DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2003
TOGETHER WITH AUDITOR'S REPORT

PRICEWATERHOUSECOOPERS

Başaran Nas Serbest Muhasebeci
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AUDITOR'S REPORT

To the Board of Directors of
Doğan Şirketler Grubu Holding A.Ş.

1. We have audited the accompanying consolidated balance sheet of Doğan Şirketler Grubu Holding A.Ş. ("Doğan Holding") at 31 December 2003 and the related consolidated statements of income and of cash flows for the year then ended, all expressed in the equivalent purchasing power of the Turkish Lira ("TL") as at 31 December 2003. These consolidated financial statements are the responsibility of Holding'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 referred to in the first paragraph above present fairly, in all material respects, the consolidated financial position of Doğan Şirketler Grubu Holding A.Ş. at 31 December 2003 and the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Without qualifying our opinion we draw attention to the following matters:

4. The consolidated financial statements include the accounts of the parent company, its Subsidiaries and Joint Ventures (Note 3). Subsidiaries are companies in which the Holding has power to control the financial and operating policies for the benefit of the Holding through the exercise of voting power relating to shares held by the Holding and its Subsidiaries together with voting power which the Holding effectively exercises relating to shares held by Doğan family members or through the actual exercise of dominant influence. 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 Holding and its Subsidiaries and one or more other parties. In effect the Doğan family members allow the Holding to exercise the voting power in respect of their shares held in these companies. In the consolidated financial statements the shares held by Doğan family members are treated as minority interest.

5. As explained in Note 2.c to the consolidated financial statements, US dollar ("USD") amounts shown in the accompanying consolidated financial statements have been included solely for the convenience of the reader and are translated from Turkish lira ("TL"), as a matter of arithmetic computation only, at the Central Bank of the Republic of Turkey official TL exchange rate of TL1,395,835=USD 1.00 for purchases of USD on 31 December 2003. Thus, US dollar amounts do not form a part of the consolidated financial statements prepared in accordance with International Financial Reporting Standards as at 31 December 2003. Such translations should not be construed as a representation that the TL amounts have been or could be converted into USD at this or any other rate.

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

Haluk Yalçın, SMMM

İstanbul, 27 April 2004

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2003

CONTENTS **PAGES**

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER

(Amounts expressed in millions of Turkish lira (TL) in terms of the purchasing power of the TL at 31 December 2003 unless otherwise indicated)

	Notes	2003 USD (*)	2003	2002
ASSETS				
Current assets:				
Cash and amounts due from banks	6	700,128,406	977,263,734	1,011,319,421
Investments:				
- trading securities	7	386,418,575	539,376,571	728,038,480
- available-for-sale	7	379,253,460	529,375,253	285,458,626
- held-to-maturity	7	21,664,432	30,239,973	18,293,452
Reserve deposits with the Central Bank of Turkey	8	164,204,938	229,203,000	293,791,606
Originated loans	9	1,666,511,474	2,326,175,044	2,233,812,074
Derivative financial instruments	10	5,707,695	7,967,000	5,280,583
Trade receivables	11	382,510,484	533,921,521	451,266,430
Due from related parties	12	14,137,266	19,733,291	40,193,122
Inventories	13	138,293,408	193,034,779	168,972,872
Other current assets	14	94,175,304	131,453,185	194,369,095
Total current assets		**3,953,005,442**	**5,517,743,351**	**5,430,795,761**
Non-current assets:				
Investments:				
- available-for-sale	7	600,681,194	838,451,835	630,109,916
Investment properties- net	15	28,044,728	39,145,813	52,811,852
Property, plant and equipment-net	16	842,347,465	1,175,778,074	1,232,746,994
Intangible assets-net	17	992,755,998	1,385,723,569	1,494,293,716
Other non-current assets		9,005,927	12,570,787	6,425,983
Deferred tax assets	24	111,906,461	156,202,955	296,280,179
Total non-current assets		**2,584,741,773**	**3,607,873,033**	**3,712,668,640**
Total assets		**6,537,747,215**	**9,125,616,384**	**9,143,464,401**

(*) As explained in the Note 2.c to the consolidated financial statements, USD amounts shown in these consolidated financial statements have been included solely for the convenience of the reader and are translated from TL, as a matter of arithmetic computation only, at the Central Bank of the Republic of Turkey official TL exchange rate. Thus, USD amounts do not form a part of the consolidated financial statements prepared in accordance with International Financial Reporting Standards as at 31 December 2003.

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER

(Amounts expressed in millions of Turkish lira (TL) in terms of the purchasing power of the TL at 31 December 2003 unless otherwise indicated)

	Notes	2003 USD (*)	2003	2002
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Bank borrowings	18	1,069,897,021	1,493,399,709	1,623,984,593
Deposits	19	2,294,101,990	3,202,187,851	3,537,227,319
Derivative financial instruments	10	564,537	788,000	807,598
Trade payables	20	230,481,354	321,713,941	194,633,884
Due to related parties	12	9,847,546	13,745,550	32,662,225
Insurance technical reserves	21	39,503,139	55,139,864	47,767,960
Other current liabilities	22	310,214,076	433,007,665	404,692,644
Taxes on income	24	12,018,656	16,776,060	33,990,323
Total current liabilities		**3,966,628,319**	**5,536,758,640**	**5,875,766,546**
Non-current liabilities:				
Bank borrowings	18	772,284,894	1,077,982,285	1,303,903,285
Deposits	19	23,260,825	32,468,273	-
Trade payables	20	26,698,103	37,266,147	57,240,716
Reserve for employment termination benefits	25	12,965,962	18,098,343	17,574,798
Insurance technical reserves	21	14,071,702	19,641,774	15,876,493
Other non-current liabilities	23	79,809,213	111,400,494	112,793,813
Deferred tax liabilities	24	1,761,771	2,459,141	85,787,777
Total non-current liabilities		**930,852,470**	**1,299,316,457**	**1,593,176,882**
Total liabilities		**4,897,480,789**	**6,836,075,097**	**7,468,943,428**
Minority interest				
- Doğan family members	5.g	53,383,297	74,514,274	42,413,658
- Other	5.g	485,240,786	677,316,073	594,619,225
Minority interest	**5.g**	**538,624,083**	**751,830,347**	**637,032,883**
Shareholders' equity				
Share capital	26	421,418,410	588,230,567	452,485,051
Adjustment to share capital	26	460,564,748	642,872,395	638,920,557
Total paid-in capital		**881,983,158**	**1,231,102,962**	**1,091,405,608**
Share premium		3,075,156	4,292,411	3,643,791
Translation reserve	2.b	(14,895,033)	(20,791,008)	2,659,119
Accumulated deficit	27	231,479,062	323,106,575	(60,220,428)
Total shareholders' equity		**1,101,642,343**	**1,537,710,940**	**1,037,488,090**
Total liabilities and shareholders' equity		**6,537,747,215**	**9,125,616,384**	**9,143,464,401**
Commitments and contingent liabilities	33			

These consolidated financial statements as at and for the year ended 31 December 2003 have been approved and signed on its behalf by the Board of Directors on 27 April 2004.

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED 31 DECEMBER

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated)

	Notes	2003 USD (*)	2003	2002
Revenues:				
Non-banking and non-financial services	5.c	3,616,507,473	5,048,047,709	5,136,803,356
Banking and financial services	5.c	844,887,598	1,179,323,680	1,289,979,621
		4,461,395,071	**6,227,371,389**	**6,426,782,977**
Operating expenses:				
Non-banking and non-financial services	5.c	(3,499,012,625)	(4,884,044,288)	(5,003,919,400)
Banking and financial services	5.c	(600,452,777)	(838,133,002)	(1,034,083,736)
		(4,099,465,402)	**(5,722,177,290)**	**(6,038,003,136)**
Other operating expense-net:				
Non-banking and non-financial services	5.c and 30	(108,146,539)	(150,954,724)	(99,144,821)
Banking and financial services	5.c and 30	(13,774,347)	(19,226,716)	(57,261,517)
		(121,920,886)	**(170,181,440)**	**(156,406,338)**
Operating profit:				
Non-banking and non-financial services		9,348,309	13,048,697	33,739,135
Banking and financial services		230,660,474	321,963,962	198,634,368
		240,008,783	**335,012,659**	**232,373,503**
Financial income/(expense) - net	29	57,855,649	80,756,940	(251,248,520)
Gain on net monetary position		133,258,224	186,006,493	225,565,773
Income before taxation on income and minority interest		**431,122,656**	**601,776,092**	**206,690,756**
Taxation on income	24	(69,000,094)	(96,312,746)	(57,985,773)
Income before minority interest		**362,122,562**	**505,463,346**	**148,704,983**
Minority interest				
- Doğan family members		(7,123,497)	(9,943,226)	2,254,379
- Other		(80,377,062)	(112,193,117)	(42,501,807)
Net income		**274,622,003**	**383,327,003**	**108,457,555**
Weighted average number (000's) of shares with face value of TL10,000 each	4	49,781,765,083	49,781,765,083	25,193,156,000
Basic and diluted earnings per share in USD/TL	4	5,516	7,700	4,305

(*) As explained in the Note 2.c to the consolidated financial statements, USD amounts shown in these consolidated financial statements have been included solely for the convenience of the reader and are translated from TL, as a matter of arithmetic computation only, at the Central Bank of the Republic of Turkey official TL exchange rate. Thus, USD amounts do not form a part of the consolidated financial statements prepared in accordance with International Financial Reporting Standards as at 31 December 2003.

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated)

	Notes	2003 USD (*)	2003	2002
Cash flows from operating activities				
Net income before taxation and minority interest		431,122,656	601,776,092	206,690,756
Adjustments to reconcile net income to net cash (used in)/from operating activities:				
Cash used in operations	28	(434,917,262)	(607,072,737)	(657,245,822)
Finance segment interest received		408,768,781	570,573,771	842,957,205
Finance segment interest paid		(312,993,461)	(436,887,227)	(582,854,532)
Taxes paid		(57,868,165)	(80,774,409)	(43,602,498)
Net cash (used in)/from operating activities		**34,112,549**	**47,615,490**	**(234,054,891)**
Cash flows from investing activities:				
Purchase of property, plant and equipment	16	(130,201,912)	(181,740,386)	(256,698,988)
Purchase of investment property	15	(2,155,286)	(3,008,424)	-
Purchase of intangible assets	17	(26,571,072)	(37,088,832)	(5,232,838)
Proceeds from sale of property, plant and equipment and intangibles		38,741,025	54,076,079	20,778,826
Change in available-for-sale investments		(255,276,123)	(356,323,347)	(641,721)
Change in other non-current assets and liabilities		(5,400,439)	(7,538,122)	14,990,134
Acquisition of subsidiaries, net off cash acquired	32	-	-	(351,689,564)
Disposal of subsidiary		5,649,233	7,885,397	-
Disposal of joint venture		-	-	(44,637,075)
Non-finance segment interest received		29,164,319	40,708,577	141,973,817
Net effect of changes in minority shares		-	-	3,875,936
Inflation effect on investing activities		(72,865,509)	(101,708,228)	31,846,884
Net cash used in investing activities		**(418,915,764)**	**(584,737,286)**	**(445,434,589)**
Cash flows from financing activities:				
Proceeds of issuance of share capital to minority interests	5.g	2,319,079	3,237,052	6,858,957
Dividends paid to minority interests	5.g	(250,939)	(350,269)	(240,388)
Net (decrease)/ increase in short - term borrowings		(66,863,925)	(93,331,007)	218,336,062
Net decrease in long - term borrowings		(161,853,659)	(225,921,002)	(179,874,643)
Repayments of debt securities in issue		(14,310,119)	(19,974,565)	-
Non-finance segment interest paid		(194,894,476)	(272,040,531)	(259,057,676)
Proceeds from issuance of share capital		100,081,567	139,697,354	229,503,467
Proceeds from changes in share premium		464,682	648,620	-
Inflation effect on financing activities		261,505,305	365,018,257	756,228,454
Net cash (used in)/from financing activities		**(73,802,485)**	**(103,016,091)**	**771,754,233**
Net (decrease)/increase in cash and cash equivalents		(458,605,700)	(640,137,887)	92,264,753
Inflation effect on cash and cash equivalents		(143,185,444)	(199,863,254)	(524,425,877)
Cash and cash equivalents at the beginning of year	4.Aa	1,252,788,131	1,748,685,521	2,180,846,645
Cash and cash equivalents at the end of year	**4.Aa**	**650,996,987**	**908,684,380**	**1,748,685,521**

Cash and cash equivalents amounting to TL60,664,395 million (31 December 2002: TL25,566,177 million) are unavailable for use at the balance sheet date (Note 6).

(*) As explained in the Note 2.c to the consolidated financial statements, USD amounts shown in these consolidated financial statements have been included solely for the convenience of the reader and are translated from TL, as a matter of arithmetic computation only, at the Central Bank of the Republic of Turkey official TL exchange rate. Thus, USD amounts do not form a part of the consolidated financial statements prepared in accordance with International Financial Reporting Standards as at 31 December 2003.

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

	Share capital	Adjustment to share capital	Share premium	Translation reserve	Retained earnings/ (Accumulated deficit)	Total shareholders' equity
At 1 January 2002	**251,380,584**	**610,881,774**	**3,283,574**	**33,460,252**	**(168,677,983)**	**730,328,201**
Currency translation differences	-	-	-	(30,801,133)	-	(30,801,133)
Increase in share capital	201,104,467	28,038,783	360,217	-	-	229,503,467
Net income for the year	-	-	-	-	108,457,555	108,457,555
At 31 December 2002	**452,485,051**	**638,920,557**	**3,643,791**	**2,659,119**	**(60,220,428)**	**1,037,488,090**
Currency translation differences	-	-	-	(23,450,127)	-	(23,450,127)
Increase in share capital	135,745,516	3,951,838	648,620	-	-	140,345,974
Net income for the year	-	-	-	-	383,327,003	383,327,003
At 31 December 2003	**588,230,567**	**642,872,395**	**4,292,411**	**(20,791,008)**	**323,106,575**	**1,537,710,940**

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

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS

Doğan Şirketler Grubu Holding A.Ş. ("Doğan Holding" or the "Holding") was established on 22 October 1980 as a corporation to coordinate the activities of and liaise between companies operating in different fields including media, finance, energy, telecommunication, tourism, manufacturing and marketing and is registered in Turkey.

Doğan Holding is registered with the Capital Markets Board ("CMB") and its shares have been quoted on the Istanbul Stock Exchange ("ISE") since 21 June 1993. At 31 December 2003, the shares quoted on the ISE represent 34.29% of the total shares. At 31 December 2003, the principal shareholders and their respective shareholdings in the Holding are as follows (Note 26):

	%
Doğan family and companies owned by Doğan family	65.52
Listed on ISE	34.29
Aydın Doğan Vakfı	0.19
	100.00

The address of the registered office is as follows:

Oymacı Sokak No: 51
81190 Altunizade-İstanbul

Doğan Holding is organised mainly in Turkey, into four main business segments:

- Finance
- Media
- Energy
- Other

Other operations mainly comprise trade, tourism, telecommunication and construction, none of which is of a sufficient size to be reported separately.

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS (Continued)

Doğan Holding has the following subsidiaries (the "Subsidiaries"). The nature of the business of the Subsidiaries are as follows:

Name	Nature of business	Segment
Türk Dış Ticaret Bankası A.Ş. ("Dışbank")	Banking	Finance
Dış Ticaret Faktoring A.Ş. ("Dış Faktoring")	Factoring	Finance
Dış Ticaret Finansal Kiralama A.Ş. ("Dış Leasing")	Leasing	Finance
Dış Yatırım Menkul Değerler A.Ş. ("Dış Yatırım")	Brokerage and fund management	Finance
Dış Portföy Yönetimi ("Dış Portföy")	Portfolio Management	Finance
Dış Holding Malta Limited ("Dış Holding Malta")	Banking	Finance
Dışbank Malta Ltd. ("Dışbank Malta")	Banking	Finance
Dış Globus Malta ("Dış Globus")	Banking	Finance
Ray Sigorta A.Ş. ("Ray Sigorta")	Insurance	Finance
Doğan Emeklilik A.Ş. ("Doğan Emeklilik")	Insurance	Finance
Dış Holding Nederland B.V. ("Dış Holding B.V.")	Banking	Finance
Doğan Faktoring Hizmetleri A.Ş. ("Doğan Faktoring")	Factoring	Finance
Hürriyet Gazetecilik ve Matbaacılık A.Ş. ("Hürriyet")	Newspaper publishing	Media
Doğan Gazetecilik A.Ş. ("Doğan Gazetecilik")	Newspaper publishing	Media
Yaysat Yayın Satış Pazarlama ve Dağıtım A.Ş. ("Yaysat")	Distribution	Media
DYG İlan ve Reklam Hizmetleri A.Ş. ("DYG İlan")	Advertising	Media
Doğan Ofset Yayıncılık ve Matbaacılık A.Ş. ("Doğan Ofset")	Newspaper publishing	Media
Doğan Kitapçılık A.Ş. ("Doğan Kitapçılık")	Book publishing	Media
Doğan Haber Ajansı A.Ş. ("Doğan Haber")	News agency	Media
Doğan Basım ve Dağıtım İşleri A.Ş. ("Doğan Basım")	Distribution	Media
Milliyet Haber Ajansı A.Ş. ("Milliyet Haber")	News agency	Media
Hürriyet TV Film Prodüksiyon ve Haber Ajansı A.Ş. ("Hür TV")	TV broadcasting	Media
Doğan Prodüksiyon ve Ticaret A.Ş. ("Doğan Prodüksiyon")	TV broadcasting	Media
ANS Uluslararası Yapım Yayın Reklamcılık A.Ş. ("ANS")	TV broadcasting	Media
Doğan İletişim Elektronik Servis Hizmetleri Turizm Yayıncılık A.Ş. ("Doğan Online")	Internet service provider	Media
Doğan Media International ("Doğan Media")	Distribution	Media
D Finans Internet Bilgi Hizmetleri ve Ticaret A.Ş. ("D Finans")	Internet services	Media
Doğan Müzik Yapım ve Ticaret A.Ş. ("DMC")	Music and entertainment	Media
D Market Elektronik Hizmetler ve Ticaret A.Ş. ("D Market")	Internet services	Media
Birpa Birleşik Medya Reklam Pazarlama A.Ş. ("Birpa")	Retail	Media
Hürriyet Gazetecilik ve Matbaacılık A.Ş. Zweigniderlassung Deutcshland ("Hürriyet Zweigniderlassung")	Newspaper publishing	Media
Doğan Daily News Gazetecilik ve Matbaacılık A.Ş. ("Doğan Daily News")	Newspaper publishing	Media
Doğan Dağıtım Satış ve Pazarlama A.Ş. ("Doğan Dağıtım")	Distribution	Media
Milliyet Internet Hizmetleri ve Ticaret A.Ş. ("Milliyet Internet")	Internet services	Media
Doğan Media Pazarlama A.Ş. ("Doğan Medya Pazarlama")	Trade	Media
Basın İşletmecilik Kağıt Matbaa Sanayi A.Ş. ("Basın İşletmecilik")	Media	Media
Doğan Bilgi Teknolojileri A.Ş. ("Doğan Bilgi")	Trade	Media

NOT 1 - ORGANIZATION AND NATURE OF OPERATIONS (Continued)

Name	Nature of business	Segment
Milliyet Verlags und Handels GmbH ("Milliyet Verlags")	Distribution	Media
Doğan Telekomunikasyon Ticaret A.Ş. ("Doğan Telekom")	Communication	Media
DTV Haber ve Görsel Yayıncılık A.Ş. ("Kanal D")	TV broadcasting	Media
Doğan TV ve Radyo Yayıncılık A.Ş. ("Doğan TV")	Investment	Media
Hür-Bim Görsel Yayıncılık A.Ş. ("Hürbim")	Information technology	Media
Alp Görsel Yayıncılık A.Ş. ("Alp Görsel")	TV broadcasting	Media
Bravo Televizyon Yayıncılık Yapımcılık Sanayi ve Ticaret A.Ş. ("Bravo TV")	TV broadcasting	Media
Fun Televizyon Yayıncılık Yapımcılık Sanayi ve Ticaret A.Ş. ("Fun TV")	TV broadcasting	Media
Galaksi Radyo Televizyon Yayıncılık Yapımcılık Sanayi ve Ticaret A.Ş. ("Galaksi Radyo")	Radio broadcasting	Media
Foreks Yayıncılık ve Reklamcılık A.Ş. ("Hür FM")	TV broadcasting	Media
Işıl Televizyon Yayıncılık Yapımcılık Sanayi ve Ticaret A.Ş. ("Işıl TV")	TV broadcasting	Media
Kanalspor Televizyon ve Radyo Yayıncılık A.Ş. ("Kanalspor")	TV broadcasting	Media
Milenyum Televizyon Yayıncılık A.Ş. ("Milenyum TV")	TV broadcasting	Media
Radyo Kulübü Uluslararası Programlar A.Ş. ("D Radyo")	Radio broadcasting	Media
Hürriyet Radyo Prodüksiyon ve Yayın A.Ş. ("Radyo Foreks")	Radio broadcasting	Media
Tempo Televizyon Yayıncılık Yapımcılık Sanayi ve Ticaret A.Ş. ("Tempo TV")	TV broadcasting	Media
TV 2000 Televizyon Yayıncılık Yapımcılık Sanayi ve Ticaret A.Ş. ("TV 2000")	TV broadcasting	Media
DS Servis ve İdari Hizmetler ve Ticaret A.Ş. ("DS Servis")	Administrative service	Media
Hürriyet Internet Hizmetleri ve Ticaret A.Ş. ("Hürriyet Internet")	Internet services	Media
Egeser Servis ve İdari Hizmetler ve Ticaret A.Ş. ("Egeser")	Administrative service	Media
Hür Servis Sosyal Hizmetler ve Ticaret A.Ş. ("Hürservis")	Administrative service	Media
Hür Medya İlancılık ve Reklamcılık Ticaret A.Ş. ("Hürmedya")	Advertisement	Media
Doğan Müzik Kitap Mağazacılık Pazarlama A.Ş. ("DMK")	Retail and distribution	Media
Birmaş Birleşik Televizyon Reklam Pazarlama A.Ş. ("Birmaş")	Advertisement	Media
Milpa Ticari ve Sınai Ürünler Pazarlama Sanayi ve Ticaret A.Ş. ("Milpa")	Trading	Other
Hürriyet Ticari ve Sınai Ürünler Pazarlama Sanayi ve Ticaret A.Ş. ("Hürriyet Pazarlama")	Marketing	Other
Milanur İnşaat Pazarlama Turizm Sanayi ve Ticaret Limited Şirketi ("Milanur")	Construction	Other
Doğan Otomobilcilik Ticaret ve Sanayi A.Ş. ("Doğan Oto")	Trading	Other
Doğan Havacılık Sanayi ve Ticaret A.Ş. ("Doğan Havacılık")	Aviation	Other
Doğan Yayın Holding A.Ş. ("Doğan Yayın")	Holding	Other
Çelik Halat ve Tel Sanayi A.Ş. ("Çelik Halat")	Production	Other
Ditaş Doğan Yedek Parça İmalat ve Teknik A.Ş. ("Ditaş Doğan")	Production	Other
Milta Turizm İşletmeleri A.Ş. ("Milta Turizm")	Tourism	Other
Doğan Karton Sanayi ve Ticaret A.Ş. ("Doğan Karton")	Production	Other
CH Investments B.V.	Investment	Other
CH UK Limited	Investment	Other
Entralle Handels GmbH	Trading	Other
3D Güvenlik Sistemleri ve Organizasyon Ticaret A.Ş. ("3D Güvenlik")	Service	Other
Doğan Organik Ürünler Sanayi ve Ticaret A.Ş. ("Doğan Organik")	Agriculture	Other
İsedaş İstanbul Elektrik Dağıtım Sanayi ve Ticaret A.Ş. ("İsedaş")	Energy	Energy
Zigana Elektrik Dağıtım Sanayi ve Ticaret A.Ş. ("Zigana")	Energy	Energy
Çelik Enerji Üretim A.Ş. ("Çelik Enerji")	Energy	Energy
CH Bulgaria ("CH Bulgaria")	Production	Other
Harman Ekolojik Tarımsal ve Hayvansal Gıda Sanayi ve Ticaret Limited Şirketi ("Harman")	Agriculture	Other
D Tek Bilgi ve İletişim Sistemleri A.Ş. ("D Tek")	Information technology	Other

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS (Continued)

The number of employees of the Holding at 31 December 2003 is 11,426 (31 December 2002: 11,082).

For the purposes of the segmental information in these consolidated financial statements, Doğan Holding's separate financial statements were included in the "other" segment (Note 5).

All the Subsidiaries are registered in Turkey except for Dış Holding Malta, Dış Globus and Dışbank Malta in Malta, Dış Holding B.V. in the Netherlands, Hürriyet Zweignderlassung, Milliyet Verlag, Entralle Handels GmbH and Doğan Media in Germany, CH Investments B.V. and CH UK Limited in the United Kingdom. However, as the sales and the purchases of the Group are made and the assets of the Group are located mainly in Turkey, no geographic segmental information is considered necessary.

Doğan Holding has the following Joint Ventures (the "Joint Ventures"). All the Joint Ventures are registered in Turkey. The nature of the businesses and for the purpose of the accompanying consolidated financial statements, the respective business segments of the Joint Ventures and Joint Venture Partners are as follows:

Name	Nature of business	Segment	Joint venture partner
Doğan Burda Rizolli Dergi Yayıncılık ve Pazarlama A.Ş. ("DBR")	Newspaper publishing	Media	Burda GmbH
Doğan ve Egmont Yayıncılık ve Yapımcılık Ticaret A.Ş. ("Doğan Egmont")	Publishing	Media	Egmont
Ultra Kablolu Televizyon ve Telekomünikasyon Sanayi ve Ticaret A.Ş ("Ultra Kablo")	Telecommunication	Media	Koç Holding A.Ş.
Digital Hizmetler Pazarlama A.Ş. ("Digital Hizmetler")	Telecommunication	Media	Çukurova Holding A.Ş.
Süper Kanal Televizyon Video Radyo Basın Yapım Yayın Tanıtım ve Haber Hizmetleri A.Ş. ("Süper Kanal")	TV broadcasting	Media	Erler Film A.Ş.
Eko Televizyon Yayıncılık A.Ş. ("CNN Türk")	TV broadcasting	Media	Turner Broadcasting Int.
Petrol Ofisi A.Ş. ("POAŞ") (*)	Distribution of petroleum products	Energy	T. İş Bankası A.Ş.
Dergi Pazarlama Planlama ve Ticaret A.Ş. ("Dergi Pazarlama")	Advertisement	Media	Burda RCS Int. GmbH
Çağdaş Pazarlama Sistemleri A.Ş. ("Çağdaş Pazarlama")	Trading	Other	Milpa

(*) POAŞ has 52% share in Kıbrıs Türk Petrolleri Ltd. ("Kipet") , 100% share in Petrol Ofisi International Oil Trading Ltd. ("PO International"), 100% share in PO Petrofinance N.V. ("Petrofinance") and 99.96% shares in Erk Petrol Yatırımları A.Ş. ("Erk Petrol"). Kipet was established in 1975 in the Turkish Republic of Northern Cyprus and its primary operation is the distribution of fuel. PO International was founded in the Bahamas in 2001 for the trading of petroleum products. Petrofinance was founded in the Netherlands in 2002 for generation of funds and taking out and granting of loans. Erk Petrol, which was established on 21 May 2003 is engaged in the supply and marketing of fuel from domestic and foreign markets, the organization of distribution and storing, the additional sales of refinery subsidiary products, the production of all types of grease and lubricants and their by-products, blending, the establishing of blending and production facilities, whole- and retail sales, import and export.

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

a) Turkish Lira financial statements

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), including the International Accounting Standards ("IAS") and Interpretations issued by the International Accounting Standards Board ("IASB"). Doğan Holding and its Subsidiaries and Joint Ventures registered in Turkey maintain their books of account and prepare their statutory financial statements ("Statutory Financial Statements") in TL in accordance with the Turkish Commercial Code (the "TCC"), tax legislation, and the Uniform Chart of Accounts issued by the Ministry of Finance, applicable Turkish insurance laws for insurance companies and Banking law and accounting principles promulgated by the Banking Regulation and Supervising Agency for banks and for listed companies; accounting principles issued by the CMB of Turkey ("CMB Principles"). The foreign Subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. These consolidated financial statements are based on the statutory records, which are maintained under the historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with IFRS (including the restatement for changes in the general purchasing power of the TL).

The restatement for the changes in the general purchasing power of the TL at 31 December 2003 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 previous periods be restated in the same terms. One characteristic that necessitates the application of IAS 29 is a 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 these consolidated financial statements at 31 December are given below:

Dates	Index	Conversion factors	Cumulative 3-year %
31 December 2003	**7,382.1**	**1.000**	**181.1**
31 December 2002	6,478.8	1.139	227.3
31 December 2001	4,951.7	1.491	307.5

The main procedures for the above-mentioned 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 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 that are not carried at amounts current at the balance sheet date and components of shareholders' equity are restated by applying the relevant conversion factors.
- Comparative financial statements are restated using general inflation indices at the currency purchasing power at the latest balance sheet date.

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

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

- The effect of inflation on the net monetary asset position of Doğan Holding, the Subsidiaries and Joint Ventures is included in the consolidated statements of income as gain on net monetary position.

b) Translation of foreign subsidiary financial statements

The assets and liabilities of foreign subsidiaries are translated into Turkish lira using the relevant foreign exchange rates prevailing at the year-end. The results of the foreign subsidiaries are translated into Turkish lira using average exchange rate for the year and then restated in accordance with IAS 29. Exchange differences arising on retranslating of the opening net assets of foreign subsidiaries and arising from using year-end and average exchange rates are included in the shareholders' equity as translation reserve.

c) US dollar convenience translation

US dollar ("USD") amounts shown in these consolidated financial statements have been included solely for the convenience of the reader and are translated from Turkish lira ("TL"), as a matter of arithmetic computation only, at the Central Bank of the Republic of Turkey official TL exchange rate of TL 1,395,835=USD 1.00 for purchases of USD on 31 December 2003. Thus, US dollar amounts do not form a part of the consolidated financial statements prepared in accordance with International Financial Reporting Standards as at 31 December 2003. Such translations should not be construed as a representation that the TL amounts have been or could be converted into USD at this or any other rate.

NOTE 3 - GROUP ACCOUNTING

(a) These consolidated financial statements include the accounts of the parent company, Doğan Holding, its Subsidiaries and its Joint Ventures (collectively referred to as the "Group") on the basis set out in sections (a) to (e) below. Regarding the financial statements of Doğan Holding and Doğan Yayın, reporting dates of these companies are different from the ones included in the consolidation. For the consolidation purposes, Doğan Holding and Doğan Yayın have prepared financial statements as the same date as the financial statements of the companies included in the consolidation which has been prepared as of the date of the consolidated financial statements. The financial statements of the companies included in the consolidation 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 and applying uniform presentation.

(b) Subsidiaries are companies in which Doğan Holding has power to control the financial and operating policies for the benefit of Doğan Holding 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 certain Doğan family members and companies whereby Doğan Holding 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.

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 3 - GROUP ACCOUNTING (Continued)

The table below sets out all Subsidiaries included in the scope of consolidation and shows their shareholding structure at 31 December:

	Proportion of voting power held by Doğan Holding and its Subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Total proportion of ownership interest (%)	
Company name	**2003**	**2002**	**2003**	**2002**	**2003**	**2002**	**2003**	**2002**
Dışbank	62.37%	66.37%	4.00%	0.00%	66.37%	66.37%	62.37%	63.92%
Dış Faktoring	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	61.31%	62.84%
Dış Leasing	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	62.36%	63.91%
Dış Yatırım	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	62.37%	63.92%
Dış Portföy	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	62.37%	63.92%
Dış Holding Malta	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	62.37%	65.49%
Dışbank Malta	100.00%	100.00%	100.00%	0.00%	100.00%	100.00%	62.37%	65.49%
Dış Globus	100.00%	100.00%	100.00%	0.00%	100.00%	100.00%	62.37%	65.49%
Dışbank Nederland (1)	-	100.00%	-	0.00%	-	100.00%	-	63.92%
Ray Sigorta	67.32%	67.32%	0.00%	0.00%	67.32%	67.32%	41.99%	43.03%
Doğan Emeklilik	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	58.80%	60.21%
Dış Holding B.V.	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	62.37%	63.92%
Doğan Faktoring	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	75.73%	75.51%
Hürriyet	66.63%	66.63%	0.00%	0.00%	66.63%	66.63%	51.17%	51.01%
Doğan Gazetecilik (2)	80.43%	79.76%	0.67%	0.67%	81.10%	80.43%	61.77%	62.12%
Yaysat	75.00%	75.00%	0.00%	0.00%	75.00%	75.00%	51.19%	51.04%
DYG İlan	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	64.16%	64.96%
Doğan Ofset	99.89%	99.89%	0.00%	0.00%	99.89%	99.89%	62.65%	62.46%
Doğan Raks (1)	-	96.70%	-	0.00%	-	96.70%	-	73.19%
Doğan Kitapçılık	99.90%	99.90%	0.10%	0.10%	100.00%	100.00%	64.19%	64.00%
Doğan Haber	89.13%	89.13%	0.00%	0.00%	89.13%	89.13%	55.84%	52.99%
Doğan Basım	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	51.17%	51.01%
Simge (2)	-	100.00%	-	0.00%	-	100.00%	-	76.57%
Milliyet Haber	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	67.35%	73.54%
Hür TV	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	51.16%	51.01%
Doğan Prodüksiyon	63.00%	96.00%	0.00%	0.00%	63.00%	96.00%	35.89%	61.12%
ANS	70.00%	70.00%	0.00%	0.00%	70.00%	70.00%	53.76%	53.60%
Doğan Online (3)	59.99%	60.00%	40.00%	40.00%	99.99%	100.00%	46.07%	45.94%
Doğan Media	97.66%	97.66%	2.34%	2.34%	100.00%	100.00%	63.75%	63.55%
D Finans	99.92%	99.92%	0.08%	0.08%	100.00%	100.00%	46.04%	45.90%
DMC	99.17%	99.17%	0.02%	0.02%	99.19%	99.19%	76.16%	75.93%
D Market	89.97%	89.97%	0.00%	0.00%	89.97%	89.97%	41.45%	41.33%
Birpa	64.94%	64.94%	35.06%	35.06%	100.00%	100.00%	49.87%	49.72%
Hürriyet Zweigniderlassung	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	51.17%	51.01%
Doğan Daily News	94.25%	94.25%	0.00%	0.00%	94.25%	94.25%	72.38%	72.16%
Doğan Dağıtım	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	76.78%	76.55%
Milliyet Internet	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	62.74%	67.83%
Doğan Medya Pazarlama (7)	-	99.92%	-	0.08%	-	100.00%	-	76.51%
Basın İşletmecilik (7)	-	100.00%	-	0.00%	-	100.00%	-	65.71%
Doğan Bilgi (7)	-	98.00%	-	2.00%	-	100.00%	-	75.04%
Doğan Müşteri (3)	-	98.00%	-	0.50%	-	98.50%	-	45.02%
Milliyet Verlags	99.03%	99.17%	0.97%	0.83%	100.00%	100.00%	70.73%	71.07%
Doğan Kitap Müzik Dağıtım A.Ş.	-	99.80%	-	0.00%	-	99.80%	-	72.96%
Doğan Telekom	96.00%	96.00%	4.00%	4.00%	100.00%	100.00%	66.03%	58.68%
Kanal D (4)	88.86%	89.97%	0.00%	0.00%	88.86%	89.97%	68.06%	68.70%
Doğan TV	100.00%	100.00%	0.00%	10.00%	100.00%	00.00%	76.80%	76.57%
Radyo D (4)	-	95.00%	-	0.00%	-	95.00%	-	65.26%
Hürbim	99.92%	99.92%	0.00%	0.00%	99.92%	99.92%	76.74%	76.51%
Alp Görsel	98.75%	98.75%	0.00%	0.00%	98.75%	98.75%	75.84%	75.61%
Bravo TV	99.60%	99.60%	0.00%	0.00%	99.60%	99.60%	76.49%	76.26%
Fun TV	99.07%	99.07%	0.00%	0.00%	99.07%	99.07%	76.08%	75.85%
Galaksi Radyo	99.07%	99.07%	0.00%	0.00%	99.07%	99.07%	76.08%	75.85%
Hür FM	95.60%	99.89%	0.00%	0.00%	95.60%	99.89%	73.42%	76.48%
Işıl TV	99.06%	99.06%	0.00%	0.00%	99.06%	99.06%	76.08%	75.85%
Kanalspor	99.06%	99.06%	0.00%	0.00%	99.06%	99.06%	76.08%	75.85%
Milenyum TV	99.06%	99.06%	0.00%	0.00%	99.06%	99.06%	76.08%	75.85%

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 3 - GROUP ACCOUNTING (Continued)

	Proportion of voting power held by Doğan Holding and its Subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Total proportion of ownership interest (%)	
Company name	**2003**	**2002**	**2003**	**2002**	**2003**	**2002**	**2003**	**2002**
D Radyo	99.89%	95.60%	0.00%	0.00%	99.89%	95.60%	76.72%	73.20%
Radyo Foreks	99.89%	99.89%	0.00%	0.00%	99.89%	99.89%	76.72%	76.48%
Tempo TV	99.06%	99.06%	0.00%	0.00%	99.06%	99.06%	76.08%	75.85%
TV 2000	99.06%	99.06%	0.00%	0.00%	99.06%	99.06%	76.08%	75.85%
DS Servis	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	51.17%	51.01%
Hürriyet Internet	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	51.17%	51.01%
Egeser	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	51.17%	51.01%
Hürservis	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	51.17%	51.01%
Hürmedya	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	51.17%	51.01%
DMK	99.98%	100.00%	0.00%	0.00%	99.98%	100.00%	76.79%	73.19%
Milpa	65.00%	65.00%	0.50%	0.50%	65.50%	65.50%	65.00%	65.00%
Hürriyet Pazarlama	93.25%	46.00%	6.75%	54.00%	100.00%	100.00%	47.73%	23.61%
Milanur	99.99%	99.99%	0.01%	0.01%	100.00%	100.00%	65.00%	65.00%
Doğan Oto	99.65%	99.65%	0.35%	0.35%	100.00%	100.00%	99.65%	99.65%
Doğan Havacılık	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	84.78%	84.91%
Doğan Yayın	76.80%	76.57%	3.15%	3.37%	79.95%	79.94%	76.80%	76.57%
Çelik Halat	62.44%	58.44%	0.00%	4.00%	62.44%	62.44%	58.01%	54.83%
Ditaş Doğan	55.71%	55.71%	0.00%	0.00%	55.71%	55.71%	55.71%	55.71%
Milta Turizm	95.46%	58.23%	2.34%	39.57%	97.80%	97.80%	95.36%	36.76%
Doğan Karton	65.00%	65.00%	35.00%	35.00%	100.00%	100.00%	65.00%	65.00%
CH Investment B.V.	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	58.01%	54.83%
CH UK Limited	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	58.01%	54.83%
Entrallee Handels GmbH	95.48%	95.48%	4.52%	4.52%	100.00%	100.00%	62.06%	62.06%
3D Güvenlik	98.80%	99.00%	0.00%	0.00%	98.80%	99.00%	61.62%	63.28%
Doğan Organik	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	99.54%	99.09%
Zigana	65.00%	65.00%	4.99%	4.99%	69.99%	69.99%	65.00%	65.00%
İsedaş (5)	40.00%	40.00%	5.00%	5.00%	45.00%	45.00%	40.00%	40.00%
Birmaş (6)	100.00%	-	0.00%	-	100.00%	-	76.49%	-
Çelik Enerji (6)	99.00%	-	0.00%	-	99.00%	-	51.90%	-
Harman (6)	100.00%	-	0.00%	-	100.00%	-	98.50%	-
CH Bulgaria (6)	100.00%	-	0.00%	-	100.00%	-	52.43%	-
D Tek (6)	99.60%	-	0.00%	-	99.60%	-	64.74%	-

(1) These Subsidiaries of Doğan Holding were sold during the current year and have been excluded from the scope of consolidation at the date that control ceases.
(2) Milliyet Gazetecilik A.Ş., legally merged with Simge Yayıncılık ve Dağıtım A.Ş. in 2003 and the name of the subsidiary has been changed to Doğan Gazetecilik A.Ş..
(3) Doğan Müşteri merged with Doğan Online in 2003.
(4) Radyo D merged with Kanal D in 2003.
(5) The proportion of voting power held in this Subsidiary is less than 50%; however, Doğan Holding exercises a dominant influence and power to govern the financial and operating policies of the company.
(6) These Subsidiaries which were acquired or established in 2003 were among the investments of Doğan Holding at 31 December 2003 and have been excluded from the scope of consolidation at 31 December 2003 on the grounds of materiality.
(7) These Subsidiaries were liquidated in 2003.

The balance sheets and the statements of income of the Subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by Doğan Holding and its Subsidiaries is eliminated against the related shareholders' equity. Intercompany transactions and balances between Doğan Holding and its Subsidiaries are eliminated on consolidation. The cost of, and the dividends arising from, shares held by Doğan Holding in its Subsidiaries are eliminated from shareholders' equity and income for the year, respectively.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. Where necessary, accounting policies for Subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 3 - GROUP ACCOUNTING (Continued)

c) Joint Ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by Doğan Holding and one or more other parties. Doğan Holding exercises such joint control through the power to exercise voting rights relating to shares in the companies as a result of shares owned directly and indirectly by itself and/or by certain Doğan family members and companies whereby Doğan Holding exercises control over the voting rights of (but does not have the economic benefit of) the shares held by them. The Group's interest in Joint Ventures is accounted for by way of proportionate consolidation. By this method, the Group includes its share of assets, liabilities, income and expenditure of each Joint Venture in the relevant components of the financial statements.

The table below sets out all Joint Ventures included in the scope of consolidation and shows their shareholding structure at 31 December:

Company name	Proportion of voting power held by Doğan Holding and its Subsidiaries (%) 2003	2002	Proportion of voting power held by Doğan family members (%) 2003	2002	Total proportion of voting power held (%) 2003	2002	Total proportion of ownership interest (%) 2003	2002
DBR	40.72%	40.72%	2.02%	2.02%	42.75%	42.74%	31.27%	31.18%
Doğan Egmont	50.00%	50.00%	0.00%	0.00%	50.00%	50.00%	38.40%	38.28%
Ultra Kablo	50.00%	50.00%	0.00%	0.00%	50.00%	50.00%	38.40%	38.28%
Digital Hizmetler	50.00%	50.00%	0.00%	0.00%	50.00%	50.00%	32.57%	32.47%
Süper Kanal	49.00%	49.00%	0.00%	0.00%	49.00%	49.00%	37.63%	37.52%
CNN Türk	77.99%	79.93%	0.00%	0.00%	77.99%	79.93%	59.89%	61.20%
POAŞ	47.42%	47.43%	0.00%	0.00%	47.42%	47.43%	47.42%	47.43%
Dergi Pazarlama (*)	46.00%	90.00%	10.00%	10.00%	56.00%	100.00%	25.08%	47.47%
Çağdaş Pazarlama (**)	50.00%	-	0.00%	-	50.00%	-	50.00%	-

(*) The shares of Dergi Pazarlama, which was a Subsidiary as of 31 December 2002, amounting to 44% was sold in 2003 and it became to a joint venture.

(**) This Joint Venture which was established in 2003 were among the investments of Doğan Holding at 31 December 2003 and has been excluded from the scope of consolidation at 31 December 2003 on the grounds of materiality.

d) Available-for-sale equity investments in which the Group, together with Doğan family members, have interest below 20%, or above 20% over which the Holding 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 2003 less any provision for diminution in value (Note 7).

Available-for-sale equity investments in which the Group, together with Doğan family members, have interest below 20% or over which the Holding does not exercise a significant influence and that have quoted market prices in active markets and whose fair values can be measured reliably are carried at fair value.

e) 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.

Certain Doğan family members and companies controlled by them who are shareholders of Doğan Holding have interests in the share capital of certain Subsidiaries. In the consolidated financial statements, their interests are treated as minority interest and are not included in the Group's net assets and profits attributable to shareholders of Doğan Holding.

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Where necessary, accounting policies for Subsidiaries and Joint Ventures have been changed to ensure consistency with the policies adopted by the Group. The significant accounting policies, other than Group accounting which is described in Note 3, followed in the preparation of these consolidated financial statements are summarised below:

A. Related parties

For the purpose of these consolidated financial statements, shareholders, key management personnel and Board members, in each case together with their families and companies controlled by or affiliated with them and joint ventures are considered and referred to as related parties. A number of transactions are entered into with related parties in the normal course of business. These transactions were priced predominantly at market rates (Note 12).

B. Investments

The Group classifies its investments in debt and equity securities as trading, held-to-maturity and available-for-sale.

“Trading investments” are 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. Cost of purchase includes transaction costs. All related realised and unrealised gains and losses are included in operating profit for the Subsidiaries in the banking sector and in the financial income for companies in other sectors. Dividends received are recognised as dividend income in the consolidated statement of income.

Debt securities with fixed maturity, where management have both the intent and the ability to hold to the maturity excluding the financial assets classified as originated loans and advances to customers classified as “held-to-maturity investments”. Held-to-maturity investments are initially recognised at cost and subsequently are carried at amortised cost using the effective yield method.

Investment securities 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, exchange rates or equity prices, or client’s servicing activity are classified as “available-for-sale”. These are included in non-current assets unless management has the intention of holding these investments for less than 12 months from the balance sheet date, or unless they will need to be sold to raise operating capital, in which case they are included in current assets. The appropriate classification of investments is determined at the time of the purchase and re-evaluated by management on a regular basis.

Available-for-sale investments are initially recognised at cost and subsequently re-measured at fair value. Realised and unrealised gains and losses arising from changes in the fair value of trad available-for-sale investments are included in the consolidated statement of income in the period in which they arise.

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Available-for-sale equity investments in which the Group, together with Doğan family members, have interest below 20%, or above 20% over which the Holding 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 2003 less any provision for diminution in value.

All purchases and sales of investments for the finance sector are recognised on the delivery date, which is the date that the Group commits to purchase or sell the asset, and for the all purchases and sales in the other sectors on the trade date.

C. Sale and repurchase agreements

Securities sold subject to linked repurchase agreements ("repos") are retained in the financial statements as trading securities or available-for-sale securities and a counterparty liability is included in amounts due to other banks or customer deposits as appropriate (Note 19) Securities purchased under agreements to resell ("reverse repos") are recorded as due from other banks (Note 6). The difference between sale and repurchase price is treated as interest and amortised over the life of repo agreements using the effective yield method.

D. 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. Short duration receivables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant (Note 11).

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.

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Loans and advances to customers originated by the Group and provisions for loan impairment

Loans originated by the Group by providing money directly to the borrower are categorised as loans originated by the Group and are carried at amortised cost, less any provision for loan losses.

(i) Loans and advances to customers

All loans and advances are recognised when cash is advanced to borrowers.

A credit risk provision for loan impairment is established if there is objective evidence that the Group will not be able to collect all the amounts due. The amount of the provision for non-performing commercial loans is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate at inception (Note 9).

The provision for loan impairment also covers losses where there is objective evidence that probable losses are present in components of the loan portfolio at the balance sheet date. These have been estimated based upon historical patterns of losses in each component, the internal credit risk rating of the borrowers and current economic climate in which the borrowers operate. The level of provision is also based on applicable banking regulations (Note 9).

The movement in provision is charged against the income for the year. When a loan is deemed uncollectable, it is written off against the related provision for impairment. The loan is written off after all the necessary legal proceedings have been completed and the amount of the loan loss is finally determined. Subsequent recoveries are credited to the income statement if previously written off. Provisions are reversed, in part or as a whole, if the reason that originated them ceases to exist.

(ii) Securities

Debt securities issued by the Government of the Republic of Turkey and originated by the Group at original issuance by transferring the funds directly to the government are categorized as loans originated by the Group and are carried at amortised cost using the effective yield method, less any provision for impairment.

F. Factoring receivables

Factoring receivables that are created by way of providing money directly to third parties are recorded net of provisions and are carried at amortised cost. The level of the provision is based on management's evaluation of the portfolio including such factors as the volume and character of receivables, past pattern of losses and general economic conditions. The movement in provision made during the year is charged against the income for the year. Receivables that cannot be recovered are written off and charged against the provision for losses. These receivables are written off after all the necessary legal proceedings have been completed and the amount of the loss is finally determined. Recoveries of amounts previously provided for are treated as a reduction of the charge for provision for factoring receivables for the year (Note 9).

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Inventories

Inventories are valued at the lower of cost or net realisable value, restated to equivalent purchasing power at 31 December 2003. Cost elements included in inventory are materials, labour and an appropriate amount of factory overheads. Cost of inventories is determined on the weighted average basis. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses (Note 13).

H. Investment properties

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 15). 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.

I. Property, plant and equipment and related depreciation

Property, plant and equipment are carried at cost less accumulated depreciation, in these consolidated financial statements. Depreciation is provided on property, plant and equipment on a straight-line basis (Note 16). Land is not depreciated as it is deemed to have an indefinite life. The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	Years
Buildings	4 - 50
Land improvements	5 - 50
Machinery and equipment	3 - 15
Furniture and fixtures	4 - 10
Motor vehicles	3 - 10
Leasehold improvements	5 - 25
Other fixed assets	5 - 50

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 with respect to their restated amounts are included in the related income and expense accounts, as appropriate.

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Leases

i) The Group as the leasee

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. The property, plant and equipment acquired under finance leases is depreciated over the useful life of the asset. Lease payments are treated as comprising capital and interest elements. The capital element is treated as reducing the capitalised obligation under the lease and the interest element is charged to the statement of income. Depreciation on the relevant asset is also charged to the statement of income over a period depending on the useful life of the asset.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

ii) The Group as the lessor

When assets are sold under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. The lease income, which is the total unearned finance income at the transaction date, is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

K. Goodwill / Negative goodwill and amortisation

Goodwill arising on consolidation, represents the difference between the purchase consideration and the attributable share of the Group in the fair value of the underlying net assets of the acquired company. Goodwill is amortised using the straight-line method over the estimated useful life of 5 to 20 years and is included in intangible assets (Notes 17 and 32).

Negative goodwill represents the excess of the fair value of the Group's share of the net assets acquired over the purchase consideration. Negative goodwill is presented in the same balance sheet classifications as goodwill. To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the Group's plan for the acquisition and can be measured reliably, but which do not represent identifiable liabilities, that portion of negative goodwill is recognised in the consolidated statement of income when the future losses and expenses are recognised. Any remaining negative goodwill, not exceeding the fair values of the non-monetary assets acquired, is recognised in the consolidated statement of income over the remaining weighted average useful life of those assets; negative goodwill in excess of the fair values of those assets is recognised in the consolidated statement of income immediately.

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Intangible assets

Intangible assets other than goodwill, comprise acquired intellectual property, trademarks and other identified rights. They are recorded at acquisition cost and amortised on a straight-line basis over their estimated economic lives of 5 to 20 years from date of acquisition and recorded in "other operating expenses" in the consolidated statement of income (Note 17).

Right of marina usage held by the Subsidiary, Milta Turizm, is amortized in 49 years in accordance with the agreement signed with Privatization Administration (Note 17).

Programme rights are initially recognised at acquisition cost or production cost when the Group controls, in substance, the respective assets and the risks and rewards attached to them.

Programme rights include both in-house productions and co-productions, whether in progress or scheduled for transmission and are stated at the lower of cost and net realisable value. Consumption is based on the expected number of transmissions over the life of the contract, in order to balance the cost of consumption with the benefits received. The rates of consumption applied for broadcasting rights are the following:

- Soap operas, in-house productions, domestic series, game shows, music shows, children's programmes, sport programmes and other events and documentaries are fully consumed upon the first transmission and the current year charge is included as cost of sales in the consolidated statement of income.

- Foreign movies, foreign series and domestic films are recognised at acquisition cost of the broadcasting right and they are amortised upon the number of transmissions over the life of the contract.

Intangible assets 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.

M. Programme stocks

Programme stocks which are recorded in "other current assets" in the consolidated balance sheets, involve internal/external productions that have been produced but not yet broadcast. Current programme stocks are recognised at acquisition or production cost and they are not subject to amortization. These programmes are either transferred to programme rights when they are broadcast or charge to income according to their ability to generate revenue.

N. Deferred income taxes

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

The principal temporary differences arise from the differences between the carrying amount and the tax bases of property, plant and equipment, intangible assets, inventory and leasing receivables, provision for employment termination benefits and tax losses carried forward.

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 relate to income taxes levied by the same taxation authority and deferred tax assets and liabilities are offset accordingly (Note 24).

O. Provisions

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.

P. Borrowings

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 consolidated statement of income over the period of the borrowings.

R. Insurance reserves

Life assurance provision

The Subsidiaries dealing in life assurance are required to establish benefit reserves which in the aggregate must be sufficient to provide for future guaranteed benefits as they become due. The life assurance provision is based on the level of premiums (as adjusted by commission), and administrative expenses and risk premiums that are computed on the basis of worldwide actuarial mortality assumptions applicable for Turkish insurance companies as approved by the Insurance Supervisory Office. The life assurance provision also takes account of the net rate of return on investments.

Those provisions are accounted for in the consolidated financial statements based on the approved tariffs. Life mathematical reserves are calculated on the life policies in force at year-end and life profit share reserves are calculated for the collections made from the life insurance policies in the year. Subsidiaries allocate the income generated from the life policies with a saving clause, based on the number of funds and income from the funds.

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Claims and claim provisions

The claims provision is the total estimated ultimate cost of settling all claims arising from events which have occurred up to the end of the accounting period. Claims provision is determined in accordance to expert reporting or first evaluation of insuree and experts.

Incurred but not reported claims (IBNR) are also provided for under claim provisions.

Unearned premiums reserve

Unearned premiums set aside to provide for the period of risk extending beyond the date of the balance sheets and starting from 1 January 2003, calculated on accrued premium on a daily basis for the policies in force. At 31 December 2002, such reserve was calculated by the assumption that premiums are written on the middle day of each month (the twenty-forth basis) (Note 21). If the unearned premium reserve at 31 December 2003 would calculated by twenty-fourth basis, the unearned premiums reserves would have increased by TL8,674,557 million.

S. Employment termination benefits

Employment termination benefits represent the present value of the estimated total reserve of the future probable obligation of the Group arising from the retirement of the employees calculated in accordance with the Turkish Labour Law and Press Labour Laws for the companies in media segment (Note 25).

T. Share capital and dividends

Ordinary shares are classified as equity. Pro-rata capital increases to existing shareholders are accounted for at par value as approved. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

U. Revenue recognition

<u>Finance</u>

Banking

Interest income and expenses are recognised in the income statement on an accrual basis. When loans and advances to customers are considered doubtful of collection by management, they are written down to their recoverable amount, and interest income is thereafter recognised based in the rate of interest that was used to discount the future cash flows for the purpose of measuring the recoverable amount. Interest income includes coupons earned on fixed income investment securities and amortised discount and premium on treasury bills and government bonds.

Fee and commission income and expense on banking services are recorded as income or expense at the time of effecting the transactions to which they relate.

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Insurance

Life insurance:

Premium income represents premiums on policies written during the year, net of cancellations for the life, health and personal accident branches.

Non-life insurance:

Premium income represents premiums on policies written during the year, net of cancellations.

Non-finance

Revenues are recognised on an accrual basis at the time deliveries or acceptances are made, the amount of the revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group, at the fair value of consideration received or receivable. 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.

V. Research and development costs

Research and development costs are recognised as expense in the consolidated statement of income in the period in which they are incurred.

Y. Borrowing costs

Borrowing costs are charged to the consolidated statement of income as they are incurred and recognised initially at the proceeds received, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of income over the period of the borrowings.

Z. 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 which generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction which 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 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Aa. Cash and cash equivalents

Cash and cash equivalents include cash and amounts due from banks, and trading and investment securities with original maturity periods of less than three months.

Ab. Derivative financial instruments

Derivative financial instruments, including forward foreign exchange contracts, currency and interest rate swap instruments and other derivative financial instruments are initially recognised in the balance sheet at cost (including transaction costs) and subsequently are remeasured at their fair value. All derivative financial instruments are classified as held for trading. Certain derivative transactions, while providing effective economic hedges under the Group's risk management position, do not qualify for hedge accounting under the specific rules in IAS 39 and are therefore treated as derivatives held for trading with fair value gains and losses reported in the consolidated statement of income. Fair values are obtained from quoted market prices and discounted cash flow models as appropriate. Fair value of over-the-counter forward foreign exchange contracts is determined based on the comparison of the original forward rate with the forward rate calculated by reference to market interest rates of the related currency for the remaining period of the contract, discounted to 31 December. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Changes in the fair value of derivatives held for trading are included in net trading income.

Ac. Financial instruments and financial risk management

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by individual Subsidiaries and Joint Ventures under policies approved by their Board of Directors.

Currency risk

Foreign currency denominated assets and liabilities together with purchase and sale commitments give rise to foreign exchange exposure.

Finance

Market volatility is closely monitored and by preparing scenario analysis, the probable loss which is likely to occur at the time of the realization of the worst scenario is forecasted. Daily currency movements and their impact on the current position are evaluated and presented to the management. Trading portfolio limits are determined on daily basis.

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-Finance

Currency risk is monitored and limited by the analysis of foreign currency position which is mainly managed with derivative financial derivative instruments. All financial derivative instrument contracts outstanding at balance sheet date have duration of less than a year.

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets.

Finance

These exposures are managed on a portfolio basis by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities. Special emphasis is given to providing a balance between the duration of assets and liabilities. Duration, gap and sensitivity analyses are the main methods used to manage the risks. Furthermore, various simulation techniques are employed in order to analyse the effects of market volatilities.

Non-Finance

These exposures are managed by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities.

Funding risk

Finance

To minimize this risk, cash flows on specific dates are identified. Hence, the risk is determined and precautions are held. Therefore, periodical gap reports and flows in maturities are given reference to keep the specified liquidity risks within a prespecified range.

Non-Finance

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.

Finance

The loans extended to debtor companies and Groups are monitored on a weekly basis based on the following dimensions; Turkish Lira or Foreign Currency, Cash/Non-cash, Line of Business (corporate, commercial, SME, Consumer), Financial (Banks and subsidiaries) or Non-financial, sector, maturity, rating, concentration, loan type.

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-Finance

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.

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 Group, using available market information and appropriate valuation methodologies. However, judgement 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 realise in a current market exchange.

The following methods and assumptions are used in the estimation of 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 cash equivalents are considered to approximate their respective carrying values due to their short-term nature.

The fair values of loans and advances to customers are also considered to approximate carrying values and the fair value of the loan portfolio is estimated by assessing the risk components of the portfolio.

The carrying values of trade receivables along with the related allowances for uncollectability are estimated to be their fair values.

The fair values of trading securities and available -for-sale securities, which have been determined by reference to market value, approximate carrying values.

Monetary liabilities

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

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

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Ad. Earnings per share

Earnings per share disclosed in the consolidated statement of income are determined by dividing net income by the weighted average number of shares 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. For the purpose of earnings per share computations, the weighted average number of shares in existence during the year has been adjusted in respect of bonus share issues without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and each earlier year as if the event had occurred at the beginning of the earliest period reported.

	2003	**2002**
Net income	383,327,003	108,457,555
Weighted average number of ordinary shares in issue	49,781,765,083	25,193,156,000
Earnings per share (expressed in full TL per share)	7,700	4,305

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

Ae. Comparatives

Where necessary, comparative figures are 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.

Af. Offsetting

Financial assets and liabilities are offset and the net amount 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.

NOTE 5 - SEGMENTAL INFORMATION

a) External Revenues

	2003	**2002**
Finance	1,179,323,680	1,289,979,621
Media	928,564,131	860,309,543
Energy	3,969,857,657	4,155,402,020
Other	149,625,921	121,091,793
	6,227,371,389	**6,426,782,977**

b) Operating profit/(loss)

	2003	**2002**
Finance	321,963,962	198,634,368
Media	7,317,133	34,385,703
Energy	97,397,831	80,075,229
Other	(91,666,267)	(80,721,797)
	335,012,659	**232,373,503**

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 5 - SEGMENTAL INFORMATION (Continued)

c) Segmental analysis for the year ended 31 December 2003:

	Finance	**Media**	**Energy**	**Other**	**Inter Segment Elimination**	**Total**
External revenues	1,179,323,680	928,564,131	3,969,857,657	149,625,921	-	6,227,371,389
Intra segment revenues	14,373,046	455,374,903	-	2,174,808	-	471,922,757
Inter segment revenues	30,867,703	9,994,845	708,497	27,024,767	-	68,595,812
Combined revenues	**1,224,564,429**	**1,393,933,879**	**3,970,566,154**	**178,825,496**	**-**	**6,767,889,958**
Combined cost of sales	**(555,577,513)**	**(1,120,631,536)**	**(3,747,915,720)**	**(139,288,969)**	**-**	**(5,563,413,738)**
Revenues	1,210,191,383	938,558,976	3,970,566,154	176,650,688	(68,595,812)	6,227,371,389
Cost of sales	(544,763,467)	(713,547,345)	(3,747,915,719)	(138,187,101)	48,682,515	(5,095,731,117)
Gross profit	665,427,916	225,011,631	222,650,435	38,463,587	(19,913,297)	1,131,640,272
Selling, distribution and administrative expenses	(336,677,231)	(168,247,589)	(88,260,076)	(55,999,811)	22,738,534	(626,446,173)
Other operating expense-net	(20,571,024)	(55,750,886)	(37,917,297)	(54,338,099)	(1,604,134)	(170,181,440)
Operating profit/(loss)- before inter segment elimination	308,179,661	1,013,156	96,473,062	(71,874,323)	1,221,103	335,012,659
Profit elimination due to inter segment elimination	13,784,301	6,303,977	924,769	(19,791,944)	(1,221,103)	-
Operating profit/(loss) - after inter segment elimination	**321,963,962**	**7,317,133**	**97,397,831**	**(91,666,267)**	**-**	**335,012,659**

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 5 - SEGMENTAL INFORMATION (Continued)

c) Segmental analysis for the year ended 31 December 2002:

	Finance	Media	Energy	Other	Inter Segment Elimination	Total
External revenues	1,289,979,621	860,309,543	4,155,402,020	121,091,793	-	6,426,782,977
Intra segment revenues	99,698,436	362,222,919	-	4,661,798	-	466,583,153
Inter segment revenues	61,176,208	13,019,562	272,118	20,902,855	-	95,370,743
Combined revenues	**1,450,854,265**	**1,235,552,024**	**4,155,674,138**	**146,656,446**	**-**	**6,988,736,873**
Combined cost of sales	**(907,865,690)**	**(956,195,007)**	**(3,945,008,927)**	**(112,764,949)**	**-**	**(5,921,834,573)**
Revenues	1,351,155,829	873,329,105	4,155,674,138	141,994,648	(95,370,743)	6,426,782,977
Cost of sales	(812,990,206)	(648,198,925)	(3,945,008,927)	(111,765,863)	96,682,107	(5,421,281,814)
Gross profit	538,165,623	225,130,180	210,665,211	30,228,785	1,311,364	1,005,501,163
Selling, distribution and administrative expenses	(322,417,676)	(175,739,378)	(93,531,469)	(54,186,911)	29,154,112	(616,721,322)
Other operating expense-net	(57,261,517)	(18,667,056)	(37,827,927)	(40,637,338)	(2,012,500)	(156,406,338)
Operating profit/(loss) - before inter segment elimination	158,486,430	30,723,746	79,305,815	(64,595,464)	28,452,976	232,373,503
Profit elimination due to inter segment elimination	40,147,938	3,661,957	769,414	(16,126,333)	(28,452,976)	-
Operating profit/(loss) - after inter segment elimination	**198,634,368**	**34,385,703**	**80,075,229**	**(80,721,797)**	**-**	**232,373,503**

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 5 - SEGMENTAL INFORMATION (Continued)

d) Segment assets employed

	2003	2002
Total assets		
Finance	6,393,968,210	6,416,261,465
Media	1,573,794,695	1,829,484,454
Energy	1,836,421,049	2,116,354,753
Other	3,573,560,064	3,571,542,844
Total combined	**13,377,744,018**	**13,933,643,516**
Less: segment elimination	(4,252,127,634)	(4,790,179,115)
Total assets as per these consolidated financial statements	**9,125,616,384**	**9,143,464,401**
Net assets		
Finance	1,261,186,325	1,067,121,954
Media	1,062,472,384	964,158,278
Energy	734,305,154	582,317,956
Other	2,707,454,307	2,485,421,596
Total combined	**5,765,418,170**	**5,099,019,784**
Less: segment elimination	(4,227,707,230)	(4,061,531,694)
Shareholders' equity	**1,537,710,940**	**1,037,488,090**
Minority interest	751,830,347	637,032,883
Total net assets as per these consolidated financial statements	**2,289,541,287**	**1,674,520,973**

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 5 - SEGMENTAL INFORMATION (Continued)

e) Capital expenditures for property, plant and equipment, intangible assets and investment properties and depreciation and amortization charge

	2003	2002
Capital expenditures		
Finance	55,440,596	86,613,532
Media	77,251,768	49,490,298
Energy	39,341,843	60,831,065
Other	49,803,435	59,764,093
	221,837,642	**256,698,988**
Depreciation charge		
Finance	73,047,686	44,805,569
Media	109,926,728	74,641,745
Energy	23,962,107	16,662,097
Other	26,105,468	13,567,860
	233,041,989	**149,677,271**

Goodwill and amortization of goodwill have not been included in capital expenditures and depreciation charge.

f) Interest in Joint Ventures

Aggregate amounts of current assets, non-current assets, current liabilities, non-current liabilities and net income related to Joint Ventures, which are proportionately consolidated as explained under Note 3.c in these consolidated financial statements, are as follows on a combined basis:

	2003	2002
Current assets	464,023,671	640,057,970
Non-current assets	1,435,555,324	1,540,340,543
Total assets	**1,899,578,995**	**2,180,398,513**
Current liabilities	609,690,950	1,161,296,516
Non-current liabilities	521,929,342	412,443,207
Shareholders' equity	767,958,703	606,658,790
Total liabilities and shareholders' equity	**1,899,578,995**	**2,180,398,513**
Revenues	4,026,937,136	4,191,623,043
Gross profit	236,806,262	226,649,487
Net income	142,816,677	60,541,320

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 5 - SEGMENTAL INFORMATION (Continued)

g) Minority interest

	2003			2002		
	Doğan family	**Other**	**Total**	**Doğan family**	**Other**	**Total**
Media	23,486,508	321,579,931	345,066,439	23,555,085	293,205,569	316,760,654
Finance	7,714,024	328,259,822	335,973,846	(1,996,648)	247,652,623	245,655,975
Energy	-	881,731	881,731	-	501,065	501,065
Other	43,313,742	26,594,589	69,908,331	20,855,221	53,259,968	74,115,189
	74,514,274	**677,316,073**	**751,830,347**	**42,413,658**	**594,619,225**	**637,032,883**

Changes in minority interest during 2003 and 2002 are as follows:

	2003	**2002**
1 January	637,032,883	820,984,816
Increase in share capital	3,237,052	6,858,957
Translation reserve	(12,815,863)	(15,675,692)
Disposal of joint venture	-	(76,948,105)
Disposal of subsidiaries	(17,271,872)	(138,194,133)
Payment of dividends	(350,269)	(240,388)
Effect of control rate change in subsidiaries	(1,385,003)	-
Increase in minority interest due to additional subsidiaries consolidated during the year	21,247,076	-
Net income attributable to minority interest	122,136,343	40,247,428
31 December	**751,830,347**	**637,032,883**

h) Non-cash expenses

Significant non-cash expenses included in segment results are as follows:

	2003				
	Finance	**Media**	**Energy**	**Other**	**Total**
Amortisation of goodwill	-	16,532,328	60,829,346	-	77,361,674
Provision for loan losses	20,158,048	-	-	-	20,158,048
Interest expense accrual	3,917,518	-	-	-	3,917,518
Impairment for intangible assets	-	-	-	21,307,757	21,307,757
Impairment for investment properties	-	16,478,173	-	-	16,478,173
Reserve for employment termination benefits	1,020,413	965,737	(1,890,538)	427,933	523,545
Provision for doubtful receivables	-	5,849,018	-	4,500,000	10,349,018
Provision for net realizable value	-	1,239,657	-	667,697	1,907,354
	25,095,979	**41,064,913**	**58,938,808**	**26,903,387**	**152,003,087**

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 5 - SEGMENTAL INFORMATION (Continued)

	2002				
	Finance	**Media**	**Energy**	**Other**	**Total**
Amortisation of goodwill	-	9,878,860	55,625,870	-	65,504,730
Provision for loan losses	57,094,409	-	-	-	57,094,409
Interest expense accrual	9,182,528	-	-	-	9,182,528
Reserve for employment termination benefits	167,633	4,255,831	(2,073,150)	(605,692)	1,744,622
Provision for doubtful receivables	-	3,069,548	1,273,339	874,361	5,217,248
Provision for net realizable value	-	2,618,571	-	2,052,461	4,671,032
	66,444,570	**19,822,810**	**54,826,059**	**2,321,130**	**143,414,569**

NOTE 6 - CASH AND AMOUNTS DUE FROM BANKS

The analysis of cash and amounts due from banks at 31 December 2003 and 2002 are as follows:

	2003			2002		
	Finance	**Other**	**Total**	**Finance**	**Other**	**Total**
Cash in hand	50,967,907	1,182,901	52,150,808	60,513,555	808,028	61,321,583
Banks						
- demand deposits	13,989,541	34,676,766	48,666,307	2,527,450	28,987,276	31,514,726
- time deposits	64,579,816	120,167,998	184,747,814	8,466,403	310,091,040	318,557,443
- blocked bank accounts	45,132,069	15,532,326	60,664,395	22,925,936	2,640,241	25,566,177
- loan to banks	5,906,999	6,074,533	11,981,532	4,151,783	5,045,181	9,196,964
Placements with banks	79,092,964	-	79,092,964	257,492,516	-	257,492,516
Interbank money market placements	536,402,653	-	536,402,653	297,858,822	-	297,858,822
Cheques	417,000	3,140,261	3,557,261	2,044,770	7,766,420	9,811,190
	796,488,949	**180,774,785**	**977,263,734**	**655,981,235**	**355,338,186**	**1,011,319,421**

At 31 December 2003, interest rates for local currency time deposits are between 23% and 45% (31 December 2002: 36%-53%) and interest rates for foreign currency time deposits are between 0.25% and 8% (31 December 2002: 1%-10%). Loan to banks consist of Turkish government bonds and treasury bills held for resale to banks under reverse repurchase agreements. These are all short-term with periods of less than three months, with an interest rate of 24% (31 December 2002: varying from 32%-64%). At 31 December 2003 the amount of loan to banks is TL11,981,532 million (31 December 2002: TL9,196,964 million).

At 31 December 2003 interest rates for placements with other banks ranged between 26% and 27% for local currency placements (31 December 2002: 47%-66%) and 0.5% and 3.5% (31 December 2002: 1%-4%) for foreign currency placements.

Interbank money market placements ranged between 26% and 27% for local currency (31 December 2002: 44%-45%) and ranged between 0.5% and 7.5% for foreign currency at 31 December 2003 (31 December 2002: 1%).

As of 31 December 2003, Subsidiaries in finance segment has pledged placement to Citigroup Global Markets Limited amounting to TL42,060,000 million against credit default swaps entered into between the Subsidiaries in finance segment and Citigroup Global Markets Limited maturing at 26 August 2005.

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 6 - CASH AND AMOUNTS DUE FROM BANKS (Continued)

At 31 December 2003, TL15,532,326 million (31 December 2002: TL21,554,678 million) of the deposits are provided to collateralise the bank borrowings obtained by the Group and the related parties.

At 31 December 2003, Subsidiaries in insurance segment deposits investments amounting to TL3,072,069 million (31 December 2002: TL4,011,498 million) in a blocked account with a state bank in favor of the Undersecreteriat of Treasury as required by Insurance Supervisory Law No: 7397.

Cash and cash equivalents included in the consolidated statements of cash flows for the year ended 31 December 2003 and 2002 are as follows:

	2003	2002
Cash and amounts due from banks excluding accrued interest	908,684,380	1,000,071,395
Trading and investment securities with original maturities of less than three months excluding accrued interest	-	748,614,126
	908,684,380	**1,748,685,521**

NOTE 7 - INVESTMENTS

a) Trading Securities

The breakdown of trading securities at 31 December 2003 and 2002 were as follows:

	2003			2002		
	Finance	Other	Total	Finance	Other	Total
Government bonds	447,486,992	51,988	447,538,980	592,475,356	1,309,943	593,785,299
Treasury bills	34,515,277	1,332,877	35,848,154	108,802,966	23,766,301	132,569,267
Equity stock	1,621,862	18,356,881	19,978,743	427,645	686,359	1,114,004
Corporate bonds	13,530,062	-	13,530,062	-	-	-
Other	97,650	22,382,982	22,480,632	84,144	485,766	569,910
	497,251,843	**42,124,728**	**539,376,571**	**701,790,111**	**26,248,369**	**728,038,480**

The Group holds trading securities amounting to TL457,976,364 million in local currency (31 December 2002: TL638,837,535 million) and TL81,400,207 million in foreign currency (31 December 2002: TL89,200,945 million).

The corporate bonds of the Subsidiary in finance segment amounting to TL13,530,062 million are pledged against a Credit Default Swap.

Included in government bonds were securities pledged under repurchase agreements with other banks whose market value at 31 December 2003 was TL169,750,000 million (31 December 2002: TL34,949,323 million).

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 7 - INVESTMENTS (Continued)

The net unrealised gain on trading securities amounted to TL63,697,223 million at 31 December 2003 (31 December 2002: TL14,835,672 million).

The interest rates for treasury bills and government bonds held at 31 December 2003 are between 22% and 36% (31 December 2002: 43%-53%). Interest rates for the trading securities in foreign currency held at 31 December 2003 are between 4% and 11% (31 December 2002: 7%-9%).

Equity stocks of the Subsidiaries and Joint Ventures held by the Group classified under trading securities at 31 December 2003 are as follows:

	2003
Hürriyet	7,203,000
POAŞ	3,630,898
Doğan Yayın	3,594,829
Doğan Gazetecilik	1,521,000
Dışbank	1,354,998
DBR	694,000
Ray Sigorta	115,180
	18,113,905

b) Securities available-for-sale

Debt Securities:

	2003			**2002**		
	Finance	**Other**	**Total**	**Finance**	**Other**	**Total**
Government bonds	760,844,148	-	760,844,148	315,065,469	-	315,065,469
Eurobonds	524,734,000	-	524,734,000	416,438,082	-	416,438,082
Treasury bills	22,589,000	-	22,589,000	170,850,693	-	170,850,693
U.S. Government bonds	42,281,000	-	42,281,000	-	-	-
Other	1,929,000	-	1,929,000	1,353,523	-	1,353,523
	1,352,377,148	**-**	**1,352,377,148**	**903,707,767**	**-**	**903,707,767**

Equity securities:

	2003			**2002**		
	Finance	**Other**	**Total**	**Finance**	**Other**	**Total**
Listed	4,697,512	-	4,697,512	2,529,448	-	2,529,448
Unlisted	6,075,748	4,676,680	10,752,428	5,819,579	3,511,748	9,331,327
	10,773,260	**4,676,680**	**15,449,940**	**8,349,027**	**3,511,748**	**11,860,775**
Total securities available-for-sale	**1,363,150,408**	**4,676,680**	**1,367,827,088**	**912,056,794**	**3,511,748**	**915,568,542**

Government bonds, treasury bills and Eurobonds are discount and coupon securities issued by the Republic of Turkey.

U.S. Government bonds, with a maturity of 30 June 2004 and nominal value of US$30,315,000 are principals of stripped U.S. government bonds maturing 30 June 2004 with a fixed coupon rate of 2.9%.

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 7 - INVESTMENTS (Continued)

Interest rates for treasury bills and government bonds held at 31 December 2003 vary between 25% and 36% (31 December 2002: 43%-53%). Interest rates for the investment securities in foreign currency vary between 8% and 12% (31 December 2002: 9%-11%).

At 31 December 2003, TL153,819,000 million (31 December 2002: TL95,532,724 million) of government bonds and treasury bills of available-for-sale portfolio were pledged under repurchase agreements with customers.

At 31 December 2003, investment securities available-for-sale amounting to TL132,576,000 million were pledged to third parties namely, CBT for legal requirements and Istanbul Menkul Kıymetler Borsası Takas ve Saklama Bankası A.Ş. ("IMKB Takas Bank A.Ş.") as a guarantee for stock exchange and money market operations (31 December 2002: TL134,211,467 million).

At 31 December 2003, investment securities available-for-sale amounting to TL18,382,000 million (31 December 2002: TL14,249,450 million) were pledged to a state bank in favor of the Undersecreteriat of Treasury as required by Insurance Supervisory Law No: 7397.

The net unrealised gain on investment securities available-for-sale amounted to TL171,209,000 million at 31 December 2003 (31 December 2002: TL21,903,000 million).

Equity stocks classified under securities available-for-sale at 31 December 2003 and 2002 are as follows:

	2003		2002	
Name of the company	**TL million**	**%**	**TL million**	**%**
Listed:				
Türkiye Sınai Kalkınma Bankası A.Ş (“TSKB”)	3,193,547	8	1,511,088	8
Anadolu Hayat Sigorta A.Ş.	1,503,965	1	1,018,360	1
	4,697,512		**2,529,448**	
Unlisted:				
İMKB Takas Bank A.Ş.	3,348,448	2	3,348,448	2
Aks Televizyon Reklamcılık ve Filmcilik San. ve Tic. A.Ş.	2,567,277	9	2,567,277	9
Cam Elyaf Sanayi A.Ş.	1,726,454	1	1,726,454	1
Bankalararası Kredi Kartları Merkezi	636,677	2	636,677	2
D Tek (*)	1,402,696	100	-	-
Other	1,070,876	-	1,052,471	-
	10,752,428		**9,331,327**	
	15,449,940		**11,860,775**	

(*) This Subsidiary of Dogan Holding has not been consolidated due to grounds of materiality.

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 7 - INVESTMENTS (Continued)

Available-for-sale equity investments that do not have a quoted market value and whose fair values can not be reliably measured are stated at their restated costs less any impairment.

For the listed equity investments, TSKB and Anadolu Hayat Sigorta A.Ş., fair value is determined by reference to the Istanbul Stock Exchange quoted bid price at 31 December 2003.

c) Securities held-to-maturity

The breakdown of securities held-to-maturity at 31 December 2003 and 2002 were as follows:

	2003			2002		
	Finance	**Other**	**Total**	**Finance**	**Other**	**Total**
Government bonds	11,836,286	1,000,000	12,836,286	18,293,452	-	18,293,452
Corporate bonds	14,055,600	-	14,055,600	-	-	-
Treasury bills	2,979,872	368,215	3,348,087	-	-	-
	28,871,758	**1,368,215**	**30,239,973**	**18,293,452**	**-**	**18,293,452**

At 31 December 2003, investment securities held-to-maturity amounting to TL12,975,000 million (31 December 2002: TL10,179,550 million) were pledged to a state bank in favor of the Undersecreteriat of Treasury as required by Insurance Supervisory Law No: 7397.

The corporate bonds of the Subsidiary in finance segment amounting to TL14,055,600 million are pledged against a Credit Default Swap.

The comparison of the fair values of government bonds, treasury bills and corporate bonds in the investment portfolio classified as held-to-maturity with the carrying values is as follows:

	2003		2002	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**
Government bonds and treasury bills	16,184,373	16,190,325	18,293,452	18,373,214
Corporate bonds	14,055,600	14,055,890	-	-
	30,239,973	**30,246,215**	**18,293,452**	**18,373,214**

Interest rate for government bonds held to maturity at 31 December 2003 vary between 29% and 55% (31 December 2002: 45%-55%).

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 7 - INVESTMENTS (Continued)

Interest rate for corporate bonds at 31 December 2003 is 2.78%.

The net unrealised gain on investment securities held-to-maturity amounted to TL7,079,000 million at 31 December 2003 (31 December 2002: TL622,000 million).

Analysis of debt securities, classified as investment securities available-for-sale and held-to-maturity, per their maturities at 31 December were as follows:

	2003	**2002**
1-30 days	59,377,732	1,560,480
31-90 days	47,589,215	54,813,431
91 days - 1 year	452,648,279	247,378,167
Over 1 year	823,001,895	618,249,141
	1,382,617,121	**922,001,219**

NOTE 8 - RESERVE DEPOSITS WITH THE CENTRAL BANK OF TURKEY

	2003	**2002**
Reserve deposits	**229,203,000**	**293,791,606**

According to the regulations of the CBT, the banks are required to maintain reserve deposits equivalent to a certain portion of their customer deposits, other than Interbank deposits, based on the type of deposits (foreign currency or Turkish lira), at different percentages ranging from 6% to 11% (31 December 2002: 6% to 11%). These funds are not available to finance the day to day operations of the Subsidiaries in finance segment.

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 9 - ORIGINATED LOANS

	2003	2002
Corporate and commercial loans:		
Commercial and industrial loans	1,077,403,093	1,266,753,525
Export loans	723,166,000	536,342,588
Investment loans	76,335,000	127,323,746
Investment in direct finance leases		
- net of unearned finance income	116,232,204	88,857,828
Originated loans to the Undersecretariat		
of the Treasury of the Prime Ministry of the Republic of Turkey	42,950,684	54,785,956
Factoring receivables	47,511,965	34,299,063
Total corporate and commercial loans	**2,083,598,946**	**2,108,362,706**
Retail:		
Credit cards	180,716,144	91,021,000
Other consumer loans	56,332,041	30,179,674
Total retail loans	**237,048,185**	**121,200,674**
	2,320,647,131	**2,229,563,380**
Loans under legal follow-up	81,832,080	80,051,762
Other impaired loans	9,547,324	34,385,953
Total impaired loans	**91,379,404**	**114,437,715**
Total gross loans and advances	**2,412,026,535**	**2,344,001,095**
Less: Provision for loan losses	(85,851,491)	(110,189,021)
Net loans and advances to customers	**2,326,175,044**	**2,233,812,074**

Originated loans include currency indexed government bonds issued by the Government of the Republic of Turkey originated by the Group at original issuance by transferring the funds directly to the government.

At 31 December 2003, interest rates vary between 3.5% and 7.5% (31 December 2002: 7%-9%) per annum for foreign currency loans and 20% and 45% (31 December 2002: 44%-51%) per annum for Turkish lira loans.

The loans and advances to customer according to maturity are as follows:

	2003
1-30 days	541,098,892
31-90 days	563,557,127
91 days - 1 years	875,526,815
Over 1 year	345,992,210
	2,326,175,044

The banking loans in 1-30 days maturity includes demand and impaired loans amounting to TL58,440,000 million.

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 9 - ORIGINATED LOANS (Continued)

Movement in provisions for loan losses is as follows:

	2003	2002
Balance at 1 January	110,189,021	76,781,841
Loan impairment expense for the year	51,392,396	58,607,342
Recoveries of amounts previously provided	(31,234,348)	(1,512,933)
Amounts written off	(29,049,000)	-
Monetary gain	(15,446,578)	(23,687,229)
Balance at 31 December	**85,851,491**	**110,189,021**

The loans and advances to customers include finance lease receivables, as shown below:

	2003	2002
Gross investment in finance leases	129,479,204	103,418,875
Less: Unearned finance income	(13,247,000)	(14,561,047)
Net investment in finance leases	**116,232,204**	**88,857,828**

Lease payments receivable consist of rentals over the terms of leases. The rentals according to maturity are as follows:

	2003	2002
2003	-	59,558,213
2004	74,892,000	22,099,119
2005	32,777,000	6,718,869
2006	8,406,000	317,306
2007	157,204	164,321
	116,232,204	**88,857,828**

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 9 - ORIGINATED LOANS (Continued)

Economic sector risk concentrations for the performing loan portfolio were as follows

	2003		2002	
	TL million	**%**	**TL million**	**%**
Textiles	345,806,428	15	275,767,375	13
Wholesale and retail trade	339,176,245	15	360,577,737	17
Consumer loans and credit cards	237,048,185	10	121,200,674	5
Food and beverage	211,607,849	9	233,066,322	10
Construction and cement	199,407,120	9	143,412,734	6
Financial institutions	179,790,454	8	111,652,918	5
Metal processing	118,318,950	5	163,494,689	7
Media	91,517,337	4	69,896,246	3
Medicine, chemicals and dyes	73,968,210	3	96,294,441	4
Oil and gas	59,035,736	3	196,164,396	9
Tourism	57,036,380	2	66,065,985	3
Automotive	55,927,195	2	64,889,062	3
Agriculture	52,756,752	2	45,032,296	2
Durable goods	44,203,132	2	33,864,047	2
Originated loans to the Undersecretariat of the Treasury of the Prime Ministry of the Republic of Turkey	42,950,684	2	54,785,956	2
Other	212,096,474	9	193,398,502	9
	2,320,647,131	**100**	**2,229,563,380**	**100**

NOTE 10 - DERIVATIVE FINANCIAL INSTRUMENTS

The Group utilises the following derivative instruments for non-hedging purposes:

	Notional	Fair values	
	amount	**Assets**	**Liabilities**
31 December 2003			
Foreign exchange derivatives	100,796,625	1,254,000	(570,000)
Currency swaps	333,188,000	6,713,000	(93,000)
Currency futures	11,828,000	-	(125,000)
Gold futures	5,106,000	-	-
Interest rate option	556,056,259	-	-
Total derivative assets/(liabilities)	**1,006,974,884**	**7,967,000**	**(788,000)**
31 December 2002			
Currency forwards	155,417,636	2,736,991	(624,714)
Currency swaps	221,594,593	2,543,592	-
Gold futures	3,980,996	-	(182,884)
Total derivative assets/(liabilities)	**380,993,225**	**5,280,583**	**(807,598)**

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 11 - TRADE RECEIVABLES

	2003	2002
Trade receivables-net of unearned finance income	413,648,654	322,592,469
Notes receivables-net of unearned finance income	140,615,978	142,598,930
Other	3,183,388	5,796,750
	557,448,020	**470,988,149**
Less: Provision for doubtful receivables	(23,526,499)	(19,721,719)
	533,921,521	**451,266,430**

NOTE 12 - TRANSACTIONS AND BALANCES WITH RELATED COMPANIES AND SHAREHOLDERS

i) Amounts due from an due to related parties :

Due from related companies:

	2003	2002
Aktif Tekstil Yatırımı Sanayi ve Ticaret A.Ş. ("Aktif Tekstil")	12,148,234	19,827,909
Doğan Dış Ticaret Mümessillik A.Ş. ("Doğan Dış Ticaret")	5,374,639	10,959,889
Bimaş Birleşik Medya Pazarlama A.Ş. ("Bimaş")	446,595	5,752,162
Biryay Birleşik Yayın Dağıtım A.Ş. ("Bir Yay")	-	2,380,843
Other	1,763,823	1,272,319
	19,733,291	**40,193,122**

At 31 December 2003, due from Aktif Tekstil amounting to TL12,148,234 million is the principal and accrued interest of bank borrowings lended to Aktif Tekstil under same conditions as the original borrowings (31 December 2002: TL19,827,909 million).

Due to related companies:	2003	2002
D Yapı ve İnşaat Sanayi ve Ticaret A.Ş. ("D Yapı")	6,345,452	316,678
Doğan Dış Ticaret	3,321,463	9,975,882
Adilbey Holding A.Ş. ("Adilbey Holding")	976,064	34,601
D Tek	920,800	-
Doğan family	63,321	19,163,209
Other	2,118,450	3,171,855
	13,745,550	**32,662,225**

At 31 December 2002, the amount due to the Doğan family includes a payable in the amount of TL19,163,209 million, which is the remaining portion of a total consideration of TL237,296,524 million related to the acquisitions made in the media sector on 31 October 2002 (Note 32).

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 12 - TRANSACTIONS AND BALANCES WITH RELATED COMPANIES AND SHAREHOLDERS (Continued)

ii) Transactions with Related Companies:

Major materials, property, plant and equipment and service purchases from related parties for the years ended 31 December were as follows:

Service and product purchases:

	2003	2002
Doğan Dış Ticaret	153,963,690	160,341,610
Other	12,979,305	2,981,284
	166,942,995	**163,322,894**

Group purchases inventory from Doğan Dış Ticaret.

Property, plant and equipment purchases:

	2003	2002
Ortadoğu Otomotiv Ticaret A.Ş. ("Ortadoğu Otomotiv")	505,584	81,887
Doğan Dış Ticaret	2,411	12,058,053
Other	4,533	-
	512,528	**12,139,940**

Major sales to related companies, net of sales discounts and returns, for the years ended 31 December were as follows:

Service and product sales:

	2003	2002
Adilbey Holding	12,646,060	-
Doğan Dış Ticaret	2,216,488	3,876,650
Bimaş	32,722	27,131,246
Other	789,330	1,195,932
	15,684,600	**32,203,828**

Property, plant and equipment sales:

	2003	2002
D Yapı	11,571	1,798,005
Biryay	-	1,592,560
Aydın Doğan Vakfı	-	1,027,146
	11,571	**4,417,711**

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 12 - TRANSACTIONS AND BALANCES WITH RELATED COMPANIES AND SHAREHOLDERS (Continued)

Major materials, property, plant and equipment and service purchases from related parties for the years ended 31 December were as follows:

Interest income/(expense) - banking:

	2003	2002
Anadolu Otomotiv Ticaret ve Sanayi A.Ş. ("Anadolu Otomotiv")	460,461	1,903,020
Doğan Dış Ticaret	-	3,679,853
Other	-	942,289
Interest Income	**460,461**	**6,525,162**
Adilbey Holding	(5,550,769)	-
Doğan family	(774,065)	(37,850,086)
Other	(1,096,592)	(2,772,758)
Interest Expense	**(7,421,426)**	**(40,622,844)**
Interest Expense - net	**(6,960,965)**	**(34,097,682)**

Interest income/(expense) - non-banking:

	2003	2002
Doğan Dış Ticaret	(1,864,253)	(5,658,378)
Other	300,995	1,047
Interest (expense)/ income-net	**(1,563,258)**	**(5,657,331)**

NOTE 13 - INVENTORIES

	2003	2002
Finished goods and merchandise	132,114,095	114,464,698
Raw materials and supplies	22,776,217	17,883,242
Promotion stocks	11,166,240	18,374,635
Spares, supplies and advances	10,972,987	2,643,101
Semi-finished goods	5,218,133	7,671,400
Other inventories	15,783,209	11,024,544
	198,030,881	172,061,620
Provision for net realizable value	(4,996,102)	(3,088,748)
	193,034,779	**168,972,872**

Other inventories mainly consist of fuels and lubricants in transit.

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 14 - OTHER CURRENT ASSETS

	2003	**2002**
Prepaid taxes and funds	29,548,549	40,889,646
Prepaid expenses	19,503,292	14,986,812
Special Consumption Tax exemption *	14,877,773	521,993
Receivables from the sale of Subsidiary shares	13,878,320	66,378,043
Advances given	9,556,102	11,227,621
Deferred acquisition costs	9,339,964	13,957,978
Value Added Tax ("VAT") receivable	6,467,541	9,226,032
Programme stocks	3,182,347	3,719,000
Income accruals	1,596,911	1,304,235
Other	23,502,386	32,157,735
	131,453,185	**194,369,095**

(*) On deliveries made to certain military institutions, embassies and petroleum searching companies, Special Consumption Tax exemption to be used through the purchases from Tüpraş is obtained. At 31 December 2003, the amount reflected in these consolidated financial statements corresponds to the exemptions sent to Tüpraş but not used as of the date of these consolidated financial statements.

NOTE 15 - INVESTMENT PROPERTIES

	1 January 2003	**Additions**	**Impairment**	**31 December 2003**
Cost:				
Land and land improvements	45,766,772	3,008,424	(15,588,862)	33,186,334
Buildings	7,079,311	-	(889,311)	6,190,000
	52,846,083	**3,008,424**	**(16,478,173)**	**39,376,334**
Accumulated depreciation:				
Buildings	34,231	196,290	-	**230,521**
	34,231	**196,290**	**-**	**230,521**
Net book value	**52,811,852**			**39,145,813**

Impairment has been identified for investment properties with carrying values of TL40,418,173 million and fair values of TL23,940,000 million and consequently, an impairment of TL16,478,173 million has been classified under other operating expenses in the consolidated statement of income (Note 30).

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 16 - PROPERTY, PLANT AND EQUIPMENT

At 31 December 2003, property, plant and equipment and related accumulated depreciation is as follows:

	1 January 2003	Additions	Disposal	Transfers	Currency translation differences	31 December 2003
Cost:						
Land and land improvements	162,729,297	1,141,920	(3,649,823)	6,767,815	(307,438)	166,681,771
Buildings	448,389,326	23,699,109	(35,960,448)	5,938,420	(2,107,377)	439,959,030
Machinery and equipment	970,651,869	18,408,996	(18,842,212)	11,044,523	(3,648,148)	977,615,028
Motor vehicles	76,448,625	8,616,036	(6,700,416)	-	-	78,364,245
Furniture and fixtures	428,310,592	40,374,686	(18,769,968)	5,339,879	(60,824)	455,194,365
Leasehold improvement	147,560,324	27,963,990	(7,998,056)	14,567,857	-	182,094,115
Other fixed assets	77,796,519	1,899,992	(1,733,897)	20,092,799	-	98,055,413
Construction - in - progress	22,398,061	59,635,657	(2,620,233)	(63,751,293)	-	15,662,192
	2,334,284,613	**181,740,386**	**(96,275,053)**	**-**	**(6,123,787)**	**2,413,626,159**
Accumulated depreciation:						
Land and land improvements	11,474,346	2,753,339	(457,942)	-	-	13,769,743
Buildings	74,421,441	16,692,928	(12,968,892)	-	(62,768)	78,082,709
Machinery and equipment	581,751,416	68,715,301	(17,639,802)	-	(340,361)	632,486,554
Motor vehicles	19,793,520	11,095,161	(4,060,497)	-	-	26,828,184
Furniture and fixtures	320,655,284	54,628,344	(14,933,595)	-	(31,187)	360,318,846
Leasehold improvement	75,912,103	25,489,141	(4,148,649)	-	-	97,252,595
Other fixed assets	17,529,509	12,051,756	(471,811)	-	-	29,109,454
	1,101,537,619	**191,425,970**	**(54,681,188)**	**-**	**(434,316)**	**1,237,848,085**
Net book value	**1,232,746,994**					**1,175,778,074**

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 16 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Machinery and equipment, furniture and fixtures and motor vehicles include finance leased assets amounting to TL56,984,662 million, TL88,458,011 million and TL601,888 million, respectively at 31 December 2003 (31 December 2002:TL32,756,753 million, TL75,444,771 million, TL6,438,193 million respectively). The accumulated depreciation related to finance leased assets amounts to TL65,038,112 million at 31 December 2003 (31 December 2002: TL62,571,015 million).

At 31 December 2003, mortgages amount to TL132,270,583 million (31 December 2002: TL261,868,195 million) on property, plant and equipment.

NOTE 17 - INTANGIBLE ASSETS

Movement for intangible assets during the year is as follows:

	1 January 2003	Additions	Disposals	Impairment	31 December 2003
Restated cost	153,214,407	37,088,832	(14,259,621)	(21,307,757)	154,735,861
Accumulated amortisation	(45,546,546)	(41,419,729)	4,985,682	-	(81,980,593)
Net book value	**107,667,861**				**72,755,268**
Goodwill (Note 32)	1,698,708,870	10,623,816	(8,025,211)	-	1,701,307,475
Accumulated amortisation	(304,679,410)	(77,699,912)	15,603	-	(382,363,719)
Net book value	**1,394,029,460**				**1,318,943,756**
Negative goodwill (Note 32)	(7,863,741)	-	1,099,071	-	(6,764,670)
Accumulated amortisation	460,136	338,238	(9,159)	-	789,215
Net book value	**(7,403,605)**				**(5,975,455)**
Total net book value	**1,494,293,716**				**1,385,723,569**

At 31 December 2003, the Group reflected the difference between the carrying value and net recoverable amount determined by discounted cash flow method as an impairment charge in these consolidated financial statements.

Holding does not have any material acquisition in 2003 and the additions in the goodwill is related to the correction due to the finalisation of the fair value assessment of the property, plant and equipment made in POAŞ.

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 18 - BANK BORROWINGS

Bank borrowings of the finance segment at 31 December are as follows:

	2003			2002		
	TL	**Foreign currency**	**Total**	**TL**	**Foreign currency**	**Total**
Short-term bank borrowings						
Finance Segment						
Foreign institutions and banks						
Syndication loan	-	280,400,000	280,400,000	-	-	-
Other	44,629,072	527,438,580	572,067,652	44,491,088	438,676,088	483,167,176
	44,629,072	807,838,580	852,467,652	44,491,088	438,676,088	483,167,176
Domestic banks						
Türk Eximbank	58,534,000	46,085,162	104,619,162	44,042,493	46,870,375	90,912,868
Other	6,777,000	8,807,892	15,584,892	-	-	-
	65,311,000	54,893,054	120,204,054	44,042,493	46,870,375	90,912,868
Total short-term bank borrowings- Finance sector	109,940,072	862,731,634	972,671,706	88,533,581	485,546,463	574,080,044
Non finance segments						
Bank borrowings	33,975,611	396,860,378	430,835,989	56,662,249	236,171,028	292,833,277
Short-term portion of long term borrowings	6,434,953	83,457,061	89,892,014	-	757,071,272	757,071,272
Total short-term bank borrowings- Non-finance sectors	40,410,564	480,317,439	520,728,003	56,662,249	993,242,300	1,049,904,549
Total short-term bank borrowings	**150,350,636**	**1,343,049,073**	**1,493,399,709**	**145,195,830**	**1,478,788,763**	**1,623,984,593**

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 18 - BANK BORROWINGS (Continued)

	2003			2002		
	TL	**Foreign currency**	**Total**	**TL**	**Foreign currency**	**Total**
Long-term bank borrowings						
Finance Segment						
Foreign institutions and banks	-	190,855,909	190,855,909	-	115,510,105	115,510,105
Türk Eximbank	-	15,131,153	15,131,153	-	13,153,126	13,153,126
Total long-term bank borrowings finance sector	-	205,987,062	205,987,062	-	128,663,231	128,663,231
Non-Finance segments						
Bank borrowings	11,651,795	860,343,428	871,995,223	2,702,184	1,172,537,870	1,175,240,054
Total long-term bank borrowings Non-finance sectors	11,651,795	860,343,428	871,995,223	2,702,184	1,172,537,870	1,175,240,054
Total long-term bank borrowings	**11,651,795**	**1,066,330,490**	**1,077,982,285**	**2,702,184**	**1,301,201,101**	**1,303,903,285**

A syndicated credit facility obtained on 30 June 2003 in the amount of US$200 million equivalent to TL280,400 billion with an interest rate of annual LIBOR plus of 0.85 % and maturity date of 30 June 2004, provided by 39 international banks including ING Bank N.V. as the leader of the consortium.

The redemption schedule of long-term borrowings of finance and non-finance segments at 31 December is summarised below:

	2003			2002		
	Finance	**Non-finance**	**Total**	**Finance**	**Non-finance**	**Total**
2004	-	-	-	51,454,978	611,380,719	662,835,697
2005 and after	205,987,062	871,995,223	1,077,982,285	77,208,253	563,859,335	641,067,588
	205,987,062	**871,995,223**	**1,077,982,285**	**128,663,231**	**1,175,240,054**	**1,303,903,285**

As of 31 December 2003, interest rates for local currency finance sector bank borrowings are between 20% and 30% (31 December 2002: 43%-46%), for foreign currency finance sector bank borrowings are between 1% and 6% (31 December 2002: 0%-10%). As of 31 December 2003, interest rates for local currency non-finance sector bank borrowings are between 0% and 58% (31 December 2002: 36%-63%), for foreign currency non-finance sector bank borrowings are between 1% and 12% (31 December 2002: 3%-14%).

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 19 - BANKING AND CUSTOMER DEPOSITS

The breakdown of banking deposits according to type and maturity at 31 December is as follows:

	2003			2002		
	Short term	**Long term**	**Total**	**Short term**	**Long term**	**Total**
Bank deposits	104,888,355	-	104,888,355	292,588,809	-	292,588,809
Customer deposits	3,097,299,496	32,468,273	3,129,767,769	3,244,638,510	-	3,244,638,510
	3,202,187,851	**32,468,273**	**3,234,656,124**	**3,537,227,319**	-	**3,537,227,319**

	2003			2002		
	Current/ demand	**Term**	**Total**	**Current/ demand**	**Term**	**Total**
Foreign currency:						
Domestic banks	136,000	2,466,000	2,602,000	28,371,657	15,033,885	43,405,542
Foreign banks	33,386,000	16,599,000	49,985,000	33,139,711	66,515,824	99,655,535
	33,522,000	**19,065,000**	**52,587,000**	**61,511,368**	**81,549,709**	**143,061,077**
Turkish Lira:						
Domestic banks	2,010,132	8,027,223	10,037,355	60,724	39,191,285	39,252,009
Foreign banks	48,000	42,216,000	42,264,000	26,991	110,248,732	110,275,723
	2,058,132	**50,243,223**	**52,301,355**	**87,715**	**149,440,017**	**149,527,732**
Total bank deposits	**35,580,132**	**69,308,223**	**104,888,355**	**61,599,083**	**230,989,726**	**292,588,809**

At 31 December 2003, interest rates for local currency time deposits are between 25% and 35% (31 December 2002:41%-58%) and interest rates for foreign currency time deposits are between 2.5 % and 5% (31 December 2002: 1% - 4%).

The breakdown of customer deposits according to type and maturity at 31 December is as follows:

	2003			2002		
	Current/ demand	**Term**	**Total**	**Current/ demand**	**Term**	**Total**
Foreign currency:						
Saving deposits	141,696,940	877,881,471	1,019,578,411	223,149,514	1,074,482,469	1,297,631,983
Commercial deposits	181,641,559	369,170,743	550,812,302	238,030,019	748,408,311	986,438,330
	323,338,499	**1,247,052,214**	**1,570,390,713**	**461,179,533**	**1,822,890,780**	**2,284,070,313**
Turkish Lira:						
Saving deposits	42,822,789	714,671,722	757,494,511	30,991,142	392,374,772	423,365,914
Commercial deposits	119,902,554	349,999,425	469,901,979	95,079,717	348,009,445	443,089,162
Securities sold under repurchase agreements	-	331,980,566	331,980,566	-	94,113,121	94,113,121
	162,725,343	**1,396,651,713**	**1,559,377,056**	**126,070,859**	**834,497,338**	**960,568,197**
Total customer deposits	**486,063,842**	**2,643,703,927**	**3,129,767,769**	**587,250,392**	**2,657,388,118**	**3,244,638,510**

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 19 - BANKING AND CUSTOMER DEPOSITS (Continued)

Deposits according to maturity at 31 December 2003 are as follows:

	2003
Demand	521,643,974
1-30 days	2,091,470,757
31-90 days	329,076,891
91 days - 1 year	259,996,229
Over 1 year	32,468,273
	3,234,656,124

Interest rates on foreign currency deposits were ranged between 2.5% and 5% for 2003 (31 December 2002: 1%-7%). Interest rates on Turkish lira bank deposits ranged between 25% and 35% in 2003 (2002: 32%-65%).

NOTE 20 - TRADE PAYABLES

Short-term trade payables:	**2003**	**2002**
Trade accounts payable-net of unincurred credit finance charges	315,342,428	175,463,206
Notes payable-net of unincurred credit finance charges	5,569,220	12,834,727
Other	802,293	6,335,951
Short-term trade payables	**321,713,941**	**194,633,884**
Long-term trade payables	**37,266,147**	**57,240,716**

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

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

Year	**2003**	**2002**
2004	-	14,367,708
2005	13,702,150	13,651,530
2006	8,960,372	11,869,799
2007 and after	14,603,625	17,351,679
	37,266,147	**57,240,716**

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 21 - INSURANCE TECHNICAL RESERVES

	2003	2002
Unearned premiums reserve - net of reinsurance	33,295,412	30,349,040
Claim provisions - net of reinsurance	18,183,025	11,397,267
Deferred commission income	3,661,427	6,021,653
Insurance technical reserves - current	**55,139,864**	**47,767,960**
Life assurance provision	19,641,774	15,876,493
Insurance technical reserves - non-current	**19,641,774**	**15,876,493**

NOTE 22 - OTHER CURRENT LIABILITIES

	2003	2002
Taxes and withholding payables	119,222,891	81,394,555
Payables to privatization administration (Note 32)*	35,114,219	54,562,980
Blocked merchant accounts	51,516,000	45,050,545
Fuel purchase certificates **	41,558,332	36,305,752
Import transfers and payment orders	31,594,000	47,777,502
Cheques at clearing	27,142,000	24,140,979
Expense accruals	13,942,218	1,371,345
Compensation to be paid	8,260,810	9,413,307
Provisions for lawsuits	6,956,265	5,923,722
Blocked cheques and deposits	5,166,000	5,942,096
Advances received	3,011,377	5,678,691
Finance lease obligations	1,532,249	5,341,098
Other	87,991,304	81,790,072
	433,007,665	**404,692,644**

* The payment schedule determined on the agreement signed on 31 July 2002 with respect to the acquisition of 25.8% by İş Doğan, has been changed upon the request made by the Company on 7 August 2003 and by the decision of the Privatization High Council (“PHC”) dated 3 September 2003 and numbered 2003/50.

** Fuel purchase certificates are issued and given to certain customers for future consumption. At 31 December 2003, the certificates shown in current liabilities are the certificates issued but not used as of the balance sheet date.

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 23 - OTHER NON-CURRENT LIABILITIES

	2003	2002
Payables to privatization administration (Note 32)	105,342,656	104,707,552
Deposits and guarantees given	4,909,397	5,934,526
Finance lease obligations	1,081,399	2,052,924
Other	67,042	98,811
	111,400,494	**112,793,813**

The redemption schedule of payables to privatization administration is summarized below:

Year	2003	2002
2004	-	62,824,532
2005	35,114,219	41,883,020
2006	35,114,219	-
2007 and after	35,114,218	-
	105,342,656	**104,707,552**

NOTE 24 - TAXATION ON INCOME

	2003	2002
Corporation and income taxes currently payable	16,776,060	33,990,323
Deferred tax assets-net	(153,743,814)	(210,492,402)
Total	**(136,967,754)**	**(176,502,079)**

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 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 entitiy 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 will be 33%.

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 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 used to set off against other liabilities to the government.

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 24 - TAXATION ON INCOME (Continued)

Capital gains derived from the sale of equity investments and immovable assets 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.

Capital expenditures, with some exceptions, over TL5 billion (TL6 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 utilised within the scope of investment incentive certificates granted prior to 24 April 2003 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 the 17th of the fourth month 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.

The taxation on income for the years ended 31 December is summarised as follows:

	2003	**2002**
- Current	(39,564,158)	(45,317,077)
- Deferred	(56,748,588)	(12,668,696)
Taxation on income	**(96,312,746)**	**(57,985,773)**

Deferred taxes

Group recognizes deferred tax assets and liabilities based upon temporary differences arising between their financial statements as reported for IFRS purposes and their statutory tax financial statements. These temporary differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes.

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 2003. The rate for other temporary differences is 30% (31 December 2002: 33%).

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 24 - TAXATION ON INCOME (Continued)

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 on the Official Gazette on 30 December 2003 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 2003. Corporate taxpayers will submit their opening balance sheets restated for inflation at 31 December 2003 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 2003 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 breakdown of cumulative temporary differences and deferred tax assets/liabilities provided at 31 December, using enacted tax rates, are as follows:

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	2003	**2002**	**2003**	**2002**
Net difference between the tax base and the carrying value of property, plant and equipment, intangible assets and inventories	66,441,733	356,655,591	(21,925,774)	(116,471,305)
Difference between carrying value and tax base of leasing receivables	5,587,930	102,610,570	(1,844,017)	(20,316,893)
Financial assets valuation differences	71,712,970	6,032,936	(23,665,280)	(1,990,869)
Other	22,819,779	19,184,377	(7,530,527)	(6,407,293)
Deferred tax liabilities	**166,562,412**	**484,483,474**	**(54,965,598)**	**(145,186,360)**
Tax losses carried forward	532,157,800	912,348,599	175,612,074	301,075,038
Reserve for employment termination benefits	17,259,561	17,522,484	5,695,655	5,770,352
Provision for loan losses and factoring receivables	28,530,800	23,701,844	9,415,164	6,704,573
Difference between carrying value and tax base of assets subject to finance lease agreements	-	125,151,995	-	24,780,094
Other	67,104,250	36,881,210	17,986,519	17,348,705
Deferred tax assets	**645,052,411**	**1,115,606,132**	**208,709,412**	**355,678,762**
Deferred tax assets-net			**153,743,814**	**210,492,402**

Due to the fact that "Subsidiaries" and "Joint Ventures", which are independent taxpayers, have represented the net amount of deferred tax assets and liabilities in their financial statements in accordance with IFRS; effects of the mentioned net offs have been reflected to the consolidated financial statements of the Holding. Temporary differences and deferred tax assets/ liabilities mentioned above have been prepared according to their gross amounts.

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 24 - TAXATION ON INCOME (Continued)

The Holding did not recognize the deferred tax assets for the tax losses carried forward amounting to TL136,352,417 million as there is an uncertainty about the future taxable profit that will be available against which these deferred tax assets can be utilised.

Movements in deferred taxes can be analysed as follows:

	2003	2002
1 January	210,492,402	217,575,401
Charge for the year	(56,748,588)	(12,668,696)
Acquisitions*	-	34,679,005
Disposal of Joint Venture**	-	(29,093,308)
31 December	**153,743,814**	**210,492,402**

* The opening balances of Subsidiaries acquired during the year and the increases in jointly controlled balances at the acquisition date of joint ventures were classified as “Acquisitions”.

** Decreases due to change in ownership interest in Joint Venture with respect to the legal merger explained in Note 32 were classified as “Disposal of joint venture”.

NOTE 25 - RESERVE 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 Holding, its Turkish Subsidiaries, its Joint Ventures and Associates are required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service or dies. Since the legislation has changed on 8 September 1999 there are certain transitional provisions relating to length of service prior to retirement.The amount payable consists of one month’s salary limited to a maximum of TL1,389,950,000 (2002: TL1,260,150,000 - historic amount) for each year of service at 31 December 2003.

In addition, according to the 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.

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 Group arising from the retirement of the employees.

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 25 - RESERVE FOR EMPLOYMENT TERMINATION BENEFITS (Continued)

IAS 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 liability :

	2003	**2002**
Discount rate	6%	6%
Turnover rate to estimate the probability of retirement	94%	92%

The principal assumption is that the maximum liability of TL1,389,950,000 (31 December 2002: TL1,260,150,000) 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 TL1,485,430,000 (31 December 2002: TL1,323,950,000) has been taken into consideration in calculating the reserve for employment termination benefit of the Holding, its Turkish Subsidiaries and its Joint Ventures.

Movements in the reserve for employment termination benefits during the years ended 31 December are as follows:

	2003	**2002**
1 January	17,574,798	15,830,176
Acquisitions*	-	2,203,653
Disposal of Joint Ventures**	-	(1,099,495)
Charge for the year	8,594,878	9,939,202
Less: monetary gain	(2,882,226)	(732,973)
Disposals	(5,189,107)	(8,565,765)
31 December	**18,098,343**	**17,574,798**

(*) The opening balances of Subsidiaries acquired during the year and the increases in jointly controlled balances at the acquisition date of joint ventures were classified as "Acquisitions".

(**) Decreases due to change in ownership interest in Joint Venture with respect to the legal merger explained in Note 32 were classified as "Disposal of joint venture".

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 26 - SHARE CAPITAL

Doğan Holding 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 TL10,000. Doğan Holding's historical authorised and paid-in share capital at 31 December was as follows:

	2003 TL million	2002 TL million
Limit on registered share capital (historical)	600,000,000	600,000,000
Historical authorised and paid-in share capital	588,230,567	452,485,051

At the Board of Directors meeting held on 27 June 2003 and numbered 2003/11, the paid-in share capital of the Holding amounting to TL452,485,051 million has been increased by TL135,745,516 million which will be fully paid in cash to TL588,230,567 million.

The shareholder structure is summarised as follows:

	Share %	2003	Share %	2002
Adilbey Holding	52.00	305,879,895	52.00	235,292,226
Aydın Doğan	11.72	68,885,073	11.72	52,988,517
Işıl Doğan	1.64	9,673,818	1.64	7,441,399
Arzuhan Yalçındağ	0.04	240,731	0.04	185,178
Vuslat Doğan Sabancı	0.04	240,731	0.04	185,178
Hanzade V. Doğan	0.04	240,731	0.04	185,178
Y. Begümhan Doğan	0.04	240,731	0.04	185,178
Total Doğan family and companies owned by Doğan Family	65.52	385,401,710	65.52	296,462,854
Istanbul Stock Exchange	34.29	201,705,446	34.29	155,158,035
Aydın Doğan Vakfı	0.19	1,123,411	0.19	864,162
	100	**588,230,567**	**100**	**452,485,051**
Adjustment to share capital		642,872,395		638,920,557
Total share capital		**1,231,102,962**		**1,091,405,608**

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

The analysis of shares in accordance with nature is as follows:

Shareholders	Unit of shares	TL million	Nature of shares
Doğan Family and companies owned by Doğan Family Members	13,460,000	134,600	Registered
Doğan Family and companies owned by Doğan Family Members	38,639,052,100	386,390,521	Bearer
Other Shareholders	12,540,000	125,400	Registered
Other Shareholders	20,158,004,556	201,580,046	Bearer
	58,823,056,656	**588,230,567**	

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 27 - RETAINED EARNINGS AND LEGAL RESERVES

Retained earnings as per the statutory financial statements, other than legal reserves, are available for distribution subject to the legal reserve requirement referred to below.

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 Doğan Holding'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.

Composition of prior periods' earnings and dividends (per Statutory Financial Statements of Doğan Holding) at 31 December (not adjusted for inflation):

	2003	**2002**
Legal reserves	7,915,090	6,107,342
Retained Earnings *	(9,837,403)	(52,848,216)
	(1,922,313)	**(46,740,874)**

Public companies distribute dividends according to CMB regulations as follows:

In accordance with Communiqué XI/25 section 15/399, the accumulated deficit that may arise as the balancing figure in the financial statements as a result of the first-time application of inflation accounting should be netted off in the calculation of the distributable profit. In addition, the net-off of such accumulated deficit against current year income and retained earnings, if any, legal and extraordinary reserves and adjustment to share capital can be made according to the related Communiqué.

In accordance with Communiqué XI/25, effective from 1 January 2004, companies are obliged to distribute at least 20% 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 20% 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.

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 28 - CASH USED IN OPERATIONS

	2003	2002
Adjustments for:		
Depreciation and amortisation (Notes 16 and 17)	310,403,663	228,784,287
Reserve for employment termination benefits	523,545	2,040,029
Net interest income	(129,585,396)	(203,089,877)
Translation reserve	(30,576,519)	(46,476,826)
Profit from the sale of property, plant and equipment	(3,208,275)	(137,144)
Taxation expense	-	20,637
Remeasurement of derivative financial instruments at fair value	(2,706,015)	(4,169,297)
Provision for doubtful receivables (Note 11)	(355,293)	(13,427,121)
Provision for loan losses	(4,711,470)	33,407,180
Provision for net realizable value (Note 13)	1,907,354	1,535,075
Loss on disposal of subsidiary	21,691,175	-
Loss on disposal of Joint Venture (Note 32)	-	39,368,713
Impairment of investment property (Note 30)	16,478,173	-
Impairment of intangible assets (Note 30)	21,307,757	-
Inflation effect on non-operating activities and income taxes	(63,446,775)	(268,749,974)
	137,721,924	**(230,894,318)**
Change in finance-segment working capital (excluding the effects of acquisitions and disposals) :		
Increase in trading and investment securities	(502,651,581)	(467,493,862)
Decrease/(increase) in reserve deposit with the Central Bank of Turkey	64,588,606	(98,762,897)
Increase in banking loans	(132,703,384)	(812,669,377)
Increase in trade receivables	(23,316,024)	(16,085,971)
(Increase)/decrease in due from related parties	(4,075,280)	2,882,743
(Decrease)/increase in banking and customer deposits	(290,838,701)	931,714,286
Increase (decrease) in trade payables	9,424,561	(22,906,372)
Increase/(decrease) in due to related parties	87,302,974	(644,031)
Increase/(decrease) in technical reserves	11,137,184	(7,051,541)
Other current assets/liabilities - net	(19,013,073)	54,574,120
	(800,144,718)	**(436,442,902)**
Change in non-finance-segment working capital (excluding the effects of acquisitions and disposals) :		
Increase in trading and investment securities	(15,876,358)	-
Increase/(decrease) in trade receivables	(63,143,847)	43,814,416
Decrease in due from related parties	24,535,111	10,514,894
Increasein inventories	(25,969,261)	(24,277,998)
Increase in trade payables	117,655,494	36,858,582
Decrease in due to related parties	(104,294,422)	(23,374,246)
Other current assets/liabilities - net	122,443,340	(33,444,250)
	55,350,057	**10,091,398**
Cash used in operations	**(607,072,737)**	**(657,245,822)**

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 29 - FINANCIAL INCOME/(EXPENSE) – NET

Financial income and expenses for the years ended 31 December are as follows:

	2003	2002
Financial income:		
Foreign exchange gain, net	227,211,780	-
Interest income on banks deposits	32,483,175	56,650,727
Interest income on trading and investment securities	23,872,361	35,749,287
Due date difference on credit sales	15,362,977	34,971,306
Amortized cost valuation income	5,506,458	11,039,964
Other interest and commission	14,877,442	7,066,785
Financial income	**319,314,193**	**145,478,069**
Financial expenses :		
Foreign exchange losses - net	-	131,343,204
Interest expense on borrowings	227,303,471	228,027,872
Due date difference on credit purchases	1,338,133	15,318,623
Other	9,915,649	22,036,890
Financial expenses	**238,557,253**	**396,726,589**
Financial income/(expense) - net	**80,756,940**	**(251,248,520)**

Financial income/(expense) is related with the sectors other than banking.

NOTE 30 - OTHER OPERATING EXPENSE-NET

Other operating income and expenses for the years ended 31 December are as follows:

	2003	2002
Other operating income:		
Ship operating services income-net	9,491,068	3,302,262
Services income	5,247,142	7,733,384
Commission income-net	5,234,175	1,644,467
Provision released	4,741,933	5,780,069
Property, plant and equipment sales income-net	3,208,275	210,559
Rent income	2,297,367	3,314,637
	30,219,960	**21,985,378**
Other operating expense:		
Amortisation of goodwill (Note 17)	77,361,674	65,504,730
Provision for loan losses (Note 9)	20,158,048	57,094,409
Loss from sales of subsidiary, net	21,691,175	-
Impairment on intangible assets (Note 17)	21,307,757	-
Impairment on investment properties (Note 15)	16,478,173	-
Provision for doubtful receivables	10,349,018	5,217,248
Provision for expenses	4,699,122	1,299,168
Provision for net realizable value	1,907,354	4,671,032
Loss on disposal of Joint Venture	-	39,368,713
Other	26,449,079	5,236,416
	200,401,400	**178,391,716**
Other operating expense-net	**(170,181,440)**	**(156,406,338)**

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 31 - FOREIGN CURRENCY POSITION

Assets and liabilities denominated in foreign and local currency held by the Group at 31 December are in as follows:

	2003				
	US$	**EURO**	**Other**	**TL million**	**Total**
Assets:					
Current assets					
Cash and amounts due from banks and reserve deposits with the Central Bank of Turkey	541,717,532	19,355,003	10,144,441	635,249,758	1,206,466,734
Financial assets:					
- trading securities	71,587,000	9,813,207	-	457,976,364	539,376,571
- available-for-sale and held-to-maturity	163,197,383	750,000	429,000	395,238,843	559,615,226
Originated loans	1,114,071,771	271,492,321	8,672,000	931,938,952	2,326,175,044
Derivative financial instruments	6,582,000	-	654,000	731,000	7,967,000
Trade receivables and due from related parties	111,822,304	5,765,068	216,867	435,850,573	553,654,812
Inventories	-	-	-	193,034,779	193,034,779
Other current assets	9,325,551	1,966,000	220,995	119,940,639	131,453,185
Total current assets	**2,018,303,541**	**309,141,599**	**20,337,303**	**3,169,960,908**	**5,517,743,351**
Financial assets:					
- trading securities	479,162,244	34,774,000	-	324,515,591	838,451,835
Investment properties - net	-	-	-	39,145,813	39,145,813
Property, plant and equipment - net	101,000	40,783,157	-	1,134,893,917	1,175,778,074
Intangible assets - net	-	183,141	-	1,385,340,428	1,385,723,569
Other non-current assets	301,848	26,772	-	12,242,167	12,570,787
Deferred tax assets	151,000	-	-	156,051,955	156,202,955
Total non-current assets	**479,716,092**	**75,967,070**	**-**	**3,052,189,871**	**3,607,873,033**
Total assets	**2,498,019,633**	**385,108,669**	**20,337,303**	**6,222,150,779**	**9,125,616,384**
Liabilities:					
Current liabilities					
Bank borrowings	1,159,909,064	181,239,493	1,900,516	150,350,636	1,493,399,709
Deposits	1,126,284,182	457,424,355	39,269,174	1,579,210,140	3,202,187,851
Derivative financial instruments	602,000	1,000	1,000	184,000	788,000
Trade payables and due to related parties	145,864,631	19,182,447	7,113,982	163,298,431	335,459,491
Insurance technical reserves	41,811	-	-	55,098,053	55,139,864
Other current liabilities	53,570,442	17,026,737	4,096,437	358,314,049	433,007,665
Taxes on income	5,327,000	-	-	11,449,060	16,776,060
Total current liabilities	**2,491,599,130**	**674,874,032**	**52,381,109**	**2,317,904,369**	**5,536,758,640**
Bank borrowings	969,288,283	94,608,028	2,434,179	11,651,795	1,077,982,285
Deposits	32,468,273	-	-	-	32,468,273
Trade payables	-	-	-	37,266,147	37,266,147
Reserve for employment termination benefits	-	-	-	18,098,343	18,098,343
Insurance technical reserves	-	-	-	19,641,774	19,641,774
Other non-current liabilities	271,715	4,590	-	111,124,189	111,400,494
Deferred tax liabilities	-	-	-	2,459,141	2,459,141
Total non-current liabilities	**1,002,028,271**	**94,612,618**	**2,434,179**	**200,241,389**	**1,299,316,457**
Total liabilities	**3,493,627,401**	**769,486,650**	**54,815,288**	**2,518,145,758**	**6,836,075,097**
Net foreign currency position	**(995,607,768)**	**(384,377,981)**	**(34,477,985)**		
Off balance-sheet derivative instruments net position	**(162,298,153)**	**156,416,259**	**25,343,000**		

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 31 - FOREIGN CURRENCY POSITION (Continued)

	2002				
	US$	**EURO**	**Other**	**TL million**	**Total**
Assets:					
Current assets					
Cash and amounts due from banks and reserve deposits with the Central Bank of Turkey	923,657,348	140,637,090	12,235,161	228,581,428	1,305,111,027
Financial assets:					
- trading securities	515,529,263	8,985,232	-	203,523,985	728,038,480
- available-for-sale and held-to-maturity	12,565,650	13,714,010	1,059,379	276,413,039	303,752,078
Originated loans	1,386,478,118	161,174,140	2,334,607	683,825,209	2,233,812,074
Derivative financial instruments	-	-	-	5,280,583	5,280,583
Trade receivables and due from related parties	206,436,924	5,143,264	3,738,702	276,140,662	491,459,552
Inventories	78,764	264,583	8,498	168,621,027	168,972,872
Other current assets	5,474,152	9,448,883	167,514	179,278,546	194,369,095
Total current assets	**3,050,220,219**	**339,367,202**	**19,543,861**	**2,021,664,479**	**5,430,795,761**
Financial assets:					
- trading securities	397,518,408	19,415,358	-	213,176,150	630,109,916
Investment properties - net	-	-	-	52,811,852	52,811,852
Property, plant and equipment - net	265,499	48,678,430	-	1,183,803,065	1,232,746,994
Intangible assets - net	-	8,741	-	1,494,284,975	1,494,293,716
Other non-current assets	2,529,165	-	-	3,896,818	6,425,983
Deferred tax assets	-	-	-	296,280,179	296,280,179
Total non-current assets	**400,313,072**	**68,102,529**	**-**	**3,244,253,039**	**3,712,668,640**
Total assets	**3,450,533,291**	**407,469,731**	**19,543,861**	**5,265,917,518**	**9,143,464,401**
Liabilities:					
Current liabilities					
Bank borrowings	1,327,912,670	146,267,335	4,608,758	145,195,830	1,623,984,593
Deposits	1,912,136,301	472,811,420	42,183,669	1,110,095,929	3,537,227,319
Derivative financial instruments	-	-	-	807,598	807,598
Trade payables and due to related parties	77,039,744	56,519,339	14,805,091	78,931,935	227,296,109
Insurance technical reserves	-	-	-	47,767,960	47,767,960
Other current liabilities	40,962,545	39,024,505	4,401,075	320,304,519	404,692,644
Taxes on income	3,215,740	61,373	-	30,713,210	33,990,323
Total current liabilities	**3,361,267,000**	**714,683,972**	**65,998,593**	**1,733,816,981**	**5,875,766,546**
Bank borrowings	1,111,269,391	183,246,979	6,684,731	2,702,184	1,303,903,285
Trade payables	-	-	-	57,240,716	57,240,716
Reserve for employment termination benefits	-	-	-	17,574,798	17,574,798
Insurance technical reserves	14,421,249	348,737	-	1,106,507	15,876,493
Other non-current liabilities	2,061,461	-	-	110,732,352	112,793,813
Deferred tax liabilities	-	195,865	-	85,591,912	85,787,777
Total non-current liabilities	**1,127,752,101**	**183,791,581**	**6,684,731**	**274,948,469**	**1,593,176,882**
Total liabilities	**4,489,019,101**	**898,475,553**	**72,683,324**	**2,008,765,450**	**7,468,943,428**
Net foreign currency position	**(1,038,485,810)**	**(491,005,822)**	**(53,139,463)**		
Off balance-sheet derivative instruments net position	**(162,298,153)**	**156,416,259**	**25,343,000**		

NOTE 31 - FOREIGN CURRENCY POSITION (Continued)

At 31 December 2003, the net foreign currency position of the Group amounted to TL1,414,463,734 million (31 December 2002: TL1,582,631,095 million).

At 31 December 2003, assets and liabilities denominated in foreign currency were translated into Turkish lira using a foreign exchange rate of TL1,395,835=US$1 and TL1,745,072=EURO1 (31 December 2002: TL1,634,501= US$1 and TL1,703,477=EURO1).

NOTE 32 - SIGNIFICANT ACQUISITIONS AND LEGAL MERGERS

Acquisitions:

2003

Holding does not have any material acquisition in 2003.

2002

Acquisition of additional POAŞ shares and legal merger of POAŞ with İş Doğan:

Acquisition of POAŞ shares:

In accordance with the decision of the Privatization High Council ("PHC") numbered 2002/41 and dated 16 July 2002, and based on the agreement signed on 31 July 2002, the Joint Venture, İş Doğan, acquired 25.83% of shares of its subsidiary, POAŞ, held by the Privatization Administration ("PA") on 8 August 2002 with a cash consideration of TL490,075,756 million resulting in goodwill of TL257,512,429 million.

İş Doğan, based on Board of Directors' decision numbered 2002/38 and dated 17 November 2002, decided to collect publicly held POAŞ shares through call back and the purchase of 18.02% of the shares was realized between 22 November 2002 and 9 December 2002. İş Doğan transferred 14% of these shares to its venturers, namely Doğan Holding and Türkiye İş Bankası A.Ş., equally. The net purchase consideration of İş Doğan for the remaining shares of 4.02%, amounted to TL105,972,626 million resulting in goodwill of TL61,696,949 million.

The total purchase consideration and the resulting goodwill for the above-mentioned successive share purchases amounted to TL298,024,192 million and TL159,604,689 million , respectively, for these consolidated financial statements considering the proportionate consolidation method applied for the Joint Venture, İş Doğan (Note 4.k).

Doğan Holding acquired 7% shares of POAŞ held by public through İş Doğan for a cash consideration of TL139,142,332 million resulting in goodwill of TL53,589,080 million

Legal merger of POAŞ with İş Doğan:

On 27 December 2002, POAŞ legally merged with İş Doğan by taking over the assets and liabilities of İş Doğan in accordance with the Article 451 of the Turkish Commercial Code and Articles 37,38 and 39 of the Corporate Tax Law subject to CMB approval numbered 61/1705 and dated 24 December 2002.

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 32 - SIGNIFICANT ACQUISITIONS AND LEGAL MERGERS (Continued)

Prior to the legal merger, each venturer of İş Doğan, had 50% interest in İş Doğan and 7% interest in POAŞ, while İş Doğan had 80.86% interest in POAŞ. At the date of the legal merger, the remaining 5.14% of POAŞ was publicly held. As a result of the legal merger, each Venturer holds 47.43% in POAŞ, 40.43% of which is obtained through the dissolution of İş Doğan. The loss recognized in these consolidated financial statements with respect to the decrease from 50% to 40.43% amounts to TL39,368,713 million (Note 30).

Legal mergers were not dealt with in accordance with the IAS 22 (“Business Combinations”) since they were transactions among enterprises under common control. There is no recognition of any new goodwill or negative goodwill. Similarly, the effects of all transactions between the legally merged enterprises, whether occurring before or after the legal merger, are eliminated in the preparation of these consolidated financial statements.

Other major acquisitions:

2002

57.2% of the issued share capital of Simge was acquired with effect from June 2002 at a fair value of TL2,208,779 million for a cash consideration of TL35,766,858 million resulting in goodwill amounting to TL33,558,079 million.

70.2% of the issued share capital of Kanal D, 98.75% of the issued share capital of Alp Görsel and 98.07% of the issued share capital of Fun TV were acquired with effect from October 2002 at a negative fair value of TL1,461,089 million for a cash consideration of TL197,790,135 million resulting in goodwill amounting to TL199,251,224 million.

79.83% of the issued share capital of CNN Türk was acquired with effect from October 2002 at a negative fair value of TL1,573,665 million for a cash consideration of TL32,807,578 million resulting in goodwill amounting to TL34,381,243 million.

44% of the issued share capital of Dergi Pazarlama was acquired with effect from December 2002 at a fair value of TL1,388,448 million for a cash consideration of TL3,260,758 million resulting in goodwill amounting to TL1,872,310 million.

Details of total net assets acquired during 2002 and resulting goodwill are as follows:

	2002
Purchase consideration:	
Cash consideration	535,563,396
Payables related to acquisitions	178,425,007
Total purchase consideration	713,988,403
Less: net assets acquired at fair value	(226,471,859)
Goodwill	487,516,544

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 32 - SIGNIFICANT ACQUISITIONS AND LEGAL MERGERS (Continued)

The fair value of assets and liabilities arising from the acquisition by each category are as follows:

	2002
Cash and cash equivalents	185,704,333
Current assets	249,906,912
Non-current assets	354,436,894
Current liabilities	(496,455,756)
Non-current liabilities	(67,120,524)
Fair value of net assets	**226,471,859**
Goodwill	487,516,544
Total purchase consideration	713,988,403
Less:	
Cash and cash equivalents in subsidiary acquired	(183,873,832)
Payables related to acquisitions	(178,425,007)
Cash outflow on acquisition	**351,689,564**

Payables related to the acquisitions consist of payable to the Doğan Family with respect to the acquisitions made in the media sector on 31 October 2002 amounting to TL19,154,475 million (Note 12) and payable to PA with respect to the acquisition of POAŞ amounting to TL159,270,532 million (Notes 22 and 23).

NOTE 33 - COMMITMENTS AND CONTINGENT LIABILITIES

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

Guarantees and commitments given - non-finance:	**2003**	**2002**
a. Commitments given:		
Letters of guarantee	124,941,394	258,520,037
Subsidiary shares given as guarantee	234,454,920	207,044,360
Guarantee notes	20,443,153	30,491,789
Blocked equity stocks	22,382,981	-
	402,222,448	**496,056,186**

The Group has provided bails and mortgages to third parties at an amount of TL995,376,774 million (31 December 2002: TL1,318,453,507 million) and TL132,270,583 million (31 December 2002: TL261,868,195 million), respectively with respect to bank borrowings obtained.

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 33 - COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

b. Barter Agreements:

The Group, as a common practice in the media segment, entered into Barter agreements. These agreements involve the exchange of goods or services without cash collections or payments. At 31 December 2003 and 2002, barter agreements are as follows:

Subsidiaries and Joint Ventures	2003 Amounts Issued	2002 Amounts Issued
Doğan Gazetecilik (*)	8,954,804	5,379,586
Hürriyet	7,742,037	5,702,398
Kanal D	1,538,716	3,674,000
D Prodüksiyon	3,372,597	609,538
Simge (*)	-	2,545,000
DBR	592,265	87,633
Doğan Daily News	28,396	36,987
	22,228,815	**18,035,142**

(*) Milliyet Gazetecilik A.Ş. merged with Simge Yayıncılık ve Dağıtım A.Ş. and named as Doğan Gazetecilik A.Ş. in 2003.

Subsidiaries and Joint Ventures	2003 Amounts Received	2002 Amounts Received
Doğan Gazetecilik (*)	9,346,087	5,737,983
Hürriyet	7,643,976	1,337,658
Kanal D	3,651,908	3,674,000
Simge (*)	-	2,441,000
DBR	303,424	72,572
D Prodüksiyon	304,699	3,089,002
Doğan Daily News	34,816	18,169
	21,284,910	**16,370,384**

(*) Milliyet Gazetecilik A.Ş. merged with Simge Yayıncılık ve Dağıtım A.Ş. and named as Doğan Gazetecilik A.Ş. in 2003.

Guarantees and commitments given - finance:

In the banking segment, the normal course of banking activities requires the undertaking of various commitments and it incurs certain contingent liabilities that are not presented in the accompanying financial statements, including letters of guarantee, acceptance credits, letters of credit and off-balance sheet derivative instruments. The management does not expect any material losses as a result of these transactions. The following is a summary of significant commitments and contingent liabilities at 31 December 2003 and 2002.

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOT 33 - COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

a. Credit related commitments:

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the bank will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the companies in the finance segment on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate and therefore have significantly less risk.

Cash requirements under guarantees and standby letters of credit are considerably less than the amount of the commitment because the Group does not generally expect the third party to draw funds under the agreement.

The total outstanding contractual amount of commitments to extend credit does not necessarily represent future cash requirements, since many of these commitments will expire or terminate without being funded.

The following table shows the outstanding credit related commitments of the companies in finance segment as at 31 December :

	2003	**2002**
Letters of guarantee		
- Foreign currency	712,338,000	994,353,898
- Turkish Lira	373,359,000	315,141,646
Letters of credit	525,947,417	395,277,852
Acceptance credits	65,901,000	69,186,306
Other commitments and contingencies	392,328,000	121,468,957
	2,069,873,417	**1,895,428,659**

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 33 - COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

Economic sector risk concentration for outstanding credit related commitments of the Companies in finance segment were as follows:

	2003	**%**	**2002**	**%**
Construction and cement	436,218,135	21	535,452,661	28
Metal processing	254,300,261	12	339,771,486	18
Oil and gas	215,318,500	10	63,579,490	3
Wholesale and retail trade	169,809,841	8	110,453,184	6
Financial institutions	161,573,135	8	43,212,826	3
Textiles	114,960,765	6	165,220,664	9
Media and telecommunication	85,253,967	4	23,408,192	1
Pharmaceuticals, chemicals and dyes	59,809,945	3	108,372,306	6
Automotive	52,099,950	3	68,710,869	4
Food and beverage	40,339,988	2	82,984,732	4
Durable goods	31,399,708	2	23,970,660	1
Agriculture	22,265,757	1	25,694,349	1
Tourism	8,782,566	0	21,543,891	1
Other	417,740,899	20	283,053,349	15
	2,069,873,417	**100**	**1,895,428,659**	**100**

Maturities of commitments and contingencies are less than one year except for the certain amounts of letters of credits which are indefinite.

b. Fiduciary activities:

The Bank Subsidiary of the Group provides custody services to third parties which involve the Group making allocation and purchase and sale decisions in. Those assets that are held in a fiduciary capacity are not included in these financial statements. At 31 December 2003, the Group has custody accounts amounting to TL2,250,507,000 million (31 December 2002: TL1,372,831,000 million).

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2003 unless otherwise indicated.)

NOTE 33 - COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

c. Commitments under derivative instruments:

The breakdown of forward and spot currency purchase/sale transactions at 31 December are as follows:

	2003				
	US$	**EURO**	**Other**	**TL**	**Total**
Forward currency purchases	15,119,913	18,906,823	3,783,000	12,935,000	50,744,736
Currency swap purchases	-	144,958,000	25,592,000	-	170,550,000
Future purchases	5,952,000	2,431,000	164,000	-	8,547,000
Option purchases	277,133,000	1,790,259	-	-	278,923,259
Total	**298,204,913**	**168,086,082**	**29,539,000**	**12,935,000**	**508,764,995**
Forward currency sales	18,213,066	8,354,823	1,643,000	21,841,000	50,051,889
Currency swap sales	162,638,000	-	-	-	162,638,000
Future sales	2,519,000	3,315,000	2,553,000	-	8,387,000
Option sales	277,133,000	-	-	-	277,133,000
Total	**460,503,066**	**11,669,823**	**4,196,000**	**21,841,000**	**498,209,889**
Off balance-sheet derivative instruments net position	**(162,298,153)**	**156,416,259**	**25,343,000**	**(8,906,000)**	**10,555,106**

	2002				
	US$	**EURO**	**Other**	**TL**	**Total**
Forward currency purchases	8,322,354	22,725,793	762,366	48,272,440	80,082,953
Currency swap purchases	17,967,760	67,312,323	26,792,212	-	112,072,295
Future purchases	1,990,498	-	-	-	1,990,498
Total	**28,280,612**	**90,038,116**	**27,554,578**	**48,272,440**	**194,145,746**
Forward currency sales	56,944,011	1,702,606	1,623,856	15,064,210	75,334,683
Currency swap sales	91,695,484	-	-	17,826,814	109,522,298
Future sales	-	-	1,990,498	-	1,990,498
Total	**148,639,495**	**1,702,606**	**3,614,354**	**32,891,024**	**186,847,479**
Off balance-sheet derivative instruments net position	**(120,358,883)**	**88,335,510**	**23,940,224**	**15,381,416**	**7,298,267**

NOTE 34 - SUBSEQUENT EVENTS

a) 3,000 million shares of Doğan Yayın with a nominal capital of TL300,093,885 million, with TL10,000 nominal value each, amounted to a total nominal value of TL30,000,000 million were sold to Deutsche Bank A.G with a price of TL4,800 for a nominal value of TL1,000 at the Wholesale Market of ISE on 22 January 2004. As a result of the sale, Doğan Holding's direct controlling rate in Doğan Yayın decreased from 76.80% to 66.80%. The profit from the sale was decided to be added to the capital of Holding according to article 28 of Corporate Tax Law.

b) The Holding has decided to increase its share capital from TL588,230,567 million to TL735,288,208 million at the Board of Directors' meeting dated 24 February 2004. The increase will be funded by share premium amounting to TL426,383 million, investments revaluation fund amounting to TL17,619,386 million, cost increase fund amounting to TL108,306 million, investment sales gain amounting to TL123,473,401 million and extraordinary reserves amounting to TL5,430,165 million.

c) The bank borrowing amounting to EUR 18,720,000 with principle payment installments beginning on June 2005, which was borrowed from Vakıflar Bankası T.A.O and classified under long-term bank borrowings, was paid back before the maturity date on 26 January 2004 together with its accrued interest.

d) Doğan Yayın has acquired a portion of %98.25 of Doğan Dış Ticaret for an amount of USD 12,772,500 on 2 January 2004. The purchase consideration will be paid in two years' time.

e) Doğan Yayın has sold all the Hürriyet shares that were acquired between 6 November 2003 - 31 December 2003 from the ISE which have a total nominal value of TL2,451,276 million. The sale was realised as a result of a special order and the shares were sold to an international corporate investor with a price of TL4,550 per share. This price has been calculated with the closing stock price on 25 February 2004 which is TL4,625 and was discounted with a rate of 1.6%.

f) Dışbank, a subsidiary of Doğan Holding, decided to invest in and participated with an amount of TL124,950 million and a ratio of 49.98% to Istcom Customer Services Müşteri Hizmetleri A.Ş. which will be established to give call center services.

g) Milenyum TV, a subsidiary of Doğan Holding, has began to operate in the organization of the Free TV network which enables sattelite television broadcasts to be viewed with digital audio and visual quality at world standards free of charge and has applied to the Turkish Patent Institution for the registration of the brand on 6 January 2004.

h) At the Board of Directors meeting of POAŞ dated 22 April 2004, it was decided to pay the TL83,615,325 million requested by PA dated 1 April 2004 and numbered B.02.1 ÖİB. 0.19.00/3003. The amount should be repaid according to the revised payment schedule, which was an amendment to the original agreement signed on 31 July 2002 with respect to the acquisition of 25.8%. This was signed between the Company and PA on 18 September 2003 after PHC decision numbered 2003/50. The payment decision of the Board of Directors followed the Ankara 10th Court of Administration ruling to suspend the enforcement of the decision of PHC. POAŞ was not part of this lawsuit. Consequently, POAŞ decided to make the payment with a reservation of the rights to recover, sue and request repayments from PA.

i) As explained in Note 3.(a), the reporting date of Doğan Holding is different from the ones included in the consolidation. The Holding has changed its accounting period from 1 May - 30 April to calendar year upon the approval of the Ministry of Finance dated 26 April 2004 and numbered 18549.

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