

DOĐAN ŐİRKETLER GRUBU HOLDİNG A.Ő.

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2004
TOGETHER WITH AUDITOR'S REVIEW REPORT**

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş

AUDITOR'S REVIEW REPORT

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

1. We have reviewed the accompanying consolidated balance sheet of Doğan Şirketler Grubu Holding A.Ş. ("Doğan Holding") at 30 June 2004 and the related consolidated statements of income and of cash flows for the six-month period then ended, all expressed in the equivalent purchasing power of the Turkish Lira ("TL") as at 30 June 2004. These consolidated financial statements are the responsibility of Holding's management. Our responsibility is to issue a report on these consolidated financial statements based on our review.
2. We conducted our review in accordance with International Standards on Auditing applicable to review engagements. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the interim consolidated financial statements are free of material misstatement. A review is limited primarily to inquiries of analytical procedures applied to financial data and gathering data from company management, and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion
3. As discussed in Note 34, following a resolution of the Tax Supreme Court in favour of Türk Dış Ticaret Bankası A.Ş. ("Dışbank"), which is a subsidiary of the Holding, on 8 December 2003, Dışbank acquired the right to deduct accumulated losses amounting to TL364,501 billion from the corporate tax base for 2002 and for subsequent periods, in accordance with Corporate Tax Law Article 14/7. In accordance with the resolution, Dışbank deducted a portion of accumulated losses amounting to TL132,443 billion from its corporate tax base in 2003. Dışbank management carried deferred tax assets of TL34,320 billion on this carried forward loss in the consolidated interim financial statements, based on the management's estimated corporate tax base in 2004 of TL104,000 billion. In the subsequent period, the Ministry of Finance applied for a rectification of the Tax Supreme Court's resolution. Furthermore, the tax office sent a tax notification dated 20 April 2004 to Dışbank expressing that the deduction of these accumulated losses from the corporate tax base for the fourth quarter of 2003 was not acceptable; the corporate tax liability was therefore TL15,510 billion and a fine of TL16,131 billion was levied. Upon this, Dışbank filed its advance tax declaration, with reservations, for the first quarter of 2004 presenting the amount of accumulated losses but without deducting it from the corporate tax base; Dışbank paid a total of TL13,371 billion in tax. In that respect, Dışbank has filed a counter action against the tax office and the Ministry of Finance, and legal proceedings are now in progress. The ultimate outcome of the issue cannot be precisely determined and no provision for any liability that may occur has been made in the consolidated interim financial statements of Dışbank.

4. International Accounting Standard 34 (“IAS 34”) Interim Financial Statements, requires that current interim statement of income, cumulative income statement including the transactions from the beginning of the account period related to the current year to the end of the interim period, and the income statements corresponding to the same period of the previous year be submitted. As indicated in Note 2 to the interim consolidated financial statements, Doğan Holding prepared its interim consolidated financial statements in accordance with International Financial Reporting Standards (“IFRS”) for the first time for the six-month period 1 January-30 June 2004. Consequently, the consolidated interim statement of income, of cash flows and of changes in shareholders’ equity for the six-month period ended 30 June 2004 and consolidated interim statement of income and notes to financial statements for the three-month period ended 30 June 2004 have not been presented on a comparative basis with the comparable financial period as required by International Accounting Standard 34 “Interim Financial Reporting”.
5. Based on our review, except for the effects of the matter discussed in paragraph 3 and the failure to include the comparative information referred to in paragraph 4 above, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements have not been properly prepared, in all material respects, in accordance with International Accounting Standards 34 “Interim Financial Reporting”.

We draw attention to the following matters:

6. As explained in detail in Note 34, Hürriyet Gazetecilik ve Matbaacılık A.Ş. (“Hürriyet”), which is a subsidiary of Doğan Holding, filed two lawsuits regarding the tax and penalties declared by the Presidency of Tax Administration (“Tax Administration”) on various dates. Hürriyet Management, in line with the Hürriyet’s legal advisor’s view, accounted for a provision amounting to TL5,517,399 million for these lawsuits in the consolidated interim financial statements as of 30 June 2004. There is uncertainty about the outcome of these lawsuits and accordingly the provision amount, as the legal proceedings have not been concluded at the date of this report.
7. The consolidated interim 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 interim financial statements the shares held by Doğan family members are treated as minority interest.
8. 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 TL1,485,911=USD 1.00 for purchases of USD on 30 June 2004. Thus, US dollar amounts do not form a part of the consolidated financial statements prepared in accordance with International Financial Reporting Standards as at 30 June 2004. 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, 10 September 2004

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 30 JUNE 2004

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DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

CONSOLIDATED BALANCE SHEETS AT 30 JUNE 2004 AND 31 DECEMBER 2003

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 June 2004)

	Notes	(Unaudited) 30 June 2004 USD (*)	(Unaudited) 30 June 2004	31 December 2003
ASSETS				
Current assets:				
Cash and amounts due from banks	6	451,535,806	670,942,021	1,052,926,223
Investments:				
- trading securities	7	206,418,343	306,719,286	583,259,690
- available-for-sale	7	443,276,587	658,669,556	572,444,674
- held-to-maturity	7	13,385,611	19,889,827	32,700,266
Reserve deposits with the Central Bank of Turkey	8	199,190,649	295,979,576	247,850,718
Originated loans	9	2,071,062,150	3,077,414,031	2,154,684,736
Derivative financial instruments	10	6,120,824	9,095,000	8,615,186
Trade receivables	11	454,753,563	675,723,321	581,207,497
Due from related parties	12	16,634,007	24,716,654	21,338,771
Inventories	13	167,570,309	248,994,565	208,739,889
Other current assets	14	104,462,643	155,222,191	142,148,080
Total current assets		4,134,410,492	6,143,366,028	5,605,915,730
Non-current assets:				
Investments:				
- available-for-sale	7	544,703,255	809,380,559	906,667,406
- held-to-maturity	7	97,038,196	144,190,123	-
Originated loans	9	199,907,590	297,044,887	374,141,777
Investment properties- net	15	32,791,735	48,725,600	43,402,473
Property, plant and equipment-net	16	839,502,638	1,247,426,204	1,270,366,362
Intangible assets-net	17	964,304,185	1,432,870,197	1,498,464,602
Other non-current assets		6,719,792	9,985,013	13,593,533
Deferred tax assets	24	156,674,052	232,803,698	195,477,375
Total non-current assets		2,841,641,443	4,222,426,281	4,302,113,528
Total assets		6,976,051,935	10,365,792,309	9,908,029,258

(*) 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 30 June 2004.

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

CONSOLIDATED BALANCE SHEETS AT 30 JUNE 2004 AND 31 DECEMBER 2003

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 June 2004)

	Notes	(Unaudited) 30 June 2004 USD (*)	(Unaudited) 30 June 2004	31 December 2003
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Bank borrowings	18	1,378,609,179	2,048,490,544	1,614,901,160
Deposits	19	2,493,839,949	3,705,624,213	3,462,714,534
Derivative financial instruments	10	2,139,428	3,179,000	852,111
Trade payables	20	294,470,640	437,557,163	347,888,254
Due to related parties	12	3,933,653	5,845,058	14,863,873
Insurance technical reserves	21	44,183,381	65,652,572	59,625,986
Other current liabilities	22	355,495,427	528,234,566	481,632,999
Taxes on income	24	11,914,493	17,703,876	18,140,943
Total current liabilities		4,584,586,150	6,812,286,992	6,000,619,860
Non-current liabilities:				
Bank borrowings	18	623,622,156	926,647,022	1,165,685,806
Deposits	19	1,022,941	1,520,000	35,109,858
Trade payables	20	26,107,029	38,792,721	40,298,084
Reserve for employment termination benefits	25	13,957,333	20,739,355	19,570,805
Insurance technical reserves	21	17,684,877	26,278,154	21,239,808
Other non-current liabilities	23	29,165,084	43,336,719	120,463,922
Deferred tax liabilities	24	24,034,162	35,712,626	29,225,123
Total non-current liabilities		735,593,582	1,093,026,597	1,431,593,406
Total liabilities		5,320,179,732	7,905,313,589	7,432,213,266
Minority interest				
- Doğan family members	5.g	47,955,362	71,257,400	80,576,679
- Other	5.g	496,916,903	738,374,292	732,421,806
Minority interest	5.g	544,872,265	809,631,692	812,998,485
Shareholders' equity				
Share capital	26	494,840,006	735,288,208	588,230,567
Adjustment to share capital	26	489,643,929	727,567,300	743,033,655
Total paid-in capital		984,483,935	1,462,855,508	1,331,264,222
Share premium		472,028	701,391	4,641,638
Translation reserve	2.b	(17,026,321)	(25,299,597)	(22,482,543)
Retained earnings	27	143,070,296	212,589,726	349,394,190
Total shareholders' equity		1,110,999,938	1,650,847,028	1,662,817,507
Total liabilities and shareholders' equity		6,976,051,935	10,365,792,309	9,908,029,258
Commitments and contingent liabilities	33			

These consolidated interim financial statements for the period ended 30 June 2004 have been approved by the Board of Directors on 10 September 2004.

(*) 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 30 June 2004.

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

CONSOLIDATED STATEMENT OF INCOME FOR THE SIX MONTH AND THREE MONTH INTERIM PERIODS ENDED 30 JUNE 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 June 2004)

	Notes	1 January - 30 June 2004 USD (*)	1 April - 30 June 2004	1 January - 30 June 2004
Revenues:				
Non-banking and non-financial services	5.c	1,824,639,806	1,457,471,891	2,711,252,359
Banking and financial services	5.c	276,793,915	86,237,000	411,291,123
		2,101,433,721	1,543,708,891	3,122,543,482
Operating expenses:				
Non-banking and non-financial services	5.c	(1,755,331,339)	(1,384,866,894)	(2,608,266,146)
Banking and financial services	5.c	(318,518,029)	(217,617,591)	(473,289,443)
		(2,073,849,368)	(1,602,484,485)	(3,081,555,589)
Other operating expense-net:				
Non-banking and non-financial services	5.c and 30	4,089,993	(22,343,277)	6,077,366
Banking and financial services	5.c and 30	(24,553,843)	(20,017,134)	(36,484,826)
		(20,463,850)	(42,360,411)	(30,407,460)
Operating profit:				
Non-banking and non-financial services		73,398,460	50,261,720	109,063,579
Banking and financial services		(66,277,957)	(151,397,725)	(98,483,146)
		7,120,503	(101,136,005)	10,580,433
Financial expense-net	29	(59,497,910)	(165,265,254)	(88,408,599)
Gain/(loss) on net monetary position		19,234,995	(358,832)	28,581,491
Loss before taxation on income and minority interest		(33,142,412)	(266,760,091)	(49,246,675)
Taxation on income	24	2,479,076	49,920,200	3,683,686
Loss before minority interest		(30,663,336)	(216,839,891)	(45,562,989)
Minority interest				
- Doğan family members		4,344,036	8,205,787	6,454,851
- Other		20,159,157	46,322,446	29,954,713
		24,503,193	54,528,233	36,409,564
Net loss		(6,160,143)	(162,311,658)	(9,153,425)
Weighted average number (000's) of shares with face value of TL10,000 each	4	73,528,820,800	73,528,820,800	73,528,820,800
Basic and diluted loss per share in US\$/TL	4	(84)	(2,207)	(124)

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 June 2004)

	Notes	2004 USD (*)	2004
Cash flows from operating activities			
Net loss before taxation and minority interest		(33,142,412)	(49,246,675)
Adjustments to reconcile net loss to net cash used in operating activities:			
Cash used in operations	28	(248,934,065)	(369,893,865)
Finance segment interest received		273,433,080	406,297,221
Finance segment interest paid		(148,182,798)	(220,186,450)
Taxes paid		(22,462,442)	(33,377,189)
Net cash used in operating activities		(179,288,637)	(266,406,958)
Cash flows from investing activities:			
Purchase of property, plant and equipment	16	(53,631,296)	(79,691,332)
Purchase of investment property	15	(4,387,305)	(6,519,145)
Purchase of intangible assets	17	(8,748,420)	(12,999,374)
Proceeds from sale of property, plant and equipment and intangibles		7,657,924	11,378,994
Increase in available-for-sale investments		(125,012,268)	(185,757,104)
Change in other non-current assets and liabilities		(49,477,179)	(73,518,684)
Acquisition of subsidiaries, net off cash acquired	32	(6,212,855)	(9,231,750)
Disposal of subsidiary		102,105,909	151,720,293
Non-finance segment interest received		(33,184,097)	(49,308,615)
Inflation effect on investing activities		(68,294,797)	(101,479,990)
Net cash used in investing activities		(239,184,384)	(355,406,707)
Cash flows from financing activities:			
Dividends paid to minority interests	5.g	(17,160,749)	(25,499,345)
Net increase in short - term borrowings		261,196,467	388,114,703
Net decrease in long - term borrowings		(160,870,189)	(239,038,783)
Net decrease in long - term trade payables		(1,013,090)	(1,505,362)
Non-finance segment interest paid		(38,666,100)	(57,454,384)
Inflation effect on financing activities		146,502,777	217,690,088
Net cash (used in)/from financing activities		189,989,116	282,306,917
Net decrease in cash and cash equivalents		(228,483,905)	(339,506,748)
Inflation effect on cash and cash equivalents		(46,720,237)	(69,422,114)
Cash and cash equivalents at the beginning of the period	4.Aa	661,287,251	982,614,000
Cash and cash equivalents at the end of the period	4.Aa	386,083,109	573,685,138

Cash and cash equivalents amounting to TL15,762,349 million (31 December 2003: TL20,118,030 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 30 June 2004.

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 June 2004)

	Share capital	Adjustment to share capital	Share premium	Translation reserve	Retained earnings	Total shareholders' equity
At 31 December 2003	588,230,567	743,033,655	4,641,638	(22,482,543)	349,394,190	1,662,817,507
Currency translation differences	-	-	-	(2,817,054)	-	(2,817,054)
Transfers	147,057,641	(15,466,355)	(3,940,247)	-	(127,651,039)	-
Increase in share capital	-	-	-	-	-	-
Net loss	-	-	-	-	(9,153,425)	(9,153,425)
At 30 June 2004	735,288,208	727,567,300	701,391	(25,299,597)	212,589,726	1,650,847,028

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

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 30 JUNE 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 June 2004)

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 30 June 2004, 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 Vakfi	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.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AT 30 JUNE 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 June 2004)

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:

<u>Name</u>	<u>Nature of business</u>	<u>Segment</u>
Türk Dış Ticaret Bankası A.Ş. (“Dışbank”)	Banking	Finance
Dış Ticaret Factoring A.Ş. (“Dış Factoring”)	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 Netherland B.V. (“Dış Holding B.V.”)	Banking	Finance
Doğan Factoring Hizmetleri A.Ş. (“Doğan Factoring”)	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 Telekomünikasyon Elektronik Servis Hizmetleri Turizm ve Yayıncılık A.Ş. (“Doğan Online”)	Internet service provider	Media
Doğan Media International (“Doğan Media”)	Distribution	Media
D Finans İnternet 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 Media Reklam Pazarlama A.Ş. (“Birpa”)	Retail	Media
Hürriyet Gazetecilik ve Matbaacılık A.Ş. Zweigniederlassung Deutshland (“Hürriyet Zweigniederlassung”)	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 İnternet Hizmetleri ve Ticaret A.Ş. (“Milliyet İnternet”)	Internet services	Media
Doğan Medya Pazarlama A.Ş. (“Doğan Medya Pazarlama”)	Trade	Media
Basım İşletmecilik Kağıt Matbaa Sanayi A.Ş. (“Basım İşletmecilik”)	Media	Media
Doğan Bilgi Teknolojileri A.Ş. (“Doğan Bilgi”)	Trade	Media

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AT 30 JUNE 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 June 2004)

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS (Continued)

<u>Name</u>	<u>Nature of business</u>	<u>Segment</u>
Milliyet Verlags und Handels GmbH ("Milliyet Verlags")	Distribution	Media
Doğan Telekomünikasyon 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 ve Yapımcılık 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 services	Media
Hürriyet İnternet Hizmetleri ve Ticaret A.Ş. ("Hürriyet İnternet")	Internet services	Media
Egeser Servis ve İdari Hizmetler ve Ticaret A.Ş. ("Egeser")	Administrative services	Media
Hür Servis Sosyal Hizmetler ve Ticaret A.Ş. ("Hürservis")	Administrative services	Media
Hür Medya İlançılık ve Reklamcılık Ticaret A.Ş. ("Hür Medya")	Advertisement	Media
Doğan Müzik Kitap Mağazacılık Pazarlama A.Ş. ("DMK")	Retail	Media
Birleşik Birleşik Televizyon Reklam Pazarlama A.Ş. ("Birleşik")	Advertisement	Media
Milpa Ticari ve Sınai Ürünler Pazarlama Sanayi ve Ticaret A.Ş. ("Milpa")	Trade	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")	Trade	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	Trade	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 Energy Production A.Ş. ("Çelik Energy")	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
Doğan Elektronik Aracılık Hizmetleri Satış Pazarlama ve Yayıncılık A.Ş. ("D Elektronik")	Other	Other
Satış Noktaları A.Ş. ("Satış Noktaları")	Other	Other
Doğan Müzayedecilik Satış Ve Pazarlama A.Ş. ("D Müzayedecilik")	Other	Other
Doğan Dış Ticaret ve Mümessillik A.Ş. ("Doğan Dış Ticaret")	Importation and exportation	Other

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 30 JUNE 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 June 2004)

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS (Continued)

The number of employees of the Holding at 30 June 2004 is 14,661 (31 December 2003: 11,426).

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 Zweignderssungs, 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 Kablolü Televizyon ve Telekomünikasyon Sanayi ve Ticaret A.Ş. ("Ultra Kablo")	Telecommunication	Media	Koç Holding A.Ş.
Dijital Hizmetler Pazarlama A.Ş. ("Dijital 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	R.T. Exports LLC-LBO Acquisitions 2001 Ltd.

(*) 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. PO Oil Financing was founded in Cayman Islands in 2004 for generation of funds and taking out and granting of loans.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 30 JUNE 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 June 2004)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

a) Turkish Lira financial statements

International Accounting Standard 34 ("IAS 34") Interim Financial Statements, requires that current interim statement of income, cumulative income statement including the transactions from the beginning of the account period related to the current period to the end of the interim period, and the income statements corresponding to the same periods of the previous year be submitted. Doğan Holding prepared its consolidated interim financial statements as of 30 June 2004 in accordance with the International Financial Reporting Standards ("IFRS") for the first time. Consequently, the consolidated interim statement of income, of cash flows and of changes in shareholders' equity for the six-month period ended 30 June 2004 and consolidated interim statement of income and notes to financial statements for the three-month period ended 30 June 2004 have not been presented on a comparative basis with the comparable financial period as required by IAS 34.

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 Turkish lira as of 30 June 2004 is based on IAS 29 ("Financial Reporting in Hyperinflationary Economies"). IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date, and that corresponding figures for 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 the consolidated interim financial statements at 30 June 2004 are given below:

Dates	Index	Conversion factors	3 years cumulative inflation rates
30 June 2004	7,982.7	1.000	110.3%
31 March 2004	7,862.2	1.015	159.1%
31 December 2003	7,576.5	1.081	181.1%

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 the corresponding figures for previous periods are restated in the same terms.

**NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AT 30 JUNE 2004**

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 June 2004)

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

- Monetary assets and liabilities that are carried at amounts current at the balance sheet date are not restated because they are already expressed in terms of the monetary unit current at the balance sheet date.
- Non-monetary assets and liabilities which are not carried at amounts current at the balance sheet date and components of shareholders' equity are restated by applying the relevant monthly conversion factors.
- Comparative financial statements are restated by applying general inflation indices to the currency purchasing power at the latest balance sheet date.
- All items in the consolidated statement of income are restated by applying the relevant (monthly) conversion factors.
- The effect of inflation on the net monetary position of the Company is included in the consolidated statement of income as loss on net monetary position.

b) Translation of foreign subsidiary and associated company financial statements

The assets and liabilities of foreign subsidiary and associated companies are translated into Turkish lira using the relevant foreign exchange rates prevailing at the period-end. The results of the foreign subsidiary and associate are translated into Turkish lira using average exchange rate for the period and then restated in accordance with IFRS. Exchange differences arising on retranslation of the opening net assets of foreign subsidiary and associate and arising from using period-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 1,485,911=USD 1.00 for purchases of USD on 30 June 2004. Thus, US dollar amounts do not form a part of the consolidated financial statements prepared in accordance with International Financial Reporting Standards as at 30 June 2004. 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 interim 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. 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.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 30 JUNE 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 June 2004)

NOTE 3 - GROUP ACCOUNTING (Continued)

The table below sets out all Subsidiaries included in the scope of consolidation and shows their shareholding structure at 30 June 2004 and 31 December 2003:

Company name	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 (%)	
	30 June 2004	31 December 2003	30 June 2004	31 December 2003	30 June 2004	31 December 2003	30 June 2004	31 December 2003
Dışbank	62.37%	62.37%	4.00%	4.00%	66.37%	66.37%	62.37%	62.37%
Dış Factoring	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	61.35%	61.31%
Dış Leasing	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	62.36%	62.36%
Dış Yatırım	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	62.37%	62.37%
Dış Portföy	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	62.37%	62.37%
Dış Holding Malta	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	62.37%	62.37%
Dışbank Malta	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	62.37%	62.37%
Dış Globus	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	62.37%	62.37%
Ray Sigorta	67.32%	67.32%	0.00%	0.00%	67.32%	67.32%	41.99%	41.99%
Doğan Emeklilik	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	58.80%	58.80%
Dış Holding B.V.	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	62.37%	62.37%
Doğan Factoring(1)	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	66.01%	75.73%
Hürriyet (1)	66.63%	66.63%	0.00%	0.00%	66.63%	66.63%	44.51%	51.17%
Doğan Gazetecilik (1)	74.47%	74.47%	0.67%	0.67%	75.14%	75.14%	49.75%	57.20%
Yaysat (1)	75.00%	75.00%	0.00%	0.00%	75.00%	75.00%	44.53%	51.19%
DYG İlan (1)	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	53.82%	64.16%
Doğan Ofset (1)	99.89%	99.89%	0.00%	0.00%	99.89%	99.89%	54.50%	62.65%
Doğan Kitapçılık (1)	99.90%	99.90%	0.10%	0.10%	100.00%	100.00%	55.84%	64.19%
Doğan Haber (1)	90.61%	89.13%	0.00%	0.00%	90.61%	89.13%	49.33%	55.84%
Doğan Basım (1)	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	44.51%	51.17%
Milliyet Haber (1)	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	57.15%	67.35%
Hür TV (1)	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	44.51%	51.16%
Doğan Prodüksiyon (1)	63.00%	63.00%	0.00%	0.00%	63.00%	63.00%	30.66%	35.89%
ANS (1)	70.00%	70.00%	0.00%	0.00%	70.00%	70.00%	46.76%	53.76%
Doğan Online (1)	60.00%	59.99%	40.00%	40.00%	100.00%	99.99%	40.09%	46.07%
Doğan Medya (1)	97.66%	97.66%	2.34%	2.34%	100.00%	100.00%	55.45%	63.75%
D Finans (1)	99.92%	99.92%	0.08%	0.08%	100.00%	100.00%	40.05%	46.04%
DMC (1)	99.17%	99.17%	0.02%	0.02%	99.19%	99.19%	66.25%	76.16%
D Market (1)	89.97%	89.97%	0.00%	0.00%	89.97%	89.97%	36.06%	41.45%
Hürriyet								
Zweigniederlassung (1)	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	44.51%	51.17%
Doğan Daily News (1)	94.25%	94.25%	0.00%	0.00%	94.25%	94.25%	62.96%	72.38%
Doğan Dağıtım (1)	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	66.79%	76.78%
Milliyet İnternet (1)	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	52.80%	62.74%
Milliyet Verlags (1)	99.03%	99.03%	0.97%	0.97%	100.00%	100.00%	61.83%	70.73%
Doğan Telekom	96.00%	96.00%	4.00%	4.00%	100.00%	100.00%	59.38%	66.03%
Kanal D (1,2)	93.76%	88.86%	0.00%	0.00%	93.76%	88.86%	62.63%	68.06%
Doğan TV (1)	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	66.80%	76.80%
Hürbim (1)	99.92%	99.92%	0.00%	0.00%	99.92%	99.92%	66.75%	76.74%
Alp Görsel (3)	100.00%	98.75%	0.00%	0.00%	100.00%	98.75%	66.80%	75.84%
Bravo TV (1)	99.60%	99.60%	0.00%	0.00%	99.60%	99.60%	66.54%	76.49%
Fun TV (1)	99.07%	99.07%	0.00%	0.00%	99.07%	99.07%	66.18%	76.08%
Galaksi Radyo (1)	99.07%	99.07%	0.00%	0.00%	99.07%	99.07%	66.18%	76.08%
Hür FM(1)	95.60%	95.60%	0.00%	0.00%	95.60%	95.60%	63.86%	73.42%
İşıl TV (1)	99.06%	99.06%	0.00%	0.00%	99.06%	99.06%	66.18%	76.08%
Kanalspor (1)	99.06%	99.06%	0.00%	0.00%	99.06%	99.06%	66.18%	76.08%

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 30 JUNE 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 June 2004)

NOTE 3 - GROUP ACCOUNTING (Continued)

Company name	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 (%)	
	30 June 2004	31 December 2003	30 June 2004	31 December 2003	30 June 2004	31 December 2003	30 June 2004	31 December 2003
Milenyum TV (1)	99.94%	99.06%	0.00%	0.00%	99.94%	99.06%	66.76%	76.08%
D Radyo (1)	99.89%	99.89%	0.00%	0.00%	99.89%	99.89%	66.73%	76.72%
Radyo Foreks (1)	99.89%	99.89%	0.00%	0.00%	99.89%	99.89%	66.73%	76.72%
Tempo TV (1)	99.06%	99.06%	0.00%	0.00%	99.06%	99.06%	66.18%	76.08%
TV 2000 (1)	99.06%	99.06%	0.00%	0.00%	99.06%	99.06%	66.18%	76.08%
DS Servis (1)	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	44.51%	51.17%
Hürriyet Internet (1)	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	44.51%	51.17%
Egeser (1)	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	44.51%	51.17%
Hürservis (1)	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	44.51%	51.17%
Hür Medya (1)	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	44.51%	51.17%
DMK (1)	99.98%	99.98%	0.00%	0.00%	99.98%	99.98%	66.79%	76.79%
Milpa	65.00%	65.00%	0.50%	0.50%	65.50%	65.50%	65.00%	65.00%
Hürriyet Pazarlama (1)	93.25%	93.25%	6.75%	6.75%	100.00%	100.00%	41.53%	47.73%
Milanur	99.99%	99.99%	0.01%	0.01%	100.00%	100.00%	65.00%	65.00%
Doğan Oto (2)	99.76%	99.65%	0.24%	0.35%	100.00%	100.00%	99.76%	99.65%
Doğan Havacılık (1)	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	82.69%	84.78%
Doğan Yayın (1)	66.80%	76.80%	3.14%	3.15%	69.94%	79.95%	66.80%	76.80%
Çelik Halat (7)	62.44%	62.44%	0.00%	0.00%	62.44%	62.44%	57.53%	58.01%
Ditaş Doğan (7)	50.94%	55.71%	0.00%	0.00%	50.94%	55.71%	50.94%	55.71%
Milta Turizm	95.46%	95.46%	2.34%	2.34%	97.80%	97.80%	95.46%	95.36%
Birmaş (1)	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	66.71%	76.49%
Doğan Dış Ticaret (4)	100.00%	-	0.00%	-	100.00%	-	66.41%	-
Doğan Müzayedecilik(8)	90.00%	-	0.00%	-	90.00%	-	36.08%	-
Satış Noktaları (8)	67.00%	-	0.00%	-	67.00%	-	44.76%	-
D Elektronik (8)	90.00%	-	0.00%	-	90.00%	-	36.08%	-
Doğan Karton	65.00%	65.00%	35.00%	35.00%	100.00%	100.00%	65.00%	65.00%
CH Investment B.V. (7)	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	57.53%	58.01%
CH UK Limited (7)	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	57.53%	58.01%
Entrallee Handels GmbH	95.48%	95.48%	4.52%	4.52%	100.00%	100.00%	62.06%	62.06%
3D Güvenlik	99.00%	98.80%	0.00%	0.00%	99.00%	98.80%	61.75%	61.62%
Doğan Organik	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	99.48%	99.54%
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%
Çelik Energy (7)	99.75%	99.00%	0.00%	0.00%	99.75%	99.00%	57.49%	51.90%
Harman (6)	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	98.90%	98.50%
CH Bulgaria	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	57.53%	52.43%
D Tek (6)	99.60%	99.60%	0.00%	0.00%	99.60%	99.60%	64.74%	64.74%

- (1) Doğan Holding sold 10% of the issued shares of Doğan Yayın, which is a subsidiary, to Deutsche Bank A.G. in Wholesale Selling Market of ISE on 22 January 2004. The selling of Doğan Yayın shares caused a decrease in proportion of ownership interest of Doğan Yayın, its subsidiaries and joint ventures (Note 32).
- (2) Proportion of voting power held and ownership interest of Kanal D and Doğan Oto were increased as a result of stand-alone participation of the Group in the capital increase.
- (3) The Group purchased 1.25 % of Alp Görsel shares for a cash consideration of TL166,164 million on 15 February 2004.
- (4) The Group purchased 66.41 % of the issued share capital of Doğan Dış Ticaret for a cash consideration of TL19,168,859 million.
- (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 have been excluded from the scope of consolidation on the grounds of materiality.
- (7) Proportion of voting power held and ownership interest of Ditaş Doğan and its affiliates were changed due to sales of Ditaş Doğan shares in ISE.
- (8) These subsidiaries of Doğan Holding were acquired or established in 2004.

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NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 30 JUNE 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 June 2004)

NOTE 3 - GROUP ACCOUNTING (Continued)

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 period, 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.

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 30 June 2004 and 31 December 2003:

Company name	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 (%)	
	30 June 2004	31 December 2003	30 June 2004	31 December 2003	30 June 2004	31 December 2003	30 June 2004	31 December 2003
DBR (*)	40.72%	40.72%	2.02%	2.02%	42.75%	42.75%	27.20%	31.27%
Doğan Egmont (*)	50.00%	50.00%	0.00%	0.00%	50.00%	50.00%	33.40%	38.40%
Ultra Kablo (*)	50.00%	50.00%	0.00%	0.00%	50.00%	50.00%	33.40%	38.40%
Digital Hizmetler (*)	50.00%	50.00%	0.00%	0.00%	50.00%	50.00%	28.33%	32.57%
Süper Kanal (*)	49.00%	49.00%	0.00%	0.00%	49.00%	49.00%	32.73%	37.63%
CNN Türk (*)	78.03%	77.99%	0.00%	0.00%	78.03%	77.99%	52.12%	59.89%
Dergi Pazarlama (*)	46.00%	46.00%	10.00%	10.00%	56.00%	56.00%	21.82%	25.08%
Çağdaş Pazarlama (**)	50.00%	50.00%	0.00%	0.00%	50.00%	31.85%	32.56%	31.85%
POAŞ	47.42%	47.42%	0.00%	0.00%	47.42%	47.42%	47.42%	47.42%

(*) Doğan Holding sold 10% of the issued shares of Doğan Yayın, which is a subsidiary, to Deutsche Bank A.G. in Wholesale Selling Market of ISE on 22 January 2004. The selling of Doğan Yayın shares caused a decrease in proportion of ownership interest of Doğan Yayın, its subsidiaries and joint ventures (Note 32).

(**) This Joint Venture which was established in 2003 were among the investments of Doğan Holding at 30 June 2004 and has been excluded from the scope of consolidation on the grounds of materiality.

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NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 30 JUNE 2004

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NOTE 3 - GROUP ACCOUNTING (Continued)

- 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 30 June 2004 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 period for Subsidiaries are separately classified in the consolidated interim 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 interim 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 interim financial statements are summarised below:

A. Related parties

For the purpose of these consolidated interim 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).

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AT 30 JUNE 2004**

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 June 2004)

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 30 June 2004 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.

**NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 June 2004)

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

The movement in provision is charged against the income for the period. 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.

**NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AT 30 JUNE 2004**

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 June 2004)

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 period is charged against the income for the period. 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 period (Note 9).

G. Inventories

Inventories are valued at the lower of cost or net realisable value, restated to equivalent purchasing power at 30 June 2004. 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.

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NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Property, plant and equipment and related depreciation

Property, plant and equipment are carried at cost less accumulated depreciation, in these consolidated interim 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.

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.

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NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 period 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.

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NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 an 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 interim statement of income over the period of the borrowings.

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NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 period-end and life profit share reserves are calculated for the collections made from the life insurance policies in the period. Subsidiaries allocate the income generated from the life policies with a saving clause, based on the number of funds and income from the funds.

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 insure 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, calculated on accrued premium on a daily basis for the policies in force.

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.

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NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 30 JUNE 2004

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NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

U. Revenue recognition

Finance

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.

Insurance

Life insurance:

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

Non-life insurance:

Premium income represents premiums on policies written during the period, 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 interim statement of income in the period in which they are incurred.

**NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 June 2004)

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Y. Borrowing costs

Borrowing costs are charged to the consolidated interim 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 interim 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.

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 interim 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 30 June 2004. 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.

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NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 30 JUNE 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 June 2004)

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 period-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.

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NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 30 JUNE 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 June 2004)

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 period-end exchange rates and accordingly their carrying values approximate their fair values.

Ad. Loss per share

Loss per share disclosed in the consolidated statement of income for the six month interim period ended 30 June 2004 are determined by dividing net loss by the weighted average number of shares outstanding during the period concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares in existence during the period has been adjusted in respect of bonus share issues without a corresponding change in resources, by giving them retroactive effect for the period in which they were issued and each earlier period as if the event had occurred at the beginning of the earliest period reported.

1 January - 30 June 2004

Net loss	9,153,425
Weighted average number of ordinary shares in issue	73,528,820,800
Loss per share (expressed in full TL per share)	124

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 of 31 December 2003 are reclassified to conform to changes in presentation as of 30 June 2004 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.

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NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 30 JUNE 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 June 2004)

NOTE 5 - SEGMENTAL INFORMATION

a) External Revenues

	1 April - 30 June 2004	1 January - 30 June 2004
Finance	86,237,000	411,291,123
Media	318,606,414	578,906,794
Energy	1,073,275,137	2,019,841,546
Other	65,590,340	112,504,019
	1,543,708,891	3,122,543,482

b) Operating profit/(loss)

	1 April - 30 June 2004	1 January - 30 June 2004
Finance	(151,397,725)	(98,483,146)
Media	35,431,174	43,606,210
Energy	25,629,031	39,365,212
Other	(10,798,485)	26,092,157
	(101,136,005)	10,580,433

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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2004**

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NOTE 5 - SEGMENTAL INFORMATION (Continued)

c) Segmental analysis for the period 1 April - 30 June 2004

	Finance	Media	Energy	Other	Inter segment elimination	Total
External revenues	86,237,000	318,606,414	1,073,275,137	65,590,340	-	1,543,708,891
Intra segment revenues	13,747,854	168,167,382	-	8,558,094	-	190,473,330
Inter segment revenues	11,060,774	2,314,410	482,762	53,341,740	-	67,199,686
Combined revenues	111,045,628	489,088,206	1,073,757,899	127,490,174	-	1,801,381,907
Combined cost of sales	(142,070,819)	(376,378,655)	(1,014,406,319)	(109,085,349)	-	(1,641,941,142)
Revenues	97,297,774	320,920,824	1,073,757,899	118,932,080	(67,199,686)	1,543,708,891
Cost of sales	(128,322,965)	(223,551,144)	(1,014,406,319)	(102,018,249)	54,665,138	(1,413,633,539)
Gross profit	(31,025,191)	97,369,680	59,351,580	16,913,831	(12,534,548)	130,075,352
Selling, distribution and administrative expenses	(97,782,688)	(53,658,180)	(26,843,193)	(15,721,710)	5,154,825	(188,850,946)
Other operating expense-net	(18,045,632)	(11,929,419)	(6,936,478)	(1,506,490)	(3,942,392)	(42,360,411)
Operating profit/(loss)- before inter segment elimination	(146,853,511)	31,782,081	25,571,909	(314,369)	(11,322,115)	(101,136,005)
Profit elimination due to inter segment elimination	(4,544,214)	3,649,093	57,122	(10,484,116)	11,322,115	-
Operating profit/(loss) - after inter segment elimination	(151,397,725)	35,431,174	25,629,031	(10,798,485)	-	(101,136,005)

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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2004**

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 June 2004)

NOTE 5 - SEGMENTAL INFORMATION (Continued)

c) Segmental analysis for the period 1 January 2004 - 30 June 2004

	Finance	Media	Energy	Other	Inter segment elimination	Total
External revenues	411,291,123	578,906,794	2,019,841,546	112,504,019	-	3,122,543,482
Intra segment revenues	19,486,125	302,790,435	-	14,996,974	-	337,273,534
Inter segment revenues	18,771,056	5,785,004	775,789	96,368,551	-	121,700,400
Combined revenues	449,548,304	887,482,233	2,020,617,335	223,869,544	-	3,581,517,416
Combined cost of sales	(299,084,895)	(705,281,082)	(1,907,593,498)	(193,179,482)	-	(3,105,138,957)
Revenues	430,062,179	584,691,798	2,020,617,335	208,872,570	(121,700,400)	3,122,543,482
Cost of sales	(279,598,770)	(427,571,882)	(1,907,593,497)	(179,378,887)	103,590,425	(2,690,552,611)
Gross profit	150,463,409	157,119,916	113,023,838	29,493,683	(18,109,975)	431,990,871
Selling, distribution and administrative expenses	(214,067,277)	(105,872,554)	(53,202,669)	(30,299,414)	12,438,936	(391,002,978)
Other operating income/(expense)-net	(36,301,115)	(13,104,512)	(20,533,858)	44,563,380	(5,031,355)	(30,407,460)
Operating profit/(loss) - before inter segment elimination	(99,904,983)	38,142,850	39,287,311	43,757,649	(10,702,394)	10,580,433
Profit elimination due to inter segment elimination	1,421,837	5,463,360	77,901	(17,665,492)	10,702,394	-
Operating profit/(loss) - after inter segment elimination	(98,483,146)	43,606,210	39,365,212	26,092,157	-	10,580,433

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 June 2004)

NOTE 5 - SEGMENTAL INFORMATION (Continued)

d) Segment assets employed

	30 June 2004	31 December 2003
<u>Total assets</u>		
Finance	7,450,425,554	6,928,568,875
Media	1,806,979,591	1,724,187,757
Energy	1,986,588,384	1,985,830,361
Other	4,107,378,273	3,867,518,594
Total combined	15,351,371,802	14,506,105,587
Less: segment elimination	(4,985,579,493)	(4,598,076,329)
Total assets as per these consolidated financial statements	10,365,792,309	9,908,029,258
<u>Net assets</u>		
Finance	1,222,686,202	1,363,795,137
Media	1,175,544,386	1,148,914,035
Energy	798,927,939	794,047,460
Other	3,218,024,293	2,927,729,982
Total combined	6,415,182,820	6,234,486,614
Less: segment elimination	(4,764,335,792)	(4,571,669,107)
Shareholders' equity	1,650,847,028	1,662,817,507
Minority interest	809,631,692	812,998,485
Total net assets as per these consolidated financial statements	2,460,478,720	2,475,815,992

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(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 June 2004)

NOTE 5 - SEGMENTAL INFORMATION (Continued)

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

	1 April - 30 June 2004	1 January - 30 June 2004
<u>Capital expenditures</u>		
Finance	18,092,919	39,287,859
Media	17,154,172	31,336,401
Energy	11,738,668	15,832,407
Other	8,246,839	12,753,184
	55,232,598	99,209,851
<u>Depreciation and amortization charge</u>		
Finance	17,089,251	33,881,196
Media	24,973,174	50,023,696
Energy	8,057,669	16,086,250
Other	3,437,680	7,296,192
	53,557,774	107,287,334

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:

	30 June 2004	31 December 2003
Current assets	559,725,804	501,776,156
Non-current assets	1,492,498,019	1,552,350,616
Total assets	2,052,223,823	2,054,126,772
Current liabilities	912,302,950	659,294,773
Non-current liabilities	309,922,946	564,392,972
Shareholders' equity	829,997,927	830,439,027
Total liabilities and shareholders' equity	2,052,223,823	2,054,126,772

	1 April - 30 June 2004	1 January - 30 June 2004
Revenues	1,091,041,070	2,050,444,849
Gross profit	65,232,080	120,189,476
Net income/(loss)	(48,822,785)	1,320,674

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 June 2004)

NOTE 5 - SEGMENTAL INFORMATION (Continued)

g) Minority interest

	30 June 2004			31 December 2003		
	Doğan family	Other	Total	Doğan family	Other	Total
Media	22,774,642	343,411,593	366,186,235	25,397,346	347,743,341	373,140,687
Finance	2,096,827	303,024,378	305,121,205	8,341,629	354,966,701	363,308,330
Energy	-	541,831	541,831	-	953,468	953,468
Other	46,385,931	91,396,490	137,782,421	46,837,704	28,758,296	75,596,000
	71,257,400	738,374,292	809,631,692	80,576,679	732,421,806	812,998,485

Changes in minority interest for the six month interim period ended at 30 June 2004 are as follows:

	2004
1 January	812,998,485
Translation reserve	(2,140,182)
Disposal of subsidiaries	(6,760,906)
Payment of dividends	(25,499,345)
Increase in minority interest due to additional subsidiaries	67,443,204
Net loss attributable to minority interest	(36,409,564)
30 June	809,631,692

h) Non-cash expenses

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

	1 April - 30 June 2004				
	Finance	Media	Energy	Other	Total
Depreciation and amortisation	17,089,251	29,495,075	24,502,261	3,549,133	74,635,720
Provision for loan losses	27,904,252	-	-	-	27,904,252
Interest expense accrual	4,480,822	6,466,871	3,715,081	(3,410,603)	11,252,171
Reserve for employment termination benefits	292,291	775,016	170,030	132,670	1,370,007
Provision for doubtful receivables	-	927,299	2,312,373	36,211	3,275,883
Provision for lawsuits	1,076,184	4,659,665	-	-	5,735,849
Provision for non-cash loan losses	4,648,622	-	-	-	4,648,622
Provision for net realizable value	-	80,850	-	-	80,850
	55,491,422	42,404,776	30,699,745	307,411	128,903,354

	1 January - 30 June 2004				
	Finance	Media	Energy	Other	Total
Depreciation and amortisation	33,881,196	59,176,608	48,975,432	7,494,476	149,527,712
Provision for loan losses	47,364,000	-	-	-	47,364,000
Interest expense accrual	83,383,057	13,024,047	19,531,150	4,816,026	120,754,280
Reserve for employment termination benefits	569,037	1,886,972	1,080,957	374,988	3,911,954
Provision for doubtful receivables	-	1,825,733	3,065,367	9,681,813	14,572,913
Provision for lawsuits	5,105,000	4,681,819	-	-	9,786,819
Provision for non-cash loan losses	4,648,622	-	-	-	4,648,622
Provision for net realizable value	-	945,985	-	-	945,985
	174,950,912	81,541,164	72,652,906	22,367,303	351,512,285

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NOTE 6 - CASH AND AMOUNTS DUE FROM BANKS

The analysis of cash and amounts due from banks at 30 June 2004 and 31 December 2003 are as follows:

	30 June 2004			31 December 2003		
	Finance	Other	Total	Finance	Other	Total
Cash in hand	57,584,282	1,510,114	59,094,396	55,114,603	1,279,141	56,393,744
Banks						
- demand deposits	10,457,496	34,620,929	45,078,425	15,127,716	37,498,031	52,625,747
- time deposits	15,394,347	180,370,698	195,765,045	69,833,963	129,944,742	199,778,705
- blocked bank accounts	94,199,422	10,430,271	104,629,693	48,803,967	16,796,020	65,599,987
- loan to banks	10,500,000	17,525	10,517,525	6,387,586	6,568,751	12,956,337
Placements with banks	239,131,006	-	239,131,006	85,527,886	-	85,527,886
Interbank money market placements	16,725,931	-	16,725,931	580,043,817	-	580,043,817
	443,992,484	226,949,537	670,942,021	860,839,538	192,086,685	1,052,926,223

At 30 June 2004, interest rates for local currency time deposits are between 18% and 27% (31 December 2003: 23%-45%), and interest rates for foreign currency time deposits are between 1% and 6% (31 December 2003: 0.25%-8%). Loan to banks consist of Turkish government bonds and treasury bills held for resale to banks under reverse repurchase agreements. At 30 June 2004 the amount of loan to banks is TL10,517,525 million (31 December 2003: TL12,956,337 million). These are all short-term with periods of less than three months, with an interest rate of 22.40% (31 December 2003: 24%).

At 30 June 2004, there are no placements with other banks denominated in local currency (At 31 December 2003 interest rates for placements with other banks ranged between 26% and 27% for local currency). At 30 June 2004 interest rates for placements with other banks ranged between 1% and 8% (31 December 2003: 0.5%-3.5%) for foreign currency.

At 30 June 2004, interest rate for interbank money market placements is 25.51% for local currency (31 December 2003: ranged between 26% and 27%). At 30 June 2004, there are no interbank money market placements denominated in foreign currency (At 31 December 2003, interest rates for interbank money market placements ranged between 0.5% and 7.5% for foreign currency).

As of 30 June 2004, Subsidiaries in finance segment has pledged placement to Citigroup Global Markets Limited and Commerzbank Frankfurt amounting to TL88,800,000 million (31 December 2003: TL45,481,958 million) against credit default swaps entered into between the Subsidiaries in finance segment and Citigroup Global Markets Limited and Commerzbank Frankfurt maturing between 1 February 2005 and 26 April 2009.

At 30 June 2004, TL10,430,271 million (31 December 2003: 16,796,020 milyon TL) of the deposits are provided to collateralise the bank borrowings obtained by the Group and the related parties.

At 30 June 2004, Subsidiaries in insurance segment deposits investments amounting to TL5,399,422 million (31 December 2003: TL3,322,009 million) in a blocked account with a state bank in favor of the Undersecretariat 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 30 June 2004 and 31 December 2003 are as follows:

	30 June 2004	31 December 2003
Cash and amounts due from banks excluding accrued interest	573,685,138	982,614,000

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2004

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NOTE 7 - INVESTMENTS

a) Trading Securities:

The breakdown of trading securities at 30 June 2004 and 31 December 2003 were as follows:

	30 June 2004			31 December 2003		
	Finance	Other	Total	Finance	Other	Total
Government bonds	158,933,521	21,571,998	180,505,519	483,894,070	56,218	483,950,288
Treasury bills	54,239,364	35,093,921	89,333,285	37,323,404	22,784,053	60,107,457
Equity stock	-	10,606,927	10,606,927	1,753,815	19,850,378	21,604,193
Corporate bonds	14,276,000	-	14,276,000	14,630,854	-	14,630,854
Eurobonds	-	2,811,938	2,811,938	-	2,861,303	2,861,303
Other	9,185,617	-	9,185,617	105,595	-	105,595
	236,634,502	70,084,784	306,719,286	537,707,738	45,551,952	583,259,690

The Group holds trading securities amounting to TL242,495,561 million in local currency (31 December 2003: TL495,236,846 million) and TL64,223,725 million in foreign currency (31 December 2003: TL88,022,843 million).

The corporate bonds of the Subsidiary in finance segment amounting to TL13,373,199 million (31 December 2003: TL14,630,854 million) are pledged against a Credit Default Swap.

There are no blocked Treasury bills included in the trading securities of the Group's non-finance segments at 30 June 2004 (Included in the trading securities Treasury bills amounting to TL21,342,735 million were blocked at 31 December 2003). There are no blocked Eurobonds included in the trading securities of the Group's non-finance segments at 30 June 2004 (Included in the trading securities Eurobonds amounting to TL2,681,303 million were blocked at 31 December 2003).

Included in government bonds were securities pledged under repurchase agreements with other banks whose market value at 30 June 2004 was TL34,991,000 million (31 December 2003: TL183,560,684 million).

The net unrealised gain on trading securities amounted to TL1,346,253 million (31 December 2003: TL68,879,563 million).

The interest rates for treasury bills and government bonds held at 30 June 2004 are between 12% and 37% (31 December 2003: 22%-36%). Interest rates for the trading securities in foreign currency held at 30 June 2004 are between 1% and 13% (31 December 2003: 4%-11%).

Equity stocks of the Subsidiaries and Joint Ventures held by the Group classified under trading securities at 30 June 2004 and 31 December 2003:

	30 June 2004	31 December 2003
POAŞ	3,502,776	3,926,304
Doğan Yayın	3,179,719	3,887,301
Dışbank	1,747,529	1,465,239
Doğan Gazetecilik	1,179,780	1,644,747
DBR	613,026	750,463
Ray Sigorta	141,293	124,551
Hürriyet	-	7,789,029
	10,364,123	19,587,634

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 June 2004)

NOTE 7 - INVESTMENTS (Continued)

b) Securities available-for-sale:

Debt Securities:

	30 June 2004			31 December 2003		
	Finance	Other	Total	Finance	Other	Total
Government bonds	1,022,623,873	-	1,022,623,873	822,745,639	-	822,745,639
Eurobonds	392,586,040	-	392,586,040	567,425,814	-	567,425,814
Treasury bills	32,867,120	-	32,867,120	24,426,818	-	24,426,818
U.S. Government bonds	-	-	-	45,720,938	-	45,720,938
Other	3,387,000	-	3,387,000	2,085,941	-	2,085,941
	1,451,464,033	-	1,451,464,033	1,462,405,150	-	1,462,405,150

Equity securities:

	30 June 2004			31 December 2003		
	Finance	Other	Total	Finance	Other	Total
Listed	4,623,448	-	4,623,448	5,079,696	-	5,079,696
Unlisted	5,966,672	5,995,962	11,962,634	6,570,065	5,057,169	11,627,234
	10,590,120	5,995,962	16,586,082	11,649,761	5,057,169	16,706,930

Total securities

available-for-sale	1,462,054,153	5,995,962	1,468,050,115	1,474,054,911	5,057,169	1,479,112,080
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Government bonds, treasury bills and Eurobonds are discount and coupon securities issued by the Republic of Turkey.

Interest rates for treasury bills and government bonds held at 30 June 2004 vary between 21% and 37% (31 December 2003: 25%-36%). Interest rates for the investment securities in foreign currency vary between 2% and 13% (31 December 2003: 8%-12%).

At 30 June 2004, TL239,877,000 million (31 December 2003: TL166,333,554 million) of government bonds and treasury bills of available-for-sale portfolio were pledged under repurchase agreements with customers.

At 30 June 2004, investment securities available-for-sale amounting to TL168,710,000 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 2003: TL143,362,246 million).

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 June 2004)

NOTE 7 - INVESTMENTS (Continued)

At 30 June 2004, investment securities available-for-sale amounting to TL19,216,000 million (31 December 2003: TL19,887,540 million) were pledged to a state bank in favor of the Undersecretariat of Treasury as required by Insurance Supervisory Law No: 7397.

The net unrealised gain on investment securities available-for-sale amounted to TL117,939,000 million at 30 June 2004 (31 December 2003: TL185,138,387 million).

Equity stocks classified under securities available-for-sale at 30 June 2004 and 31 December 2003 are as follows:

Name of the company	30 June 2004		31 December 2003	
	TL million	%	Tl million	%
Listed:				
Türkiye Sınai Kalkınma Bankası A.Ş. ("TSKB")	3,003,034	3	3,453,370	3
Anadolu Hayat Sigorta A.Ş.	1,620,414	1	1,626,326	1
	4,623,448		5,079,696	
Unlisted:				
İMKB Takas Bank A.Ş.	3,602,319	2	3,620,874	2
Aks Televizyon Reklamcılık ve Filmcilik San. ve Tic. A.Ş.	2,776,147	9	2,776,147	9
Çelik Enerji (*)	2,087,478	99	531,482	99
Cam Elyaf Sanayi A.Ş.	1,721,960	1	1,866,917	1
D Tek (*)	605,439	100	1,516,818	100
Bankalararası Kredi Kartları Merkezi	642,393	2	688,476	2
Other	526,898	-	626,520	-
	11,962,634		11,627,234	
	16,586,082		16,706,930	

(*) These Subsidiaries of Dogan Holding has not been consolidated due to grounds of materiality.

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 30 June 2004.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 June 2004)

NOTE 7 - INVESTMENTS (Continued)

c) Securities held-to-maturity:

The breakdown of securities held-to-maturity at 30 June 2004 and 31 December 2003 were as follows:

	30 June 2004			31 December 2003		
	Finance	Other	Total	Finance	Other	Total
Government bonds	148,291,123	953,827	149,244,950	16,021,585	1,479,532	17,501,117
Corporate bonds	14,835,000	-	14,835,000	15,199,149	-	15,199,149
	163,126,123	953,827	164,079,950	31,220,734	1,479,532	32,700,266

At 30 June 2004, investment securities held-to-maturity amounting to TL15,478,000 million (31 December 2003: TL14,030,633 million) were pledged to a state bank in favor of the Undersecretariat of Treasury as required by Insurance Supervisory Law No: 7397.

The corporate bonds of the Subsidiary in finance segment amounting to TL14,859,110 million are pledged against a Credit Default Swap (31 December 2003: TL15,199,149 million).

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:

	30 June 2004		31 December 2003	
	Carrying value	Fair value	Carrying value	Fair value
Government bonds	149,244,950	149,244,950	17,501,117	17,507,553
Corporate bonds	14,835,000	14,835,000	15,199,149	15,199,463
	164,079,950	164,079,950	32,700,266	32,707,016

Interest rate for government bonds held to maturity at 30 June 2004 vary between 22% and 56% (31 December 2003: 29%-55%).

Interest rate for corporate bonds at 30 June 2004 is 2.78% (31 December 2003: 2.78%).

The net unrealised gain on investment securities held-to-maturity amounted to TL10,304,000 million (31 December 2003: TL7,654,940 million).

Analysis of debt securities, classified as investment securities available-for-sale and held-to-maturity, per their maturities at 30 June 2004 and 31 December 2003 were as follows:

	30 June 2004	31 December 2003
1-30 days	16,972,036	64,208,643
31-90 days	173,620,267	51,461,024
91 days - 1 year	487,967,080	489,475,273
Over 1 year	936,984,600	889,960,476
	1,615,543,983	1,495,105,416

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 June 2004)

NOTE 8 - RESERVE DEPOSITS WITH THE CENTRAL BANK OF TURKEY

	30 June 2004	31 December 2003
Reserve deposits	295,979,576	247,850,718

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 1% to 13% (31 December 2003: 6% to 11%). These funds are not available to finance the day to day operations of the Subsidiaries in finance segment.

NOTE 9 - ORIGINATED LOANS

	30 June 2004	31 December 2003
Short term originated loans	3,077,414,031	2,154,684,736
Long term originated loans	297,044,887	374,141,777
	3,374,458,918	2,528,826,513
Corporate and commercial loans:		
Commercial and industrial loans	1,523,882,442	1,165,059,491
Export loans	1,094,888,843	782,002,036
Investment loans	32,852,950	82,545,536
Investment in direct finance leases - net of unearned finance income	139,464,504	125,688,736
Originated loans to the Undersecretariat of the Treasury of the Prime Ministry of the Republic of Turkey	20,244,056	46,445,107
Factoring receivables	56,016,856	51,377,489
Total corporate and commercial loans	2,867,349,651	2,253,118,395
Retail:		
Credit cards	349,347,000	195,419,022
Other consumer loans	160,216,930	60,915,157
Total retail loans	509,563,930	256,334,179
	3,376,913,581	2,509,452,574
Loans under legal follow-up	95,215,644	88,489,853
Other impaired loans	1,580,252	10,324,084
Total impaired loans	96,795,896	98,813,937
Total gross loans and advances	3,473,709,477	2,608,266,511
Less: Provision for loan losses	(99,250,559)	(79,439,998)
Net loans and advances to customers	3,374,458,918	2,528,826,513

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 2.75% and 9% (31 December 2003: 3.5% - 7.5%) per annum for foreign currency loans and 22% and 40% (31 December 2003: 20% - 45%) per annum for Turkish lira loans.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 June 2004)

NOTE 9 - ORIGINATED LOANS (Continued)

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

	2004
1-30 days	773,889,629
31-90 days	825,109,972
91 days - 1 years	1,478,414,430
Over 1 year	297,044,887
	3,374,458,918

The banking loans in 1-30 days maturity includes demand and impaired loans amounting to TL 14,425,000 million.

Movement in provisions for loan losses is as follows:

	2004
Balance at 1 January	79,439,998
Loan impairment expense for the period	47,364,000
Recoveries of amounts previously provided	(20,464,000)
Monetary gain	(7,089,439)
Balance at 30 June	99,250,559

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

	30 June 2004	31 December 2003
Gross investment in finance leases	158,434,005	140,013,498
Less: Unearned finance income	(18,969,501)	(14,324,762)
Net investment in finance leases	139,464,504	125,688,736

The rentals according to maturity are as of 30 June 2004 and 31 December 2003 are as follows:

	30 June 2004	31 December 2003
2004	37,775,678	80,985,135
2005	70,886,906	35,443,704
2006	26,802,412	9,089,903
2007	3,643,040	169,994
2008	356,468	-
	139,464,504	125,688,736

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 June 2004)

NOTE 9 - ORIGINATED LOANS (Continued)

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

	30 June 2004		31 December 2003	
	TL Millions	%	TL Millions	%
Wholesale and retail trade	562,103,094	17	366,771,273	15
Consumer loans and credit cards	509,563,930	15	256,334,179	10
Textiles	453,985,127	13	373,940,881	15
Construction and cement	326,185,579	10	215,630,676	9
Financial institutions	268,234,205	8	194,418,019	8
Food and beverage	250,455,981	7	228,824,044	9
Durable goods	144,753,660	4	47,799,453	2
Metal processing	177,982,662	5	127,945,257	5
Medicine, chemicals and dyes	129,250,971	4	79,986,187	3
Automotive	94,427,445	3	60,477,374	2
Tourism	93,476,120	3	61,676,800	2
Media	49,299,477	1	98,963,092	4
Agriculture	55,838,829	2	57,048,986	2
Oil and gas	27,664,270	1	63,838,823	3
Originated loans to the Undersecretariat of the Treasury of the Prime Ministry of the Republic of Turkey	20,244,056	1	46,445,107	2
Other	213,448,175	6	229,352,423	9
	3,376,913,581	100	2,509,452,574	100

NOTE 10 - DERIVATIVE FINANCIAL INSTRUMENTS

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

	Notional amount	Fair values	
		Assets	Liabilities
30 June 2004			
Foreign exchange derivatives	568,592,000	6,836,118	(2,486,957)
Currency swaps	435,136,000	2,258,882	(692,043)
Currency futures	29,480,000	-	-
Interest rate swaps	59,200,000	-	-
Interest rate options	2,484,654	-	-
Total derivative assets/(liabilities)	1,094,892,654	9,095,000	(3,179,000)
31 December 2003			
Foreign exchange derivatives	108,997,334	1,356,024	(616,375)
Currency swaps	360,295,831	7,259,162	(100,566)
Currency futures	18,311,732	-	(135,170)
Interest rate option	601,296,418	-	-
Total derivative assets/(liabilities)	1,088,901,315	8,615,186	(852,111)

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 June 2004)

NOTE 11 - TRADE RECEIVABLES

	30 June 2004	31 December 2003
Trade receivables-net of unearned finance income	554,701,617	447,302,680
Notes receivables-net of unearned finance income	153,168,982	152,056,348
Other	3,667,243	7,289,060
	711,537,842	606,648,088
Less: Provision for doubtful receivables	(35,814,521)	(25,440,591)
	675,723,321	581,207,497

NOTE 12 - TRANSACTIONS AND BALANCES WITH RELATED COMPANIES AND SHAREHOLDERS

i) Amounts due from and due to related parties :

Due from related companies:

	30 June 2004	31 December 2003
Aktif Tekstil Yatırımı Sanayi ve Ticaret A.Ş. ("Aktif Tekstil")	13,145,376	13,136,602
Anadolu Otomotiv Ticaret ve Sanayi A.Ş. ("Anadolu Otomotiv")	8,950,229	103,627
D Yapı ve İnşaat Sanayi ve Ticaret A.Ş. ("Doku Yapı")	960,693	630,184
Doğan Dış Ticaret (*)	-	5,811,914
Other	1,660,356	1,656,444
	24,716,654	21,338,771

At 30 June 2004, due from Aktif Tekstil amounting to TL13,145,376 million is the principal and accrued interest of bank borrowings lent to Aktif Tekstil under same conditions as the original borrowings (31 December 2003: TL13,136,602 million).

At 30 June 2004, due from Anadolu Otomotiv amounting to TL8,950,229 millions is the principal and accrued interest of bank borrowings lent to Anadolu Otomotiv under same conditions as the original borrowings:

Due to related companies:

	30 June 2004	31 December 2003
Anadolu Otomotiv	2,350,000	17,867
D Yapı	2,093,009	6,861,711
Adilbey Holding A.Ş. ("Adilbey Holding")	880,078	1,055,476
Doğan Dış Ticaret (*)	-	3,591,694
D Tek	-	995,715
Çağdaş Pazarlama	-	370,906
Other	521,971	1,970,504
	5,845,058	14,863,873

(*) As Doğan Dış Ticaret is subject to consolidation at 30 June 2004, due from and due to balances of Doğan Dış Ticaret is eliminated.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 June 2004)

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 three month and six month periods ended at 30 June 2004 were as follows:

Service and product purchases:

	1 April - 30 June 2004	1 January - 30 June 2004
Adilbey Holding	487,307	487,307
D Yapı	245,220	347,721
Mesiar Medya Sigorta Aracılık Hizmetleri A.Ş.	125,996	125,996
Other	131,408	163,052
	989,931	1,124,076

Major sales to related companies, net of sales discounts and returns, for the three month and six month periods ended at 30 June 2004 were as follows:

Service and product sales:

	1 April - 30 June 2004	1 January - 30 June 2004
Doğan Ailesi	3,344,846	5,090,368
Adilbey Holding	491,964	1,058,791
Ortadoğu Otomotiv	584,617	728,607
D Yapı	86,318	129,707
Other	688,407	1,129,796
	5,196,152	8,137,269

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2004**

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 June 2004)

**NOTE 12 - TRANSACTIONS AND BALANCES WITH RELATED COMPANIES AND
SHAREHOLDERS (Continued)****Property, plant and equipment sales:**

	1 April - 30 June 2004	1 January - 30 June 2004
D Tek	-	36,052
Çağdaş Pazarlama	17,822	17,822
Adilbey Holding	11,480	11,480
	29,302	65,354

Other transactions with related parties for the three month and six month periods ended at 30 June 2004 were as follows:

Interest income/(expense) - banking:

	1 April - 30 June 2004	1 January - 30 June 2004
Anadolu Otomotiv	12,258	128,000
Interest Income	12,258	128,000
Adilbey Holding	(68,025)	(6,120,386)
Doğan Family	(1,883,145)	(2,396,900)
Other	132,938	(6,162)
Interest Expense	(1,818,232)	(8,523,448)
Interest Expense - net	(1,805,974)	(8,395,448)

Interest (expense) - non-banking:

	1 April - 30 June 2004	1 January - 30 June 2004
Other, net	(62,704)	(99,132)
Interest (expense)/ income-net	(62,704)	(99,132)

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 June 2004)

NOTE 13 - INVENTORIES

	30 June 2004	31 December 2003
Finished goods and merchandise	160,506,747	142,862,761
Spares, supplies and advances	32,849,835	11,865,738
Raw materials and supplies	27,363,857	24,629,266
Promotion stocks	11,067,075	12,074,714
Semi-finished goods	5,972,061	5,642,675
Other inventories	15,195,314	17,067,315
	252,954,889	214,142,469
Provision for net realizable value	(3,960,324)	(5,402,580)
	248,994,565	208,739,889

Other inventories mainly consist of fuels and lubricants in transit.

NOTE 14 - OTHER CURRENT ASSETS

	30 June 2004	31 December 2003
Prepaid taxes and funds	38,661,838	31,952,588
Prepaid expenses	19,716,374	21,090,060
Advances given	12,604,173	10,333,577
Deferred acquisition costs	10,986,000	10,099,854
Value Added Tax ("VAT") receivable	10,038,830	6,993,733
Special Consumption Tax exemption *	5,355,345	16,088,213
Programme stocks	5,017,482	3,441,259
Income accruals	1,089,645	1,726,834
Other	51,752,504	40,421,962
	155,222,191	142,148,080

(*) 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 30 June 2004, the amount reflected in these consolidated interim financial statements corresponds to the exemptions sent to Tüpraş but not used as of the date of these consolidated interim financial statements.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2004**

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 June 2004)

NOTE 15 - INVESTMENT PROPERTIES

	1 January 2004	Additions	Disposals	30 June 2004
<u>Cost:</u>				
Land and land improvements	35,886,336	4,907,180	(973,322)	39,820,194
Buildings	8,553,847	1,611,965	-	10,165,812
	44,440,183	6,519,145	(973,322)	49,986,006
<u>Accumulated depreciation:</u>				
Buildings	1,037,710	222,696	-	1,260,406
	1,037,710	222,696	-	1,260,406
Net book value	43,402,473			48,725,600

There is no material change in the fair values of the investment properties as of 30 June 2004.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

30 HAZİRAN 2004 TARİHİNDE SONA EREN ALTI AYLIK ARA DÖNEME AİT SINIRLI İNCELEMEDEN GEÇMİŞ KONSOLİDE MALİ TABLOLARA İLİŞKİN NOTLAR

(Tutarlar aksi belirtilmedikçe milyon Türk lirası olarak Türk lirasının 30 Haziran 2004 tarihindeki alım gücü ile ifade edilmiştir.)

NOTE 16 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment and related accumulated depreciation for the six month period ended 30 June 2004 is as follows:

	1 January 2004	Additions	Acquisitions	Disposals	Transfers	Currency translation differences	30 June 2004
Cost:							
Land and land improvements	180,242,828	2,194,829	-	(360,816)	236,893	(282,190)	182,031,544
Buildings	473,893,418	6,811,281	85,615	(1,486,822)	114,290	(1,183,948)	478,233,834
Machinery and equipment	1,057,152,775	6,565,260	130,745	(7,104,066)	3,758,176	(4,200,664)	1,056,302,226
Motor vehicles	84,739,879	3,431,471	-	(3,266,372)	242,943	(216,461)	84,931,460
Furniture and fixtures	492,228,510	21,635,440	1,400,415	(8,320,735)	88,578	(342,766)	506,689,442
Leasehold improvement	196,909,104	14,507,391	-	(9,082,118)	1,782,704	-	204,117,081
Other fixed assets	106,033,103	8,407,506	2,440	(2,925,995)	7,749,705	-	119,266,759
Construction - in - progress	16,936,451	16,138,154	-	(1,146,577)	(13,973,289)	(39,397)	17,915,342
	2,608,136,068	79,691,332	1,619,215	(33,693,501)	-	(6,265,426)	2,649,487,688
Accumulated depreciation:							
Land and land improvements	14,890,035	1,617,706	-	-	-	-	16,507,741
Buildings	83,647,004	5,625,296	52,533	(94,720)	-	(857,305)	88,372,808
Machinery and equipment	683,945,020	29,489,093	130,745	(6,366,827)	-	(2,911,239)	704,286,792
Motor vehicles	29,010,899	4,897,249	-	(2,582,005)	-	(167)	31,325,976
Furniture and fixtures	389,634,016	21,309,615	511,298	(2,356,237)	-	(275,650)	408,823,042
Leasehold improvement	105,164,964	13,769,602	-	(8,649,761)	-	-	110,284,805
Other fixed assets	31,477,768	13,549,757	-	(2,567,205)	-	-	42,460,320
	1,337,769,706	90,258,318	694,576	(22,616,755)	-	(4,044,361)	1,402,061,484
Net book value	1,270,366,362						1,247,426,204

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 June 2004)

NOTE 16 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Machinery and equipment, furniture and fixtures and motor vehicles include finance leased assets amounting to TL46,046,606 million, TL82,806,506 million and TL196,762 million, respectively at 30 June 2004. The accumulated depreciation related to finance leased assets amounts to TL84,338,454 million at 30 June 2004.

At 30 June 2004, mortgages amount to TL132,758,290 million (31 December 2003: TL143,031,980 million) on property, plant and equipment.

NOTE 17 - INTANGIBLE ASSETS

Movement for intangible assets during the six month period ended 30 June 2004 is as follows:

	1 January 2004	Additions	Disposals	Currency translation differences	Impairment	30 June 2004
Restated cost	167,325,016	12,999,374	(1,853,492)	(120,069)	(2,548,375)	175,802,454
Accumulated amortisation	(88,650,451)	(16,806,320)	933,010	87,777	-	(104,435,984)
Net book value	78,674,565					71,366,470
Goodwill (Note 32)	1,839,724,085	10,250,288	(30,288,553)	-	-	1,819,685,820
Accumulated amortisation	(413,472,435)	(42,453,437)	3,992,333	-	-	(451,933,539)
Net book value	1,426,251,650				-	1,367,752,281
Negative goodwill (Note 32)	(7,315,037)	-	-	-	-	(7,315,037)
Accumulated amortisation	853,424	213,059	-	-	-	1,066,483
Net book value	(6,461,613)					(6,248,554)
Total net book value	1,498,464,602					1,432,870,197

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NOTE 18 - BANK BORROWINGS (Continued)

The redemption schedule of long-term borrowings of finance and non-finance segments at 30 June 2004 and 31 December 2003 is summarised below:

	30 June 2004			31 December 2003		
	Finance	Non-Finance	Total	Finance	Non-Finance	Total
2005	36,287,117	198,672,663	234,959,780	71,687,192	579,751,847	651,439,039
2006	89,368,346	291,634,747	381,003,093	144,079,808	247,576,582	391,656,390
2007 and after	18,509,153	292,174,996	310,684,149	6,978,956	115,611,421	122,590,377
	144,164,616	782,482,406	926,647,022	222,745,956	942,939,850	1,165,685,806

As of 30 June 2004, interest rates for local currency finance sector bank borrowings are between 15% and 40% (31 December 2003: 20%-30%), for foreign currency finance sector bank borrowings are between 1% and 8% (31 December 2003: 1%-6%). As of 30 June 2004, interest rates for local currency non-finance sector bank borrowings are between 0% and 35% (31 December 2003: 0%-58%), for foreign currency non-finance sector bank borrowings are between 3% and 17% (31 December 2003: 1%-12%).

NOTE 19 - BANKING AND CUSTOMER DEPOSITS

The breakdown of banking deposits according to type and maturity at 30 June 2004 and 31 December 2003 are as follows:

	30 June 2004			31 December 2003		
	Short Term	Long Term	Total	Short Term	Long Term	Total
Bank deposits	271,787,563	-	271,787,563	113,421,963	-	113,421,963
Customer deposits	3,433,836,650	1,520,000	3,435,356,650	3,349,292,571	35,109,858	3,384,402,429
	3,705,624,213	1,520,000	3,707,144,213	3,462,714,534	35,109,858	3,497,824,392

	30 June 2004			31 December 2003		
	Current / Demand	Term	Total	Current / Demand	Term	Total
Foreign currency:						
Domestic banks	113,000	452,244	565,244	147,065	2,666,631	2,813,696
Foreign banks	212,520	43,157,488	43,370,008	36,102,250	17,949,478	54,051,728
Funds Deposited under repurchase agreements	75,766,000	-	75,766,000	-	-	-
	76,091,520	43,609,732	119,701,252	36,249,315	20,616,109	56,865,424
Turkish Lira:						
Domestic banks	60,132	2,372,175	2,432,307	2,173,674	8,680,310	10,853,984
Foreign banks	26,000	14,599,440	14,625,440	51,905	45,650,650	45,702,555
Funds Deposited under repurchase agreements	135,028,564	-	135,028,564	-	-	-
	135,114,696	16,971,615	152,086,311	2,225,579	54,330,960	56,556,539
Total bank deposits	211,206,216	60,581,347	271,787,563	38,474,894	74,947,069	113,421,963

At 30 June 2004, interest rates for local currency time deposits are between 25% and 28% (31 December 2003: 25%-35%) and interest rates for foreign currency time deposits are between 3 % and 7.75% (31 December 2003: 2.5% -5%).

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NOTE 19 - BANKING AND CUSTOMER DEPOSITS (Continued)

The breakdown of customer deposits according to type and maturity at 30 June is as follows:

	30 June 2004			31 December 2003		
	Short Term	Long Term	Total	Short Term	Long Term	Total
Foreign Currency :						
Saving deposits	124,745,600	943,868,000	1,068,613,600	153,225,256	949,304,997	1,102,530,253
Commercial deposits	241,233,620	483,848,133	725,081,753	196,419,728	399,206,092	595,625,820
	365,979,220	1,427,716,133	1,793,695,353	349,644,984	1,348,511,089	1,698,156,073
Turkish Lira:						
Saving deposits	46,082,000	1,129,534,000	1,175,616,000	46,306,807	772,816,672	819,123,479
Commercial deposits	167,153,012	268,469,312	435,622,324	129,657,701	378,475,015	508,132,716
Securities sold under repurchase agreements	-	30,422,973	30,422,973	-	358,990,161	358,990,161
	213,235,012	1,428,426,285	1,641,661,297	175,964,508	1,510,281,848	1,686,246,356
Total customer deposits	579,214,232	2,856,142,418	3,435,356,650	525,609,492	2,858,792,937	3,384,402,429

Deposits according to maturity at 30 June 2004 and 31 December 2003 are as follows:

	30 June 2004	31 December 2003
Demand	790,420,448	564,084,387
1-30 days	2,007,064,185	2,261,630,649
31-90 days	387,931,291	355,850,246
91 days - 1 year	520,208,289	281,149,252
Over 1 year	1,520,000	35,109,858
	3,707,144,213	3,497,824,392

At 30 June 2004, interest rates for local currency time deposits are between 25% and 28% (31 December 2003: 25%-35%) and interest rates for foreign currency time deposits are between 3 % and 7.75% (31 December 2003: 2.5% -5%).

NOTE 20 - TRADE PAYABLES

Short-term trade payables:	30 June 2004	31 December 2003
Trade accounts payable-net of unincurred credit finance charges	427,778,413	340,998,361
Notes payable-net of unincurred credit finance charges	9,764,424	6,022,326
Other	14,326	867,567
Short-term trade payables	437,557,163	347,888,254
Long-term trade payables	38,792,721	40,298,084

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

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NOTE 20 - TRADE PAYABLES (Continued)

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

Year	30 June 2004	31 December 2003
2005	9,864,526	14,816,945
2006	14,429,614	9,689,379
2007 and after	14,498,581	15,791,760
	38,792,721	40,298,084

NOTE 21 - INSURANCE TECHNICAL RESERVES

	30 June 2004	31 December 2003
Unearned premiums reserve - net of reinsurance	42,086,280	36,004,292
Claim provisions - net of reinsurance	20,413,750	19,662,377
Deferred commission income	3,152,542	3,959,317
Insurance technical reserves - current	65,652,572	59,625,986
Life assurance provision	26,278,154	21,239,808
Insurance technical reserves - non-current	26,278,154	21,239,808

NOTE 22 - OTHER CURRENT LIABILITIES

	30 June 2004	31 December 2003
Taxes and withholding payables	121,535,026	128,922,742
Blocked merchant accounts	73,099,857	55,707,288
Payables to privatization administration *	63,996,483	37,971,075
Fuel purchase certificates **	42,287,353	44,939,475
Cheques at clearing	30,348,397	29,350,245
Import transfers and payment orders	22,109,238	34,164,455
Provision for credit related commitments	16,878,000	13,396,000
Provision for lawsuits	15,713,818	7,522,220
Expense accruals	15,272,810	15,076,542
Blocked cheques and deposits	9,055,747	5,586,300
Compensation to be paid	8,260,810	8,932,901
Advances received	6,179,915	3,256,380
Other	103,497,112	96,807,376
	528,234,566	481,632,999

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NOTE 22 - OTHER CURRENT LIABILITIES (Continued)

* Whereas the payment of the remaining amount resulting from the debt from İş Doğan's purchase of 25.8% of POAŞ shares from the Privatization Administration ("PA"), in relation to the decision of Privatization High Council ("PHC") numbered 2003/50, has to be made according to the agreement signed on 18 September 2003 between PA and POAŞ additional to the agreement dated 31 July 2002 concerning the sales of shares, since Ankara 10. İdare Court has decided the cancellation of the decision of PHC in the lawsuit which POAŞ did not take part in, although POAŞ has no legal liability, it has been decided that TL83,615,325 million (TL39,654,218 million with the effective rate of Doğan Holding) will be paid upon the PA's notification dated 1 April 2004 and numbered B.02.1.ÖİB.0.19.00/3003, with a precaution note attached "each and every demand, legal proceeding and refund rights are reserved". The payment was made by POAŞ on 26 April 2004. Accordingly, POAŞ will pay the remaining amount in accordance with the original agreement signed on 31 July 2002.

POAŞ has performed a principal repayment of TL116,253,505 million (TL55,132,753 million with the effective rate of Doğan Holding) on 9 August 2004 in line with original payment plan.

** Fuel purchase certificates are issued and given to certain customers for future consumption. At 30 June 2004, the certificates shown in current liabilities are the certificates issued but not used as of the balance sheet date.

NOTE 23 - OTHER NON-CURRENT LIABILITIES

	30 June 2004	31 December 2003
Payables to privatization administration	36,755,168	113,913,225
Deposits and guarantees given	5,406,677	5,308,820
Finance lease obligations	587,738	1,169,381
Other	587,136	72,496
	43,336,719	120,463,922

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

Year	30 June 2004	31 December 2003
2005	36,755,168	37,971,075
2006	-	37,971,075
2007 and after	-	37,971,075
	36,755,168	113,913,225

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NOTE 24 - TAXATION ON INCOME

	30 June 2004	31 December 2003
Corporation and income taxes currently payable	17,703,876	18,140,943
Deferred tax assets-net	(197,091,072)	(166,252,252)
Total	(179,387,196)	(148,111,309)

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

In accordance with Tax Law No: 5024 “Law Related to Changes in Tax Procedure Law, Income Tax Law and Corporate Tax Law” that was published in the Official Gazette on 30 December 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 submitted their opening balance sheets restated for inflation at 31 December 2003 in accordance with the General Communiqué on Tax Procedure Law No: 328 (“Communiqué”) dated 28 February 2004 and declare the advance corporation tax for the second quarter of 2004 in accordance with General Communiqué on Tax Procedure Law No: 338 that has been published on 13 August 2004 in the Official Gazette. Corporate taxpayers who prepare their financial statements in accordance with 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 should conform to the depreciation periods set out in the Tax Procedure Law.

Furthermore, as stated in Law No.5024 which is adjusted by Law No. 5228, the tax payers already required to adjust their balance sheets at 31 December 2003 pursuant to the regulations enacted by the CMB pertaining to adjust financial statements during high inflation periods are not object to readjust their balance sheets in accordance with the adjustment procedures as set out in Law No. 5024. However, the depreciation and provision amounts shown on inflation-adjusted financial statements shall be recorded in the statutory inflation adjusted opening balance sheet based on the depreciation periods as declared by Tax Procedure Law.

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 10%. 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 33% on their corporate income. Advance tax is declared by the 10th and 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.

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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 TL6 billion (2003: TL5 billion) 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 15th 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 three month and six month period ended 30 June is summarised as follows:

	1 April - 30 June 2004	1 January - 30 June 2004
- Current	11,305,271	27,376,743
- Deferred	(61,225,471)	(31,060,429)
Taxation on income	(49,920,200)	(3,683,686)

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%. The rate for other temporary differences is 30%.

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NOTE 24 - TAXATION ON INCOME (Continued)

The breakdown of cumulative temporary differences and deferred tax assets/liabilities provided at 30 June 2004 and 31 December 2003, using enacted tax rates, are as follows:

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	30 June 2004	31 December 2003	30 June 2004	31 December 2003
Net difference between the tax base and the carrying value of property, plant and equipment, intangible assets and inventories	81,851,477	71,847,363	(24,414,647)	(23,709,632)
Financial assets valuation differences	6,560,571	77,547,463	(2,164,991)	(25,590,663)
Other	36,292,593	30,718,931	(11,722,758)	(10,137,247)
Deferred tax liabilities	124,704,641	180,113,757	(38,302,396)	(59,437,542)
Tax losses carried forward	589,580,045	575,453,607	183,594,213	189,899,690
Provision for loan losses and factoring receivables	42,670,397	30,852,036	12,801,118	10,181,172
Reserve for employment termination benefits	20,677,006	18,663,781	6,203,102	6,159,048
Other	112,161,553	72,563,784	32,795,035	19,449,884
Deferred tax assets	765,089,001	697,533,208	235,393,468	225,689,794
Deferred tax assets-net			197,091,072	166,252,252

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.

The Holding did not recognize the deferred tax assets for the tax losses carried forward amounting to TL121,323,403 million (31 December 2003: TL147,445,908 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 for the six month period ended 30 June 2004 can be analysed as follows:

	2004
1 January	166,252,252
Charge for the period	31,060,432
Acquisitions*	(221,612)
30 June	197,091,072

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

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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 TL1,485,430,000 (2003: TL1,389,950,000 - historic amount) for each year of service at 30 June 2004.

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.

IFRS 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 :

	30 June 2004	31 December 2003
Discount rate	6%	6%
Turnover rate to estimate the probability of retirement	94%	94%

The principal assumption is that the maximum liability 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 TL1,574,740,000 at 1 July 2004 will be taken into consideration in calculating the reserve for employment termination benefit (1 January 2004: TL 1,485,430,000).

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

	2004
1 January	19,570,805
Acquisitions*	113,623
Charge for the period	3,911,954
Less: monetary gain	(910,239)
Disposals	(1,946,788)
30 June	20,739,355

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

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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 30 June 2004 and 31 December 2003 were as follows:

	30 June 2004 TL million	31 December 2003 TL million
Limit on registered share capital (historical)	600,000,000	600,000,000
Historical authorised and paid-in share capital	735,288,208	588,230,567

Board of Directors decided to increase the limit on the registered share capital amounting TL600,000,000 million to TL2,000,000,000 million, as a result of the increase in the share capital amounting from TL600,000,000 million to TL735,288,208 million from the internal reserves, on the board of directors meeting held on 2 July 2004. Accordingly to get the related permissions to renew the main agreement of the company article number 8, titled "Share Capital of the Company" application to the CMB and Ministry of Industry and Trade has been decided.

The shareholder structure is summarised as follows:

	Share %	30 June 2004	Share %	31 December 2003
Adilbey Holding	52.00	382,349,868	52.00	305,879,895
Aydın Doğan	11.71	86,106,341	11.71	68,885,073
Işıl Doğan	1.64	12,092,273	1.64	9,673,818
Arzuhan Yalçındağ	0.04	300,914	0.04	240,731
Vuslat Doğan Sabancı	0.04	300,914	0.04	240,731
Hanzade V. Doğan	0.04	300,914	0.04	240,731
Y. Begümhan Doğan	0.04	300,914	0.04	240,731
Total Doğan family and companies owned by Doğan Family	65.52	481,752,138	65.52	385,401,710
Istanbul Stock Exchange	34.29	252,131,806	34.29	201,705,446
Aydın Doğan Vakfı	0.19	1,404,264	0.19	1,123,411
	100.00	735,288,208	100.00	588,230,567
Adjustment to share capital		727,567,300		743,033,655
Total share capital		1,462,855,508		1,331,264,222

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

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NOTE 26 - SHARE CAPITAL (Continued)

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	48,302,180,133	483,021,801	Bearer
Other Shareholders	12,540,000	125,400	Registered
Other Shareholders	25,200,640,687	252,006,407	Bearer
	73,528,820,820	735,288,208	

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 the 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.

Public companies distribute dividends according to CMB regulations as follows:

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

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NOTE 28 - CASH USED IN OPERATIONS

	2004
Adjustments for:	
Depreciation and amortisation (Notes 15, 16 and 17)	149,527,712
Reserve for employment termination benefits	1,054,927
Net interest income	(150,578,994)
Translation reserve	(2,703,879)
Profit from the sale of property, plant and equipment	1,591,556
Remeasurement of derivative financial instruments at fair value	1,847,076
Other provisions	4,533,521
Provision for loan losses, net	19,810,561
Provision for lawsuits, net	8,191,598
Unrealized loss of investments	124,417,385
Gain on sales of subsidiary	(57,801,328)
Impairment of intangible assets	2,548,375
Inflation effect on non-operating activities and income taxes	(46,787,984)
	55,650,526
Changes in finance-segment working capital (excluding the effects of acquisitions and disposals) :	
Decrease in trading and investment securities, net	301,073,236
Increase in reserve deposit with the Central Bank of Turkey, net	(48,128,858)
Increase in banking loans, net	(868,406,521)
Increase in trade receivables, net	(26,818,682)
Decrease in due from related parties, net	4,440,284
Increase in banking and customer deposits, net	190,663,717
Decrease in trade payables, net	(8,930,196)
Increase in due to related parties, net	23,753,196
Increase in technical reserve, net	11,064,931
Change in other current assets/liabilities - net	36,683,441
	(384,605,452)
Changes in non-finance-segment working capital (excluding the effects of acquisitions and disposals):	
Increase in trading and investment securities, net	(24,532,833)
Increase in trade receivables, net	(41,600,091)
Increase in due from related parties, net	(7,818,167)
Increase in inventories, net	(29,298,342)
Increase in trade payables, net	91,702,808
Decrease in due to related parties, net	(32,772,011)
Change in other current assets/liabilities - net	3,379,697
	(40,938,939)
Cash used in operations	(369,893,865)

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2004

(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 June 2004)

NOTE 29 - FINANCIAL EXPENSE - NET

Financial income and expense for the three month and six month periods ended 30 June 2004 is as follows:

	1 April 2004 - 30 June 2004	1 January 2004 - 30 June 2004
Financial income:		
Foreign exchange gain	(18,685,604)	91,884,531
Interest income on banks deposits	15,233,708	24,574,010
Interest income on trading and investment securities	6,009,034	8,184,216
Amortized cost valuation income	814,184	7,043,045
Due date difference on credit sales	2,556,534	4,016,834
Other interest and commission	349,805	655,728
Financial income	6,277,661	136,358,364
Financial expenses :		
Foreign exchange losses	(128,631,663)	(157,925,897)
Interest expense on borrowings	(38,851,121)	(61,046,757)
Due date difference on credit purchases	(2,104,971)	(1,995,697)
Other	(1,955,160)	(3,798,612)
Financial expenses	(171,542,915)	(224,766,963)
Financial expenses, net	(165,265,254)	(88,408,599)

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

NOTE 30 - OTHER OPERATING EXPENSE-NET

Other income and expense for the three month and six month periods ended 30 June 2004 is as follows:

	1 April 2004 - 30 June 2004	1 January 2004 - 30 June 2004
Other operating income:		
Gain on sale of a subsidiary	-	57,801,328
Automotic sales income	7,166,638	13,388,791
Services income	8,671,631	12,982,436
Provision released	18,856,570	23,665,894
Ship operating services income	3,568,502	7,403,565
Rent income	2,720,942	5,785,046
Other operating income	3,713,743	12,470,714
	44,698,026	133,497,774

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(Amounts expressed in millions of Turkish lira in terms of the purchasing power of the TL at 30 June 2004)

NOTE 30 - OTHER OPERATING EXPENSE-NET (Continued)

	1 April 2004 - 30 June 2004	1 January 2004 - 30 June 2004
Other operating expense:		
Amortisation of goodwill (Note 17)	(21,077,946)	(42,240,378)
Provision for loan losses (Note 9)	(27,904,252)	(47,364,000)
Transportation expenses	(4,567,758)	(7,922,177)
Provision for lawsuits	(5,735,849)	(9,786,819)
Automotive sales income	(7,294,034)	(13,345,426)
Provision for doubtful receivables	(3,275,883)	(14,572,913)
Ship operating services expenses	(2,027,042)	(5,176,984)
Provision for credit related commitments	(4,648,622)	(4,648,622)
Other operating expense	(10,527,051)	(18,847,915)
	(87,058,437)	(163,905,234)
Other operating expense, net	(42,360,411)	(30,407,460)

NOTE 31 - FOREIGN CURRENCY POSITION

Assets and liabilities denominated in foreign and local currency held by the Group at 30 June 2004 and 31 December 2003 are in as follows:

	30 June 2004			Total
	US\$	EURO	Other	
Assets:				
Cash and amounts due from banks and reserve deposits with the Central Bank of Turkey	567,808,156	77,418,252	12,003,928	657,230,336
Financial assets:				
- trading securities	58,293,000	5,930,725	-	64,223,725
- available-for-sale and held-to-maturity	506,499,363	35,512,800	262,000	542,274,163
Originated loans	1,373,250,316	338,013,256	14,855,366	1,726,118,938
Derivative financial instruments	1,058,480	-	184,000	1,242,480
Trade receivables and due from related parties	119,179,536	12,384,989	1,117,074	132,681,599
Inventories	42,055	1,256,712	29,539	1,328,306
Other current assets	8,087,808	2,029,538	102,000	10,219,346
Property, plant and equipment - net	48,040	35,863,978	-	35,912,018
Intangible assets - net	-	6,942	-	6,942
Total assets	2,634,266,754	508,417,192	28,553,907	3,171,237,853
Liabilities:				
Bank borrowings	1,670,824,073	192,752,025	2,965,690	1,866,541,788
Deposits	1,289,219,918	583,657,372	40,519,315	1,913,396,605
Derivative financial instruments	968,760	-	7,121	975,881
Trade payables and due to related parties	241,330,792	19,846,089	4,157,257	265,334,138
Other current liabilities	55,811,270	13,506,248	1,740,309	71,057,827
Taxes on income	6,006,000	-	-	6,006,000
Bank borrowings	847,947,279	74,984,116	2,165,375	925,096,770
Trade payables	11,780,981	13,324,637	5,174,734	30,280,352
Other non-current liabilities	44,817	8,088	-	52,905
Deferred tax liabilities	-	384,916	-	384,916
Total liabilities	4,123,933,890	898,463,491	56,729,801	5,079,127,182
Net foreign currency position	(1,489,667,136)	(390,046,299)	(28,175,894)	(1,907,889,329)
Off balance-sheet derivative instruments net position	(106,118,000)	151,344,000	15,183,000	60,409,000

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NOTE 31 - FOREIGN CURRENCY POSITION (Continued)

	31 December 2003			Total
	US\$	EURO	Other	
Assets:				
Cash and amounts due from banks and reserve deposits with the Central Bank of Turkey	585,791,109	20,929,706	10,969,782	617,690,597
Financial assets:				
- trading securities	595,557,631	48,214,776	-	643,772,407
- available-for-sale and held-to-maturity	176,474,953	811,019	463,903	177,749,875
Originated loans	1,204,711,495	293,580,655	9,377,545	1,507,669,695
Derivative financial instruments	7,117,505	-	707,208	7,824,713
Trade receivables and due from related parties	120,920,050	6,234,108	234,511	127,388,669
Other current assets	10,084,268	2,125,952	238,975	12,449,195
Property, plant and equipment - net	109,218	44,101,232	-	44,210,450
Intangible assets - net	-	414,313	-	414,313
Other non-current assets	326,405	28,950	-	355,355
Total assets	2,701,092,634	416,440,711	21,991,924	3,139,525,269
Liabilities:				
Bank borrowings	1,254,278,063	195,984,950	2,055,140	1,452,318,153
Deposits	1,217,917,497	494,639,927	42,464,073	1,755,021,497
Derivative financial instruments	650,978	1,081	1,081	653,140
Trade payables and due to related parties	157,732,027	20,743,110	7,692,768	186,167,905
Insurance technical reserves	45,212	-	-	45,212
Other current liabilities	57,928,878	18,412,015	4,429,719	80,770,612
Taxes on income	5,760,399	-	-	5,760,399
Bank borrowings	1,048,148,572	102,305,239	2,632,222	1,153,086,033
Other non-current liabilities	293,821	4,963	-	298,784
Total liabilities	3,742,755,447	832,091,285	59,275,003	4,634,121,735
Net foreign currency position	(1,041,662,813)	(415,650,574)	(37,283,079)	(1,494,596,466)
Off balance-sheet derivative instruments net position	(175,502,563)	169,142,123	27,404,880	21,044,440

At 30 June 2004, assets and liabilities denominated in foreign currency were translated into Turkish lira using a foreign exchange rate of TL1,485,911=US\$1 and TL1,806,868 =EURO1 (31 December 2003: TL1,395,835 = US\$1 and TL1,745,072 =EURO1).

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2004

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NOTE 32 - SIGNIFICANT ACQUISITIONS AND DISPOSALS

2004

Acquisitions:

Net assets and resulting goodwill from Doğan Dış Ticaret acquisition of 66.41% during the interim period ended 30 June 2004:

Total cash consideration	19,168,859
Less: net assets acquired at fair value	(8,918,571)

Goodwill (Note 17)	10,250,288
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Cash and due from banks	9,937,109
Current assets	47,964,640
Non current assets	960,412
Current liabilities	(50,981,433)
Non current liabilities	(369,330)
Minority interests	1,407,173

Fair value of net assets	8,918,571
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Total cash consideration	19,168,859
Less: cash and cash equivalents in subsidiaries acquired	(9,937,109)

Cash outflow on acquisition	9,231,750
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Disposals:

Doğan Holding sold 3,000 million shares of its subsidiary Doğan Yayın amounting to a nominal value of TL30,000,000 million out of the total nominal share capital of TL300,093,885 million to Deutsche Bank A.G. on 22 January 2004 for a total consideration of TL151,720,293 million. The transaction took place in wholesale selling market in ISE and the sales price per share with a face value of TL1,000 determined as TL4,800. The share of Doğan Holding in Doğan Yayın decreased from 76.80% to 66.80% and accordingly, similar decrease realised in the Subsidiaries and Joint Ventures of Doğan Yayın (Note 3). The total net asset sold amounted to TL93,918,964 million and accordingly, a gain of TL57,801,328 million reflected in "Other operating income" in the consolidated statement of income for the six-month interim period ended 30 June 2004 (Note 30). The statutory profit resulted from this sales transactions will be used in capital increase.

2003

Holding does not have any material acquisition in the year ended 31 December 2003.

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NOTE 33 - COMMITMENTS AND CONTINGENT LIABILITIES

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

30 June 2004 31 December 2003

Guarantees and commitments given - non-finance:

a. Commitments given:

Subsidiary shares given as guarantee	244,421,175	253,529,929
Letters of guarantee	110,622,345	135,106,496
Guarantee notes	24,602,926	22,106,387
Blocked equity stocks	-	24,204,037
	379,646,446	434,946,849

The Group has provided bails and mortgages to third parties at an amount of TL1,365,205,007 million (31 December 2003: TL1,076,359,596 million) and TL132,758,290 million (31 December 2003: 143,031,980 million TL), respectively with respect to bank borrowings obtained.

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 30 June 2004 and 31 December 2003, barter agreements are as follows:

Subsidiaries and Joint Ventures	30 June 2004 Amounts Issued	31 December 2003 Amounts Issued
Doğan Gazetecilik	2,770,768	9,683,358
Hürriyet	2,473,626	8,371,921
Kanal D	1,845,955	1,663,904
Doğan Prodüksiyon	1,590,007	3,646,988
DBR	538,302	640,451
Doğan Daily News	14,594	30,706
	9,233,252	24,037,328

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NOTE 33 - COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

Subsidiaries and Joint Ventures	30 June 2004 Amounts Received	31 December 2003 Amounts Received
Hürriyet	2,477,530	8,265,882
Doğan Gazetecilik	2,270,050	10,106,475
Kanal D	1,016,927	3,949,023
CNN Türk	468,207	-
DBR	403,198	328,110
Doğan Daily News	17,127	37,649
Doğan Prodüksiyon	-	329,489
	6,653,039	23,016,628

c. Legal Proceedings

- i. Hürriyet filed two lawsuits regarding the tax and penalties declared by the Presidency of Tax Administration (“Tax Administration”) on various dates.

Within the legal time frame, the first lawsuit was filed with the claim of unfair assessment of the taxes and penalties notified by the Tax Office on 28 August 2001 and 17 October 2001. Deciding in favor of Hürriyet, the tax court concluded cancellation of the taxes and penalties on 28 March 2002. However, the Tax Office appealed to the Council of State, and on 14 June 2004 Hürriyet was informed about the decision of the Council of State which was against Hürriyet with a majority of votes (3 to 2). On 22 June 2004, Hürriyet demanded that the decision in favor of Hürriyet by the tax court to be approved, as it is deemed as lawful by Hürriyet. In reference to this lawsuit, considering that the Corporate Tax and Fund had already been paid, the tax base (stamp and additional taxes) and penalty amount to TL126,409 million and TL3,776,966 million, respectively. The interest amount estimated by Hürriyet at 30 June 2004 is TL3,689,097 million.

The second lawsuit was filed by Hürriyet within the legal time frame at İstanbul Tax Court with the claim of unfair assessment of the taxes and penalties notified by the Tax Office on 12 November 2003. On 26 May 2004, the tax court decided the approval of the year 2001 Corporate Tax and Fund, the assessment of which was requested in the Tax Review Report. The tax court also decided to decrease the late payment penalty by 50% and to cancel the entire amount of the late payment penalty for provisional tax. The management decided to appeal to the Council of State against this decision of the tax court and demand suspension of the execution. Together with the suits filed in 1999 of which court decisions have not been notified to Hürriyet yet and considering that the Corporate Tax and Fund had already been paid, the tax base and penalty subject to the lawsuit amount to TL3,766,123 million and TL4,817,969 million, respectively. The interest amount estimated by Hürriyet at 30 June 2004 is TL9,104,134 million.

In relation to these two lawsuits, in line with Hürriyet’s legal advisor’s view, Hürriyet accounted for a provision of TL5,517,399 million for the tax liability and any penalties at 30 June 2004. This provision is disclosed in Note 22 under “Provision for lawsuits” in the consolidated interim financial statements at 30 June 2004.

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NOTE 33 - COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

- ii. Following the conclusion of the case in favour of Türk Dış Ticaret Bankası A.Ş. (“Dışbank”), one of the Subsidiaries of Doğan Holding in finance segment, in 2003 concerning the issue of deducting the accumulated losses from the income of 2002 and the following period, in accordance with Corporate Tax Law Article 14/7, and the discernment of the case later by the Ministry of Finance, the case was concluded in favour of Dışbank by the Council of State. Within this framework, Dışbank acquired the right to deduct to the accumulated loss amounting to TL364,501 billion. Dışbank deducted a portion of accumulated losses amounting to TL132,443 billion from its corporate tax base in 2003. In addition, Dışbank carried deferred tax assets of TL34,320 billion on this carried forward loss in the consolidated financial statements at 30 June 2004, based on the corporate tax base in 2004 of TL104,000 billion. In the subsequent period, the Ministry of Finance applied for a rectification of the Tax Supreme Court’s resolution. Furthermore, the tax office sent a tax notification dated 20 April 2004 to Dışbank expressing that the deduction of the portion of the accumulated losses amounting to TL132,443 million from the corporate tax base for the period of 2003/4 was not acceptable; the corporate tax liability was therefore TL15,510 billion and a fine of TL16,131 billion was levied. Dışbank has filed a counter action. In addition, Dışbank filed its advance tax declaration, with reservations, for the first quarter of 2004 presenting the amount of accumulated losses but without deducting it from the corporate tax base; Dışbank paid a total of TL13,371 billion in tax. The legal proceedings are now in progress and there is no provision in the financial statements of Dışbank regarding this case.

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 30 June 2004 and 31 December 2003.

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.

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NOTE 33 - COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

The following table shows the outstanding credit related commitments of the companies in finance segment as at 30 June 2004 and 31 December 2003:

	30 June 2004	31 December 2003
Letters of guarantee		
- Foreign currency	750,426,000	770,294,000
- Turkish lira	416,798,000	403,734,000
Letters of credit	508,781,000	568,737,000
Acceptance credits	51,789,000	71,263,000
Other commitments and contingencies	217,174,000	424,247,000
	1,944,968,000	2,238,275,000
Less: Provision for credit related commitments	(16,878,000)	(13,396,000)
	1,928,090,000	2,224,879,000

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

	30 June 2004	%	31 December 2003	%
Construction and cement	415,045,009	22	471,708,390	21
Metal processing	222,830,692	11	274,989,866	12
Financial institutions	202,471,228	10	174,718,558	8
Oil and gas	148,415,880	8	232,836,590	10
Textiles	139,660,580	7	124,313,854	6
Wholesale and retail trade	103,155,670	5	183,625,394	8
Pharmaceuticals, chemicals and dyes	65,669,809	3	64,676,020	3
Food and beverage	54,241,363	3	43,622,008	2
Automotive	40,310,744	2	56,338,748	3
Media and telecommunication	36,379,633	2	92,190,141	4
Durable goods	32,031,668	2	33,954,356	2
Agriculture	27,111,491	1	24,077,276	1
Tourism	24,538,032	1	9,497,106	0
Other	433,106,201	23	451,726,693	20
	1,944,968,000	100	2,238,275,000	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 30 June 2004, the Group has custody accounts amounting to TL2,729,728,000 million (31 December 2003: TL2,433,605,916 million).

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NOTE 33 - COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

c. Commitments under derivative instruments:

The breakdown of forward and spot currency purchase/sale transactions at 30 June 2004 and 31 December 2003 are as follows:

	30 June 2004				
	US\$	EURO	Other	TL	Total
Forward currency purchases	138,914,000	57,666,000	46,680,000	41,663,000	284,923,000
Currency swap purchases	19,922,000	126,123,000	13,401,000	61,749,000	221,195,000
Interest rate swap purchases	29,600,000	-	-	-	29,600,000
Currency future purchases	10,011,000	4,730,000	-	-	14,741,000
Currency option purchases	-	926,827	-	296,000	1,222,827
Total	198,447,000	189,445,827	60,081,000	103,708,000	551,681,827
Forward currency sales	75,889,000	32,445,000	29,689,000	145,646,000	283,669,000
Currency swap sales	194,008,000	-	9,933,000	10,000,000	213,941,000
Interest rate swap sales	29,600,000	-	-	-	29,600,000
Currency future sales	4,733,000	4,730,000	5,276,000	-	14,739,000
Currency option sales	335,000	926,827	-	-	1,261,827
Total	304,565,000	38,101,827	44,898,000	155,646,000	543,210,827
Off balance-sheet derivative instruments net position	(106,118,000)	151,344,000	15,183,000	(51,938,000)	8,471,000

	31 December 2003				
	US\$	EURO	Other	TL	Total
Forward currency purchases	16,350,053	20,445,063	4,090,781	13,987,378	54,873,275
Currency swap purchases	-	156,751,633	27,674,139	-	184,425,772
Currency future purchases	6,436,249	2,628,784	177,342	-	9,242,375
Currency option purchases	299,680,253	1,935,911	-	-	301,616,164
Total	322,466,555	181,761,391	31,942,262	13,987,378	550,157,586
Forward currency sales	19,694,862	9,034,563	1,776,673	23,617,961	54,124,059
Currency swap sales	175,870,059	-	-	-	175,870,059
Currency future sales	2,723,943	3,584,705	2,760,709	-	9,069,357
Currency option sales	299,680,254	-	-	-	299,680,254
Total	497,969,118	12,619,268	4,537,382	23,617,961	538,743,729
Off balance-sheet derivative instruments net position	(175,502,563)	169,142,123	27,404,880	(9,630,583)	11,413,857

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NOTE 34 - SUBSEQUENT EVENTS

- i. The agreement related to the murabaha syndication in the amount of USD92.5 million in which Citi Islamic Bank E.C, which was previously authorized by the Company and Kuveyt Türk Evkaf Finans Kurumu A.Ş participated as arranger and in which Citi Islamic Investment Bank E.C was also the agent was signed on 15 July 2004.
- ii. The issue and sale procedures of Eurobond of PO Oil Financing Limited to be issued under the guarantee of the Company incorporated abroad have been completed. The bonds with a nominal value of USD175 million have a maturity of five years; beginning with 22 July 2004 and the date of maturity is 22 July 2009. The Eurobond has a fixed interest rate of 9.75% p.a and the interests will be paid semi-annually. The Eurobond issued was registered in Luxembourg Stock Exchange.
- iii. In accordance with the original payment plan with PHC dated 31 July 2002, the Company paid an amount of TL135,779,316 million for the second instalment; TL116,253,505 million being the principal and TL19,525,811 million being the interest on 9 August 2004.
- iv. On 9 August 2004, the Bank obtained a new syndicated credit facility in the amount of US\$400 million with an interest rate of $\text{libor} + \%0.6$ and maturing on 9 August 2005, provided by a consortium with the leadership of ING Bank N.V.
- v. On 22 July 2004, Kanal D reported to ISE that they made a preliminary agreement with Deutsche Bank AG London, Bender Menkul Değerler A.Ş. and Garanti Yatırım Menkul Kıymetler A.Ş. for the preparation of IPO of its shares and IPO is planned to be completed within one year.

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