Impairment of promotion stocks	9	(246,802)	1,178,026
Impairment of available-for-sale investment sales	25	-	1,575,193
Fixed asset sales loss	25	155,779	199,856
Acquisition of subsidiary	25	-	7,355,692
Provision for employment termination benefit, net		2,049,926	1,225,873
Loss on sales of investments in associated companies	25	-	2,972,444
Loss/(income) from associates		830,732	(1,538,257)
Other provisions, net		8,703,426	1,700,807
Minority interest		(960,586)	1,832,214
Cumulative translation reserve		3,371,722	3,413,781
Inflation effect on non-operating activities		13,741,010	3,919,575
		86,662,923	**57,118,132**
Changes in assets and liabilities:			
(Increase)/decrease in trade receivables		(13,573,550)	(44,418,305)
(Increase)/decrease in due from related companies		10,102,463	4,675,873
Decrease in trading securities		(33,698,573)	3,012,618
(Increase)/decrease in inventories		4,224,551	(505,860)
Increase in trading securities		(624,805)	-
(Increase)/decrease in other current assets		(1,476,080)	378,241
Increase/(decrease) in trade payables		(7,026,243)	13,223,851
Increase/(decrease) in due to related companies		(1,667,322)	(728,398)
Increase in other current liabilities		(610,511)	1,715,593
Inflation effect on operating activities		(14,251,749)	(11,048,785)
Cash generated from operating activities		**28,061,104**	**23,422,960**

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NOTE 27 - FOREIGN CURRENCY POSITION

Turkish lira equivalents of assets and liabilities denominated in foreign and local currency at 31 December are as follows:

	2004			
	US$	**Euro**	**Other**	**Total FC**
Assets				
Cash and cash equivalents	22,201,018	3,434,410	16,213	25,651,641
Trading securities	-	2,769,948	-	2,769,948
Trade receivables and due from related parties	10,820,340	10,024,267	19,077	20,863,684
Inventories	-	1,127,919	-	1,127,919
Non-current assets	-	37,230,984	-	37,230,984
Long-term due from related parties	26,903,246	-	-	26,903,246
Total	**59,924,604**	**54,587,528**	**35,290**	**114,547,422**
Liabilities				
Short-term bank borrowings	12,110,509	6,437,336	-	18,547,845
Trade payables and due to related parties	11,270,335	16,894,446	3,545,459	31,710,240
Taxes payable and other current liabilities	-	96,475	-	96,475
Long-term bank borrowings	30,183,345	30,894,259	-	61,077,604
Long-term trade payables and due to related parties	16,739,015	15,849,286	3,711,919	36,300,220
Other non-current liabilities	91,263	1,530,128	-	1,621,391
Total	**70,394,467**	**71,701,930**	**7,257,378**	**149,353,775**
Net foreign currency position	**(10,469,863)**	**(17,114,402)**	**(7,222,088)**	**(34,806,353)**

	2003			
	US$	**Euro**	**Other**	**Total FC**
Assets				
Cash and cash equivalents	53,678,603	20,211,659	147,874	74,038,136
Trading securities	-	-	-	-
Trade receivables and due from related parties	9,776,365	595,491	36,373	10,408,229
Inventories	-	-	-	-
Other current assets	518	-	-	518
Non-current assets	-	40,855,574	-	40,855,574
Total	**63,455,486**	**61,662,724**	**184,247**	**125,302,457**
Liabilities				
Short-term bank borrowings	26,774,166	17,831,811	1,523,550	46,129,527
Trade payables and due to related parties	372,778	1,675,625	26,287	2,074,690
Taxes payable and other current liabilities	22,684	9,815	-	32,499
Long-term bank borrowings	15,832,618	21,654,997	1,789,860	39,277,475
Long-term trade payables and due to related parties	13,858,018	20,314,925	7,843,852	42,016,795
Other non-current liabilities	-	-	-	-
Total	**56,860,264**	**61,487,173**	**11,183,549**	**129,530,986**
Net foreign currency position	**6,595,222**	**175,551**	**(10,999,302)**	**(4,228,529)**

Following exchange rates have been used in the translation of foreign currency denominated balance sheet items as of 31 December 2004; YTL 1.3421 = US$ 1 and YTL 1.8268 = Euro 1 (31 December 2003: YTL 1.395835 = US$ 1 and YTL 1.745072 = Euro 1).

NOTE 28 - COMMITMENTS AND CONTINGENT LIABILITIES

Commitments and contingencies, from which the management does not anticipate any significant losses or liabilities are summarised below:

	Currency	Original amount	2004	Original amount	2003
a) Guarantees given:					
Letters of guarantee	TL	1,722,611	1,722,611	3,822,145	3,822,145
	US$	143,819	193,019	150,419	239,019
Financial notes	TL	202,223	202,223	230,211	230,211
Guarantee notes	TL	1,714	1,714	1,951	1,951
Other	US$	77,940,381	104,603,786	81,012,430	128,730,521
	Euro	15,803,724	28,870,243	14,038,084	27,887,975
	TL	14,173,644	14,173,644	13,384,363	15,236,790
			149,767,240		**176,148,612**

b) Commitments given:

Related with the bank credits used by subsidiaries restricted financial assets and time deposits amounting to YTL 1,998,868 (31 December 2003: YTL 30,046,882) and commitments amounting to YTL 23,178,394 (31 December 2003: YTL 28,898,321) are given.

As of 31 December 2004, Group companies have, in respect of their bank borrowings, mortgages amounting to YTL 43,012,500 (31 December 2003: YTL 48,965,531), blocked financial assets and bank deposits (31 December 2003: YTL 30,046,882) and commitments amounting to YTL 23,178,394 (31 December 2003: YTL 28,898,321).

c) Barter Agreements:

The Company, as is common practice in the media sector, has entered into barter agreements. These agreements involve the exchange of goods or services without cash collections or payments. Advertising amounting to US$ 2,254,926 is issued and US$ 1,050,406 of various types of services has been used in connection with the barter agreements as of 31 December 2004.

d) Court cases:

Law cases against the Company amount to YTL 45,049,317 (2003: YTL 57,763,058). The amount of provision for these law cases is YTL 5,999,489 at 31 December 2004. Additionally, as disclosed in detail in Note 18, the provision accounted for the tax law cases is YTL 8,807,489.

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NOTE 29 - ACQUISITIONS AND GOODWILL

Goodwill arising from major acquisitions made by Hürriyet and its Subsidiaries is as follows:

2004

Net assets and resulting goodwill from Orta Anadolu Oto acquisition of 79% during the period ended 31 December 2004:

Total cash consideration	11,666,789
Less: net assets acquired at fair value	(10,801,186)
Goodwill (Note 15)	**865,603**
Cash and due from banks	1,848,662
Current assets	3,610,691
Non current assets	10,570,673
Current liabilities	(5,171,442)
Non current liabilities	(57,398)
Fair value of net assets	**10,801,186**
Total cash consideration	11,666,789
Less: cash and cash equivalents in subsidiaries acquired	(1,848,662)
Cash outflow on acquisition	**9,818,127**

2003

The Company has contributed to the capital increase of the Hürriyet Pazarlama solely in 18 April 2004, as a result the investment rate has increased to 93.13% from 48.13%. During the purchase of Hürriyet Pazarlama the calculated goodwill of the company is YTL 8,002,299 and the fair value of the 48.12% of the net assets is negative YTL 3,114,759 and the amount paid is YTL 4,887,540.

Milta Turizm, the subsidiary of Hürriyet Pazarlama with 28.10% share and the book value of YTL 12,324,628 was sold for YTL 9,352,185 at 29 December 2004. The net sales loss is YTL 2,972,444.

	2003
Purchase consideration	-
Less: Share of net assets acquired at fair value	(8,002,299)
Goodwill / (Negative goodwill)	**8,002,299**

NOTE 30 -SUBSEQUENT EVENT

In accordance with the decision of the Board of Directors on 7 February 2005, the Company transferred all of its 360,000 shares of Doğan Prodüksiyon, representing a shareholding rate of 40%, to Doğan TV Radyo Yayıncılık A.Ş. The nominal value of each share is YTL 1 and the shares were transferred for YTL 2,158,115 by taking into account the inflation adjusted carrying amounts. Receivables associated with this transaction will be collected in four equal instalments, the first of which is July 2005. The Company does not have any shares of Doğan Prodüksiyon as a result of this transaction.

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Ahmet Toksoy
Chief Financial Officer

Ayşe Sözeri Cemal
Chief Advertising Officer

Sinan Köksal
Chief Marketing Officer

Temuçin Tüzecan
Corporate Communications Coordinator

Ahmet Dalman
IT Systems Coordinator

Halil Özkan
Financial Affairs Director

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