

**DOĐAN ŐİRKETLER GRUBU HOLDİNG A.Ő.**

**CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2004  
TOGETHER WITH AUDITOR'S REPORT**

## AUDITOR'S REPORT

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

1. We have audited the accompanying consolidated balance sheet of Doğan Şirketler Grubu Holding A.Ş. ("Doğan Holding") at 31 December 2004 and the related consolidated statement of income and of cash flows for the year then ended, all expressed in New Turkish lira in the equivalent purchasing power of the Turkish lira as at 31 December 2004. These consolidated financial statements are the responsibility of Doğan Holding's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material audit misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As explained in Note 33, following a resolution of the Tax Supreme Court in favour of Türk Dış Ticaret Bankası A.Ş. ("Dışbank") in 2003, Dışbank acquired the right to deduct accumulated losses amounting to YTL364.501 thousand 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 YTL144.824 thousand from its corporate tax base in 2003. At 31 December 2004, Dışbank recognized part of deferred tax assets of YTL34.834 thousand on carried forward losses of YTL116.112 thousand in the accompanying consolidated financial statements. However, without taking into consideration the resolution of the Tax Supreme Court in favour of Dışbank, the Tax Office sent a tax notification to Dışbank expressing that the deduction of these accumulated losses from the corporate tax base for the fourth quarter of 2003 was not acceptable; recalculated the advance corporate tax liability of YTL15.510 thousand and levied a fine of YTL16.131 thousand. Dışbank filed its advance tax declaration, with reservations upon this action of the Tax Office, for the first quarter of 2004 presenting the amount of accumulated losses but without deducting it from the corporate tax base and paid a total of YTL13.371 billion in advance corporate taxes. In that respect, Dışbank has filed a counter action against the Tax Office, and legal proceedings are now in progress. The Tax Office, however, refunded the advance taxes in respect of the entire year of 2003, accepting the decree by the Tax Supreme Court. No provision for any liability that may occur due to the above tax case has been made in the accompanying consolidated financial statements and the possibility of utilising the unused portion of tax losses has not been clarified.

4. As discussed in Note 9, at 31 December 2004 Dışbank followed the local regulations as specified by the Banking Regulation and Supervision Agency and classified credit card receivables of YTL102.607 thousand in the 3rd, 4th and 5th receivable groups as non-performing, of YTL78.722 thousand in 2nd receivable group as closely monitored loans and receivables respectively and recognized YTL64.827 thousand of specific provision for loan losses based on the provisioning matrix as stipulated in the local regulations by which provisions are set aside by the banks in Turkey in the accompanying consolidated financial statements. However, had the impairment loss on the credit card receivables portfolio been measured in accordance with International Accounting Standards (“IAS”) 39 “Financial Instruments”, an estimated additional provision of YTL38.500 thousand (approximately YTL24.000 thousand with Doğan Holding ownership interest) would be recognized in the accompanying consolidated financial statements at 31 December 2004.
5. In our opinion, the consolidated financial statements mentioned in the first paragraph, excluding the effects of the matters described in the 3rd and 4th paragraphs on the consolidated financial statements, present fairly, in all material respects, the financial position of Doğan Şirketler Grubu Holding A.Ş. at 31 December 2004 and the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRS”).

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

6. As explained in Note 24, Petrol Ofisi A.Ş. (“POAŞ”), one of the Joint Ventures of Doğan Holding, pursuant to Tax Law No.5024, the provisions of the related legislation promulgated by the Republic of Turkey Ministry of Finance and Circular No.17 on Tax Procedural Law related to Inflation Adjustment Applications dated 24 March 2005, classified the statutory goodwill as a balancing and temporary account, and thus the Company did not apply inflation accounting thereto. This application was resulted in a deduction of YTL76 million (approximately YTL36 million with Doğan Holding ownership interest) in the taxes on income of the Company. As of the preparation date of the consolidated financial statements, there is uncertainty as to whether the profit or loss resulting from the inflation related to the statutory goodwill should be considered as a positive or negative difference as stated in the General Communiqué 67 of Corporate Tax Law.
7. The consolidated financial statements include the accounts of the parent company, its Subsidiaries and Joint Ventures (Note 3). Subsidiaries are companies in which Doğan Holding has the power to control the financial and operating policies for the benefit of Doğan Holding through the exercise of voting power relating to shares held by Doğan Holding and its Subsidiaries together with voting power which Doğan Holding effectively exercises relating to shares held by Doğan family members (the “control basis”) 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 Doğan Holding and its Subsidiaries and one or more other parties. In effect the Doğan family members allow Doğan Holding to exercise the voting power in respect of their shares held in these companies. In the consolidated financial statements the shares held by Doğan family members are treated as minority interest.

8. As explained in Note 2.d 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 New Turkish lira (“YTL”), as a matter of arithmetic computation only, at the Central Bank of the Republic of Turkey official TL exchange rate of YTL1,3421=USD1,00 for purchases of USD on 31 December 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 31 December 2004. Such translations should not be construed as a representation that the YTL 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

Istanbul, 8 April 2005

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2004

---

CONTENTS	PAGE
CONSOLIDATED BALANCE SHEETS.....	1-2
CONSOLIDATED STATEMENTS OF INCOME .....	3
CONSOLIDATED STATEMENTS OF CASH FLOWS .....	4
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY.....	5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS .....	6-79
NOTE 1 ORGANIZATION AND NATURE OF OPERATIONS .....	6-9
NOTE 2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS.....	10-12
NOTE 3 GROUP ACCOUNTING .....	12-16
NOTE 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.....	16-29
NOTE 5 SEGMENTAL INFORMATION .....	29-34
NOTE 6 CASH AND CASH EQUIVALENTS.....	35-36
NOTE 7 INVESTMENTS .....	36-41
NOTE 8 RESERVE DEPOSITS WITH THE CENTRAL BANK OF TURKEY .....	41
NOTE 9 ORIGINATED LOANS .....	42-44
NOTE 10 DERIVATIVE FINANCIAL INSTRUMENTS.....	44
NOTE 11 TRADE RECEIVABLES .....	45
NOTE 12 TRANSACTIONS AND BALANCES WITH RELATED PARTIES .....	45-47
NOTE 13 INVENTORIES .....	48
NOTE 14 OTHER CURRENT ASSETS.....	49
NOTE 15 INVESTMENT PROPERTIES .....	50
NOTE 16 PROPERTY, PLANT AND EQUIPMENT .....	51-52
NOTE 17 INTANGIBLE ASSETS.....	53
NOTE 18 BANK BORROWINGS, EUROBOND AND MURABAHA SYNDICATION.....	54-56
NOTE 19 BANKING AND CUSTOMER DEPOSITS.....	57-58
NOTE 20 TRADE PAYABLES .....	58
NOTE 21 INSURANCE TECHNICAL RESERVES .....	58
NOTE 22 OTHER CURRENT LIABILITIES .....	59
NOTE 23 OTHER NON-CURRENT LIABILITIES .....	60
NOTE 24 TAXATION ON INCOME .....	60-63
NOTE 25 RESERVE FOR EMPLOYMENT TERMINATION BENEFITS.....	64
NOTE 26 SHARE CAPITAL .....	65-66
NOTE 27 RETAINED EARNINGS AND LEGAL RESERVES .....	66-67
NOTE 28 CASH USED IN OPERATIONS .....	68
NOTE 29 FINANCIAL (EXPENSES)/INCOME, NET .....	69
NOTE 30 OTHER OPERATING EXPENSES, NET.....	70
NOTE 31 FOREIGN CURRENCY POSITION .....	71-72
NOTE 32 SIGNIFICANT ACQUISITIONS AND LEGAL MERGERS.....	73-74
NOTE 33 COMMITMENTS AND CONTINGENT LIABILITIES .....	74-78
NOTE 34 SUBSEQUENT EVENTS.....	79

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2004 AND 2003

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

	Notes	2004 USD(*)	2004	2003
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	6	764.185.567	1.025.613.450	1.108.469.740
Investments:				
- trading securities	7	321.221.365	431.111.194	614.027.557
- available-for-sale	7	430.663.954	577.994.093	602.642.032
- held-to-maturity	7	233.897.624	313.914.001	34.425.257
Reserve deposits with the Central Bank of Turkey	8	344.273.878	462.049.972	260.925.234
Originated loans	9	2.194.767.160	2.945.597.006	2.268.347.750
Derivative financial instruments	10	16.650.156	22.346.175	9.069.651
Trade receivables	11	537.859.300	721.860.966	622.166.896
Due from related parties	12	1.761.154	2.363.645	8.634.847
Inventories	13	226.396.646	303.846.938	219.751.247
Other current assets	14	126.114.069	169.257.692	149.646.615
<b>Total current assets</b>		<b>5.197.790.873</b>	<b>6.975.955.132</b>	<b>5.898.106.826</b>
<b>Non-current assets:</b>				
Investments:				
- available-for-sale	7	629.835.076	845.301.656	954.495.540
- held-to-maturity	7	243.488.622	326.786.080	-
Trade receivables	11	5.684.555	7.629.241	3.529.790
Inventories	13	4.443.410	5.963.500	-
Originated loans	9	414.678.306	556.539.754	393.878.345
Investment properties, net	15	40.641.194	54.544.547	45.692.022
Property, plant and equipment, net	16	968.578.519	1.299.929.230	1.326.708.400
Intangible assets, net	17	1.096.893.995	1.472.141.431	1.588.182.759
Other non-current assets		10.802.256	14.497.708	14.310.613
Deferred tax assets	24	141.223.146	189.535.584	205.789.114
<b>Total non-current assets</b>		<b>3.556.269.079</b>	<b>4.772.868.731</b>	<b>4.532.586.583</b>
<b>Total assets</b>		<b>8.754.059.952</b>	<b>11.748.823.863</b>	<b>10.430.693.409</b>

(\*) As explained in the Note 2.d 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 YTL, as a matter of arithmetic computation only, at the Central Bank of the Republic of Turkey official TL exchange rate. Thus, USD amounts do not form a part of the consolidated financial statements prepared in accordance with International Financial Reporting Standards as at 31 December 2004.

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2004 AND 2003

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

	Notes	2004 USD(*)	2004	2003
<b>LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY</b>				
<b>Current liabilities:</b>				
Bank borrowings	18	1.545.154.652	2.073.752.058	1.700.089.740
Deposits	19	3.262.180.599	4.378.172.582	3.645.378.180
Derivative financial instruments	10	9.943.166	13.344.723	897.061
Trade payables	20	388.417.907	521.295.673	366.239.907
Due to related parties	12	4.122.188	5.532.388	15.647.966
Murabaha syndication	18	9.846.295	13.214.712	-
Insurance technical reserves	21	59.875.649	80.359.109	62.771.351
Other current liabilities	22	423.554.622	568.452.658	507.039.898
Taxes on income	24	14.303.150	19.196.257	19.097.906
<b>Total current liabilities</b>		<b>5.717.398.228</b>	<b>7.673.320.160</b>	<b>6.317.162.009</b>
<b>Non-current liabilities:</b>				
Bank borrowings	18	569.110.199	763.802.799	1.227.177.569
Deposits	19	33.212.130	44.574.000	36.961.958
Eurobond	18	82.307.336	110.464.675	-
Murabaha syndication	18	34.012.065	45.647.592	-
Trade payables	20	42.513.047	57.056.762	42.423.871
Reserve for employment termination benefits	25	22.393.910	30.054.866	20.603.196
Insurance technical reserves	21	19.840.605	26.628.076	22.360.241
Other non-current liabilities	23	5.846.213	7.846.202	126.818.589
Deferred tax liabilities	24	32.778.630	43.992.199	30.766.794
<b>Total non-current liabilities</b>		<b>842.014.135</b>	<b>1.130.067.171</b>	<b>1.507.112.218</b>
<b>Total liabilities</b>		<b>6.559.412.363</b>	<b>8.803.387.331</b>	<b>7.824.274.227</b>
<b>Minority interest</b>				
- Dogan family members	5.g	59.910.709	80.406.163	84.827.226
- Other	5.g	666.090.539	893.960.114	771.058.210
<b>Minority interest</b>	<b>5.g</b>	<b>726.001.248</b>	<b>974.366.277</b>	<b>855.885.436</b>
<b>Shareholders' equity</b>				
Share capital	26	547.863.950	735.288.208	588.230.567
Adjustment to share capital	26	599.608.995	804.735.232	813.259.940
<b>Total paid-in capital</b>		<b>1.147.472.945</b>	<b>1.540.023.440</b>	<b>1.401.490.507</b>
Share premium		550.175	738.390	4.886.491
Translation reserve	2.c	(31.605.565)	(42.417.829)	(23.668.533)
Retained earnings	27	352.228.786	472.726.254	367.825.281
<b>Total shareholders' equity</b>		<b>1.468.646.341</b>	<b>1.971.070.255</b>	<b>1.750.533.746</b>
<b>Total liabilities, minority interest and shareholders' equity</b>		<b>8.754.059.952</b>	<b>11.748.823.863</b>	<b>10.430.693.409</b>
<b>Commitments and contingent liabilities</b>	33			

These consolidated financial statements as at and for the year ended 31 December 2004 have been approved and signed on its behalf by the Board of Directors on 8 April 2005.

**DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**CONSOLIDATED BALANCE SHEETS**

**AT 31 DECEMBER 2004 AND 2003**

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

---

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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

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

	Notes	2004 USD(*)	2004	2003
<b>Revenues:</b>				
Non-banking and non-financial services	5.c	4.828.060.064	6.479.739.412	5.746.709.383
Banking and financial services	5.c	915.517.550	1.228.716.104	1.342.544.851
		<b>5.743.577.614</b>	<b>7.708.455.516</b>	<b>7.089.254.234</b>
<b>Operating expenses:</b>				
Non-banking and non-financial services	5.c	(4.638.270.992)	(6.225.023.498)	(5.560.007.503)
Banking and financial services	5.c	(783.311.038)	(1.051.281.744)	(954.132.580)
		<b>(5.421.582.030)</b>	<b>(7.276.305.242)</b>	<b>(6.514.140.083)</b>
<b>Other operating expenses, net:</b>				
Non-banking and non-financial services	5.c and 30	(3.974.889)	(5.334.698)	(171.847.213)
Banking and financial services	5.c and 30	(74.498.201)	(99.984.036)	(21.887.739)
		<b>(78.473.090)</b>	<b>(105.318.734)</b>	<b>(193.734.952)</b>
<b>Operating profit:</b>				
Non-banking and non-financial services		185.814.183	249.381.216	14.854.667
Banking and financial services		57.708.311	77.450.324	366.524.532
		<b>243.522.494</b>	<b>326.831.540</b>	<b>381.379.199</b>
Financial (expenses)/income, net	29	(15.805.569)	(21.212.654)	91.933.890
Gain on net monetary position		39.154.021	52.548.611	211.750.229
<b>Income before minority interest and taxation on income</b>		<b>266.870.946</b>	<b>358.167.497</b>	<b>685.063.318</b>
Taxation on income	24	(62.390.421)	(83.734.184)	(109.642.657)
<b>Income before minority interest</b>		<b>204.480.525</b>	<b>274.433.313</b>	<b>575.420.661</b>
Minority interest				
- Dogan family members		1.127.059	1.512.626	(11.319.392)
- Other		(27.315.501)	(36.660.134)	(127.720.908)
		<b>(26.188.442)</b>	<b>(35.147.508)</b>	<b>(139.040.300)</b>
<b>Net income</b>		<b>178.292.083</b>	<b>239.285.805</b>	<b>436.380.361</b>
Weighted average number of shares with face value of YTL1 each	4	735.288.208	735.288.208	644.875.292
Basic and diluted earnings per share in USD/YTL	4	0,24	0,33	0,68

(\*) As explained in the Note 2.d 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 YTL, as a matter of arithmetic computation only, at the Central Bank of the Republic of Turkey official TL exchange rate. Thus, USD amounts do not form a part of the consolidated financial statements prepared in accordance with International Financial Reporting Standards as at 31 December 2004.

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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

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

	Notes	2004 USD(*)	2004	2003
<b>Cash flows from operating activities</b>				
Net income before taxation and minority interest		266.870.946	358.167.497	685.063.318
<b>Adjustments to reconcile net income to net cash from operating activities:</b>				
Cash used in operations	28	(301.014.271)	(403.991.253)	(685.185.739)
Finance segment interest received		671.010.392	900.563.047	649.542.523
Finance segment interest paid		(396.453.894)	(532.080.771)	(497.353.447)
Taxes paid		(44.646.561)	(59.920.150)	(91.953.777)
Employment termination benefits paid	25	(2.805.164)	(3.764.810)	(5.907.292)
<b>Net cash from operating activities</b>		<b>192.961.448</b>	<b>258.973.560</b>	<b>54.205.586</b>
<b>Cash flows from investing activities:</b>				
Purchase of property, plant and equipment	16	(136.467.270)	(183.152.723)	(206.893.683)
Purchase of investment property	15	(5.113.658)	(6.863.040)	(3.424.797)
Purchase of intangible assets	17	(24.573.517)	(32.980.117)	(42.222.014)
Proceeds from sale of property, plant and equipment and other non-current assets		23.332.526	31.314.583	61.560.336
Increase in available-for-sale investments		(387.807.913)	(520.477.000)	(405.639.336)
Change in other non-current assets and liabilities		(88.785.839)	(119.159.475)	(8.581.416)
Acquisition of subsidiaries	32	(14.556.938)	(19.536.866)	-
Proceeds from disposal of subsidiaries		177.523.878	238.254.796	8.976.756
Non-finance segment interest received		68.575.652	92.035.382	46.342.740
Inflation effect on investing activities		(141.827.524)	(190.346.720)	(115.784.886)
<b>Net cash used in investing activities</b>		<b>(529.700.603)</b>	<b>(710.911.180)</b>	<b>(665.666.300)</b>
<b>Cash flows from financing activities:</b>				
Proceeds of issuance of share capital to minority interests	5.g	12.315.488	16.528.616	3.685.068
Dividends paid to minority interests	5.g	(19.866.446)	(26.662.757)	(398.747)
Net increase/(decrease) in short-term borrowings		246.717.792	331.119.949	(106.248.238)
Net decrease in long-term borrowings		(345.260.985)	(463.374.768)	(257.189.000)
Net increase in Murabaha syndication		43.858.359	58.862.304	-
Net increase in Eurobond		82.307.336	110.464.675	-
Net increase/(decrease) in long-term trade payables		10.902.981	14.632.891	(22.739.092)
Proceeds from issuance of share capital		-	-	159.031.796
Proceeds from changes in share premium		-	-	738.391
Non-finance segment interest paid		(108.110.269)	(145.094.792)	(309.691.580)
Inflation effect on financing activities		281.032.301	377.173.451	415.537.642
<b>Net cash from/(used in) financing activities</b>		<b>203.896.557</b>	<b>273.649.569</b>	<b>(117.273.760)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(132.842.598)</b>	<b>(178.288.051)</b>	<b>(728.734.474)</b>
Inflation effect on cash and cash equivalents		(88.249.319)	(118.439.411)	(227.524.798)
Cash and cash equivalents at the beginning of year	6	770.768.525	1.034.448.437	1.990.707.709
<b>Cash and cash equivalents at the end of year</b>	<b>6</b>	<b>549.676.608</b>	<b>737.720.975</b>	<b>1.034.448.437</b>

Cash and cash equivalents amounting to YTL218.349.161 (2003: YTL69.060.490) are unavailable for use at 31 December 2004 (Note 6).

(\*) As explained in the Note 2.d 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 YTL, as a matter of arithmetic computation only, at the Central Bank of the Republic of Turkey official TL exchange rate. Thus, USD amounts do not form a part of the consolidated financial statements prepared in accordance with International Financial Reporting Standards as at 31 December 2004.

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

**DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.****CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003**

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

	Share capital	Adjustment to share capital	Share premium	Translation reserve	Retained earnings/ (Accumulated deficit)	Total shareholders' equity
<b>At 31 December 2002</b>	<b>452.485.051</b>	<b>789.973.660</b>	<b>4.148.101</b>	<b>3.027.147</b>	<b>(68.555.080)</b>	<b>1.181.078.879</b>
Currency translation differences	-	-	-	(26.695.680)	-	(26.695.680)
Increase in share capital	135.745.516	23.286.280	738.390	-	-	159.770.186
Net income for the year	-	-	-	-	436.380.361	436.380.361
<b>At 31 December 2003</b>	<b>588.230.567</b>	<b>813.259.940</b>	<b>4.886.491</b>	<b>(23.668.533)</b>	<b>367.825.281</b>	<b>1.750.533.746</b>
Currency translation differences	-	-	-	(18.749.296)	-	(18.749.296)
Transfers	147.057.641	(8.524.708)	(4.148.101)	-	(134.384.832)	-
Net income for the year	-	-	-	-	239.285.805	239.285.805
<b>At 31 December 2004</b>	<b>735.288.208</b>	<b>804.735.232</b>	<b>738.390</b>	<b>(42.417.829)</b>	<b>472.726.254</b>	<b>1.971.070.255</b>

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

---

### NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS

Doğan Şirketler Grubu Holding A.Ş. (“Doğan Holding” or the “Holding”) was established on 22 October 1980 as a corporation to coordinate the activities of and liaise between companies operating in different fields including media, finance, energy, telecommunications, tourism, manufacturing and marketing and is registered in Turkey. Doğan Holding also provides financial and managerial advisory and internal audit services to its Subsidiaries and Joint Ventures operating in these fields.

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 2004, the shares quoted on the ISE represent 34,29% of the total shares. At 31 December 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 Vakfı	0,19
	<b>100,00</b>

---

The address of the registered office is as follows:

Oymacı Sokak No: 51  
34662 Altunizade-Istanbul

The majority of Doğan Holding is organized in Turkey, in four main business segments:

- Finance
- Media
- Energy
- Other

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

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

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

<u>Name</u>	<u>Nature of business</u>	<u>Segment</u>
Türk Dış Ticaret Bankası A.Ş. ("Dışbank")	Banking	Finance
Dış Ticaret Faktoring A.Ş. ("Dış Faktoring")	Factoring	Finance
Dış Ticaret Finansal Kiralama A.Ş. ("Dış Leasing")	Leasing	Finance
Dış Yatırım Menkul Değerler A.Ş. ("Dış Yatırım")	Brokerage and fund management	Finance
Dış Portföy Yönetimi ("Dış Portföy")	Portfolio Management	Finance
Dış Holding Malta Limited ("Dış Holding Malta")	Banking	Finance
Dışbank Malta Ltd. ("Dışbank Malta")	Banking	Finance
Dış Globus Malta ("Dış Globus")	Banking	Finance
Ray Sigorta A.Ş. ("Ray Sigorta")	Insurance	Finance
Doğan Emeklilik A.Ş. ("Doğan Emeklilik")	Insurance	Finance
Dış Holding Netherland B.V. ("Dış Holding B.V.")	Banking	Finance
Doğan Faktoring Hizmetleri A.Ş. ("Doğan Faktoring")	Factoring	Finance
Hürriyet Gazetecilik ve Matbaacılık A.Ş. ("Hürriyet")	Newspaper publishing	Media
Doğan Gazetecilik A.Ş. ("Doğan Gazetecilik")	Newspaper publishing	Media
Yaysat Yayın Satış Pazarlama ve Dağıtım A.Ş. ("Yaysat")	Distribution	Media
DYG İlan ve Reklam Hizmetleri A.Ş. ("DYG İlan")	Advertising	Media
Doğan Ofset Yayıncılık ve Matbaacılık A.Ş. ("Doğan Ofset")	Newspaper publishing	Media
Doğan Kitapçılık A.Ş. ("Doğan Kitapçılık")	Book publishing	Media
Doğan Haber Ajansı A.Ş. ("Doğan Haber")	News agency	Media
Doğan Basım ve Dağıtım İşleri A.Ş. ("Doğan Basım")	Administrative services	Media
Milliyet Haber Ajansı A.Ş. ("Milliyet Haber")	News agency	Media
GPS Film Prodüksiyon A.Ş. ("GPS Film")	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 GmbH ("Doğan Media")	Newspaper publishing	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
Hürriyet Gazetecilik ve Matbaacılık A.Ş. Zweigniederlassung Deutschland ("Hürriyet Zweigniederlassung")	Newspaper printing	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
Milliyet Verlags und Handels GmbH ("Milliyet Verlags")	Newspaper publishing	Media
Doğan Telekomünikasyon Ticaret A.Ş. ("Doğan Telekom")	Communications	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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

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

<u>Name</u>	<u>Nature of business</u>	<u>Segment</u>
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 service	Media
Hürriyet İnternet Hizmetleri ve Ticaret A.Ş. ("Hürriyet İnternet")	Internet services	Media
Egeser Servis ve İdari Hizmetler ve Ticaret A.Ş. ("Egeser")	Administrative service	Media
Hür Servis Sosyal Hizmetler ve Ticaret A.Ş. ("Hürservis")	Administrative service	Media
Hür Medya İlançılık ve Reklamcılık Ticaret A.Ş. ("Hürmedya")	Administrative service	Media
Doğan Müzik Kitap Mağazacılık Pazarlama A.Ş. ("DMK")	Retail	Media
Birleşik Birleşik Televizyon Reklam Pazarlama A.Ş. ("Birleşik")	Advertising	Media
Birpa Birleşik Reklam Pazarlama A.Ş. ("Birpa")	Retail	Media
Milpa Ticari ve Sınai Ürünler Pazarlama Sanayi ve Ticaret A.Ş. ("Milpa")	Trading	Other
Hürriyet Ticari ve Sınai Ürünler Pazarlama Sanayi ve Ticaret A.Ş. ("Hürriyet Pazarlama")	Marketing	Other
Milanur İnşaat Pazarlama Turizm Sanayi ve Ticaret Limited Şirketi ("Milanur")	Construction	Other
Doğan Otomobilcilik Ticaret ve Sanayi A.Ş. ("Doğan Oto")	Trading	Other
Doğan Havacılık Sanayi ve Ticaret A.Ş. ("Doğan Havacılık")	Aviation	Other
Doğan Yayın Holding A.Ş. ("Doğan Yayın")	Investment	Other
Çelik Halat ve Tel Sanayi A.Ş. ("Çelik Halat")	Production	Other
Ditaş Doğan Yedek Parça İmalat ve Teknik A.Ş. ("Ditaş Doğan")	Production	Other
Milta Turizm İşletmeleri A.Ş. ("Milta Turizm")	Tourism	Other
Doğan Karton Sanayi ve Ticaret A.Ş. ("Doğan Karton")	Production	Other
CH Investments B.V.	Investment	Other
CH UK Limited	Investment	Other
Entralle Handels GmbH	Trading	Other
3D Güvenlik Sistemleri ve Organizasyon Ticaret A.Ş. ("3D Güvenlik")	Service	Other
Doğan Organik Ürünler Sanayi ve Ticaret A.Ş. ("Doğan Organik")	Agriculture	Other
CH Bulgaria ("CH Bulgaria")	Production	Other
Doğan Elektronik Aracılık Hizmetleri Satış Pazarlama Ve Yayıncılık A.Ş. ("D Elektronik")	Marketing	Other
Satış Noktaları A.Ş. ("Satış Noktaları")	Distribution and marketing	Other
Doğan Müzayedecilik Satış Ve Pazarlama A.Ş. ("Doğan Müzayedecilik")	Marketing	Other
Doğan Dış Ticaret ve Mümessillik A.Ş. ("Doğan Dış Ticaret")	Importation and exportation	Other
Orta Anadolu Otomotiv A.Ş. ("Orta Anadolu Otomotiv")	Automotive	Other
D Tek Bilgi ve İletişim Sistemleri A.Ş. ("D Tek")	Information technology	Other
İsedaş İstanbul Elektrik Dağıtım Sanayi ve Ticaret A.Ş. ("İsedaş")	Energy	Energy
Zigana Elektrik Dağıtım Sanayi ve Ticaret A.Ş. ("Zigana")	Energy	Energy
Çelik Enerji Üretim A.Ş. ("Çelik Enerji")	Energy	Energy

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

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

The number of employees of the Holding at 31 December 2004 is 14.694 (2003: 11.426).

For the purposes of the segmental information in these consolidated financial statements, Doğan Holding's separate financial statements have been 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, CH Bulgaria in Bulgaria, Hürriyet Zweigniederlassung, Milliyet Verlags, 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 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")	Telecommunications	Media	Koç Holding A.Ş.
Digital Hizmetler Pazarlama A.Ş. ("Digital Hizmetler")	Telecommunications	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.
Dergi Pazarlama Planlama ve Ticaret A.Ş. ("Dergi Pazarlama")	Advertising	Media	Burda RCS Int. GmbH
Petrol Ofisi A.Ş. ("POAŞ") (*)	Distribution of petroleum products	Energy	T. İş Bankası A.Ş.
Çağdaş Pazarlama Sistemleri A.Ş. ("Çağdaş Pazarlama")	Trading	Other	RT. Exports LLC- LBO Acquisitions 2001 Ltd.

- (\*) POAŞ has a 52% share in Kıbrıs Türk Petrolleri Ltd. ("Kipet"), a 100% share in Petrol Ofisi International Oil Trading Ltd. ("PO International"), a 100% share in PO Petrofinance N.V. ("Petrofinance") and a 99,96% share 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. Lysa Investments Ltd. was founded in the Bahamas in 2001 in order to trade petroleum products; its name was changed to Petrol Ofisi International Oil Trading Ltd. ("PO International") in 2003. PO Petrofinance N.V. ("Petrofinance") was founded in the Netherlands in 2002 in order to generate funds, borrow money and grant 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 the Cayman Islands in 2004 for the generation of funds and the taking out and granting of loans.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

### NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

#### a) New Turkish lira financial statements

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), including the International Accounting Standards ("IAS") and Interpretations issued by the International Accounting Standards Board ("IASB"). Doğan Holding and its Subsidiaries and Joint Ventures registered in Turkey maintain their books of account and prepare their statutory financial statements ("Statutory Financial Statements") in YTL in accordance with the Turkish Commercial Code (the "TCC"), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance, applicable Turkish insurance laws for insurance companies, Banking law and accounting principles promulgated by the Banking Regulation and Supervising Agency for banks and for listed companies and 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, 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 Turkish lira).

International Accounting Standard 29 ("IAS 29"), "Financial Reporting in Hyperinflationary Economies", 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. Characteristics that necessitate the application of IAS 29 are as follows: the general population prefers to keep its wealth in non-monetary assets and in a relatively stable currency; sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the credit period even if the period is short; interest rates, wages and prices are linked to a price index; and cumulative three-year inflation rates approach or exceed 100%. The restatement was calculated by means of conversion factors derived from the Turkish nationwide wholesale price index ("WPI") published by the State Institute of Statistics ("SIS").

Such indices and conversion factors used to restate the financial statements at 31 December are given below:

Dates	Index	Conversion factors	Cumulative three-year inflation rates
<b>31 December 2004</b>	<b>8.403,8</b>	<b>1,000</b>	<b>69,7%</b>
31 December 2003	7.382,1	1,138	181,1%
31 December 2002	6.478,8	1,297	227,3%

The main procedures for the aforementioned restatement are as follows:

- Financial statements prepared in the currency of a hyperinflationary economy are stated in terms of the measuring unit current at the balance sheet date, and corresponding figures for previous years are restated in the same terms.
- Monetary assets and liabilities that are carried at amounts current at the balance sheet date are not restated because they are already expressed in terms of the monetary unit current at the balance sheet date.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003**

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

---

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

- 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 conversion factors.
- Comparative financial statements are restated using general inflation indices at the currency purchasing power at the latest balance sheet date.
- All items in the consolidated statements of income are restated by applying the relevant (monthly) conversion factors.
- The effect of inflation on the net monetary liability position of Doğan Holding, the Subsidiaries and Joint Ventures is included in the consolidated statements of income as gain on net monetary position.

**b) New Turkish lira**

Through the enactment of the Law numbered 5083 concerning the “Currency of the Republic of Turkey” in the Official Gazette dated 30 January 2004, the New Turkish lira (“YTL”) and the New Kuruş (“YKr”) have been introduced as the new currencies of the Republic of Turkey, effective from 1 January 2005. The hundredth part of the YTL is the YKr (1 YTL=100YKr). When the prior currency, Turkish lira (“TL”), values are converted into the YTL, one million TL (1.000.000 TL) is equivalent to one YTL (1 YTL). Accordingly, currency of the Republic of Turkey is simplified by removing six zeroes from the TL.

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

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

**c) Translation of foreign Subsidiaries' financial statements**

Financial statements of the foreign Subsidiaries are maintained in accordance with the laws and regulations in force in the countries in which they are registered, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with IFRS. The assets and liabilities of foreign Subsidiaries and associated companies are translated into Turkish lira using the relevant foreign exchange rates prevailing at the period-end. The results of the foreign Subsidiaries and Associates 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 Subsidiaries and Associates arising from using period-end and average exchange rates are included in the shareholders' equity as translation reserve.

## **DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003**

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

---

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

##### **d) 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 New Turkish lira ("YTL"), as a matter of arithmetic computation only, at the Central Bank of the Republic of Turkey official TL exchange rate of YTL1,3421=USD1,00 for purchases of USD on 31 December 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 31 December 2004. Such translations should not be construed as a representation that the YTL amounts have been or could be converted into USD at this or any other rate.

#### **NOTE 3 - GROUP ACCOUNTING**

- (a) These consolidated financial statements include the accounts of the parent company, Doğan Holding, its Subsidiaries and its Joint Ventures (collectively referred to as the "Group") on the basis set out in sections (a) to (e) below. The financial statements of the companies included in the consolidation are based on the accounting principles and presentation basis applied by the Group in accordance with IFRS.
- (b) Subsidiaries are companies in which Doğan Holding has the power to control the financial and operating policies for the benefit of Doğan Holding either (a) through the power to exercise more than 50% of 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. Proportion of ownership interest represents the effective shareholding of the Group through the shares held directly by Doğan Holding and indirectly by its Subsidiaries.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

### NOTE 3 - GROUP ACCOUNTING (Continued)

The table below sets out all Subsidiaries included in the scope of consolidation and shows their shareholding structure at 31 December 2004 and 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 (%)	
	2004	2003	2004	2003	2004	2003	2004	2003
Dışbank	62,37%	62,37%	4,00%	4,00%	66,37%	66,37%	62,37%	62,37%
Dış Faktoring	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%	0,00%	0,00%	100,00%	100,00%	62,37%	62,37%
Dış Globus	99,93%	100,00%	0,00%	0,00%	99,93%	100,00%	62,33%	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 Faktoring	100,00%	100,00%	0,00%	0,00%	100,00%	100,00%	65,79%	75,73%
Hürriyet	60,00%	66,63%	0,00%	0,00%	60,00%	66,63%	40,08%	51,17%
Doğan Gazetecilik	79,76%	79,76%	0,67%	0,67%	80,43%	80,43%	53,28%	57,20%
Yaysat	75,00%	75,00%	0,00%	0,00%	75,00%	75,00%	43,42%	51,19%
DYG İlan	100,00%	100,00%	0,00%	0,00%	100,00%	100,00%	54,70%	64,16%
Doğan Ofset	99,89%	99,89%	0,00%	0,00%	99,89%	99,89%	52,07%	62,65%
Doğan Kitapçılık	99,90%	99,90%	0,10%	0,10%	100,00%	100,00%	53,67%	64,19%
Doğan Haber	90,61%	89,13%	0,00%	0,00%	90,61%	89,13%	47,21%	55,84%
Doğan Basım	100,00%	100,00%	0,00%	0,00%	100,00%	100,00%	40,08%	51,17%
Milliyet Haber	100,00%	100,00%	0,00%	0,00%	100,00%	100,00%	59,13%	67,35%
GPS Film(3)	100,00%	100,00%	0,00%	0,00%	100,00%	100,00%	40,08%	51,16%
Doğan Prodüksiyon	63,00%	63,00%	0,00%	0,00%	63,00%	63,00%	29,36%	35,89%
ANS	70,00%	70,00%	0,00%	0,00%	70,00%	70,00%	46,76%	53,76%
Doğan Online	60,00%	59,99%	40,00%	40,00%	100,00%	99,99%	40,08%	46,07%
Doğan Media	97,66%	97,66%	2,34%	2,34%	100,00%	100,00%	53,50%	63,75%
D Finans	99,92%	99,92%	0,08%	0,08%	100,00%	100,00%	40,05%	46,04%
DMC	99,17%	99,17%	0,02%	0,02%	99,19%	99,19%	66,25%	76,16%
D Market	89,97%	89,97%	0,00%	0,00%	89,97%	89,97%	36,06%	41,45%
Hürriyet								
Zweigniederlassung	100,00%	100,00%	0,00%	0,00%	100,00%	100,00%	40,08%	51,17%
Doğan Daily News	94,25%	94,25%	0,00%	0,00%	94,25%	94,25%	62,96%	72,38%
Doğan Dağıtım	100,00%	100,00%	0,00%	0,00%	100,00%	100,00%	66,79%	76,78%
Milliyet İnternet (4)	100,00%	100,00%	0,00%	0,00%	100,00%	100,00%	54,22%	62,74%
Milliyet Verlags	99,03%	99,03%	0,97%	0,97%	100,00%	100,00%	64,44%	70,73%
Doğan Telekom	96,00%	96,00%	4,00%	4,00%	100,00%	100,00%	58,48%	66,03%
Kanal D	93,76%	88,86%	0,00%	0,00%	93,76%	88,86%	62,63%	68,06%
Doğan TV	100,00%	100,00%	0,00%	0,00%	100,00%	100,00%	66,80%	76,80%
Hürbim	99,92%	99,92%	0,00%	0,00%	99,92%	99,92%	66,75%	76,74%
Alp Görsel	100,00%	98,75%	0,00%	0,00%	100,00%	98,75%	66,80%	75,84%
Bravo TV	99,60%	99,60%	0,00%	0,00%	99,60%	99,60%	66,54%	76,49%
Fun TV	99,07%	99,07%	0,00%	0,00%	99,07%	99,07%	66,18%	76,08%
Galaksi Radyo	99,07%	99,07%	0,00%	0,00%	99,07%	99,07%	66,18%	76,08%
Hür FM	100,00%	95,60%	0,00%	0,00%	100,00%	95,60%	66,75%	73,42%
Işıl TV	99,06%	99,06%	0,00%	0,00%	99,06%	99,06%	66,18%	76,08%
Kanalspor	99,06%	99,06%	0,00%	0,00%	99,06%	99,06%	66,18%	76,08%

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

### 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 (%)	
	2004	2003	2004	2003	2004	2003	2004	2003
Milenyum TV	99,94%	99,06%	0,00%	0,00%	99,94%	99,06%	66,76%	76,08%
D Radyo	99,89%	99,89%	0,00%	0,00%	99,89%	99,89%	66,73%	76,72%
Radyo Foreks	99,89%	99,89%	0,00%	0,00%	99,89%	99,89%	66,73%	76,72%
Tempo TV	99,06%	99,06%	0,00%	0,00%	99,06%	99,06%	66,18%	76,08%
TV 2000	99,06%	99,06%	0,00%	0,00%	99,06%	99,06%	66,18%	76,08%
DS Servis	100,00%	100,00%	0,00%	0,00%	100,00%	100,00%	40,08%	51,17%
Hürriyet İnternet	100,00%	100,00%	0,00%	0,00%	100,00%	100,00%	40,08%	51,17%
Egeser	100,00%	100,00%	0,00%	0,00%	100,00%	100,00%	40,08%	51,17%
Hürservis	100,00%	100,00%	0,00%	0,00%	100,00%	100,00%	40,08%	51,17%
Hürmedya	100,00%	100,00%	0,00%	0,00%	100,00%	100,00%	40,08%	51,17%
DMK	99,98%	99,98%	0,00%	0,00%	99,98%	99,98%	66,79%	76,79%
Birmaş	100,00%	100,00%	0,00%	0,00%	100,00%	100,00%	66,70%	76,49%
Birpa	64,94%	64,94%	35,06%	35,06%	100,00%	100,00%	43,38%	49,87%
Milpa	65,00%	65,00%	0,50%	0,50%	65,50%	65,50%	65,00%	65,00%
Hürriyet Pazarlama	96,14%	93,25%	3,86%	6,75%	100,00%	100,00%	38,55%	47,73%
Milanur	99,99%	99,99%	0,01%	0,01%	100,00%	100,00%	65,00%	65,00%
Doğan Oto	99,76%	99,65%	0,24%	0,35%	100,00%	100,00%	99,76%	99,65%
Doğan Havacılık	100,00%	100,00%	0,00%	0,00%	100,00%	100,00%	82,29%	84,78%
Doğan Yayın	66,80%	76,80%	3,14%	3,15%	69,94%	79,95%	66,80%	76,80%
Çelik Halat	62,44%	62,44%	0,00%	0,00%	62,44%	62,44%	57,53%	58,01%
Ditaş Doğan	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%
Doğan Karton(4)	65,00%	65,00%	35,00%	35,00%	100,00%	100,00%	65,00%	65,00%
D Elektronik(1)	96,00%	-	0,00%	-	96,00%	-	38,48%	-
Satış Noktaları(1)	67,00%	-	0,00%	-	67,00%	-	44,76%	-
Doğan Müzayedecilik(1)	96,00%	-	0,00%	-	96,00%	-	38,48%	-
Doğan Dış Ticaret(2)	100,00%	-	0,00%	-	100,00%	-	66,34%	-
Orta Anadolu Otomotiv(2)	85,00%	-	0,00%	-	85,00%	-	32,77%	-
CH Investment B.V (4)	100,00%	100,00%	0,00%	0,00%	100,00%	100,00%	57,53%	58,01%
CH UK Limited (4)	100,00%	100,00%	0,00%	0,00%	100,00%	100,00%	57,53%	58,01%
Entrallee								
Handels GmbH (4)	95,48%	95,48%	4,52%	4,52%	100,00%	100,00%	62,06%	62,06%
3D Güvenlik (4)	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%
CH Bulgaria	100,00%	100,00%	0,00%	0,00%	100,00%	100,00%	57,53%	52,43%
D Tek(4)	99,60%	99,60%	0,00%	0,00%	99,60%	99,60%	64,74%	64,74%
İsedaş	40,00%	40,00%	5,00%	5,00%	45,00%	45,00%	40,00%	40,00%
Zigana	65,00%	65,00%	4,99%	4,99%	69,99%	69,99%	65,00%	65,00%
Çelik Enerji	99,75%	99,00%	0,00%	0,00%	99,75%	99,00%	57,49%	51,90%

(1) These Subsidiaries of the Group were established in 2004.

(2) These Subsidiaries of the Group were acquired in 2004 (Note 32).

(3) The registered name of Hürriyet TV Film Prodüksiyon A.Ş. was changed as GPS Film Prodüksiyon A.Ş. in 2004.

(4) These Subsidiaries of Doğan Holding have been excluded from the scope of consolidation on the grounds of materiality.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

### 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 year, respectively.

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

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

The table below sets out all Joint Ventures included in the scope of consolidation and shows their shareholding structure at 31 December 2004 and 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 (%)	
	2004	2003	2004	2003	2004	2003	2004	2003
DBR	40,72%	40,72%	2,02%	2,02%	42,74%	42,74%	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%	27,32%	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%	21,38%	25,08%
Çağdaş Pazarlama (*)	50,00%	50,00%	0,00%	0,00%	50,00%	50,00%	32,54%	32,59%
POAŞ	47,42%	47,42%	0,00%	0,00%	47,42%	47,42%	47,42%	47,42%

- (\*) This Joint Venture of Doğan Holding was established in 2003 and has been excluded from the scope of consolidation on the grounds of materiality.

## DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

---

#### NOTE 3 - GROUP ACCOUNTING (Continued)

- d) Available-for-sale equity investments in which the Group, together with Doğan family members, has an interest below 20%, or above 20% over which the Holding does not exercise a significant influence, or which are immaterial and that do not have quoted market price in active markets and whose fair values cannot be measured reliably, are carried at cost and restated to the equivalent purchasing power at 31 December 2004 less any provision for diminution in value (Note 7).

Available-for-sale equity investments in which the Group, together with Doğan family members, has an 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) Results of Subsidiaries are included or excluded from their effective dates of acquisition and disposal, respectively.

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

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

#### NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### A. Related parties

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

---

### 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 recognized at cost of purchase including the transaction costs. Trading securities are subsequently re-measured at fair value. All related realized and unrealized gains and losses are included in “revenues” for the Subsidiaries in the finance segment and in the “financial income” for companies in non-finance segments. Dividends received are recognized as dividend income in the consolidated statement of income.

Debt securities with fixed maturity, where management has both the intent and the ability to hold to the maturity excluding the financial assets classified as originated loans and advances to customers, are classified as “held-to-maturity investments”. Held-to-maturity investments are initially recognized at cost and subsequently are carried at amortized 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 equity investments in which the Group, together with Doğan family members, has an interest below 20%, or above 20% over which the Holding does not exercise a significant influence, or which are immaterial and that do not have quoted market price in active markets and whose fair values cannot be measured reliably, are carried at cost and restated to the equivalent purchasing power at 31 December 2004 less any provision for diminution in value.

All purchases and sales of investments for the finance sector are recognized on the delivery date and for all purchases and sales in the other sectors, on the trade date.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

---

### NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### C. Sale and repurchase agreements

Securities sold subject to linked repurchase agreements (“repos”) in, the finance segment are retained in the financial statements as investments and a counterparty liability is included in amounts due to other banks or customer deposits as appropriate (Note 19). The difference between sales and repurchase prices is treated as interest and amortized over the life of repo agreements using the effective yield method.

Securities purchased under agreements to resell (“reverse repos”) are recorded as due from other banks (Note 6). The difference between sales and repurchase prices is treated as interest and amortized over the life of reverse repo agreements using the effective yield method.

#### D. Trade receivables and provision for doubtful receivables

Trade receivables that are created by the Group by way of providing goods or services directly to a debtor are carried at amortized cost. Trade receivables that deferred financial income is netted-off and calculated by discounting amounts that will be collected of trade receivables recorded in the original invoice value in the subsequent periods using the effective yield method. 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 categorized as loans originated by the Group and are carried at amortized cost, less any provision for loan losses.

##### *i) Loans and advances to customers*

All loans and advances are recognized 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 impaired loans and loans under legal follow-up is the difference between the carrying amount and the recoverable amount, being the net present value of expected cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of loans (Note 9).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003**

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

---

**NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 the 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 year. When a loan is deemed uncollectible, 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.

*ii) Debt securities*

Debt securities issued by the Undersecretariat of Treasury of Republic of Turkey and originated by the Group at original issuance by transferring the funds directly to the borrower, are categorized as loans originated by the Group and are carried at amortized 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 amortized cost. The level of the provision is based on management's evaluation of the portfolio including such factors as the volume and character of receivables, past pattern of losses and general economic conditions. The movement in provision made during the year is charged against the income for the year. Receivables that cannot be recovered are written-off and charged against the provision for losses. These receivables are written-off after all the necessary legal proceedings have been completed and the amount of the loss is finally determined. Recoveries of amounts previously provided for are treated as a reduction of the charge for provision for factoring receivables for the year (Note 9).

**G. Inventories**

Inventories are valued at the lower of cost or net realizable value, restated to equivalent purchasing power at 31 December 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 realizable 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 and restated to the equivalent purchasing power at 31 December 2004 less accumulated depreciation. Investment properties (except land) are depreciated on a straight-line basis. Depreciation is calculated on the values of investment properties, which are restated to the equivalent purchasing power at 31 December 2004 (Note 15). The depreciation periods for investment property, which approximate the economic useful lives of such assets, are 50 years.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

---

### NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of asset net selling price or value in use.

#### I. Property, plant and equipment

Property, plant and equipment is carried at cost and restated to the equivalent purchasing power at 31 December 2004 less accumulated depreciation, in these consolidated financial statements. Property, plant and equipment are depreciated on a straight-line basis. Depreciation is calculated on the values of property, plant and equipment, which are restated to the equivalent purchasing power at 31 December 2004 (Note 16).

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

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

Property, plant and equipment is reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized 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 lessee*

##### *Financial Lease*

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 capitalized 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 under "property, plant and equipment"; payables resulting from the financial lease are recorded at "financial lease obligations". Property, plant and equipment acquired under finance leases is depreciated over the useful life of the asset. Financial lease obligations are recorded in the consolidated financial statements at the purchase cost of related property, plant and equipment. Lease payments are treated as comprising capital and interest elements. The capital element is treated as reducing the capitalized obligation under the lease and the interest element is charged to the statement of income.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003**

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

---

**NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Operational Lease*

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*

*Financial Lease*

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

*Operational Lease*

Under operational leasing, assets subject to leasing agreements are recorded as property, plant and equipment and the income obtained is charged to the consolidated income statement in equal portions over the period of the lease. Leasing income (net of any incentives received from the lessee) is charged to the income statement on a straight-line basis over the period of the lease.

**K. Goodwill / Negative goodwill and amortization**

Goodwill and negative goodwill arising on consolidation, which represent the difference between the purchase consideration and the attributable share of the Group in the fair value of the underlying net assets of the company acquired, are capitalised and amortized using the straight-line method over the useful life, until 31 December 2004 if the acquisition is before 31 March 2004. Within the context of IFRS 3 - "Business Combinations" amortisation accounting is not applied for goodwill related to the acquisitions after 31 March 2004, and the carrying value of goodwill is reviewed annually and adjusted for permanent impairment where it is considered necessary (Note 17). Negative goodwill related to the acquisitions after 31 March 2004 is accounted for as income in the related period. In accordance with IFRS 3, goodwill associated with the transactions before 31 March 2004 will not be amortized starting from the beginning of the first annual period beginning on or after 31 March 2004 (1 January 2005) and it will be reviewed annually for impairment.

**L. Intangible assets**

Intangible assets other than goodwill comprise of acquired intellectual property, trademarks and other identified rights. They are recorded at acquisition cost and restated to the equivalent purchasing power at 31 December 2004 and amortized 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. The 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).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003**

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

---

**NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Programme rights are initially recognized at acquisition cost or production cost when the Group controls, in substance, the respective assets and the risks and rewards attached to them (Note 17).

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 realizable 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 recognized at the acquisition cost of the broadcasting right and they are amortized upon the number of transmissions over the life of the contract.

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

**M. Programme stocks**

Programme stocks involve internal/external productions that have been produced but not yet broadcasted. Current programme stocks are recognized at acquisition or production cost and restated to the equivalent purchasing power at 31 December 2004 and are not subject to amortization. These programmes are fully amortized upon the first transmission and charged as cost of sales in the consolidated statement of income (Note 14).

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

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).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003**

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

---

**NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**O. Provisions**

Provisions are recognized 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 amortized cost using the effective yield method; any difference between the proceeds and redemption value is recognized in the consolidated statement of income over the period of the borrowings.

**R. Eurobonds**

Eurobonds are recognized initially at fair value, being their issue proceeds net of transaction costs incurred. Eurobonds are subsequently stated at amortized cost using the effective yield method; any difference between the proceeds and redemption value is recognized in the consolidated income statement over the period of the Eurobonds.

**S. Murabaha syndication**

Murabaha syndication, a type of stock purchase on a term basis, is recognized initially at proceeds received, net of transaction costs incurred. Bank borrowings are subsequently stated at amortized cost using the effective yield method; any difference between the proceeds and redemption value is recognized in the consolidated income statement over the period of the Murabaha syndication.

**T. Insurance reserves**

***Life assurance provision***

The Subsidiaries dealing in life assurance are required to establish benefit reserves which on 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. These 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 with expert reporting or first evaluation of insure and experts.

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

---

### NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *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.

#### **U. 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 the media segment (Note 25).

#### **V. 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 recognized in equity in the period in which they are declared.

#### **Y. Revenue recognition**

#### **Finance**

##### *Banking*

Interest income and expenses are recognized 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 recognized based at 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 amortized discount and premium on treasury bills and government bonds.

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

##### *Insurance*

Life insurance:

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

Non-life insurance:

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003**

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

---

**NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Non-finance**

Revenues are recognized 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, 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.

**Z. Research and development costs**

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

**i. Borrowing costs**

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

**ii. 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.

**iii. Cash and cash equivalents**

Cash and cash equivalents include cash and amounts due from banks, and highly liquid investments with maturity periods of less than three months.

**iv. Derivative financial instruments**

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

Forward foreign exchange contracts and currency swap contracts are valued at quoted market prices or discounted cash flow models as appropriate. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

---

### NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### v. 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 programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

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

#### Currency risk

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

#### 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. Both the daily Value at Risk ("VaR") reports, and scenario analysis performed at certain periods are used to assess the risks faced. Foreign currency risk is assessed within this framework and monitored for breaches of the pre-determined limits.

#### Non-finance

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

#### 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.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

---

### NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Funding risk**

##### Finance

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

##### Non-finance

The ability to fund the existing and prospective debt requirements is managed by maintaining the availability of adequate committed funding lines from high quality lenders.

#### **Credit risk**

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements.

##### Finance

Customers' financial structure, morality, credit reports, credit needs, Bank's lending policies and economic conjuncture are taken into consideration in credit limit allocation. The loans extended to debtor companies and Groups are monitored on a weekly basis based on the following dimensions: New Turkish lira/Foreign Currency; Cash/Non-cash; Line of Business (corporate, commercial, SME, Consumer); Financial (Banks and Subsidiaries)/Non-financial; sector; maturity; rating; concentration; and 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:

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

---

### NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Monetary assets*

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

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

Originated loans are carried at amortized cost, less any provision for loan losses. The fair values of originated loans are considered to approximate their amortized cost calculated based on the market interest rates.

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

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

#### *Monetary liabilities*

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

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

#### **vi. Earnings per share**

Earnings per share disclosed in the consolidated statement of income are determined by dividing net income by the weighted average number of shares outstanding during the year concerned.

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

	2004	2003
Net income	239.285.805	436.380.361
Weighted average number of shares with face value of YTL1 each	735.288.208	644.875.292
Earnings per share (YTL)	0,33	0,68

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

### NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### vii. Comparatives

Comparative figures are reclassified, where necessary, to conform to changes in presentation in the current year so that the reclassification will result in a more appropriate presentation of events or transactions.

#### viii. 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 recognized amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

### NOTE 5 - SEGMENTAL INFORMATION

#### a) External Revenues

	2004	2003
Finance	1.228.716.104	1.342.544.851
Media	1.297.947.003	1.057.079.590
Energy	4.912.893.972	4.519.295.292
Other	268.898.437	170.334.501
	<b>7.708.455.516</b>	<b>7.089.254.234</b>

#### b) Operating profit/(loss)

	2004	2003
Finance	77.450.324	366.524.532
Media	90.448.145	8.329.841
Energy	106.996.635	110.877.920
Other	51.936.436	(104.353.094)
	<b>326.831.540</b>	<b>381.379.199</b>

**DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003**

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

**NOTE 5 - SEGMENTAL INFORMATION (Continued)**

**c) Segmental analysis for the year ended at 31 December 2004**

	<b>Finance</b>	<b>Media</b>	<b>Energy</b>	<b>Other</b>	<b>Inter Segment Elimination</b>	<b>Total</b>
External revenues	1.228.716.104	1.297.947.003	4.912.893.972	268.898.437	-	7.708.455.516
Intra segment revenues	40.527.040	668.282.174	-	27.954.373	-	736.763.587
Inter segment revenues	13.659.585	12.178.125	2.263.888	231.463.999	-	259.565.597
<b>Combined revenues</b>	<b>1.282.902.729</b>	<b>1.978.407.302</b>	<b>4.915.157.860</b>	<b>528.316.809</b>	<b>-</b>	<b>8.704.784.700</b>
<b>Combined cost of sales</b>	<b>(683.945.204)</b>	<b>(1.566.442.617)</b>	<b>(4.645.700.153)</b>	<b>(454.366.063)</b>	<b>-</b>	<b>(7.350.454.037)</b>
Revenues	1.242.375.689	1.310.125.128	4.915.157.860	500.362.436	(259.565.597)	7.708.455.516
Cost of sales	(643.418.164)	(987.701.365)	(4.645.700.153)	(429.291.039)	226.010.835	(6.480.099.886)
<b>Gross profit</b>	<b>598.957.525</b>	<b>322.423.763</b>	<b>269.457.707</b>	<b>71.071.397</b>	<b>(33.554.762)</b>	<b>1.228.355.630</b>
Selling, distribution and administrative expenses	(442.196.398)	(215.794.608)	(114.816.037)	(70.484.563)	47.086.250	(796.205.356)
Other operating expenses - net	(103.952.848)	(37.768.602)	(47.654.478)	87.837.051	(3.779.857)	(105.318.734)
<b>Operating profit before inter segment elimination</b>	<b>52.808.279</b>	<b>68.860.553</b>	<b>106.987.192</b>	<b>88.423.885</b>	<b>9.751.631</b>	<b>326.831.540</b>
Profit elimination due to inter segment elimination	24.642.045	21.587.592	9.443	(36.487.449)	(9.751.631)	-
<b>Operating profit after inter segment elimination</b>	<b>77.450.324</b>	<b>90.448.145</b>	<b>106.996.635</b>	<b>51.936.436</b>	<b>-</b>	<b>326.831.540</b>

**DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003**

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

**NOTE 5 - SEGMENTAL INFORMATION (Continued)**

**c) Segmental analysis for the year ended at 31 December 2003**

	<b>Finance</b>	<b>Media</b>	<b>Energy</b>	<b>Other</b>	<b>Inter Segment Elimination</b>	<b>Total</b>
External revenues	1.342.544.851	1.057.079.590	4.519.295.292	170.334.501	-	7.089.254.234
Intra segment revenues	16.362.309	518.399.860	-	2.475.807	-	537.237.976
Inter segment revenues	35.139.866	11.378.155	806.555	30.765.058	-	78.089.634
<b>Combined revenues</b>	<b>1.394.047.026</b>	<b>1.586.857.605</b>	<b>4.520.101.847</b>	<b>203.575.366</b>	<b>-</b>	<b>7.704.581.844</b>
<b>Combined cost of sales</b>	<b>(632.470.747)</b>	<b>(1.275.729.576)</b>	<b>(4.266.636.069)</b>	<b>(158.566.890)</b>	<b>-</b>	<b>(6.333.403.282)</b>
Revenues	1.377.684.717	1.068.457.745	4.520.101.847	201.099.559	(78.089.634)	7.089.254.234
Cost of sales	(620.160.012)	(812.303.976)	(4.266.636.068)	(157.312.521)	55.420.290	(5.800.992.287)
Gross profit	757.524.705	256.153.769	253.465.779	43.787.038	(22.669.344)	1.288.261.947
Selling, distribution and administrative expenses	(383.274.153)	(191.533.450)	(100.475.478)	(63.750.316)	25.885.601	(713.147.796)
Other operating expenses - net	(23.418.102)	(63.466.940)	(43.165.140)	(61.858.620)	(1.826.150)	(193.734.952)
<b>Operating profit/(loss) before inter segment elimination</b>	<b>350.832.450</b>	<b>1.153.379</b>	<b>109.825.161</b>	<b>(81.821.898)</b>	<b>1.390.107</b>	<b>381.379.199</b>
Profit elimination due to inter segment elimination	15.692.082	7.176.462	1.052.759	(22.531.196)	(1.390.107)	-
<b>Operating profit/(loss) after inter segment elimination</b>	<b>366.524.532</b>	<b>8.329.841</b>	<b>110.877.920</b>	<b>(104.353.094)</b>	<b>-</b>	<b>381.379.199</b>

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

### NOTE 5 - SEGMENTAL INFORMATION (Continued)

#### d) Segment assets employed

	2004	2003
<b><u>Total assets</u></b>		
Finance	8.721.689.122	7.294.061.798
Media	1.933.025.436	1.815.141.377
Energy	2.067.885.354	2.090.586.041
Other	4.186.564.241	4.071.536.292
<b>Total combined</b>	<b>16.909.164.153</b>	<b>15.271.325.508</b>
Less: segment elimination	(5.160.340.290)	(4.840.632.099)
<b>Total assets as per these consolidated financial statements</b>	<b>11.748.823.863</b>	<b>10.430.693.409</b>
<b><u>Net assets</u></b>		
Finance	1.377.164.474	1.435.737.478
Media	1.325.128.384	1.209.521.060
Energy	952.384.982	835.934.714
Other	3.531.037.583	3.082.172.347
<b>Total combined</b>	<b>7.185.715.423</b>	<b>6.563.365.599</b>
Less: segment elimination	(5.214.645.168)	(4.812.831.853)
<b>Shareholders' equity</b>	<b>1.971.070.255</b>	<b>1.750.533.746</b>
Minority interest	974.366.277	855.885.436
<b>Total net assets as per these consolidated financial statements</b>	<b>2.945.436.532</b>	<b>2.606.419.182</b>

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

### NOTE 5 - SEGMENTAL INFORMATION (Continued)

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

	2004	2003
<u>Capital expenditures</u>		
Finance	73.952.330	63.113.705
Media	94.479.677	87.943.594
Energy	34.800.996	44.786.847
Other	19.762.877	56.696.348
<b>Total</b>	<b>222.995.880</b>	<b>252.540.494</b>
<u>Depreciation and amortization charge</u>		
Finance	67.226.224	83.157.658
Media	103.244.750	125.140.846
Energy	34.726.560	27.278.519
Other	17.007.333	29.718.526
<b>Total</b>	<b>222.204.867</b>	<b>265.295.549</b>

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:

	2004	2003
Current assets	637.047.452	528.245.638
Non-current assets	1.496.470.032	1.634.239.557
<b>Total assets</b>	<b>2.133.517.484</b>	<b>2.162.485.195</b>
Current liabilities	752.640.115	694.073.612
Non-current liabilities	399.046.535	594.165.590
Shareholders' equity	981.830.834	874.245.993
<b>Total liabilities and shareholders' equity</b>	<b>2.133.517.484</b>	<b>2.162.485.195</b>
	<b>2004</b>	<b>2003</b>
Revenues	4.978.393.352	4.584.274.706
Gross profit	283.959.975	269.580.806
Net income	110.271.941	68.920.381

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

### NOTE 5 - SEGMENTAL INFORMATION (Continued)

#### g) Minority interest

	2004			2003		
	Doğan family	Other	Total	Doğan family	Other	Total
Media	23.247.804	424.674.507	447.922.311	26.737.096	366.087.350	392.824.446
Finance	5.928.565	348.597.224	354.525.789	8.781.663	373.691.753	382.473.416
Energy	-	570.414	570.414	-	1.003.765	1.003.765
Other	51.229.794	120.117.969	171.347.763	49.308.467	30.275.342	79.583.809
	<b>80.406.163</b>	<b>893.960.114</b>	<b>974.366.277</b>	<b>84.827.226</b>	<b>771.058.210</b>	<b>855.885.436</b>

Changes in minority interest during 2004 and 2003 are as follows:

	2004	2003
1 January	855.885.436	725.199.732
Translation reserve	(11.250.564)	(14.589.607)
Increase in share capital	16.528.616	3.685.068
Disposal of Subsidiaries	108.520.360	(19.662.340)
Payment of dividends	(26.662.757)	(398.747)
Increase in minority interest due to additional Subsidiaries	1.568.765	24.187.721
Other movements	(5.371.087)	(1.576.691)
Net income	35.147.508	139.040.300
<b>31 December</b>	<b>974.366.277</b>	<b>855.885.436</b>

#### h) Non-cash expenses

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

	2004				
	Finance	Media	Energy	Other	Total
Amortization of goodwill	-	19.539.013	69.248.276	-	88.787.289
Provision for loan losses	77.808.651	-	-	-	77.808.651
Interest expense accrual	94.331.000	3.753.104	9.758.057	7.909.610	115.751.771
Impairment of property, plant and equipment	13.000.000	-	-	689.393	13.689.393
Impairment of intangible assets	-	4.090.729	-	1.859.619	5.950.348
Impairment of investment property	-	1.950.966	-	-	1.950.966
Reserve for employment termination benefits	7.911.241	4.636.958	2.053.082	707.752	15.309.033
Provision for doubtful receivables	-	4.620.717	5.604.951	9.701.122	19.926.790
Provision for lawsuits	6.467.000	6.750.082	-	45.788	13.262.870
Provision for non-cash loan losses	5.719.000	-	-	-	5.719.000
Provision for impairment of programme stocks	-	737.784	-	-	737.784
Provision for net realizable value	-	137.968	-	794.413	932.381
	<b>205.236.892</b>	<b>46.217.321</b>	<b>86.664.366</b>	<b>21.707.697</b>	<b>359.826.276</b>
	2003				
	Finance	Media	Energy	Other	Total
Amortization of goodwill	-	18.820.436	69.248.276	-	88.068.712
Provision for loan losses	15.681.969	-	-	-	15.681.969
Interest expense accrual	62.496.012	4.166.757	23.560.000	11.429.041	101.651.810
Impairment of intangible assets	-	-	-	24.256.801	24.256.801
Impairment of investment property	-	18.758.791	-	-	18.758.791
Reserve for employment termination benefits	2.963.061	4.142.061	1.945.631	733.676	9.784.429
Provision for doubtful receivables	-	6.658.536	-	5.122.810	11.781.346
Provision for lawsuits	1.047.000	2.002.000	-	-	3.049.000
Provision for non-cash loan losses	7.266.000	-	-	-	7.266.000
Provision for net realizable value	-	1.411.228	-	760.108	2.171.336
	<b>89.454.042</b>	<b>55.959.809</b>	<b>94.753.907</b>	<b>42.302.436</b>	<b>282.470.194</b>

## DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

#### NOTE 6 - CASH AND CASH EQUIVALENTS

The breakdown of cash and cash equivalents at 31 December 2004 and 2003 are as follows:

	2004			2003		
	Finance	Other	Total	Finance	Other	Total
Cash	60.721.480	1.056.876	61.778.356	58.021.985	1.346.618	59.368.603
Banks						
- demand deposits	4.760.576	17.322.062	22.082.638	15.925.727	39.476.111	55.401.838
- time deposits	9.537.088	184.908.119	194.445.207	73.517.815	136.799.532	210.317.347
- blocked bank accounts	216.346.872	2.002.289	218.349.161	51.378.453	17.682.037	69.060.490
- reverse repurchase agreements	13.230.000	2.543.490	15.773.490	6.724.540	6.915.263	13.639.803
Placements with banks	513.184.598	-	513.184.598	90.039.617	-	90.039.617
Interbank money market placements	-	-	-	610.642.042	-	610.642.042
	<b>817.780.614</b>	<b>207.832.836</b>	<b>1.025.613.450</b>	<b>906.250.179</b>	<b>202.219.561</b>	<b>1.108.469.740</b>

At 31 December 2004, interest rates for local currency time deposits are between 17% and 29% (2003: 23-45%), and interest rates for foreign currency time deposits are between 1% and 7% (2003: 0,25-8%). At 31 December 2004, the amount of reverse repurchase agreements is YTL15.773.490 (2003: YTL13.639.803). These are all short-term with periods of less than three months with interest rates between 18% and 25% (2003: 15-26%).

At 31 December 2004 interest rates for placements with other banks ranged between 21% and 24% for local currency placements (2003: 26-27%), and 2% and 7% (2003: 0,5-3,5%) for foreign currency placements.

At 31 December 2004, there are no interbank money market placements in local currency or denominated in foreign currency (2003: At 31 December 2003, interest rate for interbank money market placements ranged between 26% and 27% for local currency and between 0,5% and 7,5% for foreign currency).

As of 31 December 2004, Subsidiaries in the finance segment pledged placements amounting to YTL209.250.000 (2003: YTL47.881.203) against credit default swaps entered into between the Subsidiaries in the finance segment and Citigroup Global Markets Limited, Lehman Brothers International, Barclays London, Merrill Lynch and Commerzbank Frankfurt maturing between 1 July 2005 and 13 October 2009.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

### NOTE 6 - CASH AND CASH EQUIVALENTS (Continued)

At 31 December 2004, YTL2.002.289 (2003: YTL17.682.037) of the deposits have been provided to collateralise the bank borrowings obtained by the Group and the related parties.

At 31 December 2004, Subsidiaries in the insurance segment have deposit investments amounting to YTL7.096.872 (2003: YTL3.497.250) in a blocked account with a state bank in favour 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 31 December 2004 and 2003 are as follows:

	2004	2003	2002
Cash and amounts due from banks (excluding accrued interest)	737.720.975	1.034.448.437	1.990.707.709

### NOTE 7 - INVESTMENTS

#### a) Trading Securities

The breakdown of trading securities at 31 December 2004 and 2003 is as follows:

	2004			2003		
	Finance	Other	Total	Finance	Other	Total
Government bonds	230.894.736	25.092.672	255.987.408	509.420.244	59.184	509.479.428
Treasury bills	83.016.333	31.470.388	114.486.721	39.292.272	23.985.948	63.278.220
Corporate bonds	2.154.402	-	2.154.402	15.402.655	-	15.402.655
Equity stocks	1.514.069	6.470.157	7.984.226	1.846.332	20.897.517	22.743.849
Eurobonds	39.970.938	2.769.948	42.740.886	-	3.012.241	3.012.241
Other	7.757.551	-	7.757.551	111.164	-	111.164
	<b>365.308.029</b>	<b>65.803.165</b>	<b>431.111.194</b>	<b>566.072.667</b>	<b>47.954.890</b>	<b>614.027.557</b>

The Group holds trading securities amounting to YTL336.697.308 in local currency (2003: YTL521.361.370) and YTL94.413.886 in foreign currency (2003: YTL92.666.187).

There are no blocked trading securities held by the Group in the non-finance segment at 31 December 2004 (2003: YTL25.480.839).

At 31 December 2004, there are no corporate bonds held by the Subsidiaries in the finance segment pledged against a Credit Default Swap (2003: YTL15.402.655).

## DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

---

#### NOTE 7 – INVESTMENTS (Continued)

Treasury bills amounting to YTL278.000 are pledged for operational requirements in IMKB Takas ve Saklama Bankası.

At 31 December 2004, included in trading securities pledged under repurchase agreements with customers are discounted government bonds denominated in local currency amounting to YTL15.566.000 (2003: YTL193.243.799) and listed equity shares of the Bank's major shareholder, Doğan Holding, amounting to YTL429.000.

At 31 December 2004, the net unrealised gain on trading securities amounted to YTL6.253.000 (2003: YTL72.513.068).

The interest rates for treasury bills and government bonds held at 31 December 2004 for local currency are between 17% and 29% (2003: 22-36%), and for foreign currency between 3% and 11% (2003: 4-11%).

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

	<b>2004</b>	<b>2003</b>
POAŞ	3.860.174	4.133.423
Dışbank	3.219.383	1.542.533
Ray Sigorta	136.030	131.121
Doğan Yayın	-	4.092.362
Doğan Gazetecilik	-	1.731.510
DBR	-	790.051
Hürriyet	-	8.199.913
	<b>7.215.587</b>	<b>20.620.913</b>

---

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

### NOTE 7 - INVESTMENTS (Continued)

#### b) Securities available-for-sale:

##### Debt Securities:

	2004			2003		
	Finance	Other	Total	Finance	Other	Total
Government bonds	930.372.051	-	930.372.051	866.146.766	-	866.146.766
Eurobonds	263.157.441	-	263.157.441	597.358.420	-	597.358.420
Treasury bills	155.919.117	-	155.919.117	25.715.371	-	25.715.371
U.S. Government bonds	-	-	-	48.132.790	-	48.132.790
Corporate bonds	53.121.883	-	53.121.883	-	-	-
Other	1.195.601	-	1.195.601	2.195.978	-	2.195.978
	<b>1.403.766.093</b>	<b>-</b>	<b>1.403.766.093</b>	<b>1.539.549.325</b>	<b>-</b>	<b>1.539.549.325</b>

##### Equity securities:

	2004			2003		
	Finance	Other	Total	Finance	Other	Total
Listed	8.738.880	-	8.738.880	5.347.658	-	5.347.658
Unlisted	6.502.075	4.288.701	10.790.776	6.916.646	5.323.943	12.240.589
	<b>15.240.955</b>	<b>4.288.701</b>	<b>19.529.656</b>	<b>12.264.304</b>	<b>5.323.943</b>	<b>17.588.247</b>

##### **Total securities**

<b>available-for-sale</b>	<b>1.419.007.048</b>	<b>4.288.701</b>	<b>1.423.295.749</b>	<b>1.551.813.629</b>	<b>5.323.943</b>	<b>1.557.137.572</b>
---------------------------	----------------------	------------------	----------------------	----------------------	------------------	----------------------

Debt securities are comprised of discount and coupon government bonds, treasury bills and Eurobonds issued by the Undersecretariat of Treasury of the Republic of Turkey.

Interest rates for treasury bills and government bonds held at 31 December 2004 vary between 20% and 28% (2003: 25-36%) for local currency securities, and between 5% and 11% for foreign currency securities and Eurobonds (2003: 8-12%).

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

### NOTE 7 - INVESTMENTS (Continued)

At 31 December 2004, investment securities available-for-sale amounting to YTL23.318.000 (2003: YTL20.936.639) have been pledged by a government bank in favour of the Undersecretariat of the Treasury for the legal requirements of the Group's insurance companies.

At 31 December 2004, the net unrealised gain on investment securities available-for-sale amounts to YTL153.787.000 (2003: YTL194.904.728).

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

Name of the company	2004		2003	
	YTL	%	YTL	%
<b>Listed:</b>				
Türkiye Sınai Kalkınma Bankası A.Ş. ("TSKB")	4.778.880	3	3.635.541	3
Anadolu Hayat Sigorta A.Ş.	3.960.000	1	1.712.117	1
	<b>8.738.880</b>		<b>5.347.658</b>	
<b>Unlisted:</b>				
İMKB Takas Bank A.Ş.	3.811.881	2	3.811.881	2
Aks Televizyon Reklamcılık ve Filmcilik Sanayi ve Ticaret A.Ş.	2.922.593	9	2.922.593	9
Çelik Enerji	-	-	559.519	99
Cam Elyaf Sanayi A.Ş.	1.965.400	1	1.965.400	1
D Tek Bilgi ve İletişim İşlemleri A.Ş. (*)	528.592	100	1.596.833	100
Bankalararası Kredi Kartları Merkezi	724.794	2	724.794	2
Other	837.516	-	659.569	-
	<b>10.790.776</b>		<b>12.240.589</b>	
	<b>19.529.656</b>		<b>17.588.247</b>	

(\*) This Subsidiary of Doğan 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 31 December 2004.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

### NOTE 7 - INVESTMENTS (Continued)

#### c) Securities held-to-maturity:

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

	2004			2003		
	Finance	Other	Total	Finance	Other	Total
Government bonds	452.884.919	-	452.884.919	16.866.749	1.557.580	18.424.329
Treasury bills	9.923.054	-	9.923.054	-	-	-
Eurobonds	157.362.285	-	157.362.285	-	-	-
Corporate bonds	20.529.823	-	20.529.823	16.000.928	-	16.000.928
	<b>640.700.081</b>	<b>-</b>	<b>640.700.081</b>	<b>32.867.677</b>	<b>1.557.580</b>	<b>34.425.257</b>

At 31 December 2004, investment securities held-to-maturity amounting to YTL17.539.848 (2003: YTL14.770.771) have been pledged by a government bank in favour of the Undersecretariat of the Treasury for the legal requirements of the Group's insurance companies.

At 31 December 2004, corporate bonds of Subsidiaries in the finance segment with a carrying value of YTL66.635.000 consists of bonds issued by Lehman Brothers International and Citigroup Global Markets Limited maturing between 2006 and 2009 and pledged against credit default swap transactions (2003: YTL16.000.928).

At 31 December 2004, YTL433.061.000 (2003: YTL108.754.000) of local currency government bonds and treasury bills of investment securities have been pledged under repurchase agreements with customers by the Group.

Included in Eurobonds are YTL26.815.000 of Eurobonds issued by the Ministry of Finance of the Russian Federation pledged against a total return swap transaction between the Group and foreign bank maturing in 2009 and subject to a repurchase agreement with the same counterparty of a YTL21.179.000 portion of the Eurobond, with the maturity date of the swap transaction.

At 31 December 2004, available-for-sale and held-to-maturity investments amounting to YTL375.811.000 (2003: YTL149.297.000) have been pledged to third parties namely, CBRT for legal requirements and İstanbul Menkul Kıymetler Borsası Takas ve Saklama Bankası A.Ş. ("İMKB Takas Bank A.Ş.") as a guarantee for stock exchange and money market operations from investments securities. YTL23.293.000 of Eurobonds has been pledged against repo transactions from investments securities. Government bonds amounting to YTL407.581.000 have been pledged by one of the Subsidiaries of Dışbank in CBRT against the funding it has obtained from Dışbank, one of the Subsidiaries of the Group.

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:

	31 December 2004		31 December 2003	
	Carrying value	Fair value	Carrying value	Fair value
Government bonds and treasury bills	462.807.973	474.848.000	18.424.329	18.431.104
Eurobonds	157.362.285	172.735.824	-	-
Corporate bonds	20.529.823	21.197.000	16.000.928	16.001.259
	<b>640.700.081</b>	<b>668.780.824</b>	<b>34.425.257</b>	<b>34.432.363</b>

## DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

#### NOTE 7 - INVESTMENTS (Continued)

Interest rate for government bonds and treasury bills held to maturity at 31 December 2004 vary between 24% and 26% (2003: 29-55%).

Interest rates for corporate bonds at 31 December 2004 vary between 2,78% and 6,75% (2003: 2,78%).

At 31 December 2004, the net unrealised gain on investment securities held-to-maturity amounts to YTL41.227.000 (2003: YTL8.058.750).

The breakdown of debt securities, classified as investment securities available-for-sale and held-to-maturity, as per their maturities at 31 December 2004 and 2003 are as follows:

	2004	2003
1-30 days	13.847.034	67.595.750
31-90 days	8.445.175	54.175.674
91 days - 1 year	869.615.885	515.295.865
Over 1 year	1.152.558.080	936.907.293
	<b>2.044.466.174</b>	<b>1.573.974.582</b>

The movement of held-to-maturity securities for the years ending at 31 December 2004 and 2003 is as follows:

	2004	2003
1 January	34.425.257	20.825.000
Additions	513.357.824	40.491.257
Transfer from available-for-sale	134.499.000	-
Redemptions	(12.727.000)	(23.622.000)
Translation difference	(21.735.000)	-
Monetary gain	(7.120.000)	(3.269.000)
<b>31 December</b>	<b>640.700.081</b>	<b>34.425.257</b>

#### NOTE 8 - RESERVE DEPOSITS WITH THE CENTRAL BANK OF TURKEY

	2004	2003
Reserve deposits	462.049.972	260.925.234

According to the regulations of the CBT, 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 YTL), at different percentages ranging from 6% to 11% (2003: 6% to 11%). These funds are not available to finance the day-to-day operations of the Subsidiaries in the finance segment.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

### NOTE 9 - ORIGINATED LOANS

	2004	2003
Short-term originated loans	2.945.597.006	2.268.347.750
Long-term originated loans	556.539.754	393.878.345
	<b>3.502.136.760</b>	<b>2.662.226.095</b>
<b>Corporate and commercial loans:</b>		
Commercial and industrial loans	1.448.180.547	1.226.518.214
Export loans	998.613.000	823.253.875
Investment loans	120.156.241	86.899.943
Investment in direct finance leases - net of unearned finance income	150.177.304	132.319.014
Originated loans to the Undersecretariat of the Treasury of the Prime Ministry of the Republic of Turkey	21.590.000	48.895.160
Factoring receivables	90.519.727	54.087.732
<b>Total corporate and commercial loans</b>	<b>2.829.236.819</b>	<b>2.371.973.938</b>
<b>Retail:</b>		
Credit cards	350.346.000	205.727.683
Other consumer loans	215.464.066	64.128.529
<b>Total retail loans</b>	<b>565.810.066</b>	<b>269.856.212</b>
	<b>3.395.046.885</b>	<b>2.641.830.150</b>
Loans under legal follow-up	161.787.846	93.157.832
Other impaired loans	93.250.265	10.868.696
<b>Total impaired loans</b>	<b>255.038.111</b>	<b>104.026.528</b>
<b>Total gross loans and advances</b>	<b>3.650.084.996</b>	<b>2.745.856.678</b>
Less: Provision for loan losses	(147.948.236)	(83.630.583)
<b>Net loans and advances to customers</b>	<b>3.502.136.760</b>	<b>2.662.226.095</b>

Originated loans include funds transferred at issuance date for the treasury bills issued by the Undersecretariat of Treasury for the Government of Republic of Turkey.

At 31 December 2004, interest rates vary between 2% and 4,5% (2003: 3,5-7,5%) per annum for foreign currency loans and 18% and 25% (2003: 20-45%) per annum for Turkish lira loans.

At 31 December 2004, the Group followed the local regulations as specified by the Banking Regulation and Supervision Agency and classified credit card receivables of YTL102.607.000 in the 3rd, 4th and 5th receivable groups as non-performing, of YTL78.722.000 in 2nd receivable group as closely monitored loans and receivables respectively and recognized YTL64.827.000 of specific provision for loan losses based on the provisioning matrix as stipulated in the local regulation by which provisions are set aside by the banks in Turkey in these consolidated financial statements. However, had the impairment loss on the credit card receivables portfolio been measured in accordance with IAS 39, an estimated additional provision of YTL38.500.000 (approximately YTL24.000.000 with the Holding's ownership interest) would be recognized in the accompanying consolidated financial statements at 31 December 2004.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

### NOTE 9 - ORIGINATED LOANS (Continued)

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

	<b>2004</b>
1-30 days	908.872.368
31-90 days	733.417.000
91 days - 1 year	1.303.307.638
Over 1 year	556.539.754
	<b>3.502.136.760</b>

The banking loans in 1-30 days maturity includes demand and impaired loans amounting to YTL13.040.000.

Movement in provisions for loan losses is as follows:

	<b>2004</b>
Balance at 1 January	83.630.583
Loan impairment expense for the period	88.580.651
Recoveries of amounts previously provided	(10.772.000)
Monetary gain	(13.490.998)
<b>Balance at 31 December</b>	<b>147.948.236</b>

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

	<b>2004</b>	<b>2003</b>
Gross investment in finance leases	171.010.304	147.399.430
Less: Unearned finance income	(20.833.000)	(15.080.416)
<b>Net investment in finance leases</b>	<b>150.177.304</b>	<b>132.319.014</b>

The maturity analysis of net investment in finance leases as of 31 December 2004 and 2003 is as follows:

	<b>2004</b>	<b>2003</b>
2004	-	85.257.229
2005	80.612.000	37.313.414
2006	56.603.000	9.569.410
2007	11.551.000	178.961
2008	1.411.304	-
	<b>150.177.304</b>	<b>132.319.014</b>

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

### NOTE 9 - ORIGINATED LOANS (Continued)

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

	2004		2003	
	YTL	%	YTL	%
Consumer loans and credit cards	565.810.000	17	269.856.211	10
Textiles	422.793.000	12	393.666.851	15
Wholesale and retail trade	317.663.962	9	386.119.035	15
Construction and cement	300.375.000	9	227.005.534	9
Financial institutions	230.102.000	7	204.673.876	8
Food and beverage	216.210.000	6	240.894.873	9
Metal processing	155.388.000	5	134.694.571	5
Media	145.441.406	4	104.183.551	4
Medicine, chemicals and dyes	122.804.000	4	84.205.584	3
Non-metal mine processing	117.097.000	3	71.412.000	3
Machinery and equipment	109.071.000	3	42.151.000	2
Automotive	107.838.000	3	63.667.651	2
Tourism	102.526.940	3	64.930.349	2
Other production	99.545.000	3	64.221.000	2
Durable goods	57.310.000	2	50.320.949	2
Agriculture	49.828.358	1	60.058.410	2
Originated loans to the Undersecretariat of the Treasury of the Prime Ministry of the Republic of Turkey	21.590.000	1	48.895.160	2
Oil and gas	13.537.152	1	67.206.421	3
Other	240.116.067	7	63.667.124	2
	<b>3.395.046.885</b>	<b>100</b>	<b>2.641.830.150</b>	<b>100</b>

### NOTE 10 - DERIVATIVE FINANCIAL INSTRUMENTS

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

	Notional amount	Fair values	
		Assets	Liabilities
<b>2004</b>			
Foreign exchange derivatives	247.782.000	2.035.000	(1.721.000)
Currency swaps	384.334.000	8.929.000	(10.676.581)
Currency futures	141.527.063	236.929	(117.595)
Interest rate swaps	202.500.000	224.000	(812.000)
Foreign currency options	122.381.000	1.557	(1.547)
Credit default swaps	324.000.000	10.919.689	(16.000)
<b>Total derivative assets/(liabilities)</b>	<b>1.422.524.063</b>	<b>22.346.175</b>	<b>(13.344.723)</b>
<b>2003</b>			
Foreign exchange derivatives	114.747.115	1.427.556	(648.890)
Currency swaps	379.302.004	7.642.095	(105.871)
Currency futures	19.277.705	-	(142.300)
Interest rate option	633.015.751	-	-
<b>Total derivative assets/(liabilities)</b>	<b>1.146.342.575</b>	<b>9.069.651</b>	<b>(897.061)</b>

Although certain derivative transactions provide effective economic hedges under the Group's risk management position, they do not qualify for hedge accounting under the specific rules in IAS 39 and are therefore treated as derivatives held-to-maturity.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

### NOTE 11 - TRADE RECEIVABLES

	2004	2003
<b><u>Short-term trade receivables:</u></b>		
Trade receivables - net of unearned finance income	544.699.191	484.251.717
Notes receivables - net of unearned finance income	216.693.638	159.415.509
Other	5.961.232	7.673.569
	<b>767.354.061</b>	<b>651.340.795</b>
Less: Provision for doubtful receivables	(45.493.095)	(29.173.899)
	<b>721.860.966</b>	<b>622.166.896</b>
<b><u>Long-term trade receivables:</u></b>		
Trade receivables - net of unearned finance income	3.307.464	2.867.739
Notes receivables - net of unearned finance income	4.321.777	662.051
	<b>7.629.241</b>	<b>3.529.790</b>
Movement of the provisions for doubtful receivables in 2004 is as follows:		
1 January 2004		29.173.899
Provisions reserved in 2004		22.609.274
Collections		(2.682.484)
Monetary gain		(3.607.594)
<b>31 December 2004</b>		<b>45.493.095</b>

### NOTE 12 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

#### i) Amounts due from and due to related parties:

	2004	2003
<b><u>Due from related parties:</u></b>		
D Yapı ve İnşaat Sanayi ve Ticaret A.Ş. ("D Yapı")	1.513.490	663.427
Alo Teledünya A.Ş. ("Alo Teledünya")	342.762	369.899
Doğan Dış Ticaret (*)	-	6.118.502
Other	507.393	1.483.019
	<b>2.363.645</b>	<b>8.634.847</b>
<b><u>Due to related parties:</u></b>		
D Yapı	5.003.568	7.223.677
Adilbey Holding A.Ş. ("Adilbey Holding")	55.652	1.111.154
Doğan Dış Ticaret (*)	-	3.781.162
Çağdaş Pazarlama	-	390.472
Other	473.168	3.141.501
	<b>5.532.388</b>	<b>15.647.966</b>

(\*) Due to the fact that Doğan Dış Ticaret is consolidated on a line-by-line basis at 31 December 2004, Doğan Dış Ticaret balances and transactions are excluded from related parties.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

### NOTE 12 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

#### ii) Transactions with related parties:

Major purchases from related parties for the years ended 31 December 2004 and 2003 are as follows:

#### Service and product purchases:

	2004	2003
D Yapı	6.637.129	12.739.486
Adilbey Holding	1.914.805	141.166
Doğan Dış Ticaret (*)	-	175.272.627
Other	401.459	1.895.019
	<b>8.953.393</b>	<b>190.048.298</b>

#### Property, plant and equipment purchases:

	2004	2003
Ortadoğu Otomotiv Ticaret A.Ş. ("Ortadoğu Otomotiv")	-	575.558
Doğan Dış Ticaret (*)	-	2.745
Other	-	5.160
	-	<b>583.463</b>

Sales to related parties, net of sales discounts and returns, for the years ended 31 December 2004 and 2003 are as follows:

#### Service and product sales:

	2004	2003
Adilbey Holding	7.225.146	14.396.304
Ortadoğu Otomotiv	467.053	44.878
D Yapı	224.103	201.527
Doğan Dış Ticaret (*)	-	2.523.255
Other	282.839	1.213.611
	<b>8.199.141</b>	<b>18.379.575</b>

#### Property, plant and equipment sales:

	2004	2003
Çağdaş Pazarlama	18.762	-
Adilbey Holding	12.086	-
D Yapı	-	13.172
	<b>30.848</b>	<b>13.172</b>

(\*) Due to the fact that Doğan Dış Ticaret is consolidated on a line-by-line basis at 31 December 2004, Doğan Dış Ticaret balances and transactions are excluded from related parties.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

### NOTE 12 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Other transactions with related parties for the years ended 31 December 2004 and 2003 are as follows:

#### **Interest expense - finance:**

	<b>2004</b>	<b>2003</b>
Doğan family	(11.229.248)	(881.197)
Dışbank Emekli Sandığı	(8.199.130)	-
Adilbey Holding	(1.411.396)	(6.319.008)
Other	(1.331.474)	(1.248.363)
<b>Interest Expense</b>	<b>(22.171.248)</b>	<b>(8.448.568)</b>

#### **Interest income/(expense) - non-finance:**

	<b>2004</b>	<b>2003</b>
Adilbey Holding	2.240.689	45.012
Other, net	218.990	491.434
<b>Interest Income</b>	<b>2.459.679</b>	<b>536.446</b>

	<b>2004</b>	<b>2003</b>
D Yapı	(299.293)	(193.793)
Adilbey Holding	(116.126)	-
Doğan Dış Ticaret (*)	-	(2.122.270)
<b>Interest Expense</b>	<b>(415.419)</b>	<b>(2.316.063)</b>

	<b>2004</b>	<b>2003</b>
<b>Interest income/(expense) - net</b>	<b>2.044.260</b>	<b>(1.779.617)</b>

(\*) Due to the fact that Doğan Dış Ticaret is consolidated on a line-by-line basis at 31 December 2004, Doğan Dış Ticaret balances and transactions are excluded from related parties.

## DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

#### NOTE 13 - INVENTORIES

	2004	2003
<b><u>Short-term inventories:</u></b>		
Finished goods and merchandise	236.602.686	157.860.437
Raw materials and supplies	23.617.620	25.928.499
Semi-finished goods	7.856.941	5.940.335
Promotion stocks	12.377.779	12.711.674
Spares, supplies and advances	10.395.836	12.491.674
Other inventories	26.129.621	17.967.643
	<b>316.980.483</b>	<b>232.900.262</b>
Provision for net realizable value	(13.133.545)	(13.149.015)
	<b>303.846.938</b>	<b>219.751.247</b>

Other inventories mainly consist of fuels and lubricants in transit.

#### **Long-term inventories:**

Construction-in-progress inventories	5.963.500	-
	<b>5.963.500</b>	<b>-</b>

Long-term construction-in-progress inventories are the restated costs of the construction at Istanbul Beylikdüzü at 31 December 2004; mainly the rough construction work, infrastructure, isolation and environment arrangement incurred in accordance with the construction agreement signed with D Yapı at 25 June 2004.

## DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

#### NOTE 14 - OTHER CURRENT ASSETS

	<b>2004</b>	<b>2003</b>
Prepaid expenses	23.667.642	22.202.593
Special Consumption Tax exemption (*)	20.776.442	16.936.892
Prepaid taxes and funds	17.817.311	33.638.138
Advances given	15.004.021	11.669.514
Receivables from other banks	14.534.726	10.082.477
Value Added Tax ("VAT") receivable	14.313.557	7.362.664
Deferred acquisition costs	14.121.000	10.632.637
Lawsuit and court expenses receivable	6.132.255	2.683.945
Programme stocks	3.951.200	3.622.791
Income accruals	1.308.880	1.817.927
Other	38.368.442	28.997.037
	<b>169.995.476</b>	<b>149.646.615</b>
Impairment for programme stocks	(737.784)	-
	<b>169.257.692</b>	<b>149.646.615</b>

(\*)On deliveries made to certain military institutions, embassies and petroleum searching companies, Special Consumption Tax exemption to be used through the purchases from Tüpraş has been obtained. At 31 December 2004, the amount reflected in these consolidated financial statements corresponds to the exemptions sent to Tüpraş but not used as of the date of these consolidated financial statements.

## DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

#### NOTE 15 - INVESTMENT PROPERTIES

	1 January 2004	Additions	Disposals	Transfers	Impairment (*)	31 December 2004
<b>Cost:</b>						
Land and land improvements	37.779.397	5.166.041	(797.967)	(2.176.637)	6.293.359	46.264.193
Buildings	9.005.075	1.696.999	(398)	-	(938.573)	9.763.103
	<b>46.784.472</b>	<b>6.863.040</b>	<b>(798.365)</b>	<b>(2.176.637)</b>	<b>5.354.786</b>	<b>56.027.296</b>
<b>Accumulated depreciation:</b>						
Buildings	1.092.450	390.549	(250)	-	-	1.482.749
	<b>1.092.450</b>	<b>390.549</b>	<b>(250)</b>	<b>-</b>	<b>-</b>	<b>1.482.749</b>
<b>Net book value</b>	<b>45.692.022</b>					<b>54.544.547</b>

(\*) The amount of impairment losses accounted for investment properties at 31 December 2003 is YTL18.758.791. At 31 December 2004, in accordance with the expertise reports prepared by certified real estate valuation companies, the fair value of the investment properties were found to have increased by YTL7.305.752. Since the increase in the fair value of the investment properties does not exceed the impairment loss accounted for in the year 2003, the increase is accounted for in other operating income in the consolidated financial statements at 31 December 2004 (Note 30). Additionally, in accordance with the reports of the certified real estate valuation companies, the additional provision for impairment of investment properties amounts to YTL1.950.966 (Note 30). At 31 December 2004, the net amount of movements related to impairment is YTL5.354.786.

**DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003**

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

**NOTE 16 - PROPERTY, PLANT AND EQUIPMENT**

Movement for property, plant and equipment and related depreciation for the year ended 31 December 2004 is as follows:

	<b>1 January 2004</b>	<b>Additions</b>	<b>Acquisitions (*)</b>	<b>Disposals</b>	<b>Transfers (**)</b>	<b>Impairment</b>	<b>Currency translation differences</b>	<b>31 December 2004</b>
<b>Cost:</b>								
Land and land improvements	189.750.920	9.268.660	-	(200.538)	4.370.814	-	(562.382)	202.627.474
Buildings	498.892.041	16.131.492	12.595.540	(2.891.424)	488.411	(70.000)	(1.205.470)	523.940.590
Machinery and equipment	1.112.919.250	32.153.343	305.568	(8.037.377)	13.570.852	(342.701)	(2.589.794)	1.147.979.141
Motor vehicles	89.210.042	8.427.816	214.863	(7.618.272)	258.341	-	(1.198)	90.491.592
Furniture and fixtures	487.100.839	32.422.007	1.499.217	(20.041.064)	1.029.860	(8.832.692)	(125.782)	493.052.385
Leasehold improvement	207.296.368	29.051.959	-	(12.676.206)	3.488.541	(4.444.000)	-	222.716.662
Other fixed assets	111.017.471	12.609.519	-	(7.304.619)	24.953.494	-	-	141.275.865
Construction in progress	17.829.876	43.087.927	2.566	(360.897)	(47.245.307)	-	(10.043)	13.304.122
	<b>2.714.016.807</b>	<b>183.152.723</b>	<b>14.617.754</b>	<b>(59.130.397)</b>	<b>915.006</b>	<b>(13.689.393)</b>	<b>(4.494.669)</b>	<b>2.835.387.831</b>
<b>Accumulated depreciation:</b>								
Land and land improvements	15.675.508	3.395.673	-	(25.456)	-	-	-	19.045.725
Buildings	88.059.515	12.909.189	229.918	(308.549)	-	-	(121.270)	100.768.803
Machinery and equipment	720.024.180	62.802.073	139.236	(7.292.032)	-	-	(556.044)	775.117.413
Motor vehicles	30.541.266	9.825.013	17.649	(6.040.512)	-	-	(380)	34.343.036
Furniture and fixtures	389.620.400	37.307.334	540.396	(9.758.541)	-	-	(85.684)	417.623.905
Leasehold improvement	110.712.579	30.649.769	-	(10.460.710)	-	-	-	130.901.638
Other fixed assets	32.674.959	27.879.558	-	(2.896.436)	-	-	-	57.658.081
	<b>1.387.308.407</b>	<b>184.768.609</b>	<b>927.199</b>	<b>(36.782.236)</b>			<b>(763.378)</b>	<b>1.535.458.601</b>
<b>Net book value</b>	<b>1.326.708.400</b>							<b>1.299.929.230</b>

## DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

---

#### NOTE 16 - PROPERTY, PLANT AND EQUIPMENT (Continued)

(\*) Balances of Doğan Dış Ticaret and Orta Anadolu Otomotiv at the date of their acquisitions are included in the “Acquisitions” column of the movement schedule.

(\*\*) Transfers of the property, plant and equipment with a net amount of YTL915.006 is related with investment properties (Note 15) and intangible assets (Note 16) amounting to YTL2.176.637 and YTL1.261.631 respectively.

Machinery and equipment, furniture and fixtures, motor vehicles and leasehold improvements include finance leased assets amounting to YTL43.348.308, YTL105.991.471, YTL1.942.688 and YTL2.240.451 respectively at 31 December 2004. The accumulated depreciation related to finance leased assets amounts to YTL111.074.949 at 31 December 2004.

At 31 December 2004, mortgages on property, plant and equipment amount to YTL132.582.663 (2003: YTL150.577.142).

## DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

#### NOTE 17 - INTANGIBLE ASSETS

Movement for intangible assets and related amortization for the year ended 31 December 2004 is as follows:

	1 January 2004	Additions	Disposals	Transfers (*)	Impairment	Currency Translation Differences	31 December 2004
Cost	207.854.209	32.980.117	(8.318.857)	1.261.631	(4.090.729)	(98.203)	229.588.168
Accumulated amortization	(114.357.649)	(37.045.709)	4.874.172	-	-	79.338	(146.449.848)
<b>Net book value</b>	<b>93.496.560</b>						<b>83.138.320</b>
Goodwill (Note 32)	1.936.772.430	12.650.626	(31.887.142)	-	(1.859.619)	-	1.915.676.295
Accumulated amortization	(435.283.757)	(89.267.652)	4.200.336	-	-	-	(520.351.073)
<b>Net book value</b>	<b>1.501.488.673</b>						<b>1.395.325.222</b>
Negative goodwill (Note 32)	(7.700.916)	-	-	-	-	-	(7.700.916)
Accumulated amortization	898.442	480.363	-	-	-	-	1.378.805
<b>Net book value</b>	<b>(6.802.474)</b>						<b>(6.322.111)</b>
<b>Total net book value</b>	<b>1.588.182.759</b>						<b>1.472.141.431</b>

(\*) Transfers amounting to YTL1.261.631 have been made from property, plant and equipment to intangible assets.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

### NOTE 18 - BANK BORROWINGS, EUROBOND AND MURABAHA SYNDICATION

Breakdown of bank borrowings at 31 December 2004 and 2003 is as follows:

	2004			2003		
	YTL	Foreign Currency	Total	YTL	Foreign Currency	Total
<b>Short-term bank borrowings</b>						
<b>Finance segment</b>						
Foreign institutions and banks						
Syndication loan	-	545.330.000	545.330.000	-	319.208.019	319.208.019
Other	22.363.213	922.976.536	945.339.749	50.805.841	600.437.320	651.243.161
	<b>22.363.213</b>	<b>1.468.306.536</b>	<b>1.490.669.749</b>	<b>50.805.841</b>	<b>919.645.339</b>	<b>970.451.180</b>
Domestic banks						
Türk Eximbank	64.101.000	27.119.000	91.220.000	66.635.244	52.463.457	119.098.701
Other	34.714.000	90.929.000	125.643.000	7.714.950	10.026.925	17.741.875
	<b>98.815.000</b>	<b>118.048.000</b>	<b>216.863.000</b>	<b>74.350.194</b>	<b>62.490.382</b>	<b>136.840.576</b>
Total short-term bank borrowings- finance segment	<b>121.178.213</b>	<b>1.586.354.536</b>	<b>1.707.532.749</b>	<b>125.156.035</b>	<b>982.135.721</b>	<b>1.107.291.756</b>
<b>Non-finance segments</b>						
Bank borrowings	18.787.878	243.344.279	262.132.157	38.677.915	451.786.788	490.464.703
Short-term portion of long-term borrowings	-	104.087.152	104.087.152	7.325.566	95.007.715	102.333.281
Total short-term bank borrowings- Non-finance segments	<b>18.787.878</b>	<b>347.431.431</b>	<b>366.219.309</b>	<b>46.003.481</b>	<b>546.794.503</b>	<b>592.797.984</b>
<b>Total short-term bank borrowings</b>	<b>139.966.091</b>	<b>1.933.785.967</b>	<b>2.073.752.058</b>	<b>171.159.516</b>	<b>1.528.930.224</b>	<b>1.700.089.740</b>

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

### NOTE 18 - BANK BORROWINGS, EUROBOND AND MURABAHA SYNDICATION (Continued)

	2004			2003		
	YTL	Foreign Currency	Total	YTL	Foreign Currency	Total
<b>Long-term bank borrowings</b>						
<b>Finance Segment</b>						
Foreign institutions and banks	-	137.382.464	137.382.464	-	217.270.816	217.270.816
Türk Eximbank	-	-	-	-	17.225.340	17.225.340
Other	-	25.729.000	25.729.000	-	-	-
Total long-term bank borrowings- finance segments	-	163.111.464	163.111.464	-	234.496.156	234.496.156
<b>Non-finance segments</b>						
Bank borrowings	187.176	600.504.159	600.691.335	13.264.431	979.416.982	992.681.413
Total long-term bank borrowings- non-finance segments	187.176	600.504.159	600.691.335	13.264.431	979.416.982	992.681.413
<b>Total long-term bank borrowings</b>	<b>187.176</b>	<b>763.615.623</b>	<b>763.802.799</b>	<b>13.264.431</b>	<b>1.213.913.138</b>	<b>1.227.177.569</b>

A syndicated credit facility obtained on 9 August 2004 in the amount of YTL545.330.000 (2003: YTL319.208.019) with an interest rate of annual LIBOR plus of 0,60% (2003: Libor+0,85%) and maturity date of 8 August 2005, was provided by 60 international banks including ING Bank N.V. as the leader of the consortium.

The redemption schedules of long-term borrowings at 31 December 2004 and 2003 are summarised below:

	2004			2003		
	Finance	Non-finance	Total	Finance	Non-finance	Total
2005	-	-	-	75.468.804	610.334.670	685.803.474
2006	115.076.888	280.967.218	396.044.106	151.680.245	260.636.637	412.316.882
2007 and after	48.034.576	319.724.117	367.758.693	7.347.107	121.710.106	129.057.213
	<b>163.111.464</b>	<b>600.691.335</b>	<b>763.802.799</b>	<b>234.496.156</b>	<b>992.681.413</b>	<b>1.227.177.569</b>

As of 31 December 2004, interest rates for local currency finance segment bank borrowings are between 17% and 24% (2003: 20-30%), and for foreign currency finance segment bank borrowings 1% to 7% (2003: 1-6%); for local currency non-finance segment bank borrowings 0% to 32% (2003: 0-58%), and for foreign currency non-finance segment bank borrowings 3% to 13% (2003: 1-12%).

#### Eurobond

The issue and sale procedures of Eurobond performed by PO Oil Financing Limited, a subsidiary of POAŞ, were completed by 22 July 2004 and the Eurobond issued with a nominal value of USD175.000.000 (USD82.993.039 with the Holding's ownership interest) are registered at Luxembourg Stock Exchange. The Eurobond issued have a maturity of five years; beginning on 22 July 2004 and maturing on 22 July 2009. The Eurobond has a fixed interest rate of 9,75% and the interest will be paid semi-annually. At 31 December 2004, the amortized cost of the bonds held outside the Group calculated using the effective yield method amounts to YTL110.464.675 with the Holding's ownership interest.

## DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

---

#### NOTE 18 - BANK BORROWINGS, EUROBOND AND MURABAHA SYNDICATION (Continued)

##### Murabaha syndication

POAŞ signed a murabaha syndication agreement at 15 July 2004 for an amount of USD92.500.000 (USD43.867.749 with the Holding's ownership interest), at which Citi Islamic Bank E.C, and Kuveyt Türk Evkaf Finans Kurumu A.Ş. participated and Citi Islamic Investment Bank E.C was also the agent. The murabaha syndication has a fixed interest rate and a maturity date of 14 July 2006. The effective fixed interest rate is 6,89%. At 31 December 2004, the short-term and the long-term portions of the murabaha syndication amounts to YTL27.864.682 (YTL13.214.712 with the Holding's ownership interest) and YTL96.252.995 (YTL45.647.592 with the Holding's ownership interest), respectively.

The redemption schedule of murabaha syndication (with the Holding's ownership interest) is summarized below:

	<b>31 December 2004</b> <b>(USD)</b>
2005	9.748.389
2006	34.119.360
	<hr/> <b>43.867.749</b>

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

### NOTE 19 - BANKING AND CUSTOMER DEPOSITS

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

	2004			2003		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Bank deposits	485.734.000	21.170.000	506.904.000	119.405.150	-	119.405.150
Customer deposits	3.892.438.582	23.404.000	3.915.842.582	3.525.973.030	36.961.958	3.562.934.988
	<b>4.378.172.582</b>	<b>44.574.000</b>	<b>4.422.746.582</b>	<b>3.645.378.180</b>	<b>36.961.958</b>	<b>3.682.340.138</b>

	2004			2003		
	Demand/Current	Term	Total	Demand/Current	Term	Total
<b>Foreign currency:</b>						
Domestic banks	396.000	-	396.000	154.823	2.807.300	2.962.123
Foreign banks	30.109.000	5.651.000	35.760.000	38.006.701	18.896.340	56.903.041
Funds deposited under repurchase agreements	-	90.066.000	90.066.000	-	-	-
	<b>30.505.000</b>	<b>95.717.000</b>	<b>126.222.000</b>	<b>38.161.524</b>	<b>21.703.640</b>	<b>59.865.164</b>
<b>Turkish lira:</b>						
Domestic banks	48.000	3.755.000	3.803.000	2.288.339	9.138.210	11.426.549
Foreign banks	146.000	56.879.000	57.025.000	54.643	48.058.794	48.113.437
Funds deposited under repurchase agreements	-	319.854.000	319.854.000	-	-	-
	<b>194.000</b>	<b>380.488.000</b>	<b>380.682.000</b>	<b>2.342.982</b>	<b>57.197.004</b>	<b>59.539.986</b>
<b>Total bank deposits</b>	<b>30.699.000</b>	<b>476.205.000</b>	<b>506.904.000</b>	<b>40.504.506</b>	<b>78.900.644</b>	<b>119.405.150</b>

At 31 December 2004, interest rates for foreign currency time deposits are between 2,68% and 3,75% (2003: 2,5-5%), and interest rates for local currency time deposits are between 21,5% and 23% (2003: 25-35%).

The breakdown of customer deposits according to type and maturity at 31 December 2004 and 2003 is as follows:

	2004			2003		
	Demand/Current	Term	Total	Demand/Current	Term	Total
<b>Foreign currency:</b>						
Saving deposits	156.915.464	929.311.000	1.086.226.464	161.308.130	999.382.331	1.160.690.461
Commercial deposits	268.349.746	654.702.982	923.052.728	206.781.178	420.264.841	627.046.019
	<b>425.265.210</b>	<b>1.584.013.982</b>	<b>2.009.279.192</b>	<b>368.089.308</b>	<b>1.419.647.172</b>	<b>1.787.736.480</b>
<b>Turkish lira:</b>						
Saving deposits	77.267.000	1.207.434.000	1.284.701.000	48.749.564	813.583.969	862.333.533
Commercial deposits	168.607.062	417.005.449	585.612.511	136.497.349	398.440.168	534.937.517
Securities deposited under repurchase agreements	-	36.249.879	36.249.879	-	377.927.458	377.927.458
	<b>245.874.062</b>	<b>1.660.689.328</b>	<b>1.906.563.390</b>	<b>185.246.913</b>	<b>1.589.951.595</b>	<b>1.775.198.508</b>
<b>Total customer deposits</b>	<b>671.139.272</b>	<b>3.244.703.310</b>	<b>3.915.842.582</b>	<b>553.336.221</b>	<b>3.009.598.767</b>	<b>3.562.934.988</b>

## DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

#### NOTE 19 - BANKING AND CUSTOMER DEPOSITS (Continued)

The breakdown of customer deposits according to type and maturity at 31 December 2004 and 2003 is as follows:

	2004	2003
Demand	701.838.272	593.840.727
1-30 days	2.772.702.310	2.380.935.228
31-90 days	430.584.000	374.621.907
91 days - 1 year	473.048.000	295.980.318
Over 1 year	44.574.000	36.961.958
	<b>4.422.746.582</b>	<b>3.682.340.138</b>

At 31 December 2004, interest rates for foreign currency time deposits are between 2,5% and 6,75% (2003: 2,5-5%), and interest rates for local currency time deposits are between 17% and 29,5% (2003: 25-35%).

#### NOTE 20 - TRADE PAYABLES

Short-term trade payables:	2004	2003
Trade accounts payable - net of unincurred credit finance charges	510.633.680	358.986.562
Notes payable - net of unincurred credit finance charges	8.533.725	6.340.013
Other	2.128.268	913.332
<b>Short-term trade payables</b>	<b>521.295.673</b>	<b>366.239.907</b>
<b>Long-term trade payables</b>	<b>57.056.762</b>	<b>42.423.871</b>

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

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

Year	2004	2003
2005	-	15.598.562
2006	32.983.939	10.200.509
2007 and after	24.072.823	16.624.800
	<b>57.056.762</b>	<b>42.423.871</b>

#### NOTE 21 - INSURANCE TECHNICAL RESERVES

	2004	2003
Unearned premiums reserve - net of reinsurance	48.034.537	37.903.575
Claim provisions - net of reinsurance	27.268.137	20.699.598
Deferred commission income	5.056.435	4.168.178
<b>Insurance technical reserves - current</b>	<b>80.359.109</b>	<b>62.771.351</b>
Life assurance provision	26.628.076	22.360.241
<b>Insurance technical reserves - non-current</b>	<b>26.628.076</b>	<b>22.360.241</b>

## DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

#### NOTE 22 - OTHER CURRENT LIABILITIES

	2004	2003
Taxes and withholdings payables	167.309.539	135.723.620
Blocked merchant accounts	76.111.000	58.645.935
Fuel purchase certificates (**)	50.256.239	47.310.103
Payables to Privatization Administration ("PA") (*)	39.260.567	39.974.109
Cheques at clearing	38.148.000	30.898.517
Provision for lawsuits	22.431.097	7.919.029
Import transfers and payment orders	18.769.953	35.966.684
Provision for credit related commitments (Note 33)	17.880.000	14.102.660
Personnel expenses	11.000.000	-
Blocked cheques and deposits	10.457.000	5.880.986
Compensation to be paid	8.260.810	9.404.126
Advances received	6.240.902	3.428.159
Provision for expenses	1.139.815	15.871.853
Other	101.187.736	101.914.117
	<b>568.452.658</b>	<b>507.039.898</b>

(\*) Whereas the payment of the remaining amount resulting from the debt from İş Doğan's purchase of 25,8% of POAŞ shares from the 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 YTL83.615.325 (YTL39.654.218 with Doğan Holding ownership interest) 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 stating "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.

(\*\*) Fuel purchase certificates are issued and given to certain customers for future consumption. At 31 December 2004, the certificates shown in current liabilities are the certificates issued but not used as of the balance sheet date.

## DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

#### NOTE 23 - OTHER NON-CURRENT LIABILITIES

	2004	2003
Payables to privatization administration	-	119.922.327
Deposits and guarantees received	5.847.971	5.588.869
Finance lease obligations	1.954.769	1.231.068
Other	43.462	76.325
	<b>7.846.202</b>	<b>126.818.589</b>

#### NOTE 24 - TAXATION ON INCOME

	2004	2003
Corporation and income taxes currently payable	19.196.257	19.097.906
Deferred tax assets - net	(145.543.385)	(175.022.320)
<b>Total</b>	<b>(126.347.128)</b>	<b>(155.924.414)</b>

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 Procedural 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, 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 Procedural Law No. 328 ("Communiqué") dated 28 February 2004.

## DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

---

#### NOTE 24 - TAXATION ON INCOME (Continued)

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 a rate of 33% (2003: 30%) on their corporate income. Advance tax is payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or offset against other liabilities to the government.

Exception for participation share and property sales profit which took part in Corporation Tax Law temporary articles 28 and 29 has been ended. However, this arrangement has been added to Corporation Tax Law article 8 as permanent exception with 5281 numbered law dating from 1 January 2005.

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

Capital expenditures, with some exceptions, over YTL 6.000 (2003:YTL 5.000; 2005: YTL 10.000) are eligible for an 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; 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 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.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

### NOTE 24 - TAXATION ON INCOME (Continued)

Provision for taxes for the years ended 31 December 2004 and 2003 are summarised as follows:

	2004	2003
- Current	(54.421.795)	(45.039.931)
- Deferred	(29.312.389)	(64.602.726)
<b>Taxes on income</b>	<b>(83.734.184)</b>	<b>(109.642.657)</b>

#### Deferred taxes

Doğan Holding, its Subsidiaries and Joint Ventures, calculate deferred tax assets and liabilities based on temporary differences between the IFRS financials and financials prepared according to Turkish tax legislation. In substance, differences arise from the differences in accounting periods for the recognition of income and expenses, in accordance with IFRS and tax legislation.

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 30% (2003: 33% for the temporary differences that were expected to be realized or settled in 2004 and 30% for all other temporary differences).

POAŞ booked the legal merger which took place 2002 in the scope of the Tax Law No.5024 as statutory goodwill in the amount of YTL1.925 million in the financial statements restated for inflation ("statutory financial statements"), classified it as a balancing account which is neither an asset nor a liability in nature in accordance with the relevant legislation provisions, and did not apply inflation accounting thereto. In this context, it was assessed that the impact in reference to the statutory goodwill in the year ended at 31 December 2004 was a tax deductible item; accordingly the tax base of POAŞ decreased in the amount of YTL253 million. POAŞ treated the statutory goodwill as a non-monetary item while calculating deferred taxes from carry forward tax losses in the interim consolidated financial statements in order to reflect the related tax burden in the consolidated financial statements. However, following the Circular No.17 on Tax Procedural Law, related to Inflation Adjustment Application dated 24 March 2005 issued by the Ministry of Finance, which requires a statutory goodwill which is neither an asset or a liability in nature is a temporary account and therefore should not be subject to inflation accounting, POAŞ changed its treatment in the interim consolidated financial statements. This application resulted in an increase of YTL76 million (approximately YTL36 million with the Holding's ownership interest) in the deferred tax assets of POAŞ, and a decrease in the same amount in the taxes on income.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

### NOTE 24 - TAXATION ON INCOME (Continued)

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

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	2004	2003	2004	2003
Net difference between the tax base and the carrying value of property, plant and equipment, intangible assets and inventories	140.609.670	75.637.425	(42.529.791)	(24.960.352)
Financial assets valuation differences	799.892	81.638.214	(239.968)	(26.940.611)
Other	23.895.910	32.339.403	(7.333.483)	(10.672.003)
<b>Deferred tax liabilities</b>	<b>165.305.472</b>	<b>189.615.042</b>	<b>(50.103.242)</b>	<b>(62.572.966)</b>
Tax losses carried forward	439.399.482	605.809.691	128.919.947	199.917.198
Provision for loan losses and factoring receivables	48.991.388	32.479.529	14.697.415	10.718.245
Reserve for employment termination benefits	30.054.866	20.603.196	8.953.361	6.483.947
Provision for doubtful receivables	25.205.339	6.714.033	7.561.601	2.215.632
Other	120.074.958	69.677.604	35.514.303	18.260.264
<b>Deferred tax assets</b>	<b>663.726.033</b>	<b>735.284.053</b>	<b>195.646.627</b>	<b>237.595.286</b>
<b>Deferred tax assets, net</b>			<b>145.543.385</b>	<b>175.022.320</b>

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; the 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 as of 31 December 2004 for the tax losses carried forward amounting to YTL117.063.607 (2003: YTL155.223.912) as there is an uncertainty about the future taxable profit that will be available against which these deferred tax assets can be utilised.

Movements for net deferred taxes for the year ended 31 December 2004 and 2003 are as follows:

	2004	2003
1 January	175.022.320	239.625.046
Charge for the year	(29.312.389)	(64.602.726)
Acquisitions (*)	(166.546)	-
<b>31 December</b>	<b>145.543.385</b>	<b>175.022.320</b>

(\*) Balances of Doğan Dış Ticaret and Orta Anadolu Otomotiv at the date of their acquisitions are included in "Acquisitions".

## DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

#### 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 is required to pay termination benefits to each employee who has completed one year of service and who achieves the retirement age (58 for women and 60 for men), whose employment is terminated without due cause, is called up for military service or who dies. Since the legislation was changed on 8 September 1999 there are certain transitional provisions relating to length of service prior to retirement. The amount as of 31 December 2004 payable consists of one month's salary limited to a maximum of YTL1.574,74 (2003: YTL1.389,95) for each year of service at 31 December 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 Holding arising from the retirement of the employees.

IFRS requires actuarial valuation methods to be developed to estimate the Group's obligation under defined benefit plans. Accordingly the following actuarial assumptions have been used in the calculation of the total liability.

	2004	2003
Discount rate	5,45%	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 YTL1.648,90 at 1 January 2005 will be taken into consideration in calculating the reserve for employment termination benefit (1 January 2004: YTL1.485,43).

Movements in the reserve for employment termination benefits during the years ended 31 December 2004 and 2003 are as follows:

	2004	2003
1 January	20.603.196	20.007.191
Acquisitions(*)	180.678	-
Charge for the period	15.309.033	9.784.429
Disposals	(3.764.810)	(5.907.292)
Monetary gain	(2.273.231)	(3.281.132)
<b>31 December</b>	<b>30.054.866</b>	<b>20.603.196</b>

(\*) Balances of Doğan Dış Ticaret and Orta Anadolu Otomotiv at the date of their acquisitions are included in "Acquisitions".

## DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

#### NOTE 26 - SHARE CAPITAL

Doğan Holding adopted the registered share capital system available to companies registered with the CMB and set a limit on its registered share capital representing registered type shares with a nominal value of TL10.000. Doğan Holding's authorised, historical and paid-in share capital at 31 December 2004 and 2003 are as follows:

	<b>2004</b>	<b>2003</b>
	<b>YTL</b>	<b>YTL</b>
Limit on registered share capital (historical)	2.000.000.000	600.000.000
Share capital	735.288.208	588.230.567

The Board of Directors of Doğan Holding decided to increase the limit on the registered share capital to YTL2.000.000.000. This increase has been approved by CMB on 22 October 2004.

The shareholder structure of the Holding at 31 December 2004 and 2003 is summarised as follows:

	<b>Share%</b>	<b>2004</b>	<b>Share%</b>	<b>2003</b>
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
	<b>100,00</b>	<b>735.288.208</b>	<b>100,00</b>	<b>588.230.567</b>
Adjustment to share capital		<b>804.735.232</b>		<b>813.259.940</b>
<b>Total share capital</b>		<b>1.540.023.440</b>		<b>1.401.490.507</b>

## DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

#### NOTE 26 - SHARE CAPITAL (Continued)

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

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

<b>Shareholders</b>	<b>Units of shares</b>	<b>YTL</b>	<b>Nature of shares</b>
Doğan family and companies owned by Doğan family members	134.600	134.600	Registered
Doğan family and companies owned by Doğan family members and the foundation	483.021.801	483.021.801	Bearer
Other shareholders	125.400	125.400	Registered
Other shareholders	252.006.407	252.006.407	Bearer
	<b>735.288.208</b>	<b>735.288.208</b>	

#### 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:

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, 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 the Communiqué No: XI-25 Section 15 paragraph 399, the accumulated deficit amounts arising from the first application of inflation adjustment, in line with CMB's profit distribution regulations, are considered to be deductive when computing the distributable profit. The accumulated deficit will first be netted-off from net income and retained earnings, and the remaining amount of deficit from extraordinary reserves, legal reserves and shareholders' equity restatement differences.

In accordance with Communiqué XI/25, effective from 1 January 2004, companies are obliged to distribute at least 30% of their distributable profit arising from 2004 activity, which is calculated based on the financial statements prepared in accordance with IFRS. Based on the decision of the General Assembly, the distribution of a minimum of 30% of the distributable profit can be made as cash or as bonus shares or as a combination of a certain percentage of cash and bonus shares. The income of the Subsidiaries, Joint Ventures and Associated companies of the Holding will not be taken into consideration in the calculation of dividends of the Parent Company, if they have not declared dividends in their general assemblies.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

### NOTE 27 - RETAINED EARNINGS AND LEGAL RESERVES (Continued)

For the purposes of profit distribution in accordance with related CMB regulations, items of statutory shareholders' equity such as "Share Capital, Share Premium, Legal Reserves, Other Reserves, Special Reserves and Extraordinary Reserves" are presented at their historical amounts. The differences between the inflated and historical amounts of these items are presented in shareholders' equity as a total restatement difference.

The restatement difference of shareholders' equity can only be netted-off against prior years' losses and used as an internal source of capital increase where extraordinary reserves can be netted-off against prior years' losses, distribution of bonus shares and dividends to shareholders.

According to the Communiqué XI/25 explained above, the Holding's shareholders' equity breakdown is as follows:

	2004	2003
Share capital	735.288.208	588.230.567
Share premium	630.275	1.056.658
Legal reserves	7.915.090	7.915.090
Extraordinary reserves	82.871.964	94.233.648
Other reserves	5.587.343	11.257.445
Cost increase fund	-	108.306
Restatement difference of shareholders' equity	1.128.199.721	1.166.730.390
Currency translation differences	(42.417.829)	(23.668.533)
Net income for the year	239.285.805	436.380.361
Prior years' losses	(186.290.322)	(531.710.186)
<b>Total shareholders' equity</b>	<b>1.971.070.255</b>	<b>1.750.533.746</b>

The details of the differences arising between the inflated and historical amounts of statutory shareholders' equity items presented above are as follows:

	<u>31 December 2004</u>			<u>31 December 2003</u>		
	Historical amount	Restated amount	Restatement difference	Historical amount	Restated amount	Restatement difference
Share capital	735.288.208	1.540.023.440	804.735.232	588.230.567	1.401.490.507	813.259.940
Share premium	630.275	738.390	108.115	1.056.658	4.886.491	3.829.833
Legal reserves	7.915.090	35.370.794	27.455.704	7.915.090	35.370.797	27.455.707
Extraordinary reserves	82.871.964	330.090.503	247.218.539	94.233.648	375.345.663	281.112.015
Other reserves	5.587.343	54.269.474	48.682.131	11.257.445	52.043.000	40.785.555
Cost increase fund	-	-	-	108.306	395.646	287.340
	<b>832.292.880</b>	<b>1.960.492.601</b>	<b>1.128.199.721</b>	<b>702.801.714</b>	<b>1.869.532.104</b>	<b>1.166.730.390</b>

In accordance with the CMB regulation dated 25 February 2005 Communiqué 7/242, when calculating the net distributable consolidated profit, the net profit of Subsidiaries that have not agreed in the general assembly to distribute dividends over the current year profits, will be deducted from the net consolidated profit.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

### NOTE 28 - CASH USED IN OPERATIONS

	2004	2003
<b>Adjustments for:</b>		
Depreciation and amortisation (Notes 15, 16 and 17)	310.992.156	353.364.260
Reserve for employment termination benefits	13.216.480	6.503.297
Net interest income	(344.042.194)	(147.520.320)
Translation reserve	(26.249.704)	(34.808.381)
Profit from the sales of property, plant and equipment	(4.723.622)	(3.652.308)
Valuation difference of derivative financial instruments	(828.862)	(3.080.534)
Provision for loan losses, net	83.527.651	(5.363.549)
Provision for net realizable value (Note 13)	(15.470)	11.800.957
Gain on sales of Subsidiaries, net (Note 30)	(102.051.048)	24.693.285
Unrealized loss on investments	138.654.279	-
Impairment of investment properties, net (Note 15)	(5.354.786)	18.758.791
Impairment of programme stocks (Note 14)	737.784	-
Provision for lawsuits (Note 30)	13.262.870	3.049.000
Other provisions	30.263.531	(3.453.466)
Impairment on property plant and equipment and intangible assets (Notes 16 and 17)	19.639.741	24.256.801
Inflation effect on non-operating activities and income taxes	(68.387.320)	(72.227.958)
	<b>57.605.157</b>	<b>172.319.875</b>
<b>Change in finance-segment working capital (excluding the effects of acquisitions and disposals):</b>		
Increase/(decrease) in trading, available-for-sale and held-to-maturity investments, net	141.960.597	(572.219.742)
(Increase)/decrease in reserve deposits with the Central Bank of Turkey, net	(201.124.738)	73.527.821
Increase in originated loans, net	(926.941.058)	(151.069.844)
Increase in placements with banks	(200.329.417)	-
Increase in trade receivables, net	(56.155.326)	(26.543.017)
Decrease/(increase) in due from related parties, net	4.115.781	(4.639.308)
Decrease/(increase) in banking and customer deposits, net	793.752.804	(331.091.461)
Increase in trade payables, net	6.319.961	10.728.942
Increase in due to related parties, net	38.672.929	99.385.911
Increase in insurance technical reserve, net	21.855.592	12.678.596
Change in other current assets/liabilities, net	17.655.885	(21.644.527)
	<b>(360.216.990)</b>	<b>(910.886.629)</b>
<b>Changes in non-finance-segment working capital (excluding the effects of acquisitions and disposals):</b>		
Increase in trading, available-for-sale and held-to-maturity investments, net	(16.485.513)	(18.073.682)
Increase in bank deposits, net	(74.868.891)	-
Increase in trade receivables, net	(45.454.610)	(71.883.104)
Increase in due from related parties, net	15.984.999	27.930.828
Increase in inventories, net	(77.175.548)	(39.193.089)
Increase in trade payables, net	136.298.240	133.939.291
Decrease in due to related parties, net	(48.788.508)	(118.729.015)
Change in other current assets/liabilities, net	8.074.082	139.389.786
	<b>(101.379.420)</b>	<b>53.381.015</b>
<b>Cash used in operations</b>	<b>(403.991.253)</b>	<b>(685.185.739)</b>

## DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

#### NOTE 29 - FINANCIAL (EXPENSES)/INCOME, NET

Financial income and expenses for the years ended 31 December 2004 and 2003 are as follows:

	2004	2003
<b>Financial income:</b>		
Interest income on banks deposits	47.333.058	36.978.923
Foreign exchange gain, net	28.356.687	258.658.425
Amortized cost valuation income	25.646.060	6.268.565
Interest income on trading and investment securities	14.583.033	27.176.352
Due date difference on credit sales	4.473.231	17.489.249
Other interest and commission	2.490.724	16.936.515
<b>Financial income</b>	<b>122.882.793</b>	<b>363.508.029</b>
<b>Financial expenses:</b>		
Interest expense on short-term and long-term borrowings	(128.287.553)	(258.762.806)
Due date difference on credit purchases	(6.545.790)	(1.523.334)
Other	(9.262.104)	(11.287.999)
<b>Financial expenses</b>	<b>(144.095.447)</b>	<b>(271.574.139)</b>
<b>Financial (expenses)/income, net</b>	<b>(21.212.654)</b>	<b>91.933.890</b>

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

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

### NOTE 30 - OTHER OPERATING EXPENSES, NET

Other operating income and expenses for the years ended 31 December 2004 and 2003 are as follows:

	2004	2003
<b>Other operating income:</b>		
Gain on sales of Subsidiaries	102.051.048	4.455.292
Services income	37.483.174	5.973.359
Rent income	14.007.893	2.615.328
Cancellation of provision for the impairment of investment property (Note 15)	7.305.752	-
Ship operating services income, net	5.786.866	10.804.654
Commission income	4.891.190	5.958.597
	<b>171.525.923</b>	<b>29.807.230</b>
<b>Other operating expenses:</b>		
Amortisation of goodwill (Note 17)	(88.787.289)	(88.068.712)
Provision for loan losses (Note 9)	(77.808.651)	(15.681.969)
Transport expenses	(24.612.741)	(23.200.731)
Provision for doubtful receivables	(19.926.790)	(11.781.346)
Penalties	(14.387.747)	(805.593)
Impairment of property, plant and equipment (Note 16)	(13.689.393)	-
Provision for lawsuits	(13.262.870)	(3.049.000)
Impairment losses on credit related commitments	(5.719.000)	(7.266.000)
Impairment of intangible assets (Note 17)	(5.950.348)	(24.256.801)
Impairment of investment properties (Note 15)	(1.950.966)	(18.758.791)
Loss from sales of Subsidiary	-	(29.148.577)
Other, net	(10.748.862)	(1.524.662)
	<b>(276.844.657)</b>	<b>(223.542.182)</b>
<b>Other operating expenses, net</b>	<b>(105.318.734)</b>	<b>(193.734.952)</b>

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

### NOTE 31 - FOREIGN CURRENCY POSITION

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

	2004			Total
	US\$	EURO	Other	
<b>Assets:</b>				
Cash and cash equivalents and reserve deposits with the Central Bank of Turkey	856.600.070	156.074.542	37.278.463	1.049.953.075
Financial assets:				
- trading securities	81.894.938	12.518.948	-	94.413.886
- available-for-sale and held-to-maturity	732.414.334	40.950.000	1.195.000	774.559.334
Originated loans	1.407.817.166	416.843.525	17.250.000	1.841.910.691
Derivative financial instruments	11.771.000	18.000	122.000	11.911.000
Trade receivables and due from related parties	68.696.546	19.011.307	602.129	88.309.982
Inventories	19.483	1.196.441	9.610	1.225.534
Other current assets	12.476.703	4.168.873	205.000	16.850.576
Property, plant and equipment - net	38.000	42.775.000	-	42.813.000
Other non-current assets	305.485	678	-	306.163
<b>Total assets</b>	<b>3.172.033.725</b>	<b>693.557.314</b>	<b>56.662.202</b>	<b>3.922.253.241</b>
<b>Liabilities:</b>				
Bank borrowings	1.807.923.994	122.028.568	3.833.405	1.933.785.967
Deposits	1.491.396.446	588.112.746	55.992.000	2.135.501.192
Derivative financial instruments	1.192.000	16.000	85.000	1.293.000
Trade payables and due to related parties	295.704.206	39.337.771	7.405.104	342.447.081
Other current liabilities	73.124.994	4.821.168	514.000	78.460.162
Taxes on income	3.364.000	-	-	3.364.000
Long-term bank borrowings	645.403.480	114.593.535	3.618.608	763.615.623
Bond	110.464.675	-	-	110.464.675
Murabaha syndication	58.862.304	-	-	58.862.304
Long-term trade payables	309.321	5.226	-	314.547
Other non-current liabilities	5.904.478	2.016.082	18.351	7.938.911
Deferred tax liabilities	207.000	-	-	207.000
<b>Total liabilities</b>	<b>4.493.856.898</b>	<b>870.931.096</b>	<b>71.466.468</b>	<b>5.436.254.462</b>
<b>Net foreign currency position</b>	<b>(1.321.823.173)</b>	<b>(177.373.782)</b>	<b>(14.804.266)</b>	<b>(1.514.001.221)</b>
<b>Off-balance sheet derivative instruments net position</b>	<b>58.561.000</b>	<b>7.420.000</b>	<b>4.215.000</b>	<b>70.196.000</b>

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

### NOTE 31 - FOREIGN CURRENCY POSITION (Continued)

	2003			Total
	US\$	EURO	Other	
<b>Assets:</b>				
Cash and cash equivalents and reserve deposits with the Central Bank of Turkey	616.692.512	22.033.781	11.548.455	650.274.748
Financial assets:				
- trading securities	81.494.809	11.171.378	-	92.666.187
- available-for-sale and held-to-maturity	731.263.710	40.440.604	488.375	772.192.689
Originated loans	1.268.261.924	309.067.497	9.872.225	1.587.201.646
Derivative financial instruments	7.492.966	-	744.514	8.237.480
Trade receivables and due from related parties	127.298.773	6.562.967	246.882	134.108.622
Other current assets	10.616.230	2.238.098	251.581	13.105.909
Property, plant and equipment - net	114.979	46.427.641	-	46.542.620
Intangible assets - net	-	436.168	-	436.168
Other non-current assets	343.623	30.478	-	374.101
Deferred tax assets	171.899	-	-	171.899
<b>Total assets</b>	<b>2.843.751.425</b>	<b>438.408.612</b>	<b>23.152.032</b>	<b>3.305.312.069</b>
<b>Liabilities:</b>				
Bank borrowings	1.320.443.207	206.323.464	2.163.553	1.528.930.224
Deposits	1.282.164.563	520.732.962	44.704.119	1.847.601.644
Derivative financial instruments	685.318	1.138	1.138	687.594
Trade payables and due to related parties	166.052.640	21.837.342	8.098.573	195.988.555
Other current liabilities	60.984.718	19.383.277	4.663.394	85.031.389
Taxes on income	6.064.269	-	-	6.064.269
Long-term bank borrowings	1.103.440.061	107.702.002	2.771.075	1.213.913.138
Other non-current liabilities	309.320	5.225	-	314.545
Insurance technical reserves	47.597	-	-	47.597
<b>Total liabilities</b>	<b>3.940.191.693</b>	<b>875.985.410</b>	<b>62.401.852</b>	<b>4.878.578.955</b>
<b>Net foreign currency position</b>	<b>(1.096.440.268)</b>	<b>(437.576.798)</b>	<b>(39.249.820)</b>	<b>(1.573.266.886)</b>
<b>Off-balance sheet derivative instruments net position</b>	<b>(184.760.600)</b>	<b>178.064.636</b>	<b>28.850.531</b>	<b>22.154.567</b>

At 31 December 2004, assets and liabilities denominated in foreign currency were translated into Turkish lira using a foreign exchange rate of YTL1.3421 = US\$ 1 and YTL1.8268 = Euro 1 (2003: YTL1.395835 = US\$ 1 and YTL1.745072 = Euro 1).

## DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

#### NOTE 32 - SIGNIFICANT ACQUISITIONS AND LEGAL MERGERS

##### Acquisitions:

The Group has acquired 66,41% of the shares of Doğan Dış Ticaret for YTL20.180.047 and therefore goodwill amounting to YTL10.791.007 has emerged.

The Group has acquired 35,30% of the shares of Orta Anadolu Otomotiv for YTL11.666.789 and therefore goodwill amounting to YTL1.859.619 has emerged.

	<b>2004</b>
Total cash consideration	31.846.835
Less: net assets acquired at fair value	(19.196.209)
<b>Goodwill (Note 17)</b>	<b>12.650.626</b>
Cash and cash equivalents	12.309.969
Current assets	55.136.472
Non-current assets	13.692.331
Current liabilities	(59.898.403)
Non-current liabilities	(475.395)
Less: Minority interest	(1.568.765)
<b>Fair value of net assets</b>	<b>19.196.209</b>
<b>Goodwill (Note 17)</b>	<b>12.650.626</b>
Total cash consideration	31.846.835
Less: Cash and cash equivalents in Subsidiaries acquired	(12.309.969)
<b>Cash outflow on acquisition</b>	<b>19.536.866</b>

##### Disposals:

Doğan Holding sold 30.000 million shares of its Subsidiary, Doğan Yayın, amounting to a nominal value of YTL30.000.000 out of the total nominal share capital of YTL300.093.885 to Deutsche Bank A.G. on 22 January 2004 for a total consideration of YTL159.723.776 in the Wholesale Market of ISE, the share of Doğan Holding in Doğan Yayın decreased from 76,80% to 66,80% and accordingly, a similar decrease has been realised in the Subsidiaries and Joint Ventures of Doğan Yayın (Note 3). The total net assets sold amounted to YTL98.873.337 and accordingly, a gain of YTL60.850.439 has been reflected in "Other operating income" in the consolidated statement of income for the year ended 31 December 2004 (Note 30).

## DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

---

#### NOTE 32 - SIGNIFICANT ACQUISITIONS AND LEGAL MERGERS (Continued)

The shares of the Subsidiary Hürriyet, amounting to a total nominal value of YTL 27.615.244 have been sold to foreign investors on 4 November 2004 for an amount of YTL78.531.019. After this sale transaction, the interest of the Group in Hürriyet decreased from 66,63% to 60%. The net asset of Hürriyet that was disposed of amounted to YTL37.330.410 and the Group recognized a gain of YTL 41.200.609. This gain was included in "Other operating income" in these consolidated financial statements (Note 30).

#### 2003

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

#### NOTE 33 - COMMITMENTS AND CONTINGENT LIABILITIES

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

	2004	2003
<b><u>Guarantees and commitments given - non-finance:</u></b>		
<b>a. Commitments given:</b>		
Subsidiary shares given as guarantee	211.895.522	266.904.032
Letters of guarantee	179.999.071	142.233.577
Guarantee notes	80.482.299	23.272.533
Blocked equity stocks	-	25.480.838
	<b>472.376.892</b>	<b>457.890.980</b>

The Group has provided bail and mortgages to third parties in the amount of YTL959.449.289 (2003: YTL1.133.139.260) and YTL132.582.663 (2003: YTL150.577.142) 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 31 December 2004 and 2003, major barter agreements are as follows:

## DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

#### NOTE 33 - COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

<b>Subsidiaries and Joint Ventures</b>	<b>2004 Amounts Issued</b>	<b>2003 Amounts Issued</b>
Kanal D	9.261.000	1.751.678
Hürriyet	3.026.336	8.813.553
Doğan Gazetecilik	1.070.561	2.859.000
DBR	233.508	707.756
Doğan Prodüksiyon	-	3.839.372
Doğan Daily News	-	32.326
	<b>13.591.405</b>	<b>18.003.685</b>

<b>Subsidiaries and Joint Ventures</b>	<b>2004 Amounts Received</b>	<b>2003 Amounts Received</b>
Kanal D	5.903.000	4.157.341
Doğan Gazetecilik	1.677.297	2.021.375
Hürriyet	1.409.000	8.701.920
DBR	247.572	362.591
Doğan Daily News	-	39.635
Doğan Prodüksiyon	-	346.870
	<b>9.236.869</b>	<b>15.629.732</b>

#### c. Court cases:

Law cases against the Group amount to YTL94.834.251 at 31 December 2004 (2003: YTL115.303.437).

Compensation to be paid amounting to YTL8.260.810 (2003: YTL9.404.126) represents the compensation and its related interest that has been collected from the defendant in connection with a case handed over by the Supreme Court to the local court for a second hearing. The case had not commenced as of the balance sheet date, and therefore POAŞ included such an amount as compensation to be paid in the consolidated financial statements due to the uncertain outcome.

Following the conclusion of the case in favour of Türk Dış Ticaret Bankası A.Ş. ("Dışbank"), one of the Subsidiaries of Doğan Holding in the 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 YTL364.501.000. Dışbank deducted a portion of accumulated losses amounting to YTL144.824 from its corporate tax base in 2003. In addition, Dışbank carried deferred tax assets of YTL34.834.000 on this carried forward loss in the consolidated financial statements at 31 December 2004, based on the corporate tax base in 2004 of YTL116.112.000. 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 YTL144.824.000 from the corporate tax base for the period of 2003/4 was not acceptable; the corporate tax liability was therefore YTL15.510.000 and a fine of YTL16.131.000 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 YTL13.371.000 in tax. The legal proceedings are now in progress and there is no provision in the financial statements of Dışbank regarding this case.

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

### NOTE 33 - COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

#### Guarantees and commitments given - finance:

In the banking segment, the normal course of banking activities requires the undertaking of various commitments and it incurs certain contingent liabilities that are not presented in the accompanying financial statements, including letters of guarantee, acceptance credits, letters of credit and off-balance sheet derivative instruments. The management does not expect any material losses as a result of these transactions. The following is a summary of significant commitments and contingent liabilities at 31 December 2004 and 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.

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

	<b>2004</b>	<b>2003</b>
Letters of guarantee		
- Foreign currency	749.457.000	810.927.254
- Turkish lira	474.715.000	425.032.764
Letters of credit	517.495.000	598.739.776
Acceptance credits	70.311.000	75.021.853
Other commitments and contingencies	95.124.000	225.416.624
	<b>1.907.102.000</b>	<b>2.135.138.271</b>
Less: Provision for credit related commitments	(17.880.000)	(14.102.660)
	<b>1.889.222.000</b>	<b>2.121.035.611</b>

## DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

#### NOTE 33 - COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

The economic sector risk concentration for outstanding credit related commitments of companies in the finance segment is as follows:

	2004	%	2003	%
Construction and cement	417.105.000	22	496.591.751	23
Metal processing	320.057.000	17	289.496.015	14
Wholesale and retail trade	169.687.000	9	193.311.923	9
Textiles	152.546.000	8	130.871.606	6
Durable goods	96.569.000	5	35.745.502	2
Oil and gas	95.653.000	5	245.119.087	11
Financial institutions	93.975.000	5	183.935.237	9
Food and beverage	57.867.000	3	45.923.138	2
Pharmaceuticals, chemicals and dyes	45.390.000	2	68.087.782	3
Tourism	42.540.000	2	9.998.319	-
Automotive	36.957.000	2	59.310.706	3
Media and telecommunications	17.643.000	1	97.053.316	5
Agriculture	12.192.000	1	25.347.990	2
Other	348.921.000	18	254.345.899	11
	<b>1.907.102.000</b>	<b>100</b>	<b>2.135.138.271</b>	<b>100</b>

Maturities of commitments and contingencies are less than one year except for 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. Those assets held in a fiduciary capacity are not included in these consolidated financial statements. At the balance sheet date the Group has custody accounts amounting to YTL4.926.811.000 (2003: YTL2.561.982.461).

# DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

### NOTE 33 - COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

#### c. Commitments under derivative financial instruments:

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

	2004				
	US\$	EURO	Other	YTL	Total
Forward currency purchases	36.624.000	32.012.000	7.440.000	47.990.000	124.066.000
Currency swap purchases	126.463.000	-	14.559.000	46.148.000	187.170.000
Interest rate swap purchases	101.250.000	-	-	-	101.250.000
Future purchases	41.595.000	21.777.000	7.395.000	-	70.767.000
Option purchases	24.904.000	11.515.000	-	24.807.000	61.226.000
<b>Total</b>	<b>330.836.000</b>	<b>65.304.000</b>	<b>29.394.000</b>	<b>118.945.000</b>	<b>544.479.000</b>
Forward currency sales	61.585.000	24.604.000	4.578.000	32.949.000	123.716.000
Currency swap sales	50.894.000	-	4.993.000	141.277.000	197.164.000
Interest rate swap sales	101.250.000	-	-	-	101.250.000
Future sales	33.375.000	21.777.000	15.608.000	-	70.760.000
Option sales	25.171.000	11.503.000	-	24.481.000	61.155.000
<b>Total</b>	<b>272.275.000</b>	<b>57.884.000</b>	<b>25.179.000</b>	<b>198.707.000</b>	<b>554.045.000</b>
<b>Off-balance sheet derivative instruments net position</b>	<b>58.561.000</b>	<b>7.420.000</b>	<b>4.215.000</b>	<b>(79.762.000)</b>	<b>(9.566.000)</b>
	2003				
	US\$	EURO	Other	YTL	Total
Forward currency purchases	17.212.545	21.523.572	4.306.576	14.725.234	57.767.927
Currency swap purchases	-	165.020.528	29.133.993	-	194.154.521
Future purchases	6.775.771	2.767.456	186.698	-	9.729.925
Option purchases	315.488.859	2.038.035	-	-	317.526.894
<b>Total</b>	<b>339.477.175</b>	<b>191.349.591</b>	<b>33.627.267</b>	<b>14.725.234</b>	<b>579.179.267</b>
Forward currency sales	20.733.797	9.511.150	1.870.395	24.863.846	56.979.188
Currency swap sales	185.147.482	-	-	-	185.147.482
Future sales	2.867.636	3.773.805	2.906.341	-	9.547.782
Option sales	315.488.860	-	-	-	315.488.860
<b>Total</b>	<b>524.237.775</b>	<b>13.284.955</b>	<b>4.776.736</b>	<b>24.863.846</b>	<b>567.163.312</b>
<b>Off-balance sheet derivative instruments net position</b>	<b>(184.760.600)</b>	<b>178.064.636</b>	<b>28.850.531</b>	<b>(10.138.612)</b>	<b>12.015.955</b>

## DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

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

---

#### NOTE 34 - SUBSEQUENT EVENTS

- a) 3,37% shares of POAŞ a Joint Venture of the Holding, with a nominal value of YTL11.638.221 were sold to 9 different foreign corporations with a price of YTL4,50 per share amounting to YTL52.371.995 in total on the Wholesale Market of the ISE as of 9 February 2005.
- b) According to the local and international developments in the banking sector, the Holding has decided to investigate the possibilities: including a joint venture, partnership or share transfer of Dışbank. The Holding has requested to finalize the work of international banks, which make evaluations of such possibilities related to the Holding's investigations, and requested their offers, as at the preparation date of these financial statements.
- c) At the Board of Directors meeting of Doğan Holding and POAŞ dated 27 December 2004, it was decided that Doğan Holding and POAŞ would participate in Petrol Ofisi Gaz İletim A.Ş., with a share of 0,2% and 99% respectively; and Petrol Ofisi Alternatif Yakıtlar Toptan Satış A.Ş., with a share of 0,08% and 99.6% respectively. The former company was established with capital of YTL500.000 for the purpose of performing the activities of transmission, filling, transportation and delivery in the natural gas market domestically and abroad; and the latter was established with capital of YTL1.250.000 for the purpose of supplying all types of domestic or imported products to the natural gas market.

.....